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**國泰建設股份有限公司**

Cathay Real Estate Development Co., Ltd

# 2021 Annual Report

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## Chapter 1. Letter to Shareholders

### I. 2021 Operating Results

#### (I) Results of the implementation of the business plan for 2021

Looking back on 2021, the global economy showed a moderate recovery pattern. Benefited from the successive restart of economic activities and even expansion of major economies, Taiwan's exports performed well. In terms of domestic demand, the domestic COVID-19 epidemic was under control and the coverage of vaccines was improved, and the domestic economy was gradually returning to normal; for the investment part, the global monetary easing has also driven the investment market to perform well.

In terms of real estate, after the COVID-19 outbreak in Taiwan in mid-May and the implementation of the three-level alert, the housing market quickly froze in the short term. However, with the rising cost of raw materials, housing prices rose, and consumer confidence in buying houses continued to strengthen under the expectation of inflation, the housing market presents a structure of price increase and volume increase due to the shortage of supply, but under the government's various measures to crack down on investors' real estate speculation, the key to whether the transaction volume can remain stable will affect whether the housing market can continue to prosper.

In 2021, the Company's newly launched cases all achieved good sales results, the inventory level remained low, and once again jointly developed a triple-one case with a Japanese company; in view of the projects, the Company has set a higher target sales rate, and increased in sales performance. In the previous year, the Company launched several new projects, such as "Cathay Melodious, Leisurely Place" in Nangang and "Cathay Harmonious River" in Sanchong, "Cathay Xijing" in Taoyuan, "Cathay The Park" and "Cathay Most+" in Taichung, "UNi PARK" in Tainan. As the Company's products satisfy the needs of property purchasers, the Company has achieved a great sales performance, with an average sales rate of more than 90% by the end of the year, thus exceeding the set target. In terms of revenue, the projects accounted for on the books include three construction projects, namely the "Cathay Uptown" in Tucheng, "Cathay Harvest" in Xindian, and "Cathay Inkslab" in Tainan, as well as those completed and undelivered in the previous year. The total annual revenue reached NTD nine billion eight hundred and thirty-three million five hundred and eighty thousand.

#### (II) Budget Implementation

There was no budget implementation in 2021 due to undisclosed financial forecasting.

#### (III) Please refer to pages 132–141 for the analysis of financial revenue and profitability in 2021.

#### (IV) Research and Development Status

The increase in raw material costs due to the COVID-19 epidemic is an important issue faced by the housing market at this stage. Therefore, the Company continues to improve cost control and organizational efficiency, through continuous attention to the changes in the quantity market, review the standard construction cost and materials equipment classification and meticulous, in order to enhance the competitiveness; in addition, due to the increasing transparency of consumer awareness and product information, under the premise of stabilizing the main business, the Company will continue to integrate digital transformation, create product and service value, and deepen brand effects. In terms of future development strategy, in addition to maintaining the consistent planning and design and layout advantages, it pays attention to the demands of different generations, and embodies them in product planning to be closer to customer needs, and actively implements comprehensive quality, introduces three-level quality control, and stabilizes customer reputation. In response to the changes in sales methods and media types, in addition to creating the value of products and services, the Company also actively manages the brand, communicates with different customer groups through brand image micro-films and online media, so as to deepen brand management and achieve word-of-mouth marketing benefits. In addition, the Company has been committed to the research on the real estate boom for a long time, and continued to cooperate with academic institutions to compile the "Cathay Pacific Real Estate Index". After the end of each quarter, the research results are regularly released to provide market information, which is one of the most reliable real estate information reference materials in Taiwan.

## II. A Summary of the Business Plan for 2022

Looking forward to 2022, the domestic housing market will have abundant funds in the market, and it is expected that it will continue to bring a lot of attention to the housing market. The domestic economy, supported by foreign trade and exports, is expected to remain hot and continue to prosper.

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

As the business policy of the Company in this year, the Company will start with "resource integration, creating synergies", "knowledge management, cost optimization", focus on the strengthening of internal organization under the deep cultivation of the core industry, and, through the careful optimization of costs and knowledge management, systematically arrange and inherit experience, integrate cross-department resources, so as to create the maximum comprehensive effect of the Company. In terms of future development strategy, the Company will continue to develop towards a comprehensive developer. In terms of the main business, in addition to the basic land reserve, the

Company will develop land in diversified ways, such as commercial complex development and participation in public urban renewal.

In terms of reinvestment, the health management and hotel tourism businesses are striving to overcome the impact of the COVID epidemic, continue to optimize benefits and expand points in parallel, increase service capacity and expand business scale. In addition, it is still actively evaluating the investment in other new businesses, and continuing to move towards expanding the development and management territory and creating higher profit margins.

The Company hopes to continue the excellent sales performance of 2021. Therefore, it will actively launch new projects and set a higher target sales rate in 2022. This year, it plans to launch "Cathay Beauty" in Neihu and "Cathay Treasury" in Beitou, "Cathay Yihe" in Kaohsiung;; in the second half of the year, seven cases are expected to be launched, including "Huili Section" and "Meihe Section" in Taichung, "Guandi Section" in Tainan, and Zhonghe "Bannan Section", a joint venture with Japanese company , and will continue to diversify development to increase land bank and transition towards integrated developers.

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

1. Towards a comprehensive developer

The previous year was the first year of the third five-year plan. In addition to continuing to improve the core business, increase land inventory, expand revenue, and expand development locations, the Company completed two jointly developed projects with Japanese companies with more diversified development models. The Company has set out the vision of becoming a comprehensive developer with five years of deep cultivation and becoming a comprehensive developer in ten years of new horizons.

2. Resource integration, creation of overall benefits, knowledge management and cost optimization

In the second year of the five-year plan, we will focus on strengthening the internal organization, and, through the careful optimization of costs and knowledge management, systematically organize and pass on experience, and integrate cross-departmental resources to create the Company's maximum comprehensive benefits. In the future, it will actively participate in commercial complex development, and at the same time, diversify the business into investment business, and make joint efforts to expand the business map of comprehensive developers.

### **III. Future Development Strategy**

#### **(I) Short-term development strategy**

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

#### **(II) Long-term development strategy**

1. Inherit the Company's sustainable brand value
2. Comprehensive development opportunities with multi-angle layout
3. Plan sustainable, safe and energy-saving buildings
4. Refine the overall quality of engineering technology
5. Sustainable service sales to improve living standards
6. Steady and diversified business operation growth

### **IV. Influences from External, Regulatory and Overall Business Environment**

#### **(I) External competition environment**

In terms of market supply and demand, according to statistics from the Construction Administration of the Ministry of the Interior, by the end of 2021, the total floor area of residential buildings that had obtained building licenses across Taiwan had increased by 6.5% compared with the whole year of 2020, and it has been growing for five consecutive years. Since 2019, it has exceeded NT\$300 billion for two consecutive years, which is a high-end level in the past years. It shows that builders are optimistic about the follow-up development of the housing market, and the housing market is showing a pattern of hot and continuous growth. In addition, according to the quarterly report of Cathay Pacific Real Estate Index, the overall price of the national pre-sale housing market rose steadily in 2021, and the number of proposed cases decreased slightly due to the delay in the acquisition schedule, but the transaction volume increased against the trend compared with the previous year, indicating a steady growth of the housing market. On the whole, the current real estate market is showing a booming pattern, and it is expected that this trend will continue in 2022. However, it should be noted that the "nine-in-one" election

will be held at the end of this year, which will disrupt the market. Under consideration, the risk of a sharp downward revision in the housing market in the future is low.

In terms of land supply, Taiwan's urban areas are narrow and densely populated, and there were relatively few land available for construction. In addition, after decades of development in the construction industry, construction land is even more scarce. Especially, the land in the elite area has almost been developed, and the price of land has continued to rise. As the people's awareness of property rights is gradually improving, the government's promotion of land rezoning and expropriation policies is more difficult, and land acquisition is even more difficult.

## (II) Regulatory environment

### 1. Urban planning regulations

The government has continued to invest its efforts to guide the reconstruction of the dangerous and old housings, including expanding the area of the reconstruction plan, increasing the timetable for applications, and protecting the rights and interests of the people. This has led to a substantial increase in the number of dangerous and old housings accepted by the county and city governments, and has also accelerated local reconstruction and cityscape beautification.

### 2. Other regulations

In view of the recent fluctuations in housing market prices and the frequent transactions of pre-sale housing red slips, the Executive Yuan implemented the "Real Estate Market Improvement Plan" in December 2020, established an inter-ministerial committee to combat real estate speculation, and quickly implemented the "real-price registration 2.0" in 2021 to improve the disclosure of real estate transaction information, management of pre-sale house transactions, and restrictions on red-list transfers, which have effectively bridged the gap in housing purchase information between buyers and sellers and reduced the space for speculation by investors, so as to stabilize the real estate market.

## (III) Overall operation environment

In 2021, 268,000 buildings were transferred in the six municipalities directly under the central government, with an annual growth rate of 7%, which was a new high in the past eight years. The balance of construction and residential loans also continued to rise, and the overall transaction volume has gradually increased since the bottom in 2016. Since 2018, the central bank's interest rate has continued to remain low, which is also beneficial to consumers, and the confidence of home buyers has continued to increase, so the rising pattern of real estate market in 2021 remained unchanged.

Looking forward to 2022, in terms of the international situation, the current COVID-19 epidemic has been effectively relieved after the increase of vaccine coverage rate, and public living has gradually returned to the normal track. In 2022, the global economy continues to recover, but the strength is expected to be slower than that in 2021; In terms of domestic situation, in addition to the need to be cautious about the development of the COVID-19 epidemic, the housing market policy implemented by the central government also needs to be closely watched. It is expected that the demand for self-occupation will still dominate, and the housing market will remain stable in both price and volume.

On the whole, various data in 2021 show that the housing market has recovered, and the performance of the housing market was better than that in 2020, showing a stable structure of increase in both price and volume. In term of price, since the decline from the high point in 2013 and reaching the bottom in 2016, under the influence of inflation and low interest policy, the price is currently steadily recovering. The demand side has remained stable. The risk of price decline is low. However, we will continue to pay attention to whether the development trend of the COVID-19 epidemic will affect the housing market again.

Chairman: Chang, Ching-Kuei

## Chapter 2. Company Profile

### I. Date of Incorporation

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

### II. Company History

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

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

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

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

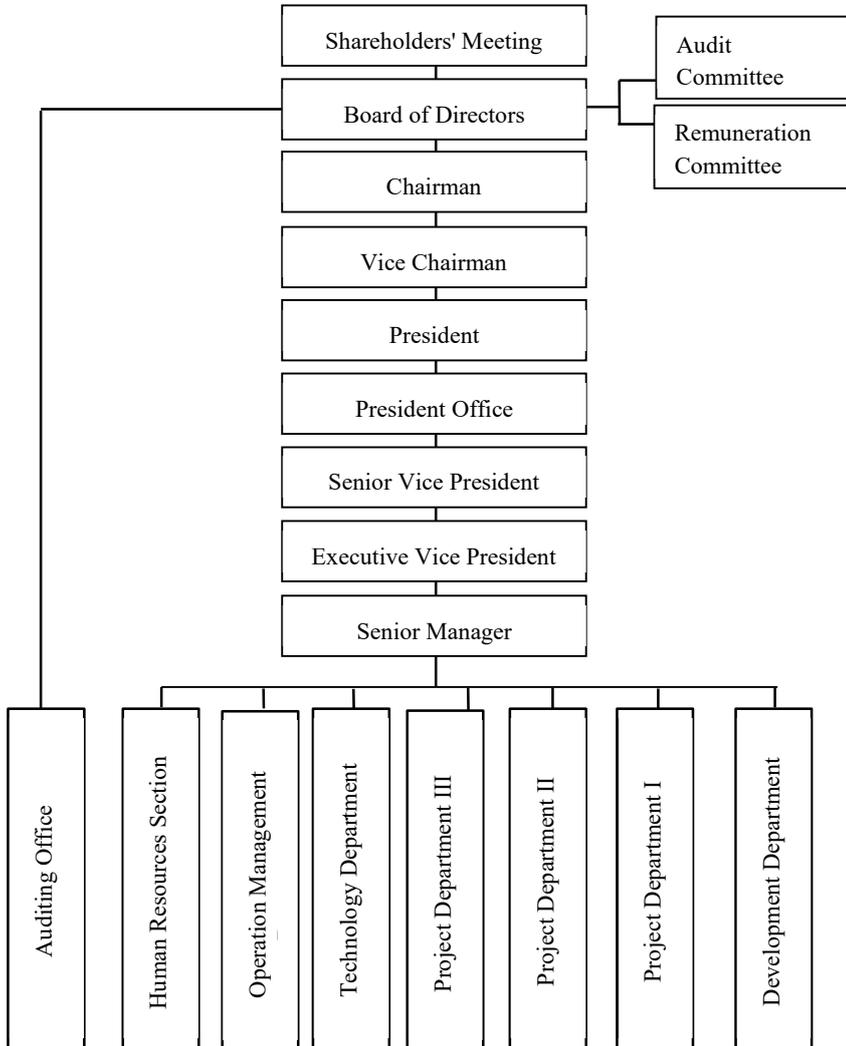
Ltd. in 2021). At present, the re-investment business of the Company has been steady. Among them, the health management business is actively exploring value-added service products to expand energy; the hospitality business is keeping deepening the brand value and enhancing customer loyalty through diversified marketing integration; the healthcare business is keeping expanding to provide complete healthcare services. Looking ahead, the Company will actively keep abreast of the trends, move toward a comprehensive developer, focus on strengthening the core business, digital integration, value creation, and deepen the brand image. The Company aims to expand the development and business territory, and create a greater profit margin.

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

### Chapter 3. Report on Corporate Governance

#### I. Organization

##### (I) Organization Chart



## (II) Responsibilities and Functions of Major Departments

### 1. Auditing Office

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

### 2. President Office

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

### 3. Development Department

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

- (6) Review and amendment of the analysis calculation standard for gross profit of annual land planning.
  - (7) Collection and analysis of construction laws and regulations and urban planning data.
  - (8) Equity investigation and signing of transaction, purchase, exchange and joint construction of real estate.
  - (9) Land acquisition, resurvey, re-planning and other items.
  - (10) Handover, re-measurement, transfer and management of real estate.
  - (11) Removal of above-ground buildings and registration of loss of buildings.
  - (12) Applications such as land subdivision, consolidation and land category change.
  - (13) Management, trading and exchange of scattered land.
  - (14) Purchase or lease of public real estate.
  - (15) Tax-related items before the land is transferred to the customer.
  - (16) Inventory and auditor of land rights before handover
  - (17) Urban renewal-related business promotion.
  - (18) Joint development with MRT and other project development and bidding.
  - (19) Assistance in subsidiaries' extension related business.
  - (20) Supplier management and system data maintenance.
  - (21) Other related items.
4. Project Department I and Project Department II
- (1) Preparation, control and implementation of budget, gross profit and progress targets of the projects.
  - (2) Preparation and implementation of product positioning, sales strategy and marketing plan.
  - (3) Selection, appointment and contracting of dealers, architects, consultants and agents.
  - (4) Investigation and measurement of the foundation.
  - (5) Review of drawings for architectural design.
  - (6) Selection of building materials and equipment.

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

(28) Other related items.

5. Project Department III

(1) Items related to investigation and research of real estate market.

(2) Investigation, analysis and evaluation of land planning data.

(3) Items related to land acquisition and management.

(4) Preparation, control and implementation of budget, gross profit and progress targets of the projects.

(5) Preparation and implementation of product positioning, sales strategy and marketing plan.

(6) Selection, appointment and contracting of dealers, architects, consultants and agents.

(7) Investigation and measurement of the foundation.

(8) Review of drawings for architectural design.

(9) Selection of building materials and equipment.

(10) Application and review of building license and related items.

(11) Control of design, production and construction of sales tools, reception centers and sample rooms and related items.

(12) Pricing of real estate.

(13) Sales, leasing, contracting and collection of real estate and related items.

(14) Preparation and verification of contracting and construction drawings.

(15) Control of contract related to the project business.

(16) Provision, contact, coordination and verification of information regarding changes in customers.

(17) Transfer of house and land ownership and establishment of mortgage.

(18) Control of building remeasurement, preservation registration and housing taxation.

(19) Recommendation of loan bank for customer and disposal of loan procedures.

(20) Notification of collection and urgency of customer's payment and additional/reduced payment.

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

## 6. Technology Department

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

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

## 7. Operation Management Department

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

- (22) Consultation of legal affairs and project support for various units.
- (23) Countersign and review of contracts concerning foreign affairs and other legal documents.
- (24) Co-organization and disposal of litigation cases and non-litigation affairs.
- (25) Abidance management and assistance in enforcement of laws and regulations.
- (26) Operations related to Corporate Governance Team of the Corporate Social Responsibility Committee and social welfare.
- (27) Discussion proceedings of the Board of Shareholders, the Board of Directors and other functional committees.
- (28) Planning, construction and management of the Company's information system architecture.
- (29) Assistance in the development of information systems of subsidiaries and integration of the Group's information operation platform.
- (30) Establishment and promotion of the Company's information security management mechanism.
- (31) Planning, construction and management of the Company's database, network system and hardware/software equipment.
- (32) Development, maintenance, improvement, and integration of various application systems.
- (33) Planning of the education training of the Company's information system.

#### 8. Human Resources Section

- (1) Preparation, planning and implementation of the Company's human resources strategies, policies and plans.
- (2) Planning and implementation of salary awards, year-end bonus system and issuance.
- (3) Planning and implementation of personnel recruitment and appointment procedures, and personnel development and talent reserve planning.
- (4) Planning of the performance management system, employee performance appraisal and promotion.
- (5) Execution of compensation and performance appraisal on Directors and Managers.

- (6) Preparation and maintenance of personnel-related rules and regulations, management of personnel information and systems, and analysis of the efficiency of human resources.
- (7) Planning and implementation of personnel appointment and dismissal, transfer, attendance, reward and punishment, business trip and vacation, pension and insurance.
- (8) Distribution of material information regarding human resources such as personnel changes.

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

### (I) Information on directors and supervisors (1)

April 19, 2022

Title (Note 1)	Nationality/ Place of Registration	Name	Gender Age (Note 2)	Date Elected (Appointed) Date	Tenure	Date First Elected (Appointed) (Note 3)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education) (Note 4)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark (Note 5)
							Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)			Title	Name	Relationship	
Chairman	Republic of China	He Xin Industrial Co., Ltd. Representative: Chang, Ching- Kuei	Male 61~75	2020.06.12	3 years	2017.06.16	22,000,000	1.90%	22,000,000	1.90%	0	0	0	0	Feng Chia University (Bachelor of Architecture)	Chairman of Cathay Real Estate Management Co., Ltd. Chairman of Cathay Healthcare Management Co., Ltd. Chairman of Cymbal Medical Network Co., Ltd. Chairman of Cymder Co., Ltd. Chairman of Cymlin Co., Ltd. Supervisor of Taiwan Real Estate Management Co., Ltd. Chairman of Cathay Real Estate Foundation Director of Cathay General Hospital	None			
						2000.01.19	20,822	0	20,822	0										
Director	Republic of China	He Xin Industrial Co., Ltd. Representative: Tsai, Chung-Yan	Male 31~45	2020.06.12	3	2017.06.16	22,000,000	1.90%	22,000,000	1.90%	0	0	0	0	San Francisco State University (Master of Public Administration, MPA)	Senior Vice President of Cathay Real Estate Corporation Director of Cathay Life Insurance Corporation Vice Chairman of Cathay Healthcare Management Co., Ltd. Director of Cymbal Medical Network Co., Ltd. Director of Cymder Co., Ltd. Director of Cymlin Co., Ltd. Vice President of Liang Ting Industrial Co., Ltd Director of Cathay Real Estate Foundation	None			
						2009.03.11	0	0	0	0										

Title (Note 1)	Nationality/ Place of Registration	Name	Gender Age (Note 2)	Date Elected (Appointed) Date	Tenure	Date First Elected (Appointed) (Note 3)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education) (Note 4)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark (Note 5)
							Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)			Title	Name	Relationship	
Director	Republic of China	He Xin Industrial Co., Ltd. Representative: Lee, Hung-Ming	Male 46-60	2020.06.12	3	2017.06.16	22,000,000	1.90%	22,000,000	1.90%	0	0	0	0	Chinese Culture University (Bachelor of law)	President of Cathay Real Estate Corporation Director & President of Cathay Real Estate Management Co., Ltd. Chairman of Cathay Hospitality Management Co., Ltd Chairman of Cathay Hotel Management Consultant Co., Ltd. Chairman of Nankang International No. 1 Corporation Chairman of Nankang International No. 2 Corporation Director of Cathay Securities Investment Trust Co., Ltd. Director of Cathay Real Estate Foundation Director of Cathay Charitable Foundation	None			
						2015.03.23	0	0	0	0										
Director	Republic of China	Cathay Real Estate Corporation Employee Welfare Committee Representative: Lin, Chin-Liang	Male 46-60	2020.06.12	3	2017.06.16	2,754,800	0.24%	2,754,800	0.24%	0	0	0	0	National Cheng Kung University (Bachelor of Architecture)	Vice President of Cathay Real Estate Corporation Director of Cathay Real Estate Management Co., Ltd. Director of Cathay Hospitality Management Co., Ltd Director of Cathay Hotel Management Consultant Co., Ltd. Director of Nankang International No. 1 Corporation Director of Nankang International No. 2 Corporation Supervisor of Symphox Information Co., Ltd. Chairman & President of Jinhua Realty Co., Ltd. Director of Cathay Real Estate Foundation	None			
						2011.06.10	0	0	0	0										

Title (Note 1)	Nationality/ Place of Registration	Name	Gender Age (Note 2)	Date Elected (Appointed) Date	Tenure	Date First Elected (Appointed) (Note 3)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education) (Note 4)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark (Note 5)
							Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)			Title	Name	Relationship	
Director	Republic of China	Cathay Charitable Foundation Representative: Daniel Tung	Male 61~75	2020.06.12	3	2017.06.16	5,941,332	0.51%	5,941,332	0.51%	0	0	0	0	Indiana University (Master of Business Administration, MBA)	Senior Vice President of Cathay Real Estate Corporation Chairman & President of Bannan Realty Co., Ltd. Chairman & President of Sanhong Realty Co., Ltd. Director of Cathay Real Estate Foundation	None			
						2015.07.01	0	0	0	0										
Director	Canada	Cathay Real Estate Foundation Representative: Chu, Chung- Chang	Male 61~75	2020.06.12	3	2017.06.16	2,353,690	0.20%	2,353,690	0.20%	0	0	0	0	York University (Master of Business Administration, MBA)	Chairman of Meifeng Textile & Dyeing Co., Ltd Chairman of Meifeng Corporation Director of Cathay Life Insurance Corporation	None			
						1999.05.19	11,719	0	11,719	0										
Independent Director	Republic of China	Lin, Shiou-Ling	Female 61~75	2020.06.12	3	2014.06.06	0	0	0	0	0	0	0	0	National Taiwan University (Bachelor of law)	Chairman of Baku Investment Co., Ltd. Chairman of Baku Consulting Co., Ltd. Chairman of Cheng Yu Co., Ltd. Chairman of Cheng Yu Financial Consulting Co., Ltd. Chairman of Cheng Yu Sheng Investment Co., Ltd. Independent Director of Taiwan Cement Co., Ltd.	None			
Independent Director	Republic of China	Wu, Chih-Wei	Male 61~75	2020.06.12	3	2014.06.06	0	0	0	0	0	0	0	0	California State University (Master of Business Administration, MBA)	Independent Director of Preferred Bank Chairman of Zhide Investment Co., Ltd. Supervisor of Taiwan Farm Industry Co., Ltd. Director of Longchen Paper & Packaging Co., Ltd. Director of Hematech Biotherapeutics Inc. Independent Director of Les enphants Co., Ltd.	None			
Independent Director	Republic of China	James Y. Chang	Male 61~75	2020.06.12	3	2017.06.16	0	0	0	0	0	0	0	0	Southern Methodist University (Doctor of Laws)	None	None			

- Note 1. For juristic person shareholders, their names and representatives shall be stated (for representatives, the names of juristic person shareholders they represent shall be indicated respectively) and filled in Table 1.
- Note 2. Please list actual ages and express them in intersectional manner, e.g., 41-50 years old or 51-60 years old.
- Note 3. Please list the first date to take the charge of director or supervisor of the Company, and note with illustrations for any disruption of duty occurred.
- Note 4. For the experience related to holding the current position, if one has worked in the CPA firm conducting the auditing and attesting business or related company, he/she shall state the job title and responsible position. Assistant vice president, regardless of job title, should also be disclosed.
- Note 5. Where the Chairman of the board of directors and the President or person of an equivalent post (the highest level manager) of the Company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (for example, increase the number of independent directors, and there shall be more than half of the directors who do not concurrently serve as employees or managers).
- Note 6. The directors' part-time job shall be subject to the information on April 19, 2022.
- Note 7. The Company has set up an Audit Committee replacing the supervisor since June 16, 2017 in accordance with the provisions of Article 14-4 of the Securities Exchange Act.

Table 1: Major Shareholders of Institutional Shareholders

April 19, 2021

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

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

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

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

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

As of April 19, 2021

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

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

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

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

## (I) Information Regarding Directors and Supervisors (2)

As of April 19, 2022

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

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

Qualifications Name	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>service for the company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years.</p> <p>(7) Not a spouse or relative within the second degree of kinship of any other director of the Company;</p> <p>(8) Not under any of the categories stated in Article 30 of the Company Act.</p> <p>(9) Whether any of he himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates: None.</p> <p>(10) Shareholding amount and ratio of he himself, his spouse, or relative within the second degree of kinship (or in the name of others): None.</p> <p>(11) Whether he serves as a Director, Supervisor or employee of a company that has a specific relationship with the Company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with): None.</p> <p>(12) Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years: For details, refer to pages 44 and pages 31 of the 2020 annual report.</p>	
Tsai, Chung-Yan Director	<p>Professional Qualification: At least 5 years of experience in business, legal, financial, accounting and corporate business of several companies.</p> <p>Experience: Senior Vice President of Cathay Real Estate Corporation, Director of Cathay Life Insurance Corporation, Vice Chairman of Cathay Healthcare Management Co., Ltd., Director of Cymbal Medical Network Co., Ltd., Director of Cynder Co., Ltd., Director of Cymlin Co., Ltd., Vice President of</p>	<p>(1) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(2) Not a Director, Supervisor, or employee of a company with a majority of the Company's director seats or voting shares and those of</p>	None

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

Qualifications Name	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		last two years: For details, refer to pages 44 and pages 31 of the 2020 annual report.	
Lee, Hung-Ming Director	<p>Professional Qualification: At least 5 years of experience in business, legal, financial, accounting and corporate business of several companies.</p> <p>Experience: President of Cathay Real Estate Corporation, Director &amp; President of Cathay Real Estate Management Co., Ltd., Chairman of Cathay Hospitality Management Co., Ltd., Chairman of Cathay Hotel Management Consultant Co., Ltd., Chairman of Nankang International No. 1 Corporation, Chairman of Nankang International No. 2 Corporation, Director of Cathay Securities Investment Trust Co., Ltd., Director of Cathay Real Estate Foundation, and Director of Cathay Charitable Foundation</p> <p>Circumstances in the subparagraphs of Article 30 of the Company Act: None</p>	<p>(1) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(2) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship to the individuals listed in the preceding paragraphs.</p> <p>(3) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top five in terms of the number of shares held or is designated as a Director or Supervisor of the Company pursuant to Paragraph 1 or 2, Article 27 of the Company Act.</p> <p>(4) Not a Director, Supervisor, or employee of a company with a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person.</p> <p>(5) Not a Director (member of the governing board), Supervisor (member of the supervising board), managerial officer or shareholder who holds more than five (5) percent of shares of companies or institutions that have financial or business dealings with the Company</p> <p>(6) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative</p>	None

Qualifications Name	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>remuneration less than NT\$500,000 in the past two years.</p> <p>(7) Not a spouse or relative within the second degree of kinship of any other director of the Company;</p> <p>(8) Not under any of the categories stated in Article 30 of the Company Act.</p> <p>(9) Whether any of himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates: None.</p> <p>(10) Shareholding amount and ratio of himself, his spouse, or relative within the second degree of kinship (or in the name of others): None.</p> <p>(11) Whether he serves as a Director, Supervisor or employee of a company that has a specific relationship with the Company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with): None.</p> <p>(12) Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years: For details, refer to pages 44 and pages 31 of the 2020 annual report.</p>	
Lin, Chin-Liang Director	<p>Professional Qualification: At least 5 years of experience in business, legal, financial, accounting and corporate business of several companies.</p> <p>Experience: Vice President of Cathay Real Estate Corporation, Director of Cathay Real Estate Management Co., Ltd., Director of Cathay Hospitality Management Co., Ltd., Director of Cathay Hotel Management Consultant Co., Ltd., Director of Nankang International No. 1 Corporation, Director of Nankang International No. 2 Corporation, Supervisor of Symphox Information Co., Ltd., Chairman &amp; President of Jinhua Realty Co., Ltd., and Director of Cathay Real Estate Foundation</p>	<p>(1) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(2) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship to the individuals listed in the preceding paragraphs.</p> <p>(3) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number</p>	None

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

Qualifications  Name	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>(refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with): None.</p> <p>(12) Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years: For details, refer to pages 44 and pages 31 of the 2020 annual report.</p>	
Daniel Tung Director	<p>Professional Qualification: At least 5 years of experience in business, legal, financial, accounting and corporate business of several companies. Experience: Senior Vice President of Cathay Real Estate Corporation, Chairman &amp; President of Bannan Realty Co., Ltd., Chairman &amp; President of Sanchong Realty Co., Ltd., and Director of Cathay Real Estate Foundation Circumstances in the subparagraphs of Article 30 of the Company Act: None</p>	<p>(1) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(2) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship to the individuals listed in the preceding paragraphs.</p> <p>(3) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top five in terms of the number of shares held or is designated as a Director or Supervisor of the Company pursuant to Paragraph 1 or 2, Article 27 of the Company Act.</p> <p>(4) Not a Director, Supervisor, or employee of a company with a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person.</p> <p>(5) Not a Director (member of the governing board), Supervisor (member of the supervising board), managerial officer or shareholder who holds more than five (5) percent of shares of companies or institutions that have financial or business dealings with the</p>	None

Qualifications Name	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>Company</p> <p>(6) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years.</p> <p>(7) Not a spouse or relative within the second degree of kinship of any other director of the Company;</p> <p>(8) Not under any of the categories stated in Article 30 of the Company Act.</p> <p>(9) Whether any of himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates: None.</p> <p>(10) Shareholding amount and ratio of himself, his spouse, or relative within the second degree of kinship (or in the name of others): None.</p> <p>(11) Whether he serves as a Director, Supervisor or employee of a company that has a specific relationship with the Company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with): None.</p> <p>(12) Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years: For details, refer to pages 44 and pages 31 of the 2020 annual report.</p>	
Chu, Chung-Chang Director	<p>Professional Qualification: At least 5 years of experience in business, legal, financial, accounting and corporate business of several companies.</p> <p>Experience: Chairman of Meifeng Textile &amp; Dyeing Co., Ltd., Chairman of Meifeng</p>	<p>(1) Not employed by the Company or any of its affiliated companies.</p> <p>(2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an</p>	None

Qualifications Name	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
	Corporation., and Director of Cathay Life Insurance Corporation Circumstances in the subparagraphs of Article 30 of the Company Act: None	<p>aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(3) Not a managerial officer listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship listed in (2).</p> <p>(4) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top five in terms of the number of shares held or is designated as a Director or Supervisor of the Company pursuant to Paragraph 1 or 2, Article 27 of the Company Act.</p> <p>(5) Not a Director, Supervisor, or employee of a company with a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person.</p> <p>(6) Not a director (or a managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses.</p> <p>(7) Not a Director (member of the governing board), Supervisor (member of the supervising board), managerial officer or shareholder who holds more than five (5) percent of shares of companies or institutions that have financial or business dealings with the Company</p> <p>(8) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the company or any of its affiliates, or provides commercial, legal, financial, or</p>	

Qualifications Name	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>accounting service with cumulative remuneration less than NT\$500,000 in the past two years.</p> <p>(9) Not a spouse or relative within the second degree of kinship of any other director of the Company;</p> <p>(10) Not under any of the categories stated in Article 30 of the Company Act.</p> <p>(11) Whether any of himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates: None.</p> <p>(12) Shareholding amount and ratio of himself, his spouse, or relative within the second degree of kinship (or in the name of others): None.</p> <p>(13) Whether he serves as a Director, Supervisor or employee of a company that has a specific relationship with the Company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with): None.</p> <p>(14) Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years: For details, refer to pages 44 and pages 31 of the 2020 annual report.</p>	
Lin, Shiou-Ling Independent Director	<p>Professional Qualification: At least 5 years of experience in business, legal, financial, accounting and corporate business of several companies.</p> <p>Experience: Senior Consultant and Special Consultant of Lee and Li Attorneys at Law, Chairman of Baku Investment Co., Ltd., Chairman of Baku Consulting Co., Ltd., Chairman of Cheng Yu Co., Ltd., Chairman of Cheng Yu Financial Consulting Co., Ltd., Chairman of Cheng Yu Sheng Investment Co., Ltd., and Independent Director of Taiwan Cement Co., Ltd.</p> <p>Circumstances in the subparagraphs of Article 30 of the Company Act: None</p>	<p>(1) Not employed by the Company or any of its affiliated companies.</p> <p>(2) Not serving as the Director and Supervisor of the Company or any of its affiliated companies.</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(4) Not a spouse, relative within two generations or direct blood relatives within three generations</p>	1

Qualifications  Name	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>of the executive listed in (1) or person listed in (2) or (3).</p> <p>(5) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top five in terms of the number of shares held or is designated as a Director or Supervisor of the Company pursuant to Paragraph 1 or 2, Article 27 of the Company Act.</p> <p>(6) Not a Director, Supervisor, or employee of a company with a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person.</p> <p>(7) Not a director (or a managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses.</p> <p>(8) Not a Director (member of the governing board), Supervisor (member of the supervising board), managerial officer or shareholder who holds more than five (5) percent of shares of companies or institutions that have financial or business dealings with the Company</p> <p>(9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years.</p> <p>(10) Not a spouse or relative within the second degree of kinship of any other director of the Company;</p> <p>(11) Not under any of the categories</p>	

Qualifications Name	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>stated in Article 30 of the Company Act.</p> <p>(12) No Government Apparatus agency, juristic person or its representative is elected under Article 27 of the Company Act.</p> <p>(13) Whether any of himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates: None.</p> <p>(14) Shareholding amount and ratio of himself, his spouse, or relative within the second degree of kinship (or in the name of others): None.</p> <p>(15) Whether he serves as a Director, Supervisor or employee of a company that has a specific relationship with the Company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with): None.</p> <p>(16) Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years: For details, refer to pages 44 and pages 31 of the 2020 annual report.</p>	
Wu, Chih-Wei Independent Director	<p>Professional Qualification: At least 5 years of experience in business, legal, financial, accounting and corporate business of several companies.</p> <p>Experience: Chief Executive Officer of Credit Suisse (Taiwan), Executive Chairman of Standard Chartered Bank (Taiwan), President of Hsinchu International Commercial Bank, Vice President of Hsinchu International Commercial Bank, Independent Director of Preferred Bank, Chairman of Zhide Investment Co., Ltd., Supervisor of Taiwan Farm Industry Co., Ltd., Director of Longchen Paper &amp; Packaging Co., Ltd., Director of Hematech Biotherapeutics Inc., and Independent Director of Les enphants Co., Ltd.</p> <p>Circumstances in the subparagraphs of</p>	<p>(1) Not employed by the Company or any of its affiliated companies.</p> <p>(2) Not serving as the Director and Supervisor of the Company or any of its affiliated companies.</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(4) Not a spouse, relative within two generations or direct blood relatives within three generations of the executive listed in (1) or person listed in (2) or (3).</p> <p>(5) Not a director, supervisor or</p>	1

Qualifications Name	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
	Article 30 of the Company Act: None	<p>employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top five in terms of the number of shares held or is designated as a Director or Supervisor of the Company pursuant to Paragraph 1 or 2, Article 27 of the Company Act.</p> <p>(6) Not a Director, Supervisor, or employee of a company with a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person.</p> <p>(7) Not a director (or a managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses.</p> <p>(8) Not a Director (member of the governing board), Supervisor (member of the supervising board), managerial officer or shareholder who holds more than five percent of shares of companies or institutions that have financial or business dealings with the Company</p> <p>(9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years.</p> <p>(10) Not a spouse or relative within the second degree of kinship of any other director of the Company;</p> <p>(11) Not under any of the categories stated in Article 30 of the Company Act.</p> <p>(12) No Government Apparatus agency,</p>	

Qualifications Name	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>juristic person or its representative is elected under Article 27 of the Company Act.</p> <p>(13) Whether any of himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates: None.</p> <p>(14) Shareholding amount and ratio of himself, his spouse, or relative within the second degree of kinship (or in the name of others): None.</p> <p>(15) Whether he serves as a Director, Supervisor or employee of a company that has a specific relationship with the Company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with): None.</p> <p>(16) Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years: For details, refer to pages 44 and pages 31 of the 2020 annual report.</p>	
James Y. Chang Independent Director	<p>Professional Qualification: At least 5 years of experience in business, legal, financial, accounting and corporate business of several companies; qualification of lawyer for professional and technology; and lecture in private junior college or above.</p> <p>Experience: Lawyer at Law Offices of Donald T. Dunham &amp; Associates, Associate Professor of Soochow University Law School.</p> <p>Circumstances in the subparagraphs of Article 30 of the Company Act: None</p>	<p>(1) Not employed by the Company or any of its affiliated companies.</p> <p>(2) Not serving as the Director and Supervisor of the Company or any of its affiliated companies.</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(4) Not a spouse, relative within two generations or direct blood relatives within three generations of the executive listed in (1) or person listed in (2) or (3).</p> <p>(5) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number</p>	None

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

Qualifications Name	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>(13) Whether any of himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates: None.</p> <p>(14) Shareholding amount and ratio of himself, his spouse, or relative within the second degree of kinship (or in the name of others): None.</p> <p>(15) Whether he serves as a Director, Supervisor or employee of a company that has a specific relationship with the Company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with): None.</p> <p>(16) Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years: For details, refer to pages 44 and pages 31 of the 2020 annual report.</p>	

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

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

A. Diversity of the Board of Directors:

The Company's has provided diversity policy in Article 22, paragraph 2 of its "Corporate Governance Code of Practice" and relevant measures of the Board of Directors, aiming to

diversify the board members, think and judge from different standpoints, so as to improve the board structure and improve corporate governance.

1. The diversity policy includes: The selection criteria for directors is open to different nationalities, age groups, genders, etc.: with the target of non-nationality members, there are currently 9 directors, including 1 member of non-Republic of China nationality, accounting for 11%; with the target of different age groups, starting from 31, taking every 15 years old as a range, 1 is 31~45 years old, 2 are 46~60 years old, 6 are 61~75 years old, and there is at least 1 director in each range, indicating an achievement rate of 100%; the ratio of female directors is over 10%, or 1 among the 9 directors, accounting for 11%.
2. The selection criteria for directors in respect of professional qualifications and experience or background are: the target shall have 2 or more different attributes. At present, there are 9 directors, each of whom has professional qualifications, experience or background with 2 or more different attributes, with a ratio of 100%.

#### B. Independence of the Board of Directors:

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

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

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

As of April 19, 2022

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

Title (Note 1)	Nationality	Name	Gender	Date Elected (Appointed)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Main Experience (Education Background) (Note 2)	Currently Holding Concurrent Posts in the Company and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship		
					Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)			Title	Name	Relation
Vice President	Republic of China	Lin, Chin- Liang	Male	2020.01.01	0	0	0	0	0	0	National Cheng Kung University (Bachelor of Architecture)	Director of Cathay Real Estate Management Co., Ltd. Director of Cathay Hospitality Management Co., Ltd. Director of Cathay Hotel Management Consultant Co., Ltd. Director of Nankang International No. 1 Corporation Director of Nankang International No. 2 Corporation Supervisor of Symphox Information Co., Ltd. Chairman & President of Jinhua Realty Co., Ltd. Director of Cathay Real Estate Foundation	None		
Senior Manager	Republic of China	Ku, Shang- Chieh	Male	2020.01.01	0	0	0	0	0	0	Dept. of Architecture, Tamkang University	Director & Chief Executive Officer of Bannan Realty Co., Ltd. Chairman & President of Sanchong Realty Co., Ltd. Director and CEO	None		
Senior Manager	Republic of China	Kuo, Chun- Ho	Male	2020.01.01	0	0	0	0	0	0	Master in Civil and Construction Engineering, National Taiwan University of Science and Technology	Director of Bannan Realty Co., Ltd. Director of Jinhua Realty Co., Ltd. Chairman & President of Sanchong Realty Co., Ltd. Company Director	None		
Senior Manager	Republic of China	Lin, Chun- An	Male	2020.01.01 (Dismissed on 2022.02.01)	0	0	0	0	0	0	National Taiwan University (Master of Finance)	None	None		
Senior Manager	Republic of China	Liao, Li-Chi	Female	2022.02.01	0	0	0	0	0	0	National Chengchi University MBA	Supervisor of Cathay Real Estate Management Co., Ltd. Supervisor of Bannan Realty Co., Ltd. Supervisor of Jinhua Realty Co., Ltd. Supervisor of Sanchong Realty Co., Ltd.	None		
Development Department President	Republic of China	Liu, Pang- Ho	Male	2020.07.02	0	0	0	0	0	0	Master of Business Management, National Central University	None	None		
Manager of Project Department I	Republic of China	Hsiao, Chia- Ming	Female	2015.07.01	0	0	0	0	0	0	National Cheng Kung University (Master of Architecture)	None	None		

Title (Note 1)	Nationality	Name	Gender	Date Elected (Appointed)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Main Experience (Education Background) (Note 2)	Currently Holding Concurrent Posts in the Company and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship		
					Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)			Title	Name	Relation
Manager of Project Department II	Republic of China	Peng, Fei-I	Female	2020.01.01	0	0	0	0	0	0	Construction Engineering Department, China Industrial and Commercial College	None	None		
Manager of Project Department III	Republic of China	Huang, Ting- Chien	Male	2020.01.01	24,000	0	110,000	0	0	0	Chaoyang University of Science and Technology (Master of Architecture and Urban Design)	Director and CEO of Jinhua Realty Co., Ltd. Chief Executive Officer	None		
Chief Auditing Officer of Auditing Office	Republic of China	Huang, Chang-Yao	Male	2015.11.05 (Retired on 2021.11.25)	30	0	0	0	0	0	Department of Statistics, National Chung Hsing University	None	None		
Chief Auditing Officer of Auditing Office	Republic of China	Yang, Po- Shan	Male	2021.11.25	887	0	0	0	0	0	Alabama State University (Master of Business Administration, MBA)	None	None		
Manager of Business Administration Department	Republic of China	Lo, Yu-Chi	Female	2018.03.16	0	0	0	0	0	0	National Chengchi University (Master in Accounting)	None	None		
Corporate Governance Officer	Republic of China	Yen, Miao-Ju	Female	2019.4.25	0	0	0	0	0	0	Department of Law, Soochow University	None	None		

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

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

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



### Range of Remuneration

Range of Remuneration Paid to Directors	Name of Director			
	Total Amount of Remuneration (A+B+C+D)		Total Amount of Remuneration (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the Financial Report (Note 9)	The Company (Note 8)	All companies in the Financial Report (Note 9)
Less than NT\$1,000,000	Tsai, Chung-Yan, Lee, Hung-Ming, Lin, Chin-Liang, Daniel Tung, Chu, Chung-Chang, Cathay Charity Foundation, Cathay Real Estate Foundation, Employee Welfare Committee of Cathay Real Estate Corporation	Tsai, Chung-Yan, Lee, Hung-Ming, Lin, Chin-Liang, Daniel Tung, Chu, Chung-Chang, Cathay Charity Foundation, Cathay Real Estate Foundation, Employee Welfare Committee of Cathay Real Estate Corporation	Chu, Chung-Chang, Cathay Charity Foundation, Cathay Real Estate Foundation, Employee Welfare Committee of Cathay Real Estate Corporation	Chu, Chung-Chang, Cathay Charity Foundation, Cathay Real Estate Foundation, Employee Welfare Committee of Cathay Real Estate Corporation
NT\$ 1,000,000 (inclusive) to NT\$ 2,000,000 (exclusive)	Lin, Shiou-Ling, Wu, Chih-Wei, James Y. Chang, and He Xin Industrial Co., Ltd.	Lin, Shiou-Ling, Wu, Chih-Wei, James Y. Chang, and He Xin Industrial Co., Ltd.	Lin, Shiou-Ling, Wu, Chih-Wei, James Y. Chang, and He Xin Industrial Co., Ltd.	Lin, Shiou-Ling, Wu, Chih-Wei, James Y. Chang, and He Xin Industrial Co., Ltd.
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	0	0	0	0
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	0	0	Lin, Chin-Liang	Lin, Chin-Liang
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	Chang, Ching-Kuei	Chang, Ching-Kuei	Tsai, Chung-Yan Daniel Tung Lee, Hung-Ming Chang, Ching-Kuei	Tsai, Chung-Yan Daniel Tung Lee, Hung-Ming Chang, Ching-Kuei
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	0	0	0	0
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	0	0	0	0
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	0	0	0	0
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	0	0	0	0
Over NT\$100,000,000	0	0	0	0
Total	13	13	13	13

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

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

Note 3. Fill in the amount of remuneration for directors approved by the board of directors in the most recent year.

- Note 4. Refers to the execution expenses of relevant businesses of directors in the most recent year (including travel expenses, special expenses, allowances, dormitories, car supplies and other material supplies, etc.). If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel costs calculated based on the actual amount or fair market value, and other payments should be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note. The relevant remuneration paid by all companies in the Company's consolidated financial statements to the driver is NT\$ 659 thousand.
- Note 5. Salary, job-related allowances, separation pay, various bonuses, incentives, transportation allowance, special allowance, various allowances, accommodation allowance and vehicle received by Directors who concurrently serve as employees (including President, Senior Vice President, Vice Presidents, other managerial officers and employees) in the most recent fiscal year. If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel costs calculated based on the actual amount or fair market value, and other payments should be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note. In addition, the remuneration expenses recognized in accordance with IFRS 2 "Share Base Payment", including the acquisition of employee warrants, new shares restricting employee rights and shares subscribed by participation in capital increase in cash, shall also be included in the remunerations. The relevant remuneration paid by all companies in the Company's consolidated financial statements to the driver is NT\$ 2,645 thousand.
- Note 6. For Directors concurrently serving as employees (including President, Senior Vice President, Vice Presidents, other managerial officers and employees) who receive employee rewards (including shares and cash), the amount of employee rewards that have been approved by the Board of Directors and are distributed to them in the most recent fiscal year shall be disclosed. If the amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3.
- Note 7. The total amount of all the remuneration paid to the Company's Directors by all the companies in the consolidated financial statements (including the Company) shall be disclosed.
- Note 8. The name of each Director shall be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to the Director by the Company.
- Note 9. The total amount of remuneration paid to each director of the Company by all enterprises (including the Company) in the consolidated report should be disclosed, the name of director shall be disclosed in the corresponding range.
- Note 10. Net income after taxes refers to net income after taxes in the most recent fiscal year. Where IFRS is adopted, net income after taxes refers to net income after taxes recorded in the parent company only or individual financial statements in the most recent fiscal year.
- Note 11. a. The amount of remuneration received from subsidiaries other than investment companies by the Company's directors shall be stated clearly in this column.
- b. If a director of the Company receives remuneration from investment companies other than subsidiaries, the amount of remuneration received by the director from investment companies other than subsidiaries shall

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

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

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

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

Unit: NT\$ thousands

Title	Name (Note 1)	Salary (A) (Note 2)		Severance Pay and Pension (B)		Bonuses and Allowances, etc. (C) (Note 3)		Employee Compensation (D) (Note 4)				Sum of items A, B, C and D to NIAT Ratio (%) (Note 8)		Remuneration paid to Directors from investees other than the Company's subsidiaries or parent company (Note 9)
		The Company	All the Companies in Consolidated Financial Statements of the Company (Note 5)	The Company	All the Companies in Consolidated Financial Statements of the Company (Note 5)	The Company	All the Companies in Consolidated Financial Statements of the Company (Note 5)	The Company		All the Companies in Consolidated Financial Statements of the Company (Note 5)		The Company	All the Companies in Consolidated Financial Statements of the Company (Note 5)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Lee, Hung-Ming													
Senior Vice President	Tsai, Chung-Yan													
Senior Vice President	Daniel Tung	12,416	12,416	0	0	11,732	11,732	24	0	24	0	Proportion: 2.85%	Proportion: 2.85%	30
Vice President	Lin, Chin-Liang													

Range of Remuneration

Range of Remuneration Paid to President, Senior Vice President, Senior Vice President and Vice Presidents of the Company	Names of President, Senior Vice President, Senior Vice President and Vice Presidents of the Company	
	The Company (Note 7)	All companies in the consolidated financial statements (E) (Note 8)
Less than NT\$1,000,000	0	0
Less than NT\$ 2,000,000	0	0
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	0	0
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	Lin, Chin-Liang	Lin, Chin-Liang
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	Tsai, Chung-Yan, Daniel Tung, Lee, Hung-Ming	Tsai, Chung-Yan, Daniel Tung, Lee, Hung-Ming
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	0	0
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	0	0
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	0	0
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	0	0
Over NT\$100,000,000	0	0
Total	4	4

Note 1. Names of the President, Senior Vice President, Senior Vice President and Vice Presidents should be listed separately, and the amount of remuneration paid to them should be disclosed collectively. If a director concurrently serves as a President, Senior Vice President or Vice President, his/her name and the amount of remuneration paid to him/her shall be listed in Table (1--2) above.

Note 2. Fill in the salary, job-related allowances and separation pay received by the President, Senior Vice President, Senior Vice President and Vice Presidents in the most recent fiscal year.

Note 3. Fill the amount of various bonuses, incentives, transportation allowance, special allowance, various allowances, accommodation and vehicle received by the President, Senior Vice President and Vice Presidents in the most recent fiscal year. If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel costs calculated based on the actual amount or fair market value, and other payments should be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note. In addition, the remuneration expenses recognized in accordance with IFRS 2 "Share Base Payment", including the acquisition of employee warrants, new shares restricting employee rights and shares subscribed by participation in capital

increase in cash, shall also be included in the remunerations. The relevant remuneration paid by all companies in the Company's consolidated financial statements to the driver is NT\$ 2,645 thousand.

- Note 4. Fill in the amount of employee bonuses (including shares and cash) that have been approved by the Board of Directors and are distributed to the President, Senior Vice President and Vice Presidents in the most recent fiscal year. If the amount of bonuses cannot be estimated, the calculation shall be calculated based on the ratio of the amount distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3. Net income after taxes refers to net income after taxes in the most recent fiscal year. Where IFRS is adopted, net income after taxes refers to net income after taxes recorded in the parent company-only or individual financial statements in the most recent fiscal year.
- Note 5. The total amount of all the remuneration paid to the Company's President, Senior Vice President and Vice Presidents by all the companies (including the Company) listed in its consolidated financial statements shall be disclosed.
- Note 6. The name of each President, Senior Vice President and Vice President shall be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to the President, Senior Vice President and Vice Presidents by the Company.
- Note 7. The total amount of all the remuneration paid to each President, Senior Vice President and Vice President of the Company by all companies listed in its consolidated financial statements (including the Company) shall be disclosed. The name of each President, Senior Vice President and Vice President shall be disclosed in the range of remuneration corresponding to the total amount.
- Note 8. Net income after taxes refers to net income after taxes in the most recent fiscal year. Where IFRS is adopted, net income after taxes refers to net income after taxes recorded in the parent company only or individual financial statements in the most recent fiscal year.
- Note 9. a. The amount of remuneration received from investment companies other than subsidiaries by the Company's President, Senior Vice President and Vice Presidents shall be stated clearly in this column.
- b. If the President, Senior Vice President and Vice Presidents of the Company receives remuneration from investee companies other than subsidiaries, the amount of remuneration received by the President, Senior Vice President and Vice Presidents from investment companies other than subsidiaries shall be combined into Column E of the table for ranges of remuneration, and this column shall be renamed as "All Investment Companies".
- c. Remuneration refers to the compensation, rewards (including rewards distributed to employees, Directors and Supervisors) and remuneration related to business expenses that are received by the Company's President, Senior Vice President and Vice Presidents who serve as Directors, Supervisors or managerial officers at investee companies other than the Company's subsidiaries.
- \* A different concept is used for the content of remuneration disclosed in this table compared to that in the Income Tax Act. This table is used for information disclosure, instead of taxation.

### 3. Names of Managers and the Distribution of Employee Bonus

April 19, 2022; Unit: NT\$ thousands

	Title (Note 1)	Name (Note 1)	Stock	Cash (Note 5)	Total	Ratio of Total Amount to Net Income After Tax (%)
Manager	President	Lee, Hung-Ming	0	92	92	Total amount 92  Percentage 0.0108%
	Senior Vice President	Tsai, Chung-Yan				
	Senior Vice President	Daniel Tung				
	Vice President	Lin, Chin-Liang				
	Senior Manager	Ku, Shang-Chieh				
	Senior Manager	Kuo, Chun-Ho				
	Senior Manager (Dismissed on 2022.02.01)	Lin, Chun-An				
	Senior Manager (Appointed on 2022.02.01)	Liao, Li-Chi				
	Manager of Development Department	Liu, Pang-Ho				
	Manager of Project Department I	Hsiao, Chia-Ming				
	Manager of Project Department II	Peng, Fei-I				
	Manager of Project Department III	Huang, Ting-Chien				
	Chief Auditing Officer of Auditing Office (Retired on 2021.11.25)	Huang, Chang-Yao				
	Chief Auditing Officer of Auditing Office (Appointed on 2021.11.25)	Yang, Po-Shan				
	Manager of Business Administration Department	Lo, Yu-Chi				
	Corporate Governance Officer	Yen, Miao-Ju				

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

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

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

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

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

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

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

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

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

The total amount of emoluments paid by the Company to directors, supervisors, President, Senior Vice President and Vice Presidents in 2021 and 2020 were NT\$41,144 thousand and NT\$40,969 thousand respectively, accounting for 4.85% and 2.76% of the net profit after tax in each year.

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

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

- (A) The "Remuneration Standards for Directors" (hereinafter referred to as the "Standards") stipulates that directors' remuneration includes compensation, remuneration, transportation expenses and other allowances. According to the Articles of Incorporation of the Company, the remuneration of directors of the Company may not exceed 1% of the profits of the current year, and

reasonable remuneration shall be given in consideration of the operating results of the Company and the contribution degree of the Company's performance.

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

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

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

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

### III. Implementation of Corporate Governance

#### (I) Operations of the Board of Directors

The 19th term of Directors (Statistical period: 2021.1.1 to 2021.12.31)

A total of 7 meetings [A] of the Board of Directors were held in the most recent year. The attendance (appearance) of Directors and Supervisors was as follows:

Title	Name (Note 1)	Number of Actual Attendance (Appearance) (B)	Times of Attendance by Proxy	Actual Attendance (Appearance) Rate (%) [B/A] (Note 2)	Remark
Chairman	He Xin Industrial Co., Ltd. Representative: Chang, Ching-Kuei	7	0	100	
Director	He Xin Industrial Co., Ltd. Representative: Tsai, Chung-Yan	7	0	100	
Director	He Xin Industrial Co., Ltd. Representative: Lee, Hung-Ming	7	0	100	
Director	Representative of Cathay Real Estate Foundation: Chu, Chung-Chang	7	0	100	
Director	Employee Welfare Committee of Cathay Real Estate Corporation Representative: Lin, Chin-Liang	7	0	100	
Director	Representative of Cathay Charity Foundation: Daniel Tung	7	0	100	
Independent Director	Lin, Shiou-Ling	7	0	100	
Independent Director	Wu, Chih-Wei	7	0	100	
Independent Director	James Y. Chang	7	0	100	

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

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

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

Other matters to be recorded:

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

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

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

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

Name of Director	Proposal	Reason for Recusal	Participation in Voting
Chang, Ching-Kuei, Tsai, Chung-Yan, Lee, Hung-Ming, Daniel Tung, Lin, Chin-Liang	Proposal for paying year-end bonus and special incentives to executive directors and managers engaged in business in 2020	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting
Chang, Ching-Kuei, Lin, Shiou-Ling, Wu, Chih-Wei, James Y. Chang	Evaluation on annual remuneration of independent directors and executive directors engaged in business in 2020	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting
Tsai, Chung-Yan, Lee, Hung-Ming, Daniel Tung, Lin, Chin-Liang	Evaluation on the remuneration for managerial officers in 2020.	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting
Tsai, Chung-Yan	Lifting the non-competition restrictions for the managerial officers of the Company.	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting
Chang, Ching-Kuei, Tsai, Chung-Yan, Lee, Hung-Ming, Daniel Tung, Lin, Chin-Liang, Chu, Chung-Chang	Reviewing the proposal for the distribution of remuneration to employees and directors for 2020.	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting
Chang, Ching-Kuei, Tsai, Chung-Yan, Daniel Tung, Lin, Chin-Liang, Lin, Shiou-Ling, Wu, Chih-Wei	Lifting the non-competition restrictions for Directors.	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting
Tsai, Chung-Yan, Chu, Chung-Chang	The Company intends to acquire the right to use the assets of Taipei International Tower, Taichung Zhongkong Tower and Kaohsiung Zhongzheng Tower from related parties	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting

Name of Director	Proposal	Reason for Recusal	Participation in Voting
Chang, Ching-Kuei, Tsai, Chung-Yan,	The Company intends to participate in the subscription of cash capitalization plan of Cymbal Medical Network Co., Ltd.	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting
Lee, Hung-Ming, Lin, Chin-Liang	The Company intends to participate in the subscription of cash capitalization plan of Cathay Hospitality Management Co., Ltd.	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting
Lee, Hung-Ming, Lin, Chin-Liang	The Company intends to participate in the subscription of cash capitalization plan of Cathay Hotel Management Consultant Co., Ltd.	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting
Chang, Ching-Kuei, Tsai, Chung-Yan, Lee, Hung-Ming, Daniel Tung, Lin, Chin-Liang	In order to continuously promote the plan of public welfare activities, the Company intends to donate NT \$1.5 million to Cathay Real Estate Foundation	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting

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

Frequency (Note 1)	Period (Note 2)	Scope (Note 3)	Method (Note 4)	Content (Note 5)
Once a year	From January 1, 2021 to December 31, 2021.	Including the overall Board of Directors and functional committees.	Executive unit evaluation, self-evaluation by directors and self-evaluation by functional committee members.	The performance evaluation indicators of the Board of Directors of the Company are divided into "qualitative measurement indicators" and "quantitative measurement indicators", and each indicator includes the following five aspects: <ol style="list-style-type: none"> <li>1. Degree of participation in the Company's operations.</li> <li>2. Improvement in the quality of decision-making of the Board of Directors (functional committees).</li> <li>3. Composition and structure of the Board of Directors (functional committees).</li> <li>4. Election and continuing education of the Directors (members of functional committees).</li> <li>5. Internal control.</li> </ol>

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

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

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

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

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

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

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

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

The Company assesses the performance of the Board in December of each year in accordance with the Methods for Performance Evaluation of Board of Directors passed and revised by the Board.

The assessment targets include the overall operation of the Board of Directors and the performance of individual directors and the members of the functional committees. The measurement indicators of the performance evaluation of the Board of Directors of the Company are divided into two parts, including quantitative measurement indicators and qualitative measurement indicators, and each of them includes the following five aspects:

- (1) Degree of participation in the Company's operations.
- (2) Improvement in the Board of Directors' (functional committees') decision-making capability.
- (3) The composition and structure of the Board of Directors (functional committees).
- (4) The election and appointment as well as continuing education of Directors (functional committees).
- (5) Internal control.

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

The results of the performance evaluation of the Board of Directors in 2021 surpassed the standards and were reported to the Company's Board of Directors on March 15, 2022, which is sufficient to demonstrate the Company's achievement in strengthening the effectiveness of the Board of Directors and functional committees. The Company has disclosed the Methods for Performance Evaluation of Board of Directors on the MOPS and the Company's website, as well as the results of said evaluation in the annual report and the Company's website for inquiry.

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

Strengthen the functions of the Board of Directors.

The Board of Directors of the Company consists of 9 directors. In order to strengthen the professional function of the Board of Directors and to be in line with international standards, the Company has set up a Remuneration Committee to formulate and evaluate the performance evaluation and remuneration standards of the Company's directors and managers, aiming to effectively establish the remuneration and performance appraisal system for the directors and managers of the Company, and further improve the Company's operational performance; an Audit Committee is also set up, consisting of all independent directors, to assist the

Board of Directors to improve corporate governance performance. The members of the Board of Directors of the Company are diverse and include different professional experiences/fields of work and backgrounds. In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the "Policy on Diversity of Board Members" is covered in paragraph 2 of the Company's Corporate Governance Best-Practice Principles. The relevant content and implementation are as follows:

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

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

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

The implementation is as follows:

Diversified core Item  Name of Director	Basic Composition						Experience/ Field of Work						Backgrounds						
	Nationality/Place of Incorporation (Note)	Gender	A Concurrent Employee of the Company	Age			Seniority of Independent Director		Real Estate	Health Management/Medical Treatment	Hotel Tourism	Financing Control/Banking/Insurance	Information/Telecom/Media	Manufacturing/Investment/Others	Business	Building	Law	Public Administration	Business Management
				31 or 45	46 or 60	61 or 75	Less than 3 years	3 to 9 years											
Chang, Ching-Kuei	1	Male						✓	✓				✓	✓					
Lee, Hung-Ming	1	Male	✓					✓		✓			✓	✓		✓			
Tsai, Chung-Yan	1	Male	✓					✓	✓		✓		✓				✓		
Daniel Tung	1	Male	✓					✓			✓	✓	✓					✓	
Lin, Chin-Liang	1	Male	✓					✓		✓		✓	✓	✓	✓				
Chu, Chung-Chang	2	Male						✓			✓		✓	✓				✓	
Lin, Shiou-Ling	1	Female						✓	✓		✓	✓	✓	✓		✓			
Wu, Chih-Wei	1	Male						✓	✓		✓		✓	✓				✓	
James Y. Chang	1	Male						✓	✓				✓			✓			

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

## (II) Operations of the Audit Committee

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

The tasks of the Audit Committee mainly include the following:

1. Adoption or amendment of internal control systems in accordance with Article 14-1 of the Securities and Exchange Act
2. Assessment of the effectiveness of the internal control system
3. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
4. Items that involve the director's own interests.
5. Major assets or derivatives transactions.
6. Significant loaning of funds, providing endorsements/guarantees.
7. Raising, issuing or privately placing equity-type securities.
8. Appointment, dismissal, and compensation of CPAs.
9. Appointment and dismissal of finance manager, accounting manager, and head of internal audit.
10. The annual financial report signed or stamped with the seal of the Chairman, managerial officer, and chief accounting officer.
11. Business report.
12. Proposal of profits distribution or deficit compensation.
13. Other major items required by the Company or the competent authority.

Key auditing items include:

1. Review financial statements:

The Board of Directors prepared the Company's annual Business Report, Financial Statements (including consolidated financial statements), and an earnings distribution proposal, among which the Financial Statements (including consolidated financial statements) have been audited by Hsu, Jung-Huang and Ma, Chun-Ting,

CPAs at Ernst & Young, by whom an audit report has been issued. The above-mentioned reports presented by the Board of Directors have been verified by the Audit Committee, and it is considered that there is no inappropriate content.

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

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

3. Appointment of CPAs

The Audit Committee is held responsible for supervising the independence of the CPA firm to ensure the integrity of financial statement. Generally speaking, except for tax-related services or specially authorized projects, certified accounting firm shall not provide other services for the Company.

The audit fees of the CPAs shall be approved by the Audit Committee. To ensure the independence of the certified accounting firm, the Audit Committee has established the independence evaluation report based on Article 47 of the Certified Public Accountant Act and No. 10 Statement of the Professional Ethics Standards for Certified Public Accountants to evaluate the independence, professionalism, and qualifications of CPAs, whether they are related parties of the Company, and whether there are relations involving business or financial interests.

The 2nd term of Audit Committee (Statistical period: 2021.1.1 to 2021.12.31)

The Audit Committee held 6 meetings (A) in the most recent year; the appearance of members is summarized as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual Attendance Rate (%) (B/A) (Note 1, Note 2)	Remark
Independent Director	Lin, Shiou-Ling	6	0	100	

Title	Name	Attendance in person (B)	Attendance by proxy	Actual Attendance Rate (%) (B/A) (Note 1, Note 2)	Remark
Independent Director	Wu, Chih-Wei	6	0	100	
Independent Director	James Y. Chang	6	0	100	

Note:

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

Other matters to be recorded:

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

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

Board of Directors	Proposal of the Board of Directors	Matters referred to in Article 14-5 of the Securities and Exchange Act:	Other resolutions passed by two thirds of all Directors but yet to be approved by the Audit Committee
The 19th term The 5th meeting on 2021.1.27	1. It is proposed to commit the related party San-Ching Engineering Co., Ltd. to undertake the new construction of the Company's "Cathay Opulence" in Xindian District, New Taipei City	✓	✗
	2. Lifting the non-competition restrictions for the managerial officers of the Company.	✓	✗
Results of the Board's resolution (January 27, 2021):			

Board of Directors	Proposal of the Board of Directors	Matters referred to in Article 14-5 of the Securities and Exchange Act:	Other resolutions passed by two thirds of all Directors but yet to be approved by the Audit Committee
	The first proposal to the second proposal were passed with the consent of all the attending independent directors		
	The Company's actions in response to the opinions of the Audit Committee: Approved by all the attending directors (Note: See pages 54-55 for details on the implementation of directors' withdrawal from interest-related proposals)		
The 19th term The 6th meeting on 2021.3.18	1. Statement of Internal Control System for 2020 to be submitted to the Securities and Futures Bureau of the Financial Supervisory Commission	✓	✗
	2. Business report for 2020	✓	✗
	3. 2020 Annual Financial Report and Consolidated Financial Report and Instructions for Self-Compilation	✓	✗
	Results of the Board's resolution (March 18, 2021): The 1st proposal to the 3rd proposal were passed with the consent of all the attending independent directors		
	The Company's actions in response to the opinions of the Audit Committee: Approved by all the attending directors (Note: See pages 54-55 for details on the implementation of directors' withdrawal from interest-related proposals)		
The 19th term The 7th meeting on 2021.4.28	1. 2020 earning distribution plan.	✓	✗
	2. Lifting the non-competition restrictions for Directors.	✓	✗
	3. Amendment to the Company's "Internal Control System and Internal Audit Implementation Rules of the Shareholding Unit"	✓	✗
	4. Proposal to sell the premises and parking spaces of the Company's pre-sale construction project to related parties	✓	✗
	5. It is proposed to commit the related party San-Ching Engineering Co., Ltd. to undertake the new construction of the Company's "Cathay Xijing" in Taoyuan District, Taoyuan City	✓	✗
	6. The Company intends to acquire the right to use the assets of Taipei International Tower, Taichung Zhongkong Tower and Kaohsiung Zhongzheng Tower from related parties	✓	✗
	Results of the Audit Committee resolution (April 28, 2021): The 1st proposal to the 6th proposal were passed with the consent of all the attending independent directors		
The Company's actions in response to the opinions of the Audit Committee: Approved by all the attending directors (Note: See pages 54-55 for details on the implementation of directors' withdrawal from interest-related proposals)			
The 19th term The 8th meeting on 2021.7.2	1. It is proposed to commit the related party San-Ching Engineering Co., Ltd. to undertake the new construction of the Company's "Dunnan Linyuan" in Daan District, Taipei City	✓	✗
	Results of the Audit Committee resolution (July 2, 2021): The 1st proposal was passed with the consent of all the attending independent directors		
	The Company's actions in response to the opinions of the Audit Committee: Approved by all the attending directors		

Board of Directors	Proposal of the Board of Directors	Matters referred to in Article 14-5 of the Securities and Exchange Act:	Other resolutions passed by two thirds of all Directors but yet to be approved by the Audit Committee
	(Note: See pages 54-55 for details on the implementation of directors' withdrawal from interest-related proposals)		
The 19th term The 10th meeting on 2021.8.12	1. It is proposed to commit the related party San-Ching Engineering Co., Ltd. to undertake the new construction of the Company's "Cathay THE PARK" in Nantun District, Taichung City	✓	✗
	Results of the Audit Committee resolution (August 12, 2021): The 1st proposal was passed with the consent of all the attending independent directors		
	The Company's actions in response to the opinions of the Audit Committee: Approved by all the attending directors (Note: See pages 54-55 for details on the implementation of directors' withdrawal from interest-related proposals)		
The 19th term The 11th meeting on 2021.11.11	1. 2022 CPA Appointment and Remuneration Review	✓	✗
	2. Appointment and dismissal of the Company's Chief Auditing Officer	✓	✗
	3. The Company intends to establish a joint venture Sanchong Realty Co., Ltd. with Mitsui Fudosan (Taiwan) Co., Ltd.	✓	✗
	4. The Company intends to participate in the subscription of cash capitalization plan of Cymbal Medical Network Co., Ltd.	✓	✗
	5. The Company intends to participate in the subscription of cash capitalization plan of Cathay Hospitality Management Co., Ltd.	✓	✗
	6. The Company intends to participate in the subscription of cash capitalization plan of Cathay Hotel Management Consultant Co., Ltd.	✓	✗
	7. In order to continuously promote the plan of public welfare activities, the Company intends to donate NT \$1.5 million to Cathay Real Estate Foundation	✓	✗
	8. It is proposed to commit the related party San-Ching Engineering Co., Ltd. to undertake the new construction of the Company's "Cathay MOST+" in Beitun District, Taichung City	✓	✗
Results of the Audit Committee resolution (November 11, 2021): The 1st proposal to the 8th proposal were passed with the consent of all the attending independent directors			
The Company's actions in response to the opinions of the Audit Committee: Approved by all the attending directors (Note: See pages 54-55 for details on the implementation of directors' withdrawal from interest-related proposals)			

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

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

Name of Independent Director	Proposal	Reason for Recusal	Participation in Voting
Lin, Shiou-Ling, Wu, Chih-Wei	Lifting the non-competition restrictions for Directors.	Independent Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting

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

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

Date	Nature	Key Communications Points	Communication Results
2021/03/18	Board of Directors Pre-meeting conference	<ol style="list-style-type: none"> <li>The CPAs explained the audit of the Company's 2020 financial statements, and reported on the implementation and results of internal control tests.</li> <li>Scope of 2020 audit and audit opinion to be issued by the CPAs</li> <li>Communicating on the key audit items of the audit report.</li> <li>The impact of recent amendments to laws and regulations such as securities management, taxation and corporate governance.</li> </ol>	<ol style="list-style-type: none"> <li>The Audit Committee passed the 2020 financial statements and submitted them to the Board of Directors for approval, and announced and reported them as scheduled.</li> <li>Suggestions from independent directors: none</li> </ol>

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

The summary of the communication is as follows:

Date	Nature	Key Communications Points	Communication Results
2021/03/18	Board of Directors Pre-meeting conference	1. Implementation of 2020 audit.	1. Fully inform the independent directors of the follow-up suggestions for improvement. 2. Suggestions from independent directors: none

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

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

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
III. Composition and responsibilities of the Board of Directors				
(I) Does the Board develop and implement a diversified policy and specific management targets for the composition of its members?	V		The Company has established a diversified policy for the composition of the Board in Corporate Governance Best Practice Principles, taken into account the gender of members, covered all professional fields, and led to a prosperous development of the operations of the Company. Please refer to pages 39-40.	No significant difference.
(II) Does the Company voluntarily establish other functional committees in addition to the legally-required Remuneration Committee and Audit Committee?		V	In addition to the Remuneration Committee and the Audit Committee set up in accordance with the law, the Company will establish other functional committees if necessary.	No significant difference.
(III) Does the Company formulate the performance evaluation methods for the Board of Directors, conduct performance evaluations annually and regularly, and report the results of the performance evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?	V		The Company has formulated rules and procedures for evaluating the Board's performance and conducts it annually. Please refer to pages 51-52 and 56-57.	No significant difference.
(IV) Does the Company regularly evaluate the independence of CPAs?	V		<p>The Company recruits CPAs once a year, obtains the accountant's Independence Statement, and fully evaluates their independence and competency by the Board of Directors. The major evaluation items are as follows:</p> <p>Independence:</p> <ol style="list-style-type: none"> <li>1. Does the CPA firm reach a certain scale?</li> <li>2. Has the CPA been providing auditing service consecutively for less than 7 years?</li> <li>3. Does the nature and degree of non-audit services provided by the CPAs not affect the independence?</li> <li>4. Is the CPA's auditing and attestation fee reasonable? Is there any "Contingent Fee" agreement?</li> <li>5. Does the audit firm, its affiliates, and the audit engagement team members not have a loan or guarantee to or from the Company?</li> <li>6. Has the Company not employed the personnel once served as the CPA auditor as the senior financial executives or other personnel affecting the major decision-making of the Company?</li> </ol> <p>Competency:</p> <ol style="list-style-type: none"> <li>1. Does the CPA firm have a good reputation?</li> <li>2. Is the CPA qualified for attestation?</li> <li>3. Do the CPAs have no legal lawsuits, or cases corrected, or investigated by the competent authority?</li> <li>4. Is the quality of the audit services provided by CPAs and key management personnel good?</li> <li>5. Does the CPA take regular training and provide the Company with the latest professional information?</li> <li>6. Does the CPA have positive interaction with management team and internal audit supervisors?</li> </ol> <p>Submit the assessment results above to the audit committee and the board of directors for discussion and use as a reference for the board to appoint a visa accountant.</p> <p>The assessment results of the recent two years have been reported to the Board of Directors for approval on November 12, 2020 and November 11, 2021, respectively.</p>	No significant difference.
IV. Whether the TWSE/TPEx listed companies are equipped with competent and appropriate number of corporate governance personnel,	V		Yen, Miao-Ju has served as the corporate governance supervisor responsible for	No significant difference.

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
and specify the head of corporate governance to be responsible for corporate governance related matters (including but not limited to providing data required by Directors and Supervisors in the execution of business, assisting Directors and Supervisors to comply with laws and regulations, handling relevant matters of meetings of the Board of directors and shareholders' meeting in accordance with laws, and preparing records for the Board of Directors and shareholders' meetings, etc.)?			<p>corporate governance upon the resolution of Board meeting held on April 25, 2019.</p> <ol style="list-style-type: none"> <li>1. The implementation of corporate governance is as follows: <ol style="list-style-type: none"> <li>(1) Handling of matters relating to the meetings of the Board of Directors and Shareholders' Meetings in compliance with law.</li> <li>(2) Produce meeting minutes for the meetings of the Board of Directors and Shareholders' Meetings.</li> <li>(3) Assist the Directors in taking office and continuing education.</li> <li>(4) Provision of information required for performance of duties by the Directors.</li> <li>(5) Assistance in the directors' and supervisors' compliance of law.</li> <li>(6) Other matters set forth in the Company's Articles of Incorporation or contracts.</li> </ol> </li> <li>2. Status of operations in the year: <ol style="list-style-type: none"> <li>(1) Reviewed relevant procedures <ul style="list-style-type: none"> <li>● Amended the Articles of Incorporation</li> <li>● Amended the Rules of Procedure for Shareholders' Meeting</li> <li>● Amended the Rules of Procedure for Board of Directors' Meetings</li> </ul> </li> <li>(2) Purchased Directors Liability Insurance. The most recent purchase of liability insurance for all Directors is with insured amount of US\$5 million, and the period of insurance is from June 18, 2021 to June 18, 2022.</li> <li>(3) Evaluated the Board of Directors annually and reported to the Board of Directors.</li> <li>(4) Handled matters relating to the meetings of the Board of Directors and Shareholders' Meetings.</li> </ol> </li> <li>3. Training hours and content of the Chief Corporate Governance Officer in 2021: <ol style="list-style-type: none"> <li>(1) Securities &amp; Futures Institute - Sharing of M&amp;A practices (with a focus on hostile M&amp;A)/3 hours</li> <li>(2) Securities &amp; Futures Institute - Insider trading prevention promotion session for 2021 /3 hours</li> <li>(3) Securities &amp; Futures Institute - Workshop on Equity Trading Compliance for Insiders of Publicly Listed Companies for 2021/ 3 hours</li> <li>(4) Securities &amp; Futures Institute - Seminar on Prevention of Money Laundering and Combating Terrorism / 3 hours</li> <li>(5) Securities &amp; Futures Institute - Analysis and case study on the transaction between board and supervisor / 3 hours</li> <li>(6) Science &amp; Technology Law Institute - 2021 corporate governance intellectual property law compliance training course / 12 hours</li> </ol> </li> </ol>	
V. Has the Company established channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), dedicated a section of the Company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	V		Please refer to pages 89-91.	No significant difference.

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
VI. Does the Company commission a professional shareholder services agency to arrange shareholders' meetings and other relevant affairs?		V	As the Company handles its own stock affairs and has a stock affair unit responsible for handling shareholders' issues and affairs of shareholders' meeting, no stock affair agency has been appointed.	No significant difference.
VII. Information disclosure (I) Has the Company established a website to disclose information on financial operations and corporate governance?	V		The Company has established website ("Investor Zone" and "Corporate Social Responsibility Zone") to disclose both financial standings and the status of corporate governance. ( <a href="https://www.cathay-red.com.tw/tw/Investor/FinanceStatement">https://www.cathay-red.com.tw/tw/Investor/FinanceStatement</a> ) ( <a href="http://www.cathay-red.com.tw/tw/About/ManageDirectors">http://www.cathay-red.com.tw/tw/About/ManageDirectors</a> )	No significant difference.
(II) Does the Company have other information disclosure channels (e.g., building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and making the process of investor conferences available on the corporate website)?	V		The Company has appointed designated people to handle information collection and disclosure, and created a spokesman system.	No significant difference.
(III) Does the Company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?		V	Published within the prescribed filing time limit.	No significant difference.
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchase of liability insurance for directors and supervisors)?	V		Please refer to pages 87-91.	No significant difference.
IX. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. (Leave this section blank if the Company is not included in the evaluation process)	V		1. Completed improvements: (1) The independent communications between independent directors, internal audit supervisors and accountants are disclosed on the company's website. (2) Simultaneously release major messages in English. (3) Disclose the linkage between performance evaluation and remuneration of directors and managers. (4) Regularly report the communication with various stakeholders to the Board of Directors 2. Priorities and measures: Formulate an intellectual property management plan linked to operational objectives, disclose the implementation status on the Company's website or annual report, and report to the Board of Directors at least once a year.	No significant difference.
X. Does the Company have an intellectual property management plan linked to its business objectives and disclose its implementation on the Company website or in the annual report and report to the Board at least once a year?		V	The Company convenes an Operation and Management Committee meeting at the end of each year, invites senior executives to discuss and make decisions, approve the Company's business objectives and business plans for the next year, and issue announcements to provide the basis for the Company's units to formulate the next year's departmental work plan. In addition, the above goals will be presented in the first Board meeting of the next year, and a business goal proposal will be drawn up, and the Company's new year's operating priorities	As the Company's operating objectives are formulated mainly for operations and business, not for research and development, there are no goals and plans for linking intellectual property management.

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			and business goals will be submitted to the board for discussion and approval. The operating priorities and business goal and plan will be disclosed publicly through the Company spokesperson system via roadshow.	

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

1. Information regarding the members of the Remuneration Committee

April 19, 2022

Title (Note 1)	Qualifications	Professional qualifications and experience (Note 2)	Independence Criteria (Note 3)	Number of publicly listed companies in which the member concurrently serves as a Remuneration Committee member
	Name			
Independent Director (Convener)	Lin, Shiou-Ling	Refer to pages 33-39.	Refer to pages 33-39.	1
Independent Director	Wu, Chih-Wei	Refer to pages 33-39. <sup>72</sup>	Refer to pages 33-39.	2
Independent Director	James Y. Chang	Refer to pages 33-39.	Refer to pages 33-39.	0

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

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

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

## 2. Operations of the Remuneration Committee

- (1) The Company's 4th term of Remuneration Committee consists of 3 members. Term of office of the 4th term: June 24, 2020 to June 11, 2023. A total of two meetings (A) were conducted by the Remuneration Committee in the most recent fiscal year, where the qualifications and attendance of the members are as follows: (statistical period: 2021.1.1-2021.12.31)

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

Note:

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

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

Remuneration Committee	Date	Important resolutions:
4th-term 2nd meeting	2021.1.27	<p>1. Pass the proposal for paying year-end bonus and special incentives to executive directors and managers engaged in business in 2020</p> <p>2. Pass the evaluation on annual remuneration of independent directors and executive directors engaged in business in 2020</p> <p>3. Pass the evaluation on the remuneration for managerial officers in 2020.</p> <p>Resolution result: the above important resolutions were passed by all the directors attending the committee meeting without objection</p> <p>The Company's response: Submit to the Board of Directors for adoption by all directors present.</p> <p>(Note: See pages 54-55 for details on the implementation of directors' withdrawal from interest-related proposals)</p>
4th-term 3rd meeting	2021.3.18	<p>1. Pass the proposal for the distribution of remuneration to employees and directors for 2020.</p> <p>Resolution result: the above important resolutions were passed by all the directors attending the committee meeting without objection</p> <p>The Company's response: Submit to the Board of Directors for adoption by all directors present.</p> <p>(Note: See pages 54-55 for details on the implementation of directors' withdrawal from interest-related proposals)</p>

3. Other matters that should be recorded:

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

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

Promoted Item	Status of Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Does the company set up a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle the senior management, and the board of directors supervision?	√		In order to effectively promote the implementation of corporate social responsibility, the Company has established the "Corporate Social Responsibility Committee", which consists of one Chairman, who is the President of the Company, and the members are senior managerial officers of the Company. According to the nature of the tasks, the Committee has established five special groups for "Corporate Governance", "Customer Care", "Employee Care", "Environmental Protection", and "Social Welfare", the members of which are from different departments of the Company. In addition, the President's Office of the Company is assigned as the dedicated promotion unit of the meeting, which is responsible for assisting in coordinating the affairs of the meeting, and regularly submitting proposals to the Board of Directors to report the implementation situation. In 2021, the executive review report and the report publication were submitted to the Board of Directors in March and August, respectively.	No significant difference.
II. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the business operations and formulate relevant risk management policies or strategies based on the materiality principle? (Note 2)	√		The Company's 2020 Sustainability Report has a special chapter (Chapter 1, Sections 1.2-1.3, P21-29) to analyze major sustainability issues and identify issues related to sustainability risks. After comparing the risk issues with the material issues, list the company's annual material issues, and put forward management policies and guidelines in the subsequent chapters. The Company established the CSR Committee in accordance with the organizational regulations of the CSR Committee, formulated corporate social responsibility policies, and set up five special groups for corporate governance, customer care, employee care, environmental protection, and social welfare according to the nature of the tasks. Its functions and powers are: <ol style="list-style-type: none"> <li>1. In response to international trends, concerns of stakeholders, and issues specific to the operating region, discuss the Company's overall strategy for sustainable development, formulate policies, and supervise the Company's adjustments.</li> <li>2. Supervise various measures on corporate social responsibility issues of the special groups of the Association and regularly review the effectiveness.</li> <li>3. Expose the Company's environmental, social and governance practices to the outside world.</li> <li>4. Supervise the official website to set up a special platform for corporate social responsibility.</li> </ol>	No significant difference.

Promoted Item	Status of Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>5. Assisting and coordinating the Company and the various special groups of the Association to hinder and difficult matters.</p> <p>6. Review the Company's corporate social responsibility report.</p> <p>In addition, the Company's Board meeting on March 18, 2021 approved the Company's 2021 CSR strategy plan discussion proposal as the target policy for annual implementation of CSR. On the same day, a report on the 2020 CSR implementation performance of the Company was submitted to the Board of Directors.</p>	
<p>III. Environmental issues</p> <p>(I) Has the Company established a suitable environmental management system based on its industrial characteristics?</p>	v		<p>The Company perceives that the environment protection is an important issue for people all over the world to work together and faces up to the importance of global warming to the ecological impact and environmental protection. The Company is in the construction investment industry with no qualification as a construction plant and entrusts the related businesses to the professional engineering management consulting firm and sets up Technology Department to manage the supervision, coordination, and management of construction of construction companies, actively promotes actual environmental protection activities such as energy conservation and carbon reduction to fulfill the social responsibilities of enterprises.</p> <p>The Company has four offices in Taipei, Taichung, Tainan and Kaohsiung. In 2016, it introduced ISO 14001 and ISO 14064-1 to establish an environmental management and greenhouse gas checking system, which passed third-party verification in 2016, 2017, and 2018 for three consecutive years. Since 2019, the Company has continued to conduct annual environmental management and greenhouse gas inspections in accordance with ISO 14001 and ISO14064-1, track emission reduction results and publicly disclose them in the sustainability report. Although the relevant information has not been verified by a third party, it is still confirmed by CPAs every year.</p> <p>In order to truly grasp the Company's greenhouse gas emission information, and expect to be committed to reducing greenhouse gas emissions in the future, the Company took the lead in adopting the ISO14064-1:2018 for greenhouse gas checking in 2020, covering all energy consumptions in the operations of Taipei, Taichung, Tainan and Kaohsiung offices, and implemented corresponding energy saving and carbon reduction projects.</p> <p>In terms of energy saving, greenhouse gas emissions, and water resource saving performance, all of them have decreased year by year from 2018 to 2020. Compared with 2019, the total consumption of the</p>	No significant difference.

Promoted Item	Status of Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>four bases of Taipei, Taichung, Tainan and Kaohsiung in 2020 showed the following trends:</p> <ul style="list-style-type: none"> <li>➤ The total energy consumption (GJ) decreased by 6.63%, and the total energy intensity (GJ/person) decreased by 11.03%.</li> <li>➤ The total emissions of Scope 1 and Scope 2 greenhouse gas (tons of CO<sub>2</sub>e) decreased by 11.52%, and the total emissions of Scope 3 greenhouse gas (tons of CO<sub>2</sub>e) decreased by 21.11%.</li> </ul> <p>The total water consumption (M<sup>3</sup>) decreased by 7.45%, and the total water use intensity (M<sup>3</sup>/person) decreased by 8.76%.</p>	
(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have low impact on the environment?	V		<p>In response to world sustainability, environmental protection trends and corporate social responsibility, the Company actively introduces relevant strategic solutions such as green building, universal design, full-age housing, and environmental protection to create environmentally friendly spaces; in addition, it also actively promotes various energy reduction measures, adopts equipment designed for high energy efficiency and energy-saving to reduce the energy consumption of the Company and its products, aiming to optimize the energy use efficiency.</p> <ul style="list-style-type: none"> <li>➤ The proportion of green building introduced in new projects in 2020 reached 66%, and the goal of new projects in 2022 is to fully introduce the concept of green buildings.</li> <li>➤ In 2020, 100% of new projects introduced BIM technology and digitized model information to reduce the risk of construction errors and the use of energy resources.</li> <li>➤ The Company actively promotes the conservation of water resources. Compared with 2019, it reduced water consumption by 7% in 2020, and the average water consumption per person has decreased for three consecutive years.</li> <li>➤ It has completed the update of air-conditioning equipment and the replacement of environmentally friendly elevators for all buildings to improve energy-saving efficiency.</li> <li>➤ It promotes paperless teleconferencing and conferences, aiming to reduce carbon emissions from transportation and paper making.</li> <li>➤ It 100% employs qualified waste removal and transportation service provider to deal with related construction waste.</li> </ul> <p>In order to maintain the environment and care for the environment protection, the Company uses building material equipment with low impact on the environmental load.</p> <ol style="list-style-type: none"> <li>1. Use energy-saving T5, LED lamps.</li> <li>2. Set up a rainwater recovery system and use water-saving toilets, faucets and other appliances.</li> </ol>	No significant difference.

Promoted Item	Status of Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			3. Set energy-saving sensitization control and solar power generation equipment. 4. Replace the traditional ballast with the electronic energy-saving ballast. 5. Increase window opening and light guiding in architectural planning. 6. Increase ventilation and heat convection in equipment planning, and use natural ventilation to reduce heat. 7. Use frequency conversion and energy saving host as air conditioning equipment. 8. Carry out shade tree planting green design on roof and in garden. 9. Give priority to use green building material seal for interior and exterior decoration. 10. The new project of the building aims to obtain the green building certificate. In 2021, 4 projects have obtained the green building candidate certificate or mark. 11. Require builders to strengthen environmental maintenance on the site, including air pollution prevention, noise control and water pollution prevention.	
(III) Has the Company evaluated the current and future potential risks and opportunities of climate change, and adopted countermeasures against relevant issues?	V		In 2021, the Company has identified a total of 19 major ESG related risk issues through questionnaires, including a total of 3 environmental aspects, including extreme weather events. The risk level is low and acceptable for the Company. The Company has not taken corresponding measures to regarding this issue. The Company has introduced the TCFD mechanism in 2022 to examine the impact of climate change on the Company's finances, and will take further countermeasures based on the assessment results.	Minor difference. Assessment only without corresponding measures.
(IV) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set greenhouse gas emissions reduction, water usage reduction, and other waste management policies?	V		1. In 2020, the Company's four business locations in Taipei, Taichung, Tainan and Kaohsiung completed the inspections under scopes 1, 2 and 3 of ISO 14064-1, and had been confirmed by the CPAs. ➤ In 2020, the total greenhouse gas emissions of Scope 1 and Scope 2 were 380.62 tons CO <sub>2</sub> e, of which 362.56 tons CO <sub>2</sub> e were mainly from the electricity emissions of Scope 2, accounting for 95.25% of the aforesaid emissions; followed by the fuel used for Scope 1 official vehicles, which emitted 18.06 tons CO <sub>2</sub> e, accounting for 4.75%. ➤ In response to world trend of emission reduction, the Company actively promotes various energy reduction measures, adopts equipment designed for high energy efficiency and energy-saving to reduce the energy consumption of the Company and its products, aiming to optimize the energy use efficiency. ➤ In 2020, Scope 1 and Scope 2 greenhouse gas emissions decreased by 11.52% compared with	No significant difference.

Promoted Item	Status of Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof												
	Yes	No	Description													
			<p>2019, and Scope 3 greenhouse gas emissions decreased by 21.11%.</p> <p>2. The Company has been paying attention to the issue of water resource conservation and environmental protection for many years. Starting from the comprehensive implementation of water conservation in daily life, upon the comprehensive renewal of air-conditioning equipment in 2018, the water demand has returned to the original normal condition. Particularly, due to the improvement of the efficiency of the cooling water tower, the water consumption of the cooling water tower has been significantly reduced; over the past few years, the Company has vigorously promoted water conservation, and employees have been able to self-require and practice the habit of water conservation. The total water consumption of the four offices of the Company was 1,885 m<sup>3</sup> in 2020. The water consumption in 2020 was 7% lower than that in 2019, and the water intensity per person also continued to decline.</p> <p>3. The 2020 Corporate Social Report (P.84-88) lists the Company's relevant energy use policies and green practices in office spaces, and also includes disclosure of the energy usage, water consumption and related green actions at its business locations.</p> <p>The following is a brief summary of the Company's statistics in the past two years:</p> <p>A. Greenhouse gas emissions (unit: metric tons)</p> <table border="1"> <thead> <tr> <th></th> <th>Scope 1</th> <th>Scope 2</th> <th>Scope 3</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>18.06</td> <td>362.56</td> <td>163.92</td> </tr> <tr> <td>2019</td> <td>16.45</td> <td>413.74</td> <td>207.77</td> </tr> </tbody> </table> <p>B. Water consumption: (unit: cubic meter) 2020: 1,885; 2019: 2,027</p> <p>C. Waste: The Company counts the total weight of construction waste and domestic waste for construction projects, and strictly controls the waste treatment process and disposes of them. The total weight in 2020 was 3,609.73 tons. For details, please refer to the 2020 Corporate Social Report (P .58). In 2021, the total amount of civil or construction waste mixture in construction sites was 5,199.9 (tons), and the cumulative amount of domestic waste was 151.3 (tons).</p> <p>4. The Company pays close attention to the impact of climate change on operational activities and formulates corporate energy conservation and carbon reduction and GHG reduction policies:</p> <p>➤ Take relevant energy conservation measures cooperating with the Autonomous Regulations for Counseling Management of Energy Conservation</p>		Scope 1	Scope 2	Scope 3	2020	18.06	362.56	163.92	2019	16.45	413.74	207.77	
	Scope 1	Scope 2	Scope 3													
2020	18.06	362.56	163.92													
2019	16.45	413.74	207.77													

Promoted Item	Status of Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>and Carbon Reduction of Business formulated by Industry Development Bureau of Taipei Municipal Government.</p> <ul style="list-style-type: none"> <li>➤ Control the paper use for affairs and use of various printed materials, and introduce paperless measures.</li> <li>➤ Promote no tie at work, and set the office temperature to 26°C.</li> <li>➤ Provide the automatic power saving controller and set the mechanism for lighting off in midday rest and closing time.</li> <li>➤ Invite professional organizations every half year to handle office lighting and CO2 environmental inspection.</li> <li>➤ Continue to implement ISO 14001 environmental management and ISO 14064-1 GHG management system, establish an office water electricity consumption measurement mechanism, and establish an energy concept.</li> </ul> <p>5. The Company introduced ISO 14064-1:2018 in 2019 to conduct 2020 internal GHG checking. Through the inspection process and results, the Company understands its greenhouse gas emissions. In the future, we are committed to GHG reduction, slow down the trend of global warming, and be responsible as a part of the global village.</p>	
<p>IV. Social issues</p> <p>(I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	v		<p>The Company has referred to the principles as in the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact, and the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work, and formulated the Company's declaration of human rights while identifying relevant stakeholders, implementing management mitigation measures, and placing relevant information on the official website as a reference for employees and the public.</p> <p>The Company has also referred to the United Nations Convention on the Rights of Persons with Disabilities, the Convention on the Elimination of All Forms of Discrimination against Women, and the Convention on Human Rights for Children and abides by the relevant labor laws and regulations. When it comes to the working conditions regarding general employees, intern hiring, working hours, salary, gender equality, and prevention of sexual harassment, the Company practices in accordance with the law, and has formulated the Code of Ethical Conduct, the Code of Integrity Management, employee service codes, and handling methods for reporting illegal and unethical or dishonest behaviors, and amended the “Working Codes” and announced them in accordance to related laws and regulations. The Company also evaluates the</p>	No significant difference.

Promoted Item	Status of Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			labor laws and regulations on a regular basis to ensure compliance with relevant labor laws and international human rights conventions.	
(II) Has the company formulated and implemented reasonable employee benefit measures (including remuneration, rest and annual leave, and other benefits), and appropriately reflected the operating performance or achievements in the employee remuneration?	√		<p>Employees are the most precious asset of the Company. In order to create a happy and inclusive workplace environment and create a stable talent retention rate, in addition to providing salaries in line with the market, the Company also provides statutory leave, and create all-round employee welfare measures including medical examination, tourism, and parent-child parties, aiming to help the employees to achieve work-life balance and protect the rights and interests of employees. The relevant measures and regulations are also clearly specified in the work rules. In addition, according to the employee's treatment, employee performance appraisal and various bonus payment methods, the employee's salary is clearly regulated and linked to the position responsibilities, performance achievements and abilities, and at the same time, it is related to the Company's operating conditions. According to the Company's Articles of Incorporation, if there is profit in the year, 0.1-1% of the profit should be allocated as employee compensation, but when the Company still has accumulated losses, the amount should be reserved in advance to make up; in addition, the Company sets, tracks and evaluates employees' performance goals according to the policies and annual goals, adjusts salaries and positions according to the evaluation results, and calculates and awards bonuses according to employees' performance appraisal and performance according to regulations.</p> <p>The Company also pays close attention to employee benefits, including group insurance, medical examination, marriage and maternity subsidies, community activities, etc., and hopes to use the welfare system to supplement employees' living needs and enhance the emotional connection between employees, so as to strengthen employees' sense of belonging.</p>	No significant difference.
(III) Does the Company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	√		<ol style="list-style-type: none"> <li>1. The Company performs office environment testing every six months (suspended on December 2, 2021 in the first half year due to COVID-19), including the measurement of lamp illuminance and CO2 concentration in order to provide an excellent workplace environment with adequate illumination and good air quality with employees.</li> <li>2. The Company arranges all employees to accept health check every year (March to May, 2021), and holds health and safety lectures (November 19, 22, and 26, 2021) to provide health information and consulting services for employees to ensure that each employee can be in</li> </ol>	No significant difference.

Promoted Item	Status of Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>best status and has physical and psychological health.</p> <p>3. The Company strictly implements the automatic check plan for official vehicles every month, and completes the records of daily point inspections and monthly regular inspections to ensure the safety of official vehicles used by employees.</p> <p>4. The Company arranges 7 colleagues who accepted emergency personnel training in the office spaces and prepares general standing drugs and related medical supplies, first-aid equipment (such as: AED) to cope with the unexpected situations of employees when working in workplaces.</p> <p>5. The Company does legally offer the safety and health education training courses for occupational safety and health business executives, new employees and ordinary employees, and carries out various safety measures drills or tests (building security check and fire drill) coordinating with building management units in the office spaces to strengthen the occupational safety concept of employees and promote the maintenance of work environment safety, and then implement the safety management of workplace work.</p> <p>6. The Company has formulated Executive Measures for Maternal Health Protection of Female Workers, Prevention Plan for Illegal Immunization in Performing Jobs, Plan for Prevention of Sexual Harm and Plan for Prevention of Diseases caused by Abnormal Workload to maintain the physical and psychological health of employees and avoid unnecessary work injuries. There were no occupational injury cases in the whole company in 2021.</p>	
(IV) Does the Company establish effective career development and training plans for its employees?	√		The Company plans and implements assessment of core functions and personality traits of employee and executive function feedback assessment in the long term, establishes various career capacity databases of employees and effectively plan a series of development training plans for weaker projects of employees such as decision-making, organization, team, performance, innovation, execution, leadership and creativity.	No significant difference.
(V) Does the Company follow relevant laws and regulations and international standards, and formulate relevant consumer protection policies and complaint procedures with regard	√		The Company follows relevant laws and regulations and various consumer protection laws and regulations, and has established strict protection methods for customer personal information confidentiality measures, which are signed by all employees. If the consumer has any appeal about the equity, the Company can provide prompt handling and reply	No significant difference.

Promoted Item	Status of Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
to customer health and safety, customer privacy, marketing and labeling of products and services?			through the email of special parts of affiliate of the Company's website or service department. The Company actively implements the protection of consumer rights, and there are also dedicated units to handle customer complaint cases. It provides continuous services to its customers by providing complete inspection procedures and housing service manuals, and organizing regular customer care activities in the community. For details, please refer to the 2020 CSR Report (pages 36-42).	
(VI) Does the Company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights?	√		The clause above is involved in Paragraph 3, Article 22 of the Company's Corporate Social Responsibility Code, which has been fully notified to all units and subsidiaries of the Company and incorporated into the contract with the main suppliers, subject to the strict implement and execution. If the supplier violates the terms and conditions, it will be required to correct within a time limit, or to rescind or terminate the contract. In addition to the fair selection mechanism, major suppliers are also subject to a selection system every year. If the supplier does not meet the standards, the Company will provide counseling and improvement plans or suspend the authorization as the case may be to ensure the quality of the suppliers. Every year, the Company regularly holds a construction company observation meeting to create an interactive platform for communication and exchanges with the industry. In 2021, the proportion of major suppliers who signed CSR clauses reached 100%.	No significant difference.
V. Does the Company prepare sustainable development report and other reports that disclose non-financial information by following international reporting standards or guidelines? Are the reports certified or assured by a third-party accreditation body?	√		The Company not only follows the guidelines of GRI Standards for its sustainable development reports published, but also refers to the Disclosures for the sector and the United Nations Sustainable Development Goals for disclosure, and all the information is verified by Ernst & Young.	No significant difference.
VI. If the Company has established its own sustainable development practice principles according to the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please provide detailed information on the discrepancies between its operations and the prescribed best practices: No material discrepancy, subject to the Principles.				
VII. Other important information that facilitate the understanding of the implementation of sustainable development: please refer to (VIII) Corporate Responsibility and Ethical Behavior on pages 128-130.				

Note 1. If "Yes" is selected in the operating status, please specifically explain the important policies, strategies, and measures adopted, and the implementation status; if "No" is selected in the operating status, please specify the difference reason and explain related future policies and plans for strategies and measures in the column "Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies"

and Reasons Thereof'.

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

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

Implementation of Ethical Corporate Management and Measures for its Implementation

Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs	V		In order to establish a corporate culture of integrity management and sound the development, and to implement a good corporate governance and risk management & control mechanism, the Company has developed the Code of Integrity Management according to Integrity Management Best Practice Principles for TWSE/TPEX Listed Companies, which was approved by the Board of Directors, disclosed and announce on the internal and external website.	No significant difference.
(I) Does the company formulate its ethical corporate management policies that have been approved by the Board of Directors? Has the Company declared its ethical corporate management policies and procedures in its guidelines and external documents, and does the Board of Directors and management work proactively to implement their commitment to those management policies?				
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activity within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		The Company's Ethical Corporate Management Best-Practice Principles covers all the activities stated in Article 7, Paragraph 2 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies. The internal audit unit should be based on the evaluation result of unethical conduct to formulate related audit plans and verify the prevention measures. In addition, anyone who finds that the personnel of the Company has violated the integrity management can report to the integrity management unit (CSR committee) of the Company through an independent report mailbox ( <a href="mailto:honest@cathay-red.com.tw">honest@cathay-red.com.tw</a> ) or directly. After the case is filed, the management unit will conduct investigation and processing according to certain procedures, and report the results to the Board of Directors.	No significant difference.
(III) Does the Company specify in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implement them and review the prevention programs on a regular basis?	V		The Company has established a Code of Ethics and the Ethical Corporate Management Best-Practice Principles, forbidding the unethical conduct against the Company, the Company's Directors, Managers, employees, appointees and the the Company, the Company's Directors,	No significant difference.

Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			Managers, employees, appointees and the material controllers of the Company such as offering or accepting bribes, providing illegal political contributions, or improper charitable donation or sponsorship, providing or accepting unreasonable gifts, reception or other improper interests, disclosing the Company's trade secrets, trespassing against intellectual property rights, working on unfair competition, or providing products and services with damage to consumers or other interested parties. The Company reviews and amends the relevant policies regularly; the Codes of Ethical Conduct was late amended on June 30, 2017, and Code of Integrity Management on November 13, 2019.	
II. Implementation of Ethical Corporate Management	V		The Company conducts business activities on the basis of the principle of integrity management and in a fair and transparent manner.	No significant difference.
(I) Has the Company evaluated the ethics records of counterparties to its business dealings, and specified ethical business policies in contracts with counterparties related to its business dealings?			Before cooperation, the Company considers the legality of agents, suppliers, customers or other transaction objects and whether they involve unethical conducts, to avoid transactions with those involved in unethical conducts. The contract between the Company and its agents, suppliers, customers or other transaction objects shall include the clause where the counterpart complying with integrity management policies and transaction is involved in a unethical conduct, the contract may be terminated or rescinded at any time.	
(II) Does the Company have a unit under the Board of Directors that specializes in promoting ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	V		The Board of Directors appointed CSR Committee as the dedicated unit to promote the integrity management of the Company, and report the execution status on an annual basis. (The review of the effectiveness of the implementation of integrity management in 2021 and the review of the effectiveness of the implementation of corporate social responsibility were reported to the Board of Directors on March 15, 2022.)	No significant difference.
(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	V		According to the Company's Ethical Corporate Management Best-Practice Principles, Directors shall be highly self-disciplined. Where the proposal listed in the Board meeting is related to their own interests, they shall state clearly the	No significant difference.

Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(IV) Does the Company have effective accounting and internal control systems in place to implement business integrity? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or engage CPAs to perform the audits?	√		<p>important contents of their own interests at the Board meeting. Where there are damages to the Company's interests, they shall express their opinions and give a reply, but not participate in the discussion and voting, during which they shall avoid but not exercise the right to vote on behalf of other directors.</p> <p>In addition, according to the Code of Ethics, the Company's Directors and managers, in order to prevent conflicts of interest, shall handle official business in an objective and efficient manner, but not make improper benefits for themselves, their spouse, parents, children or relatives within the second degree of kinship by their positions in the Company. The Company shall pay special attention to preventing conflicts of interest, and state clearly whether there is a potential conflict of interest with the Company through official documents, meetings and internal communications when the Company lends funds to or provides guarantees for, has material asset transaction with or purchases goods from or sells goods to the Company in which the aforementioned personnel works.</p> <p>The Company's accounting system and internal control system are designed and implemented in accordance with the code of ethical management and should be reviewed at any time to ensure its continuous and effective implementation. Both the internal audit and regular CPAs internal control audit are conducted in normal procedures</p>	No significant difference.
(V) Does the Company regularly hold internal and external training related to ethical corporate management?	√		<p>Integrity is the core value of the Company. In the monthly executive and internal department meeting, each supervisor provides education and training for their employees according to Ethical Corporate Management Best-Practice Principles. In 2021, the Company promoted the concept of ethical management internally, supplemented by 82 effective questionnaires, and disclosed the information related to the behavior of strengthening ethical management in the corporate governance section of the Company's official website. On December 15, 2021, it sent teaching</p>	No significant difference.

Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			materials to all colleagues for education and training on online ethical management and preventing insider trading.	
III. Implementation of the Company's Whistleblowing System	V		Anyone can make a report through the independent report mailbox ( <a href="mailto:honest@cathay-red.com.tw">honest@cathay-red.com.tw</a> ) or directly to the Company's ethical management unit (CSR Committee). No reporting mail received in 2021.	No significant difference.
(I) Does the Company have a specific whistleblowing and reward system, a convenient whistleblowing channel, and appropriate personnel assigned to handle the whistleblowing?				
(II) Does the Company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms?	V		The provisions of Article 19 of the Company's Ethical Corporate Management Best-Practice Principles specify a reporting system, a whistleblowing clause, and a handling procedure for a dedicated unit, with an independent and confidential mechanism.	No significant difference.
(III) Does the Company take measures to protect the whistleblower against inappropriate disciplinary actions?	V		The provisions of Subparagraph 2, Article 19 of the Company's Ethical Corporate Management Best-Practice Principles have stipulated a whistleblower protection clause that the whistleblower will not be treated inappropriately.	No significant difference.
IV. Strengthening Information Disclosure	V		The Company has disclosed relevant information on the website and MOPS.	No significant difference.
(I) Has the Company disclosed the content and effectiveness of its integrity management principles on the Company's website and the Market Observation Post System?				
V. Where the Company has stipulated its own best practices on ethical corporate management according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe difference between the prescribed best practices and the actual measures taken by the Company: No material difference was found, and related operations were subject to the Principles.				
VI. Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g. review and amendment of the Company's Ethical Corporate Management Best-Practice Principles): the Company approved the Ethical Corporate Management Best-Practice Principles at the Board meeting on November 13, 2019. The main amendment was to appoint a responsible unit and establish an independent reporting system, showing the Company's determination in ethical management.				

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

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

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

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

- (1) Status of employee rights and employee welfare: Please refer to V. (I) Employee Welfare to (IV) Labor Management Agreements and Employee Rights/Interests Maintenance on pages 125-126.
- (2) Investor Relations: Please refer to pages 66 and 69 for II. Shareholding Structure & Shareholders' Rights and VII. Information Disclosure.
- (3) Supplier Relations: The Company cooperates with suppliers with mutual trust and mutual benefit, and maintains their rights and obligations and maintains a good supply and demand relationship.
- (4) Rights of Stakeholders: Please refer to pages 88-91 for (9) Establishment of Communication Channels for Stakeholders.
- (5) Directors' and Supervisors' Training Records (statistical period: January 1, 2021-December 31, 2021):

Name	Training Institution	Course Name	Training Hours
Chang, Ching-Kuei	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum - Morning Session	3
Chang, Ching-Kuei	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum - Afternoon Session	3
Lee, Hung-Ming	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum - Morning Session	3
Lee, Hung-Ming	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum - Afternoon Session	3
Tsai, Chung-Yan	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum - Morning Session	3
Tsai, Chung-Yan	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum - Afternoon Session	3
Daniel Tung	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum - Morning Session	3
Daniel Tung	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum - Afternoon Session	3

Name	Training Institution	Course Name	Training Hours
Chu, Chung-Chang	Taiwan Corporate Governance Association	Frequent cyber attack incidents - directors and supervisors shall should face up to information security issue	3
Chu, Chung-Chang	Taiwan Stock Exchange (TWSE)	2021 Cathay Pacific Sustainable Finance and Climate Change Summit	6
Lin, Chin-Liang	Taiwan Corporate Governance Association	One lesson directors should know: global risk perception	3
Lin, Chin-Liang	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum - Morning Session	3
Lin, Chin-Liang	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum - Afternoon Session	3
Lin, Shiou-Ling	Taiwan Corporate Governance Association	Merger and acquisition of enterprises and responsibilities of directors and supervisors	3
Lin, Shiou-Ling	Independent Director Association Taiwan	Practice cases for directors and supervisors - simulation exercise	3
Wu, Chih-Wei	Taiwan Corporate Governance Association	Quick interpretation and preparation for ESG disclosure requirements for Corporate Governance 3.0	3
Wu, Chih-Wei	Taiwan Corporate Governance Association	Net Zero Emissions 2030/2050 - Sustainable challenges and opportunities for global enterprises	3
James Y. Chang	Taiwan Corporate Governance Association	Frequent cyber attack incidents - directors and supervisors shall should face up to information security issue	3
James Y. Chang	Taiwan Corporate Governance Association	Information security management practices under post-epidemic new normal	3

- (6) The implementation of risk management policies and risk evaluation measures: Please refer to pages 360-363 for VI. Assessment of Risk Items in the Most Recent Years and as of the Date of Publication of the Annual Report.
- (7) The implementation of customer relations policies: the Company has a customer service line and dedicates personnel to handle problems related to customers.
- (8) Purchasing insurance for Directors and Supervisors: the Company has purchased D&O insurance for Directors.
- (9) Does the Company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.), and set up a dedicated area for stakeholders on the Company's website, and respond to important

corporate social responsibility issues that stakeholders are concerned about appropriately?

The Company has established channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), dedicated a section on the Company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues, and reports the communication content to the board regularly (at least once a year). The important corporate social responsibility issues, and the review result of the implementation performance of corporate social responsibility for 2021 were submitted to the Board of Directors on March 15, 2022.

Stakeholders	Important issues of concern	Main responsibility of the Company	Communication channels
Shareholders/ investors/ financial institutions	<ul style="list-style-type: none"> <li>➢ Ethical corporate management</li> <li>➢ Economic performance</li> <li>➢ Corporate Governance</li> <li>➢ Sustainable development of the Company</li> <li>➢ Risk management</li> </ul>	<ul style="list-style-type: none"> <li>➢ Commercial behaviors in a fair, honest and transparent manner</li> <li>➢ Providing instant, synchronized, and correct company information in a timely manner, and strive to the symmetric disclosure of investment information</li> <li>➢ Implementing long-term stable dividend policy and providing appropriate return on investment</li> <li>➢ Maintaining good corporate credit and operations with robust financial strategy</li> <li>➢ Following the latest laws and regulations and policy revisions of the competent authorities, and promptly responding to and adjust the information disclosure form and content of the Company to meet regulatory requirements.</li> <li>➢ Focusing on market demand and prosperity changes, adjusting business strategies in a timely manner, identifying the Company's financial and non-financial risks and review countermeasures</li> </ul>	<ul style="list-style-type: none"> <li>➢ Contact Person: Mr. Tsai, Operation Management Department</li> <li>➢ Tel: 02-23779968#5311</li> <li>➢ Email: cape0301@cathay-red.com.tw</li> <li>➢ Surveying CSR issues regularly</li> <li>➢ Updating designated sections of the official website</li> <li>➢ Convening annual shareholders' meetings</li> <li>➢ Convening law conferences</li> <li>➢ Announcing annual reports/quarterly financial reports</li> <li>➢ Simultaneously disclose the instant material news on Market Observation Post System of stock exchange and release news or convene a press conference at irregular intervals as required to explain the situation.</li> </ul>
Employee	<ul style="list-style-type: none"> <li>➢ Occupational health and safety</li> <li>➢ Labor Relations</li> <li>➢ Education and training</li> <li>➢ Employee benefits</li> <li>➢ Sustainable development of the Company</li> </ul>	<ul style="list-style-type: none"> <li>➢ Safe and healthy working environment</li> <li>➢ Promote employees' health and physical and mental balance</li> <li>➢ Ensure and respect human rights</li> <li>➢ Establish a transparent and smooth communication mechanism</li> <li>➢ Legal and equitable valuation and treatment</li> <li>➢ Attach importance to education and training</li> <li>➢ Diverse employee benefits and care plan</li> <li>➢ Focus on talent cultivation and employee development</li> <li>➢ Gender equality protection</li> </ul>	<ul style="list-style-type: none"> <li>➢ Contact Person Mr. Lin, Operation Management Department Mr. Chao, Human Resources Department</li> <li>➢ Phone: 02-23779968#5356、#5110</li> <li>➢ Email : yoho1030@cathay-red.com.tw duke@cathay-red.com.tw</li> <li>➢ Surveying CSR issues regularly</li> <li>➢ Updating designated sections of the official website</li> <li>➢ Holding labor management conferences</li> <li>➢ Holding symposiums and publicity meetings</li> </ul>

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

Stakeholders	Important issues of concern	Main responsibility of the Company	Communication channels
			<ul style="list-style-type: none"> <li>➤ Nonscheduled press conference</li> <li>Product launch conference</li> </ul>
Community residents/ neighboring rooms	<ul style="list-style-type: none"> <li>➤ Community participation</li> <li>➤ Sewage and waste emissions</li> <li>➤ Community impact</li> <li>➤ Community development</li> <li>Community charity</li> </ul>	<ul style="list-style-type: none"> <li>➤ Maintain good relationships with adjacent houses and community residents in various means (such as identification of adjacent houses and cleaning and repair of exterior walls).</li> <li>➤ Pay attention to site pollution prevention and control and reduce construction dust</li> <li>➤ Smooth communication channels reducing the adjacent loss events. Invest in public benefit programs like community care and community libraries.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Contact Person: Ms. Cheng, President Office</li> <li>➤ Tel: 02-23779968#5800</li> <li>➤ Email: csr@cathay-red.com.tw</li> <li>➤ Surveying CSR issues regularly</li> <li>➤ Updating designated sections of the official website</li> <li>➤ Neighborhood visit</li> <li>➤ Community care activities</li> <li>➤ On-site communication of responsible personnel</li> </ul>

## (IX) Implementation of the Internal Control System

### 1. Statement on Internal Control

Cathay Real Estate Corporation  
Statement on Internal Control

Date: March 16, 2022

The internal control system of the Company in 2021, based on the results of self-assessment, is hereby stated as follows:

- I. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.
- IV. The Company has adopted the items for determining internal control systems in order to evaluate the effectiveness of its internal control system design and implementation.
- V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2021, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.
- VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement has been approved by the Board of Directors of the Company on March 15, 2022. Among the 9 Directors present, 0 of them disagreed. The rest all agreed to the contents of this statement.

Cathay Real Estate Corporation

Chairman: Chang, Ching-Kuei

President: Lee, Hung-Ming

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

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

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

Shareholders' meetings/Board of Directors	Date	Important resolutions:
The 19th term Fifth meeting Board of Directors	2021.1.27	<ol style="list-style-type: none"> <li>1. Pass the proposal for authorizing the Chairman to apply for credit extension with financial institutions within the quota of NT\$50 billion.</li> <li>2. Pass the business objectives for 2021.</li> <li>3. Pass the proposal for paying year-end bonus and special incentives to executive directors and managers engaged in business in 2020.</li> <li>4. Pass the evaluation on annual remuneration of independent directors and executive directors engaged in business in 2020.</li> <li>5. Pass the evaluation on the remuneration for managerial officers in 2020.</li> <li>6. Pass the proposal to commit the related party San-Ching Engineering Co., Ltd. to undertake the new construction of the Company's "Cathay Opulence" in Xindian District, New Taipei City</li> <li>7. Pass the proposal to lift the non-competition restrictions for the managerial officers of the Company.</li> </ol> <p>Note: The above important resolutions have been implemented.</p>
The 19th term The 6th meeting Board of Directors	2021.3.18	<ol style="list-style-type: none"> <li>1. Pass the Statement of Internal Control System for 2020 to be submitted to the Securities and Futures Bureau of the Financial Supervisory Commission</li> <li>2. Pass the 2021 CSR Strategy Plan.</li> <li>3. Pass the 2020 Business Report</li> <li>4. Pass the proposal for the distribution of remuneration to employees and directors for 2020.</li> <li>5. Pass the 2020 Annual Financial Report and Consolidated Financial Report and Instructions for Self-Compilation.</li> <li>6. Pass the matters related to determine the convening elements of the 2021 Annual General Meeting: date, site, and accepted shareholder proposals.</li> <li>7. Pass the proposal for the amendment to the Company's Articles of Incorporation.</li> <li>8. Pass the proposal on the amendment to the Company's Rules of Shareholders' Meeting</li> </ol> <p>Note: The above important resolutions have been implemented.</p>
The 19th term 7th meeting Board of Directors	2021.4.28	<ol style="list-style-type: none"> <li>1. Approve the 2020 Earnings Distribution Plan.</li> <li>2. Pass the proposal on lifting the non-competition restrictions for Directors.</li> </ol>

Shareholders' meetings/Board of Directors	Date	Important resolutions:
		<ol style="list-style-type: none"> <li>3. Pass the proposal on the agenda of the 2021 shareholders' meeting.</li> <li>4. Pass the proposal on the amendment to the Company's "Internal Control System and Internal Audit Implementation Rules of the Shareholding Unit"</li> <li>5. Pass the proposal on the proposal to sell the premises and parking spaces of the Company's pre-sale construction project to related parties</li> <li>6. Pass the proposal to commit the related party San-Ching Engineering Co., Ltd. to undertake the new construction of the Company's "Cathay Xijing" in Taoyuan District, Taoyuan City.</li> <li>7. Pass the proposal for the Company to acquire the right to use the assets of Taipei International Tower, Taichung Zhongkong Tower and Kaohsiung Zhongzheng Tower from related parties.</li> </ol> <p>Note: The above important resolutions have been implemented.</p>
The 19th term 8th meeting Board of Directors	2021.7.2	<ol style="list-style-type: none"> <li>1. Pass the proposal on determining the holding date and site of the 2021 annual shareholders' meeting.</li> <li>2. Pass the proposal to commit the related party San-Ching Engineering Co., Ltd. to undertake the new construction of the Company's "Dunnan Linyuan" in Daan District, Taipei City.</li> </ol> <p>Note: The above important resolutions have been implemented.</p>
2021 Shareholders' Meeting	2021.7.23	<ol style="list-style-type: none"> <li>1. Pass the 2020 business report and financial statements (including consolidated financial statements).</li> <li>2. Approve the 2020 Earnings Distribution Plan.</li> <li>3. Pass the proposal on the amendments to the Articles of Incorporation.</li> <li>4. Pass the proposal on the amendment to certain articles of the Rules of Procedure for Shareholders' Meetings</li> <li>5. Pass the proposal for the Company to lift the non-competition restrictions for directors of the Company.</li> </ol> <p>Note: The above matters have been passed by resolutions of the Board of Shareholders. Please refer to the Implementation of Resolutions of the Shareholders' Meeting on page 109 for details.</p>
The 19th term 9th meeting Board of Directors	2021.7.23	<ol style="list-style-type: none"> <li>1. Pass the proposal on determining the base date for the distribution of cash dividends with earnings for 2020.</li> <li>2. Pass the amendments to the "Rules of Procedure of the Board of Directors" of the Company.</li> </ol> <p>Note: The above important resolutions have been implemented.</p>
The 19th term 10th meeting Board of Directors	2021.8.12	<ol style="list-style-type: none"> <li>1. Pass the proposal to commit the related party San-Ching Engineering Co., Ltd. to undertake the new construction of the Company's "Cathay THE PARK" in Nantun District, Taichung City.</li> </ol> <p>Note: The above important resolutions have been implemented.</p>
The 19th term 11th meeting Board of Directors	2021.11.11	<ol style="list-style-type: none"> <li>1. Pass the 2022 Audit Plan to be submitted to the Securities and Futures Bureau of the Financial Supervisory Commission</li> <li>2. Pass the proposal on 2022 CPA Appointment and Remuneration Review.</li> </ol>

Shareholders' meetings/Board of Directors	Date	Important resolutions:
		<ol style="list-style-type: none"> <li>3. Pass the proposal on the appointment and dismissal of the Company's Chief Auditing Officer.</li> <li>4. Pass the proposal for the Company to establish a joint venture Sanchong Realty Co., Ltd. with Mitsui Fudosan (Taiwan) Co., Ltd.</li> <li>5. Pass the proposal for the Company to participate in the subscription of cash capitalization plan of Cymbal Medical Network Co., Ltd.</li> <li>6. Pass the proposal for the Company to participate in the subscription of cash capitalization plan of Cathay Hospitality Management Co., Ltd.</li> <li>7. Pass the proposal for the Company to participate in the subscription of cash capitalization plan of Cathay Hotel Management Consultant Co., Ltd.</li> <li>8. Pass the proposal for the Company to donate NT \$1.5 million to Cathay Real Estate Foundation in order to continuously promote the plan of public welfare activities</li> <li>9. Pass the proposal to commit the related party San-Ching Engineering Co., Ltd. to undertake the new construction of the Company's "Cathay MOST+" in Beitun District, Taichung City</li> </ol> <p>Note: The above important resolutions have been implemented.</p>
The 19th term 12th meeting Board of Directors	2022.1.27	<ol style="list-style-type: none"> <li>1. Pass the proposal for authorizing the Chairman to apply for credit extension with financial institutions within the quota of NT\$50 billion.</li> <li>2. Pass the business objectives for 2022.</li> <li>3. Pass the proposal for paying year-end bonus and special incentives to executive directors and managers engaged in business in 2021.</li> <li>4. Pass the evaluation on annual remuneration of independent directors and executive directors engaged in business in 2021.</li> <li>5. Pass the evaluation on the remuneration for managerial officers in 2021.</li> <li>6. Pass the proposal to lift the non-competition restrictions for the managerial officers of the Company.</li> <li>7. Pass the proposal to acquire the right-of-use assets of Tainan Cathay Landmark Plaza from the related party Cathay Life Insurance Co., Ltd.</li> <li>8. Pass the proposal to dispose of the land No. 174 at Sanchong Section, Sanchong District, New Taipei City to Sanchong Realty Co., Ltd.</li> <li>9. Pass the proposal to commit the related party San-Ching Engineering Co., Ltd. to undertake the new construction of the Company's "Cathay Yi River" in Sanmin District, Kaohsiung City.</li> <li>10. Pass the proposal on employing Liao, Li-Chi as the Senior Manager of the Company.</li> </ol> <p>Note: The above important resolutions have been implemented.</p>
The 19th term 13th meeting Board of Directors	2022.3.15	<ol style="list-style-type: none"> <li>1. Pass the Statement of Internal Control System for 2021 to be submitted to the Securities and Futures Bureau of the Financial Supervisory Commission</li> <li>2. Pass the 2022 CSR Strategy Plan.</li> <li>3. Pass the 2021 Business Report.</li> </ol>

Shareholders' meetings/Board of Directors	Date	Important resolutions:
		4. Pass the proposal for the distribution of remuneration to employees and directors for 2021. 5. Pass the 2021 Annual Financial Report and Consolidated Financial Report. 6. Pass the proposal on acquiring the shares of SAN HSIUNG FONGSHAN LaLaport CO., LTD. from MITSUI FUDOSAN TAIWAN CO., LTD. and participating in the subsequent capitalization. 7. Pass the proposal for participating in the cash capitalization of CMG INTERNATIONAL ONE CO. LTD. and CMG INTERNATIONAL TWO CO. LTD. 8. Pass the matters related to determine the convening elements of the 2022 Annual General Meeting: date, site, and accepted shareholder proposals. Note: The above important resolutions have been implemented.

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

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

Title	Name	Date of Assumption of Duty	Date of Dismissal	Reasons for Resignation or Dismissal
Chief Auditing Officer	Huang, Chang-Yao	2015.11.05	2021.11.25	The Chief Auditing Officer, Mr Huang, Chang-Yao, retired and was replaced by Mr Yang, Po-Shan

#### IV. Information Regarding Audit Fee

##### CPA Fee Information

Unit: NT\$ thousands

Name of CPA Firm	Name of CPA	CPA Audit Period (Note 1)	Audit Fees	Non-audit Fees	Total	Remark
Ernst & Young	Hsu, Jung-Huang	2021.1.1-2021.12.31	3,382	996. The service content include consolidated business report, relationship report, computer-controlled environmental assessment, dividend policy, annual report review, individual and consolidated English financial statements, CSR report confirmation, mainland China investment case review and preparation.	4,378	
	Ma, Chun-Ting					

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

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

## V. Information on Change of CPAs

### (I) Information on the previous CPA

Date of Replacement	January 1, 2021		
Replacement Reasons and Explanations	Internal position adjustment of the accounting firm		
Termination by the Company or the CPAs	Party	CPA	Client
	Condition		
	Termination by the Company	V	
	Termination by the CPAs		
Opinions (Other than Unmodified Opinions) in the Past 2 Years and Reasons	None		
Deviation form the Issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or steps
			Others
	None	V	
	Description		
Other items for disclosure (where Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Regulation should be disclosed)	None		

### (II) Regarding succeeding CPA

Name of CPA Firm	Ernst & Young
Name of CPA	Ma, Chun-Ting
Date of Appointment	January 1, 2021
Inquiries into Accounting Treatments or Principles for Specific Transactions and Possible Opinions on Financial Statements before Appointment	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

(III) The former CPA's response to Article 10, Subparagraph 6, Item 1 and Item 2-3 of the accounting standards: None.

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

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

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

Title	Name	2021		Current fiscal year up to March 30, 2022	
		Increase (Decrease) in Shareholdings	Increase (Decrease) in Shareholdings Pledged	Increase (Decrease) in Shareholdings	Increase (Decrease) in Shareholdings Pledged
Chairman	He Xin Industrial Co., Ltd. Representative: Chang, Ching-Kuei	0	0	0	0
Director	He Xin Industrial Co., Ltd. Representative: Tsai, Chung-Yan	0	0	0	0
Director	He Xin Industrial Co., Ltd. Representative: Lee, Hung-Ming	0	0	0	0
Director	Cathay Charity Foundation Representative: Daniel Tung	0	0	0	0
Director	Representative of Cathay Real Estate Foundation: Chu, Chung- Chang	0	0	0	0
Director	Representative of the Employee Welfare Committee of Cathay Real Estate Corporation: Lin, Chin-Liang	0	0	0	0
Independent Director	Lin, Shiou-Ling	0	0	0	0
Independent Director	Wu, Chih-Wei	0	0	0	0
Independent Director	James Y. Chang	0	0	0	0
10% Major Shareholder	Employee Pension Fund Management Committee of Cathay Life Insurance Co., Ltd.	0	0	0	0
10% Major Shareholder	Wan Pao Development Co., Ltd.	0	0	0	0
President	Lee, Hung-Ming	0	0	0	0
Senior Vice President Vice President	Tsai, Chung-Yan	0	0	0	0
Senior Vice President Vice President	Daniel Tung	0	0	0	0
Vice President	Lin, Chin-Liang	0	0	0	0
Senior Manager	Ku, Shang-Chieh	0	0	0	0
Senior Manager	Kuo, Chun- Ho	0	0	0	0
Senior Manager	Lin, Chun-An (Dismissed on 2022.02.01)	0	0		
Senior Manager	Liao, Li-Chi (Appointed on 2022.02.01)			0	0

Title	Name	2021		Current fiscal year up to March 30, 2022	
		Increase (Decrease) in Shareholdings	Increase (Decrease) in Shareholdings Pledged	Increase (Decrease) in Shareholdings	Increase (Decrease) in Shareholdings Pledged
Manager of Business Administration Department	Lo, Yu-Chi	0	0	0	0
Corporate Governance Officer	Yen, Miao-Ju	0	0	0	0

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

### VIII. Relationship Among the Company's Top Ten Shareholders

Deadline: April 19, 2022; Unit: Shares; %

Name (Note 1)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Title or name and relationship of top 10 shareholders who are related parties or each other's spouses and relatives within the second degree of kinship (Note 3)		Remark
	Number of Shares	Proportion of shareholdings (%)	Number of Shares	%	Number of Shares	%	Name	Relationship	
Employee Pension Fund Management Committee of Cathay Life Insurance Co., Ltd. Representative: Wang, Li-Chiu	288,067,626	24.84%	0	0	0	0	Cathay Life Insurance Co., Ltd.	is the sponsor of the fund	
	0	0%							
Wan Pao Development Co., Ltd. Representative: Lin, Weng-Chuan	204,114,882	17.60%	0	0	0	0	Lin Yuan Investment Co., Ltd. Wan-Da Investment Co., Ltd.	Share the same Chairman	
	0	0							
Fubon Life Insurance Co., Ltd. Representative: Ming-Hsing Tsai	87,000,000	7.50%	0	0	0	0	None	None	
	0	0							

Name (Note 1)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Title or name and relationship of top 10 shareholders who are related parties or each other's spouses and relatives within the second degree of kinship (Note 3)		Remark
	Number of Shares	Proportion of shareholdings (%)	Number of Shares	%	Number of Shares	%	Name	Relationship	
Cathay Life Insurance Co., Ltd. Representative: Huang, Tiao-Kuei	68,646,584	5.92%	0	0	0	0	Employee Pension Fund Management Committee of Cathay Life Insurance Co., Ltd.	Is an allottee of the Company	
	0	0							
Lin Yuan Investment Co., Ltd. Representative: Lin, Weng-Chuan	54,094,814	4.67%	0	0	0	0	Wan Pao Development Co., Ltd. Wan-Da Investment Co., Ltd.	Share the same Chairman	
	0	0							
He Xin Industrial Co., Ltd. Representative: Huang, Chung-Hsin	22,000,000	1.90%	0	0	0	0	None	None	
	0	0							
Wan-Da Investment Co., Ltd. Representative: Lin, Weng-Chuan	18,501,652	1.60%	0	0	0	0	Wan Pao Development Co., Ltd. Lin Yuan Investment Co., Ltd.	Share the same Chairman	
	0	0							
SKYWAVE System Corp. Representative: Chen, Cheng-Chih	17,500,000	1.51%	0	0	0	0	None	None	
	0	0							
Taiwan Life Insurance Co., Ltd. Representative: Huang, Ssu-Kuo	16,335,000	1.41%	0	0	0	0	None	None	
	0	0							
Bank SinoPac Co., Ltd. Representative: Chen, Jia-Xian	9,046,000	0.78%	0	0	0	0	None	None	
	0	0							

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

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

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

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

Mar. 30, 2022; Units: share; %

Re-investment Business (Note)	Investment by the Company		Investment by Directors/Managerial Officers and Companies Directly or Indirectly Controlled by the Company		Total Investments	
	Number of Shares	Proportion of shareholdings Percentage	Number of Shares	Proportion of shareholdings Percentage	Number of Shares	Proportion of shareholdings Percentage
Cathay Real Estate Management Co., Ltd.	5,000,000	100%	0	0	5,000,000	100%
Cathay Healthcare Management Co., Ltd.	46,750,000	85%	0	0	46,750,000	85%
Cathay Hospitality Management Co., Ltd.	40,000,000	100%	0	0	40,000,000	100%
Cathay Hotel Management Consultant Co., Ltd.	35,000,000	100%	0	0	35,000,000	100%
Lin Yuan Property Management Co. Ltd.	1,530,000	51%	0	0	1,530,000	51%
Cymbal Medical Network Co., Ltd.	35,000,000	100%	0	0	35,000,000	100%
Cymder Co., Ltd.	0	0	12,000,000	100%	12,000,000	100%
Cymlin Co., Ltd.	0	0	14,000,000	100%	14,000,000	100%
Jinhua Realty Co., Ltd.	40,800,000	51%	0	0	40,800,000	51%
Bannan Realty Co., Ltd.	40,800,000	51%	0	0	40,800,000	51%
Sanchong Realty Co., Ltd.	171,600,000	66%	0	0	171,600,000	66%

Note: Invested by the Company using the equity method

## Chapter 4. Funding Status

### I. Capital and Shares

#### (I) Source of Capital

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

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

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

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

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

Information on the shelf registration system: None.

## (II) Shareholder Structure

April 19, 2022

Item \ Structure	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	0	35	157	49,016	243	49,451
Shares Held	0	194,607,567	644,290,558	231,534,177	89,128,757	1,159,561,059
Shareholding Ratio	0.00%	16.78%	55.56%	19.97%	7.69%	100.00%

## (III) Distribution of Equity Ownership

### 1. Common Shares

April 19, 2022

Range of Shares	Number of Shareholders	Number of Shares Held (in Shares)	Shareholding Ratio
1 to 999	25,138	7,739,269	0.67%
1,000 to 5,000	16,620	38,586,896	3.33%
5,001 to 10,000	3,651	28,009,956	2.42%
10,001 to 15,000	1,266	15,953,466	1.38%
15,001 to 20,000	742	13,427,163	1.16%
20,001 to 30,000	689	17,336,287	1.49%
30,001 to 40,000	336	11,859,703	1.02%
40,001 to 50,000	239	11,062,876	0.95%
50,001 to 100,000	381	27,415,235	2.36%
100,001 to 200,000	208	30,063,420	2.59%
200,001 to 400,000	94	25,928,485	2.24%
400,001 to 600,000	18	9,059,545	0.78%
600,001 to 800,000	8	5,490,862	0.47%
800,001~1,000,000	11	9,961,119	0.86%
Over 1,000,001	50	907,666,777	78.28%
Total	49,451	1,159,561,059	100.00%

### 2. Preference Shares: None

## (IV) List of Major Shareholders

April 19, 2022

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

of Cathay Life Insurance Co., Ltd.		
Wan Pao Development Co., Ltd.	204,114,882	17.60%
Fubon Life Insurance Co., Ltd.	87,000,000	7.50%
Cathay Life Insurance Co., Ltd.	68,646,584	5.92%

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

Note 2. Please refer to pages 100-102 for the list of top 10 shareholders with the largest shareholdings, as well as the number of shares held and shareholding ratios.

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

Unit: NT\$

Item		Year		Current fiscal year up to March 30, 2022 (Note 8)	
		2020	2021		
Market price per share (Note 1)	Maximum	22.40	22.70	19.35	
	Minimum	15.10	18.50	18.60	
	Average	19.58	20.08	18.98	
Net worth per share (Note 2)	Before distribution	21.09	21.94	21.76	
	After distribution	20.90	(Note 10)	(Note 11)	
Earnings per share	Weighted average number of shares (in shares)	1,159,561,059	1,159,561,059	1,159,561,059	
	Earnings per share (Note 3)	1.28	0.73	(0.19)	
Dividend per share	Cash dividends		1	(Note 10)	(Note 11)
	Share grants	Stock dividends appropriated from earnings	0	(Note 10)	(Note 11)
		Stock dividends appropriated from capital surplus	0	(Note 10)	(Note 11)
	Accumulated unpaid dividends (Note 4)		0	0	0
Return on investment	Price-to-Earnings Ratio (Note 5)		15.33	27.01	(Note 11)
	Price-to-Dividends Ratio (Note 6)		19.62	(Note 10)	(Note 11)
	Cash dividend yield rate (Note 7)		0.05	(Note 10)	(Note 11)

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

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

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

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

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

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

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

Note 8. Net value per share and earnings per share are the data in the first quarter of 2022 which are not yet reviewed by CPAs; the remaining fields are the data in the current year up to the date of the publication of the annual report.

Note 9. Data of 2020 and 2021 has been audited by CPAs, and data of 2021 Q1 has not yet been reviewed by CPAs.

Note 10. The distribution of earnings for 2021 has not yet been approved by the Board of Directors.

Note 11. Not applicable quarterly.

## (VI) Implementation of Resolutions of the Shareholders' Meeting

1. If the Company earns profit for the year, 0.1% to 1% of it shall be distributed as employee compensation, and no more than 1% as Director and Supervisor compensation. However, the Company's accumulated losses, if any, shall first be covered.
2. If there is surplus after the Company's annual final accounting, besides paying taxes according to the law, the Company shall first offset its previous years' losses, and set aside legal reserve, set aside or reverse special reserve according to the law, and then allocate 30% to 100% as shareholders dividends and bonus. The remaining, together with the beginning undistributed earnings, shall be the distributable profit. The Board of Directors shall prepare earnings distribution proposal, and submit it at the shareholders' meeting for approval. The distribution ratio of the above shareholders' dividends and bonus shall be planned depending on the current year's major financial or working capital, and may be adjusted upon resolution of the shareholders' meeting against the proposal of the Board of Directors.
3. In response to the economy and market environment changes, the Company adopts a diversified investment approach to increase profitability. In consideration of long-term financial planning and future funding requirements, the residual dividend policy is adopted for dividend policy, so as to achieve steady growth and sustainable operation.
4. Based on the Company's operational planning and capital investment, as well as taking into account shareholders' cash inflow requirements and avoiding over expansion of share capital, profit is to be first distributed in a form of cash dividend, followed by stock dividend. However, cash dividend distribution ratio shall not be less than 50% of total dividend.

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

allocated in accordance with the dividend policy set out in the Articles of Incorporation.

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

The Company's 2021 earnings distribution proposal has not yet been resolved by the Board of Directors of the Company.

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

(VII) Status of Resolutions Made by Shareholders' Meetings

1. The following matters have been approved at the shareholders' meeting on July 23, 2021 and hence implemented:

- (1) 2020 Business Report and Financial Statements

- (2) 2020 Earnings Distribution Proposal

Implementation Status: For the allocation of earnings for 2020, August 23, 2021 was the ex-dividend base date, and a cash dividend of NT\$1,159,561,059 was distributed (NT\$1 per share) at the payment date of September 11, 2021. The Company had completed the payment.

- (3) Pass the proposal to amend the Articles of Incorporation of the Company.

- (4) Pass the proposal on the amendment to certain articles of the Rules of Procedure for Shareholders' Meetings

- (5) Pass the proposal for the Company to lift the non-competition restrictions for directors of the Company.

Implementation Status: Agreed to lift the non-compete restriction for the positions held by Director Chang, Ching-Kuei, Director Tsai, Chung-Yan, Director Daniel Tung, Director Lin, Chin-Liang, Independent Director Lin, Shiou-Ling and Independent Director Wu, Chih-Wei, and announced on the Market Observatory Post System on July 23, 2021.

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

(IX) Compensation of employees, directors, and supervisors

1. The percentage or scope of compensation of employees, Directors and Supervisors as set out in the Articles of Association: Please refer to the dividend policy in Article (VI) above.

2. Accounting treatment for any discrepancy between the estimate foundation of current compensation of employees, Directors and Supervisors, calculation foundation of the number of shares in the compensation of employees allocated in stocks and the actual amount allocated and the number estimated: the estimation shall be made by the after-tax net profit as of 2021 in consideration of legal reserve and other factors on the basis of the percentage set out in the Articles of Association. However, if there is a discrepancy between the actual allocated amount proposed by the shareholders' meeting and the estimated number afterward, it will be listed as the profit and loss in 2022.
3. Status of compensation distribution as approved by the Board of Directors (2022.3.15):
  - (1) Compensation of employees, Directors and supervisors allocated in cash or stock: Employees were paid with NT\$927 thousand and Directors NT\$2,400 thousand both in cash.
  - (2) Ratio of employee compensation allocated in stock to the total of after-tax net profit in the current parent company only or individual financial report and the employee compensation: None
4. The distribution of employee bonuses and compensation of Directors and supervisors in 2021:

The employee bonus of NT\$1,652 thousand and the compensation of Directors of NT\$2,400 thousand were distributed in cash in line with the resolution of the Board of Directors.

(X) Buyback of Treasury Stock: None.

**II. Issuance of Corporate Bonds:** None.

**III. Issuance of Preferred Shares:** None.

**IV. Issuance of Overseas Depository Receipts:** None

**V. Issuance of Employee Stock Options:** None.

**VI. Issuance of New Restricted Employee Shares:** None

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

**VIII. Implementation of Capital Utilization Plan:** None.

## Chapter 5. Operational Highlights

### I. Business Activities

#### (I) Scope of Business

##### 1. Main business operations of the Company

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

## 2. Proportion of Consolidated Business Activities in 2021

Unit: NT\$ thousands

Item	Amount	Percentage (%)
Rent income	448,024	3.59%
Construction revenue	9,493,911	76.10%
Service revenue	2,369,964	19.00%
Other operating revenue	164,119	1.31%
Total	12,476,018	100.00%

## 3. Main Products and New Products Development

The Company's current main product is the investment in the construction of residential buildings with elevators for sales. In the first half of 2022, the Company launched "Cathay Wonderful Time" in Neihu District, Taipei City and the "Cathay Treasury" in Beitou District, "Cathay Yi River" in Sanmin District, Kaohsiung City; in the second half year, it is expected to launch the projects of Huili Section in Nantun district, Taichung City, Meiho Section in Beitun District, Guandi Section in East District, Tainan City and Bannan Section in Zhonghe District, New Taipei City in cooperation with Mitsui, and sell them to the public depending on the market conditions.

## (II) Industry Overview

### 1. Current state and development of the industry

In recent years, Taiwan's housing market has caused public grievances due to the rapid rise in housing prices. Under the government's implementation of a series of housing policies (luxury tax, real price registration, and Integrated Housing and Land Tax), short-term investors in the real estate market have gradually withdrawn from the market and the buyers for self-occupation purposes have gradually dominated the market. In the absence of market confidence, the number of buildings transferred nationwide in 2016 hit a record low, and the overall real estate market entered an adjustment period. However, after 2017, although the housing market is only supported by the demand for self-occupation, the sellers seek to close deals and revise prices at the same time. Housing prices are no longer too high to afford. The number of domestic buildings sold and transferred began to increase year by year, and the balance of building and residential loans has been increased year by year. In 2020, due to the raging of the global pandemic, the boarder blockade measures resulted in abundant domestic hot money and a wave of buying momentum. The number of domestic buildings sold and transferred reached more than 268,000, an annual increase of 7%, setting a new high over the past eight years.

On the supply and demand side of the overall housing market: As the overall housing market prosperity in 2021 was better than that in 2020, but the number of projects launched by the industry decreased slightly compared with that in 2020 due to the delay of construction permits and so on, it is expected that many deferred projects will emerge in 2022 to continue the strength of last year's launching and stabilize the increase of supply; On the demand side, rigid demand led to a wave of housing boom last year along with a large amount of hot money and inflation effect. However, the government launched sound policies on the housing market at the beginning of last year, and some investors turned to wait-and-see. At present, the market is supported by consumption for self-occupation purpose and closely linked to the global epidemic. In general, the real estate market in 2022 will continue the trend of 2021, showing steady price increase and closely related to the trend of COVID-19.

2. Correlations between upstream, midstream and downstream Industries

Item	Description	Legend
Upstream	Financial institution that includes land, construction industry (including supply industries such as building materials and raw materials) and capital supply.	
Midstream	Construction companies oriented, and sales related industries (such as advertising agency companies and construction manager companies).	
Downstream	Generally, the house-purchase group and enterprises.	

3. Product Trends

1. Architectural brand leadership

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

2. Futuristic design

Due to changes in consumer demand patterns, strengthening the product functions such as health, technology, environmental protection, leisure, safety, comfort and high quality, considering the future development, and enhancing the value of construction will become the mainstream trend in the future.

### 3. Economical and environment-friendly construction

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

### 4. Integrated community living function

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

## 4. Competition

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

## (III) Technology and R&D Overview

In order to strengthen the transparency of the real estate market information, improve the development of the real estate market, and fulfill the corporate social responsibility, the Company has been preparing the Cathay Real Estate Index with Taiwan Real Estate Research Center of National Chengchi University from the end of 2002 for 20 years in 2022. More than NT\$3 million of budget is invested in the preparation every year, and it has become one of the important sources of reference of domestic real estate information. In terms of R&D of product technology, we have invested lots of manpower and funds in the fields of planning, design, building materials and equipment. Therefore, the projects developed by the Company can be favored by customers and sold well in a short period of time. In recent years, with the purpose of breaking through design thinking, we also introduced foreign design teams to enable the Company's products to be more competitive.

### 1. Industry Trends

- (1) Changes in the real estate business cycle
- (2) Evolution of the real estate market products

(3) Quarterly Report of Cathay Real Estate Index

2. Architectural technology

(1) Control of architecture construction cost

(2) Discussion on the standard construction period

(3) Discussion on construction laws and building products

(4) Discussion on building construction specifications

(5) Discussion on green building design

(6) Discussion on intelligent construction equipment

(7) Discussion on earthquake-resistant buildings

(8) Discussion on energy-saving and carbon-reduced equipment

(IV) Long-term and Short-term Development

1. Long-term Development

(1) Branding

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

(2) Land Development

After the strengthening and stabilizing the core business, we have also introduced our business philosophy and integrated digital technology into the development of real estate and created added value to enhance our competitive edge, expand the business scale, diversify development models, actively participate in the development of commercial and complex buildings, and stride forward toward the vision of becoming a comprehensive developer.

(3) Product Planning

Continue to deepen product planning and design capabilities, focus on the consumers' demands and place customers at the center, and comply with the relevant regulations of green buildings, environmental protection, and energy

conservation, while emphasizing digital technology, earthquake resistance, environmental protection, safety, energy conservation, and practicality to meet future product trends.

(4) Marketing

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

(5) Customer Service

Use the customer database management system for data analysis and integrate group resources to expand the scope of customer services, strengthen the app functions for customer services, enhance customer services, to meet customers' diverse needs so as to strengthen the Company's brand value and reputation.

2. Short-term Development

(1) Branding

“ Value Creation and Deepening the Brand”, the Company actively differentiates its products and creates brand advantages to obtain recognition from its customers and avoid homogenous price wars.

(2) Project Development

The Company will continue to maintain the basic reserve of projects, engage in joint ventures with overseas investors for development, and develop land in diversified ways, such as bidding for more public and private urban renewal projects. On the other hand, we will prudently operate the existing re-investing business step by step and actively work on efficiency optimization and site expansion to increase the service capacity and expand the territory. In addition, we will actively evaluate the layout of the new blue-sea business in order to move towards diversified operations.

(3) Product Planning

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

#### (4) Marketing

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

#### (5) Customer Service

Combine the resources of the Group with digital technology, strengthen the app functions for customer services, and improve service quality and efficiency.

## II. Market, Production, and Sales Overview

### (I) Market Analysis

#### 1. Sales (Service) Regions

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

	2020		2021	
	Launched amount (Hundreds of Millions)	30-day sales rate (%)	Launched amount (Hundreds of Millions)	30-day sales rate (%)
Taipei	2,386	10.67	2,755	13.97
New Taipei	3,449	10.56	3,298	12.29
Taoyuan	1,985	10.53	1,830	13.53
Hsinchu	586	13.90	644	20.92
Taichung	1,913	12.90	2,536	14.05
Tainan	987	11.84	754	13.05
Kaohsiung	1,943	13.68	1,183	17.89
Nationwide	13,249	11.84	13,000	14.26

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

#### 2. Market Share

The Company's market share in the last two years is detailed in the table below.

Unit: NT\$ thousands

Company Name	2020 revenue		2021 revenue	
	Amount	Rank	Amount	Amount
Highwealth	18,157,516	3	34,035,323	1
Farglory	25,692,155	2	33,007,708	2
Ruentex	11,530,175	10	17,943,371	3
Goldsun	14,494,761	5	16,361,670	4
Kindom	27,181,548	1	16,105,554	5
Chonghong	11,860,058	9	15,823,745	6

Company Name	2020 revenue		2021 revenue	
	Amount	Rank	Amount	Amount
Dacin	15,112,348	4	14,883,819	7
Huaku	11,295,781	11	13,517,526	8
Kedge	14,103,408	6	10,720,013	9
Kuniken	13,336,228	8	9,833,582	10
Run Long	3,930,087	-	9,638,471	11
Prince	7,306,687	14	8,656,965	12
Hsin Chien	6,299,072	16	8,039,342	13
Huang Hsiang	5,865,975	17	7,409,565	14
Da-Li	2,060,402	-	7,291,857	15
Hwang Chang	5,665,968	18	7,270,865	16
Hung Ching	3,164,448	-	6,804,161	17
King's Town	8,489,962	13	6,502,887	18
Chien Kuo	6,753,748	15	5,318,630	19
Longda	3,409,980	-	4,740,983	20

Data source: MOPS

### 3. Future supply & demand and growth of the market

According to the quarterly research of Cathay Real Estate Index, the trend of the Cathay Real Estate Index in 2021 indicated that the prices of the national housing market recorded an increase in prices and transaction volume, and the housing market was recovering, with better overall performance as compared with 2020. Looking ahead to the market trend in 2022, it should be able to continue the housing market boom in 2021, showing a steady trend in both prices and transaction volume, but the global pandemic situation will be an indicator that requires continued attention.

On the supply and demand side of the real estate market, last year's transaction volume was better than that in 2020, and the industry's confidence in launching new projects increased. It is expected that the increase in supply of new projects will be stable in 2022. On the demand side, the rigid demand accompanied by a large amount of hot money led to a wave of housing boom in 2021, and the government promulgated a sound housing market policy at the end of last year in an attempt to curb investment; thus, it is expected that the market will continue to be supported by home buyers for self-occupation purposes in 2022.

Overall, this year's real estate growth is affected by the global pandemic situation and the domestic government's sound housing market policy. However, with the support of rigid demand, the supply and demand are expected to remain stable. The important factors affecting the operation of the real estate market this year are summarized as follows:

#### (1) International situation

In 2020, the border blockade measures were implemented due to the raging of COVID-19, and the return of overseas Taiwanese business capital filled the

domestic market with abundant hot money, so there was a wave of buying momentum in the second half of the year. Looking ahead to this year, the global economy is gradually adapting to the post-epidemic era of division of labor, and should make a sustainable recovery. Vaccine coverage is gradually increasing, and the epidemic has gradually eased under control, which is expected to bring incentives to the housing market.

(2) Policy

At the end of the year before last, the government promulgated a sound housing market policy, mainly for accelerating the promotion of "real price registration 2.0", strengthening the transparency of housing market information, and curbing improper property speculation in the pre-sale market, without affecting home buyers for self-occupation purposes. The interest rates are still low at this stage. Thus, it is expected that the market will continue to be supported by home buyers for self-occupation purposes in 2022.

(3) Economic growth rate

The Directorate-General of Budget, Accounting and Statistics estimates that the economic growth rate in 2022 will be 4.15%.

(4) Interest rate and price

The interest rate will remain low. In the term of price, the Directorate-General of Budget, Accounting and Statistics estimates that the Consumer Price Index (CPI) in 2022 will increase by 1.93%.

4. Competitive Niches

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

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

(1) Favorable Factors

- a. The current interest rate is still low, and under the mindset of "land bringing wealth" and the expected price increase, real estate is still a general investment and hedging tool.

- b. In recent years, the government has positively promoted various economic revitalization programs, major constructions, and Taiwanese investment return from China to drive industrial development and provide many opportunities for construction, which will stimulate the real estate market.

## (2) Unfavorable Factors

- a. With the decreased land resources and increased land price, the land acquisition costs are increased in Great Taipei Essence Zone.
- b. The high demand arising from the launch of major construction projects and the return of overseas Taiwanese business capital to build factories leads to a rise in prices of raw materials and wages, which increases construction costs.
- c. There are still many international uncertainties, including the COVID-19 epidemic, and the subsequent development of the cross-strait relations, which may affect the future direction of the housing market.

## (3) Countermeasures

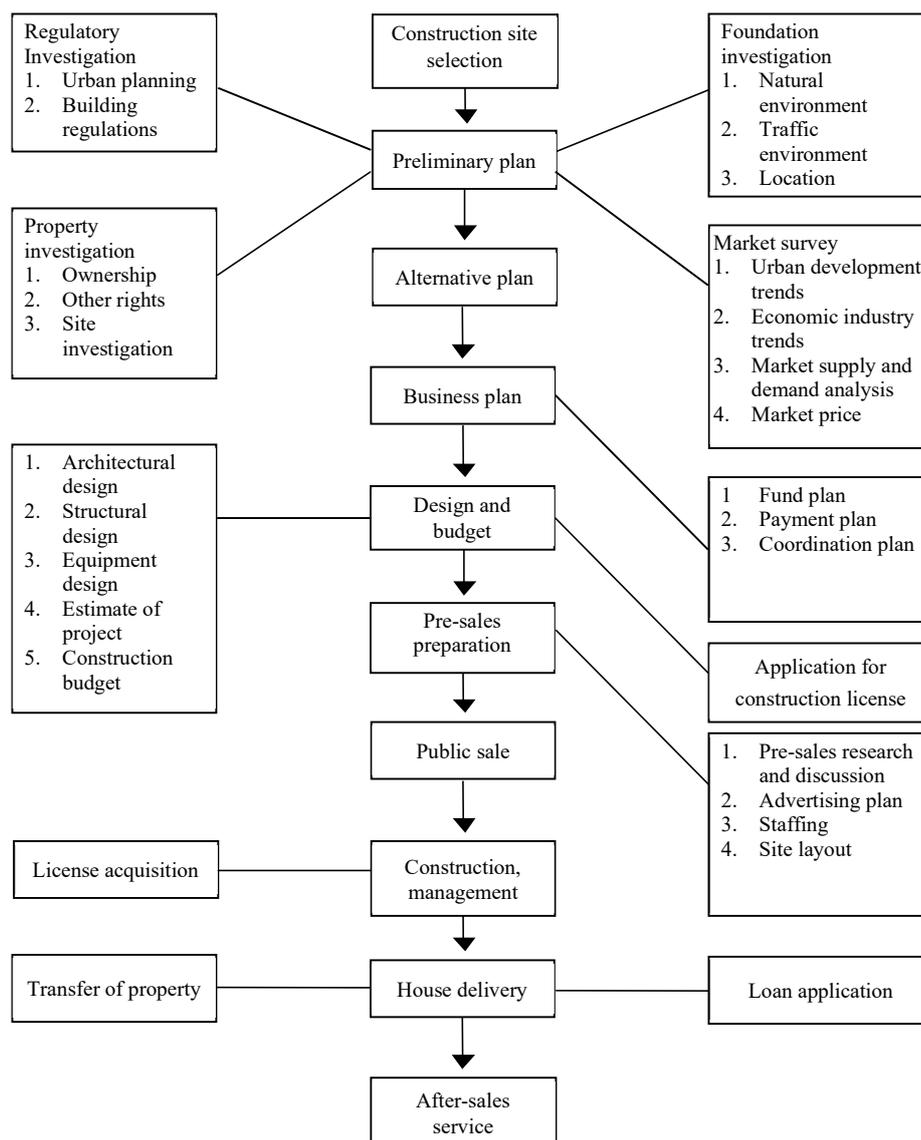
- a. Evaluate development projects prudently and strengthen product planning to increase added value and to reduce the impact of increasing costs.
- b. In addition to the downtown essence zone, the potential suburb lands shall be actively evaluated and purchased and the diversified land development methods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

## (II) Production Procedures of Main Products

### 1. Major Products and Their Main Uses

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

## 2. Production processes of major products



### (III) Supply Status of Main Materials

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

At present, in consideration of acquisition of raw materials of land, the Company mainly purchases the urban high-quality sections and the land in rezoning areas, supplemented by the land with complete living functions in the suburbs. At present, in addition to actively participating in the public auction of land by government units, the Company learns about the location, property rights and quantity of relevant land materials in

specific areas through the open space survey method, and actively requests the land intermediators for broking to obtain raw materials of land in due course for the Company's operations.

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

Information of major suppliers in the last 2 years

Unit: NT\$ thousands

Item	2020				2021			
	Name	Amount	Percentage to the total annual net purchases (%)	Relationship with the Issuer	Name	Amount	Percentage to the total annual net purchases (%)	Relationship with the Issuer
1	San-Ching Engineering Co., Ltd.	1,901,357	17.58	Affiliate	San-Ching Engineering Co., Ltd.	2,337,393	16.70	Affiliate
	Others	8,913,514	82.42		Others	11,654,914	83.30	
	Net purchase	10,814,871	100.00		Net purchase	13,992,307	100.00	
Reasons for the change	Fund of project under construction, etc.				Fund of project under construction, etc.			

Information of major customers for the last 2 years

Unit: NT\$ thousands

Item	2020				2021			
	Name	Amount	Percentage to the total annual net sales (%)	Relationship with the Issuer	Name	Amount	Percentage to the total annual net sales (%)	Relationship with the Issuer
1	None				None			
	Others	13,336,228	100.00		Others	9,833,582	100.00	
	Net sales	13,336,228	100.00		Net sales	9,833,582	100.00	
Reasons for the change	None				None			

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

Unit: NT\$ thousands

Production Quantity Amount Main Products (Or by department)	Year	2020			2021		
		Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Apartments, shops, buildings, etc.		-	A batch	10,167,505	-	A batch	7,111,502
Lease		-	-	322,700	-	-	326,825
Total		-	A batch	10,490,205	-	A batch	7,438,327

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

Unit: NT\$ thousands

Sales Year Quantity Amount Main Products (Or by department)	2020				2021			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Apartments, shops, buildings, etc.	603	12,971,111	-	-	579	9,493,911	-	-
Lease	-	365,117	-	-	-	339,671	-	-
Others	-	-	-	-	-	-	-	-
Total	603	13,336,228	-	-	579	9,833,582	-	-

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

Year		2020	2021	Current fiscal year up to March 30, 2022
Number Of Employees	Staff	148	152	148
	Total	148	152	148
Average Age		43.3	42.8	42.5
Average Service Year		12.9	12.54	13.05
Education	PhD	0%	0%	0%
	Masters	35.1%	38.8%	40.5%
	Bachelor's degree	60.1%	56.6%	54.8%
	Senior high school	4.8%	4.6%	4.7%
	Below high school	0%	0%	0%

**IV. Environmental Protection Expenditure**

(I) The Company is in the construction investment industry but not a building company. We entrust the professional engineering companies in the building industry to be responsible for the building and construction of the houses and do not cause immediate and direct environmental protection problems. The construction industry is prone to producing dust, waste soil and noise which only impact the environment near the construction site during the construction period, and does not cause material pollution to the ecology like the manufacturing industry. Nonetheless, the Company still attaches great importance to environmental protection, and strongly urges the contractors to pay more attention to the waste soil dumping according to the management method of the building management unit of the government and manages various matters such as waste disposal, construction

time and volume control and strictly takes site safety and health measures to meet standards.

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

## V. Labor Relations

### (I) Employee Welfare

The Company has always attached great importance to harmonious labor-management relations. In terms of care to the employees, in addition to reasonable treatments and various on-the-job educations, the Company has established the Employees' Welfare Committee to promote employee benefits including subsidies for marriage, childbirth, children, education, birthday, language training, leisure and entertainment, as well as hiking activities, health examination and family day so as to ensure the physical and mental protection of employees. In 2021, the accumulated expenditure on employees' welfare was NT\$34,770 thousand.

### (II) Advanced studies and training of employees

The implementation of Company's education and training:

In 2021, besides continuing to intensifying the core and management functions such as accountability and cultivation, the Company held the general courses such as market research and house delivery acceptance to comprehensively increase the basic professional knowledge of colleagues. The total training hours were 3,793.5 and the total cost was NT\$3,535 thousand.

Course	Course enrollments	Total hours
Professional training	430	1,998
General training	246	375.5
Function development	200	1420
Total	876	3,793.5

(III) Retirement System and Implementation

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

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

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

Important labor agreement: None.

(V) Names and number of employees holding professional licenses

License type	Training Institution	Number of shareholders
Architect	Examination Yuan	8
CPA	Examination Yuan	3
Real estate broker	Examination Yuan	8
Land administration agent	Examination Yuan	6
Appraiser	Examination Yuan	1
Civil engineer	Examination Yuan	1
Geotechnical engineer	Examination Yuan	1
British Royal Chartered Surveyor	Royal Institution of Chartered Surveyors (RICS)	1

(VI) Employee behavior or ethics code

In order to standardize employees to follow the same codes of conduct, the Company makes the Personnel Management Rules in the Articles of Incorporations to define the service codes for employees. It is stipulated that the employees shall follow the laws and regulations, strictly abide by the discipline, and be devoted to their duties and they shall not engage in improper acquisition or transaction, or make a profit for themselves or others using official post convenience.

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

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

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

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

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

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

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

#### (VIII) Corporate responsibility and ethical behavior

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

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

##### 1. Lin Yuan Libraries

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

##### 2. Joint activities of public benefit group

###### (1) New resident care activities in Taiwan of Cathay

Assist Taiwan's new residents and their next generation to adapt to life in Taiwan, eliminate barriers in adaptation, organize a series of courses on new resident care plan, hammer at deepening education, provide channels for the mutual support of new residents, and inspire the new generation to accept multi-culture and face

self-worth and construct a positive communication bridge between two generations.

(2) Summer Blood Donation Activities

From the beginning of April to the end of September, Cathay Charity Group held hundreds of blood donation events across Taiwan and donated a total of 62,721 bags of blood with 41,522 people participated. Over the 22 consecutive years, 489,823 bags of blood have been collected. We aim to lead the prevailing blood donation benevolences.

(3) Cathay Children Dream Realization Plan

Cathay Charity Group launched a dream program to subsidize schools in remote districts to make their dreams come true. The program focuses on setting goals and making every effort to challenge. It aims to cultivate the faith of children students in overcoming setbacks and challenges. It also hopes that students' efforts will be linked to the development of the local community and the value of sustainable development of the school and community.

(4) Christmas Warming

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

3. Activities related to talent teaching

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

4. Sponsorship Activities

(1) Cathay Excellence Awards Plan

Cathay Excellence Awards Plan rewards two types of outstanding students: the first type, "Characteristic Grant" is for the youth who are keen on public welfare action, and the second type, "Outstanding Student" is for the high school students from poor families with excellent performance. The Company invested NT\$400,000 in this plan

(2) Teach For Taiwan (TFT) Cooperation Scheme

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

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

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

## VI. Information Security Management

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

1. Information security architecture and policy: the Company cherishes for information security risk management. To ensure safe operation and customer information, it set "information security policy" in 2004, which contains the information and communication security measures, education training and propaganda, etc., and carries on review and implementation every year to improve behaviors, so as to ensure that the confidential information of the Company and clients is free from leakage, and the business operates in a sustainable manner. In addition, special personnel are assigned for different management projects, and the annual budget is planned for actual implementation according to the content of information security management.

2. Specific management plan:

Item	Specific actions
Computer room security management	Perform external service and host vulnerability scanning irregularly.
Device security management	Import IT resource management system, including software safety management, peripheral device safety management and file directory monitoring and management, transfer USB file list every day, check whether the Company's computers have installed high-risk software regularly every month.

Continuous improvement	1. Do social engineering exercises from time to time 2. Perform regular education and training for all employees to enhance their awareness of safety. Host vulnerability scanning
System disaster drill	Conduct regular core system disaster simulation drills and reviews.
Internal and external audit	The Company performs internal audit twice a year and engage with accounting firm for external audit at least once a year on information security policy, organization and powers and responsibilities, asset classification control, personnel management and education and training, entity and security environment management, computer system security management, network security management, system access control, etc.

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

## VII. Important Contracts

Type of Contract	Party	Contract Duration	Contract Content	Restrictions
Engineering Contract	San-Ching Engineering Co., Ltd.	2021.03.08-2023.07.16	1 deal at Sec. 106, Sixin Rd., Xindian District, New Taipei City	None
	San-Ching Engineering Co., Ltd.	2021.06.14-2024.07.20	3 deals at Sec. 83, Sanmin Rd., Taoyuan District, Taoyuan City	None
	San-Ching Engineering Co., Ltd.	2021.07.30-2026.02.05	2 deals at Sub-sec. 3, Sub-sec. 3-1, Sec. 3, Fuxing Rd., Daan District, Taipei City	None
	Jioushun Construction Co., Ltd.	2021.10.01-2024.08.09	16 deals at Sub-sec. 274, Sec. 3, Nangang Rd., Nangang District, Taipei City	None
	Kimzoa Construction Engineering Co., Ltd.	2021.10.15-2024.08.09	4 deals at Sec. 36, 37, 38 and 142, Renxin Rd., Sanchong District, New Taipei City	None
	San-Ching Engineering Co., Ltd.	2021.11.01-2025.04.20	3 deals at Sec. 139, 139-1 and 141, Huiyi Rd., Nantun District, Taichung	None
Real estate Trading	Natural person	2021.02.05	Contract for acquisition of the construction land at Guandi Sec., East District, Tainan City	None
	Natural person	2021.03.11	Contract for acquisition of the construction land at Zhongdu Sec., Sanmin District, Kaohsiung City	None
	New Taipei City	2021.04.13	Contract for acquisition of the land for sale at Sanchong Sec., Sanchong District, New Taipei City	None
	Natural person	2021.04.28	Contract for acquisition of the construction land at Huili Sec., Nantun District, Taichung City	None
	Natural person	2021.08.26	Contract for acquisition of the construction land at Meihe Sec., Beitun District, Taichung City	None
	Natural person	2021.11.25	Contract for acquisition of the construction land at Tanmei Sec., Neihu District, Taipei City	None

## Chapter 6. Financial Overview

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

#### (I) Condensed Balance Sheet

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

Unit: NT\$ thousands

Item	Year	Financial information in the most recent five fiscal years (Note 1)				
		2017	2018	2019	2020	2021
Current Assets		\$32,827,177	\$30,748,510	\$31,458,872	\$32,632,135	\$40,597,127
Property, Plant, and Equipment		65,471	66,611	72,394	62,785	59,501
Intangible Assets		1,124	778	1,533	2,980	4,641
Other Assets		13,793,973	15,876,202	16,082,198	16,414,808	16,657,248
Total Assets		46,687,745	46,692,101	47,614,997	49,112,708	57,318,517
Current Liabilities	Before distribution	11,487,107	17,372,072	18,172,212	19,240,553	20,950,541
	After distribution	12,878,580	19,807,150	19,331,773	20,400,114	(Note 2)
Non-current Liabilities		12,432,136	4,245,293	5,064,693	5,416,931	10,930,364
Total Liabilities	Before distribution	23,919,243	21,617,365	23,236,905	24,657,484	31,880,905
	After distribution	25,310,716	24,052,443	24,396,466	25,817,045	(Note 2)
Equity Attributable to Owners of the Parent		22,768,502	25,074,736	24,378,092	24,455,224	25,437,612
Ordinary share capital		11,595,611	11,595,611	11,595,611	11,595,611	11,595,611
Capital reserve		18,063	25,783	31,628	39,515	38,846
Retained earnings	Before distribution	10,770,163	13,373,271	12,311,946	12,646,352	12,334,330
	After distribution	9,378,690	10,938,193	11,152,385	11,486,791	(Note 2)
Other Equity		384,665	80,071	438,907	173,746	1,468,825
Treasury Stock		0	0	0	0	0
Non-controlling Interests		0	0	0	0	0
Total Equity	Before distribution	22,768,502	25,074,736	24,378,092	24,455,224	25,437,612
	After distribution	21,377,029	22,639,658	23,218,531	23,295,663	(Note 2)

Note 1. Financial statements of the Company in 2017 to 2021 has been audited by the CPAs. No relevant information in Q1, 2022.

Note 2. The distribution of earnings for 2021 has not yet been approved by the Board of Directors.

Note 3. The Company did not conduct any revaluation of assets in 2017 to 2021.

2. Based on International Financial Reporting Standards (Consolidated)

Unit: NT\$ thousands

Year		Financial information in the most recent five fiscal years (Note 1)				
		2017	2018	2019	2020	2021
Item						
Current Assets		\$34,083,427	\$32,529,906	\$32,654,308	\$36,552,869	\$45,585,340
Property, Plant, and Equipment		1,136,419	1,858,494	4,614,222	5,197,866	4,764,306
Intangible Assets		33,008	20,416	24,210	33,407	37,564
Other Assets		18,508,334	14,362,572	16,443,390	17,712,786	17,848,936
Total Assets		53,761,188	48,771,388	53,736,130	59,496,928	68,236,146
Current Liabilities	Before distribution	12,729,074	18,777,777	19,819,000	23,158,275	25,140,307
	After distribution	14,120,547	21,212,855	20,978,561	24,317,836	(Note 2)
Non-current Liabilities		17,807,952	4,652,062	9,435,080	10,939,525	16,761,004
Total Liabilities	Before distribution	30,537,026	23,429,839	29,254,080	34,097,800	41,901,311
	After distribution	31,928,499	25,864,917	30,413,641	35,257,361	(Note 2)
Equity Attributable to Owners of the Parent		22,768,502	25,074,736	24,378,092	24,455,224	25,437,612
Ordinary share capital		11,595,611	11,595,611	11,595,611	11,595,611	11,595,611
Capital reserve		18,063	25,783	31,628	39,515	38,846
Retained earnings	Before distribution	10,770,163	13,373,271	12,311,946	12,646,352	12,334,330
	After distribution	9,378,690	10,938,193	11,152,385	11,486,791	(Note 2)
Other Equity		384,665	80,071	438,907	173,746	1,468,825
Treasury Stock		0	0	0	0	0
Non-controlling Interests		455,660	266,813	103,958	943,904	897,223
Total Equity	Before distribution	23,224,162	25,341,549	24,482,050	25,399,128	26,334,835
	After distribution	21,832,689	22,906,471	23,322,489	24,239,567	(Note 2)

Note 1. Financial statements of the Company in 2017 to 2021 were audited. Financial information in 2022 Q1 has not yet been reviewed by CPAs.

Note 2. The distribution of earnings for 2021 has not yet been approved by the Board of Directors.

Note 3. The Company did not conduct any revaluation of assets in 2017 to 2021.

## (II) Condensed Statement of Comprehensive Income

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

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

Year Item	Financial information in the most recent five fiscal years (Note 1)				
	2017	2018	2019	2020	2021
Operating Revenue	\$10,610,084	\$12,812,525	\$9,736,609	\$13,336,228	\$9,833,582
Gross Profit	2,354,577	3,268,503	2,327,639	2,846,023	2,395,255
Operating Income	1,667,343	2,340,979	1,400,160	1,852,477	1,445,019
Non-operating Income and Expenses	(295,471)	1,493,829	104,527	(204,241)	(521,151)
Income before Tax	1,371,872	3,834,808	1,504,687	1,648,236	923,868
Income from Continuing Operations	1,444,638	3,609,611	1,370,505	1,483,980	847,539
Loss from Discontinued Operations	0	0	0	0	0
Net Income (Loss)	1,444,638	3,609,611	1,370,505	1,483,980	847,539
Other Comprehensive Income (after Tax)	76,991	(335,754)	362,084	(255,174)	1,295,079
Total Comprehensive Income	1,521,629	3,273,857	1,732,589	1,228,806	2,142,618
Net Income Attributable to Shareholders of the Parent	1,444,638	3,609,611	1,370,505	1,483,980	847,539
Net Income Attributable to Non-controlling Interests	0	0	0	0	0
Comprehensive Income Attributable to Owners of the Parent	1,521,629	3,273,857	1,732,589	1,228,806	2,142,618
Comprehensive Income Attributable to Non-controlling Interests	0	0	0	0	0
Earnings per Share	1.25	3.11	1.18	1.28	0.73

Note 1. Financial statements of the Company in 2017 to 2021 has been audited by the CPAs. No relevant information in Q1, 2022.

2. Based on International Financial Reporting Standards (Consolidated)

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

Item \ Year	Financial information in the most recent five fiscal years (Note 1)				
	2017	2018	2019	2020	2021
Operating Revenue	\$12,270,182	\$14,294,770	\$11,623,928	\$13,973,611	\$12,476,018
Gross Profit	2,586,811	3,718,199	3,162,589	3,158,762	2,720,434
Operating Income	1,341,775	2,228,233	1,499,287	1,551,329	875,690
Non-operating Income and Expenses	(150,297)	2,280,747	71,051	133,955	53,201
Income before Tax	1,191,478	4,508,980	1,570,338	1,685,284	928,891
Income from Continuing Operations	1,241,625	4,241,797	1,400,358	1,516,787	843,500
Loss from Discontinued Operations	0	0	0	0	0
Net Income (Loss)	1,241,625	4,241,797	1,400,358	1,516,787	843,500
Other Comprehensive Income (after Tax)	103,720	(260,946)	331,893	(256,312)	1,294,405
Total Comprehensive Income	1,345,345	3,980,851	1,732,251	1,260,475	2,137,905
Net Income Attributable to Shareholders of the Parent	1,444,638	3,609,611	1,370,505	1,483,980	847,539
Net Income Attributable to Non-controlling Interests	(203,013)	632,186	29,853	32,807	(4,039)
Comprehensive Income Attributable to Owners of the Parent	1,521,629	3,273,857	1,732,589	1,228,806	2,142,618
Comprehensive Income Attributable to Non-controlling Interests	(176,284)	706,994	(338)	31,669	(4,713)
Earnings per Share	1.25	3.11	1.18	1.28	0.73

Note 1. Financial statements of the Company in 2017 to 2021 has been audited by the CPAs. Financial information in 2022 Q1 has not yet been reviewed by CPAs.

### (III) CPAs' Names and Opinions

Year	Accounting firm	CPA	Audit Opinion
2017	Ernst & Young	Lin, Li-Huang, Huang, Chien-Tse	Standard unqualified opinion
2018	Ernst & Young	Hsu, Jung-Huang, Huang, Chien-Tse (Note 1)	Standard unqualified opinion
2019	Ernst & Young	Hsu, Jung-Huang, Huang, Chien-Tse	Standard unqualified opinion
2020	Ernst & Young	Hsu, Jung-Huang, Huang, Chien-Tse	Standard unqualified opinion
2021	Ernst & Young	Hsu, Jung-Huang, Ma Chun-Ting (Note 2)	Standard unqualified opinion

Note 1. In 2018, due to the internal regularization of employment of the firm, the CPA was changed from Lin, Li-Huang to Hsu, Jung-Huang.

Note 2. In 2021, due to the internal regularization of employment of the firm, the CPA was changed from Huang, Chien-Tse to Ma Chun-Ting.

## II. Financial Analysis for The Most Recent Five Years

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

Analysis Item	Year	Financial information for the most recent five years (Note 1)				
		106	2018	2019	2020	2021
Finance structure (%)	Debt ratio	51.23	46.30	48.80	50.21	55.62
	Ratio of long-term capital to property, plant, and equipment	53,765.36	44,016.68	40,670.08	47,578.67	61,121.28
Solvency (%)	Current ratio	285.77	177.00	173.12	169.60	193.78
	Quick ratio	33.11	26.70	27.07	28.19	31.06
	Interest coverage ratio	5.85	16.48	7.23	8.76	5.23
Operating performance	Accounts receivable turnover rate (times)	168.80	76.78	55.97	72.65	44.00
	Average days for cash receipts	2.16	4.75	6.52	5.02	8.29
	Inventory turnover rate (times)	0.28	0.35	0.28	0.39	0.24
	Accounts payable turnover rate (times)	10.16	11.20	7.92	11.90	8.16
	Average days for sale of goods	1,303.57	1,042.85	1,303.57	935.89	1,520.83
	Property, plant, and equipment turnover rate (times)	141.12	194.01	140.09	197.31	160.83
	Total assets turnover rate (times)	0.22	0.27	0.21	0.28	0.18
Profitability	Return on Assets (ROA) (%)	3.04	7.73	2.92	3.19	1.72
	Return on equity (%)	6.32	15.09	5.54	6.08	3.40
	Ratio of income before tax to paid-in capital (%)	11.83	33.07	12.98	14.21	7.97
	Net profit margin (%)	13.62	28.17	14.08	11.13	8.62
	Earnings per share (NT\$)	1.25	3.11	1.18	1.28	0.73

Cash flow (%)	Cash flow ratio	12.03	14.48	7.99	12.99	(20.33)
	Cash flow adequacy ratio	67.36	70.74	113.43	134.77	40.61
	Cash reinvestment ratio	(1.39)	6.29	(5.41)	7.06	(21.19)
Leverage	Operating leverage	1.22	1.15	1.23	1.22	1.27
	Financial leverage	1.00	1.00	1.01	1.04	1.06

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

1. 28% increase in long-term funds as a percentage of property, plant and equipment: due to an increase in long-term funds in the current period.
2. 40% reduction in interest coverage ratio: due to the decrease in net profit before income tax and interest expense.
3. 39% decrease in receivables turnover: due to decrease in operating income.
4. 65% increase in average collection days: due to decrease in the turnover rate of receivables.
5. 38% decrease in inventory turnover: due to decrease in the cost of sales.
6. 31% decrease in accounts payable turnover: due to decrease in the cost of sales.
7. 63% increase in average days of sales: due to decrease in inventory turnover.
8. 36% decrease in total assets turnover: due to decrease in operating income.
9. 46% decrease in return on assets: due to decrease in net profit after tax.
10. 44% decrease in return on equity: due to decrease in net profit after tax.
11. 44% decrease in the ratio of net profit before tax to paid-in capital: due to decrease in net profit before tax.
12. 23% decrease in net profit ratio: due to decrease in net profit after tax.
13. 43% decrease in earnings per share: due to decrease in net profit after tax.
14. 257% decrease in cash flow ratio: due to cash flow from operating activities turned to outflow.
15. 70% decrease in cash flow adequacy ratio: due to decrease in net cash flow from operating activities.
16. 400% decrease in cash reinvestment ratio: due to cash flow from operating activities turned to outflow.

Note 1. No relevant information in Q1, 2022.

### 1. Financial structure

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

### 2. Solvency

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

### 3. Operating ability

- (1) Turnover rate of receivables (including accounts receivable and notes receivable arising from the operation) = Net sales / Average balance of receivables (including accounts receivable and notes receivable arising from the operation) for each period.
- (2) Average cash collection days = 365 / Turnover rate of receivables.
- (3) Inventory Turnover Rate = Cost of Sales/Average Inventory.

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

#### 4. Profitability

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

#### 5. Cash flow

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

#### 6. Leverage

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

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

Analysis Item		Financial information for the most recent five years					
		Year	106	2018	2019	2020	2021
Finance structure (%)	Debt ratio		56.80	48.04	54.44	57.31	61.41
	Ratio of long-term capital to property, plant, and equipment		3,610.65	1,613.87	735.06	699.11	904.56
Solvency (%)	Current ratio		267.76	173.24	164.76	157.84	181.32
	Quick ratio		36.39	32.03	28.53	30.71	36.21
	Interest coverage ratio		3.02	12.73	5.02	5.54	3.16
Operating performance	Accounts receivable turnover rate (times)		47.94	36.74	29.33	34.49	25.00
	Average days for cash receipts		7.61	9.93	12.44	10.58	14.60
	Inventory turnover rate (times)		0.33	0.39	0.32	0.39	0.30
	Accounts payable turnover rate (times)		8.08	10.34	8.39	10.76	8.62
	Average days for sale of goods		1,106.06	935.89	1,140.62	935.89	1,216.66
	Property, plant, and equipment turnover rate (times)		10.82	9.55	3.59	2.85	2.50
	Total assets turnover rate (times)		0.22	0.28	0.23	0.25	0.20
Profitability	Return on Assets (ROA) (%)		2.65	8.48	2.95	2.99	1.64
	Return on equity (%)		5.31	17.47	5.62	6.08	3.26
	Ratio of income before tax to paid-in capital (%)		10.28	38.89	13.54	14.53	8.01
	Net profit margin (%)		10.12	29.67	12.05	10.85	6.76
	Earnings per share (NT\$)		1.25	3.11	1.18	1.28	0.73
Cash flow (%)	Cash flow ratio		7.55	13.47	11.52	7.78	(14.66)
	Cash flow adequacy ratio		52.00	57.56	64.32	61.88	27.52
	Cash reinvestment ratio		(2.78)	5.95	(0.69)	2.68	(15.59)
Leverage	Operating leverage		1.68	1.40	1.68	1.64	2.33
	Financial leverage		1.22	1.06	1.10	1.17	1.40

Note 1. Not required if the denominator or numerator is zero or negative

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)
1. 29% increase in long-term funds as a percentage of property, plant and equipment: due to an increase in long-term funds in the current period.
2. 43% reduction in interest coverage ratio: due to the decrease in net profit before income tax and interest expense.
3. 28% decrease in receivables turnover: due to decrease in operating income.
4. 38% increase in average collection days: due to decrease in the turnover rate of receivables.
5. 23% decrease in inventory turnover: due to decrease in the cost of sales.

6. 20% decrease in accounts payable turnover: due to decrease in the cost of sales.
7. 30% increase in average days of sales: due to decrease in inventory turnover.
8. 20% decrease in total assets turnover: due to decrease in operating income.
9. 45% decrease in return on assets: due to decrease in net profit after tax.
10. 46% decrease in return on equity: due to decrease in net profit after tax.
11. 45% decrease in the ratio of net profit before tax to paid-in capital: due to decrease in net profit before tax.
12. 38% decrease in net profit ratio: due to decrease in net profit after tax.
13. 43% decrease in earnings per share: due to decrease in net profit after tax.
14. 288% decrease in cash flow ratio: due to cash flow from operating activities turned to outflow.
15. 56% decrease in cash flow adequacy ratio: due to decrease in net cash flow from operating activities.
16. 682% decrease in cash reinvestment ratio: due to cash flow from operating activities turned to outflow.
17. 42% increase in operating leverage: mainly due to the increase in operating profit.
18. 20% increase in financial leverage: due to decrease in the balance of operating profit minus interest expense.

Note 1. Financial information in 2022 Q1 has not yet been reviewed by CPAs.

### 1. Financial structure

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

### 2. Solvency

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

### 3. Operating ability

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

#### 4. Profitability

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

#### 5. Cash flow

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

#### 6. Leverage

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

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

#### **Audit Committee's Review Report**

The Board of Directors prepared the Company's 2021 annual Business Report, Financial Statements (including consolidated financial statements), and an earnings distribution proposal, among which the Financial Statements (including consolidated financial statements) have been audited by Hsu, Jung-Huang and Ma, Chun-Ting, CPAs at Ernst & Young, by whom an audit report has been issued.

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

Sincerely

Cathay Real Estate Corporation

Audit Committee

Convener: Lin, Shiou-Ling,

May 4, 2022

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

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

**Parent Company Only Financial Statements**

**For the Years Ended**

**December 31, 2021 and 2020**

**Report of Independent Auditors**

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

## **Independent Auditors' Report Translated from Chinese**

To the Board of Directors and Stockholders of  
Cathay Real Estate Development Co., Ltd.

### **Opinion**

We have audited the accompanying parent company only balance sheets of Cathay Real Estate Development Co., Ltd. (the "Company") as of December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and cash flows for the years ended December 31, 2021 and 2020, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the parent company only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, 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 2021 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## **Revenue Recognition**

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

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

We also assess whether the Company properly disclose information relating the construction income of financial statement. Please refer Note 4 and Note 6.

## **Valuation of Construction Land**

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

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

We also assess whether the company properly disclose information relating the construction land valuation of financial statement. Please refer Note 4, Note 5 and Note 6.

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2021 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hsu, Jung Huang  
Ma, Chun Ting  
Ernst & Young, Taiwan  
March 15, 2022

#### Notice to Readers

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

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

Parent Company Only Balance Sheets

December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

Assets			December 31, 2021		December 31, 2020	
Code	Items	Notes	Amount	%	Amount	%
	Current Assets					
1100	Cash and cash equivalents	4, 6(1) & 7	\$1,897,739	3	\$1,969,434	4
1120	Financial assets at fair value through other comprehensive income-current	4 & 6(2)	3,605,083	6	2,437,036	5
1150	Notes receivable, net	4 & 6(3), (19)	20,890	-	31,527	-
1170	Accounts receivable, net	4, 6(4), (19)	152,719	-	240,877	1
1180	Accounts receivable-related parties, net	4, 6(4), (19) & 7	899	-	44	-
1220	Others receivables	7	2,148	-	13,009	-
130x	Inventories	4, 6(5) & 7	34,085,213	60	27,204,407	55
1410	Prepayments		4,546	-	2,928	-
1470	Others current assets		50,743	-	99,844	-
1480	Incremental costs of obtaining contracts-current	4, 6(5), (18)	777,147	2	633,029	1
11xx	Total current assets		<u>40,597,127</u>	<u>71</u>	<u>32,632,135</u>	<u>66</u>
	Non-currents Assets					
1517	Financial assets at fair value through other comprehensive income-non-current	4 & 6(2)	2,201,116	4	2,074,071	4
1550	Investment accounted for using equity method	4 & 6(6),(26)	2,242,335	4	2,093,701	4
1600	Property, plant and equipment	4, 6(7) & 7	59,501	-	62,785	-
1755	Right-of-use assets	4, 6(20) & 7	36,585	-	16,346	-
1760	Investment properties, net	4 & 6(8)	10,527,724	18	10,648,019	22
1780	Intangible assets	4 & 6(9)	4,641	-	2,980	-
1840	Deferred tax assets	4 & 6(24)	330,412	1	330,426	1
1900	Other non-currents assets	6(10) & 7	1,319,076	2	1,252,245	3
15xx	Total non-currents assets		<u>16,721,390</u>	<u>29</u>	<u>16,480,573</u>	<u>34</u>
1xxx	Total Assets		<u>\$57,318,517</u>	<u>100</u>	<u>\$49,112,708</u>	<u>100</u>

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

December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

Liabilities and Equity			December 31, 2021		December 31, 2020	
Code	Items	Notes	Amount	%	Amount	%
	Current Liabilities					
2100	Short-term loans	4, 6(11) & 7	\$10,770,000	19	\$6,610,000	13
2110	Short-term notes payable	4 & 6(12)	1,958,065	4	1,418,854	3
2130	Contract liabilities-current	4 & 6(18)	4,627,062	8	4,421,199	9
2150	Notes payable		153,346	-	60,802	-
2170	Accounts payable		703,799	1	856,757	2
2180	Accounts payable-related parties	7	170	-	49,026	-
2200	Other payables		175,334	-	322,956	1
2230	Current tax liabilities	4	9,208	-	21,588	-
2280	Lease liabilities-current	4, 6(20) & 7	25,474	-	12,317	-
2300	Other current liabilities		1,028,083	2	67,054	-
2320	Long-term loans-current portion	4 & 6(13)	1,500,000	3	5,400,000	11
21xx	Total current liabilities		<u>20,950,541</u>	<u>37</u>	<u>19,240,553</u>	<u>39</u>
	Non-Current Liabilities					
2540	Long-term loans	4 & 6(13)	10,728,685	19	5,229,741	11
2570	Deferred tax liabilities	4 & 6(24)	10,049	-	10,049	-
2580	Lease liabilities-non-current	4, 6(20) & 7	10,481	-	2,100	-
2600	Other non-current liabilities	6(14) & 7	181,149	-	175,041	-
25xx	Total non-current liabilities		<u>10,930,364</u>	<u>19</u>	<u>5,416,931</u>	<u>11</u>
2xxx	Total Liabilities		<u>31,880,905</u>	<u>56</u>	<u>24,657,484</u>	<u>50</u>
	Equity	4				
3100	Capital stock					
3110	Common stock	6(15)	11,595,611	20	11,595,611	24
3200	Capital surplus	6(16)	38,846	-	39,515	-
3300	Retained earnings	6(17)				
3310	Legal capital reserve		4,638,904	8	4,489,507	9
3320	Special capital reserve		504,189	1	504,189	1
3350	Unappropriated retained earnings		7,191,237	12	7,652,656	16
	Total retained earnings		<u>12,334,330</u>	<u>21</u>	<u>12,646,352</u>	<u>26</u>
3400	Other equity		1,468,825	3	173,746	-
3xxx	Total Equity		<u>25,437,612</u>	<u>44</u>	<u>24,455,224</u>	<u>50</u>
	Total Liabilities and Equity		<u>\$57,318,517</u>	<u>100</u>	<u>\$49,112,708</u>	<u>100</u>

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

Parent Company Only Statements of Comprehensive Income

For the Years Ended December 31, 2021 and 2020

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

(Expressed in thousands of New Taiwan Dollars)

Code	Items	Notes	2021		2020	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(8), (18), (20) & 7	\$9,833,582	100	\$13,336,228	100
5000	Operating costs	4, 6(5),(8),(9),(14),(20),(21) & 7	(7,438,327)	(76)	(10,490,205)	(79)
5900	Gross margin		2,395,255	24	2,846,023	21
5910	Unrealized sales profit		-	-	(30,259)	-
5920	Realized sales profit		41	-	41	-
5950	Gross margin, net		2,395,296	24	2,815,805	21
6000	Operating expenses	4, 6(8),(9),(14),(20),(21) & 7				
6200	Administrative expenses		(950,286)	(9)	(963,362)	(7)
6450	Expected credit profit (loss)	4 & 6(19)	9	-	34	-
	Total operating expenses		(950,277)	(9)	(963,328)	(7)
6900	Operating income		1,445,019	15	1,852,477	14
7000	Non-operating income and expenses	4, 6(22) & 7				
7100	Interest income		667	-	1,156	-
7010	Other income		215,093	2	178,979	1
7020	Other gains or losses		2,772	-	87,799	1
7050	Finance costs		(85,955)	(1)	(72,909)	(1)
7070	Share of profit or loss of subsidiaries, associates and joint ventures	4 & 6(6)	(653,728)	(6)	(399,266)	(3)
	Total non-operating income and expenses		(521,151)	(5)	(204,241)	(2)
7900	Income before Income tax		923,868	10	1,648,236	12
7950	Income tax (expense) benefit	4 & 6(24)	(76,329)	(1)	(164,256)	(1)
8200	Net income		847,539	9	1,483,980	11
8300	Other comprehensive income	6(23), (24)				
8310	Not to be reclassified to profit or loss in subsequent periods					
8311	Remeasurements of defined benefit plans		(598)	-	(733)	-
8316	Valuation gain (losses) on equity instruments at fair value through other comprehensive income		1,295,092	13	(164,942)	(1)
8330	Share of the other comprehensive income of associates and joint ventures accounted for using the equity method – not to be reclassified to profit or loss in subsequent periods		465	-	(1,480)	-
8349	Income tax related to items not be reclassified to profit or loss in subsequent periods		120	-	146	-
8360	To be reclassified to profit or loss in subsequent periods					
8380	Share of the other comprehensive income of associates and joint ventures accounted for using the equity method – to be reclassified to profit or loss in subsequent periods		-	-	(88,165)	(1)
	Other comprehensive (losses) income, net of tax		1,295,079	13	(255,174)	(2)
8500	Total comprehensive income		\$2,142,618	22	\$1,228,806	9
	Earnings Per Share (In dollars)	6(25)				
9750	Basic earnings per share		\$0.73		\$1.28	
9850	Diluted earnings per share		\$0.73		\$1.28	

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

English Translation of Financial Statements Originally Issued in Chinese  
 CATHAY REAL ESTATE DEVELOPMENT CO., LTD.  
 Parent Company Only Statements of Changes in Equity  
 For the Years Ended December 31, 2021 and 2020

Code	Items	(Expressed in thousands of New Taiwan Dollars)								
		Capital Stock	Capital Surplus	Retained Earnings			Other Equity			Total Equity
				Legal Capital Reserve	Special Capital Reserve	Unappropriated Retained Earnings	Exchange Differences Resulting from Translating the Financial Statements of Foreign Operations	Unrealized (Losses) Gains from Financial Assets at Fair Value through Other Comprehensive Income	Remeasurements of Defined Benefit Plans	
A1	Balance on January 1, 2020	3100	3200	3310	3320	3350	3410	3420	3445	3XXX
		\$11,595,611	\$31,628	\$4,352,457	\$504,189	\$7,455,300	\$88,165	\$331,495	\$19,247	\$24,378,092
B1	Appropriation and distribution of earnings for the year 2019	-	-	-	-	(137,050)	-	-	-	-
B5	Legal capital reserve	-	-	137,050	-	(1,159,561)	-	-	-	(1,159,561)
	Cash dividends on common stock	-	-	-	-	-	-	-	-	-
C17	Changes in other capital surplus	-	7,887	-	-	-	-	-	-	7,887
D1	Net income for the year ended December 31, 2020	-	-	-	-	1,483,980	-	-	-	1,483,980
D3	Other comprehensive income (loss), net of tax for the year ended December 31, 2020	-	-	-	-	-	(88,165)	(164,943)	(2,066)	(255,174)
D5	Total comprehensive income (loss)	-	-	-	-	1,483,980	(88,165)	(164,943)	(2,066)	1,228,806
Q1	Disposal of equity instruments investments measured at fair value through other comprehensive income	-	-	-	-	9,987	-	(9,987)	-	-
Z1	Balance on December 31, 2020	11,595,611	39,515	4,489,507	504,189	7,652,656	(88,165)	156,565	17,181	24,455,224
B1	Appropriation and distribution of earnings for the year 2020	-	-	-	-	(149,397)	-	-	-	-
B5	Legal Capital Reserve	-	-	149,397	-	(1,159,561)	-	-	-	(1,159,561)
	Cash dividends on common stock	-	-	-	-	-	-	-	-	-
C17	Changes in other capital surplus	-	(669)	-	-	-	-	-	-	(669)
D1	Net income for the year ended December 31, 2021	-	-	-	-	847,539	-	-	-	847,539
D3	Other comprehensive income (loss), net of tax for the year ended December 31, 2021	-	-	-	-	-	-	1,295,089	(10)	1,295,079
D5	Total comprehensive income (loss)	-	-	-	-	847,539	-	1,295,089	(10)	2,142,618
Z1	Balance on December 31, 2021	\$11,595,611	\$38,846	\$4,638,904	\$504,189	\$7,191,237	\$-	\$1,451,654	\$17,171	\$25,437,612

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

## English Translation of Financial Statements Originally Issued in Chinese

## CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

## Parent Company Only Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

Code	Items	2021	2020
		Amount	Amount
AAAA	Cash flows from operating activities		
A10000	Net income before tax	\$923,868	\$1,648,236
A20000	Adjustments:		
A20100	Depreciation	232,000	224,971
A20200	Amortization	1,818	877
A20300	Expected credit loss (gain)	(9)	(34)
A20900	Interest expenses	85,955	72,909
A21200	Interest income	(667)	(1,156)
A21300	Dividend income	(146,949)	(117,922)
A22400	Share of profit or loss of subsidiaries, associates and joint ventures	653,728	399,266
A22500	Loss (gain) on disposal of property, plant and equipment	(3,960)	(972)
A23100	Loss (gain) on disposal of investments	-	(87,569)
A23900	Unrealized sales profit (loss)	-	30,259
A29900	Others	-	(2,575)
A30000	Changes in operating assets and liabilities:		
A31130	Decrease (increase) in notes receivable	10,637	7,521
A31150	Decrease (increase) in accounts receivable	88,167	(194,718)
A31160	Decrease (increase) in accounts receivable-related parties	(855)	9,446
A31180	Decrease (increase) in other receivables	10,859	(3,439)
A31200	Decrease (increase) in inventories	(6,871,562)	(542,168)
A31230	Decrease (increase) in prepayments	(1,618)	(1,700)
A31240	Decrease (increase) in other current assets	49,101	(49,435)
A31270	Decrease (increase) in incremental costs of obtaining contracts	(144,118)	38,731
A31990	Decrease (increase) in other operating assets	34,807	61,809
A32125	Increase (decrease) in contract liabilities	205,863	894,784
A32130	Increase (decrease) in notes payable	92,544	(83,411)
A32150	Increase (decrease) in accounts payable	(152,958)	415,767
A32160	Increase (decrease) in accounts payable-related parties	(48,856)	(162,240)
A32180	Increase (decrease) in other payables	(150,028)	158,946
A32230	Increase (decrease) in other current liabilities	961,029	(113,656)
A33000	Cash inflow generated from operations	(4,171,204)	2,602,527
A33100	Interests received	669	1,154
A33500	Income taxes paid	(88,575)	(104,687)
AAAA	Net cash (used in) generated by operating activities	(4,259,110)	2,498,994
BBBB	Cash flow from investing activities		
B01800	Acquisition of investment accounted for using equity method	(940,660)	(1,119,247)
B01900	Disposal of investment accounted for using equity method	-	8,796
B02400	Return of capital deduction from investment accounted for using equity method	-	-
B02700	Acquisition of property, plant and equipment	(25,642)	(17,561)
B02800	Disposal of property, plant and equipment	10,455	7,957
B04500	Acquisition of intangible assets	(3,479)	(2,324)
B06700	Increase in other non-current assets	(66,831)	(304,982)
B07600	Dividends received	285,712	261,279
BBBB	Net cash generated by (used in) investing activities	(740,445)	(1,166,082)
CCCC	Cash flow from financing activities		
C00100	Increase in short-term loans	4,160,000	-
C00200	Decrease in short-term loans	-	(290,000)
C00500	Increase in short-term notes payable	539,211	919,314
C01600	Proceeds from long-term loans	7,728,685	3,729,741
C01700	Repayment of long-term loans	(6,129,741)	(3,899,510)
C04020	Repayment of principal of lease liabilities	(24,934)	(20,223)
C04300	Increase in other non-current liabilities	5,510	-
C04400	Decrease in other non-current liabilities	-	(66,874)
C04500	Payment of cash dividends	(1,159,561)	(1,159,561)
C05600	Interests paid	(190,641)	(214,164)
C09900	Other financing activities	(669)	(429)
CCCC	Net cash generated by (used in) financing activities	4,927,860	(1,001,706)
EEEE	Net increase (decrease) in cash and cash equivalents	(71,695)	331,206
E00100	Cash and cash equivalents, beginning of period	1,969,434	1,638,228
E00200	Cash and cash equivalents, end of period	\$1,897,739	\$1,969,434

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

**Cathay Real Estate Development Co., Ltd.**  
**Notes to Parent Company Only Financial Statements**  
**For the Years Ended December 31, 2021 and 2020**

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

**1. HISTORY AND ORGANIZATION**

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

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

**2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE**

The parent company only financial statements for the years ended December 31, 2021 and 2020 were authorized for issue by the Board of Directors on March 15, 2022.

**3. APPLICATION OF NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS**

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

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2021. The adoption of these new standards and amendments had no material impact on the Company.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements.	1 January 2022

A. Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

a. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

b. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

c. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

d. Annual Improvements to IFRS Standards 2018 - 2020

*Amendment to IFRS 1*

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

*Amendment to IFRS 9 Financial Instruments*

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

*Amendment to Illustrative Examples Accompanying IFRS 16 Leases*

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee’s leasehold improvements.

*Amendment to IAS 41*

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned amendments that are applicable for annual periods beginning on or after January 1, 2021 have no material impact on the Company.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
2	IFRS 17 “Insurance Contracts”	1 January 2023
3	Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1 January 2023
4	Disclosure Initiative - Accounting Policies - Amendments to IAS 1	1 January 2023
5	Definition of Accounting Estimates - Amendments to IAS 8	1 January 2023
6	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

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

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

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

#### B. IFRS 17 “Insurance Contracts”

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

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

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

#### C. Classification of Liabilities as Current or Non-current - Amendments to IAS 1

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

#### D. Disclosure Initiative - Accounting Policies - Amendments to IAS 1

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

#### E. Definition of Accounting Estimates - Amendments to IAS 8

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

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

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

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

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **(1) Statement of compliance**

The parent company only financial statements of the Company for the years ended December 31, 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

#### **(2) Basis of preparation**

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

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

### **(3) Foreign currency transactions**

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

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

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

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

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

#### **(4) Translation of financial statements in foreign currency**

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by the Company: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

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

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

#### **(5) Current and non-current distinction**

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

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

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

- A. The Company expects to settle the liability in its normal operating cycle
- B. The Company holds the liability primarily for trading
- C. The liability is due to be settled within twelve months after the reporting period
- D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification

## **(6) Cash and cash equivalents**

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

## **(7) Financial instruments**

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

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

### **A. Financial instruments: Recognition and Measurement**

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

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

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

### Financial assets measured at amortized cost

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

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

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

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

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

### Financial asset measured at fair value through other comprehensive income

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

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

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

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

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

#### B. Impairment of financial assets

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

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

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

The loss allowance is measured as follows:

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

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

### C. Derecognition of financial assets

A financial asset is derecognized when:

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

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

#### D. Financial liabilities and equity

##### Classification between liabilities or equity

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

##### Equity instruments

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

##### Financial liabilities

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

##### Financial liabilities at amortized cost

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

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

##### Derecognition of financial liabilities

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

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

#### E. Offsetting of financial instruments

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

### **(8) Fair value**

A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

## **(9) Inventories**

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

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

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

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

## **(10) Investments accounted for using the equity method**

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

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

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

When the associate issues new stock, and the Company's interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in additional paid in capital and investment in associate. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a prorate basis when the Company disposes of the associate.

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

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

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

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

#### **(11) Property, plant and equipment**

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

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

Buildings: 5~50 years

Leased assets: 5 years

Leasehold improvements: The shorter of lease terms or economic useful lives

Other equipment: 3~5 years

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

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

## **(12) Investment property**

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

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

Buildings	4~50 years
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Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

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

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

## **(13) Leases**

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

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

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

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

#### Company as a lessee

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

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

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

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

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

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

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

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

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

#### Company as a lessor

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

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

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

#### **(14) Intangible assets**

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

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

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

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

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss when the asset is derecognized.

##### Computer software

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

## **(15) Impairment of non-financial assets**

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

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

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

## **(16) Revenue recognition**

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

### Construction income

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

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

### **(17) Borrowing costs**

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

### **(18) Retirement benefits plans**

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

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

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

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

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

### **(19) Income taxes**

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

### Current income tax

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

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

### Deferred tax

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

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

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

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

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

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

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

## **(20) Business combinations**

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

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

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

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

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

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

## **5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

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

### **(1) Judgement**

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

Operating lease commitment-Company as the lessor

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

### **(2) Estimates and assumptions**

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

#### A. Fair value of financial instruments

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

#### B. Impairment of non-financial assets

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

#### C. Retirement benefits plans

The cost of retirement employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Please refer to Note 6 for more details.

#### D. Income tax

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

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. As of December 31, 2021, the deferred income tax assets that the Company has not recognize, please refer to Note 6 for more details.

#### E. Inventory evaluation

The Company must use the judgment and estimate to determine the net realizable value of the inventory at the balance sheet date, as the inventories are measured at the lower of the cost and the net realizable value. The Company assesses the amount of inventory at the balance sheet date due to market changes or no market sales value and reduces the inventory cost to the net realizable value. This inventory evaluation is mainly based on the product demand in the specific period in the future, so it may cause significant changes. Please refer to Note 6 for more details.

#### F. Accounts receivables-estimation of impairment loss

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

## 6. CONTENTS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	As of December 31,	
	2021	2020
Cash on hand and petty cash	\$283	\$291
Checking accounts and demand deposit	1,872,465	1,439,400
Cash equivalent-short-term notes	24,991	529,743
Total	<u>\$1,897,739</u>	<u>\$1,969,434</u>

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

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

	As of December 31,	
	2021	2020
Equity instruments investments measured at fair value through other comprehensive income - current:		
Listed company's stocks	<u>\$3,605,083</u>	<u>\$2,437,036</u>
Equity instruments investments measured at fair value through other comprehensive income - non-current:		
Unlisted company's stocks	<u>\$2,201,116</u>	<u>\$2,074,071</u>

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

The Company's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended December 31, 2021 and 2020 are as follow:

	For the years ended December 31,	
	2021	2020
Related to investments held at the end of the reporting period	\$146,949	\$117,922
Related to investments derecognized during the period	-	-
Dividends recognized during the period	<u>\$146,949</u>	<u>\$117,922</u>

In consideration of the Company's investment strategy, the Company disposed, and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the years ended December 31, 2021 and 2020 are as follow:

	For the years ended December 31,	
	2021	2020
The fair value of the investments at the date of derecognition	\$-	\$12,987
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	-	9,987

### (3) Notes receivable

	As of December 31,	
	2021	2020
Notes receivable arising from operating activities	\$20,890	\$31,527
Less: loss allowance	-	-
Notes receivable, net	\$20,890	\$31,527

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

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

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

	As of December 31,	
	2021	2020
Accounts receivable	\$152,720	\$240,887
Less: loss allowance	(1)	(10)
Subtotal	152,719	240,877
Accounts receivable - related parties	899	44
Less: loss allowance	-	-
Subtotal	899	44
Total	\$153,618	\$240,921

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

Accounts receivable are generally on 30-365-day terms. The book value of the accounts receivables held by the Company were NT\$153,619 thousand and NT\$240,931 thousand as of December 31, 2021 and 2020, respectively. Please refer to Note 6.(19) for more details on impairment of accounts receivable. Please refer to Note 12 for more details on credit risk.

### (5) Inventories

	As of December 31,	
	2021	2020
Construction land	\$11,243,295	\$8,497,634
Construction in progress	18,919,710	13,030,307
Buildings and land held for sale	998,041	2,914,124
Subtotal	31,161,046	24,442,065
Prepayment for land purchases	2,924,167	2,762,342
Total	\$34,085,213	\$27,204,407

- A. Some of the construction in progress above was contracted by the related company San-Ching Engineering Co., Ltd., and the relevant transactions are detailed in Note 7.
- B. The net realizable value of the construction land held by the Company is based on the nature of the land, using either land development analysis approach, comparison method or announced current land value method. The land development analysis approach is based on the changes in land value the development and improvement bring according to the legal use and the intensity of use of the land. The approach estimates the total sales amount after development or construction, deducting the direct costs, indirect costs, capital interests and profits during the development period. The comparison method is evaluated based on the transaction price of similar lands in neighboring areas in the most recent year. The announced current land value method is based on the assessment of the current value of the land announced by the Department of Land Affairs, Ministry of the Interior.
- C. Significant Construction projects were as follow:

Construction Project	Amount	Percentage of Completion
Park Beautiful Mansion	\$1,029,794	74.00%
Cathay Mega+	1,010,390	63.00%
Have a Rich Year	1,395,238	32.00%
Cathay Lagom	1,203,810	50.00%
Liberty Stationery Corp	2,471,512	29.00%
Cathay ChuanQing	1,231,429	24.00%
Cathay of Riverside	1,104,762	6.00%
Cathay XiJing	1,133,333	4.00%
Dunnan Lin Yuan	1,651,429	2.00%
Cathay YouYong	1,130,476	0.00%
Cathay THE PARK	1,257,143	0.00%
Cathay MOST+	1,890,000	0.00%

- D. The total interests capitalized of the inventories mentioned above were NT\$107,091 thousand and NT\$123,623 thousand for the years ended December 31, 2021 and 2020, respectively. The interest expenses before capitalization were NT\$193,046 thousand and NT\$196,532 thousand, respectively.

The monthly capitalization interest rates of loans for inventories were 0.0594%~0.0883% and 0.0628%~0.2763% for the years ended December 31, 2021 and 2020, respectively.

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

Construction Project	Amount	Trustee	Period
Park Beautiful Mansion	\$33	Cathay United Bank	From June 6, 2018 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Tree Rivers, Cathay's Home I	50	Cathay United Bank	From June 13, 2018 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
HYGGE	355	Cathay United Bank	From July 30, 2018 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Tree Rivers, Cathay's Home II	210	Cathay United Bank	From December 26, 2018 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Have a Rich Year	19	Cathay United Bank	From May 31, 2019 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Cathay Lagom	458	Cathay United Bank	From July 3, 2019 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Cathay Mega+	0	Cathay United Bank	From August 1, 2019 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Cathay ChuanQing	100	Cathay United Bank	From May 5, 2020 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Cathay Opulence	201,784	Cathay United Bank	From July 3, 2020 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Cathay XiJing	196,106	Cathay United Bank	From November 9, 2020 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Cathay THE Park	324,597	Cathay United Bank	From December 23, 2020 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Cathay YouYong	349,192	Cathay United Bank	From February 3, 2021 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Cathay of Riverside	100,450	Cathay United Bank	From February 4, 2021 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Cathay Most+	397,896	Cathay United Bank	From June 16, 2021 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.

As of December 31, 2021, the Company has established a deed of trust with the bank for the construction above to help manage the funds of the presold customers paid. The trust period ends after the construction is completed and the first ownership registration of the property. The balance of the managed funds by the Company in accordance with the above trust deed is NT\$1,571,250 thousand, which is equal to the amount receivable of the presold contract. There is no delay in the delivery of the trust account.

F. The costs of inventories recognized in expenses amount to NT\$7,111,502 thousand and NT\$10,167,502 thousand for the years ended to December 31, 2021 and 2020, including the inventory valuation losses NT\$0 thousand for both the years ended December 31, 2021 and 2020.

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

H. Incremental cost of the contract

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

## (6) Investments accounted for using the equity method

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

Investee	As of December 31,			
	2021		2020	
	Amount	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)
Investment of subsidiaries:				
Cathay Real Estate Management Co., Ltd.	\$118,195	100%	\$115,014	100%
Cathay Healthcare Management Co., Ltd.	525,996	85%	585,785	85%
Cathay Hospitality Management Co., Ltd.	246,677	100%	132,418	100%
Cathay Hospitality Consulting Co., Ltd.	244,815	100%	332,026	100%
Cymbal Medical Network Co., Ltd.	305,610	100%	87,000	100%
Lin Yuan Property Management Co., Ltd.	55,129	51%	58,767	51%
Jinhua Realty Co., Ltd.	342,764	51%	376,917	51%
Bannan Realty Co., Ltd.	402,489	51%	405,774	51%
Sanchong Realty Co., Ltd.	660	66%	-	-
Total	<u>\$2,242,335</u>		<u>\$2,093,701</u>	

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

A. Changes of the investments for using the equity method:

Sanchong Realty Co., Ltd. was established in 2021; Jinhua Realty Co., Ltd. and Bannan Realty Co., Ltd. were established in 2020. After acquiring 41% shares of Lin Yuan Property Management Co., Ltd. in May, 2020, the Company held 51% of its equity and gained control over the entity.

B. The Company acquired 51% of Lin Yuan Property Management Co., Ltd.'s voting shares on May 15, 2020. The transfer price of this transaction and the fair value of the originally held equity on the acquisition date was lower than the fair value of identifiable net asset. The difference was recognized as bargain purchase gains. Please refer to Note 6.(26).

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

**(7) Property, plant and equipment**

	As of December 31,	
	2021	2020
Owner occupied property, plant and equipment	\$5,588	\$5,713
Property, plant and equipment leased out under operating leases	53,913	57,072
Total	<u>\$59,501</u>	<u>\$62,785</u>

A. Owner occupied property, plant and equipment

	Land	Buildings	Leasehold improvement	Other equipment	Total
Cost:					
As of January 1, 2020	\$1,346	\$1,829	\$19,449	\$15,567	\$38,281
Additions	-	-	2,046	457	2,503
As of December 31, 2020	1,346	1,829	21,495	16,114	40,784
Additions	-	-	-	998	998
As of December 31, 2021	<u>\$1,346</u>	<u>\$1,829</u>	<u>\$21,495</u>	<u>\$17,112</u>	<u>\$41,782</u>
Depreciation and impairment:					
As of January 1, 2020	\$-	\$376	\$19,449	\$13,770	\$33,595
Depreciation	-	36	298	1,142	1,476
As of December 31, 2020	-	412	19,747	14,912	35,071
Depreciation	-	36	512	575	1,123
As of December 31, 2021	<u>\$-</u>	<u>\$448</u>	<u>\$20,259</u>	<u>\$15,487</u>	<u>\$36,194</u>
Net carrying amount:					
As of December 31, 2021	<u>\$1,346</u>	<u>\$1,381</u>	<u>\$1,236</u>	<u>\$1,625</u>	<u>\$5,588</u>
As of December 31, 2020	<u>\$1,346</u>	<u>\$1,417</u>	<u>\$1,748</u>	<u>\$1,202</u>	<u>\$5,713</u>

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

	<u>Transportation equipment</u>
Cost:	
As of January 1, 2020	\$116,825
Additions	15,058
Disposals	<u>(13,725)</u>
As of December 31, 2020	118,158
Additions	24,644
Disposals	<u>(25,154)</u>
As of December 31, 2021	<u><u>\$117,648</u></u>
Depreciation and impairment:	
As of January 1, 2020	\$49,117
Depreciation	18,709
Disposals	<u>(6,740)</u>
As of December 31, 2020	61,086
Depreciation	21,308
Disposals	<u>(18,659)</u>
As of December 31, 2021	<u><u>\$63,735</u></u>
Net carrying amount:	
As of December 31, 2021	<u><u>\$53,913</u></u>
As of December 31, 2020	<u><u>\$57,072</u></u>

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

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

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

**(8) Investment property**

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
As of January 1, 2020	\$7,153,543	\$6,194,362	\$13,347,905
Additions	-	15,327	15,327
Disposals	(17,101)	(151,249)	(168,350)
As of December 31, 2020	7,136,442	6,058,440	13,194,882
Additions	-	1,802	1,802
Transfer from Buildings and land held for sale	45,854	51,994	97,848
Disposals	(27,690)	(23,432)	(51,122)
As of December 31, 2021	<u>\$7,154,606</u>	<u>\$6,088,804</u>	<u>\$13,243,410</u>
Depreciation and impairment:			
As of January 1, 2020	\$-	\$2,456,706	\$2,456,706
Depreciation	-	181,371	181,371
Disposals	-	(91,214)	(91,214)
As of December 31, 2020	-	2,546,863	2,546,863
Depreciation	-	183,336	183,336
Disposals	-	(14,513)	(14,513)
As of December 31, 2021	<u>\$-</u>	<u>\$2,715,686</u>	<u>\$2,715,686</u>
Net carrying amount:			
As of December 31, 2021	<u>\$7,154,606</u>	<u>\$3,373,118</u>	<u>\$10,527,724</u>
As of December 31, 2020	<u>\$7,136,442</u>	<u>\$3,511,577</u>	<u>\$10,648,019</u>

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Rental income from investment property	\$312,666	\$338,788
Less:		
Direct operating expenses from investment property generating rental income	(83,633)	(82,156)
Direct operating expenses from investment property not generating rental income	(35,428)	(37,958)
Total	<u>\$193,605</u>	<u>\$218,674</u>

The investment properties held by the Company were not valued at fair value. The amounts of the fair value were only for disclosure. The fair value of the investment properties held by the Company were NT\$16,686,388 thousand and NT\$15,898,086 thousand as of December 31, 2021 and 2020, respectively, which were valued by an independent external appraisal expert and internal valuation. The evaluation method was comparison method and based on the recent actual deal price or the market transaction price of the real estate nearby.

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

**(9) Intangible assets**

	<u>Computer software</u>
Cost:	
As of January 1, 2020	\$35,453
Addition-acquired separately	2,324
As of December 31, 2020	<u>37,777</u>
Addition-acquired separately	3,479
As of December 31, 2021	<u><u>\$41,256</u></u>
Amortization and impairment:	
As of January 1, 2020	\$33,920
Amortization	877
As of December 31, 2020	<u>34,797</u>
Amortization	1,818
As of December 31, 2021	<u><u>\$36,615</u></u>
Net carrying amount:	
As of December 31, 2021	<u><u>\$4,641</u></u>
As of December 31, 2020	<u><u>\$2,980</u></u>

Amortization expense of intangible assets were as follow:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Operating expenses	<u>\$1,818</u>	<u>\$877</u>

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

	<u>As of December 31,</u>	
	<u>2021</u>	<u>2020</u>
Construction land	\$18,425	\$18,425
Prepaid expenses-equipment	72,808	3,441
Refundable deposits	1,211,579	1,214,115
Other non-current assets - other	16,264	16,264
Total	<u><u>\$1,319,076</u></u>	<u><u>\$1,252,245</u></u>

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

Items	As of December 31,		Type	Purpose	Securities
	2021	2020			
Land Serial NO.137-2 etc., Northern shi-zhi of Hou-tsuo section, San-zhi township, New Taipei City	\$18,425	\$18,425	Purchases / Sales	Development	Mortgage setting and commitment

### (11) Short-term loans

	As of December 31,	
	2021	2020
Unsecured bank loans	\$10,770,000	\$6,610,000
Interest rate	0.81%~0.90%	0.75%~0.89%

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

### (12) Short-term notes payable

	As of December 31,	
	2021	2020
Short-term notes and bills payable	\$1,960,000	\$1,420,000
Less: unamortized discount	(1,935)	(1,146)
Net	\$1,958,065	\$1,418,854
Interest rate	0.33%~0.42%	0.29%~0.30%

### (13) Long-term loans

Details of long-term loans as of December 31, 2021 and 2020 are as follows:

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

	As of December		
	31, 2020	Interest rate (%)	Maturity date and terms of repayment
Bank credit loans	\$9,900,000	0.85%~0.87%	Effective July 2019 to July 2023, repayments on due day.
Long-term credit notes payable	729,741	0.29%	Effective August 2020 to August 2023, repayments on due day.
Subtotal	<u>10,629,741</u>		
Less: current portion	<u>(5,400,000)</u>		
Total	<u><u>\$5,229,741</u></u>		

The Company's unused total lines of credits amount to NT\$16,162,890 thousand and NT\$11,698,990 thousand as of 31 December 2021, 31 December 2020, respectively.

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

#### **(14) Retirement employment benefits**

##### A. Defined contribution plan

The defined contribution plan of the Company's Employee Retirement Plan is regulated according to the provisions of the Labor Pension Act. In accordance with the Act, contributions made by the employer cannot be lower than 6% of the participant's monthly wages. Therefore, The Company makes 6% contributions of the monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance on a regular basis.

For the years ended December 31, 2021 and 2020, the expenses related to defined contribution plan amounted to NT\$4,440 thousand and NT\$4,095 thousand, respectively.

##### B. Defined benefits plan

The defined benefit plan of the Company's Employee Retirement Plan is regulated according to the Labor Standards Act. 2. Retirement benefits are based on such factors as the employee's length of service and final pensionable salary. In accordance with the Act, 2 bases are given for each full year on the first 15 years of service and 1 base is given for each full year after 15 years of service. The total bases given shall not exceed 45. Under the retirement plan, the Company contributes monthly an amount equal to 2% of gross salary to the pension reserve fund, which is deposited into a designated depository account with the Bank of Taiwan. At the end of each year, if the balance in the designated labor pension reserve funds is inadequate to cover the benefit estimated to be paid in the following year, the Company should make up the difference before the end of March in the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under emendation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT\$3,488 thousand to its defined benefit plan during the 12 months beginning after December 31, 2021.

As of December 31, 2021 and 2020, the average duration of defined benefit obligation of the Company were expected to be 7.7 years and 8.3 years.

Amounts to be recognized in profit or loss for the years ended December 31, 2021 and 2020 are summarized as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Current period service cost	\$6,049	\$6,400
Net interest on the net defined benefit liability (asset)	253	618
Total	<u>\$6,302</u>	<u>\$7,018</u>

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

	<u>As of</u>		
	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>January 1,</u> <u>2020</u>
Present value of defined benefit obligation	\$154,202	\$168,220	\$168,903
Fair value of plan assets	<u>(75,703)</u>	<u>(80,971)</u>	<u>(78,539)</u>
Other non-current liabilities-accrued pension liabilities recognized on the balance sheets	<u>\$78,499</u>	<u>\$79,249</u>	<u>\$90,364</u>

Reconciliation of net defined benefit liabilities (assets):

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
As of January 1, 2020	\$168,903	\$(78,539)	\$90,364
Net defined benefit cost			
Current service cost	6,400	-	6,400
Interest expense (income)	1,164	(546)	618
Subtotal	7,564	(546)	7,018
Remeasurement of defined benefit liabilities/assets			
Actuarial gains and losses arising from changes in financial assumptions	5,114	-	5,114
Experience adjustment	(3,016)	-	(3,016)
Remeasurement of plan assets	-	(1,365)	(1,365)
Subtotal	2,098	(1,365)	733
Payments from the plan	(18,345)	5,939	(12,406)
Contributions by employer	-	(6,460)	(6,460)
As of December 31, 2020	160,220	(80,971)	79,249
Net defined benefit cost			
Current service cost	6,049	-	6,049
Interest expense (income)	497	(244)	253
Subtotal	6,564	(244)	6,302
Remeasurement of defined benefit liabilities/assets			
Actuarial gains and losses arising from changes in demographic assumptions	3,552	-	(3,552)
Actuarial gains and losses arising from changes in financial assumptions	(4,089)	-	(4,089)
Experience adjustment	2,275	-	2,275
Remeasurement of plan assets	-	(1,140)	(1,140)
Subtotal	1,738	(1,140)	598
Payments from the plan	(14,302)	10,150	(4,152)
Contributions by employer	-	(3,498)	(3,498)
As of December 31, 2021	\$154,202	\$(75,703)	\$78,499

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

	As of December 31,	
	2021	2020
Discount rate	0.66%	0.32%
Expected rate of salary increases	2.00%	2.00%

A sensitivity analysis for significant assumption as at December 31, 2021 and 2020 was as follow:

	For the years ended December 31,			
	2021		2020	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increases by 0.25%	\$-	\$2,930	\$-	\$3,365
Discount rate decreases by 0.25%	3,084	-	3,365	-
Future salary increases by 0.5%	5,860	-	6,569	-
Future salary decreases by 0.5%	-	5,705	-	6,249

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

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

## **(15) Common stock**

The Company's authorized capital was NT\$ 20,000,000 thousand and issued capital was NT\$ 11,595,611 thousand as at December 31, 2021 and 2020, respectively. The Company has issued 1,159,561 thousand shares as at December 31, 2021 and 2020, respectively, each at a par value of NT\$10. Each share has one voting right and a right to receive dividends.

## (16) Capital surplus

	As of December 31,	
	2021	2020
Treasury share transactions	\$10,407	\$10,407
Others - overdue dividends	28,439	29,108
Total	<u>\$38,846</u>	<u>\$39,515</u>

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

## (17) Retained earnings

### A. Legal reserve

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

### B. Special reserve

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

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

At the first-time adoption of IFRSs, special reverse set aside by The Company was NT\$504,189 thousand. As of December 31, 2021, there were no use, disposition or reclassification of related assets and there is no need to revolving special reserve to retained earnings.

### C. Retained earnings and dividend policies

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

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

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

D. For the years ended December 31, 2020 and 2019, the details of earnings distribution and dividends per share were resolved by the shareholder's meeting on July 23, 2021 and June 12, 2020, were as follows:

	Appropriation of earnings (in thousand NT dollars)		Cash Dividend per share (NT dollars)	
	2020	2019	2020	2019
Legal reserve	\$149,397	\$137,050		
Common stock - cash dividend	1,159,561	1,159,561	\$1.0	\$1.0

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

### (18) Operating revenues

	For the years ended December 31,	
	2021	2020
Revenue from contracts with customers		
Sales of buildings and land	\$9,493,911	\$12,971,111
Rental income	339,671	365,117
Total	<u>\$9,833,582</u>	<u>\$13,336,228</u>

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

A. Disaggregation of revenue

For the year ended December 31, 2021

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

For the year ended December 31, 2020

	Property and real estate investment development department
Sales of buildings and lands	\$12,971,111
Rental income	365,117
Total	<u>\$13,336,228</u>
Revenue recognition point:	
At a point in time	\$12,971,111
Over time	365,117
Total	<u>\$13,336,228</u>

B. Contract balances

Contract liabilities – current

	As of		
	December 31, 2021	December 31, 2020	January 1, 2020
Sales of goods	<u>\$4,627,062</u>	<u>\$4,421,199</u>	<u>\$3,526,415</u>

For the years ended December 31, 2021 and 2020, the movement in the contract liabilities are as follows:

	For the years ended December 31,	
	2021	2020
Revenue recognized during the year that was included in the balance at the beginning of the year	\$(1,990,307)	\$(924,497)
Increase in receipt in advance during the period	2,196,170	1,819,281

C. Assets recognized from the revenue from contracts with customers

Incremental costs of obtaining contracts

	As of December 31,	
	2021	2020
Sales of buildings and land	\$777,147	\$633,029

The amortized amount of the incremental cost of the Company's acquisition of the contract for the years ended December 31, 2021 and 2020 were NT\$264,224 thousand and NT\$279,282 thousand, respectively.

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

	For the years ended December 31,	
	2021	2020
Operating expenses-expected credit losses/ (gains)		
Accounts receivable	\$(9)	\$(34)

Please refer to Note 12 for information of credit risks.

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

December 31, 2021

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

December 31, 2020

	Neither past due (Note)	Past due					Total
		Within 30 days	31-90 days	91-270 days	271- 365days	Over 365 days	
Gross carrying amount	\$271,610	\$848	\$-	\$-	\$-	\$-	\$272,458
Loss ratio	-	1.14%	-	-	-	-	
Lifetime expected credit losses	-	10	-	-	-	-	10
Total	\$271,610	\$838	\$-	\$-	\$-	\$-	\$272,448

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

For the years ended December 31, 2021 and 2020, the movement in the provision for impairment of notes receivable and accounts receivable are as follows:

	Notes receivable	Accounts receivable
As of January 1, 2020	\$-	\$44
Addition/(reversal) for the current period	-	(34)
Amounts written off during the period as uncollectible	-	-
As of December 31, 2020	-	10
Addition/(reversal) for the current period	-	(9)
Amounts written off during the period as uncollectible	-	-
As of December 31, 2021	\$-	\$1

## (20) Operating leases

### A. Operating lease commitments - Company as lessee

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

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

#### a. Amounts recognized in the balance sheet

##### (a) Right-of-use asset

The carrying amount of right-of-use asset

	As of December 31,	
	2021	2020
Land	\$13,334	\$8,263
Buildings	23,251	8,083
Total	\$36,585	\$16,346

For the years ended December 31, 2021 and 2020, the Company's additions to right-of-use assets amounting to NT\$46,472 thousand and NT\$1,388 thousand, respectively.

(b) Lease liability

	As of December 31,	
	2021	2020
Lease liability	\$35,955	\$14,417
Current	\$25,474	\$12,317
Non-current	10,481	2,100

Please refer to Note 6.(22).D for the interest on lease liability recognized during the years ended December 31, 2021 and 2020 and refer to Note 12.(5) for the maturity analysis for lease liabilities as of December 31, 2021 and 2020.

b. Amounts recognized in the income statement

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2021	2020
Land	\$10,400	\$7,250
Buildings	15,833	16,165
Total	\$26,233	\$23,415

c. Income and costs relating to leasing activities

	For the years ended December 31,	
	2021	2020
The expense relating to short-term leases	\$642	\$278
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	-	-
The expense relating to variable lease payments not included in the measurement of lease liabilities	-	-

As of December 31, 2021 and 2020, the short-term lease portfolio promised by the Company and the types of lease targets related to the aforementioned short-term lease expenses are similar.

d. Cash outflow relating to leasing activities

During the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases amounting to NT\$25,944 thousand and NT\$20,927 thousand, respectively.

B. Company as lessor

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

	For the years ended December 31,	
	2021	2020
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$339,671	\$365,117

Please refer to Note 6.(7) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2021 and 2020 are as follow:

	As of December 31,	
	2021	2020
Not later than 1 year	\$210,037	\$210,897
Later than 1 year and not later than 2 years	210,037	210,037
Later than 2 year and not later than 3 years	210,037	210,037
Later than 3 year and not later than 4 years	210,037	210,037
Later than 4 year and not later than 5 years	87,516	210,037
Later than five years	190	87,516
Total	\$927,854	\$1,138,561

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

Description	Function	For the year ended December 31, 2021			For the year ended December 31, 2020		
		Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits expense							
Salaries and wages		\$30,803	\$158,204	\$189,007	\$32,285	\$155,055	\$187,340
Labor and health insurance		-	13,876	13,876	-	12,424	12,424
Pension		-	10,742	10,742	-	11,113	11,113
Director's remuneration		-	7,755	7,755	-	7,800	7,800
Depreciation and depletion		204,645	27,355	232,000	200,080	24,891	224,971
Amortization		-	1,818	1,818	-	877	877

- A. On December 31, 2021 and 2020, the numbers of employees were 153 and 148 respectively, among which the numbers of directors who have not served as employees were both 4.
- B. The average employee benefits expense for the years ended December 31, 2021 and 2020 were NT\$1,434 thousand and NT\$1,464 thousand, respectively. (“Total employee benefits expense for the year - Total director’s remuneration for the year” / “Number of employees for the year - Number of directors who have not served as employees for the year”)
- C. The average salaries and wages for the years ended December 31, 2021 and 2020 were NT\$1,269 thousand and NT\$1,301 thousand, respectively (“Total salaries and wages for the year” / “Number of employees for the year - Number of directors who have not served as employees for the year”). The average salaries and wages decreased by 2.46% (“Average salaries and wages for the year - Average salaries and wages last year” / “Average salaries and wages last year”).
- D. The Company established an audit committee instead of supervisors.
- E. The Company’s policy of salaries and wages for directors, managers and employees is as follows: In order to attract, keep and motivate talents for the balance of sustainable running and risk control, the Company follows “Directors’ Remuneration Guidelines”, “Managers’ Remuneration Guidelines”, employees’ salaries regulations and other related regulations to decide salaries and wages. Also, the Company comprehensively considers individuals’ responsibility, the market, contribution, performance and expected or realized risks. Related regulations are modified and reviewed on regular basis based on actual operation.
- F. Employees’ Compensation and Directors’ Remuneration

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

The Company's employees' compensation and directors' remuneration was NT\$927 thousand and NT\$2,400 thousand, estimated as 0.1% and lower than 1% of the Company's net profit and recognized as compensation for employees and directors' remuneration for the year ended December 31, 2021. The amount of employees' compensation and directors' remuneration recognized in the year ended December 31, 2020 was NT\$1,652 thousand and NT\$2,400 thousand, respectively. The aforementioned amounts were listed under salary expenses. If the abovementioned employees' compensation and directors' remuneration estimations are different from the actual distributed amount resolved by the board of director's meeting, the difference will be recognized as profit or loss in the next period.

The Company's the board of director's meeting on March 18, 2021 resolved to distribute NT\$1,652 thousand and NT\$2,400 thousand of employee's and director's compensation in cash. There are no material differences exist between the estimated amount and the actual distribution.

## (22) Non-operating income and expenses

### A. Interest income

	For the years ended December 31,	
	2021	2020
Deposit interest	\$316	\$726
Others	351	430
Total	\$667	\$1,156

### B. Other income

	For the years ended December 31,	
	2021	2020
Dividend income	\$146,949	\$117,922
Other	68,144	61,057
Total	\$215,093	\$178,979

### C. Other gains and losses

	For the years ended December 31,	
	2021	2020
Gains on disposal and abandon of property, plant and equipment	\$3,960	\$972
Gains on disposal of investment	-	87,569
Other	(1,188)	(742)
Total	\$2,772	\$87,799

## D. Finance costs

	For the years ended December 31,	
	2021	2020
Interest on borrowings from bank	\$85,587	\$72,483
Interest on lease liabilities	368	426
Total	\$85,955	\$72,909

## (23) Components of other comprehensive income

For the year ended December 31, 2021

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit plans	\$(598)	\$-	\$(598)	\$120	\$(478)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	1,295,092	-	1,295,092	-	1,295,092
Share of other comprehensive income of associates and joint ventures accounted for using equity method	465	-	465	-	465
Total of other comprehensive income	\$1,294,959	\$-	\$1,294,959	\$120	\$1,295,079

For the year ended December 31, 2020

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit plans	\$(733)	\$-	\$(733)	\$146	\$(587)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(164,942)	-	(164,942)	-	(164,942)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(1,480)	-	(1,480)	-	(1,480)
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(596)	(87,569)	(88,165)	-	(88,165)
Total of other comprehensive income	\$(167,751)	\$(87,569)	\$(255,320)	\$146	\$(255,174)

## (24) Income taxes

The major components of income tax expense were as follows:

### Income tax recognized in profit or loss

	For the years ended December 31,	
	2021	2020
Current income tax expense (income):		
Current income tax payable	\$9,250	\$3,857
Current land value increment tax charge	68,483	65,158
Adjustments in respect of current income tax of prior periods	(1,538)	(2,501)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	134	97,742
Total income tax expense (income)	<u>\$76,329</u>	<u>\$164,256</u>

### Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2021	2020
Deferred tax expense (income):		
Remeasurements of defined benefit plans	<u>\$(120)</u>	<u>\$(146)</u>

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

	For the years ended December 31,	
	2021	2020
Accounting profit before tax from continuing operations	<u>\$923,868</u>	<u>\$1,648,236</u>
Tax at the domestic rates applicable to profits in the country concerned	\$184,774	\$329,647
Tax effect of revenues exempt from taxation	(400,034)	(219,430)
Tax effect of non-deductible expenses	165,580	118,072
Tax effect of deferred tax assets/liabilities	49,814	(130,547)
Surtax on undistributed retain earnings	9,250	3,857
Adjustments in respect of current income tax of prior periods	(1,538)	(2,501)
Current land value increment tax	68,483	61,158
Total income tax expense (income) recognized in profit or loss	<u>\$76,329</u>	<u>\$164,256</u>

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2021

	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in comprehensive income other	Ending balance
Temporary differences				
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS - land value increment tax	\$(10,049)	\$-	\$-	\$(10,049)
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS	93,652	(2,601)	-	91,051
Depreciation difference for tax purpose - investment property	98,795	(2,744)	-	96,051
Depreciation difference for tax purpose of property, plants and Equipment - interest capitalization	2,235	(97)	-	2,138
Unrealized intragroup profits and losses	6,156	(8)	-	6,148
Allowance for loss	1,400	-	-	1,400
Allowance for loss of inventories price falling	2,869	-	-	2,869
Non-current liability - defined benefit liability	11,675	(417)	120	11,378
Accrued expenses over two years transfer to revenue	7	-	-	7
Unrealized advertising fee	113,637	5,733	-	119,370
Deferred tax income/ (expense)		<u>\$(134)</u>	<u>\$120</u>	
Net deferred tax assets/(liabilities)	<u>\$320,377</u>			<u>\$320,363</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$330,426</u>			<u>\$330,412</u>
Deferred tax liabilities	<u>\$(10,049)</u>			<u>\$(10,049)</u>

For the year ended December 31, 2020

	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance
Temporary differences				
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS - land value increment tax	\$(10,049)	\$-	\$-	\$(10,049)
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS	96,746	(3,094)	-	93,652
Depreciation difference for tax purpose - investment property	101,539	(2,744)	-	98,795
Depreciation difference for tax purpose of property, plants and Equipment - interest capitalization	2,332	(97)	-	2,235
Investments accounted for using equity method	64,158	(64,158)	-	-
Unrealized intragroup profits and losses	112	6,044	-	6,156
Allowance for loss	1,400	-	-	1,400
Allowance for loss of inventories price falling	28,665	(25,796)	-	2,869
Non-current liability - defined benefit liability	13,751	(2,222)	146	11,675
Accrued expenses over two years transfer to revenue	7	-	-	7
Unrealized advertising fee	119,312	(5,675)	-	113,637
Deferred tax income/ (expense)		<u>\$(97,742)</u>	<u>\$146</u>	
Net deferred tax assets/(liabilities)	<u>\$417,973</u>			<u>\$320,377</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$428,022</u>			<u>\$330,426</u>
Deferred tax liabilities	<u>\$(10,049)</u>			<u>\$(10,049)</u>

The following table contains information of the unused tax losses of the Company:

Year	Tax losses for the period	Unused tax losses as of December 31,		Expiration year
		2021	2020	
2018	\$1,086,163	\$305,607	\$262,954	2019~2028

### Unrecognized deferred tax assets

As of December 31, 2021 and 2020, the deferred tax assets have not been recognized amount to NT\$61,121 thousand and NT\$52,591 thousand, respectively.

### The assessment of income tax returns

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

## **(25) Earnings per share**

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

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

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	<u>\$847,539</u>	<u>\$1,483,980</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>1,159,561</u>	<u>1,159,561</u>
Basic earnings per share (NT\$)	<u>\$0.73</u>	<u>\$1.28</u>
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$847,539</u>	<u>\$1,483,980</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	1,159,561	1,159,561
Effect of dilution:		
Employee compensation-stock (in thousands)	<u>66</u>	<u>111</u>
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>1,159,627</u>	<u>1,159,672</u>
Diluted earnings per share (NT\$)	<u>\$0.73</u>	<u>\$1.28</u>

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

## (26) Business combinations

### Acquisition of Lin Yuan Property Management Co., Ltd.

On May 15, 2020, the Company acquired 51% of voting shares of Lin Yuan Property Management Co., Ltd., which provides services such as property management, manpower dispatch and parking lots operation. The Company acquired Lin Yuan Property Management Co., Ltd. to develop intellectual buildings and parking lots, expand real estate management market and increase investment profits.

The Company has elected to measure the non-controlling interest by its proportion of the fair value of the acquiree's identifiable assets.

The fair value of the identifiable assets and liabilities of Lin Yuan Property Management Co., Ltd. as at the date of acquisition were:

	<u>Fair value recognized on the acquisition date</u>
Assets	
Cash and cash equivalents	\$202,436
Accounts receivable	58,249
Prepayments	386
Others current assets	5,000
Others equipment	236
Investment property	9,480
Intangible assets	169
Deferred tax assets	15,097
Other non-currents assets	1,753
Subtotal	<u>292,806</u>
Liabilities	
Accounts payable	43,800
Other payables	26,696
Current tax liabilities	10,520
Other current liabilities	2,201
Other Non-current liabilities	74,670
Subtotal	<u>157,887</u>
Identifiable net assets	<u><u>\$134,919</u></u>

Bargain purchase gain is calculated as follows:

Purchase consideration	\$53,247
Add: fair value of the equity the Company originally held on acquisition date	12,987
Add: non-controlling interests at fair value	66,110
Less: identifiable net assets at fair value	(134,919)
Bargain purchase gain	<u><u>\$(2,575)</u></u>

Analysis of cash flows on acquisition:

Cash paid	\$53,247
Net cash acquired with the subsidiary	(202,436)
Net cash flow	<u><u>\$(149,189)</u></u>

From the acquisition date May 15, 2020 to December 31, 2020, Lin Yuan Property Management Co., Ltd. has contributed NT\$20,547 thousand to the profit for the year from continuing operations. If the combination had taken place at the beginning of the year, the profit for the year from continuing operations for the Company would have been NT\$1,495,519 thousand.

## **7. RELATED PARTY TRANSACTIONS**

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

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

Name of the related parties	Nature of relationship of the related parties
Cathay Hospitality Management Co., Ltd. (Cathay Hospitality)	Subsidiary
Cathay Hospitality Consulting Co., Ltd. (Cathay Hospitality Consulting)	Subsidiary
Jinhua Realty Co., Ltd. (Jinhua Realty)	Subsidiary
Bannan Realty Co., Ltd (Bannan Realty)	Subsidiary
Lin Yuan Property Management Co., Ltd. (Lin Yuan Property)	Subsidiary (Note)
Cathay Life Insurance Co., Ltd. (Cathay Life Insurance)	Others
Cathay United Bank Co., Ltd. (Cathay United Bank)	Others
Cathay Century Insurance Co., Ltd. (Cathay Century Insurance)	Others
San Ching Engineering Co., Ltd. (San Ching Engineering)	Others
Lin Yuan Investment Co., Ltd. (Lin Yuan Investment)	Others
Nangang International One Co., Ltd. (Nangang One)	Others
Nangang International Two Co., Ltd. (Nangang Two)	Others

Note: Lin Yuan Property Management Co., Ltd. was acquired by the Company on May 15, 2020 and became the Company's subsidiary.

## (2) Significant transactions with the related parties

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

### A. Cash in banks and short-term loans

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

		For the year ended December 31, 2020			
Name of the related parties	Type	Maximum amount	Year ended balance	Interest rate (%)	Interest income (expenses)
Others:					
Cathay United Bank	Demand deposit	\$5,248,560	\$1,217,710	0.05%	\$176
	Checking accounts	3,492,959	110,652	-	-
	Securities accounts	1,050,098	17,518	0.01%	9
	Short-term loan	250,000	-	1.00%	(60)

### B. Purchase

		For the years ended December 31,	
Name of the related parties	Type	2021	2020
Others:			
San Ching Engineering	Building constructing or expansion	\$2,337,393	\$1,901,357
Cathay United Bank	Management fee of trust service	4,962	7,732
Lin Yuan Investment	Urban renewal co-construction landlord subsidies	6,720	3,960
Total		<u>\$2,349,075</u>	<u>\$1,913,049</u>

- a. The purchase price to the above related parties was determined through agreement based on the market rates.
- b. The total price of the commissioned construction and consultancy contracts signed by the Company and San Ching Engineering was NT\$13,649,042 thousand and NT\$7,325,649 thousand as of December 31, 2021 and 2020, respectively.

### C. Sales

- a. Sales revenue

Name of the related parties	Type	For the years ended December 31,	
		2021	2020
Subsidiary:			
Jinhua Realty	Sales of construction land	\$-	\$1,614,198

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

- b. Rental Income

Name of the related parties	Type	For the years ended December 31,	
		2021	2020
Subsidiary:			
Cathay Hospitality	Office and vehicles rental	\$27,643	\$32,815
Cathay Hospitality Consulting	Office and vehicles rental	28,127	30,964
Others:			
Cathay Life Insurance	Office and vehicles rental	7,574	7,977
Cathay United Bank	Office and vehicles rental	18,008	18,594
Total		\$81,352	\$90,350

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

### D. Notes and accounts payable – related parties

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

Name of the related parties	As of December 31,	
	2021	2020
Others:		
San Ching Engineering	\$-	\$48,574

E. Lease - related parties

a. Right-of-use assets

	As of December 31,	
	2021	2020
Others:		
Cathay Life Insurance	\$23,251	\$8,083

The Company acquired right-of-use assets from Cathay Life Insurance amounting to NT\$31,001 thousand and NT\$1,388 thousand for the years ended December 31, 2021 and 2020, respectively.

b. Lease liabilities

	As of December 31,	
	2021	2020
Others:		
Cathay Life Insurance	\$23,307	\$8,168

c. Interest expenses

	For the years ended December 31,	
	2021	2020
Others:		
Cathay Life Insurance	\$205	\$275

F. Others

a. Other receivables

Name of the related parties	Items	As of December 31,	
		2021	2020
Subsidiary:			
Bannan Realty	Business commission fee	\$-	\$4,719

b. Refundable deposits

Name of the related parties	Items	As of December 31,	
		2021	2020
Others:			
Cathay Life Insurance	Rent deposit	\$4,215	\$4,090
Lin Yuan Investment	Joint construction deposit	12,000	8,000
Total		\$16,215	\$12,090

c. Guarantee deposit received

Name of the related parties	Items	As of December 31,	
		2021	2020
Others:			
Cathay United Bank	Rent deposit	\$4,446	\$4,446

G. Other income

Name of the related parties	Items	For the years ended December 31,	
		2021	2020
Subsidiary :			
Bannan Realty	Business commission fee	\$6,204	\$4,719
Others:			
Cathay Life Insurance	Management fee and planning fee	4,536	3,445
Cathay United Bank	Management fee and planning fee	4,837	4,852
Nangang One	Consulting service	7,040	-
Nangang Two	Consulting service	8,960	-
Total		\$31,577	\$13,016

H. Operating costs

Name of the related parties	Items	For the years ended December 31,	
		2021	2020
Subsidiary:			
Lin Yuan Property	Management and repairing fee	\$37,028	\$40,183
Others:			
Cathay Century	Insurance fee	5,992	6,041
Total		\$43,020	\$46,224

I. Property transaction

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

For the year ended December 31, 2021: None.

For the year ended December 31, 2020:

a. Acquisition of financial assets

Name of the related parties	Items	Shares	Subject matter	Purchase price
Others:				
San Ching Engineering	Investments accounted for using equity method	1,230,000	Shares of Lin Yuan Property	<u>\$53,247</u>

b. Acquisition of investment properties

Name of the related parties	Subject matter	Purchase price
Subsidiary:		
Lin Yuan Property	Business facilities	<u>\$15,327</u>

J. Key management personnel compensation

	For the years ended December 31,	
	2021	2020
Short-term employee benefits	\$36,316	\$36,049
Post-employment benefits	324	323
Total	<u>\$36,640</u>	<u>\$36,372</u>

**8. PLEGGED ASSETS**

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

Items	As of December 31,		Secured liabilities
	2021	2020	
Inventories	\$1,680,000	\$2,640,000	Short-term loan & Long-term loan
Investment property	7,979,172	8,057,172	Short-term loan & Long-term loan
Total	<u>\$9,659,172</u>	<u>\$10,697,172</u>	

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

**9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES**

**(1) Significant contract**

Besides Note 7.(2).B, as of December 31, 2021, the total contract price of the construction contracts signed by the Company with non-related parties was NT\$8,023,476 thousand, in which NT\$5,209,060 thousand was not paid.

## (2) Others

Guarantee notes issued for borrowings (financing) were NT\$37,009,200 thousand as of December 31, 2021.

## 10. SIGNIFICANT DISASTER LOSSES

None.

## 11. SIGNIFICANT SUBSEQUENT EVENTS

- (1) Considering the overall operation, the Company disposed of the land at No. 174, Sanchong Section, Sanchong District, New Taipei City on January 27, 2022 to its subsidiary, Sanchong Realty Co., Ltd. . The total transaction price was NT\$3,471,000 thousand.
- (2) Considering the overall operation, the Company disposed of 195,000 thousand ordinary shares from Taiwan Star Telecom Co., Ltd. with a fair value of NT\$1,846,000 thousand. Involved shares were transferred on March 4, 2022. The cumulative unrealized valuation loss amounted to NT\$104,000 thousand reclassified from other equity to retained earnings.

## 12. OTHERS

### (1) Categories of financial instruments

#### Financial Assets

	As of December 31,	
	2021	2020
Financial assets at fair value through other comprehensive income	\$5,806,199	\$4,511,107
Financial assets at amortized cost:		
Cash and cash equivalents	1,897,456	1,969,143
Notes receivable	20,890	31,527
Accounts receivable	153,618	240,921
Other receivables	2,148	13,009
Refundable deposits	1,211,579	1,214,115
Subtotal	3,285,691	3,468,715
Total	\$9,091,890	\$7,979,822

## Financial Liabilities

	As of December 31,	
	2021	2020
Financial liabilities at amortized cost:		
Short-term loans	\$10,770,000	\$6,610,000
Short-term notes payable	1,958,065	1,418,854
Accounts payables	1,032,649	1,289,541
Long-term loans (including current portion)	12,228,685	10,629,741
Lease liabilities	35,955	14,417
Guarantee deposit received	89,357	82,459
Total	<u>\$26,114,711</u>	<u>\$20,045,012</u>

### **(2) Financial risk management objectives and policies**

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

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Company consistently complies with its financial risk management policies.

### **(3) Market risk**

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

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

#### Foreign currency risk

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

### Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit to decrease/increase by NT\$12,728 thousand and NT\$8,029 thousand for the years ended December 31, 2021 and 2020, respectively.

### Equity price risk

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

When the price of the listed equity securities at fair value through other comprehensive income increases/decreases 5%, it could have impacts of NT\$272,554 thousand and NT\$206,400 thousand for the years ended December 31, 2021 and 2020 on the profit/loss or equity attributable to the Company.

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

## **(4) Credit risk management**

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

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating

criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2021 and 2020, accounts receivable from top ten customers represented low percentage of the total accounts receivable of the Company. The credit concentration risk of other accounts receivable is insignificant.

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

## (5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility using cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

### Non-derivative financial instruments

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

	As of December 31, 2020				
	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Borrowings	\$13,533,145	\$5,274,869	\$-	\$-	\$18,808,014
Accounts payable	1,289,541	-	-	-	1,289,541
Lease liabilities	12,317	2,100	-	-	14,417
Guarantee deposits	24,093	38,609	11,467	8,290	82,459

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

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

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

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

Reconciliations of the liabilities for the year ended December 31, 2020:

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Lease liabilities	Total
As of January 1, 2020	\$6,900,000	\$499,540	\$10,799,510	\$33,252	\$18,232,302
Cash flows	(290,000)	919,314	(169,769)	(20,649)	438,896
Non-cash changes					
Interest on lease liabilities	-	-	-	426	426
Other (Note)	-	-	-	1,388	1,388
As of December 31, 2020	<u>\$6,610,000</u>	<u>\$1,418,854</u>	<u>\$10,629,741</u>	<u>\$14,417</u>	<u>\$18,673,012</u>

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

## (7) Fair values of financial instruments

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

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

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

**B. Fair value of financial instruments measured at amortized cost**

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

**(8) Fair value measurement hierarchy**

**A. Fair value measurement hierarchy**

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – Unobservable inputs for the asset or liability

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

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

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

value on a recurring basis is as follows:

As of December 31, 2021

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

As of December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Stocks	\$2,437,036	\$1,690,972	\$383,099	\$4,511,107

The Company had no assets and liabilities recurring measured at fair value transferring between Level 1 and Level 2 for the years ended December 31, 2021 and 2020.

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

	Asset measured at fair value through other comprehensive income- Stocks	
	2021	2020
As of January 1	\$383,099	\$317,845
Total gains and losses recognized for the year ended 31		
Amount recognized in OCI	(27,983)	78,241
Disposals	-	(12,987)
As of December 31	\$355,116	\$383,099

Total gains and losses recognized in profit or loss is NT\$27,983 thousand loss and NT\$75,136 thousand gain for the years ended December 31, 2021 and 2020, respectively.

#### Information on significant unobservable inputs to valuation

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

## As of December 31, 2021

	Valuation technique	Material unobservable inputs	Quantitative information	Inputs and the fair value relationship	Inputs and the fair value relationship's sensitivity analysis value relationship
Financial assets :					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	30%~50%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Company's equity by NT\$25,968 thousand
	Assets approach	P/E ratio of similar entities	0%~30%	The higher the P/E ratio of similar entities, the higher the fair value of the stocks	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Company's equity by NT\$17,320 thousand

## As of December 31, 2020

	Valuation technique	Material unobservable inputs	Quantitative information	Inputs and the fair value relationship	Inputs and the fair value relationship's sensitivity analysis value relationship
Financial assets :					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	30%~50%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Company's equity by NT\$34,998 thousand
	Assets approach	P/E ratio of similar entities	0%~30%	The higher the P/E ratio of similar entities, the higher the fair value of the stocks	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Company's equity by NT\$17,530 thousand

### (9) Significant assets and liabilities denominated in foreign currencies

The Company did not hold major foreign currency financial assets and liabilities as of December 31, 2021 and 2020, respectively.

## **(10) Capital management**

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize shareholder value. The Company manages its capital structure and adjusts it, considering changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

## **13. OTHER DISCLOSURE**

### **(1) Significant transaction information**

- A. Financings provided to others: None.
- B. Endorsement/guarantee provided to others: None
- C. Securities held as of December 31, 2021 (not including subsidiaries, associates and joint ventures): Please refer to Table 1.
- D. Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20% of the paid-in capital: Please refer to Table 2.
- E. Acquisition of property with the amount exceeding NT\$300 million or 20% of the paid-in capital: Please refer to Table 3.
- F. Disposal of property with amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- G. Purchases or sales of goods from or to related parties exceeding NT\$100 million or 20% of the paid-in capital or more: Please refer to Table 4.
- H. Receivables from related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital: None.
- I. Derivative financial instruments undertaken: None.
- J. Significant intercompany transactions between consolidated entities: Please refer to Table 5.

### **(2) Investee information**

- A. Financings provided to others: None.
- B. Endorsement/guarantee provided to others: None.
- C. Securities held as of December 31, 2021 (not including subsidiaries, associates and joint ventures): Please refer to Table 6.
- D. Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- E. Acquisition of property with the amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- F. Disposal of property with amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- G. Purchases or sales of goods from or to related parties exceeding NT\$100 million or 20%

of the paid-in capital or more: None.

H. Receivables from related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital: None.

I. Derivative financial instruments undertaken: None.

J. Names, locations and related information of investee companies: Please refer to Table 7.

**(3) Investment in Mainland China**

None.

**(4) Information on Major Shareholders**

Please refer to Table 8.

**14. OPERATING SEGMENT INFORMATION**

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

English Translation of Financial Statements Originally Issued in Chinese

Table 1: Securities held as of December 31, 2021 (not including subsidiaries, associates and joint ventures)

Unit: NT\$1,000 ; Share

Holding Company	Type and Name of the Securities (Note)	Relationship	Financial Statement Account	As of December 31, 2021				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Market Value	
Cathay Real Estate Development Co., Ltd.	Stock – Cathay Financial Holdings Co., Ltd.	Others	Financial assets at fair value through other comprehensive income-current	57,681,332	\$3,605,083	0.44%	\$3,605,083	
"	Stock – Symphox Information Co., Ltd.	Others	Financial assets at fair value through other comprehensive income-non-current	5,489,000	128,058	11.00%	128,058	
"	Stock – Taiwan Star Telecom Co., Ltd.	None	"	195,000,000	1,846,000	3.68%	1,846,000	
"	Stock – Gong Cheng Industrial Co.	None	"	1,580,083	-	3.23%	-	
"	Stock – Gian Feng Investment Co., Ltd.	None	"	2,000,000	25,423	10.00%	25,423	
"	Stock – MetroWalk international Co., Ltd.	None	"	3,448,276	53,862	1.72%	53,862	
"	Stock – Budworth Investments Limited	None	"	30,314	45	3.33%	45	
"	Stock – Nangang International One Co., Ltd.	Others	"	7,485,000	74,167	4.99%	74,167	
"	Stock – Nangang International Two Co., Ltd.	Others	"	7,485,000	73,561	4.99%	73,561	

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

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

Unit : NT\$1,000

Company	Securities Category (Note 1)	Financial Statement Account	Counterparty (Note 2)	Relationship (Note 2)	As of January 1, 2021		Sell (Note 3)				As of December 31, 2021		
					Shares	Amount	Shares	Amount	Shares	Price	Book Cost	Gain / Loss	Shares
Cathay Real Estate Development Co., Ltd.	The stocks of Cathay Hospitality Management Co., Ltd.	Investments accounted for using equity method	Cathay Hospitality Management Co., Ltd.	Subsidiary	-	\$-	39,000,000	\$390,000	-	\$-	\$-	-	\$-
"	The stocks of Cathay Hospitality Consulting Co., Ltd.	Investments accounted for using equity method	Cathay Hospitality Consulting Co., Ltd.	Subsidiary	-	\$-	30,000,000	\$300,000	-	\$-	\$-	-	\$-

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

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

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

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

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

Unit : NT\$1,000

Company	Property Name	Transaction Date	Transaction Amount	Status of Payment	Counterparty	Relationship with the Company	Disclosure of Information on Previous Transfer of Property is Required for Related Parties who are also the Counterparty				References for Determining Price	Purpose of Acquisition and Current Condition	Others
							Owner	Relationship with the Company	Date of Transfer	Amount			
Cathay Real Estate Development Co., Ltd.	Land and Buildings No. 252, 252-1, Guandi Section, East District, Tainan City	2021.02.05	\$653,131	Installment by agreement	Individual	None	-	-	-	1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties	Construction & Building	None	
Cathay Real Estate Development Co., Ltd.	land Serial No. 952 etc, Section 4, Zhonggu Section, Sanmin District, Kaohsiung City	2021.03.11	1,046,965	Installment by agreement	Individual	None	-	-	-	1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties	Construction	None	
Cathay Real Estate Development Co., Ltd.	No. 174, Sanchong Section, Sanchong District, New Taipei City	2021.04.13	3,394,600	Pay the final payment within 60 days after winning the bid	Legal person	None	-	-	-	The bid is submitted to the chairman for approval after internal evaluation	Construction	None	
Cathay Real Estate Development Co., Ltd.	No. 70, Huiji Section, Nantun District, Taichung City	2021.04.28	993,603	Installment by agreement	Individual	None	-	-	-	1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties	Construction	None	
Cathay Real Estate Development Co., Ltd.	land Serial No. 569, 570, 571, 573, 574, 575 in Meihe Section, Beitun District, Taichung City	2021.08.26	775,398	Installment by agreement	Individual	None	-	-	-	1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties	Construction	None	
Cathay Real Estate Development Co., Ltd.	Land No. 61, Section 5, Tammui Section, Neihu District, Taipei City	2021.11.25	1,985,879	Installment by agreement	Individual	None	-	-	-	1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties	Construction	None	

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

Unit : NT\$1,000

Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts payable		Note	
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts payable
Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd	Associate	Construction-in-progress	\$2,337,393	16.70%	Not applicable	\$-	-	\$-	0.00% (Note)	Construction

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

Table 5: Significant intercompany transactions between consolidated entities

No. (Note 1)	Company name	County	Relationship (Note 2)	Account	Transaction Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Rental income	\$349	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Accounts receivable-related parties	36	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Operating expenses-miscellaneous expenses	71	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Operating expenses-conference fee	179	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Operating expenses-entertainment expenses	10	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Deferred credits-gains on inter-affiliate accounts	13,293	Regular	0.02%
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Realized gain from inter-affiliate accounts	41	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Cost of rental sales	1,800	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Other income	22	Regular	0.01%
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Rental income	18	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Accounts receivable-related parties	55	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Construction cost	12	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Other income	12	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Rental income	73	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Operating expenses-miscellaneous expenses	211	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Operating expenses-entertainment expenses	120	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Operating expenses-traveling expense	2	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Operating expenses-advertising fee	137	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Operating expenses-research expenses	1	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Construction cost	2	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Accounts receivable-related parties	30	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Other income	10	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Accounts receivable-related parties	28	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Operating expenses-miscellaneous expenses	772	Regular	0.01%
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Rental income	38	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Cost of rental sales	37,028	Regular	0.30%
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Other income	153	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Operating expenses-cleaning management fee	525	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Other income	2,120	Regular	0.02%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Rental income	161	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Guarantee deposits received	41	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Investment accounted for using equity method	30,259	Regular	0.04%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Other income	6,204	Regular	0.05%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Rental income	92	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Guarantee deposits received	23	Regular	-
1	Cathay Hospitality Consulting Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Rent	349	Regular	-
1	Cathay Hospitality Consulting Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Accounts payable-related parties	36	Regular	-
1	Cathay Hospitality Consulting Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Hospitality income	260	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Accumulated depreciation-investment property	367	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Investment property-land	12,813	Regular	0.02%
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Investment property-buildings	847	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Cost of rental sales	41	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Management fee income	1,800	Regular	0.01%
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Operating expenses-software fee	22	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Rent	18	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Accounts payable-related parties	55	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Service income	12	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Operating expenses-Repair and maintenance expense	12	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Rent	73	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Hospitality income	473	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Accounts payable-related parties	30	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Operating expenses-miscellaneous expenses	10	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Accounts payable-related parties	28	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Technical service income	772	Regular	0.01%
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Rent	38	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Maintenance income	37,028	Regular	0.30%
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Operating expenses-service fee	153	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Service income	525	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Operating expenses-miscellaneous expenses	2,120	Regular	0.02%
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Rent	161	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Refundable deposits	41	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Land held for construction site	30,259	Regular	0.24%
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Operating expenses-miscellaneous expenses	6,204	Regular	0.05%
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Rent	92	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Refundable deposits	23	Regular	-

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

- (1) The Company is coded "0".
  - (2) The subsidiaries are coded starting from "1" in the order.
- Note2: The Types of the transactions are coded as follows:
- (1) The Company to subsidiaries is coded "1".
  - (2) Subsidiaries to The Company is coded "2".
  - (3) Subsidiaries to Subsidiaries is coded "3".
- Note3: The calculation for the Percentage of consolidated total operating revenues or total assets, if it recognized to assets or liabilities and it should be calculated by the ending balance for the consolidated assets.

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Table 6: Securities held as of December 31, 2021 (not including subsidiaries, associates and joint ventures) (Investee information)

Unit: NT\$1,000 ; Share

Holding Company	Type and Name of the Securities(Note)	Relationship	Financial Statement Account	As of December 31, 2021				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Market Value	
Cathay Hospitality Management Co., Ltd.	Stocks Nangang International One Co., Ltd.	Others	Financial assets at fair value through other comprehensive income-non-current	15,000	\$149	0.01%	\$149	
"	Stocks Nangang International Two Co., Ltd.	Others	"	15,000	147	0.01%	147	

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

Table 7: Names, locations and related information of investee companies (excluding Mainland China)

Unit: NT\$1,000 ; USD\$1,000 ; Share

Investor	Investee	Region	Main Business	Original cost		At the end of period			Investees company net income	Share of Profits/Losses	Note
				Balance at December 31, 2021	Balance at December 31, 2020	Number of shares	Percentage	Amount			
Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	ROC	Construction management	\$50,000	\$50,000	5,000,000	100.00%	\$118,195	\$26,661	Subsidiary	
Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	ROC	Consultancy	467,500	467,500	46,750,000	85.00%	525,996	26,138	Subsidiary	
Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	ROC	Service industry	1,640,000	650,000	40,000,000	100.00%	246,677	(281,901)	Subsidiary	
Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	ROC	Service industry	1,050,000	750,000	35,000,000	100.00%	244,815	(398,328)	Subsidiary	
Cathay Real Estate Development Co., Ltd.	Cymbal Medical Network Co., Ltd.	ROC	Wholesale of Drugs, Medical Goods	350,000	100,000	35,000,000	100.00%	305,610	(31,390)	Subsidiary	
Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	ROC	Apartment building management service industry	68,809	68,809	1,530,000	51.00%	55,129	57,164	Subsidiary	
Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	408,000	408,000	40,800,000	51.00%	342,764	(66,966)	Subsidiary	
Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	ROC	Housing and Building Development and Rental	408,000	408,000	40,800,000	51.00%	402,489	(6,441)	Subsidiary	
Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	ROC	Housing and Building Development and Rental	660	-	66,000	66.00%	660	-	Subsidiary	
Cymbal Medical Network Co., Ltd.	Cymder Co., Ltd.	ROC	Manpower dispatch and leasing industry	120,000	80,000	12,000,000	100.00%	103,632	(10,696)	Second-tier subsidiary	
Cymbal Medical Network Co., Ltd.	Cymlin Co., Ltd.	ROC	Manpower dispatch and leasing industry	140,000	26,000	14,000,000	100.00%	133,264	(6,532)	Second-tier subsidiary	

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

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

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

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

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

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

Note 3: Excluding the current profit and loss before the acquisition.

Table 8: Information of major shareholder

Shareholders	Shares	Total Shares Owned	Ownership Percentage
Employee Pension Management Committee of Cathay Life Insurance Co., Ltd.		288,067,626	24.84%
Wan Pao Development Co., Ltd.		204,114,882	17.60%
Fubon Life Insurance Co., Ltd.		87,000,000	7.50%
Cathay Life Insurance Co., Ltd.		68,646,584	5.92%

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

1. Statement of Cash and Cash Equivalents

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Cash on hand and petty Cash		\$283	
Bank deposits		1,872,465	
Cash equivalent	due date : January 7, 2022 interest rate:0.28%	24,991	
Total		<u>\$1,897,739</u>	

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

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

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Type and Name of the Securities	Description	Share	Par Value (NTD)	Amount	Interest Rate	Acquisition Cost	Accumulated impairment	Fair Value		Note
								Price	Amount	
Stocks Cathay Financial Holdings Co., Ltd	Listed stock	57,681,332	\$10	\$576,813	-	<u>\$2,103,800</u>	Not applicable	\$62.50	<u>\$3,605,083</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

3. Statement of Notes Receivable

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Others	Premises ticket of buildings , land and rent	\$20,890	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		20,890	
Less: loss allowance		-	
Net amount		<u>\$20,890</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

4. Statement of Accounts Receivable

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
<u>Third parties</u>			
Housing sales		\$149,479	
Others		3,241	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		<u>152,720</u>	
Less: loss allowance		<u>(1)</u>	
Net amount		<u>152,719</u>	
<u>Related parties</u>			
Others		899	The amount of individual item in others does not exceed 5% of the account balance.
Less: loss allowance		<u>-</u>	
Net amount		<u>899</u>	
Total		<u><u>\$153,618</u></u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

5. Statement of Inventories

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount		Notes
		Cost	Net Realizable Value	
Construction land		\$11,243,295	\$17,308,126	Lower cost and net realizable value
Construction in progress	Buildings and land	18,919,710	29,165,102	Lower cost and net realizable value
Buildings and land held for sale		998,041	1,265,723	Please refer schedule 5.1 Lower cost and net realizable value
Subtotal		31,161,046	47,738,951	
Prepayment for Land Purchases		2,924,167	2,924,167	Listed at cost. However, the Company's list prices for housing are all greater than the estimated cost of real estate
Net Amount		<u>\$34,085,213</u>	<u>\$50,663,118</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

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

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Project name	Beginning Balance as of January 1, 2021	Addition Cost of Construction	Reduction (Transfer to Building and land held for sale)	Ending balance as of December 31, 2021	Note
Tree Rivers, Cathay's Home II	\$1,704,357	\$253,519	\$-	\$1,957,876	
Tree Rivers, Cathay's Home I	1,296,846	267,551	-	1,564,397	
Taoyuan City Central Road Section 2	1,977,865	16,715	-	1,994,580	
Park Beautiful Mansion	613,190	410,956	-	1,024,146	
Liberty Stationery Corp.	898,520	479,591	-	1,378,111	
Cathay Uptown	896,175	307,119	1,203,294	-	
Cathay Opulence	11,261	1,978,444	-	1,989,705	
Cathay XiJing	18,215	962,682	-	980,897	
Cathay Mega+	1,390,375	353,150	-	1,743,525	
City Landmark	2,311,431	546,616	2,858,047	-	
HYGGE	596,077	561,604	1,157,681	-	
Cathay THE PARK	17,003	1,451,877	-	1,468,880	
Cathay MOST+	12,554	1,727,815	-	1,740,369	
Others	1,286,438	1,790,786	-	3,077,224	
<b>Total</b>	<b>\$13,030,307</b>	<b>\$11,108,425</b>	<b>\$5,219,022</b>	<b>\$18,919,710</b>	

English Translation of Financial Statements Originally Issued in Chinese  
CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

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

For the year ended December 31, 2021

(Expressed in thousands of NT and USD)

Type and Name of the Securities	Beginning Balance as of January 1, 2021		Addition		Disposal		Unrealized evaluation gains and losses Amount	Ending balance as of December 31, 2021		Guarantee or pledged	Note
	Share	Fair Value	Share	Amount	Share	Amount		Share	Fair Value		
Stock											
Gong Cheng Industrial Co., Ltd.	1,580,083	\$-	-	\$-	-	\$-	\$-	1,580,083	\$-	None	
MetroWalk international Co., Ltd.	3,448,276	92,965	-	-	-	-	(39,103)	3,448,276	53,862	"	
Gian Feng Investment Co., Ltd.	2,000,000	25,922	-	-	-	-	(499)	2,000,000	25,423	"	
Budworth Investment Limited	30,314	45	-	-	-	-	-	30,314	45	"	
Nangang International One Co., Ltd.	7,485,000	74,828	-	-	-	-	(661)	7,485,000	74,167	"	
Nangang International Two Co., Ltd.	7,485,000	74,508	-	-	-	-	(947)	7,485,000	73,561	"	
Symphox Information Co., Ltd.	5,489,000	114,830	-	-	-	-	13,228	5,489,000	128,058	"	
Taiwan Star Telecom Co., Ltd.	195,000,000	1,690,973	-	-	-	-	155,027	195,000,000	1,846,000	"	
Total		<u>\$2,074,071</u>		<u>\$-</u>		<u>\$-</u>	<u>\$127,045</u>		<u>\$2,201,116</u>		

Note1 : The disposal in the current period is to obtain control after increasing shareholding, and transfer it to the investments accounted for using the equity method.

English Translation of Financial Statements Originally Issued in Chinese  
CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

7. Statement of Changes in Investments Accounted for Using the Equity Method  
For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Investee	Beginning Balance as of January 1, 2021		Addition		Disposal		Ending balance as of December 31, 2021		Market Value		Guarantee or pledged	Notes	
	Shares	Percentage of Ownership (%)	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership (%)	Unit Price			Amount
Cathay Real Estate Management Co., Ltd.	5,000,000	100.00%	\$115,014	-	\$28,001	(Note1,5)	\$24,820	(Note2)	5,000,000	100.00%	\$23.64	\$118,195	None
Cathay Healthcare Management Co., Ltd.	46,750,000	85.00%	585,785	-	22,232	(Note1)	82,021	(Note2,5)	46,750,000	85.00%	11.25	525,996	"
Cathay Hospitality Management Co., Ltd.	65,000,000	100.00%	132,418	39,000,000	390,000	(Note4)	275,741	(Note1,6,7)	40,000,000	100.00%	5.64	246,677	"
Cathay Hospitality Consulting Co., Ltd.	75,000,000	100.00%	332,026	30,000,000	300,000	(Note4)	387,211	(Note1,7)	35,000,000	100.00%	5.82	244,815	"
Cymbal Medical Network Co., Ltd.	10,000,000	100.00%	87,000	25,000,000	250,000	(Note4)	31,390	(Note1)	35,000,000	100.00%	8.73	305,610	"
Lin Yuan Property Management Co., Ltd.	1,530,000	51.00%	58,767	-	29,156	(Note1)	32,794	(Note2,5)	1,530,000	51.00%	36.03	55,129	"
Jinhua Realty Co., Ltd.	40,800,000	51.00%	376,917	-	-	-	34,153	(Note1)	40,800,000	51.00%	9.14	342,764	"
Bannan Realty Co., Ltd.	40,800,000	51.00%	405,774	-	-	-	3,285	(Note1)	40,800,000	51.00%	9.86	402,489	"
Sanchong Realty Co., Ltd.	-	-	-	66,000	660	(Note1,4)	-	-	66,000	66.00%	10.00	660	
Total			<u>\$2,093,701</u>		<u>\$1,020,049</u>		<u>\$871,415</u>					<u>\$2,242,335</u>	

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

NOTE 2 : Cash dividend from Investee.

NOTE 3 : Recognition of cumulative translation adjustment of Investee.

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

NOTE 5 : Remeasurements of defined benefit plans.

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

NOTE 7 : Capital reduction to write off accumulated losses

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

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

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Beginning Balance as of January 1, 2021	Addition	Disposal	Ending balance as of December 31, 2021	Note
Land	\$20,055	\$15,471	\$7,606	\$27,920	
Building	31,691	31,001	31,691	31,001	
Total	\$51,746	\$46,472	\$39,297	\$58,921	

English Translation of Financial Statements Originally Issued in Chinese  
 CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

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

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Beginning Balance as of January 1, 2021	Addition	Disposal	Ending balance as of December 31, 2021	Note
Land	\$11,792	\$10,400	\$7,606	\$14,586	
Building	23,608	15,833	31,691	7,750	
Total	<u>\$35,400</u>	<u>\$26,233</u>	<u>\$39,297</u>	<u>\$22,336</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

10. Statement of Other Non-Current Assets

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Guarantee deposits paid			
<u>Third parties</u>			
Muzha	Deposit	\$98,170	
Nangang	Deposit	194,601	
Beitou	Deposit	330,337	
Xindian(I)	Deposit	100,980	
Xindian(II)	Deposit	164,820	
Lin Yuan	Deposit	65,844	
Other		240,612	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		<u>1,195,364</u>	
<u>Related parties</u>			
Others	Deposit of Rent and construction	16,215	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		<u>16,215</u>	
Total		<u>1,211,579</u>	
Land held for construction site	The farm required in the name of third party	18,425	
Prepaid equipment		<u>72,808</u>	
Other non-current assets		<u>16,264</u>	
Total		<u><u>\$1,319,076</u></u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

11. Statement of Short-Term Loans

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Type	Bank	Ending Balance	Prion	Interest rate	Limited	Guarantee or pledged	Notes
Credit loan	First Bank	\$1,690,000	2021.9~2022.9	0.81%~0.90%	\$2,160,000	None	Association guarantor is the Chairman of the Company
	Hua Nan Bank	1,490,000	2021.9~2022.9	0.81%~0.90%	1,650,000	"	Association guarantor is the Chairman of the Company
	Mizuho Bank	1,450,000	2021.8~2022.6	0.81%~0.90%	1,450,000	"	Association guarantor is the Chairman of the Company
	Agricultural Bank of Taiwan	500,000	2021.5~2022.5	0.81%~0.90%	500,000	"	Association guarantor is the Chairman of the Company
	Bank of China	1,500,000	2021.12~2022.2	0.81%~0.90%	1,500,000	"	Association guarantor is the Chairman of the Company
	China Construction Bank	3,000,000	2021.10~2022.6	0.81%~0.90%	3,000,000	"	Association guarantor is the Chairman of the Company
	Sumitomo Mitsui Bank	1,140,000	2021.10~2022.3	0.81%~0.90%	1,400,000	"	Association guarantor is the Chairman of the Company
	Total	<u>\$10,770,000</u>					

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

12. Statement of Short-Term Notes Payable

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Bank	Period	Interest rate	Amount			Notes
				Issued amount	unamortized discount	Book value	
Short-term notes	China Bills Fincancial Co.	2021.12~2022.3	0.33%~0.42%	\$580,000	\$430	\$579,570	
	EnTie Commercial Bank	2021.12~2022.3	0.33%~0.42%	180,000	166	179,834	
	DBS Bank	2021.4~2022.4	0.33%~0.42%	1,000,000	1,116	998,884	
	DBS Bank	2021.7~2022.4	0.33%~0.42%	200,000	223	199,777	
	Total			\$1,960,000	\$1,935	\$1,958,065	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

13. Statement of Contract Liabilities-Current

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Advance Real Estate Receipts			
Tree Rivers, Cathay's Home II		\$428,898	
Tree Rivers, Cathay's Home I		418,591	
Park Beautiful Mansion		338,349	
Cathay Lagom		295,106	
Cathay Opulence		393,528	
Cathay ChuanQing		274,823	
Cathay XiJing		244,938	
Cathay YouYong		343,697	
Have a Rich Year		307,827	
Cathay Mega+		445,459	
Cathay THE PARK		319,559	
Cathay MOST+		386,129	
Others	Advance real estate receipts and rent	430,158	The amount of individual item in others does not exceed 5% of the account
Total		<u>\$4,627,062</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

14. Statement of Notes Payable

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Kang, Tsung Ming □	The second payment of the land purchase	\$86,920	
Newly Honest Machine Co., Ltd.	Compensation for urban renewal	13,000	
Other		53,426	The amount of individual item in others does not exceed 5% of the account balance.
Total		<u>\$153,346</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

15. Statement of Accounts Payable

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
<u>Transaction with third parties</u>			
Cathay The Seeds of Happiness	Final cost payable	\$44,194	
HYGGE	Final cost payable	166,156	
Cathay Uptown	Final cost payable	71,060	
City Landmark	Final cost payable	157,487	
Others		264,902	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		<u>703,799</u>	
<u>Transaction with related parties</u>			
Others		170	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		<u>170</u>	
Total		<u><u>\$703,969</u></u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

16. Statement of Other Payable

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Payroll and bonus payable		\$58,484	
Cost of rental sales		18,519	
Dividend payable		48,306	
Dividend refundable		29,089	
Others		20,936	The amount of individual item in others does not exceed 5% of the account balance.
		<hr/>	
Total		<u>\$175,334</u>	

## English Translation of Financial Statements Originally Issued in Chinese

## CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

## 17. Statement of Lease Liabilities

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Rental Period	Discount Rate	Ending Balance	Note
Land	Advertising land	2019.08.01~2023.08.31	1.47%~1.62%	\$12,648	
Building	Office building	2021.07.01~2023.06.30	1.47%	23,307	
Total				<u>\$35,955</u>	
Current				\$25,474	
Non-current				10,481	
Total				<u>\$35,955</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

18. Statement of Long-Term Loans

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)						
Creditor	Description	Amount	Period	Interest Rate	Guarantee or pledged	Note
Far Eastern International Bank		\$1,500,000	2019.07~2022.07	0.85%~1.10%	None	Association guarantor is the Chairman of the Company.
Hua Nan Commercial Bank		7,150,000	2020.07~2023.10	0.85%~1.10%	"	Association guarantor is the Chairman of the Company.
Chang Hwa Commercial Bank		1,860,000	2021.09~2024.11	0.85%~1.10%	"	Association guarantor is the Chairman of the Company.
Mega International Commercial Bank		180,000	2021.11~2024.08	0.85%~1.10%	"	Association guarantor is the Chairman of the Company.
The Shanghai Commercial & Savings Bank		929,366	2021.12~2023.12	0.37%	"	Association guarantor is the Chairman of the Company.
DBS Bank		609,319	2021.07~2026.08	0.42%	Inventory - construction land	Association guarantor is the Chairman of the Company.
Subtotal		12,228,685				
Less : current portion		(1,500,000)				
Total		\$10,728,685				

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

19. Statement of Other Non-Current Liabilities

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Net defined benefit liability		\$78,499	
Guarantee deposits received			
<u>Third parties</u>			
Home Media Group Ltd.	Housing deposit	12,237	
Din Tai Fung Co., Ltd.	Housing deposit	6,000	
Others	Housing deposit	64,935	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		<u>83,172</u>	
<u>Related parties</u>			
Cathay United Bank Co., Ltd.	Housing deposit	4,446	The amount of individual item in others does not exceed 5% of the account balance.
Others	Housing deposit	1,739	
Subtotal		<u>6,185</u>	
Subtotal		<u>89,357</u>	
Other liabilities	Deferred credits- unrealized gains on inter-affiliate accounts	13,293	
Total		<u><u>\$181,149</u></u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

20. Statement of Operating Revenues

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Rental Income		\$339,671	
Land Income		4,204,407	
Building Income		5,289,504	
Total		<u>\$9,833,582</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

21. Statement of Operating Costs

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Lease costs		\$326,826	
Land costs		3,050,382	
Building costs		4,061,119	
Total		<u>\$7,438,327</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

22. Statement of Operating Expenses

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Selling expenses	Advertising etc.	\$552,015	The amount of individual item in others does not exceed 5% of the account balance.
Salary and wages		178,150	
Taxes		86,761	
Expected credit gains		(9)	
Other expenses		133,360	
Total		<hr/> <u>\$950,277</u>	

**V. Consolidated Financial Report Audited and Certified by CPAs in the Most Recent Year**

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

**AND SUBSIDIARIES**

**Consolidated Financial Statements**

**For the Years Ended**

**December 31, 2021 And 2020**

**Report of Independent Auditors**

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

## **Independent Auditors' Report Translated from Chinese**

To the Board of Directors and Stockholders of  
Cathay Real Estate Development Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated balance sheets of Cathay Real Estate Development Co., Ltd. (the “Company”) and its subsidiaries as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2021 and 2020, and their consolidated financial performance and cash flows for the years ended December 31, 2021 and 2020, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, 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 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### **Revenue recognition**

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

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

We also assess whether the Company properly disclose information relating the construction income of financial statement. Please refer Note 4 and Note 6.

### **Valuation of Construction Land**

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

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

We also assess whether the company properly disclose information relating the construction land valuation of financial statement. Please refer Note 4, Note 5 and Note 6.

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

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

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2021 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Other**

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2021 and 2020.

Hsu, Jung Huang  
Ma, Chun Ting  
Ernst & Young, Taiwan  
March 15, 2022

## Notice to Readers

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

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

English Translation of Financial Statements Originally Issued in Chinese  
CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES  
Consolidated Balance Sheets  
December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

Assets			December 31, 2021		December 31, 2020	
Code	Items	Notes	Amounts	%	Amounts	%
	Current Assets					
1100	Cash and cash equivalents	4, 6(1) & 7	\$3,937,378	6	\$3,395,624	6
1120	Financial assets at fair value through other comprehensive income-current	4 & 6(2)	3,605,083	5	2,437,036	4
1150	Notes receivable, net	4 & 6(3),(19)	20,905	-	32,406	-
1170	Accounts receivable, net	4, 6(4),(19)	465,124	1	466,058	1
1180	Accounts receivable-related parties, net	4, 6(4),(19) & 7	8,131	-	5,420	-
1200	Others receivables		33,663	-	30,590	-
1220	Current tax assets	4	15	-	61	-
130x	Inventories	4, 6(5) & 7	35,979,820	53	28,989,058	48
1410	Prepayments		502,896	1	451,391	1
1470	Others current assets	7	146,713	-	112,196	-
1480	Incremental costs of obtaining contracts-current	4, 6(5),(18)	885,612	1	633,029	1
11xx	Total current assets		<u>45,585,340</u>	<u>67</u>	<u>36,552,869</u>	<u>61</u>
	Non-current Assets					
1517	Financial assets at fair value through other comprehensive income-non-current	4 & 6(2)	2,201,412	3	2,074,370	3
1600	Property, plant and equipment	4 & 6(6)	4,764,306	7	5,197,866	9
1755	Right-of-use assets	4, 6(20) & 7	5,180,713	8	5,133,962	9
1760	Investment properties, net	4 & 6(7)	8,225,203	12	8,369,250	14
1780	Intangible assets	4 & 6(8)	37,564	-	33,407	-
1840	Deferred tax assets	4 & 6(24)	494,848	1	479,335	1
1900	Other non-currents assets	6(9) & 7	1,746,760	2	1,655,869	3
15xx	Total non-currents assets		<u>22,650,806</u>	<u>33</u>	<u>22,944,059</u>	<u>39</u>
1xxx	Total Assets		<u>\$68,236,146</u>	<u>100</u>	<u>\$59,496,928</u>	<u>100</u>

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

English Translation of Financial Statements Originally Issued in Chinese  
CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES  
Consolidated Balance Sheets (Continued)  
December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

Liabilities and Equity			December 31, 2021		December 31, 2020	
Code	Items	Notes	Amounts	%	Amounts	%
	<b>Current Liabilities</b>					
2100	Short-term loans	4, 6(10) & 7	\$11,460,000	17	\$7,351,000	12
2110	Short-term notes payable	4 & 6(11)	3,629,296	5	3,090,501	5
2130	Contract liabilities-current	4 & 6(18)	5,285,520	8	4,506,622	8
2150	Notes payable		173,866	-	60,802	-
2170	Accounts payable		934,058	1	1,028,322	2
2180	Accounts payable-related parties	7	14,957	-	50,716	-
2200	Other payables		633,983	1	1,163,616	2
2230	Current tax liabilities	4	23,400	-	56,243	-
2280	Lease liabilities-current	4, 6(20) & 7	424,081	1	349,495	1
2300	Other current liabilities		1,061,146	2	100,958	-
2320	Long-term loans-current portion	4 & 6(12)	1,500,000	2	5,400,000	9
21xx	Total current liabilities		25,140,307	37	23,158,275	39
	<b>Non-Current Liabilities</b>					
2540	Long-term loans	4 & 6(12)	11,302,685	16	5,509,741	9
2570	Deferred tax liabilities	4 & 6(24)	10,049	-	10,049	-
2580	Lease liabilities-non-current	4, 6(20) & 7	5,196,199	8	5,160,464	9
2600	Other non-current liabilities	6(13) & 7	252,071	-	259,271	-
25xx	Total non-current liabilities		16,761,004	24	10,939,525	18
2xxx	Total Liabilities		41,901,311	61	34,097,800	57
	<b>Equity attributable to stockholders of the parent</b>					
3100	Capital stock	4				
3110	Common stock	6(14)	11,595,611	17	11,595,611	20
3200	Capital surplus	6(15)	38,846	-	39,515	-
3300	Retained earnings	6(16)				
3310	Legal capital reserve		4,638,904	7	4,489,507	7
3320	Special capital reserve		504,189	1	504,189	1
3350	Unappropriated retained earnings		7,191,237	10	7,652,656	13
	Total retained earnings		12,334,330	18	12,646,352	21
3400	Other equity		1,468,825	2	173,746	-
31xx	Total equity attributable to stockholders of the parent		25,437,612	37	24,455,224	41
36xx	Non-controlling interests	6(17)	897,223	2	943,904	2
3xxx	Total Equity		26,334,835	39	25,399,128	43
	Total Liabilities and Equity		\$68,236,146	100	\$59,496,928	100

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2021 and 2020

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

(Expressed in thousands of New Taiwan Dollars)

Code	Items	Notes	2021		2020	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(7),(18),(20) & 7	\$12,476,018	100	\$13,973,611	100
5000	Operating costs	4, 6(5),(7),(8),(13),(20),(21) & 7	(9,755,584)	(78)	(10,814,849)	(77)
5900	Gross margin		2,720,434	22	3,158,762	23
6000	Operating expenses	4, 6(7),(8),(13),(20),(21) & 7				
6200	Administrative expenses		(1,844,704)	(15)	(1,607,467)	(12)
6450	Expected credit profit (loss)	4 & 6(19)	(40)	-	34	-
	Total operating expenses		(1,844,744)	(15)	(1,607,433)	(12)
6900	Operating income		875,690	7	1,551,329	11
7000	Non-operating income and expenses	4, 6(22) & 7				
7100	Interest income		2,923	-	3,083	-
7010	Other income		307,908	3	276,733	2
7020	Other gains or losses		(6,661)	-	73,854	1
7050	Finance costs		(250,969)	(2)	(219,715)	(2)
	Total non-operating income and expenses		53,201	1	133,955	1
7900	Income before Income tax		928,891	8	1,685,284	12
7950	Income tax (expense) benefit	4 & 6(24)	(85,391)	(1)	(168,497)	(1)
8200	Net income		843,500	7	1,516,787	11
8300	Other Comprehensive Income	6(23),(24)				
8310	Not to be reclassified to profit or loss in subsequent periods					
8311	Remeasurements of defined benefit plans		(856)	-	(3,934)	-
8316	Valuation gain (losses) on equity instruments at fair value through other comprehensive income		1,295,089	10	(164,942)	(1)
8349	Income tax related to items not be reclassified to profit or loss in subsequent periods		172	-	786	-
8360	To be reclassified to profit or loss in subsequent periods					
8361	Exchange differences resulting from translating the financial statements of foreign operations		-	-	(88,222)	(1)
	Other comprehensive (losses) income, net of tax		1,294,405	10	(256,312)	(2)
8500	Total comprehensive (losses) income		\$2,137,905	17	\$1,260,475	9
8600	Net income (losses) attributable to:					
8610	Shareholders of the parent		\$847,539	7	\$1,483,980	11
8620	Non-controlling interests		(4,039)	-	32,807	-
			\$843,500	7	\$1,516,787	11
8700	Total comprehensive income (losses) attributable to:					
8710	Shareholders of the parent		\$2,142,618	17	\$1,228,806	9
8720	Non-controlling interests		(4,713)	-	31,669	-
			\$2,137,905	17	\$1,260,475	9
	Earnings Per Share (In dollars)	6(25)				
9750	Basic earnings per share		\$0.73		\$1.28	
9850	Diluted earnings per share		\$0.73		\$1.28	

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

English Translation of Financial Statements Originally Issued in Chinese  
CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES  
Consolidated Statements of Changes in Equity  
For the Years Ended December 31, 2021 and 2020

Equity attributable to stockholders of the parent

(Expressed in thousands of New Taiwan Dollars)

Code	Items	Equity attributable to stockholders of the parent										Total	Non-controlling Interests	Total Equity
		Capital Stock	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Retained Earnings	Exchange Differences Resulting from Translating the Financial Statements of Foreign Operations	Other Equity	Remeasurements of Defined Benefit Plans	Total				
A1	Balance on January 1, 2020	3100	3200	3310	3320	3350	3410	3420	3445	31XX	36XX	3XXX		
		\$11,595,611	\$31,628	\$4,352,457	\$504,189	\$7,455,300	\$88,165	\$331,495	\$19,247	\$24,378,092	\$103,958	\$24,482,050		
B1	Appropriation and distribution of earnings for the year 2019	-	-	-	-	(137,050)	-	-	-	-	-	-	-	-
B5	Legal capital reserve	-	-	137,050	-	(1,159,561)	-	-	-	(1,159,561)	-	(1,159,561)	-	(1,159,561)
	Cash dividends on common stock	-	-	-	-	(1,159,561)	-	-	-	-	-	-	-	(1,159,561)
C17	Changes in other capital surplus	-	7,887	-	-	-	-	-	-	7,887	-	7,887	-	7,887
D1	Net income for the year ended December 31, 2020	-	-	-	-	1,483,980	-	-	-	1,483,980	-	1,483,980	32,807	1,516,787
D3	Other comprehensive income (loss), net of tax for the year ended December 31, 2020	-	-	-	-	-	(88,165)	(164,943)	(2,066)	(255,174)	(1,138)	(256,312)	(1,138)	(256,312)
D5	Total comprehensive income (loss)	-	-	-	-	1,483,980	(88,165)	(164,943)	(2,066)	1,228,806	31,669	1,260,475	808,277	808,277
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Q1	Disposal of financial instruments at fair value through other comprehensive income	-	-	-	-	9,987	-	(9,987)	-	-	-	-	-	-
Z1	Balance on December 31, 2020	11,595,611	39,515	4,489,507	504,189	7,652,656	-	156,565	17,181	24,455,224	943,904	25,399,128		
B1	Appropriation and distribution of earnings for the year 2020	-	-	-	-	(149,397)	-	-	-	-	-	-	-	-
B5	Legal capital reserve	-	-	149,397	-	(1,159,561)	-	-	-	(1,159,561)	-	(1,159,561)	-	(1,159,561)
	Cash dividends on common stock	-	-	-	-	(1,159,561)	-	-	-	-	-	-	-	(1,159,561)
C17	Changes in other capital surplus	-	(669)	-	-	-	-	-	-	(669)	-	(669)	-	(669)
D1	Net income for the year ended December 31, 2021	-	-	-	-	847,539	-	-	-	847,539	(4,039)	843,500	(4,039)	843,500
D3	Other comprehensive income (loss), net of tax for the year ended December 31, 2021	-	-	-	-	-	-	1,295,089	(10)	1,295,079	(674)	1,294,405	(674)	1,294,405
D5	Total comprehensive income (loss)	-	-	-	-	847,539	-	1,295,089	(10)	2,142,618	(4,713)	2,137,905	(4,713)	2,137,905
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(41,968)	(41,968)
Z1	Balance on December 31, 2021	\$11,595,611	\$38,846	\$4,638,904	\$504,189	\$7,191,237	\$-	\$1,451,654	\$17,171	\$25,437,612	\$897,223	\$26,334,835		

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

English Translation of Financial Statements Originally Issued in Chinese  
CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

Code	Items	2021	2020
		Amount	Amount
AAAA	Cash flows from operating activities		
A10000	Net income before tax	\$928,891	\$1,685,284
A20000	Adjustments:		
A20100	Depreciation	998,863	888,272
A20210	Amortization	19,135	14,587
A20300	Expected credit loss (gain)	40	(34)
A20900	Interest expenses	250,969	219,715
A21200	Interest income	(2,923)	(3,083)
A21300	Dividend income	(146,949)	(117,922)
A22500	Loss (gain) on disposal of property, plant and equipment	2,816	9,195
A22800	Loss (gain) on disposal of intangible assets	-	973
A23100	Loss (gain) on disposal of investments	-	(87,423)
A29900	Others	-	(2,575)
A30000	Changes in operating assets and liabilities:		
A31130	Decrease (increase) in notes receivable	11,501	7,626
A31150	Decrease (increase) in accounts receivable	894	(154,365)
A31160	Decrease (increase) in accounts receivable-related parties	(2,711)	7,580
A31180	Decrease (increase) in other receivables	(2,991)	(7,311)
A31200	Decrease (increase) in inventories	(6,966,390)	(2,313,894)
A31230	Decrease (increase) in prepayments	(70,481)	(2,522)
A31240	Decrease (increase) in other current assets	(34,517)	(40,851)
A31270	Decrease (increase) in incremental costs of obtaining contracts	(252,583)	38,731
A31990	Decrease (increase) in other operating assets	34,806	64,522
A32125	Increase (decrease) in contract liabilities	778,898	930,699
A32130	Increase (decrease) in notes payable	113,064	(83,411)
A32150	Increase (decrease) in accounts payable	(94,264)	471,148
A32160	Increase (decrease) in accounts payable-related parties	(35,759)	(162,417)
A32180	Increase (decrease) in other payables	(45,329)	661,071
A32230	Increase (decrease) in other current liabilities	960,188	(99,390)
A33000	Cash inflow generated from operations	(3,554,832)	1,924,205
A33100	Interest received	2,841	3,229
A33500	Income taxes paid	(133,529)	(126,180)
AAAA	Net cash (used in) generated by operating activities	(3,685,520)	1,801,254
BBBB	Cash flow from investing activities		
B01900	Disposal of investments accounted for using the equity method	-	8,795
B02200	Net cash flow from acquisition of subsidiaries	-	149,189
B02700	Acquisition of property, plant and equipment	(408,301)	(950,540)
B02800	Disposal of property, plant and equipment	11,211	8,446
B04500	Acquisition of intangible assets	(23,099)	(24,242)
B06700	Increase in other non-current assets	(90,891)	(642,408)
B07600	Dividends received	146,949	117,922
BBBB	Net cash used in investing activities	(364,131)	(1,332,838)
CCCC	Cash flow from financing activities		
C00100	Increase in short-term loans	4,109,000	88,000
C00500	Increase in short-term notes payable	538,795	2,055,961
C01600	Proceeds from long-term debt	8,302,685	4,009,741
C01700	Repayment of long-term loans	(6,409,741)	(4,202,682)
C04020	Repayment of principal of lease liabilities	(368,526)	(308,628)
C04400	Decrease in other non-current liabilities	(8,056)	(58,782)
C04500	Payment of cash dividends	(1,159,561)	(1,159,561)
C05600	Interests paid	(370,554)	(361,382)
C05800	Change in non-controlling interests	(41,968)	742,167
C09900	Other financing activities	(669)	(429)
CCCC	Net cash generated by financing activities	4,591,405	804,405
DDDD	Effect of currency exchange rate on cash and cash equivalents	-	(640)
EEEE	Net increase in cash and cash equivalents	541,754	1,272,181
E00100	Cash and cash equivalents, beginning of period	3,395,624	2,123,443
E00200	Cash and cash equivalents, end of period	\$3,937,378	\$3,395,624

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

**Cathay Real Estate Development Co., Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended December 31, 2021 and 2020**  
**(Amounts expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

**1. HISTORY AND ORGANIZATION**

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

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

**2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE**

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the years ended December 31, 2021 and 2020 were authorized for issue by the Board of Directors on March 15, 2022.

**3. APPLICATION OF NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS**

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

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2021. The remaining new standards and amendments had no material impact on the Group.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements.	1 January 2022

A. Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

a. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

b. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

c. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

d. Annual Improvements to IFRS Standards 2018 - 2020

*Amendment to IFRS 1*

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

*Amendment to IFRS 9 Financial Instruments*

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

*Amendment to Illustrative Examples Accompanying IFRS 16 Leases*

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee’s leasehold improvements.

*Amendment to IAS 41*

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned amendments that are applicable for annual periods beginning on or after January 1, 2022 have no material impact on the Group.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
2	IFRS 17 “Insurance Contracts”	1 January 2023
3	Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1 January 2023
4	Disclosure Initiative - Accounting Policies - Amendments to IAS 1	1 January 2023
5	Definition of Accounting Estimates - Amendments to IAS 8	1 January 2023
6	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

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

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

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

#### B. IFRS 17 “Insurance Contracts”

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

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

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

#### C. Classification of Liabilities as Current or Non-current - Amendments to IAS 1

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

#### D. Disclosure Initiative - Accounting Policies - Amendments to IAS 1

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

#### E. Definition of Accounting Estimates - Amendments to IAS 8

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

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

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

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

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **(1) Statement of compliance**

The consolidated financial statements of the Group for the years ended December 31, 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and International Financial Reporting Standards, International Accounting Standards, Interpretations issued by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC (“TIFRS”).

#### **(2) Basis of preparation**

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

### **(3) Basis of consolidation**

#### **A. Preparation principle of consolidated financial statements**

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- a. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- b. exposure, or rights, to variable returns from its involvement with the investee, and
- c. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- a. the contractual arrangement with the other vote holders of the investee
- b. rights arising from other contractual arrangements
- c. the Group's voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

- a. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- b. derecognizes the carrying amount of any non-controlling interest;
- c. recognizes the fair value of the consideration received;
- d. recognizes the fair value of any investment retained;
- e. recognizes any surplus or deficit in profit or loss; and
- f. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

B. The consolidated entities are listed as follows:

Investor	Subsidiaries	Main business	Percentage of ownership (%)	
			December 31, 2021	December 31, 2020
The Company	Cathay Real Estate Management Co., Ltd.	Construction management	100.00%	100.00%
The Company	Cathay Healthcare Management Co., Ltd.	Consultancy	85.00%	85.00%
The Company	Cathay Hospitality Management Co., Ltd.	Service industry	100.00%	100.00%
The Company	Cathay Hospitality Consulting Co., Ltd.	Service industry	100.00%	100.00%
The Company	Cymbal Medical Network Co., Ltd.	Wholesale of Drugs, Medical Goods	100.00%	100.00%
The Company	Lin Yuan Property Management Co., Ltd.	Apartment building management service industry	51.00%	51.00%
The Company	Jinhua Realty Co., Ltd.	Residential and building development leasing and sale industry	51.00%	51.00%
The Company	Bannan Realty Co., Ltd.	Residential and building development leasing and sale industry	51.00%	51.00%
The Company	Sanchong Realty Co., Ltd.	Residential and building development leasing and sale industry	66.00%	-
Cymbal Medical Network Co., Ltd.	Cymder Co., Ltd.	Manpower dispatch and leasing industry	100.00%	100.00%
Cymbal Medical Network Co., Ltd.	Cymlin Co., Ltd.	Manpower dispatch and leasing industry	100.00%	100.00%

C. The changing of the subsidiaries:

Sanchong Realty was established in 2021; Cymlin Co., Ltd, Jinhua Realty and Bannan Realty were established in 2020, and the Group has included them as consolidated entities since it obtained control on the acquisition date. After acquiring 41% shares of Lin Yuan Property Management Co., Ltd. in May, 2020, the Group held 51% of its equity and gained control over the entity and included it as a consolidated entity since then.

CCH Commercial Company Limited, Cathay Real Estate Holding Corporation, Cathay Healthcare Management Limited (BVI), Cathay Healthcare Management Limited (Cayman) and Hangzhou Kunning Health Consulting Limited Ltd. were liquidated in 2020. The Group has lost control of the aforementioned subsidiaries since the date of liquidation and has not included them as the consolidated entities since then.

a. The analysis of assets and liabilities at the date of loss of control is as follows:

Cash and cash equivalents	\$11,978
Other receivables	494
Other payables	(446)
Disposal of net assets	<u>\$12,026</u>

b. The benefit (loss) of excluding the subsidiary:

The fair value of the remaining investment on the date of loss of control	\$11,800
Disposal of net assets	(12,026)
Conversion adjustment	87,569
Disposal of benefits	<u>\$87,423</u>

**(4) Foreign currency transactions**

The Group's consolidated financial statements are presented in NT\$, which is also the Group's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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

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

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

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

#### **(5) Translation of financial statements in foreign currency**

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by the Group: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

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

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

## **(6) Current and non-current distinction**

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

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

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

- A. The Group expects to settle the liability in its normal operating cycle
- B. The Group holds the liability primarily for the purpose of trading
- C. The liability is due to be settled within twelve months after the reporting period
- D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification

## **(7) Cash and cash equivalents**

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

## **(8) Financial instruments**

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

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

## A. Financial instruments: Recognition and Measurement

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

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income on the basis of both:

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

### Financial assets measured at amortized cost

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

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

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

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

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

*Financial asset measured at fair value through other comprehensive income*

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

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

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

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

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

## B. Impairment of financial assets

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

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

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

The loss allowance is measured as follows:

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

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

## C. Derecognition of financial assets

A financial asset is derecognized when:

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

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

## D. Financial liabilities and equity

### Classification between liabilities or equity

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

### Equity instruments

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

### Financial liabilities

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

### Financial liabilities at amortized cost

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

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

#### Derecognition of financial liabilities

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

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

#### E. Offsetting of financial instruments

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

### **(9) Fair value**

A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

## **(10) Inventories**

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

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

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

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

## **(11) Investments accounted for using the equity method**

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture means the Group has rights to the net assets of the joint agreement.

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

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

When the associate issues new stock, and the Group's interest in an associate is reduced or increased as the Group fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in additional paid in capital and investment in associate. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a prorate basis when the Group disposes of the associate.

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

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

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

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

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

## **(12) Property, plant and equipment**

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

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

Buildings: 5~50 years

Leased assets: 5 years

Leasehold improvements: The shorter of lease terms or economic useful lives

Right-of-use assets: 1~20 years

Other equipment: 2~26 years

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

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

## **(13) Investment property**

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

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

Buildings	1 ~ 50 years
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Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

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

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

#### **(14) Leases**

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

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

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

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

## Group as a lessee

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

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

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

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

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

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

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

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

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

#### Group as a lessor

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

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

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

## **(15) Intangible assets**

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

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

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

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

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss when the asset is derecognized.

### Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (1 to 6 years).

### Trademark

The cost of trademark is amortized on a straight-line basis over the estimated useful life which is prescribed by law.

## **(16) Impairment of non-financial assets**

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

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

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata based on the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

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

## **(17) Revenue recognition**

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

### Construction income

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

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

#### Sales of goods

The Group recognized the sales revenue when the merchandise transport to the customer and the control of merchandise transfer to the customers (The customers owns the right to control the merchandise and the residual benefit to the merchandise.)

The Group recognized the account receivable when the merchandise's control transfer to the customers and has the right to charge, the account receivable usually has a short period to recover and do not have a significant financial component.

#### Rendering of services

The Group's service revenue mainly generated from providing consulting, accommodation and dining service. The revenue recognized when the service completed. The cost of the service recognized when the transaction occurred ; the expenses recognized in the current period in accordance with accrual basis.

### **(18) Borrowing costs**

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

### **(19) Retirement benefits plans**

All regular employees of The Group and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with The Group and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, The Group and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employee's subject to the plan. The Group and its subsidiaries recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

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

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

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

## **(20) Income taxes**

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

### Current income tax

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

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

### Deferred tax

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

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

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

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

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

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

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

## **(21) Business combinations**

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

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

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

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

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

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

## **5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

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

## **(1) Judgement**

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

Financing lease commitment-Group as the lessor

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

## **(2) Estimates and assumptions**

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

### **A. Fair value of financial instruments**

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

### **B. Impairment of non-financial assets**

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

### C. Retirement benefits plans

The cost of retirement employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Please refer to Note 6 for more details.

### D. Income tax

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

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. As of December 31, 2021, the deferred income tax assets that the Group has not recognize, please refer to Note 6 for more details.

### E. Inventory evaluation

The Group must use the judgment and estimates to determine the net realizable value of the inventory at the balance sheet date, as the inventories are measured at the lower of the cost and the net realizable value. The Group assesses the amount of inventory at the balance sheet date due to market changes or no market sales value, and reduces the inventory cost to the net realizable value. This inventory evaluation is mainly based on the product demand in the specific period in the future, so it may cause significant changes. Please refer to Note 6 for more details.

## F. Accounts receivables-estimation of impairment loss

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

## 6. CONTENTS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	As of December 31,	
	2021	2020
Cash on hand and petty cash	\$4,739	\$4,365
Checking accounts and demand deposit	3,657,468	2,639,666
Time deposits	210,250	221,850
Cash equivalent-short-term notes	64,921	529,743
Total	<u>\$3,937,378</u>	<u>\$3,395,624</u>

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

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

	As of December 31,	
	2021	2020
Equity instruments investments measured at fair value through other comprehensive income - current:		
Listed company's stocks	<u>\$3,605,083</u>	<u>\$2,437,036</u>
Equity instruments investments measured at fair value through other comprehensive income - non-current:		
Unlisted company's stocks	<u>\$2,201,412</u>	<u>\$2,074,370</u>

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

The Group's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended December 31, 2021 and 2020 are as follow:

	For the years ended December 31,	
	2021	2020
Related to investments held at the end of the reporting period	\$146,949	\$117,922
Related to investments derecognized during the period	-	-
Dividends recognized during the period	<u>\$146,949</u>	<u>\$117,922</u>

In consideration of the Group's investment strategy, the Group disposed, and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the years ended December 31, 2021 and 2020 are as follow:

	For the years ended December 31,	
	2021	2020
The fair value of the investments at the date of derecognition	\$-	\$12,987
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	-	9,987

### (3) Notes receivable

	As of December 31,	
	2021	2020
Notes receivable arising from operating activities	\$20,905	\$32,406
Less: loss allowance	-	-
Notes receivable, net	<u>\$20,905</u>	<u>\$32,406</u>

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

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

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

	As of December 31,	
	2021	2020
Accounts receivable	\$465,174	\$466,068
Less: loss allowance	(50)	(10)
Subtotal	<u>465,124</u>	<u>466,058</u>
Accounts receivable - related parties	8,131	5,420
Less: loss allowance	-	-
Subtotal	<u>8,131</u>	<u>5,420</u>
Total	<u>\$473,255</u>	<u>\$471,478</u>

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

Accounts receivable are generally on 30-365-day terms. The book value of the accounts receivables held by the Group were NT\$473,305 thousand and NT\$471,488 thousand as of December 31, 2021 and 2020, respectively. Please refer to Note 6.(19) for more details on impairment of accounts receivable. Please refer to Note 12 for more details on credit risk management.

## (5) Inventories

	As of December 31,	
	2021	2020
Construction land	\$12,842,775	\$10,081,987
Construction in progress	19,212,622	13,215,355
Buildings and land held for sale	998,041	2,914,124
Others	2,215	15,250
Subtotal	33,055,653	26,226,716
Prepayment for land purchases	2,924,167	2,762,342
Total	\$35,979,820	\$28,989,058

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

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

C. Significant Construction projects were as follow:

Construction Project	Amount	Percentage of Completion
Park Beautiful Mansion	\$1,029,794	74.00%
Cathay Mega+	1,010,390	63.00%
Have a Rich Year	1,395,238	32.00%
Cathay Lagom	1,203,810	50.00%
Liberty Stationery Corp	2,471,512	29.00%
Cathay ChuanQing	1,231,429	24.00%
Cathay of Riverside	1,104,762	6.00%
Cathay XiJing	1,133,333	4.00%
Dunnan Lin Yuan	1,651,429	2.00%
Cathay YouYong	1,130,476	0.00%
Cathay THE PARK	1,257,143	0.00%
Cathay MOST+	1,890,000	0.00%

D. The total interest capitalizes of the inventories mentioned above was found to be NT\$122,220 thousand and NT\$124,036 thousand for the years ended December 31, 2021 and 2020, respectively. The interest expense before capitalizing were NT\$ 373,189 thousand and NT\$343,751 thousand, respectively.

The monthly capitalization interest rate of loan for inventories were 0.0383%~0.0883% and 0.0383%~0.2763% for the years ended December 31, 2021 and 2020, respectively.

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

Construction Project	Amount	Trustee	Period
Park Beautiful Mansion	\$33	Cathay United Bank	From June 6, 2018 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Tree Rivers, Cathay's Home I	50	Cathay United Bank	From June 13, 2018 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
HYGGE	355	Cathay United Bank	From July 30, 2018 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Tree Rivers, Cathay's Home II	210	Cathay United Bank	From December 26, 2018 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Have a Rich Year	19	Cathay United Bank	From May 31, 2019 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Cathay Lagom	458	Cathay United Bank	From July 3, 2019 to the completion of the project, the license was obtained, and the first registration of the ownership was completed
Cathay Mega+	0	Cathay United Bank	From August 1, 2019 to the completion of the project, the license was obtained, and the first registration of the ownership was completed
Cathay ChuanQing	100	Cathay United Bank	From May 5, 2020 to the completion of the project, the license was obtained, and the first registration of the ownership was completed
Cathay Opulence	201,784	Cathay United Bank	From July 3, 2020 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.

Construction Project	Amount	Trustee	Period
Cathay XiJing	196,106	Cathay United Bank	From November 9, 2020 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Cathay THE PARK	324,597	Cathay United Bank	From December 23, 2020 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Cathay YouYong	349,192	Cathay United Bank	From February 3, 2021 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Cathay of Riverside	100,450	Cathay United Bank	From February 4, 2021 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Cathay Most+	397,896	Cathay United Bank	From June 16, 2021 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
UNi PARK	518,047	Cathay United Bank	From April 1, 2021 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.

As of December 31, 2021, the Group has established a deed of trust with the bank for the construction above to help manage the funds of the presold customers paid. The trust period ends after the construction is completed and the first ownership registration of the property. The balance of the managed funds by the Group in accordance with the above trust deed is NT\$2,089,297 thousand, which is equal to the amount receivable of the presold contract. There is no delay in the delivery of the trust account.

F. The cost of inventories recognized in expenses amounts to NT\$ 7,111,488 thousand and NT\$8,583,459 thousand for the years ended to December 31, 2021 and 2020, including the inventory valuation losses NT\$0 thousand for both the years ended December 31, 2021 and 2020.

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

H. Incremental cost of the contract

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

## (6) Property, plant and equipment

	As of December 31,	
	2021	2020
Owner occupied property, plant and equipment	\$4,214,962	\$4,656,443
Property, plant and equipment leased out under operating leases	549,344	541,423
<b>Total</b>	<b>\$4,764,306</b>	<b>\$5,197,866</b>

### A. Owner occupied property, plant and equipment

	Land	Buildings	Leasehold Improvement	Other equipment	Construction in progress and equipment awaiting examination	Total
<b>Cost</b>						
As of January 1, 2020	\$1,616,689	\$1,178,465	\$1,508,124	\$504,624	\$220,219	\$5,028,121
Additions	-	2,713	525,159	61,035	309,881	898,788
Acquisitions through business combinations	-	-	-	236	-	236
Disposals	-	-	(1,535)	(4,682)	-	(6,217)
Transfer	-	-	30,790	18,351	(74,139)	(24,998)
Exchange differences	-	-	-	(32)	-	(32)
As of December 31, 2020	1,616,689	1,181,178	2,062,538	579,532	455,961	5,895,898
Additions	-	-	78,857	14,296	256,472	349,625
Disposals	-	-	-	(3,362)	-	(3,362)
Transfer	-	-	(40,534)	72,634	(534,802)	(502,702)
As of December 31, 2021	<u>\$1,616,689</u>	<u>\$1,181,178</u>	<u>\$2,100,861</u>	<u>\$663,100</u>	<u>\$177,631</u>	<u>\$5,739,459</u>
<b>Depreciation and impairment:</b>						
As of January 1, 2020	\$-	\$283,498	\$369,031	\$324,634	\$-	\$977,163
Depreciation	-	43,692	153,237	70,188	-	267,117
Disposals	-	-	(663)	(4,143)	-	(4,806)
Exchange differences	-	-	-	(19)	-	(19)
As of December 31, 2020	-	327,190	521,605	390,660	-	1,239,455
Depreciation	-	35,432	171,823	80,977	-	288,232
Disposals	-	-	-	(3,140)	-	(3,140)
Exchange differences	-	-	-	(50)	-	(50)
As of December 31, 2021	<u>\$-</u>	<u>\$362,622</u>	<u>\$693,428</u>	<u>\$468,447</u>	<u>\$-</u>	<u>\$1,524,497</u>
<b>Net carrying amount:</b>						
As of December 31, 2021	<u>\$1,616,689</u>	<u>\$818,556</u>	<u>\$1,407,433</u>	<u>\$194,653</u>	<u>\$177,631</u>	<u>\$4,214,962</u>
As of December 31, 2020	<u>\$1,616,689</u>	<u>\$853,988</u>	<u>\$1,540,933</u>	<u>\$188,872</u>	<u>\$455,961</u>	<u>\$4,656,443</u>

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

	Leasehold Improvement	Other equipment	Transportation equipment	Total
Cost				
As of January 1, 2020	\$376,877	\$385,803	\$116,824	\$879,504
Additions	4,080	32,614	15,058	51,752
Disposals	(2,953)	(15,767)	(13,724)	(32,444)
As of December 31, 2020	378,004	402,650	118,158	898,812
Additions	4,630	29,402	24,644	58,676
Disposals	-	(14,815)	(25,154)	(39,969)
Transfer	34,496	-	-	34,496
As of December 31, 2021	<u>\$417,130</u>	<u>\$417,237</u>	<u>\$117,648</u>	<u>\$952,015</u>
Depreciation and impairment:				
As of January 1, 2020	\$113,112	\$154,012	\$49,116	\$316,240
Depreciation	17,087	21,567	18,709	57,363
Disposals	(340)	(9,135)	(6,739)	(16,214)
As of December 31, 2020	129,859	166,444	61,086	357,389
Depreciation	21,918	28,220	21,308	71,446
Disposals	-	(7,505)	(18,659)	(26,164)
As of December 31, 2021	<u>\$151,777</u>	<u>\$187,159</u>	<u>\$63,735</u>	<u>\$402,671</u>
Net carrying amount:				
As of December 31, 2021	<u>\$265,353</u>	<u>\$230,078</u>	<u>\$53,913</u>	<u>\$549,344</u>
As of December 31, 2020	<u>\$248,145</u>	<u>\$236,206</u>	<u>\$57,072</u>	<u>\$541,423</u>

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

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

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

**(7) Investment property**

	Lands	Buildings	Right-of-use assets	Total
Cost:				
As of January 1, 2020	\$5,545,512	\$5,020,199	\$306,104	\$10,871,815
Additions from subsequent expenditure	-	12,615	-	12,615
Acquisitions through business combinations	7,851	1,629	-	9,480
Disposals	(17,102)	(151,249)	-	(168,351)
As of December 31, 2020	5,536,261	4,883,194	306,104	10,725,559
Additions from subsequent expenditure	-	1,802	23,972	25,774
Transfer	45,854	51,994	6,531	104,379
Disposals	(27,689)	(23,432)	(39,225)	(90,346)
As of December 31, 2021	<u>\$5,554,426</u>	<u>\$4,913,558</u>	<u>\$297,382</u>	<u>\$10,765,366</u>
Depreciation and impairment:				
As of January 1, 2020	\$-	\$2,173,960	\$52,977	\$2,226,937
Depreciation	-	137,832	82,754	220,586
Disposals	-	(91,214)	-	(91,214)
As of December 31, 2020	-	2,220,578	135,731	2,356,309
Depreciation	-	148,085	85,023	233,108
Transfer	-	-	4,484	4,484
Disposals	-	(14,513)	(39,225)	(53,738)
As of December 31, 2021	<u>\$-</u>	<u>\$2,354,150</u>	<u>\$186,013</u>	<u>\$2,540,163</u>
Net carrying amount:				
As of December 31, 2021	<u>\$5,554,426</u>	<u>\$2,559,408</u>	<u>\$111,369</u>	<u>\$8,225,203</u>
As of December 31, 2020	<u>\$5,536,261</u>	<u>\$2,662,616</u>	<u>\$170,373</u>	<u>\$8,369,250</u>

	For the years ended December 31,	
	2021	2020
Rental income from investment property	\$258,370	\$276,738
Less:		
Direct operating expenses from investment property generating rental income	(73,164)	(71,444)
Direct operating expenses from investment property not generating rental income	(35,428)	(37,958)
Total	<u>\$149,778</u>	<u>\$167,336</u>

The investment properties held by the Group were not valued at fair value. The amounts of the fair value were only for disclosure. The fair value of the investment properties held by the Group were NT\$13,716,064 thousand and NT\$13,017,633 thousand as of December 31, 2021 and 2020, respectively, which were valued by an independent external appraisal expert and internal valuation. The evaluation method was comparison method and based on the actual deal price or the market transaction price of the real estate nearby.

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

### (8) Intangible assets

	Computer software	Trademark	Total
Cost:			
As of January 1, 2020	\$140,889	\$4,861	\$145,750
Addition-acquired separately	23,745	497	24,242
Acquisitions through business combinations	169	-	169
Disposals	(1,995)	-	(1,995)
Transfers- prepaid equipment	346	-	346
As of December 31, 2020	163,154	5,358	168,512
Addition-acquired separately	20,723	2,376	23,099
Disposals	(32)	-	(32)
Transfer	193	-	193
As of December 31, 2021	<u>\$184,038</u>	<u>\$7,734</u>	<u>\$191,772</u>
Amortization and impairment:			
As of January 1, 2020	\$117,430	\$4,110	\$121,540
Amortization	14,317	270	14,587
Disposals	(1,022)	-	(1,022)
As of December 31, 2020	130,725	4,380	135,105
Amortization	18,814	321	19,135
Disposals	(32)	-	(32)
As of December 31, 2021	<u>\$149,507</u>	<u>\$4,701</u>	<u>\$154,208</u>
Net carrying amount:			
As of December 31, 2021	<u>\$34,531</u>	<u>\$3,033</u>	<u>\$37,564</u>
As of December 31, 2020	<u>\$32,429</u>	<u>\$978</u>	<u>\$33,407</u>

Amortization expense of intangible assets were as follow:

	For the years ended December 31,	
	2021	2020
Operating expenses	\$16,715	\$12,243
Operating costs	2,420	2,344
Total	\$19,135	\$14,587

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

	As of December 31,	
	2021	2020
Construction land	\$18,425	\$18,425
Prepaid expense - equipment	122,734	32,851
Refundable deposits	1,536,733	1,533,892
Other financial assets	46,400	46,400
Other non-current assets - other	22,468	24,301
Total	\$1,746,760	\$1,655,869

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

Items	As of December 31,		Type	Purpose	Securities
	2021	2020			
Land Serial NO.137-2 etc., Northern shi-zhi of Hou-tsuo section, San-zhi township, New Taipei City	\$18,425	\$18,425	Purchases / Sales	Development	Mortgage setting and commitment

**(10) Short-term loans**

	As of December 31,	
	2021	2020
Unsecured bank loans	\$11,460,000	\$7,351,000
Interest rate	0.81%~1.01%	0.75%~1.25%

Please refer to Note 6.(12) for more details on the Group's unused lines of credits.

**(11) Short-term notes payable**

	As of December 31,	
	2021	2020
Short-term notes and bills payable	\$3,637,000	\$3,097,000
Less: unamortized discount	(7,704)	(6,499)
Net	<u>\$3,629,296</u>	<u>\$3,090,501</u>
Interest rate	0.33%~0.67%	0.29%~0.70%

**(12) Long-term loans**

Details of long-term loans as of December 31, 2021 and 2020 are as follows:

	As of December		
	31, 2021	Interest rate (%)	Maturity date and terms of repayment
Bank credit loans	\$11,264,000	0.85%~1.10%	Effective July 2019 to November 2024, repayments on due day.
Long-term credit notes payable	929,366	0.37%	Effective December 2021 to December 2023, repayments on due day.
Long-term secured notes payable	609,319	0.42%	Effective July 2021 to August 2026, repayments on due day.
Subtotal	<u>12,802,685</u>		
Less: current portion	<u>(1,500,000)</u>		
Total	<u>\$11,302,685</u>		
	As of December		
	31, 2020	Interest rate (%)	Maturity date and terms of repayment
Bank credit loans	\$10,180,000	0.85%~1.00%	Effective July 2019 to July 2023, repayments on due day.
Long-term credit notes payable	729,741	0.29%	Effective August 2020 to August 2023, repayments on due day.
Subtotal	<u>10,909,741</u>		
Less: current portion	<u>(5,400,000)</u>		
Total	<u>\$5,509,741</u>		

The Group's unused total lines of credits amounted to NT\$18,905,060 thousand and NT\$24,154,181 thousand as of December 31, 2021 and 2020, respectively.

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

### **(13) Retirement employment benefits**

#### **A. Defined contribution plan**

The defined contribution plan of the Company and its domestic subsidiaries' Employee Retirement Plan is regulated according to the provisions of the Labor Pension Act. In accordance with the Act, contributions made by the employer cannot be lower than 6% of the participant's monthly wages. Therefore, The Group makes 6% contributions of the monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance on a regular basis.

For the years ended December 31, 2021 and 2020, the expenses related to defined contribution plan amounted to NT\$39,117 thousand and NT\$33,609 thousand, respectively.

#### **B. Defined benefits plan**

The defined benefit plan of the Company and its domestic subsidiaries' Employee Retirement Plan is regulated according to the Labor Standards Act. 2. Retirement benefits are based on such factors as the employee's length of service and final pensionable salary. In accordance with the Act, 2 bases are given for each full year on the first 15 years of service and 1 base is given for each full year after 15 years of service. The total bases given shall not exceed 45. Under the retirement plan, the Company and its domestic subsidiaries contributes monthly an amount equal to 2% of gross salary to the pension reserve fund, which is deposited into a designated depository account with the Bank of Taiwan. At the end of each year, if the balance in the designated labor pension reserve funds is inadequate to cover the benefit estimated to be paid in the following year, the Company and its domestic subsidiaries should make up the difference before the end of March in the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the

competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT\$4,783 thousand to its defined benefit plan during the 12 months beginning after December 31, 2021.

As of December 31, 2021 and 2020, the average duration of defined benefit obligation of the Group were expected to be 12.6 years and 12.9 years.

Amounts to be recognized in profit or loss for the years ended December 31, 2021 and 2020 are summarized as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Current period service cost	\$18,923	\$14,965
Net interest on the net defined benefit liability (asset)	499	1,265
Total	<u>\$19,422</u>	<u>\$16,230</u>

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

	<u>As of</u>		
	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>January 1,</u> <u>2020</u>
Present value of defined benefit obligation	\$377,793	\$381,746	\$184,927
Fair value of plan assets	(218,703)	(208,248)	(86,541)
Other non-current liabilities-accrued pension liabilities recognized on the balance sheets	<u>\$159,090</u>	<u>\$173,498</u>	<u>\$98,386</u>

Reconciliation of net defined benefit liabilities (assets):

	<u>Present value</u> <u>of defined</u> <u>benefit</u> <u>obligation</u>	<u>Fair value of</u> <u>plan assets</u>	<u>Net defined</u> <u>benefit</u> <u>liabilities</u> <u>(assets)</u>
As of January 1, 2020	\$184,927	\$(86,541)	\$98,386
Acquisitions through business combinations	201,190	(106,421)	94,769
Net defined benefit cost			
Current service cost	14,965	-	14,965
Interest expense (income)	2,573	(1,308)	1,265
Subtotal	<u>17,538</u>	<u>(1,308)</u>	<u>16,230</u>

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Remeasurement of defined benefit liabilities/assets			
Actuarial gains and losses arising from changes in financial assumptions	12,566	-	12,566
Experience adjustment	(3,347)	-	(3,347)
Remeasurement of plan assets	-	(5,285)	(5,285)
Subtotal	9,219	(5,285)	3,934
Payments from the plan	(31,128)	18,272	(12,856)
Contributions by employer	-	(26,965)	(26,965)
As of December 31, 2020	381,746	(208,248)	173,498
Net defined benefit cost			
Current service cost	18,923	-	18,923
Interest expense (income)	1,075	(576)	499
Subtotal	19,998	(576)	19,422
Remeasurement of defined benefit liabilities/assets			
Actuarial gains and losses arising from changes in demographic assumptions	9,184	-	9,184
Actuarial gains and losses arising from changes in financial assumptions	(10,105)	-	(10,105)
Experience adjustment	4,911	-	4,911
Remeasurement of plan assets	-	(3,134)	(3,134)
Subtotal	3,990	(3,134)	856
Payments from the plan	(27,941)	21,583	(6,358)
Contributions by employer	-	(28,328)	(28,328)
As of December 31, 2021	\$377,793	\$(218,703)	\$159,090

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

	As of December 31,	
	2021	2020
Discount rate	0.61%~0.74%	0.26%~0.38%
Expected rate of salary increases	0.50%~2.50%	0.50%~2.50%

A sensitivity analysis for significant assumption as of December 31, 2021 and 2020 was as follow:

	For the years ended December 31,			
	2021		2020	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.25%	\$-	\$7,106	\$-	\$7,887
Discount rate decrease by 0.25%	7,474	-	7,913	-
Future salary increase by 0.5%	14,211	-	15,628	-
Future salary decrease by 0.5%	-	13,593	-	14,854

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

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

#### (14) Common stock

The Company's authorized capital was NT\$ 20,000,000 thousand and issued capital was NT\$ 11,595,611 thousand as at December 31, 2021 and 2020, respectively. The Company has issued 1,159,561 thousand shares as at December 31, 2021 and 2020, respectively, each at a par value of NT\$10. Each share has one voting right and a right to receive dividends.

#### (15) Capital surplus

	As of December 31,	
	2021	2020
Treasury share transactions	\$10,407	\$10,407
Others - overdue dividends	28,439	29,108
Total	\$38,846	\$39,515

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

## **(16) Retained earnings**

### **A. Legal reserve**

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

### **B. Special reserve**

The FSC on March 31, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

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

At the first-time adoption of IFRSs, special reverse set aside by The Company was NT\$504,189 thousand. As of December 31, 2021, there were no use, disposition or reclassification of related assets and there is no need to revolving special reserve to retained earnings.

### **C. Retained earnings and dividend policies**

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

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

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

D. For the years ended December 31 2020 and 2019, the details of earnings distribution and dividends per share were resolved by the shareholder's meeting on July 23, 2021 and June 12, 2020, were as follows:

	Appropriation of earnings (in thousand NT dollars)		Cash Dividend per share (NT dollars)	
	2020	2019	2020	2019
Legal reserve	\$149,397	\$137,050		
Common stock - cash dividend	1,159,561	1,159,561	\$1.0	\$1.0

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

### (17) Non-controlling interests

	For the years ended December 31,	
	2021	2020
Beginning balance	\$943,904	\$103,958
Net income (losses) attributed to the non-controlling interests	(4,039)	32,807
Other comprehensive income attributed to the non-controlling interests:		
Exchange differences resulting from translating the financial statements of a foreign operation	-	(57)
Remeasurements of defined benefit plans	(843)	(1,351)
Income tax (benefit) expense relating to items that will not be reclassified to profits/losses	169	270
Acquisition of new shares in a subsidiary not in proportionate to ownership interests	3,000	3,000
Dividends distributed by subsidiary	(45,308)	(43,138)
Non-controlling interests in newly established subsidiary	340	850,110
Subsidiary liquidation	-	(1,695)
Ending balance	\$897,223	\$943,904

## (18) Operating revenues

	For the years ended December 31,	
	2021	2020
Revenue from contracts with customers		
Sales of buildings and land	\$9,493,911	\$11,356,913
Service income	2,369,964	2,023,608
Others	164,119	128,677
Subtotal	12,027,994	13,059,198
Rental income	448,024	464,413
Total	\$12,476,018	\$13,973,611

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

### A. Disaggregation of revenue

For the year ended December 31, 2021

	Property and real estate Investment development department		
	Property and real estate Investment development department	Others	Total
Sales of buildings and lands	\$9,493,911	\$-	\$9,493,911
Service income	-	2,369,964	2,369,964
Sales of goods	-	67,626	67,626
Rental income	282,586	165,438	448,024
Others	-	96,493	96,493
Total	\$9,776,497	\$2,699,521	\$12,476,018
Revenue recognition point:			
At a point in time	\$9,493,911	\$2,534,083	\$12,027,994
Over time	282,586	165,438	448,024
Total	\$9,776,497	\$2,699,521	\$12,476,018

For the year ended December 31, 2020

	Property and real estate Investment development		Total
	department	Others	
Sales of buildings and lands	\$11,356,913	\$-	\$11,356,913
Service income	-	2,023,608	2,023,608
Sales of goods	-	68,154	68,154
Rental income	300,594	163,819	464,413
Others	-	60,523	60,523
<b>Total</b>	<b>\$11,657,507</b>	<b>\$2,316,104</b>	<b>\$13,973,611</b>
Revenue recognition point:			
At a point in time	\$11,356,913	\$2,152,285	\$13,509,198
Over time	300,594	163,819	464,413
<b>Total</b>	<b>\$11,657,507</b>	<b>\$2,316,104</b>	<b>\$13,973,611</b>

#### B. Contract balances

Contract liabilities - current

	As of		
	December 31, 2021	December 31, 2020	January 1, 2020
Sales of goods	\$5,167,680	\$4,421,199	\$3,526,415
Service	117,840	85,423	49,508
<b>Total</b>	<b>\$5,285,520</b>	<b>\$4,506,622</b>	<b>\$3,575,923</b>

For the years ended December 31, 2021 and 2020, the movement in the contract liabilities are as follows:

	For the years ended December 31,	
	2021	2020
Revenue recognized during the year that was included in the balance at the beginning of the year	\$(2,012,917)	\$(938,260)
Increase in receipt in advance during the period	2,791,815	1,868,959

C. Assets recognized from the revenue from contracts with customers

Incremental costs of obtaining contracts

	As of		
	December 31, 2021	December 31, 2020	January 1, 2020
Sales of buildings and lands	\$885,612	\$633,029	\$671,760

The amortized amount of the incremental cost of the Group's acquisition of the contract for the years ended December 31, 2021 and 2020 were NT\$264,224 thousand and NT\$279,282 thousand, respectively.

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

	For the years ended December 31,	
	2021	2020
Operating expenses - expected credit losses/ (gains)		
Accounts receivable	\$40	\$(34)

Please refer to Note 12 for information of credit risks.

The Group measured the loss allowance of receivables (including notes and accounts receivable) at an amount equal to lifetime expected credit losses, and measured by using a provision matrix. The details of the loss allowance measured was as follows:

December 31, 2021

	Neither past due (Note)	Past due					Total
		Within 30 days	31-90 days	91-270 days	271- 365days	Over 365 days	
Gross carrying amount	\$488,311	\$5,899	\$-	\$-	\$-	\$-	\$494,210
Loss ratio	-	0.84%	-	-	-	-	
Lifetime expected credit losses	-	50	-	-	-	-	50
Total	\$488,311	\$5,849	\$-	\$-	\$-	\$-	\$494,160

December 31, 2020

	Neither past due (Note)	Past due					Total
		Within 30 days	31-90 days	91-270 days	271- 365days	Over 365 days	
Gross carrying amount	\$503,046	\$848	\$-	\$-	\$-	\$-	\$503,894
Loss ratio	-	1.14%	-	-	-	-	
Lifetime expected credit losses	-	10	-	-	-	-	10
Total	\$503,046	\$838	\$-	\$-	\$-	\$-	\$503,884

Note: The Group's notes receivable was not overdue.

For the years ended December 31, 2021 and 2020, the movement in the provision for impairment of notes receivable and accounts receivable are as follows:

	Notes receivable	Accounts Receivable
As of January 1, 2020	\$-	\$44
Addition/(reversal) for the current period	-	(34)
Amounts written off during the period as uncollectible	-	-
As of December 31, 2020	-	10
Addition/(reversal) for the current period	-	40
Amounts written off during the period as uncollectible	-	-
As of December 31, 2021	\$-	\$50

## (20) Operating leases

### A. Operating lease commitments - Group as lessee

The Group leases various property (buildings) and transportation equipment. These leases have terms of between one and twenty years.

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

#### a. Amounts recognized in the balance sheet

##### (a) Right-of-use assets

The carrying amount of right-of-use asset

	As of December 31,	
	2021	2020
Land	\$13,335	\$8,264
Buildings	5,165,757	5,125,698
Transportation equipment	1,621	-
Total	\$5,180,713	\$5,133,962

For the years ended December 31, 2021 and 2020, the Group's additions to right-of-use assets amounting to NT\$454,875 thousand and NT\$1,444,976 thousand, respectively.

(b) Lease liability

	As of December 31,	
	2021	2020
Lease liability	\$5,620,280	\$5,509,959
Current	\$424,081	\$349,495
Non-current	5,196,199	5,160,464

Please refer to Note 6.(22).D for the interest on lease liability recognized during the years ended December 31, 2021 and 2020 and refer to Note 12.(5) for the maturity analysis for lease liabilities as of December 31, 2021 and 2020.

b. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2021	2020
Land	\$10,400	\$7,249
Buildings	395,376	335,957
Transportation equipment	301	-
Total	\$406,077	\$343,206

c. Income and costs relating to leasing activities

	For the years ended December 31,	
	2021	2020
The expense relating to short-term leases	\$4,569	\$6,588
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	1,337	605
The expense relating to variable lease payments not included in the measurement of lease liabilities	5,242	30,516

As of December 31, 2021 and 2020, the short-term lease portfolio promised by the Group and the types of lease targets related to the aforementioned short-term lease expenses are similar.

In 2021 and 2020, the Group recognized the relevant rent concessions arising as a direct consequence of the covid-19 pandemic as other income NT\$51,506 thousand and NT\$27,445 thousand to reflect changes in variable lease payments that have applied related practical expedients.

d. Cash outflow relating to leasing activities

For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases amounting to NT\$528,652 thousand and NT\$480,667 thousand, respectively.

e. Other information relating to leasing activities

Variable lease payments

Some of the Group's property lease agreements contain variable payment terms that are linked to certain percentages of sales generated from the leased stores, which is very common in the industry of the Group. The variable rent was calculated by the higher amount of fixed payment and payment which calculated by certain percentages of sales under the lease agreements. As such variable lease payments do not meet the definition of lease payments, those payments are not included in the measurement of the assets and liabilities. If the payment which calculated by certain percentages of sales under the lease agreements is higher than the fixed payment, the Group expects the consequence that, for every sales increase of NT\$100 thousand, the rental payments will increase by NT\$25 thousand.

B. Group as lessor

Please refer to Note 6.(7) for details on the Group's owned investment properties. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	<u>\$448,282</u>	<u>\$464,559</u>

Please refer to Note 6.(6) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2021 and 2020 are as follow:

	As of December 31,	
	2021	2020
Not later than 1 year	\$299,318	\$298,600
Later than 1 year and not later than 2 years	290,032	297,227
Later than 2 year and not later than 3 years	288,076	288,051
Later than 3 year and not later than 4 years	288,076	286,095
Later than 4 year and not later than 5 years	164,491	286,095
Later than five years	73,971	234,309
Total	\$1,403,964	\$1,690,377

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

Description	Function	For the year ended December 31, 2021			For the year ended December 31, 2020		
		Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits expense							
Salaries and wages		\$593,125	\$374,196	\$967,321	\$478,920	\$356,402	\$835,322
Labor and health insurance		64,461	34,973	99,434	48,633	32,260	80,893
Pension		35,304	23,235	58,539	27,189	22,650	49,839
Other employee benefits expense		25,848	21,709	47,557	24,046	21,447	45,493
Depreciation and depletion		659,972	338,891	998,863	429,148	459,124	888,272
Amortization		2,420	16,715	19,135	2,344	12,243	14,587

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

The Company's employees' compensation and directors' remuneration was NT\$927 thousand and NT\$2,400 thousand, estimated as 0.1% and lower than 1% of the Company's net profit and recognized as compensation for employees and directors' remuneration for the year ended December 31, 2021. The amount of employees' compensation and directors' remuneration recognized in the year ended December 31, 2020 was NT\$1,652 thousand and NT\$2,400 thousand, respectively. The aforementioned amounts were listed under salary expenses. If the

abovementioned employees' compensation and directors' remuneration estimations are different from the actual distributed amount resolved by the board of director's meeting, the difference will be recognized as profit or loss in the next period.

The Company's the board of director's meeting on March 18, 2021 resolved to distribute NT\$1,652 thousand and NT\$2,400 thousand of employee's and director's compensation in cash. There are no material differences exist between the estimated amount and the actual distribution.

## (22) Non-operating income and expenses

### A. Interest income

	For the years ended December 31,	
	2021	2020
Deposit interest	\$1,347	\$1,766
Others	1,576	1,317
Total	\$2,923	\$3,083

### B. Other income

	For the years ended December 31,	
	2021	2020
Dividend income	\$146,949	\$117,922
Rental income	258	146
Gain recognized in bargain purchase transaction	-	2,575
Others	160,701	156,090
Total	\$307,908	\$276,733

### C. Other gains and losses

	For the years ended December 31,	
	2021	2020
Gains (losses) on disposal and abandon of property, plant and equipment	\$(2,816)	\$(9,195)
Loss of disposal intangible assets	-	(973)
Gains on disposal of investment	-	87,423
Foreign exchange gains (losses), net	(67)	70
Others	(3,778)	(3,471)
Total	\$(6,661)	\$73,854

## D. Finance costs

	For the years ended December 31,	
	2021	2020
Interest on borrowings from bank	\$101,991	\$85,384
Interest on lease liabilities	148,978	134,331
Total	<u>\$250,969</u>	<u>\$219,715</u>

### (23) Components of other comprehensive income

For the year ended December 31, 2021

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or losses:					
Remeasurements of defined benefit plans	\$(856)	\$-	\$(856)	\$172	\$(684)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	1,295,089	-	1,295,089	-	1,295,089
Total of other comprehensive income	<u>\$1,294,233</u>	<u>\$-</u>	<u>\$1,294,233</u>	<u>\$172</u>	<u>\$1,294,405</u>

For the year ended December 31, 2020

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or losses:					
Remeasurements of defined benefit plans	\$(3,934)	\$-	\$(3,934)	\$786	\$(3,148)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(164,942)	-	(164,942)	-	(164,942)
Items that may be reclassified subsequently to profit or losses:					
Exchange differences arising from translation of foreign operations	(653)	(87,569)	(88,222)	-	(88,222)
Total of other comprehensive income	<u>\$(169,529)</u>	<u>\$(87,569)</u>	<u>\$(257,098)</u>	<u>\$786</u>	<u>\$(256,312)</u>

## (24) Income taxes

The major components of income tax expense (income) were as follows:

### Income tax expense (income) recognized in profit or loss

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Current income tax expense (income):		
Current income tax charge	\$33,850	\$25,022
Current land value increment tax charge	68,483	65,158
Adjustments in respect of current income tax of prior periods	(1,601)	(2,501)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	3,011	102,812
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	(18,352)	(21,994)
Total income tax expense (income)	<u>\$85,391</u>	<u>\$168,497</u>

### Income tax relating to components of other comprehensive income

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Deferred tax expense (income):		
Remeasurements of defined benefit plans	<u>\$(172)</u>	<u>\$(786)</u>

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

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Accounting profit before tax from continuing operations	<u>\$928,891</u>	<u>\$1,685,284</u>
Tax at the domestic rates applicable to profits in the country concerned	\$48,127	\$337,057
Tax effect of revenues exempt from taxation	(400,034)	(303,394)
Tax effect of non-deductible expense	169,029	117,295
Tax effect of deferred tax assets/liabilities	192,137	(48,996)
Surtax on undistributed retain earnings	9,250	3,878
Adjustments in respect of current income tax of prior periods	(1,601)	(2,501)
Current land value increment tax	<u>68,483</u>	<u>65,158</u>
Total income tax expense (income) recognized in profit or loss	<u>\$85,391</u>	<u>\$168,497</u>

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2021

	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance
Temporary differences				
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS - land value increment tax	\$(10,049)	\$-	\$-	\$(10,049)
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS	93,652	(2,601)	-	91,051
Depreciation difference for tax purpose - investment property	98,866	(2,747)	-	96,119
Depreciation difference for tax purpose of property, plants and Equipment - interest capitalization	2,235	(97)	-	2,138
Investments accounted for using equity method	-	-	-	-
Unrealized intragroup profits and losses	6,156	(8)	-	6,148
Allowance for loss	1,400	-	-	1,400
Allowance for loss of inventories price falling	2,869	-	-	2,869
Non-current liability - defined benefit liability	30,615	(3,291)	172	27,496
Accrued expenses over two years transfer to revenue	7	-	-	7
Unrealized advertising fee	113,637	5,733	-	119,370
Unrealized repairing fee	524	-	-	524
Unused tax credits	129,374	18,352	-	147,726
Deferred tax income/ (expense)		<u>\$15,341</u>	<u>\$172</u>	
Net deferred tax assets/(liabilities)	<u>\$469,286</u>			<u>\$484,799</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$479,335</u>			<u>\$494,848</u>
Deferred tax liabilities	<u>\$(10,049)</u>			<u>\$(10,049)</u>

For the year ended December 31, 2020

	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in comprehensive income	Resulted from the merger	Ending balance
Temporary differences					
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS - land value increment tax	\$(10,049)	\$-	\$-	\$-	\$(10,049)
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS	96,746	(3,094)	-	-	93,652
Depreciation difference for tax purpose - investment property	101,539	(2,747)	-	74	98,866
Depreciation difference for tax purpose of property, plants and Equipment - interest capitalization	2,332	(97)	-	-	2,235
Investments accounted for using equity method	70,897	(70,897)	-	-	-
Unrealized intragroup profits and losses	112	6,044	-	-	6,156
Allowance for loss	1,400	-	-	-	1,400
Allowance for loss of inventories price falling	28,665	(25,795)	-	-	2,870
Non-current liability - defined benefit liability	15,356	(551)	786	15,023	30,614
Accrued expenses over two years transfer to revenue	7	-	-	-	7
Unrealized advertising fee	119,312	(5,675)	-	-	113,637
Unrealized repairing fee	524	-	-	-	524
Unused tax credits	107,380	21,994	-	-	129,374
Deferred tax income/ (expense)		<u>\$(80,818)</u>	<u>\$786</u>	<u>\$15,097</u>	
Net deferred tax assets/(liabilities)	<u>\$534,221</u>				<u>\$469,286</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$544,270</u>				<u>\$479,335</u>
Deferred tax liabilities	<u>\$(10,049)</u>				<u>\$(10,049)</u>

The following table contains information of the unused tax losses of the Group:

Year	Tax losses for the period	Unused tax losses as of December 31,		Expiration year
		2021	2020	
2012	\$16,888	\$16,888	\$16,888	2022
2013	65,058	65,058	65,058	2023
2014	77,749	77,749	77,749	2024
2015	183,168	183,168	183,168	2025
2016	268,254	268,254	268,254	2026
2017	165,360	165,360	165,360	2027
2018	1,191,904	411,348	368,694	2028
2019	235,632	235,632	235,632	2029
2020	633,702	633,702	633,702	2030
2021	838,706	838,706	-	2031
Total		\$2,895,865	\$2,014,505	

#### Unrecognized deferred tax assets

As of December 31, 2021 and 2020, the deferred tax assets have not been recognized amount to NT\$434,525 thousand and NT\$269,699 thousand, respectively.

#### The assessment of income tax returns

As of December 31, 2021, the assessment of the income tax returns of the Group and its subsidiaries was as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2018
Subsidiary- Cathay Real Estate Management Co., Ltd.	Assessed and approved up to 2020
Subsidiary- Cathay Healthcare Management Co., Ltd.	Assessed and approved up to 2019
Subsidiary- Cathay Hospitality Management Co., Ltd.	Assessed and approved up to 2019
Subsidiary- Cathay Hospitality Consulting Co., Ltd.	Assessed and approved up to 2018
Subsidiary- Cymbal Medical Network Co., Ltd.	Assessed and approved up to 2020
Subsidiary- Cymder Co., Ltd.	Assessed and approved up to 2020
Subsidiary- Cymlin Co., Ltd.	Assessed and approved up to 2020
Subsidiary- Lin Yuan Property Management Co., Ltd.	Assessed and approved up to 2019
Subsidiaries-Jinhua Realty Co., Ltd	Assessed and approved up to 2020
Subsidiaries-Bannan Realty Co., Ltd	Assessed and approved up to 2020

Subsidiaries-Sanchong Realty Co., Ltd, was established in 2021. As of December 31, 2021, the Company have not yet filed income tax return.

## (25) Earnings per share

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

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

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	<u>\$847,539</u>	<u>\$1,483,980</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>1,159,561</u>	<u>1,159,561</u>
Basic earnings per share (NT\$)	<u>\$0.73</u>	<u>\$1.28</u>
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$847,539</u>	<u>\$1,483,980</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>1,159,561</u>	<u>1,159,561</u>
Effect of dilution:		
Employee compensation-stock (in thousands)	<u>66</u>	<u>111</u>
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>1,159,627</u>	<u>1,159,672</u>
Diluted earnings per share (NT\$)	<u>\$0.73</u>	<u>\$1.28</u>

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

## (26) Business combinations

### Acquisition of Lin Yuan Property Management Co., Ltd.

On May 15, 2020, the Group acquired 51% of voting shares of Lin Yuan Property Management Co., Ltd., which provides services such as property management, manpower dispatch and parking lots operation. The Group acquired Lin Yuan Property Management Co., Ltd. to develop intellectual buildings and parking lots, expand real estate management market and increase investment profits.

The Group has elected to measure the non-controlling interest by its proportion of the fair value of the acquiree's identifiable assets.

The fair value of the identifiable assets and liabilities of Lin Yuan Property Management Co., Ltd. as at the date of acquisition were:

	<u>Fair value recognized on the acquisition date</u>
Assets	
Cash and cash equivalents	\$202,436
Trade receivables	58,249
Prepayments	386
Others current-assets	5,000
Others equipment	236
Investment property	9,480
Intangible assets	169
Deferred tax assets	15,097
Other non-currents assets	1,753
Subtotal	<u>292,806</u>
Liabilities	
Trade payables	43,800
Others payable	26,696
Current tax liabilities	10,520
Other-current liabilities	2,201
Other non-current liabilities	74,670
Subtotal	<u>157,887</u>
Identifiable net assets	<u><u>\$134,919</u></u>

Bargain purchase gain is calculated as follows:

Purchase consideration	\$53,247
Add: fair value of the equity the Company originally held on acquisition date	12,987
Add: non-controlling interests at fair value	66,110
Less: identifiable net assets at fair value	<u>(134,919)</u>
Bargain purchase gain	<u><u>\$(2,575)</u></u>

Analysis of cash flows on acquisition:

Cash paid	\$53,247
Net cash acquired with the subsidiary	<u>(202,436)</u>
Net cash flow	<u><u>\$(149,189)</u></u>

From the acquisition date May 15, 2020 to December 31, 2020, Lin Yuan Property Management Co., Ltd. has contributed NT\$40,288 thousand to the profit from continuing operations. If the combination had taken place at the beginning of the year, the operating revenue and the profit from continuing operations for the Group would have been NT\$14,374,378 thousand and NT\$1,539,412 thousand.

## 7. RELATED PARTY TRANSACTIONS

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

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

Name of the related parties	Nature of relationship of the related parties
Lin Yuan Property Management Co., Ltd. (Lin Yuan Property)	Subsidiary (Note)
Cathay Life Insurance Co., Ltd. (Cathay Life Insurance)	Others
Cathay United Bank Co., Ltd. (Cathay United Bank)	Others
Cathay Financial Holdings Co., Ltd. (Cathay Financial Holdings)	Others
Cathay Century Insurance Co., Ltd. (Cathay Century Insurance)	Others
San Ching Engineering Co., Ltd. (San Ching Engineering)	Others
Lin Yuan Investment Co., Ltd. (Lin Yuan Investment)	Others
Symphox Information Co., Ltd. (Symphox Information)	Others
Seaward Card Co., Ltd. (Seaward Card)	Others
Nangang International One Co., Ltd. (Nangang One)	Others
Nangang International Two Co., Ltd. (Nangang Two)	Others

Note: Lin Yuan Property Management Co., Ltd. was acquired by the Group on May 15, 2020 and became the Group's subsidiary.

### (2) Significant transactions with the related parties

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

#### A. Cash in banks and short-term loan

Name of the related parties	Type	For the year ended December 31, 2021			
		Maximum amount	Year ended balance	Interest rate (%)	Interest income (expenses)
Others:					
Cathay United Bank	Demand deposit	\$8,485,868	\$1,961,767	0.01%~0.05%	\$203
	Checking accounts	5,929,533	57,685	-	-
	Securities accounts	1,315,408	160,131	0.01%	7
	Time deposits	321,350	256,650	0.50%~0.77%	1,754
	Short-term loan	-	-	-	-

For the year ended December 31, 2020					
Name of the related parties	Type	Maximum amount	Year ended balance	Interest rate (%)	Interest income (expenses)
Others:					
Cathay United Bank	Demand deposit	\$8,659,764	\$2,678,656	0.01%~0.05%	\$246
	Checking accounts	3,508,379	113,095	-	-
	Securities accounts	1,050,098	17,518	0.01%	9
	Time deposits	321,200	268,250	0.50%~1.02%	1,434
	Short-term loan	250,000	-	1.00%	(60)

#### B. Purchase

Name of the related parties	Type	For the years ended December 31,	
		2021	2020
Others:			
San Ching Engineering	Building constructing or expansion	\$2,337,393	\$1,901,357
Cathay United Bank	Management fee of trust service	6,481	7,732
Lin Yuan Investment	Urban renewal co-construction landlord subsidies	6,720	3,960
Total		<u>\$2,350,594</u>	<u>\$1,913,049</u>

- a. The purchase price to the above related parties was determined through agreement based on the market rates.
- b. The total price of the commissioned construction and consultancy contracts signed by the Group and San Ching Engineering was NT\$13,649,042 thousand and NT\$7,325,649 thousand for the years ended December 31, 2021 and 2020, respectively.

#### C. Sales

##### a. Rental Income

Name of the related parties	Type	For the years ended December 31,	
		2021	2020
Others:			
Cathay Life Insurance	Office and vehicles rental	\$7,574	\$7,977
Cathay United Bank	Office and vehicles rental	18,008	18,594
Total		<u>\$25,582</u>	<u>\$26,571</u>

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

b. Service revenue

Name of the related parties	For the years ended December 31,	
	2021	2020
Others:		
Cathay Life Insurance	\$850,000	\$526,239
Cathay United Bank	95,198	60,408
Cathay Financial Holdings	4,011	1,855
Cathay Century Insurance	3,263	3,203
San Ching Engineering	7,914	989
Total	<u>\$960,386</u>	<u>\$592,694</u>

The service revenues are generated from the subsidiary providing health inspection , housing, technology and maintenance services. The transaction price and collection terms above were not significantly different from those with the non-related parties.

D. Notes and account receivable – related parties

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

Name of the related parties	As of December 31,	
	2021	2020
Others:		
Cathay United Bank	<u>\$6,464</u>	<u>\$4,686</u>

E. Notes and accounts payable – related parties

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

Name of the related parties	As of December 31,	
	2021	2020
Others:		
Cathay Life Insurance	\$14,150	\$2,003
San Ching Engineering	-	48,574
Total	<u>\$14,150</u>	<u>\$50,577</u>

F. Lease - related parties

a. Right-of-use assets

	As of December 31,	
	2021	2020
Others:		
Cathay Life Insurance	<u>\$5,087,697</u>	<u>\$5,073,435</u>

The Group acquired right-of-use assets from Cathay Life Insurance amounting to NT\$440,252 thousand and NT\$1,272,946 thousand for the years ended December 31, 2021 and 2020, respectively.

b. Lease liabilities

	As of December 31,	
	2021	2020
Others:		
Cathay Life Insurance	\$5,398,487	\$5,253,645

c. Interest expenses

	For the years ended December 31,	
	2021	2020
Others:		
Cathay Life Insurance	\$144,245	\$112,717

G. Others

a. Other current assets-restricted assets

Name of the related parties	Type	As of December 31,	
		2021	2020
Others:			
Cathay Life Insurance	Engineering guarantee Performance bond	\$5,000	\$6,250

b. Refundable deposits

Name of the related parties	Type	As of December 31,	
		2021	2020
Others:			
Cathay Life Insurance	Rent deposit	\$37,860	\$33,748
Lin Yuan Investment	Joint construction deposit	12,000	8,000
Total		\$49,860	\$41,748

c. Guarantee deposit received

Name of the related parties	Type	As of December 31,	
		2021	2020
Others:			
Cathay United Bank	Rent deposit	\$4,446	\$4,446

## H. Other income

Name of the related parties	Items	For the years ended December 31,	
		2021	2020
Others:			
Cathay United Bank	Management fee and planning fee	\$4,837	\$4,852
Cathay Life Insurance	Management fee and planning fee	4,536	3,445
Cathay Life Insurance	Rent concession	51,506	27,445
Nangang One	Consultancy service	7,040	-
Nangang Two	Consultancy service	8,960	-
Total		<u>\$76,879</u>	<u>\$35,742</u>

## I. Operating costs

Name of the related parties	Items	For the years ended December 31,	
		2021	2020
Other:			
Lin Yuan Property	Management and repairing fee	\$-	\$13,390
Cathay Life Insurance	Management fee	58,835	62,066
Cathay Life Insurance	Others	7,906	7,704
Cathay Life Insurance	Insurance fee	5,180	3,190
Cathay Century Insurance	Insurance fee	5,992	6,041
Symphox Information	Others	3,207	5,603
Total		<u>\$81,120</u>	<u>\$97,994</u>

## J. Operating expenses

Name of the related parties	Items	For the years ended December 31,	
		2021	2020
Others:			
Cathay Life Insurance	Rental fee	\$15,964	\$15,944
Cathay Life Insurance	Insurance and selling expenses	1,838	16,986
Cathay Century Insurance	Insurance fee	11,422	-
Seaward Card	Temporary worker service	4,111	4,827
Total		<u>\$33,335</u>	<u>\$37,757</u>

## K. Property transactions

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

For the year ended December 31, 2021: None.

For the year ended December 31, 2020				
Name of the related parties	Items	Shares	Subject matter	Purchase price
Others:				
San Ching Engineering	Investments accounted for using equity method	1,230,000	Shares of Lin Yuan Property	\$53,247

## L. Key management personnel compensation

	For the years ended December 31,	
	2021	2020
Short-term employee benefits	\$69,789	\$71,496
Post-employment benefits	1,292	1,351
Total	\$71,081	\$72,847

## 8. PLEGGED ASSETS

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

Items	As of December 31,		Secured liabilities
	2021	2020	
Negotiable certificate of deposit	\$6,220	\$7,470	Engineering guarantee bond 、 Performance
Inventories	3,120,000	4,080,000	Short-term loan & Long-term loan
Investment property	7,979,172	8,057,172	Short-term loan & Long-term loan
Total	\$11,105,392	\$12,144,642	

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

## 9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

### (1) Significant contract

Besides Note 7.(2).B, as of December 31, 2021, the total contract price of the construction contracts signed by the Group and non-related parties was NT\$8,023,476 thousand, in which NT\$5,209,060 thousand was not paid.

## (2) Others

Guarantee notes issued for borrowings (financing) were NT\$44,849,200 thousand as of December 31, 2021.

## 10. SIGNIFICANT DISASTER LOSSES

None.

## 11. SIGNIFICANT SUBSEQUENT EVENTS

Considering the overall operation, the Company disposed of 195,000 thousand ordinary shares from Taiwan Star Telecom Co., Ltd. with a fair value of NT\$1,846,000 thousand. Involved shares were transferred on March 4, 2022. The cumulative unrealized valuation loss amounted to NT\$104,000 thousand reclassified from other equity to retained earnings.

## 12. OTHERS

### (1) Categories of financial instruments

#### Financial Assets

	As of December 31,	
	2021	2020
Financial assets at fair value through other comprehensive income	\$5,806,495	\$4,511,406
Financial assets at amortized cost:		
Cash and cash equivalents	3,932,639	3,391,259
Notes receivable	20,905	32,406
Accounts receivable	473,255	471,478
Other receivables	33,663	30,590
Refundable deposits	1,536,733	1,533,892
Subtotal	5,997,195	5,459,625
Total	\$11,803,690	\$9,971,031

#### Financial Liabilities

	As of December 31,	
	2021	2020
Financial liabilities at amortized cost:		
Short-term loans	\$11,460,000	\$7,351,000
Short-term notes payable	3,629,296	3,090,501
Accounts payables	1,756,864	2,303,456
Long-term loans (including current portion)	12,802,685	10,909,741
Lease liabilities	5,620,280	5,509,959
Guarantee deposit received	92,981	85,773
Total	\$35,362,106	\$29,250,430

## **(2) Financial risk management objectives and policies**

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

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Company's board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Group consistently complies with its financial risk management policies.

## **(3) Market risk**

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

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

### Foreign currency risk

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

### Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit to decrease/increase by NT\$15,089 thousand and NT\$10,442 thousand for the years ended December 31, 2021 and 2020, respectively.

### Equity price risk

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

When the price of the listed equity securities at fair value through other comprehensive income increases/decreases 5%, it could have impacts of NT\$272,554 thousand and NT\$206,400 thousand for the years ended December 31, 2021 and 2020 on the equity attributable to the Group.

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

#### **(4) Credit risk management**

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

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

As of December 31, 2021 and 2020, accounts receivable from top ten customers represented low percentage of the total accounts receivable of the Group, respectively. The credit concentration risk of other accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury department in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counterparties.

## (5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility using cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

### Non-derivative financial instruments

	As of December 31, 2021				
	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Borrowings	\$16,717,215	\$11,406,809	\$-	\$-	\$28,124,024
Accounts payable	1,756,864	-	-	-	1,756,864
Lease liabilities (Note)	424,081	671,043	639,635	3,885,521	5,620,280
Guarantee deposits	40,096	33,676	8,902	10,307	92,981

	As of December 31, 2020				
	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Borrowings	\$15,945,792	\$5,553,569	\$-	\$-	\$21,499,361
Accounts payable	2,303,456	-	-	-	2,303,456
Lease liabilities (Note)	349,495	693,565	598,553	3,868,346	5,509,959
Guarantee deposits	27,407	38,609	11,467	8,290	85,773

Note: Further information on the maturity analysis of lease liabilities:

As of December 31, 2021

	Maturities					
	Less than 1 year	1 to 5 years	6 to 10 years	10 to 15 years	>15 years	Total
Lease liabilities	\$424,081	\$1,310,678	\$1,791,154	\$1,437,914	\$656,453	\$5,620,280

As of December 31, 2020

	Maturities					
	Less than 1 year	1 to 5 years	6 to 10 years	10 to 15 years	>15 years	Total
Lease liabilities	\$349,495	\$1,292,118	\$1,664,277	\$1,486,703	\$717,366	\$5,509,959

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

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

	Short-term loans	Short-term notes and bills payable	Long-term loans (including current portion)	Lease liabilities	Total liabilities from financing activities
As of January 1, 2021	\$7,351,000	\$3,090,501	\$10,909,741	\$5,509,959	\$26,861,201
Cash flows	4,109,000	538,795	1,892,944	(517,504)	6,023,235
Non-cash changes					
Interest on lease liability	-	-	-	148,978	148,978
Other (Note)	-	-	-	478,847	478,847
As of December 31, 2021	<u>\$11,460,000</u>	<u>\$3,629,296</u>	<u>\$12,802,685</u>	<u>\$5,620,280</u>	<u>\$33,512,261</u>

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

Reconciliations of the liabilities for the year ended December 31, 2020:

	Short-term loans	Short-term notes and bills payable	Long-term loans (including current portion)	Lease liabilities	Total liabilities from financing activities
As of January 1, 2020	\$7,263,000	\$1,034,540	\$11,102,682	\$4,373,611	\$23,773,833
Cash flows	88,000	2,055,961	(192,941)	(442,959)	1,508,061
Non-cash changes					
Interest on lease liability	-	-	-	134,331	134,331
Other (Note)	-	-	-	1,444,976	1,444,976
As of December 31, 2020	<u>\$7,351,000</u>	<u>\$3,090,501</u>	<u>\$10,909,741</u>	<u>\$5,509,959</u>	<u>\$26,861,201</u>

## (7) Fair values of financial instruments

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

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- a. The carrying amount of cash and cash equivalents, trade receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

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

**B. Fair value of financial instruments measured at amortized cost**

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

**(8) Fair value measurement hierarchy**

**A. Fair value measurement hierarchy**

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – Unobservable inputs for the asset or liability

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

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

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

As of December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Stocks	\$3,605,083	\$1,846,000	\$355,412	\$5,806,495

As of December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Stocks	\$2,437,036	\$1,690,972	\$383,398	\$4,511,406

The Group had no assets and liabilities recurring measured at fair value transferring between Level 1 and Level 2 for the years ended December 31, 2021 and 2020.

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

	Asset measured at fair value through other comprehensive income- Stocks	
	2021	2020
As of January 1	\$383,398	\$318,144
Total gains and losses recognized for the year ended 31		
Amount recognized in OCI	(27,986)	78,241
Disposals	-	(12,987)
As of December 31	\$355,412	\$383,398

Total gains and losses recognized in profit or loss is NT\$27,986 thousand and NT\$75,136 thousand for the years ended December 31, 2021 and 2020, respectively.

## Information on significant unobservable inputs to valuation

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

As of December 31, 2021

	Valuation technique	Material unobservable inputs	Quantitative information	Inputs and the fair value relationship	Inputs and the fair value relationship's sensitivity analysis value relationship
Financial assets :					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	30%~50%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by NT\$25,968 thousand
Stocks	Assets approach	P/E ratio of similar entities	0%~30%	The higher the P/E ratio of similar entities, the higher the fair value of the stocks	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Group's equity by NT\$17,349 thousand

As of December 31, 2020

	Valuation technique	Material unobservable inputs	Quantitative information	Inputs and the fair value relationship	Inputs and the fair value relationship's sensitivity analysis value relationship
Financial assets :					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	30%~50%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by NT\$34,998 thousand
Stocks	Assets approach	P/E ratio of similar entities	0%~30%	The higher the P/E ratio of similar entities, the higher the fair value of the stocks	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Group's equity by NT\$17,560 thousand

### **(9) Significant assets and liabilities denominated in foreign currencies**

The Group did not hold major foreign currency financial assets and liabilities as of December 31, 2021 and 2020.

### **(10) Capital management**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize shareholder value. The Group manages its capital structure and adjusts it, considering changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

### **(10) Others**

The operation of the Group's subsidiaries Cathay Hospitality Management Co., Ltd. and Cathay Hospitality Consulting Co., Ltd. was affected by covid-19 pandemic, resulting in decrease in operating revenue and profit. The management continues to pay attention to the impact of the incident on the companies and responds to it by adjusting operating strategies, broadening source of revenue and reducing expenditures, in order to reduce the impact of covid-19 pandemic.

## **13. OTHER DISCLOSURE**

### **(1) Significant transaction information**

- A. Financings provided to others: None.
- B. Endorsement/guarantee provided to others: None
- C. Securities held as of December 31, 2021 (not including subsidiaries, associates and joint ventures): Please refer to Table 1.
- D. Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20 % of the capital stock: Please refer to Table 2.
- E. Acquisition of property with the amount exceeding NT\$300 million or 20% of the paid-in capital: Please refer to Table 3.
- F. Disposal of property with amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- G. Purchases or sales of goods from or to related parties exceeding NT\$100 million or 20% of the paid-in capital or more: Please refer to Table 4.
- H. Receivables from related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital: None.
- I. Derivative financial instruments undertaken: None.
- J. Significant intercompany transactions between consolidated entities: Please refer to Table 5.

## **(2) Investee information**

- A. Financings provided to others: None.
- B. Endorsement/guarantee provided to others: None.
- C. Securities held as of December 31, 2021 (not including subsidiaries, associates and joint ventures): Please refer to Table 6.
- D. Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20 % of the capital stock: None.
- E. Acquisition of property with the amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- F. Disposal of property with amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- G. Purchases or sales of goods from or to related parties exceeding NT\$100 million or 20% of the paid-in capital or more: None.
- H. Receivables from related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital: None.
- I. Derivative financial instruments undertaken: None.
- J. Names, locations and related information of investee companies: Please refer to Table 7.

## **(3) Investment in Mainland China**

None.

## **(4) Information on Major Shareholders**

Please refer to Table 8.

## **14. OPERATING SEGMENT INFORMATION**

For management purposes, the Group is organized into business units based on its products and services and has two reportable segments as follows:

Movable property and real estate development department: The main businesses of the department are entrusted the manufacturer to build residential and commercial buildings for leasing or selling.

The operating segment information does not summarize more than one operating segment.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

The transfer prices between operating segments are on an arm's length basis in a manner like transactions with third parties.

**(1) Information about profit or loss, assets and liabilities of reportable segment**

The Group's profit or loss information of operating segments for the years ended December 31, 2021 and 2020 is as follows:

Information for the year ended December 31, 2021

	Movable property and real estate development department	Others	Adjustment and eliminations	Consolidated amount
Revenue				
External customer	\$9,776,496	\$2,699,522	\$-	\$12,476,018
Inter-segment	57,086	42,673	(99,759)	-
Total revenue	<u>\$9,833,582</u>	<u>\$2,742,195</u>	<u>\$(99,759)</u>	<u>\$12,476,018</u>
Segment profit	<u>\$923,868</u>	<u>\$(683,230)</u>	<u>\$688,253</u>	<u>\$928,891</u>
Interest income	\$667	\$2,256	\$-	\$2,923
Interest expense	85,955	191,118	(26,104)	250,969
Depreciation and amortization	233,818	841,525	(57,345)	1,017,998
Loss (gain) of investments accounted for using equity method	(653,728)	(17,228)	670,956	-
Dividend income	146,949	-	-	146,949

Information for the year ended December 31, 2020

	Movable property and real estate development department	Others	Adjustment and eliminations	Consolidated amount
Revenue				
External customer	\$11,657,507	\$2,316,104	\$-	\$13,973,611
Inter-segment	1,678,721	447,411	(2,126,132)	-
Total revenue	<u>\$13,336,228</u>	<u>\$2,763,515</u>	<u>\$(2,126,132)</u>	<u>\$13,973,611</u>
Segment profit	<u>\$1,648,236</u>	<u>\$(360,151)</u>	<u>\$397,199</u>	<u>\$1,685,284</u>
Interest income	\$1,156	\$1,927	\$-	\$3,083
Interest expense	72,909	173,881	(27,075)	219,715
Depreciation and amortization	225,848	733,910	(56,899)	902,859
Loss (gain) of investments accounted for using equity method	(399,266)	(5,336)	404,602	-
Loss (gain) on disposal of investments	87,569	(146)	-	87,423
Dividend income	117,922	-	-	117,922

Capital expenditures for non-current assets were incurred because of the corporate headquarters building and is not included in segment information.

The following table presents segment assets and liabilities of the Group's operating segments as at December 31, 2021 and 2020:

	Movable property and real estate development department	Others	Adjustment and eliminations	Consolidated amount
Assets of December 31, 2021	\$57,318,517	\$14,311,366	\$(3,393,737)	\$68,236,146
Assets of December 31, 2020	\$49,112,708	\$13,552,249	\$(3,168,029)	\$59,496,928

	Movable property and real estate development department	Others	Adjustment and eliminations	Consolidated Amount
Liabilities of December 31, 2021	\$31,880,905	\$10,967,084	\$(946,678)	\$41,901,311
Liabilities of December 31, 2020	\$24,657,484	\$10,429,394	\$(989,078)	\$34,097,800

External revenue, segment profit and loss and total assets provided to the chief operating decision maker are measured in the same way as the revenue, net profit after tax and total assets in the financial report. Therefore no reconciliation is needed.

## (2) Area-specific information

The Group did not have foreign segments that contributed 10% or more to the Group's revenue and assets for the years ended December 31, 2021 and 2020.

## (3) Major customer information

The Group's net sales to a single customer for the years ended December 31, 2021 and 2020 both did not exceed 10% of the consolidated net sales revenue.

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Table 1: Securities held as of December 31, 2021 (not including subsidiaries, associates and joint ventures)

Unit: NT\$1,000 ; Share

Holding Company	Type and Name of the Securities (Note)	Relationship	Financial Statement Account	As of December 31, 2021				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Market Value	
Cathay Real Estate Development Co., Ltd.	Stock – Cathay Financial Holdings Co., Ltd.	Others	Financial assets at fair value through other comprehensive income-current	57,681,332	\$3,605,083	0.44%	\$3,605,083	
"	Stock – Symphox Information Co., Ltd.	Others	Financial assets at fair value through other comprehensive income-non-current	5,489,000	128,058	11.00%	128,058	
"	Stock – Taiwan Star Telecom Co., Ltd.	None	"	195,000,000	1,846,000	3.68%	1,846,000	
"	Stock – Gong Cheng Industrial Co.	None	"	1,580,083	-	3.23%	-	
"	Stock – Gian Feng Investment Co., Ltd.	None	"	2,000,000	25,423	10.00%	25,423	
"	Stock – MetroWalk international Co., Ltd.	None	"	3,448,276	53,862	1.72%	53,862	
"	Stock – Budworth Investments Limited	None	"	30,314	45	3.33%	45	
"	Stock – Nangang International One Co., Ltd.	Others	"	7,485,000	74,167	4.99%	74,167	
"	Stock – Nangang International Two Co., Ltd.	Others	"	7,485,000	73,561	4.99%	73,561	

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

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

Unit : NT\$1,000

Company	Securities Category (Note 1)	Financial Statement Account	Counterparty (Note 2)	Relationship (Note 2)	As of January 1, 2021		Purchase (Note 3)		Sell (Note 3)			As of December 31, 2021	
					Shares	Amount	Shares	Amount	Shares	Price	Book Cost	Gain / Loss	Shares
Cathay Real Estate Development Co., Ltd.	The stocks of Cathay Hospitality Management Co., Ltd.	Investments accounted for using equity method	Cathay Hospitality Management Co., Ltd.	Subsidiary	-	\$-	39,000,000	\$390,000	-	\$-	\$-	-	\$-
"	The stocks of Cathay Hospitality Consulting Co., Ltd.	Investments accounted for using equity method	Cathay Hospitality Consulting Co., Ltd.	Subsidiary	-	\$-	30,000,000	\$300,000	-	\$-	\$-	-	\$-

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

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

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

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

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

Unit : NT\$1,000

Company	Property Name	Transaction Date	Transaction Amount	Status of Payment	Counterparty	Relationship with the Company	Disclosure of Information on Previous Transfer of Property is Required for Related Parties who are also the Counterparty				References for Determining Price	Purpose of Acquisition and Current Condition	Others
							Owner	Relationship with the Company	Date of Transfer	Amount			
Cathay Real Estate Development Co., Ltd.	Land and Buildings No. 252, 252-1, Guandi Section, East District, Tainan City	2021.02.05	\$653,131	Installment by agreement	Individual	None	-	-	-	1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties	Construction & Building	None	
Cathay Real Estate Development Co., Ltd.	land Serial No. 952 etc, Section 4, Zhongdu Section, Sanmin District, Kaohsiung City	2021.03.11	1,046,965	Installment by agreement	Individual	None	-	-	-	1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties	Construction	None	
Cathay Real Estate Development Co., Ltd.	No. 174, Sanchong Section, Sanchong District, New Taipei City	2021.04.13	3,394,600	Pay the final payment within 60 days after winning the bid	Legal person	None	-	-	-	The bid is submitted to the chairman for approval after internal evaluation	Construction	None	
Cathay Real Estate Development Co., Ltd.	No. 70, Huli Section, Nantun District, Tainan City	2021.04.28	993,603	Installment by agreement	Individual	None	-	-	-	1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties	Construction	None	
Cathay Real Estate Development Co., Ltd.	land Serial No. 569, 570, 571, 573, 574, 575 in Meihe Section, Beitun District, Tainan City	2021.08.26	775,398	Installment by agreement	Individual	None	-	-	-	1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties	Construction	None	
Cathay Real Estate Development Co., Ltd.	Land No. 61, Section 5, Tammei Section, Neihu District, Taipei City	2021.11.25	1,985,879	Installment by agreement	Individual	None	-	-	-	1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties	Construction	None	

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

Unit : NT\$1,000

Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts payable		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts payable	
Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd	Associate	Construction-in-progress	\$2,337,393	16.56%	Not applicable	\$-	-	\$-	0.00% (Note)	Construction

Note : The notes/accounts payable of consolidated financial statements.

Table 5: Significant intercompany transactions between consolidated entities

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Account	Transaction Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Rental income	\$349	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Accounts Receivable-related parties	36	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Operating expenses-miscellaneous expenses	71	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Operating expenses-conference fee	179	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Operating expenses-entertainment expenses	10	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Deferred credit-gains on inter-affiliate accounts	13,293	Regular	0.02%
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Realized gain from inter-affiliate accounts	41	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Cost of rental sales	1,800	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Other income	22	Regular	0.01%
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Rental income	18	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Accounts Receivable-related parties	53	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Construction cost	12	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Other income	12	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Rental income	73	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-miscellaneous expenses	211	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-entertainment expenses	120	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-traveling expense	2	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-advertising fee	137	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-research expenses	1	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Construction cost	2	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Accounts Receivable-related parties	30	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Other income	10	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Accounts Receivable-related parties	28	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-miscellaneous expenses	772	Regular	0.01%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Rental income	38	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Cost of rental sales	37,028	Regular	0.30%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Other income	153	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Operating expenses-cleaning management fee	523	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Other income	2,120	Regular	0.02%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Rental income	161	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Guarantee deposits received	41	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Investment accounted for using equity method	30,259	Regular	0.04%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Other income	6,204	Regular	0.05%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Rental income	92	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Guarantee deposits received	23	Regular	-
1	Cathay Hospitality Consulting Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Rent	349	Regular	-
1	Cathay Hospitality Consulting Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Accounts payable-related parties	36	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Hospitality income	260	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Accumulated depreciation-investment property	367	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Investment property-land	12,813	Regular	0.02%
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Investment property-buildings	847	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Cost of rental sales	41	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Management fee income	1,800	Regular	0.01%
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Operating expenses-software fee	22	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Rent	18	Regular	-
3	Cathay Healthcare Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Accounts payable-related parties	55	Regular	-
3	Cathay Healthcare Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Service income	12	Regular	-
3	Cathay Healthcare Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Operating expenses-Repair and maintenance expense	12	Regular	-
4	Cathay Hospitality Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Rent	73	Regular	-
4	Cathay Hospitality Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Hospitality income	473	Regular	-
4	Cathay Hospitality Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Accounts payable-related parties	30	Regular	-
4	Cathay Hospitality Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Operating expenses-miscellaneous expenses	10	Regular	-
5	Lin Yuan Property Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Accounts payable-related parties	28	Regular	-
5	Lin Yuan Property Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Technical service income	772	Regular	0.01%
5	Lin Yuan Property Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Rent	37,028	Regular	0.30%
5	Lin Yuan Property Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Maintenance income	153	Regular	-
5	Lin Yuan Property Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Operating expenses-service fee	523	Regular	-
6	Lin Yuan Property Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Service income	2,120	Regular	0.02%
6	Lin Yuan Property Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Operating expenses-miscellaneous expenses	161	Regular	-
6	Lin Yuan Property Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Rent	41	Regular	-
6	Lin Yuan Property Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Refundable deposits	30,259	Regular	0.24%
7	Bannan Realty Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Land held for construction site	6,204	Regular	0.05%
7	Bannan Realty Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Operating expenses-miscellaneous expenses	92	Regular	-
7	Bannan Realty Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Rent	23	Regular	-

Note 1 : The Company and its subsidiaries are coded as follows :

(1) The Company is coded "0".

(2) The subsidiaries are coded starting from "1" in the order.

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

(1) The Company to subsidiaries is coded "1".

(2) Subsidiaries to The Company is coded "2".

(3) Subsidiaries to Subsidiaries is coded "3".

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

If it recognized to profit or loss and it should be calculated by the ending balance for the consolidated revenue.

Table 6: Securities held as of December 31, 2021 (not including subsidiaries, associates and joint ventures) (Investee information)

Unit: NT\$1,000 ; Share

Holding Company	Type and Name of the Securities(Note)	Relationship	Financial Statement Account	As of December 31, 2021				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Market Value	
Cathay Hospitality Management Co., Ltd.	Stocks Nangang International One Co., Ltd.	Others	Financial assets at fair value through other comprehensive income-non-current	15,000	\$149	0.01%	\$149	
"	Stocks Nangang International Two Co., Ltd.	Others	"	15,000	147	0.01%	147	

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

Table 7: Names, locations and related information of investee companies (excluding Mainland China)

Unit: NT\$1,000 ; USD\$1,000 ; Share

Investor	Investee	Region	Main Business	Original cost		At the end of period			Investees company net income	Share of Profits/Losses	Note
				Balance at December 31, 2021	Balance at December 31, 2020	Number of shares	Percentage	Amount			
Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	ROC	Construction management	\$50,000	\$50,000	5,000,000	100.00%	\$118,195	\$26,661	Subsidiary	
Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	ROC	Consultancy	467,500	467,500	46,750,000	85.00%	525,996	26,138	Subsidiary	
Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	ROC	Service industry	1,640,000	650,000	40,000,000	100.00%	246,677	(281,901)	Subsidiary	
Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	ROC	Service industry	1,050,000	750,000	35,000,000	100.00%	244,815	(398,328)	Subsidiary	
Cathay Real Estate Development Co., Ltd.	Cymbal Medical Network Co., Ltd.	ROC	Wholesale of Drugs, Medical Goods	350,000	100,000	35,000,000	100.00%	305,610	(31,390)	Subsidiary	
Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	ROC	Apartment building management service industry	68,809	68,809	1,530,000	51.00%	55,129	57,164	Subsidiary	
Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	408,000	408,000	40,800,000	51.00%	342,764	(66,966)	Subsidiary	
Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	ROC	Housing and Building Development and Rental	408,000	408,000	40,800,000	51.00%	402,489	(6,441)	Subsidiary	
Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	ROC	Housing and Building Development and Rental	660	-	66,000	66.00%	660	-	Subsidiary	
Cymbal Medical Network Co., Ltd.	Cymder Co., Ltd.	ROC	Manpower dispatch and leasing industry	120,000	80,000	12,000,000	100.00%	103,632	(10,696)	Second-tier subsidiary	
Cymbal Medical Network Co., Ltd.	Cymlin Co., Ltd.	ROC	Manpower dispatch and leasing industry	140,000	26,000	14,000,000	100.00%	133,264	(6,532)	Second-tier subsidiary	

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

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

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

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

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

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

Note 3: Excluding the current profit and loss before the acquisition.

Table 8: Information of major shareholder

Shareholders	Shares	Total Shares Owned	Ownership Percentage
Employee Pension Management Committee of Cathay Life Insurance Co., Ltd.		288,067,626	24.84%
Wan Pao Development Co., Ltd.		204,114,882	17.60%
Fubon Life Insurance Co., Ltd.		87,000,000	7.50%
Cathay Life Insurance Co., Ltd.		68,646,584	5.92%

**VI. Financial Difficulties Occurred to the Company and its Affiliated Enterprises in the Most Recent Years and as of the Date of Publication of Annual Report and the Impact on the Company's Financial Status: None.**

## Chapter 7. Review of Financial Conditions, Operating Results, and Risk Evaluation

### I. Comparison and Analysis of Financial Status

Unit: NT\$ thousands

Item	Year	2020	2021	Difference	
				Amount	%
Current Assets		36,552,869	45,585,340	9,032,471	24.71%
Property, Plant, and Equipment		5,197,866	4,764,306	(433,560)	(8.34%)
Intangible Assets		33,407	37,564	4,157	12.44%
Other Assets		17,712,786	17,848,936	136,150	0.77%
Total Assets		59,496,928	68,236,146	8,739,218	14.69%
Current Liabilities		23,158,275	25,140,307	1,982,032	8.56%
Non-current Liabilities		10,939,525	16,761,004	5,821,479	53.22%
Total Liabilities		34,097,800	41,901,311	7,803,511	22.89%
Capital Stock		11,595,611	11,595,611	0	0.00%
Capital reserve		39,515	38,846	(669)	(1.69%)
Retained Earnings		12,646,352	12,334,330	(312,022)	(2.47%)
Other Equity		173,746	1,468,825	1,295,079	745.39%
Non-controlling Interests		943,904	897,223	(46,681)	(4.95%)
Total Equity		25,399,128	26,334,835	935,707	3.68%
<p>(I) The main reasons for the significant changes of more than 20% in assets, liabilities and shareholders' equities in the most recent two years:</p> <p>Intangible assets: Mainly caused by an increase in inventories.</p> <p>Non-current liabilities: mainly due to an increase in long-term borrowings.</p> <p>Total liabilities: mainly due to the increase in non-current liabilities.</p> <p>Other equity: due to increase in unrealized gains on financial assets measured at fair value through other consolidated gains and losses.</p> <p>(II) Effect of the aforesaid changes: No material impact.</p> <p>(III) Future response actions: None.</p>					

## II. Comparison and Analysis of Operation Results

Unit: NT\$ thousands

Item \ Year	2020	2021	Difference	
			Amount	%
Operating Revenue	13,973,611	12,476,018	(1,497,593)	(10.72%)
Operating Costs	(10,814,849)	(9,755,584)	1,059,265	(9.79%)
Gross Profit	3,158,762	2,720,434	(438,328)	(13.88%)
Operating Expenses	(1,607,433)	(1,844,744)	(237,311)	14.76%
Operating Income	1,551,329	875,690	(675,639)	(43.55%)
Non-operating Income and expense	133,955	53,201	(80,754)	(60.28%)
Income before Tax	1,685,284	928,891	(756,393)	(44.88%)
Income tax (expenses) incomes	(168,497)	(85,391)	83,106	(49.32%)
Net profit for the period	1,516,787	843,500	(673,287)	(44.39%)
Other Comprehensive Income (after Tax)	(256,312)	1,294,405	1,550,717	(605.01%)
Total Comprehensive Income	1,260,475	2,137,905	877,430	69.61%
(I)	<p>The main reasons for the significant changes of more than 20% in operating revenue, net operating profit and income before tax in the most recent two years:</p> <p>Operating revenue: mainly due to the decrease in gross profit and increase in operating expenses.</p> <p>Non-operating income and expense loss: due to the decrease in other income.</p> <p>Net profit before tax: due to the decrease in operating margin and increase in non-operating expense loss.</p> <p>Income tax (expense) gains: due to decrease in operating income.</p> <p>Net profit for the current period: mainly due to the decrease in net profit before tax.</p> <p>Other composite gains or losses (net after tax) for the current period: mainly due to increase in unrealized gain (loss) on investments in equity instruments measured at fair value through other composite gains or losses.</p> <p>Total composite gains or losses for the current period: mainly due to the increase in other composite gains or losses for the current period.</p>			
(II)	Effect of the aforesaid changes: No material impact.			
(III)	Future response actions: None.			

## III. Analysis and Explanation of Changes in Cash Flow in the Most Recent Year

- (I) Cash outflow from operating activities (NT\$3,685,520 thousand) : Mainly due to increased inventories.
- (II) Cash outflow from investing activities (NT\$364,131 thousand): Mainly due to acquisition of property, plant and equipment.
- (III) Cash inflow from financing g activities (NT\$4,591,405 thousand): Mainly due to the long-term and short-term borrowings.
- (IV) Improvement plan for the lack of liquidity: Accelerating business development and increasing cash inflow.

(V) Liquidity analysis for the coming year:

Unit: NT\$ thousands

Beginning cash balance	Annual net cash flow from operating activities	Annual cash outflow	Cash surplus (deficit)	Remedy for cash inadequacy	
				Investment plan	Financing plan
3,937,378	16,252,806	(15,860,189)	4,329,995	-	-
Analysis of current year's cash flow changes					
1. Product sales and rental income in 2022 are expected to result in cash inflows from operating activities.					
2. Expenditures for construction in progress, investments in other companies, land purchase, dividend and sales advertisements in 2022 are expected to result in cash outflows.					

**IV. Impact of Major Capital Expenditures on Financial Business in the Most Recent Year**

In order to expand the brand value, the Company set up a joint venture Sanchong Realty Co., Ltd. with Mitsui Fudosan Taiwan Co., Ltd. to jointly develop projects through the bilateral architectural planning and design and construction quality related technical exchanges; In addition, the Company increased contribution to Cathay Hospitality Management Co., Ltd., Cathay Hotel Management Consultant Co., Ltd. And Cymbal Medical Network Co., Ltd. for a total of NT\$941 million, accounting for about 3.70% of the Company's net value, which has no significant impact. It is expected to increase the Company's return on investment through diversified development of investment.

**V. Investment Policy in the Most Recent Year, Main Causes for the Profits or Losses, Improvement Plans and Investment Plans for the Coming Year**

(I) Re-investment policy:

The Company upholds business beliefs, implements its core values, makes use of the group advantages and resources to create a diversified business! In addition to the investment in real estate related construction management, building management, urban redevelopment and establishing joint venture with internationally famous real estate development company, the Company also expands to life industries such as healthcare management, hotel management, e-commerce and integrates medical clinic system to create diversified benefits. It regularly reviews the investment performance and adjust investment positions to achieve profit and loss.

(II) Main Causes for Profits or Losses and Improvement Plans

The investment loss recognized under the equity method in 2021 was NT\$ 654 million, mainly for operating losses on the hotel business affected by the epidemic. In addition, the full-year dividend income from financial assets at fair value through other comprehensive income was NT\$ 147 million. The performance will improve as the epidemic slows down and the revenue gradually increases after the border is opened.

### (III) Investment Plans for the Coming Year

Affected by the global COVID-19 pandemic, the global demand declined, economic growth slowed, unemployment increased, and international financial markets were turbulent. Although governments have rapidly cut interest rates to reduce the interest burden on companies and stabilize the stock market, pandemic prevention and control measures still impacted the local economies of all countries. In the future, the investment plan will be to continue to expand the medical care and health industry and seek targets with good fundamentals and fixed income to reduce investment risks.

#### 1. Health management business

Enhance the service quality of the existing physical examination centers and postpartum care homes, and evaluate and add locations for establishment of additional physical examination centers and postpartum care homes in major metropolitan areas. It is expected that the postpartum care homes and examination center in Hsinchu will open in the first half of 2022, and the renovation of the physical examination center in Neihu will be finished in the first half of 2022, through which we are able to increase inspection capacity, expand our revenue, and provide high-quality and diversified services.

#### 2. Clinic channel business

In view of the increasing public attention to medical care and healthcare needs, the Company will use group resources in the future to build a health insurance clinic channel system and expand comprehensive health services. Last year, a clinic channel had been established on Xinyi Road in Taipei City. It is expected to open another one in Hsinchu in Q1 of 2022 and enter into other metropolitan areas.

#### 3. Hotel business

Improve the service quality and reputation of the existing Minsheng Branch, Taipei, Zhongxiao Branch, Taipei, Ximen Branch, Tainan, Zhongshan Branch, Kaohsiung, of Hotel Cozzi; Courtyard by Marriott Taipei Downtown, and Cozzi Blu in Taoyuan to provide diversified, customized services and improve operating performance.

## **VI. Assessment of Risk Items in the Most Recent Years and as of the Date of Publication of Annual Report**

### (I) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures:

1. Interest rates: In response to the global impact of the COVID-19 epidemic, the Central Bank maintained low interest rate, hoping to increase market liquidity and mitigate the impact of the pandemic on Taiwan's economic and trade performance.

Looking ahead to 2022, the pandemic is still severe, and whether the interest rate policy of the domestic Central Bank will be adjusted still is still unknown. However, the interest rate at this stage is at a historically low level, which still provides an incentive for the buying momentum in the real estate market.

2. Exchange rate: The New Taiwan dollar remained appreciation in 2021. However, the direct impact of exchange rate fluctuation on real estate is relatively small because the real estate industry is mainly domestic demand.
3. Inflation: In 2021, under the influence of inflation, the price index increased by 1.96% year on year. However, at present, the epidemic control in Taiwan is moderate, the inflation situation is mild, and the Company has collected sufficient land information and raw material prices, so the impact on the Company is not big.
4. Raw materials: In addition to the increase in the number of residential construction sites in the six municipalities directly under the central government in 2021, with the return of overseas Taiwanese business people to expand their factories, and the continuous launch of public projects in various places, the large demand has driven the prices of raw materials and wages to increase, and the costs of construction projects are expected to increase compared with previous years.
5. Countermeasures: The Company pays close attention to the development of the economic indicators above, continues to analyze their impact on the real estate market, and evaluates and adjusts its business strategy. In the raw material part, the Company also strictly controls the construction cost, while taking into account the quality and the completion schedule in response to the changes in the overall situation in order to create maximum profit for the Company.

(II) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

None.

(III) Future Research & Development Projects and Corresponding Budget

1. Research Plans:

Continue the research work of the Cathay Real Estate Index and publish relevant research information at the beginning of each quarter. In addition, in response to the rapid changes in the market, make more efforts in employee training, and strengthen professional education and training, to continue the Company's core values, and enhance the Company's brand and corporate competitive advantage.

2. Expected Research Expenditure:

A budget of NT\$10.51 million is determined for the professional training of employees and the research of Cathay Real Estate Index.

- (IV) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales: In addition to complying with government laws and regulations, the Company also collects, organizes and analyzes the changes in important policies and laws at home and abroad to grasp opportunities and take response measures. Meanwhile, the Company also adheres to the principle of prudent operation, and creates the largest niche for sustainable development.
- (V) Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales: The Company explores and adopts the application of technology in the Company's products in face of the customer demands and ever-changing technology, to continuously enhance the Company's competitiveness. Meanwhile, the Company invests a lot of manpower and financial resources in research on the changes in the industry to improve the Company's operating performance and profitability.
- (VI) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures: Since its establishment, the Company has been upholding the tenet of serving the society, benefiting the people, beautifying the environment, and promoting prosperity, and deeply developed the society and established a good corporate image, winning various social honors and affirmations. In addition, the Company has also established a cultural and educational foundation for social welfare activities, enhancing the corporate image.
- (VII) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: The Company has no ongoing merger and acquisition activities, so there is no possible risk and response measure.
- (VIII) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: The Company has no factory expansion plans, so there is no possible risk and response measure.
- (IX) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration: The Company is a good builder that can keep abreast of various purchase costs, reduce the operational impact brought by rising costs, and prudently appraise, select and audit each project constructor and deliberate the price; the Company also specializes in marketing research, so it can keep abreast of market trends, create the best sales results against most individual customers; there is no centralized risk in purchase and sales.
- (X) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over

10%: the above-mentioned personnel and shareholders all hold the stock equity of the Company for a long term, and they support the Company's operations, so they do not have the intention of transferring a large number of equities and there is no risk generated.

(XI) Effects of, Risks Relating to and Response to the Changes in Management Rights: The Company's equity structure is stable for a long time, and is managed steadily by professional managers, and there is no risk of change in management rights.

(XII) List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.

(XIII) Other Major Risks and Response Measures: The Company is free of other risks upon evaluation, and will remain flexible in response to unexpected situations to ensure the sustainable operation of the Company's business.

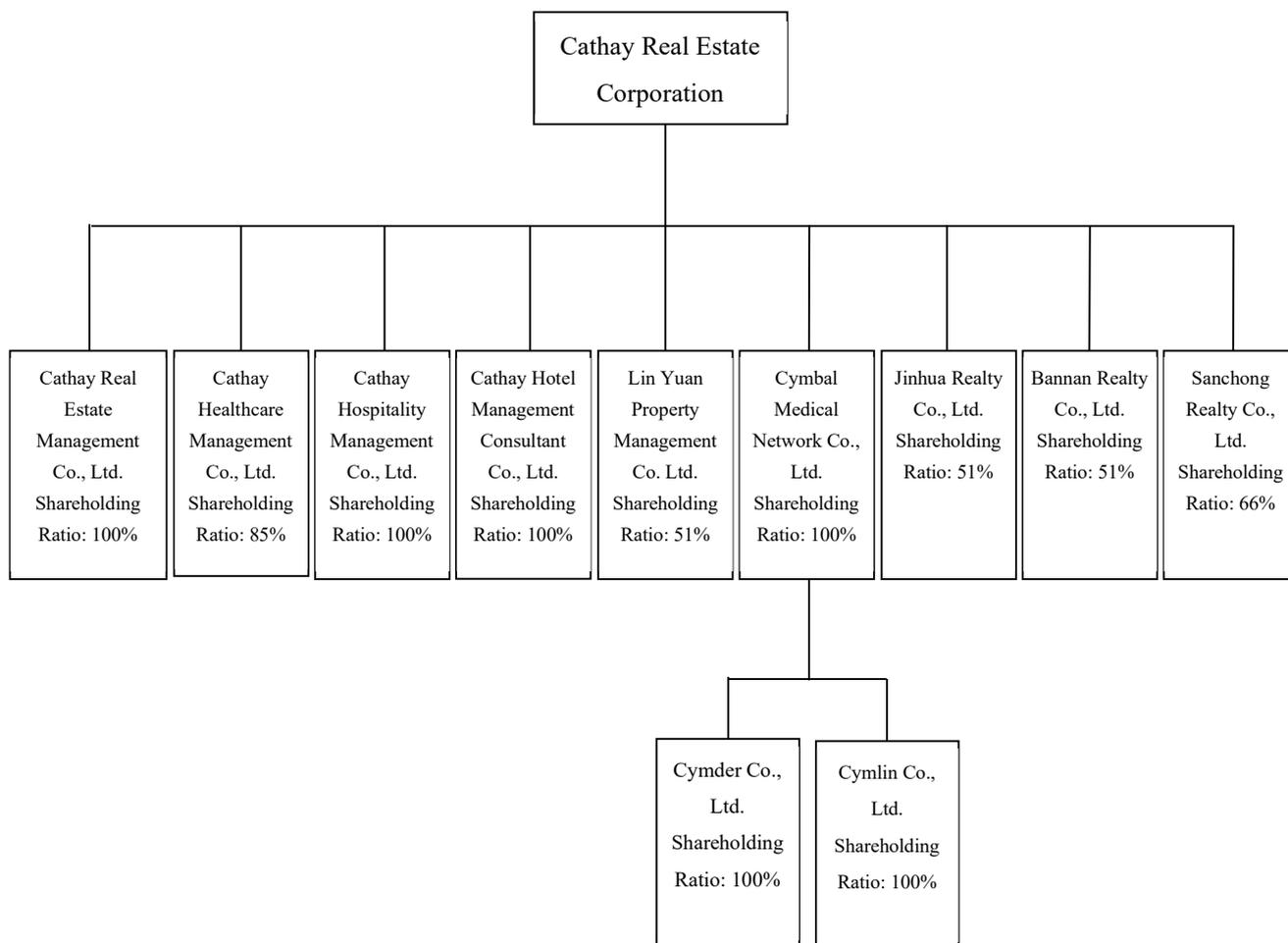
**VII. Other Important Matters: None.**

## Chapter 8. Special Notes

### I. Information on Affiliated Companies

#### (I) Consolidated Business Report of Affiliated Companies for 2021

##### 1. Organization Chart of Affiliates



##### 2. Basic information of each affiliates

Unit: NT\$ thousands

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
Cathay Real Estate Corporation	1964.12.01	2F, No. 218, Dunhua South Road, Taipei City	\$11,595,611	1. Retail of Medical Equipments 2. Department Stores 3. Car Rental and Leasing 4. Parking Garage Business 5. Residence and Buildings Lease Construction and Development 6. Industrial Factory Buildings Lease Construction and Development 7. Specialized Field Construction and Development 8. Public Works Construction and Investment 9. New County and Community Construction and Investment

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
				<ul style="list-style-type: none"> <li>10. Land Levy and Delimit</li> <li>11. Reconstruction within the Renewal Area</li> <li>12. Renovation, or Maintenance within the Renewal Area</li> <li>13. Construction Management</li> <li>14. Real Estate Commerce</li> <li>15. Real Estate Rental and Leasing</li> <li>16. Management Consulting Services</li> <li>17. Other Consultancy</li> <li>18. All business items that are not prohibited or restricted by law, except those that are subject to special approval.</li> </ul>
Cathay Real Estate Management Co., Ltd.	2005.03.11	2F, No. 218, Dunhua South Road, Taipei City	\$50,000	<ul style="list-style-type: none"> <li>1. Construction Management</li> <li>2. Real Estate Trading</li> <li>3. Real Estate Rental and Leasing</li> <li>4. Investment Consultancy</li> <li>5. Management Consulting Services</li> <li>6. Agency Services</li> <li>7. Reconstruction within the Renewal Area</li> <li>8. Renovation, or Maintenance within the Renewal Area</li> <li>9. All business items that are not prohibited or restricted by law, except those that are subject to special approval.</li> </ul>
Cathay Healthcare Management Co., Ltd.	2011.03.25	7F, No. 333, Dunhua South Road, Taipei City	\$550,000	<ul style="list-style-type: none"> <li>1. Cosmetics Manufacturing</li> <li>2. Computing Equipments Installation Construction</li> <li>3. Wholesale of Food and Grocery</li> <li>4. Wholesale of Articles for Daily Use</li> <li>5. Wholesale of Cosmetics</li> <li>6. Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles</li> <li>7. Wholesale of Other Products</li> <li>8. Retail of Food Products and Groceries</li> <li>9. Retail of Articles for Daily Use</li> <li>10. Retail of Cosmetics</li> <li>11. Retail of the Second Type Patent Medicine</li> <li>12. Retail of Stationery Articles, Musical Instruments and Educational Entertainment Articles</li> <li>13. International Trade</li> <li>14. Restaurants</li> <li>15. Intellectual Property</li> <li>16. Food Consultancy</li> <li>17. Management Consulting Services</li> <li>18. Other Consultancy</li> <li>19. Software Design Services</li> <li>20. Data Processing Services</li> <li>21. Digital Information Supply Services</li> <li>22. Biotechnology Services</li> <li>23. Manpower Dispatching Services</li> <li>24. Exhibition Services</li> <li>25. Rental and Leasing Business</li> <li>26. Agency Services</li> </ul>

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
				27. Beauty Shops 28. Beauty Treatment 29. Athletics and Recreational Sports Stadium 30. Wholesale of Drugs, Medical Goods 31. Retail of Drugs, Medical Goods 32. Real Estate Rental and Leasing 33. All business items that are not prohibited or restricted by law, except those that are subject to special approval.
Cathay Hospitality Management Co., Ltd.	2012.03.27	15F, No. 319, Dunhua South Road, Taipei City	\$400,000	1. Hotels and Motels 2. Food Consultancy 3. Management Consulting Services 4. Artwork Consultation Services 5. Product Designing 6. Landscape and Interior Designing 7. Floriculture Designing 8. Manpower Dispatching Services 9. Supermarkets 10. Convenient Stores 11. International Trade 12. Residence and Buildings Lease Construction and Development 13. All business items that are not prohibited or restricted by law, except those that are subject to special approval.
Cathay Hotel Management Consultant Co., Ltd.	2018.01.05	15F, No. 319, Dunhua South Road, Taipei City	\$350,000	1. Hotels and Motels 2. Food Consultancy 3. Management Consulting Services 4. Artwork Consultation Services 5. Product Designing 6. Landscape and Interior Designing 7. Floriculture Designing 8. Manpower Dispatching Services 9. Supermarkets 10. Convenient Stores 11. International Trade 12. Residence and Buildings Lease Construction and Development 13. Beverage Stores 14. Restaurants 15. Other Food and Beverage Services 16. Wholesale of Tobacco Products and Alcoholic Beverages 17. Wholesale of Nonalcoholic Beverages 18. Wholesale of Food and Grocery 19. Retail of Food Products and Groceries 20. Retail of Tobacco and Alcoholic Beverages 21. Tourism and Hotel 22. All business items that are not prohibited or restricted by law, except those that are subject to special approval.
Lin Yuan Property Management Co. Ltd.	2000.07.01	2F, No. 152 Songjiang Road, Zhongshan	\$30,000	1. Apartment Building Management Services 2. Manpower Dispatching Services 3. Parking Garage Business 4. Agency Management of Rental Housing

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
		District, Taipei City		<ul style="list-style-type: none"> <li>5. Electrical Equipment Installation</li> <li>6. Interior Decoration</li> <li>7. Building Cleaning Service</li> <li>8. All business items that are not prohibited or restricted by law, except those that are subject to special approval.</li> </ul>
Cymbal Medical Network Co., Ltd.	2019.06.26	6F, No. 333, Dunhua South Road, Taipei City	\$350,000	<ul style="list-style-type: none"> <li>1. Cosmetics Manufacturing</li> <li>2. Computing Equipments Installation Construction</li> <li>3. Wholesale of Food and Grocery</li> <li>4. Wholesale of Articles for Daily Use</li> <li>5. Wholesale of Cosmetics</li> <li>6. Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles</li> <li>7. Wholesale of Precise Instrument</li> <li>8. Wholesale of Other Products</li> <li>9. Retail of Food Products and Groceries</li> <li>10. Retail of Articles for Daily Use</li> <li>11. Retail of Cosmetics</li> <li>12. Retail of the Second Type Patent Medicine</li> <li>13. Retail of Stationery Articles, Musical Instruments and Educational Entertainment Articles</li> <li>14. Storeless Retail</li> <li>15. International Trade</li> <li>16. Intellectual Property</li> <li>17. Ordinary Investment</li> <li>18. Venture Capital</li> <li>19. Real Estate Rental and Leasing</li> <li>20. Food Consultancy</li> <li>21. Management Consulting Services</li> <li>22. Other Consultancy</li> <li>23. Software Design Services</li> <li>24. Data Processing Services</li> <li>25. Digital Information Supply Services</li> <li>26. Manpower Dispatching Services</li> <li>27. Exhibition Services</li> <li>28. Rental and Leasing Business</li> <li>29. Agency Services</li> <li>30. Wholesale of Drugs, Medical Goods</li> <li>31. Retail of Drugs, Medical Goods</li> <li>32. Wholesale of Western Medicine</li> <li>33. Retail of Western Medicine</li> <li>34. General Advertising Service</li> <li>35. All business items that are not prohibited or restricted by law, except those that are subject to special approval.</li> </ul>
Cymder Co., Ltd.	2019.07.04	6F, No. 333, Dunhua South Road, Taipei City	\$123,000 (Including \$120,000 for ordinary shares and \$3,000 for	<ul style="list-style-type: none"> <li>1. Cosmetics Manufacturing</li> <li>2. Computing Equipments Installation Construction</li> <li>3. Wholesale of Food and Grocery</li> <li>4. Wholesale of Articles for Daily Use</li> <li>5. Wholesale of Cosmetics</li> </ul>

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
			preferred shares)	<ul style="list-style-type: none"> <li>6. Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles</li> <li>7. Wholesale of Precise Instrument</li> <li>8. Wholesale of Other Products</li> <li>9. Retail of Food Products and Groceries</li> <li>10. Retail of Articles for Daily Use</li> <li>11. Retail of Cosmetics</li> <li>12. Retail of the Second Type Patent Medicine</li> <li>13. Retail of Stationery Articles, Musical Instruments and Educational Entertainment Articles</li> <li>14. Storeless Retail</li> <li>15. International Trade</li> <li>16. Intellectual Property</li> <li>17. Ordinary Investment</li> <li>18. Venture Capital</li> <li>19. Real Estate Rental and Leasing</li> <li>20. Food Consultancy</li> <li>21. Management Consulting Services</li> <li>22. Other Consultancy</li> <li>23. Software Design Services</li> <li>24. Data Processing Services</li> <li>25. Digital Information Supply Services</li> <li>26. Manpower Dispatching Services</li> <li>27. Exhibition Services</li> <li>28. Rental and Leasing Business</li> <li>29. Agency Services</li> <li>30. Wholesale of Drugs, Medical Goods</li> <li>31. Retail of Drugs, Medical Goods</li> <li>32. Retail of Cloth, Clothing, Shoes, Hats, Umbrellas and Garments</li> <li>33. Athletics and Recreational Sports Stadium</li> <li>34. Sports Training</li> <li>35. All business items that are not prohibited or restricted by law, except those that are subject to special approval.</li> </ul>
Cymlin Co., Ltd.	2020.02.13	6F, No. 333, Dunhua South Road, Taipei City	\$143,000 (Including \$140,000 for ordinary shares and \$3,000 for preferred shares)	<ul style="list-style-type: none"> <li>1. Cosmetics Manufacturing</li> <li>2. Computing Equipments Installation Construction</li> <li>3. Wholesale of Food and Grocery</li> <li>4. Wholesale of Articles for Daily Use</li> <li>5. Wholesale of Cosmetics</li> <li>6. Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles</li> <li>7. Wholesale of Precise Instrument</li> <li>8. Wholesale of Other Products</li> <li>9. Retail of Food Products and Groceries</li> <li>10. Retail of Articles for Daily Use</li> <li>11. Retail of Cosmetics</li> <li>12. Retail of the Second Type Patent Medicine</li> <li>13. Retail of Stationery Articles, Musical Instruments and Educational Entertainment Articles</li> </ul>

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
				<ul style="list-style-type: none"> <li>14. Storeless Retail</li> <li>15. International Trade</li> <li>16. Intellectual Property</li> <li>17. Ordinary Investment</li> <li>18. Venture Capital</li> <li>19. Real Estate Rental and Leasing</li> <li>20. Food Consultancy</li> <li>21. Management Consulting Services</li> <li>22. Other Consultancy</li> <li>23. Software Design Services</li> <li>24. Data Processing Services</li> <li>25. Digital Information Supply Services</li> <li>26. Manpower Dispatching Services</li> <li>27. Exhibition Services</li> <li>28. Rental and Leasing Business</li> <li>29. Agency Services</li> <li>30. Wholesale of Drugs, Medical Goods</li> <li>31. Retail of Drugs, Medical Goods</li> <li>32. Retail of Cloth, Clothing, Shoes, Hats, Umbrellas and Garments</li> <li>33. Athletics and Recreational Sports Stadium</li> <li>34. Sports Training</li> <li>35. All business items that are not prohibited or restricted by law, except those that are subject to special approval.</li> </ul>
Jinhua Realty Co., Ltd.	2020.08.19	2F, No. 218, Sec. 2, Dunhua South Road, Taipei City	\$800,000	<ul style="list-style-type: none"> <li>1. Residence and Buildings Lease Construction and Development</li> <li>2. Industrial Factory Buildings Lease Construction and Development</li> <li>3. Specialized Field Construction and Development</li> <li>4. Public Works Construction and Investment</li> <li>5. New County and Community Construction and Investment</li> <li>6. Land Levy and Delimit</li> <li>7. Reconstruction within the Renewal Area</li> <li>8. Renovation, or Maintenance within the Renewal Area</li> <li>9. Construction Management</li> <li>10. Real Estate Commerce</li> <li>11. Real Estate Rental and Leasing</li> <li>12. Management Consulting Services</li> <li>13. Other Consultancy</li> <li>14. Parking Garage Business</li> <li>15. International Trade</li> <li>16. Storeless Retail</li> <li>17. Wholesale of Fireproofing Materials</li> <li>18. Department Stores</li> <li>19. All business items that are not prohibited or restricted by law, except those that are subject to special approval.</li> </ul>
Bannan Realty Co., Ltd.	2020.09.26	2F, No. 218, Sec. 2, Dunhua South	\$800,000	<ul style="list-style-type: none"> <li>1. Residence and Buildings Lease Construction and Development</li> <li>2. Industrial Factory Buildings Lease Construction and Development</li> </ul>

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
		Road, Taipei City		<ul style="list-style-type: none"> <li>3. Specialized Field Construction and Development</li> <li>4. Public Works Construction and Investment</li> <li>5. New County and Community Construction and Investment</li> <li>6. Land Levy and Delimit</li> <li>7. Reconstruction within the Renewal Area</li> <li>8. Renovation, or Maintenance within the Renewal Area</li> <li>9. Construction Management</li> <li>10. Real Estate Commerce</li> <li>11. Real Estate Rental and Leasing</li> <li>12. Management Consulting Services</li> <li>13. Other Consultancy</li> <li>14. Parking Garage Business</li> <li>15. Storeless Retail</li> <li>16. Department Stores</li> <li>17. International Trade</li> <li>18. Wholesale of Fireproofing Materials</li> <li>19. All business items that are not prohibited or restricted by law, except those that are subject to special approval.</li> </ul>
Sanchong Realty Co., Ltd.	2021.11.29	2F, No. 218, Dunhua South Road, Taipei City	\$1,000	<ul style="list-style-type: none"> <li>1. Residence and Buildings Lease Construction and Development</li> <li>2. Industrial Factory Buildings Lease Construction and Development</li> <li>3. Specialized Field Construction and Development</li> <li>4. Public Works Construction and Investment</li> <li>5. New County and Community Construction and Investment</li> <li>6. Land Levy and Delimit</li> <li>7. Reconstruction within the Renewal Area</li> <li>8. Renovation, or Maintenance within the Renewal Area</li> <li>9. Construction Management</li> <li>10. Real Estate Commerce</li> <li>11. Real Estate Rental and Leasing</li> <li>12. Management Consulting Services</li> <li>13. Other Consultancy</li> <li>14. Parking Garage Business</li> <li>15. Wholesale of Fireproofing Materials</li> <li>16. Department Stores</li> <li>17. International Trade</li> <li>18. Storeless Retail</li> <li>19. All business items that are not prohibited or restricted by law, except those that are subject to special approval.</li> </ul>

3. For those who are concluded in the controlling and subordinate relation, the information of the same shareholder

Unit: NT\$ thousand; share; %

Constructive Reason	Name (Note 1)	Shareholding (Note 2)		Date of Incorporation	Address	Paid-in Capital	Main Businesses and Products
		Number of Shares	Shareholding Ratio				
N/A							

Note 1. If the corporate shareholder is the same, fill in the name of the corporate; if the natural person shareholder is the same, fill in the name of the natural person. For natural person shareholders, only fill in the constructive reason, name and shareholding.

Note 2. Shareholding refers to shares of controlling companies held by the shareholders.

4. Directors, Supervisors and President of Affiliates

Unit: Share; %

Name of Company	Title	Name or Representative	Shareholding	
			Shareholding	Shareholding Ratio
Cathay Real Estate Corporation	Chairman	Representative of He Xin Industrial Co., Ltd.: Chang, Ching-Kuei	22,000,000	1.90%
	Director and President	Representative of He Xin Industrial Co., Ltd.: Lee, Hung-Ming	22,000,000	1.90%
	Director	Representative of He Xin Industrial Co., Ltd.: Tsai, Chung-Yan	22,000,000	1.90%
	Director	Representative of Cathay Charity Foundation: Daniel Tung	5,941,332	0.51%
	Director	Representative of Cathay Real Estate Foundation: Chu, Chung-Chang	2,353,690	0.20%
	Director	Representative of the Employee Welfare Committee of Cathay Real Estate Corporation: Lin, Chin-Liang	2,754,800	0.24%
	Independent Director	Lin, Shiou-Ling	0	0
	Independent Director	Wu, Chih-Wei	0	0
	Independent Director	James Y. Chang	0	0
Cathay Real Estate Management Co., Ltd.	Chairman	Representative of Cathay Real Estate Corporation: Chang, Ching-Kuei	5,000,000	100%
	Director and President	Representative of Cathay Real Estate Corporation: Lee, Hung-Ming	5,000,000	100%
	Director	Representative of Cathay Real Estate Corporation: Lin, Chin-Liang	5,000,000	100%
	Supervisor	Representative of Cathay Real Estate Corporation: Liao, Li-Chi	5,000,000	100%

Name of Company	Title	Name or Representative	Shareholding	
			Shareholding	Shareholding Ratio
Cathay Healthcare Management Co., Ltd.	Chairman	Representative of Cathay Real Estate Corporation: Chang, Ching-Kuei	46,750,000	85%
	Director and President	Representative of Cathay Real Estate Corporation: Chen, Chong-Yu	46,750,000	85%
	Vice Chairman	Representative of Cathay Real Estate Corporation: Tsai, Chung-Yan	46,750,000	85%
	Supervisor	Representative of Cathay Venture Capital Co., Ltd.: Wu, Ming-Hui	8,250,000	15%
Cathay Hospitality Management Co., Ltd.	Chairman	Representative of Cathay Real Estate Corporation: Lee, Hung-Ming	40,000,000	100%
	Director and President	Representative of Cathay Real Estate Corporation: Chuang, Wan-Hua	40,000,000	100%
	Director	Representative of Cathay Real Estate Corporation: Lin, Chin-Liang	40,000,000	100%
	Supervisor	Representative of Cathay Real Estate Corporation: Hsu, Tso-Hsing	40,000,000	100%
Cathay Hotel Management Consultant Co., Ltd.	Chairman	Representative of Cathay Real Estate Corporation: Lee, Hung-Ming	35,000,000	100%
	Director and President	Representative of Cathay Real Estate Corporation: Chuang, Wan-Hua	35,000,000	100%
	Director	Representative of Cathay Real Estate Corporation: Lin, Chin-Liang	35,000,000	100%
	Supervisor	Representative of Cathay Real Estate Corporation: Hsu, Tso-Hsing	35,000,000	100%
Lin Yuan Property Management Co. Ltd.	Chairman and President	Representative of Cathay Real Estate Corporation: Pan, Ching-Ming	1,530,000	51%
	Director	Representative of Cathay Real Estate Corporation: Kao, Ying-Hsiang	1,530,000	51%
	Director	Representative of Cathay Real Estate Corporation: Hsu, Wan-Chih	1,530,000	51%
	Director	Representative of Cathay Life Insurance Corporation: Shih, Min-Hung	1,470,000	49%
	Director	Representative of Cathay Life Insurance Corporation: Chien, I-Hui	1,470,000	49%
	Supervisor	Cheng, Hsu-Fung	0	0
Cymbal Medical Network Co., Ltd.	Chairman	Representative of Cathay Real Estate Corporation: Chang, Ching-Kuei	35,000,000	100%
	Director and President	Representative of Cathay Real Estate Corporation: Chen, Chong-Yu	35,000,000	100%
	Director	Representative of Cathay Real Estate Corporation: Tsai, Chung-Yan	35,000,000	100%
	Supervisor	Representative of Cathay Real Estate Corporation: Wu, Ming-Hui	35,000,000	100%
Cymder Co., Ltd.	Chairman	Cymbal Medical Network Co., Ltd.: Chang, Ching-Kuei	12,000,000	100%
	Director and President	Representative of Cymbal Medical Network Co., Ltd.: Chen, Chung-Yu	12,000,000	100%
	Director	Cymbal Medical Network Co., Ltd.: Tsai, Chung-Yan	12,000,000	100%
	Supervisor	Wu, Ming-Hui	0	0

Name of Company	Title	Name or Representative	Shareholding	
			Shareholding	Shareholding Ratio
Cymlin Co., Ltd.	Chairman	Cymbal Medical Network Co., Ltd.: Chang, Ching-Kuei	14,000,000	100%
	Director and President	Representative of Cymbal Medical Network Co., Ltd.: Chen, Chung-Yu	14,000,000	100%
	Director	Cymbal Medical Network Co., Ltd.: Tsai, Chung-Yan	14,000,000	100%
	Supervisor	Wu, Ming-Hui	0	100%
Jinhua Realty Co., Ltd.	Chairman and President	Representative of Cathay Real Estate Corporation: Lin, Chin-Liang	40,800,000	51%
	Director	Representative of Cathay Real Estate Corporation: Kuo, Chun- Ho	40,800,000	51%
	Director	Representative of Cathay Real Estate Corporation: Huang, Ting-Chien	40,800,000	51%
	Director	Mitsui Fudosan Taiwan Co., Ltd.: Ono Hiroshi	39,200,000	49%
	Director	Mitsui Fudosan Taiwan Co., Ltd.: Keiro Omori	39,200,000	49%
	Supervisor	Lin, Chun-An	0	0
	Supervisor	Kensuke Kihara	0	0
Bannan Realty Co., Ltd.	Chairman and President	Representative of Cathay Real Estate Corporation: Daniel Tung	40,800,000	51%
	Director	Representative of Cathay Real Estate Corporation: Kuo, Chun- Ho	40,800,000	51%
	Director	Representative of Cathay Real Estate Corporation: Ku, Shang-Chieh	40,800,000	51%
	Director	Mitsui Fudosan Taiwan Co., Ltd.: Ono Hiroshi	39,200,000	49%
	Director	Mitsui Fudosan Taiwan Co., Ltd.: Keiro Omori	39,200,000	49%
	Supervisor	Lin, Chun-An	0	0
	Supervisor	Kensuke Kihara	0	0
Sanchong Realty Co., Ltd.	Chairman and President	Representative of Cathay Real Estate Corporation: Daniel Tung	66,000	66%
	Director	Representative of Cathay Real Estate Corporation: Kuo, Chun- Ho	66,000	66%
	Director	Representative of Cathay Real Estate Corporation: Ku, Shang-Chieh	66,000	66%
	Director	Mitsui Fudosan Taiwan Co., Ltd.: Ono Hiroshi	34,000	34%
	Director	Mitsui Fudosan Taiwan Co., Ltd.: Tsunaki Ito	34,000	34%
	Supervisor	Lin, Chun-An	0	0
	Supervisor	Kensuke Kihara	0	0

5. Operating status of affiliates

Unit: NT\$ thousands

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net value	Operating Revenue	Operating Income	Profit or Loss (after Tax)	Earnings per share (NT\$) (after taxes)
Cathay Real Estate Corporation	\$11,595,611	\$57,318,517	\$31,880,905	\$25,437,612	\$9,833,582	\$1,445,019	\$847,539	\$0.73
Cathay Real Estate Management Co., Ltd.	50,000	130,913	12,718	118,195	63,185	32,655	26,661	5.33
Cathay Healthcare Management Co., Ltd.	550,000	2,070,187	1,451,387	618,800	538,032	47,988	26,138	0.48
Cathay Hospitality Management Co., Ltd.	400,000	3,347,807	3,122,359	225,448	450,288	(262,917)	(281,901)	(49.44)
Cathay Hotel Management Consultant Co., Ltd.	350,000	4,396,117	4,192,484	203,633	476,619	(346,873)	(398,328)	(46.23)
Lin Yuan Property Management Co. Ltd.	30,000	365,760	257,671	108,089	1,205,834	70,450	57,164	19.05
Cymbal Medical Network Co., Ltd.	350,000	310,554	4,944	305,610	2,669	(13,827)	(31,391)	(1.92)
Cymder Co., Ltd.	120,000 (ordinary) 3,000 (deferred)	128,416	21,784	106,632	5,567	(10,529)	(10,696)	(1.26)
Cymlin Co., Ltd.	140,000 (ordinary) 3,000 (deferred)	284,224	147,960	136,264	-	(4,751)	(6,531)	(0.91)
Jinhua Realty Co., Ltd.	800,000	2,487,141	1,755,723	731,418	-	(84,268)	(66,966)	(0.84)
Bannan Realty Co., Ltd.	800,000	789,248	55	789,193	-	(6,729)	(6,441)	(0.08)
Sanchong Realty Co., Ltd.	1,000	1,000	-	1,000	-	-	-	-

6. Overview of Businesses of Affiliates

(1) Businesses covered by the affiliated companies' overall operations:

1. Cathay Real Estate Corporation: Construction.
2. Cathay Real Estate Management Co., Ltd.: Construction management.
3. Cathay Healthcare Management Co., Ltd: Consulting service.
4. Cathay Hospitality Management Co., Ltd.: Service.
5. Cathay Hospitality Consulting Co., Ltd.: Service.
6. Lin Yuan Property Management Co. Ltd.: Apartment Buildings Management Service
7. Cymbal Medical Network Co., Ltd.: Wholesale of Drugs, Medical Goods
8. Cymder Co., Ltd.: Manpower Dispatching Services and Leasing Industry
9. Cymlin Co., Ltd.: Manpower Dispatching Services and Leasing Industry
10. Jinhua Realty Co., Ltd.: Housing and Building Development and Rental Industry
11. Bannan Realty Co., Ltd.: Housing and Building Development and Rental Industry
12. Sanchong Realty Co., Ltd.: Residence and Buildings Lease Construction and Development.

(2) Division of labor for exchange and cooperation of overall related companies:

The main business of Cathay Real Estate Development Co., Ltd. is entrusting manufacturers to build public housing and commercial building for leasing and sales. It is independent of each subsidiary and has no division of labor.

(II) Statement of Relationship

1. Statement of Declaration

Statement of Declaration

The Company's 2021 (from January 1 to December 31, 2021) affiliation report is compiled in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises and the disclosed information is largely consistent with the related information disclosed in the financial statements of the period

Sincerely,

Company Name: Cathay Real Estate Corporation

Chairman: Chang, Ching-Kuei

March 15, 2022

2. Statement of Opinions

Attn: Cathay Real Estate Corporation

Subject: Express opinions on whether the statement of your management as to the 2021 Affiliation Report is reasonable in material respects.

Note: We have completed the preparation of the 2021 Affiliation Report of your Company, and issued a statement providing that the aforesaid report was compiled in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises and the disclosed information in the Notes to Financial Statements for 2021 is free of material inconsistency.

In our opinion, the statement made by the management of your company in relation to the 2021 Affiliation Report is reasonable in all material respects.

Ernst & Young

Hsu, Jung-Huang

Accountant:

Ma, Chun-Ting

March 15, 2022

3. Overview of the relationship between the subordinate company and the controlling company

Unit: Share; %

Name of Controlling Company	Reasons for the Control	Shares held and pledged by the controlling company			Any Directors, Supervisors, Or Managerial Officers Appointed to the Subordinate Company by the Controlling Company	
		Shareholding	Shareholding ratio	Shares Pledged	Title	Name
He Xin Industrial Co., Ltd.	The Chairman, President and Directors of the Company are appointed by the controlling company	22,000,000	1.90%	0	Chairman Director and President Director	Chang, Ching-Kuei Lee, Hung-Ming Tsai, Chung-Yan

Note: Where the controlling company of a subordinate company is the subordinate company of the other company, the relevant information of the other company should also be filled in. The same shall apply to any other company which is a subordinate company of another company.

4. Transactions Details

- (1) Purchase-sales transaction: None.
- (2) Property transaction: None.
- (3) Capital financing: None.
- (4) Asset leasing: None.
- (5) Other important transactions: None.

5. Endorsement and guarantee: None.

6. Effects on financial operations: None.

II. **Private Placement Securities in the Most Recent Years and as of the Date of Publication of the Annual Report:** None.

III. **Shares of the Company Held or Disposed of by Subsidiaries in the Most Recent Years and as of the Date of Publication of the Annual Report:** None.

IV. **Other Necessary Supplementary Explanations:** None.

V. **Events That Have Significant Influence on Shareholders' Equity or on the Price of Securities as Specified in Subparagraph 2, paragraph 2, Article 36 of Securities and Exchange Act in the Most Recent Year as of the Date of Publication of the Annual Report:** None.