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**國泰建設股份有限公司**

Cathay Real Estate Development Co., Ltd

# 2022 Annual Report

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## Chapter 1. Letter to Shareholders

### I. 2022 Operating Results

#### (I) Results of the implementation of the business plan for 2022

Looking back on 2022, thanks to the restructuring of the supply chain of various countries and repeated orders during the pandemic, the foreign trade performed well in the first half of the year; in the second half of the year, the export performance fell significantly in the fourth quarter due to the financial tightening of major economies in the world. In terms of domestic demand, due to the high popularity rate of vaccines, the domestic demand industry has gradually recovered, which was the main axis supporting the economy in the second half of the year. In terms of investment, in the second half of the year, manufacturers gradually reduced their capital expenditures due to the slowdown of the manufacturing industry. Overall, although the economic performance of the past year has expanded, it slowed down significantly in the fourth quarter.

In terms of real estate, house prices have been somewhat supported by the high construction costs. However, the uncertainties of the global economic outlook, coupled with the interfering factors such as interest rate hikes, the governmental measures to curb investors from speculating real estate, the Russia-Ukraine War, and geopolitical risks, resulted in the gradual widening of the gap between buyers and sellers in terms of price recognition and caused the sales volume of the residential market to decline. In terms of newly launched projects, the Company has set the target sales rate precisely, in 2022, the Company achieved stable sales of new projects and obtained the Hsinchu development project, which was the first time in cooperation with a Japanese company to participate in the bidding of public urban regeneration project.

In 2022, the Company launched several new projects including “Cathay Shihmei”, “Cathay The Essence Garden” and "Dunnan Lin-Yuan" in Taipei, "Cathay Panyun" in Tainan and “Cathay Yihe” in Kaohsiung. As the Company's products met up to the market demand, the sales performance was pretty good. In terms of revenue, the projects that are delivered are “Cathay Peng, Tian” in Banqiao, “Cathay Yue” in Sanchong and “Cathay Mega+” in Taichung, and projects that are completed but yet closed in the previous year, totaling a sales revenue of approximately NT\$14,126,620,000.

#### (II) Budget Implementation

There was no budget implementation in 2022 due to undisclosed financial forecasting.

#### (III) Please refer to pages 146-155 for the analysis of financial revenue and profitability in 2022.

#### (IV) Research and Development Status

The high cost of raw materials 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 the planning and design and layout advantages, it focuses on 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 maintains good reputation from customers. 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 deepens the brand management, communicates with different customer groups through brand image micro-films and online media, so as to expand our reach and communication with different customer groups 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 2023**

Looking forward to 2023, the economy is expected to be supported by domestic demand and consumption and it will be affected by the weak export performance. However, with the opening of the border for tourists and consumers' consumption, etc., life will gradually return to normal, and the worry of the supply chain disruption will be reduced, boosting economic growth and showing a bottoming out rebound. In terms of the housing market, affected by the government's roll-out policy to crack down on real estate speculation, although deferred rigid purchases still exist, consumers are hesitating on investment in durable goods.

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

In 2023, in order to respond to the rapid changes in the economy and policies, the Company's business guidelines will focus on "Maintaining Profitability and Stability" and "Progress Steadily", and implement it through "Knowledge Management & Cost Optimization". While developing the core business, the Company will focus on the strengthening of internal organization and talent cultivation. Through refined optimization of cost to increase competitiveness, deepening knowledge management, systematically passing on of knowledge, and resource integration, the Company is

expected to maximize its synergy. The Company's future development goal is to become a comprehensive developer. For the core businesses, apart from land reservation, the Company will continue with diverse land development, such as commercial mixed-used development and participation in the government-owned urban renewal projects.

For investments, the Company will continue to invest in the health management and hospitality industry to take advantage of the business opportunities after the pandemic restrictions been lifted. It will also expand its service capacity and business scale through active efficiency optimization and plans for the increase of the number of operating sites. In addition, the Company is actively evaluating its investments in other new businesses, and plans to expand its business territory to create more room for profit.

In 2023, the Company will adopt a prudent approach in line with the overall economic environment. In the first half of this year, the Company planned to launch "Cathay Minle" in Yonghe and "Cathay Meihe" in Taichung. In the second half of the year, there will be projects in a joint venture with the Japanese partner including Sanchong Sector in Sanchong. The Company will adjust the pace of project proposals depending on the economic situation, continue with diverse land development to increase its land reserves and steadily move toward to becoming a comprehensive developer.

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

1. Moving towards a comprehensive developer

2023 will be the third year of the third five-year plan. In addition to improving the core business, the Company selects targets prudently to increase land inventory, and in line with the changes in the market outlook, grasps the progress of projects to steadily increase revenue. At present, the Company has completed three jointly developed projects with Japanese companies, and jointly obtained one project of public urban regeneration and two cooperative projects of commercial facilities. Going forward, the Company will continue to expand development locations and work towards achieving the vision of becoming a comprehensive developer with five years of deep cultivation and ten years of new horizons through more diversified development models.

2. Keeping profit and maintaining present advantage, and seeking progress in the midst of stability

In the third year of the five-year plan, facing the disruptions in capital, housing market policies, high raw material costs, etc., the Company will respond to changes in the market and leverage its stable brand power to grasp the progress of newly launched projects and sales. Through resource integration and cost optimization to demonstrate the Company's operating capabilities, the Company continues to move

forward at a steady pace, and will improve the performance of investment businesses. The group will work together to expand the business footprint of comprehensive developer.

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

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

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

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

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

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

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

In terms of market supply and demand, the statistical information from the Construction and Planning Agency shows that the total floor area of the national residential buildings with construction license increased slightly by 1.1% in 2022 compared with that in 2021. Although it has increased for six consecutive years, there is a clear trend of slowing down. In terms of the volume of land transaction, the boom in the previous three years has ended, and it declined by more than 40% year-on-year, which indicates that builders have turned to a conservative and cautious view towards the subsequent development of the housing market, and the housing market is showing a pattern of shrinking trading volume. In addition, according to the quarterly report of Cathay Pacific Real Estate Index, the amount

of launched projects in the national pre-sale housing market continued to hit record highs in 2022, showing a pattern of rising prices and stable volume. However, in the second half of the year, affected by the economic slowdown, home buyers hesitated and waited on the sidelines, resulting in price-volume divergence. Looking forward to 2023, due to the interfering factors such as the slightly downward revision of the economic outlook, the passage of the amendments to the Equalization of Land Rights Act, and the presidential election, it is expected that the supply of the housing market will become conservative in the future, and the transaction structure will show a trend of shrinking.

As for land supply, there is a narrow territory with a large population in the urban area of Taiwan, and the building land is sparse due to the finite land and decades of development of building industry, especially in the prosperous area, the land has almost been developed completely and the land price keeps rising; as citizens are gradually strengthening their awareness of property right, and the government tightens the policies of land redistribution and levy, it becomes more difficult to acquire lands. In particular, in recent years, most of the construction projects in the Taipei area have been focused on urban renewal and renovation of old and dangerous buildings.

## (II) Regulatory environment

### 1. Urban planning regulations

The government continues to work on formulating sound policies related to urban renewal and redevelopment of old and dangerous buildings. In addition to the extension of the tax incentives for the redevelopment of old and dangerous buildings to 2027, which was approved by the Executive Yuan in 2022, the Ministry of the Interior has also proposed a draft amendment to the Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings, hoping to improve the efficiency of public property participating in the reconstruction projects of unsafe and old buildings. This has led to a significant increase in the number of cases involving the reconstruction of unsafe and old buildings received by the county and city governments in recent years, and has also accelerated the redevelopment and beautification of local cities.

### 2. Other regulations

In view of the fluctuations in housing market prices and the frequent transactions of pre-sale housing red slips in recent years, the Executive Yuan has implemented the "Real Estate Market Improvement Plan" and "Real-price Registration 2.0" to strengthen the oversight of pre-sale housing transactions. However, driven by the low-interest environment for many years, housing prices are still at a high level in recent years. The Legislative Yuan again passed the "Amendments to the Equalization of Land Rights Act" at the beginning of this year in order to tighten the

control over the resale of pre-sale houses and the purchase of houses by private legal persons, hoping that this will eliminate the room for investors to speculate and achieve the purpose of stabilizing the housing market. The actual impact on the sales of the housing market still needs to be followed and observed after the promulgation and implementation of the sub-law.

(III) Overall operation environment

In 2022, 244,000 buildings were transferred in the six municipalities directly under the central government, with an annual decrease of 9%, which was the first decline in nearly six years. However, the balance of construction and residential loans continued to hit a record high despite slower growth, and the overall transaction volume remained at a high level since the bottom in 2016. After the global central banks stepped into the cycle of raising interest rates, the buying momentum continued to tighten, making future real estate market enter the obvious calm stage for the first time since this wave of uptrend.

Looking forward to 2023, in terms of global situation, managing the out-of-control inflation caused by excess funds has become the goal of European and American countries. The recession fears caused by the recent excessive interest rate hikes are expected to ease this year. However, with a high base, the strength of the global recovery will not be as strong as it was in 2021. In terms of domestic situation, in addition to the need to be cautious about the development of post COVID-19 era after lifting restrictions, 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 in the coming year, and the housing market is expected to shrink in volume until the economy picks up significantly.

On the whole, various data in 2022 show that the housing market growth has slowed down. Although the supply in the housing market still showed growth, buyers have turned to wait and see, resulting in a structure of rising prices and stable 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 remains stable currently. The demand of the market has been slowing down, and it is observed that as the cost of construction continues to remain high, the probability and extent of price correction should not be too large. However, whether the housing market policy trends are too depressing to the housing market will continue to be cautiously watched in the future.

Chairman: Chang, Ching-Kuei

## Chapter 2. Company Profile

### I. Date of Incorporation

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

### II. Company History

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

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

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

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

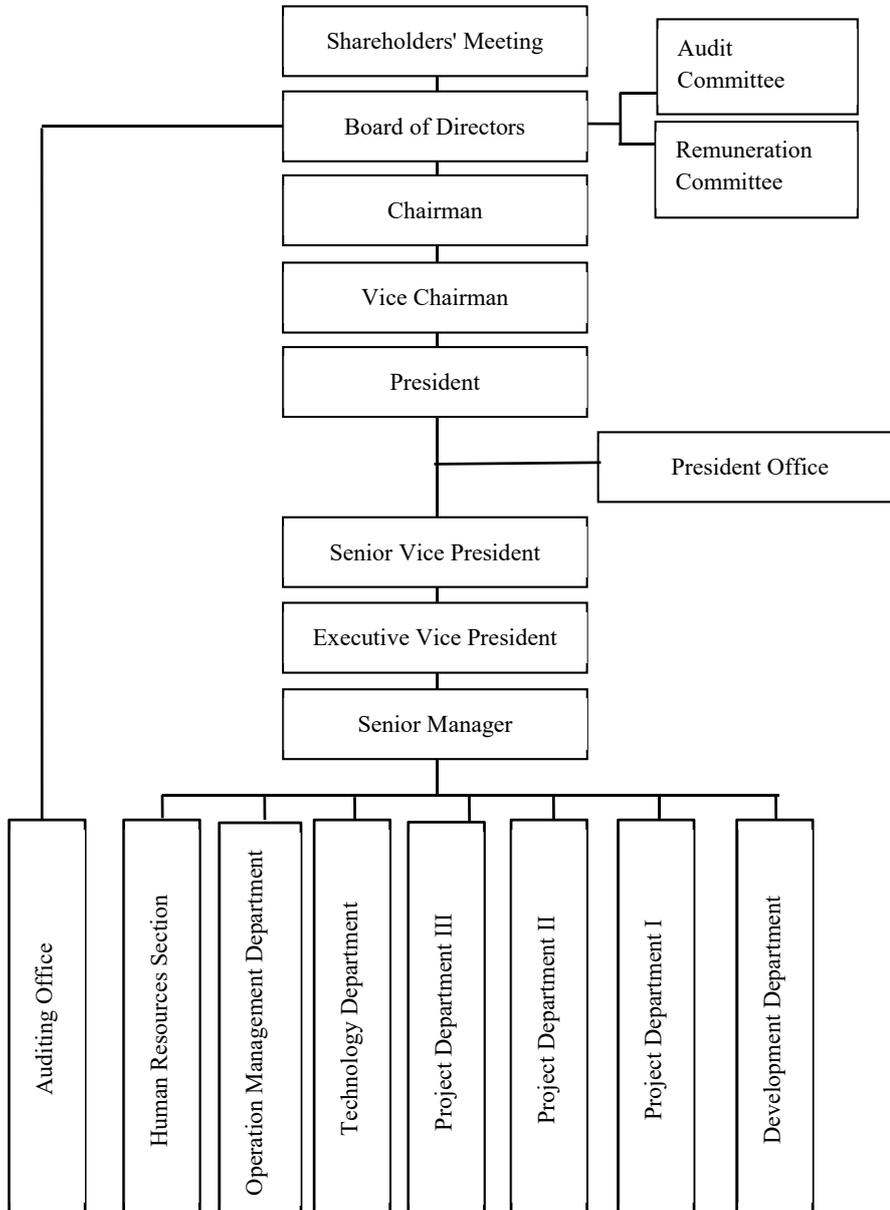
Bannan Realty Co., Ltd. in 2020, Sanchong Realty Co., Ltd. in 2021 and Zhulun Realty Co., Ltd. in 2022). Furthermore, through the purchase of shares of San Hsiung Fongshan LaLaport Co., Ltd., the Company aims to enhance its commercial operation experience and expand its business footprint. At present,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

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

### Chapter 3. Report on Corporate Governance

#### I. Organization

##### (I) Organization Chart



## (II) Responsibilities and Functions of Major Departments

### 1. Auditing Office

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

### 2. President Office

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

### 3. Development Department

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

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

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

(28) Other related items.

5. Project Department III

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

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

(3) Items related to land acquisition and management.

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

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

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

(7) Investigation and measurement of the foundation.

(8) Review of drawings for architectural design.

(9) Selection of building materials and equipment.

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

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

(12) Pricing of real estate.

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

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

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

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

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

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

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

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

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

## 6. Technology Department

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

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

## 7. Operation Management Department

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

#### 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 11, 2023

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 years	2017.06.16	22,000,000	1.90%	22,000,000	1.90%	0	0	0	0	San Francisco State University (Master of Public Administration, MPA)	Senior Vice President of Cathay Real Estate Corporation Director of Cathay Life Insurance Corporation Vice Chairman of Cathay Healthcare Management Co., Ltd. Director of Cymbal Medical Network Co., Ltd. Director of Cymder Co., Ltd. Director of Cymlin Co., Ltd. Vice President of Liang Ting Industrial Co., Ltd Director of Cathay Real Estate Foundation	None			
						2009.03.11	0	0	0	0										

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

Title (Note 1)	Nationality/ Place of Registration	Name	Gender Age (Note 2)	Date Elected (Appointed) Date	Tenure	Date First Elected (Appointed) (Note 3)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education) (Note 4)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark (Note 5)
							Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)			Title	Name	Relationship	
Director	Republic of China	Cathay Charity Foundation Representative: Daniel Tung	Male 61~75	2020.06.12	3 years	2017.06.16	5,941,332	0.51%	5,941,332	0.51%	0	0	0	0	Indiana University (Master of Business Administration, MBA)	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 years	2017.06.16	2,353,690	0.20%	2,353,690	0.20%	0	0	0	0	York University (Master of Business Administration, MBA)	Chairman of Meifeng Textile & Dyeing Co., Ltd Chairman of Meifeng Corporation Director of Cathay Life Insurance Corporation				
						1999.05.19	11,719	0	11,719	0										
Independent Director	Republic of China	Lin, Shiou-Ling	Female 61~75	2020.06.12	3 years	2014.06.06	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. Chairman of Meiliyujing Investment Co., Ltd.			None		
Independent Director	Republic of China	Wu, Chih-Wei	Male 61~75	2020.06.12	3 years	2014.06.06	0	0	0	0	0	0	0	California State University (Master of Business	Independent Director of Preferred Bank Chairman of Zhide Investment Co., Ltd.			None		

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	
														Administration, MBA)	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. Independent Director of Sinyi Realty Inc. Independent Director of Innolux Corp.					
Independent Director	Republic of China	James Y. Chang	Male 61~75	2020.06.12	3 years	2017.06.16	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 11, 2023.
- 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 11, 2023

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

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

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

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

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

April 11, 2023

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

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

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

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

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

April 11, 2023

## 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) When any of he himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates: None.</p> <p>(10) Shareholding amount and ratio of he himself, his spouse, or relative within the second degree of kinship (or in the name of others): None.</p> <p>(11) Not serve as a Director, Supervisor or employee of a company that has a specific relationship with the Company (pursuant to the provisions of Article 3, Paragraph 1, Subparagraphs 5, 6 and 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with).</p> <p>(12) Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years: Please refer to page 44 and page 44 of the 2021 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 Liang Ting Industrial Co., Ltd., and</p>	<p>(1) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(2) Not a Director, Supervisor, or employee of a company with a majority of the Company's director seats or voting shares and those of any other company are controlled</p>	None

Qualifications Name	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
	Director of Cathay Real Estate Foundation Circumstances in the subparagraphs of Article 30 of the Company Act: None	by the same person. (3) Not a Director (member of the governing board), Supervisor (member of the supervising board), managerial officer or shareholder who holds more than five (5) percent of shares of companies or institutions that have financial or business dealings with the Company. (4) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years. (5) Not a spouse or relative within the second degree of kinship of any other director of the Company. (6) Not under any of the categories stated in Article 30 of the Company Act. (7) When any of himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates: None. (8) Shareholding amount and ratio of himself, his spouse, or relative within the second degree of kinship (or in the name of others): None. (9) Not serve as a Director, Supervisor or employee of a company that has a specific relationship with the Company (pursuant to the provisions of Article 3, Paragraph 1, Subparagraphs 5, 6 and 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with). (10) Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years: Please refer to page 44 and page 44 of the 2021 annual	

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
		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 Consulting Co., Ltd., Chairman of Cathay Food &amp; Beverage Group 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 Charity Foundation</p> <p>Circumstances in the subparagraphs of Article 30 of the Company Act: None</p>	<p>(1) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(2) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship to the individuals listed in the preceding paragraphs.</p> <p>(3) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top five in terms of the number of shares held or is designated as a Director or Supervisor of the Company pursuant to Paragraph 1 or 2, Article 27 of the Company Act.</p> <p>(4) Not a Director, Supervisor, or employee of a company with a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person.</p> <p>(5) Not a Director (member of the governing board), Supervisor (member of the supervising board), managerial officer or shareholder who holds more than five (5) percent of shares of companies or institutions that have financial or business dealings with the Company.</p> <p>(6) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than</p>	None

Qualifications Name	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>NT\$500,000 in the past two years.</p> <p>(7) Not a spouse or relative within the second degree of kinship of any other director of the Company.</p> <p>(8) Not under any of the categories stated in Article 30 of the Company Act.</p> <p>(9) When any of himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates: None.</p> <p>(10) Shareholding amount and ratio of himself, his spouse, or relative within the second degree of kinship (or in the name of others): None.</p> <p>(11) Not serve as a Director, Supervisor or employee of a company that has a specific relationship with the Company (pursuant to the provisions of Article 3, Paragraph 1, Subparagraphs 5, 6 and 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with).</p> <p>(12) Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years: Please refer to page 44 and page 44 of the 2021 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 Consulting Co., Ltd., Director of Cathay Food &amp; Beverage Group 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., Chairman &amp; President of Bannan Realty Co., Ltd.</p>	<p>(1) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(2) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship to the individuals listed in the preceding paragraphs.</p> <p>(3) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top five in terms of the</p>	None

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

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>Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with).</p> <p>(12) Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years: Please refer to page 44 and page 44 of the 2021 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 Company.</p> <p>(6) Not a professional individual, sole proprietorship, partnership, owner</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 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) When any of himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates: None.</p> <p>(10) Shareholding amount and ratio of himself, his spouse, or relative within the second degree of kinship (or in the name of others): None.</p> <p>(11) Not serve as a Director, Supervisor or employee of a company that has a specific relationship with the Company (pursuant to the provisions of Article 3, Paragraph 1, Subparagraphs 5, 6 and 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with).</p> <p>(12) Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years: Please refer to page 44 and page 44 of the 2021 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. Experience: Chairman of Meifeng Textile &amp; Dyeing Co., Ltd., Chairman of Meifeng Corporation., and Director of Cathay Life Insurance Corporation Circumstances in the subparagraphs of Article 30 of the Company Act: None</p>	<p>(1) Not employed by the Company or any of its affiliated companies.</p> <p>(2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p>	None

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

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>second degree of kinship of any other director of the Company;</p> <p>(10) Not under any of the categories stated in Article 30 of the Company Act.</p> <p>(11) Whether any of himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates: None.</p> <p>(12) Shareholding amount and ratio of himself, his spouse, or relative within the second degree of kinship (or in the name of others): None.</p> <p>(13) Not serve as a Director, Supervisor or employee of a company that has a specific relationship with the Company (pursuant to the provisions of Article 3, Paragraph 1, Subparagraphs 5~8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with).</p> <p>(14) Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years: Please refer to page 44 and page 44 of the 2021 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. 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., Chairman of Meiliyoujing Investment Co., Ltd. Circumstances in the subparagraphs of Article 30 of the Company Act: None</p>	<p>(1) Not employed by the Company or any of its affiliated companies.</p> <p>(2) Not serving as the Director and Supervisor of the Company or any of its affiliated companies.</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(4) Not a spouse, relative within two generations or direct blood relatives within three generations of the executive listed in (1) or person listed in (2) or (3).</p> <p>(5) Not a director, supervisor or employee of a corporate shareholder who directly holds</p>	1

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

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

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>pursuant to Paragraph 1 or 2, Article 27 of the Company Act.</p> <p>(6) Not a Director, Supervisor, or employee of a company with a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person.</p> <p>(7) Not a director (or a managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses.</p> <p>(8) Not a Director (member of the governing board), Supervisor (member of the supervising board), managerial officer or shareholder who holds more than five percent of shares of companies or institutions that have financial or business dealings with the Company.</p> <p>(9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years.</p> <p>(10) Not a spouse or relative within the second degree of kinship of any other director of the Company.</p> <p>(11) Not under any of the categories stated in Article 30 of the Company Act.</p> <p>(12) No Government Apparatus agency, juristic person or its representative is elected under Article 27 of the Company Act.</p> <p>(13) When 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>	

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>(14) Shareholding amount and ratio of himself, his spouse, or relative within the second degree of kinship (or in the name of others): None.</p> <p>(15) Not serve as a Director, Supervisor or employee of a company that has a specific relationship with the Company (pursuant to the provisions of Article 3, Paragraph 1, Subparagraphs 5~8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with).</p> <p>(16) Did not received remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.</p>	
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 of issued shares of the Company or is ranked top five in terms of the number of shares held or is designated as a Director or Supervisor of the Company pursuant to Paragraph 1 or 2, Article 27 of the Company Act.</p> <p>(6) Not a Director, Supervisor, or employee of a company with a majority of the Company's director seats or voting shares and those of</p>	None

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

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

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.

- 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

April 11, 2023

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

Title (Note 1)	Nationality	Name	Gender	Date Elected (Appointed)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Main Experience (Education Background) (Note 2)	Currently Holding Concurrent Posts in the Company and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship		
					Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)			Title	Name	Relation
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 Consulting Co., Ltd. Director of Cathay Food & Beverage Group Co., Ltd. Director of Nankang International No. 1 Corporation Director of Nankang International No. 2 Corporation Director of Symphox Information Co., Ltd. Chairman & President of Jinhua Realty Co., Ltd. Chairman & President of Bannan Realty Co., Ltd. Chairman & President of Sanchong Realty Co., Ltd. Chairman & President of Zhulun Realty Co., Ltd. Director of Cathay Real Estate Foundation	None		
Senior Manager	Republic of China	Ku, Shang- Chieh	Male	2020.01.01	0	0	0	0	0	0	Dept. of Architecture, Tamkang University	Director of Jinhua Realty Co., Ltd. Director & Chief Executive Officer of Bannan Realty Co., Ltd. Director & Chief Executive Officer of Sanchong Realty Co., Ltd. Director & Chief Executive Officer of Zhulun Realty Co., Ltd. Director of Cathay Real Estate Foundation	None		
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. Director of Sanchong Realty Co., Ltd. Director of Zhulun Realty Co., Ltd.	None		

Title (Note 1)	Nationality	Name	Gender	Date Elected (Appointed)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Main Experience (Education Background) (Note 2)	Currently Holding Concurrent Posts in the Company and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship		
					Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)			Title	Name	Relation
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 Sanhong Realty Co., Ltd. Supervisor of Zhulun Realty Co., Ltd. Director of San Hsiung Fongshan LaLaport Co., Ltd.			
Manager of Development Department	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	
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	Chang, Chia- Lun	Male	2022.07.01	2,651	0	0	0	0	0	Bachelor of Land Economics, National Chengchi University	Chief Executive Officer of Jinhua Realty Co., Ltd.		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 Operation Management 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:

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

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

Unit: NT\$ thousands

Title	Name (Note 1)	Remuneration Paid to Directors								Total amount of A, B, C and D and their proportion to the net profit after tax (Note 10)		Relevant Remuneration Received by Directors who Are Also Employees						Total amount of A, B, C, D, E, F and G and their proportion to the net profit after tax (Note 10)		Remuneration paid to Directors from investees other than the Company's subsidiaries or parent company (Note 11)					
		Remuneration (A) (Note 2)		Severance Pay and Pension (B)		Director Remuneration (C) (Note 3)		Business Execution Expenses (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay and Pension (F)		Employee remuneration (G) (Note 6)									
		They company	All the Companies in Consolidated Financial Statements of the Company (Note 7)	They company	All the Companies in Consolidated Financial Statements of the Company (Note 7)	They company	All the Companies in Consolidated Financial Statements of the Company (Note 7)	They company	All the Companies in Consolidated Financial Statements of the Company (Note 7)	They company	All the Companies in Consolidated Financial Statements of the Company (Note 7)	They company	All the Companies in Consolidated Financial Statements of the Company (Note 7)	They company		All the Companies in Consolidated Financial Statements of the Company (Note 7)		They company	All the Companies in Consolidated Financial Statements of the Company (Note 7)						
Chairman	He Xin Industrial Co., Ltd. Representative: Chang, Ching-Kuei																								
Director	He Xin Industrial Co., Ltd. Representative: Tsai, Chung-Yan																								
Director	He Xin Industrial Co., Ltd. Representative: Lee, Hung-Ming																								
Director	Employee Welfare Committee of Cathay Real Estate Corporation Representative: Lin, Chin-Liang																								
Director	Cathay Real Estate Foundation Representative: Chu, Chung-Chang	13,769	13,769	0	0	2,400	2,400	1,043	1,043	Total: 17,212 Proportion: 1.43%	Total: 17,212 Proportion: 1.43%	24,581	24,581	16,165	16,165	33	0	33	0	Total: 57,991 Proportion: 4.80%	Total: 57,991 Proportion: 4.80%	15			
Director	Cathay Charity Foundation Representative: Daniel Tung																								
Independent Director	Lin, Shiou-Ling																								
Independent Director	Wu, Chih-Wei																								
Independent Director	James Y. Chang																								
<p>1. Please explain the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the considered factors such as their job responsibilities, risks, and working time: The Company has clearly defined the Independent Directors' remuneration policy, scope, type and periodic review mechanism in the remuneration payment standard. The remuneration payment for Independent Director would factor in the level of involvement into company operation, the contribution, and the usual industrial standard, and the amount would be reviewed by Remuneration Committee and reported to the Board of Directors for approval to issue the total amount. The Company regularly evaluates the remuneration of Independent Directors every three years.</p> <p>2. In addition to the information disclosed in the table above, remuneration paid to any director who has provided his/her services (such as serving as a consultant to all non-employees of the parent company/all companies/re-invested companies in the financial report, etc.) to all the companies listed in the Company's financial statements in the most recent fiscal year: 15.</p>																									

### 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, Cathay Real Estate Corporation Employee Welfare Committee	Tsai, Chung-Yan, Lee, Hung-Ming, Lin, Chin-Liang, Daniel Tung, Chu, Chung-Chang, Cathay Charity Foundation, Cathay Real Estate Foundation, Cathay Real Estate Corporation Employee Welfare Committee	Chu, Chung-Chang, Cathay Charity Foundation, Cathay Real Estate Foundation, Cathay Real Estate Corporation Employee Welfare Committee	Chu, Chung-Chang, Cathay Charity Foundation, Cathay Real Estate Foundation, Cathay Real Estate Corporation Employee Welfare Committee
NT\$ 1,000,000 (inclusive) to NT\$ 2,000,000 (exclusive)	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 Lee, Hung-Ming Chang, Ching-Kuei	Tsai, Chung-Yan 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	Daniel Tung	Daniel Tung
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\$ 410 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\$ 2,380 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											Total: 40,779	Total: 40,779	
Senior Vice President	Daniel Tung (Retired on November 12, 2022)	12,326	12,326	16,165	16,165	12,255	12,255	33	0	33	0	Proportion: 3.37%	Proportion: 3.37%	15
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 Investment Companies (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, Lee, Hung-Ming	Tsai, Chung-Yan, 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)	Daniel Tung	Daniel Tung
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\$ 2,380 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 11, 2023; 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	125	125	Total amount 125  Percentage 0.0103%
	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 (Resigned on June 27, 2022)	Huang, Ting-Chien				
	Manager of Project Department III (promoted on July 1, 2022)	Chang, Chia-Lun				
	Chief Auditing Officer of Auditing Office	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 2022 and 2021 were NT\$57,991 thousand and NT\$41,144 thousand respectively, accounting for 4.80% and 4.85% 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: 2022.1.1 to 2022.12.31)

A total of 6 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	6	0	100	
Director	He Xin Industrial Co., Ltd. Representative: Tsai, Chung-Yan	6	0	100	
Director	He Xin Industrial Co., Ltd. Representative: Lee, Hung-Ming	6	0	100	
Director	Representative of Cathay Real Estate Foundation: Chu, Chung-Chang	6	0	100	
Director	Employee Welfare Committee of Cathay Real Estate Corporation Representative: Lin, Chin-Liang	6	0	100	
Director	Representative of Cathay Charity Foundation: Daniel Tung	6	0	100	
Independent Director	Lin, Shiou-Ling	5	1	83.3	
Independent Director	Wu, Chih-Wei	6	0	100	
Independent Director	James Y. Chang	6	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 2021.	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 2021.	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 2021.	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,	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.
Tsai, Chung-Yan, Chu, Chung-Chang	Propose to acquire the right-of-use assets of Tainan Cathay Landmark Plaza from the related party Cathay Life Insurance Co., Ltd.	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting.
Daniel Tung	Propose to dispose the land No. 174 at Sanchong Section, Sanchong District, New Taipei City to Sanchong Realty 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, Chu, Chung-Chang	Reviewing the proposal for the distribution of remuneration to employees and directors for 2021.	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting.
Lee, Hung-Ming, Lin, Chin-Liang	Propose to participate in the cash injection of INTERNATIONAL ONE CO. LTD. and	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
	INTERNATIONAL TWO CO. LTD.		
Chang, Ching-Kuei, Tsai, Chung-Yan, Lee, Hung-Ming, Daniel Tung, Lin, Shiou-Ling, Wu, Chih-Wei	Removal of business strife limitation on the Company's directors.	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	2022 salary adjustment proposal for Director with Manager role with actual involvement in the business.	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting.
Lin, Chin-Liang	Removal of business strife limitation on the Company's managers.	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 Hospitality Consulting 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, Chu, Chung-Chang	In order to continuously promote the plan of public welfare activities, the Company intends to donate NT\$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.
Tsai, Chung-Yan	Propose to sell properties, lands and parking lots of Company's pre-sale projects to related parties	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, 2022 to December 31, 2022.	Including the overall Board of Directors and functional committees.	Executive unit evaluation, self-evaluation by directors and self-evaluation by functional	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: 1. Degree of participation in the Company's

			committee members.	<p>operations.</p> <p>2. Improvement in the quality of decision-making of the Board of Directors (functional committees).</p> <p>3. Composition and structure of the Board of Directors (functional committees).</p> <p>4. Election and continuing education of the Directors (members of functional committees).</p> <p>5. Internal control.</p>
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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 2022 surpassed the standards and were reported to the Company's Board of Directors on February 24, 2023, 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: 2022.1.1 to 2022.12.31)

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	5	1	83.3	

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 12th meeting on 2022.1.27	1. Removal of business strife limitation on the Company's managers	✓	✗
	2. Propose to acquire the right-of-use assets of Tainan Cathay Landmark Plaza from the related party Cathay Life Insurance Co., Ltd.	✓	✗
	3. Propose to dispose the land No. 174 at Sanchong Section, Sanchong District, New Taipei City to Sanchong Realty Co., Ltd.	✓	✗

Board of Directors	Proposal of the Board of Directors	Matters referred to in Article 14-5 of the Securities and Exchange Act:	Other resolutions passed by two thirds of all Directors but yet to be approved by the Audit Committee
	4. Propose 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	✓	✗
	Results of the Board's resolution (January 27, 2022): The 1st proposal to the 4th proposal were passed with the consent of all the attending independent directors		
	The Company's actions in response to the opinions of the Audit Committee: Approved by all the attending directors (Note: See pages 53-56 for details on the implementation of directors' withdrawal from interest-related proposals)		
The 19th term The 13th meeting on 2022.3.15	1. Statement of Internal Control System for 2021 to be submitted to the Securities and Futures Bureau of the Financial Supervisory Commission	✓	✗
	2. Business report for 2021	✓	✗
	3. Parent company only financial report and consolidated financial report for 2021	✓	✗
	4. Propose to acquire the shares of San Hsiung Fongshan LaLaport Co., Ltd. from Mitsui Fudosan Taiwan Co., Ltd. and participating in the subsequent capitalization	✓	✗
	5. Propose to participate in the cash injection of CMG INTERNATIONAL ONE CO. LTD. and CMG INTERNATIONAL TWO CO. LTD.	✓	✗
	Results of the Board's resolution (March 15, 2022): The 1st proposal to the 5th 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 53-56 for details on the implementation of directors' withdrawal from interest-related proposals)		
The 19th term The 14th meeting on 2022.5.4	1. 2021 earning distribution plan.	✓	✗
	2. Amend the Company's procedures for acquisition or disposal of assets	✓	✗
	3. Remove restrictions on the competition prohibition for Directors of the Company	✓	✗
	4. The Company's proposal for the purchase of the shares of San Ching Engineering Co., Ltd.	✓	✗
	Results of the Audit Committee resolution (May 4, 2022): The 1st proposal to the 4th proposal were passed with the consent of all the attending independent directors		
	The Company's actions in response to the opinions of the Audit Committee: Approved by all the attending directors (Note: See pages 53-56 for details on the implementation of directors' withdrawal from interest-related proposals)		
The 19th term The 15th meeting on 2022.6.17	1. Amend the Detailed Rules for Internal Control System and Internal Audit of the Stock Affair Units of the Company	✓	✗
	2. It is proposed to commit the related party San-Ching Engineering Co., Ltd. to undertake the new construction of the Company's "Cathay The Essence Garden" in Beitou District, Taipei City	✓	✗
	Results of the Audit Committee resolution (June 17, 2022):		

Board of Directors	Proposal of the Board of Directors	Matters referred to in Article 14-5 of the Securities and Exchange Act:	Other resolutions passed by two thirds of all Directors but yet to be approved by the Audit Committee
	The 1st proposal to the 2nd 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 53-56 for details on the implementation of directors' withdrawal from interest-related proposals)		
The 19th term The 16th meeting on 2022.8.11	1. Removal of business strife limitation on the Company's managers	✓	✗
	Results of the Audit Committee resolution (August 11, 2022): 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 53-56 for details on the implementation of directors' withdrawal from interest-related proposals)		
The 19th term The 17th meeting on 2022.11.9	1. 2023 CPA Appointment and Remuneration Review	✓	✗
	2. The Company Proposal for establishment of Zhulun Realty Co., Ltd. as a joint venture with Mitsui Fudosan Taiwan Co., Ltd.	✓	✗
	3. The Company intends to participate in the subscription of cash capitalization plan of San-Ching Engineering Co., Ltd.	✓	✗
	4. The Company intends to participate in the subscription of cash capitalization plan of Cathay Hospitality Management Co., Ltd.	✓	✗
	5. The Company intends to participate in the subscription of cash capitalization plan of Cathay Hospitality Consulting Co., Ltd.	✓	✗
	6. In order to continuously promote the plan of public welfare activities, the Company intends to donate NT\$5 million to Cathay Real Estate Foundation	✓	✗
	7. Propose to sell properties, lands and parking lots of Company's pre-sale projects to related parties	✓	✗
	8. Amend the Internal Control System and Internal Audit Implementation Rules of the Company	✓	✗
	9. Proposal for contracting the basic construction of the "Dunbei Urban Renewal Project" in Songshan District, Taipei City, to San-Ching Engineering Co., Ltd.	✓	✗
	10. Plan to sign a supplementary contract for the new construction of "Land No. 112 at Chung Lu 2nd section, Taoyuan District" with the subsidiary San-Ching Engineering Co., Ltd.	✓	✗
Results of the Audit Committee resolution (November 9, 2022): The 1st proposal to the 10th 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 53-56 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).

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

Date	Nature	Key Communications Points	Communication Results
2022.3.15	Board of Directors Pre-meeting conference	<ol style="list-style-type: none"> <li>1. The accountant explained the 2021 financial statement auditing operation, and reported the implementation and results of the internal control assessment.</li> <li>2. Communicating on the key audit matters of the audit report.</li> <li>3. Scope of 2021 audit and audit opinion to be issued by the CPAs.</li> <li>4. Impacts of recent amendments to</li> </ol>	<ol style="list-style-type: none"> <li>1. The Audit Committee passed the 2021 financial statements and submitted them to the Board of Directors for approval, and announced and reported them as scheduled.</li> <li>2. Suggestions from independent directors: none</li> </ol>

Date	Nature	Key Communications Points	Communication Results
		securities, tax, and corporate governance laws.	
2022.11.9	Board of Directors Pre-meeting conference	<ol style="list-style-type: none"> <li>1. Auditor's Independence Statement</li> <li>2. The accountant describes the audit operations for the 2022 financial statement, including the scope of the Group's audits, the scope of internal control tests performed, the key audit items, and the contents of the customer declaration. The expected audit items and schedule are also included.</li> <li>3. Amendments to the IESBA Code, applicable to public interest individuals, and the proposed course of action are discussed.</li> <li>4. Impacts of recent amendments to securities, tax, and corporate governance laws.</li> </ol>	<ol style="list-style-type: none"> <li>1. The Audit Committee approved the appointment of the accountants and compensation review for 2023 and submitted the results to the Board of Directors for approval.</li> <li>2. 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
2022.3.15	Board of Directors Pre-meeting conference	1. Implementation of 2021 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 57-59.	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 11, 2021 and November 9, 2022, respectively.</p>	No significant difference.
IV. Whether the TWSE/TPEX listed companies are equipped with competent and appropriate number of corporate governance personnel,	V		Yan, Miao-Ru 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> <p>1. The implementation of corporate governance is as follows:</p> <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> <p>2. Operations carried out in 2021 and 2022:</p> <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> <li>● Amended the Procedures for Acquisition or Disposal of Assets</li> <li>● Amended the Procedures for Election and Appointment of Directors</li> <li>● Amended the Director's Remuneration Payment Standards</li> <li>● Amended the Corporate Social Responsibility Best Practice Principles</li> <li>● Amended the Ethical Corporate Management Best Practice Principles</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, 2022 to June 18, 2023.</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> <p>3. Training hours and content of the Chief Corporate Governance Officer in 2022:</p> <ol style="list-style-type: none"> <li>(1) Taiwan Stock Exchange and Taipei Exchange - Sustainable Development Roadmap Industry Theme Promotion Conference / 2 hours.</li> <li>(2) Taiwan Institute for Sustainable Energy (Deloitte &amp; Touche) - Net Zero: Co-Crete a Future of Decarbonisation and Sustainability Ecosystem / 3 hours.</li> <li>(3) Securities &amp; Futures Institute - The Opportunity of the Threat of Cyber Security in Supply Chain / 3 hours.</li> <li>(4) Securities &amp; Futures Institute - Talking about Independent Directors and Audit Committees from Court Practice Cases / 3 hours.</li> <li>(5) Securities &amp; Futures Institute - Protection of Trade Secrets / 3 hours.</li> </ol>	

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
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 98-100.	No significant difference.
VI. Does the Company commission a professional shareholder services agency to arrange shareholders' meetings and other relevant affairs?		V	As the Company handles its own stock affairs and has a stock affair unit responsible for handling shareholders' issues and affairs of shareholders' meeting, no stock affair agency has been appointed.	No significant difference.
VII. Information disclosure (I) Has the Company established a website to disclose information on financial operations and corporate governance?	V		The Company has established website ("Investor Zone" and "Corporate Social Responsibility Zone") to disclose both financial standings and the status of corporate governance. ( <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 96-100.	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.

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
X. Does the Company have an intellectual property management plan linked to its business objectives and disclose its implementation on the Company website or in the annual report and report to the Board at least once a year?	V		<p>The Company deeply cultivates Taiwan's real estate market with four major guarantees. In order to protect the brand value, maintain the brand value, reduce the intellectual property risk, and enhance the competitiveness, the Company has formulated an intellectual property management plan. The implementation result of the above-mentioned plan as well as that of the sustainable development strategy will be reported to the Board of Directors annually. The intellectual property rights management plan includes:</p> <ol style="list-style-type: none"> <li>1. Patents: 1 new patent has been obtained since its introduction in 2021. In the future, we will regularly review the current status and management of patents, and in response to the rapid development of technology and economic environment, pay attention to relevant laws and regulations and future developments, and encourage colleagues to develop and innovate their businesses, strive for and protect patents of the Company.</li> <li>2. Trademarks: There are a total of 67 registered trademarks. In order to implement trademark management, safeguard the Company's rights and interests and control risks, and maintain a competitive advantage in operations, the Company regularly reviews the status of trademark applications and maintenance every year. The Company also dynamically manages trademark registration and maintenance to effectively protect the Company's trademark rights and corporate identity in line with business development needs.</li> <li>3. Copyright: The Company agrees on the ownership of copyright with employees and external vendors, and shall not infringe the copyright of others, so as to maintain and manage the Company's copyright.</li> <li>4. Trade secrets: In the internal regulations such as Labor Contracts, Employee Codes of Conduct, Ethical Codes of Conduct, and Ethical Corporate Management Best-Practice Principles, the Company's personnel are required to keep confidential the business information they know directly or indirectly through the performance of business. Information security management and control is carried out to reduce the risk of leakage of confidential information, and a leakage reporting mechanism has also been established to reduce related impacts. The information outsourcing contract includes confidentiality clauses, penalties, damages claim and other related provisions to ensure that the cooperative vendors comply with the confidentiality obligations.</li> </ol> <p>The company will continue to plan the management policy of intellectual property rights such as patents, trademarks, copyrights and trade secrets in accordance with its operating goals and development strategies, in order to provide a strong backing for business development.</p>	No significant difference.

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

1. Information regarding the members of the Remuneration Committee

April 11, 2023

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.	Refer to pages 33-39.	3
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 three 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: 2022.1.1-2022.12.31)

Title	Name	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Remark
Convener	Lin, Shiou-Ling	3	0	100%	
Committee Member	Wu, Chih-Wei	3	0	100%	
Committee Member	James Y. Chang	3	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 4nd meeting	2022.1.27	<p>1. Pass the proposal for paying year-end bonus and special incentives to executive directors and managers engaged in business in 2021</p> <p>2. Pass the evaluation on annual remuneration of independent directors and executive directors engaged in business in 2021</p> <p>3. Pass the evaluation on the remuneration for managerial officers in 2021.</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 53-56 for details on the implementation of directors' withdrawal from interest-related proposals)</p>
4th-term 5th meeting	2022.3.15	<p>1. Pass the proposal for the distribution of remuneration to employees and directors for 2021.</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 53-56 for details on the implementation of directors' withdrawal from interest-related proposals)</p>
4th-term 6th meeting	2022.8.11	<p>1. Amended the Company's Director's Remuneration Payment Standards.</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 53-56 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. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	√		<p>In order to effectively promote the implementation of corporate sustainable development responsibility, the Company established the CSR Committee in 2014, which was renamed as Corporate Sustainable Development Committee in 2022, and appoints a Chairman served by the President of the Company and the committee members are served by senior executive.</p> <p>According to the nature of the tasks, the Committee has established five special teams for “Corporate Governance”, “Customer Care”, “Employee Care”, “Environment Protection”, and “Social Welfare”, the members of which are from different departments of the Company. Regular meetings are held every quarter to oversee the environment, economy, and society-oriented actions, and to conduct cross-departmental communication and sustainable trend tracking. A total of 4 meetings have been held in 2022. The Company reviews the relevant implementation results of major sustainable issues, risk issues, and climate-related issues every year, and formulate goals and policies to address the issues.</p> <p>The President Office of the Company is appointed as the specific promotion unit of the Corporate Sustainable Development Committee to assist in coordinating the meeting, and submit regular reports on implementation to the Board of Directors periodically. The specific promotion unit submitted the implementation review report and publication report to the Board of Directors on March 15, 2022 and August 11, 2022.</p> <p>Supervision by the Company's Board of Directors: The Committee consolidates ESG-oriented short-, medium- and long-term strategic plans according to the actual implementation status, which are submitted to the Chairman for approval and to the Board of Directors for resolution, so as to give full play to the Board of Directors' supervisory and management functions to ensure sustainability goals are achieved.</p>	No significant difference.
II. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant	√		<p>The Company's risk assessment boundary is mainly based on the Company, including the existing business locations in Taiwan. The scope of the sustainability report covers Cathay Real Estate Development Co., Ltd. and part of the sustainability results of the investee companies in the consolidated financial statements (Cathay Real Estate Management Co., Ltd., Cathay Healthcare Management Co., Ltd. and Cathay Hospitality Consulting Co., Ltd.).</p> <p>The Company's 2021 sustainability report has a special chapter (Chapter 1,</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							
risk management policies or strategies? (Note 2)			<p>Sections 1.2-1.3, P21-31) for the analysis of major sustainability issues. After comparing the risk issues with the material issues, the Company's annual material issues are listed, and management policies and guidelines are discussed in the subsequent chapters.</p> <p>Based on the assessed risks, relevant risk management policies or strategies are formulated:</p> <table border="1"> <thead> <tr> <th>Material issues</th> <th>Risk assessment items</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>Environment</td> <td>Environmental impact and energy resource management</td> <td> <ol style="list-style-type: none"> <li>All of the Company's construction projects have introduced green building concepts, building modularization and BIM technology, laying the cornerstone of smart buildings. The Company also incorporates energy-saving designs to reduce building energy consumption in line with the ideas of green buildings and environmental sustainability.</li> <li>The Company follows the "Construction Waste Management Strategy" of the Environmental Protection Administration, implements construction site engineering waste reduction and classification procedures, and formulates waste treatment workflow management.</li> <li>The Company establishes its climate risk identification process in accordance with TCFD. After analyzing and cross-referencing the impacts of climate-related opportunities, the committee discussed the results and identified 10 opportunities and 10 risks.</li> <li>The Company regularly check greenhouse gases according to</li> </ol> </td> </tr> </tbody> </table>	Material issues	Risk assessment items	Description	Environment	Environmental impact and energy resource management	<ol style="list-style-type: none"> <li>All of the Company's construction projects have introduced green building concepts, building modularization and BIM technology, laying the cornerstone of smart buildings. The Company also incorporates energy-saving designs to reduce building energy consumption in line with the ideas of green buildings and environmental sustainability.</li> <li>The Company follows the "Construction Waste Management Strategy" of the Environmental Protection Administration, implements construction site engineering waste reduction and classification procedures, and formulates waste treatment workflow management.</li> <li>The Company establishes its climate risk identification process in accordance with TCFD. After analyzing and cross-referencing the impacts of climate-related opportunities, the committee discussed the results and identified 10 opportunities and 10 risks.</li> <li>The Company regularly check greenhouse gases according to</li> </ol>	
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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>ISO14064-1, and at the same time implement energy-saving and carbon-reduction projects to achieve effective resource management and reduce greenhouse gas emissions for three consecutive years.</p> <p>5. After the complete renewal of air-conditioning equipment in 2018, the efficiency of the cooling equipment has been greatly improved, and coupled with the promotion of water conservation, the water consumption has been reduced year by year, and the water intensity per person has also decreased.</p>
			Society	<p>Occupational safety Employee health seminars are regularly held every year, and prevention mechanisms and management measures are established on the construction sites to create a safe workplace environment.</p>
				<p>Construction quality and safety 1. The Company has established a sound supplier selection and screening process for business partners, and require all suppliers to sign the "Corporate Social Responsibility Clause". 2. The Company implements the three-level quality control system and standard operating procedures for construction, and hold "Seminars on New Materials, New Equipment, and New Construction Methods" every quarter to analyze the latest technology and combine them with market demands, and ensure good quality of</p>

Promoted Item	Status of Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof									
	Yes	No	Description										
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III. Environmental issues (I) Has the Company established a suitable environmental management system based on its industrial	v		The Company perceives that the environment protection is an important issue for people all over the world to work together and faces up to the importance of global warming to the ecological impact and environmental protection. The Company is in the construction investment industry with no qualification	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	
characteristics?			<p>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 2021. Compared with 2020, the total consumption of the four bases of Taipei, Taichung, Tainan and Kaohsiung in 2021 showed the following trends:</p> <ul style="list-style-type: none"> <li>➤ The total energy consumption (GJ) decreased by 8.84%, and the total energy intensity (GJ/person) decreased by 11.2%.</li> <li>➤ The total emissions of Scope 1 and Scope 2 greenhouse gas (tons of CO<sub>2</sub>e) decreased by 4.61%, and the total emissions of Scope 3 greenhouse gas (tons of CO<sub>2</sub>e) decreased by 11.46%.</li> </ul> <p>The total water consumption (M<sup>3</sup>) decreased by 28.3%, and the total water use intensity (M<sup>3</sup>/person) decreased by 3.02%. Average water intensity per person has declined for three consecutive years.</p>	
(II) Does the Company endeavor to utilize all resources more efficiently and use	√		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-	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	
renewable materials that have low impact on the environment?			<p>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> <p>In terms of the product design, the proportion of green building introduced in new projects in 2021 reached 50%, and the goal of new projects in 2022 is to fully introduce the concept of green buildings. 100% of new projects introduced BIM technology and digitized model information to reduce the risk of construction errors and improve the efficiency of construction. At the construction sites, the Company hires totally qualified waste removal and transportation service provider to handle related construction waste, and implements the flow management of construction waste to improve the efficiency of resource recovery.</p> <p>In terms of energy saving, greenhouse gas emissions, and water resource saving results, all of them have decreased year by year from 2018 to 2021. Compared with 2020, the total consumption of the four bases of Taipei, Taichung, Tainan and Kaohsiung in 2021 showed the following trends:</p> <ul style="list-style-type: none"> <li>➤ The total energy consumption (GJ) decreased by 8.84%, and the total energy intensity (GJ/person) decreased by 11.2%.</li> <li>➤ The total emissions of Scope 1 and Scope 2 greenhouse gas (tons of CO<sub>2</sub>e) decreased by 4.61%, and the total emissions of Scope 3 and Scope 4 greenhouse gas (tons of CO<sub>2</sub>e) decreased by 11.46%.</li> <li>➤ The total water consumption (M<sup>3</sup>) decreased by 28.3%, and the total water use intensity (M<sup>3</sup>/person) decreased by 3.02%. Average water intensity per person has declined for three consecutive years.</li> </ul> <p>In addition, it has completed the renewal of air-conditioning equipment and the replacement of environmentally friendly elevators for all buildings to improve energy-saving efficiency. The operation mode of remote video conferencing and paperless meetings is becoming more and more mature, which has greatly improved the efficiency and effectiveness of resource use.</p> <p>In order to maintain the environment and care for the environment protection, the Company uses building material equipment with low impact on the environmental load.</p> <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, sensor faucets in the public area and other appliances.</li> </ol>	

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, 5 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		<p>The Company has a "Corporate Sustainability Committee" as the highest sustainability implementation unit, with the President serving as the Chairman. The Corporate Sustainability Committee systematically identifies and evaluates climate change-related risks and opportunities every year, look into its financial impact on corporate operations, take responsibility for formulating and promoting corporate social responsibility policies, systems and implementation plans, and regularly report environment-related implementation results to the Board of Directors.</p> <p>In 2022, the Company's 19 ESG related issues with material risks remained unchanged, and there were 3 issues related to environment, including extreme climate events, which is considered low-risk for the Company within an acceptable risk level.</p> <p>Since 2022, the Company has introduced the TCFD mechanism to examine and analyze the potential financial impact of climate change on the Company's operations. The Company has identified 3 physical risks such as typhoons, floods, and droughts, evaluated 7 transition risks such as rising raw material costs, increasing greenhouse gas emission pricing, low-carbon technology transformation cost increase, etc., further analyzed the impact of cross-comparison on climate-related opportunities, and summarized the possible financial impact on the Company's operations.</p> <p>To this end, the Company further developed follow-up countermeasures, with the greenhouse gas inventory</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>as the top priority, and at the same time implemented energy-saving and carbon-reduction projects to achieve the purpose of energy management through a two-pronged approach. The Company is committed to fully introducing the concept of green building in new projects in 2022, and sets the relevant green reduction goals accordingly. Subsequently, the Company aims to integrate climate-related risks and opportunities progressively, establish management indicators and goals as the basis for the evaluation of results, and fulfill the responsibility to create a friendly environment.</p> <p>The Company's detailed analysis of climate change risks and opportunities has been disclosed in the Company's sustainability report. (<a href="http://cathayred-csr.com/download.html">http://cathayred-csr.com/download.html</a>)</p>													
(IV) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set greenhouse gas emissions reduction, water usage reduction, and other waste management policies?	√		<p>1. In 2021, the Company's four business locations in Taipei, Taichung, Tainan and Kaohsiung completed the inspections under scopes 1, 2, 3 and 4 of ISO 14064-1, and had been confirmed by the CPAs.</p> <p>The following is a brief summary of the Company's statistics in the past two years (the scope of the data covers the Company's 4 business locations):</p> <p>A. Greenhouse gas emissions (unit: metric tons)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1</th> <th>Scope 2</th> <th>Scope 3 Scope 4</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>18.12</td> <td>344.95</td> <td>145.14</td> </tr> <tr> <td>2020</td> <td>18.06</td> <td>362.56</td> <td>163.92</td> </tr> </tbody> </table> <p>B. Water consumption: (unit: cubic meter) 2021: 1,351; 2020: 1,885</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 2021 was 5,200 tons. For details, please refer to the 2021 Corporate Social Report (P. 61). In 2022, the total amount of civil or construction waste mixture in construction sites was 24,559.88 (tons), and the cumulative amount of domestic waste was 772.24 (tons).</p> <ul style="list-style-type: none"> <li>➤ In response to the greenhouse gas reduction policy, the Company has set a target to reduce the annual growth rate by 1%, echoing the 2050 net zero emission policy.</li> <li>➤ In 2021, the total greenhouse gas emissions of Scope 1 and Scope 2 were 363.07 tons CO<sub>2</sub>e, of which 344.95 tons CO<sub>2</sub>e were mainly from the electricity emissions of Scope 2, accounting for 95.01% of the aforesaid emissions; followed by the fuel used for Scope 1 official vehicles, which emitted 18.12 tons CO<sub>2</sub>e, accounting for 4.99%.</li> <li>➤ In response to world trend of emission reduction, the Company actively promotes various energy</li> </ul>	Year	Scope 1	Scope 2	Scope 3 Scope 4	2021	18.12	344.95	145.14	2020	18.06	362.56	163.92	No significant difference.
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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>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> <p>➤ In 2021, Scope 1 and Scope 2 greenhouse gas emissions decreased by 4.61% compared with 2020, and Scope 3 and Scope 4 greenhouse gas emissions decreased by 11.46%.</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 full 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 1,351 m<sup>3</sup> in 2021. The water consumption in 2021 was 28.3% lower than that in 2020, and the water intensity per person also continued to decline.</p> <p>➤ In terms of the water consumption reduction policy, the Company has set a target to reduce the annual growth rate by 1% each year, and the water intensity will decrease year by year.</p> <p>3. The 2021 Corporate Social Report (P. 85-89) 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 the business locations of subsidiaries.</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 in accordance with the Autonomous Regulations for Counseling Management of Energy Conservation and Carbon Reduction of Business formulated by Industry Development Bureau of Taipei Municipal Government.</p> <p>➤ Regarding the greenhouse gas reduction, the target to reduce the annual growth rate by 1% each year is set, echoing the 2050 net zero emission policy.</p> <p>➤ Control the paper use for affairs and use of various printed materials, and introduce paperless</p>	

Promoted Item	Status of Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>measures.</p> <ul style="list-style-type: none"> <li>➤ Promote no tie at work, and set the office temperature to 26°C.</li> <li>➤ Install 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> <li>➤ All newly-purchased official vehicles shall be environmentally-friendly hybrid electric vehicles with low-fuel consumption.</li> </ul> <p>5. The Company introduced ISO 14064-1:2018 in 2019 to conduct 2021 internal GHG checking. Through the inspection process and results, the Company understands its greenhouse gas emissions. In the future, we are committed to reducing GHG as well fulfilling the responsibility to slow down the trend of global warming as a citizen of the global village.</p> <p>6. In accordance with the provisions of the Financial Supervisory Commission's "Sustainable Development Roadmap for Listed Companies", the Company expects to complete the third-party verification in 2024.</p>	
<p>IV. Social issues</p> <p>(I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	v		<p>The Company has referred to the principles as in the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and formulated Human Rights Policy of Cathay Real Estate Development Co., Ltd. while identifying relevant stakeholders, implementing management mitigation measures, and placing relevant information on the official website as a reference for employees and the public.</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, and handling methods for</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	
			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 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>The Company performs office environment testing every six months (June 28, 2022 and December 23, 2022), 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>The Company arranges all employees to accept health check every year (March to May, 2022), and holds health and safety lectures (5 sessions</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>on 11/17、11/18、11/24、11/28 in 2022) to provide health information and consulting services for employees to ensure that each employee can be in best status and has physical and psychological health.</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 8 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. In 2022, there was one occupational injury in the Company. In addition to providing emergency care and corresponding safeguard measures, the Company also provided work-related injury leave according to the doctor's advice, so that the employee can rest at ease.</p> <p>6. The Company has formulated Executive Measures for Maternal Health Protection of Female Workers, Prevention Plan for Illegal Immunization in Performing Jobs, Plan for Prevention of Sexual Harm and Plan for Prevention of Diseases caused by Abnormal Workload to maintain the physical and psychological health of employees and avoid unnecessary work injuries.</p>	
(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. The Company also establishes various career capacity databases of employees and arrange education and training for new recruits, new supervisors, professional training, etc., according to the rank and core competency planning items. The Company effectively organizes a series of development training plans for the weaknesses of	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>employees such as decision-making, organization, team, performance, innovation, execution, leadership and creativity.</p> <p>The Company's employees have access to a wide range of learning resources through multiple channels, including on-the-job training, job rotation, external training opportunities, seminars, etc., to build up their professional strength. The Company offers a leadership training program for manager ranking employees to develop their leadership skills and improve the overall competitiveness of the Company.</p>	
(V) Does the Company follow relevant laws and regulations and international standards, and formulate relevant consumer protection policies and complaint procedures with regard to customer health and safety, customer privacy, marketing and labeling of products and services?	√		<p>The Company follows relevant laws and regulations and various consumer protection laws and regulations, and has established strict protection methods for customer personal information confidentiality measures, which are signed by all employees. If the consumer has any appeal about the equity, the Company can provide prompt handling and reply through the email of special parts of affiliate of the Company's website or service department.</p> <p>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 2021 CSR Report (pages 38-44).</p>	No significant difference.
(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?	√		<p>The clause above is involved in Paragraph 3 of Article 23 of the "Corporate Sustainable Development Principles, which has been fully notified to all units and subsidiaries of the Company and incorporated into the contract with the main suppliers, subject to the strict implement and execution.</p> <p>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 2022, the proportion of major suppliers who signed CSR clauses reached 100%.</p>	No significant difference.
V. Does the Company prepare sustainable development report and other reports that disclose non-financial information by	√		<p>The Company not only follows the guidelines of GRI Standards for its sustainable development reports published, SASB and TCFD standards, 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</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	
following international reporting standards or guidelines? Are the reports certified or assured by a third-party accreditation body?			& Young.	
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 141-143.				

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.

Note 3. Regarding the method for disclosure, please refer to the "SAMPLE ANNUAL REPORT" page on the website of the Taiwan Stock Exchange Corporate Governance Center.

### Implementation of Climate-Related Information

Item	Implementation status
<ol style="list-style-type: none"> <li>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</li> <li>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</li> <li>3. Describe the financial impact of extreme weather events and transformative actions.</li> <li>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</li> <li>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</li> <li>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</li> <li>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</li> <li>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</li> <li>9. Greenhouse gas inventory and assurance status (not applicable).</li> </ol>	<ol style="list-style-type: none"> <li>1. The Company's Board of Directors is the highest supervisory unit for corporate sustainability management strategies and actions. The Corporate Sustainability Committee (CS Committee) and 5 functional teams established under the Board of Directors serve as a platform for cross-departmental communication and management of issues related to corporate social responsibility, and are responsible for implementing and promoting relevant plans to address material sustainability issues, risk issues, and climate-related issues. Corporate Sustainability Committee regularly reports</li> </ol>

Item	Implementation status
	<p>to the Board of Directors on the implementation results of environment-related plans.</p> <p>Each year, the CS Committee identifies material risks and opportunities with reference to the Task Force on Climate-related Financial Disclosures (TCFD) guidelines and industry-specific recommendations, as well as the TCFD practical cases consolidated by the World Business Council for Sustainable Development (WBCSD). Afterwards, the Company analyzes the potential financial impact on the Company's operations, and uses this as a basis to further develop subsequent countermeasures.</p> <p>2.</p> <p>(Short-term): Greenhouse gas inventory is the first step to effectively manage greenhouse gas emissions, and it is also an important part of following the TCFD framework. The Company has adopted the latest ISO 14064-1:2018 for emission inventory since 2019. Our priority is to conduct a greenhouse gas inventory of the Company.</p> <p>(Medium-term): Promise to introduce 100% green building design into new projects by 2022.</p> <p>(Long-term): The Company will continue to set relevant green reduction targets, gradually integrate climate-related risks and opportunities, establish management indicators and goals as the basis for effectiveness evaluation, and fulfill the responsibility of earth citizens to create a friendly environment.</p> <p>3. Considering the analysis results of the significance of climate-related risk impacts, the Company has identified physical risks such as typhoons, floods, droughts and other extreme climates</p>

Item	Implementation status
	<p>that have become more severe. The Company also assesses transition risks such as rising raw material costs, increasing pricing on greenhouse gas emissions, and increasing costs for low-carbon technology transformation. The impact of climate related opportunities is further analyzed and cross-referenced to conclude the potential financial impact on the Company's operations. In response to the transformation opportunity arising from the risk of climate change, the Company is leading customers towards a low-carbon sustainable future through its own energy and resource reduction. Our priority is to conduct a greenhouse gas inventory of the Company, and continue to set relevant green reduction goals. Subsequently, the Company aims to integrate climate-related risks and opportunities progressively, establish management indicators and goals as the basis for the evaluation of results, and fulfill the responsibility of earth citizens to create a friendly environment.</p> <p>4. The identification of climate-related risks and opportunities is led by the five functional teams of the CS Committee, which evaluate the possibility, impact level, time of occurrence, and financial impact of each risk and opportunity. The Company ranks climate-related risks and opportunities based on the analysis of possibility and impact level, and lists the material risks and opportunities according to the impact level and time of occurrence. Taking into account the analysis results of the significance of climate-related risk impacts, the Company further</p>

Item	Implementation status
	<p>analyzes and cross-references the impact on climate-related opportunities, and looks into the potential financial impact on the Company for material risks and opportunities. Based on this, the Company establishes follow-up countermeasures and incorporates them in the overall risk management system.</p> <p>5~8: Not Applicable.</p>

(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	
<p>I. Establishment of ethical corporate management policies and programs</p> <p>(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?</p>	v		<p>In order to establish a corporate culture of integrity management and sound the development, and to implement a good corporate governance and risk management &amp; 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.</p>	<p>No significant difference.</p>
<p>(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"?</p>	v		<p>The Company's Ethical Corporate Management Best-Practice Principles covers all the activities stated in Article 7, Paragraph 2 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies. The internal audit unit should be based on the evaluation result of unethical conduct to formulate related audit plans and verify the prevention measures. In addition, anyone who finds that the personnel of the Company has violated the integrity management can report to the integrity management unit (honest@cathay-red.com.tw) or directly to the Company's ethical management unit (Corporate Sustainability Committee). After the case</p>	<p>No significant difference.</p>

		is filed, the management unit will conduct investigation and processing according to certain procedures, and report the results to the Board of Directors.	
(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, Managers, employees, appointees and the material controllers of the Company such as offering or accepting bribes, providing illegal political contributions, or improper charitable donation or sponsorship, providing or accepting unreasonable gifts, reception or other improper interests, disclosing the Company's trade secrets, trespassing against intellectual property rights, working on unfair competition, or providing products and services with damage to consumers or other interested parties. The Company reviews and amends the relevant policies regularly; the Codes of Ethical Conduct was late amended on June 30, 2017, and Code of Integrity Management on November 9, 2022.	No significant difference.
II. Implementation of Ethical Corporate Management (I) Has the Company evaluated the ethics records of counterparties to its business dealings, and specified ethical business policies in contracts with counterparties related to its business dealings?	v	The Company conducts business activities on the basis of the principle of integrity management and in a fair and transparent manner. Before cooperation, the Company considers the legality of agents, suppliers, customers or other transaction objects and whether they involve unethical conducts, to avoid transactions with those involved in unethical conducts. The contract between the Company and its agents, suppliers, customers or other transaction objects shall include the clause where the counterpart complying with integrity management policies and transaction is involved in a unethical conduct, the contract may be terminated or rescinded at any time.	No significant difference.
(II) Does the Company have a unit under the Board of Directors that specializes in promoting ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	v	The Board of Directors appointed CSR Committee as the dedicated unit to promote the integrity management of the Company, and report the execution status on an annual basis. (The review of the implementation result of integrity management in 2021 and the review of the implementation result of corporate sustainable development were reported to the Board of Directors on February 24, 2023.)	No significant difference.
(III) Does the Company establish policies to prevent conflicts of	v	According to the Company's Ethical Corporate Management Best-Practice	No significant difference.

<p>interest, provide appropriate communication channels, and implement them accordingly?</p>		<p>Principles, Directors shall be highly self-disciplined. Where the proposal listed in the Board meeting is related to their own interests, they shall state clearly the important contents of their own interests at the Board meeting. Where there are 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>(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>	<p>V</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>	<p>No significant difference.</p>
<p>(V) Does the Company regularly hold internal and external training related to ethical corporate management?</p>	<p>V</p>	<p>Integrity is the core value of the Company. In the monthly executive and internal department meeting, each supervisor provides education and training for their employees according to Ethical Corporate Management Best-Practice Principles. In 2022, the Company promoted the concept of ethical management internally, online teaching materials are provided to all colleagues for the trainings. In addition to the promotion of the Company's Ethical Corporate Management Best-Practice Principles, this education and training materials also include four promotional videos, namely social entertainment, persuasion, inappropriate places, and gift giving, to strengthen that colleagues should uphold the concept of honest</p>	<p>No significant difference.</p>

			<p>management in the workplace, and must not require or accept any form of illegitimate interests. 0.5 hours for this training, supplemented by 87 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 27, 2022, it sent teaching materials to all colleagues for education and training on online ethical management and preventing insider trading.</p> <p>The Directors and Supervisors of the Company take courses related to integrity management every year. In 2022, they took courses on preventing insider trading, complying with securities trading laws and meeting corporate governance norms. There were 8 participants, 3 hours per session, and a total of 24 hours of training.</p>	
<p>III. Implementation of the Company's Whistleblowing System</p> <p>(I) Does the Company have a specific whistleblowing and reward system, a convenient whistleblowing channel, and appropriate personnel assigned to handle the whistleblowing?</p>	v		<p>Anyone can report through the independent report mailbox (honest@cathay-red.com.tw) or directly to the Company's ethical management unit (Corporate Sustainability Committee). No reporting mail received in 2022.</p>	No significant difference.
<p>(II) Does the Company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms?</p>	v		<p>The provisions of Article 19 of the Company's Ethical Corporate Management Best-Practice Principles specify a reporting system, a whistleblowing clause, and a handling procedure for a dedicated unit, with an independent and confidential mechanism.</p>	No significant difference.
<p>(III) Does the Company take measures to protect the whistleblower against inappropriate disciplinary actions?</p>	v		<p>The provisions of Subparagraph 2, Article 19 of the Company's Ethical Corporate Management Best-Practice Principles have stipulated a whistleblower protection clause that the whistleblower will not be treated inappropriately.</p>	No significant difference.
<p>IV. Strengthening Information Disclosure</p> <p>(I) Has the Company disclosed the content and effectiveness of its integrity management principles on the Company's website and the Market Observation Post System?</p>	v		<p>The Company has disclosed relevant information on the website and MOPS.</p>	No significant difference.
<p>V. Where the Company has stipulated its own best practices on ethical corporate management according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe 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.</p>				
<p>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.</p>				

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 138-139.
- (2) Investor Relations: Please refer to pages 68 and 71 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 98-100 for (9) Establishment of Communication Channels for Stakeholders.
- (5) Directors' and Supervisors' Training Records (statistical period: 2022.1.1-2022.12.31):

Name	Training Institution	Course Name	Training Hours
Chang, Ching-Kuei	Taiwan Stock Exchange (TWSE)	Release Conference: Reference Guide for Independent Director & Audit Committee	3
Chang, Ching-Kuei	Securities and Futures Institute	2022 Publicity Meeting for Prevention of Insider Trading	3
Lee, Hung-Ming	Securities and Futures Institute	2022 Insiders Equity Trading Compliance Seminar	3
Lee, Hung-Ming	Securities and Futures Institute	2022 Publicity Meeting for Prevention of Insider Trading	3
Tsai, Chung-Yan	Securities and Futures Institute	2022 Insiders Equity Trading Compliance Seminar	3
Tsai, Chung-Yan	Securities and Futures Institute	2022 Publicity Meeting for Prevention of Insider Trading	3
Daniel Tung	Taiwan Stock Exchange (TWSE)	Release Conference: Reference Guide for Independent Director & Audit Committee	3

Name	Training Institution	Course Name	Training Hours
Daniel Tung	Securities and Futures Institute	2022 Publicity Meeting for Prevention of Insider Trading	3
Chu, Chung-Chang	Securities and Futures Institute	Practical Advanced Seminar on Corporate Governance for Directors (including Independent Directors) and Supervisors and Corporate Governance Officers	3
Chu, Chung-Chang	Taiwan Insurance Institute	Seminar on Corporate Governance for Directors (Independent Directors) and Supervisors and Corporate Governance Officers	3
Lin, Chin-Liang	Taiwan Institute for Sustainable Energy	Taiwan 30 Sustainable Net Zero Summit Forum - Transform to Net Zero Achieving Sustainability 2030	3
Lin, Chin-Liang	Securities and Futures Institute	2022 Insiders Equity Trading Compliance Seminar	3
Lin, Shiou-Ling	Independent Director Association Taiwan	Information security protection, strategy and crisis management viewed from the metaverse boom	3
Lin, Shiou-Ling	Independent Director Association Taiwan	How to analyze financial statements to evaluate the Company's operating capabilities, performance and risks	3
Wu, Chih-Wei	Taiwan Corporate Governance Association	Hotel management and innovation and new opportunities in the post-epidemic era	3
Wu, Chih-Wei	Corporate Operating and Sustainable Development Association	Discussion on Taiwanese Businessmen's Management and M&A Strategies from the Perspective of Global Political and Economic Situation	3
Wu, Chih-Wei	Corporate Operating and Sustainable Development Association	Corporate Governance and Securities Regulations - Analysis of Legal Norms and Practical Cases of Insider Trading	3
Wu, Chih-Wei	Taiwan Corporate Governance Association	Building a reward system for senior executives that is conducive to the long-term development of the organization	3
James Y. Chang	Taiwan Stock Exchange (TWSE)	Discussion on Independent Directors and the 2022 Shareholders' Meeting from a Global Perspective	1
James Y. Chang	Taiwan Corporate Governance Association	Shareholder Meeting and Equity Management	3
James Y. Chang	Taiwan Corporate Governance Association	Virtual World: The Metaverse and the Future of Cryptocurrency with Blockchains	3

- (6) The implementation of risk management policies and risk evaluation measures: Please refer to pages 389-392 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 2022 were submitted to the Board of Directors on February 24, 2023.

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> </ul>	<ul style="list-style-type: none"> <li>➢ Safe and healthy working environment</li> <li>➢ Promote employees' health and physical and mental balance</li> </ul>	<ul style="list-style-type: none"> <li>➢ Contact Person Mr. Lin, Operation Management Department Mr. Chao, Human Resources</li> </ul>

Stakeholders	Important issues of concern	Main responsibility of the Company	Communication channels
	<ul style="list-style-type: none"> <li>➢ Employee benefits</li> <li>➢ Sustainable development of the Company</li> </ul>	<ul style="list-style-type: none"> <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>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> <li>➢ Employee meeting</li> </ul>
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: service@cathay-red.com.tw</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> <li>Sustainable development of the Company</li> </ul>	<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</li> <li>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> <li>Public safety</li> </ul>	<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> </ul>

Stakeholders	Important issues of concern	Main responsibility of the Company	Communication channels
			<ul style="list-style-type: none"> <li>➢ Updating designated sections of the official website</li> <li>➢ Official correspondences</li> <li>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> <li>Public safety</li> </ul>	<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: csr@cathay-red.com.tw</li> <li>➢ Surveying CSR issues regularly</li> <li>➢ Updating designated sections of the official website</li> <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>

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

Member of the Board of Directors:

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

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

The successors of the Company's Directors should possess the aforementioned knowledge, skills, and accomplishments, and agree with the Company's core values of "integrity, responsibility, and innovation". In order to strengthen the diversity of the Board of Directors, and consider the Company's needs for diversification and business expansion, we recruit outsiders with management background and experience to join the Board of Directors.

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

Key management personnel:

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

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

## (IX) Implementation of the Internal Control System

### 1. Statement on Internal Control

Cathay Real Estate Corporation  
Statement on Internal Control

Date: February 24, 2023

The internal control system of the Company in 2022, 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, 2022, 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 February 24, 2023. 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 The 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 limit 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 managers in 2021.</li> <li>6. Pass the proposal to lift the non-competition restrictions for the managers 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 The 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> <li>4. Pass the proposal for the distribution of remuneration to employees and directors for 2021.</li> <li>5. Pass the 2021 Parent Company Only Financial Statements and Consolidated Financial Statements.</li> <li>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 subscription of capital injection.</li> </ol>

Shareholders' meetings/Board of Directors	Date	Important resolutions:
		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 determining the convening elements of the 2022 Annual General Shareholders' Meeting: date, site, accepted shareholder proposals and other related matters. Note: The above important resolutions have been implemented.
The 19th term 14th meeting Board of Directors	2022.5.4	1. Approve the 2021 Earnings Distribution Plan. 2. Pass the proposal on the amendments to the Articles of Incorporation. 3. Pass the proposal on the amendments to the Rules of Procedure for Shareholders' Meetings. 4. Pass the proposal on the amendments to the Procedures for the Election and Appointment of Directors. 5. Pass the proposal on the amendments to the Procedures for Acquisition and Disposal of Assets. 6. Pass the proposal to lift the non-competition restrictions for the directors of the Company. 7. Pass the proposal on the agenda of the 2022 shareholders' meeting. 8. Pass the proposal on acquiring the shares of San-Ching Engineering Co., Ltd. 9. Through the lifting of the company's managers' non-compete restrictions. Note: The above important resolutions have been implemented.
The 19th term 15th meeting Board of Directors	2022.6.17	1. Pass the proposal on determining the base date for the distribution of cash dividends with earnings for 2021. 2. Pass the proposal on the amendments to the Company's "Internal Control System and Internal Audit Implementation Rules of the Stock Affair Unit". 3. Pass the proposal to commit the related party San-Ching Engineering Co., Ltd. to undertake the new construction of the Company's "Cathay THE ESSENCE GARDEN" in Beitou District, Taipei City. Note: The above important resolutions have been implemented.
2022 Shareholders' Meeting	2022.6.17	1. Pass the 2021 business report and financial statements (including consolidated financial statements). 2. Approve the 2021 Earnings Distribution Plan. 3. Pass the proposal on the amendments to the Articles of Incorporation. 4. Pass the proposal on the amendments to the Rules of Procedure for Shareholders' Meetings. 5. Pass the proposal on the amendments to the Procedures for the Election and Appointment of Directors. 6. Pass the proposal to lift the non-competition restrictions for the directors of the Company. Note: The above matters have been resolved at the Shareholders' Meeting. Please refer to the Implementation of Resolutions of the Shareholders' Meeting on page 121 for details.
The 19th term 16th meeting	2022.8.11	1. Pass the proposal on the amendments to the Director's Remuneration Payment Standards.

Shareholders' meetings/Board of Directors	Date	Important resolutions:
Board of Directors		2. Pass the proposal on the salary adjustment for the executive directors and managers engaged in business in 2022. 3. Pass the proposal to lift the non-competition restrictions for the managers of the Company. Note: The above important resolutions have been implemented.
The 19th term 17th meeting Board of Directors	2022.11.9	1. Pass the 2023 Audit Plan to be submitted to the Securities and Futures Bureau of the Financial Supervisory Commission. 2. Pass the proposal on 2023 CPA Appointment and Remuneration Review. 3. Pass the proposal for the Company to establish a joint venture Zhulun Realty Co., Ltd. with Mitsui Fudosan (Taiwan) Co., Ltd. 4. Pass the proposal for the Company to participate in the subscription of cash capitalization plan of San-Ching Engineering Co., Ltd. 5. Pass the proposal for the Company to participate in the subscription of cash capitalization plan of Cathay Hospitality Management Co., Ltd. 6. Pass the proposal for the Company to participate in the subscription of cash capitalization plan of Cathay Hotel Management Consulting Co., Ltd. 7. Pass the proposal for the Company to donate NT\$5 million to Cathay Real Estate Foundation in order to continuously promote the plan of public welfare activities. 8. Pass the proposal to sell the premises and parking spaces of the Company's pre-sale construction project to related parties. 9. Pass the proposal on the amendments to the Company's "Internal Control System and Internal Audit Implementation Rules". 10. Pass the amendments to the "Corporate Social Responsibility Best Practice Principles" and "Ethical Corporate Management Best Practice Principles". 11. Pass the amendments to the "Rules of Procedure of the Board of Directors" of the Company. 12. Pass the proposal to commit the subsidiary San-Ching Engineering Co., Ltd. to undertake the basic construction of the Company's "Dunbei Urban Renewal Project" in Songshan District, Taipei City. 13. Pass the proposal to sign a supplementary contract for the new construction of "Land No. 112 at Chung Lu 2nd section, Taoyuan District" with the subsidiary San-Ching Engineering Co., Ltd. 14. Pass the proposal of the appointment of new Chief Information Security Officer of the Company. 15. Pass the proposal to lift the non-competition restrictions for the managers of the Company. Note: The above important resolutions have been implemented.
The 19th term 18th meeting Board of Directors	2023.1.17	1. Pass the proposal for authorizing the Chairman to apply for credit extension with financial institutions within the limit of NT\$60 billion. 2. Pass the business objectives for 2023.

Shareholders' meetings/Board of Directors	Date	Important resolutions:
		<ol style="list-style-type: none"> <li>3. Pass the proposal for paying year-end bonus and special incentives to executive directors and managers engaged in business in 2022.</li> <li>4. Pass the evaluation on annual remuneration of independent directors and executive directors engaged in business in 2022.</li> <li>5. Pass the evaluation on the remuneration for managers in 2022.</li> <li>6. Pass the proposal to lift the non-competition restrictions for the managers of the Company.</li> <li>7. Pass the proposal on the amendments to the Company's "Internal Control System and Internal Audit Implementation Rules of the Stock Affair Unit".</li> <li>8. Pass the proposal to commit the subsidiary San-Ching Engineering Co., Ltd. to undertake the new construction of the Company's "Cathay Meihe" in Beitun District, Taichung City.</li> </ol> <p>Note: The above important resolutions have been implemented.</p>
The 19th term 19th meeting Board of Directors	2023.2.24	<ol style="list-style-type: none"> <li>1. Pass the Statement of Internal Control System for 2022 to be submitted to the Securities and Futures Bureau of the Financial Supervisory Commission.</li> <li>2. Pass the 2023 Corporate Sustainable Development Strategy Plan.</li> <li>3. Pass the 2022 Business Report.</li> <li>4. Pass the proposal to lift the non-competition restrictions for the managers of the Company.</li> <li>5. Pass the proposal to sell the premises and parking spaces of the Company's pre-sale construction project to related parties.</li> </ol> <p>Note: The above important resolutions have been implemented.</p>
The 19th term 20th meeting Board of Directors	2023.3.14	<ol style="list-style-type: none"> <li>1. Pass the proposal of the distribution of 2022 profit sharing for the employees and directors.</li> <li>2. Pass the 2022 Parent Company Only Financial Statements and Consolidated Financial Statements.</li> <li>3. Pass the proposal for Ernst &amp; Young and its affiliates to perform non-assurance (audit) services for the Company and its subsidiaries.</li> <li>4. Approve the re-election of the Company's directors upon expiration of their term of office.</li> <li>5. Pass the matters related to determining the convening elements of the 2023 Annual General Shareholders' Meeting: date, site, accepted shareholder proposals and the nomination period of director candidates.</li> <li>6. Pass the proposal on the amendments to the Director's Remuneration Payment Standards.</li> </ol> <p>Note: The above important resolutions have been implemented.</p>

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

(XIII) Summary of the resignation and dismissal of the Company's Chairman, President, Accounting Officer, Financial Officer, Head of Internal Audit, Head of Corporate Governance and Head of Research and Development: None.

#### 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	2022.1.1-2022.12.31	\$3,382	\$835. The service content include consolidated business report, relationship report, computer-controlled environmental assessment, dividend policy, annual report review, individual and consolidated English financial statements and CSR report confirmation.	\$4,217	
	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:** 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	2022		Current fiscal year up to March 30, 2023	
		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

Title	Name	2022		Current fiscal year up to March 30, 2023	
		Increase (Decrease) in Shareholdings	Increase (Decrease) in Shareholdings Pledged	Increase (Decrease) in Shareholdings	Increase (Decrease) in Shareholdings Pledged
Senior Vice President Vice President	Daniel Tung (Retired on 2022.11.12)	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	0	0
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 11, 2023; 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	

Name (Note 1)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Title or name and relationship of top 10 shareholders who are related parties or each other's spouses and relatives within the second degree of kinship (Note 3)		Remark
	Number of Shares	Proportion of shareholdings (%)	Number of Shares	%	Number of Shares	%	Name	Relationship	
Wan Pao Development Co., Ltd. Representative: Lin, Weng-Chuan	204,114,882 0	17.60% 0	0	0	0	0	Lin Yuan Investment Co., Ltd. Wan-Da Investment Co., Ltd.	Share the same Chairman	
Fubon Life Insurance Co., Ltd. Representative: Ming-Hsing Tsai	73,420,000 0	6.33% 0	0	0	0	0	None	None	
Cathay Life Insurance Co., Ltd. Representative: Huang, Tiao-Kuei	68,646,584 0	5.92% 0	0	0	0	0	Employee Pension Fund Management Committee of Cathay Life Insurance Co., Ltd.	Is an allottee of the Company	
Lin Yuan Investment Co., Ltd. Representative: Lin, Weng-Chuan	54,094,814 0	4.67% 0	0	0	0	0	Wan Pao Development Co., Ltd. Wan-Da Investment Co., Ltd.	Share the same Chairman	
He Xin Industrial Co., Ltd. Representative: Huang, Chung-Hsin	22,000,000 0	1.90% 0	0	0	0	0	None	None	
Wan-Da Investment Co., Ltd. Representative: Lin, Weng-Chuan	18,701,652 0	1.61% 0	0	0	0	0	Wan Pao Development Co., Ltd. Lin Yuan Investment Co., Ltd.	Share the same Chairman	
Zhensheng Industrial Co., Ltd. Representative: Chen, Cheng-Chih	17,500,000 0	1.51% 0	0	0	0	0	None	None	

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	
Taiwan Life Insurance Co., Ltd. Representative: Zheng, Tai-Ke	16,335,000	1.41%	0	0	0	0	None	None	
	0	0							
Bank SinoPac Co., Ltd. Representative: Cao, Wei-Shi	8,993,000	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, 2023; 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.	50,000,000	100%	0	0	50,000,000	100%
Cathay Hotel Management Consulting Co., Ltd.	60,000,000	100%	0	0	60,000,000	100%

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 Food & Beverage Group Co., Ltd.	0	0	11,500,000	100%	11,500,000	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%
San-Ching Engineering Co., Ltd.	120,000,000	100%	0	0	120,000,000	100%
Jinhua Realty Co., Ltd.	40,800,000	51%	0	0	40,800,000	51%
Bannan Realty Co., Ltd.	58,650,000	51%	0	0	58,650,000	51%
Sanchong Realty Co., Ltd.	183,480,000	66%	0	0	183,480,000	66%
Zhulun Realty Co., Ltd.	20,400,000	51%	0	0	20,400,000	51%

Note: Invested by the Company using the equity method

## Chapter 4. Funding Status

### I. Capital and Shares

#### (I) Source of Capital

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

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

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

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

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

Information on the shelf registration system: None.

## (II) Shareholder Structure

April 11, 2023

Item \ Structure	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	0	31	160	50,277	244	50,712
Shares Held	0	173,905,433	645,004,058	257,245,293	83,406,275	1,159,561,059
Shareholding Ratio	0.00%	15.00%	55.63%	22.18%	7.19%	100.00%

## (III) Distribution of Equity Ownership

### 1. Common Shares

April 11, 2023

Range of Shares	Number of Shareholders	Number of Shares Held (in Shares)	Shareholding Ratio
1 to 999	24,820	7,578,232	0.65%
1,000 to 5,000	17,580	40,737,689	3.51%
5,001 to 10,000	3,889	29,783,812	2.57%
10,001 to 15,000	1,377	17,313,547	1.49%
15,001 to 20,000	844	15,286,061	1.32%
20,001 to 30,000	747	18,761,318	1.62%
30,001 to 40,000	360	12,738,980	1.10%
40,001 to 50,000	256	11,828,942	1.02%
50,001 to 100,000	416	29,998,409	2.59%
100,001 to 200,000	226	32,700,012	2.82%
200,001 to 400,000	103	28,398,498	2.45%
400,001 to 600,000	26	12,889,605	1.11%
600,001 to 800,000	9	6,118,358	0.53%
800,001~1,000,000	11	10,230,719	0.88%
Over 1,000,001	48	885,196,877	76.34%
Total	50,712	1,159,561,059	100.00%

### 2. Preference Shares: None

## (IV) List of Major Shareholders

April 11, 2023

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.	73,420,000	6.33%
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 110-112 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			
		2021	2022	Current fiscal year up to March 30, 2023 (Note 8)	
Market price per share (Note 1)	Maximum	22.70	19.35	17.70	
	Minimum	18.50	14.45	15.20	
	Average	20.08	16.86	16.64	
Net worth per share (Note 2)	Before distribution	21.94	21.22	21.43	
	After distribution	21.34	(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)	0.73	1.04	(Note 11)	
Dividend per share	Cash dividends		0.6	(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)		27.01	16.53	(Note 11)
	Price-to-Dividends Ratio (Note 6)		32.87	(Note 10)	(Note 11)
	Cash dividend yield rate (Note 7)		0.03	(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 2023 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 2021 and 2022 has been audited by CPAs, and data of 2023 Q1 has not yet been reviewed by CPAs.

Note 10. The distribution of earnings for 2022 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 2022 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 June 17, 2022 and hence implemented:

- (1) 2021 Business Report and Financial Statements.

- (2) 2021 Earnings Distribution Proposal.

Implementation Status: For the allocation of earnings for 2021, July 22, 2022 was the ex-dividend base date, and a cash dividend of NT\$695,736,635 was distributed (NT\$0.6 per share) at the payment date of August 12, 2022. 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 on the amendments to the Procedures for the Election and Appointment of Directors.

- (6) Pass the proposal on the amendments to the Procedures for Acquisition and Disposal of Assets.

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

Implementation Status: Agreed to lift the non-compete restriction for the positions held by Director Chang, Ching-Kuei, Director Lee, Hung-Ming, Director Tsai, Chung-Yan, Director Daniel Tung, Independent Director Lin, Shiou-Ling and Independent Director Wu, Chih-Wei, and announced on the Market Observatory Post System on June 17, 2022.

(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 2022 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 2023.
3. Status of compensation distribution as approved by the Board of Directors (2023.3.14):
  - (1) Compensation of employees, Directors and supervisors allocated in cash or stock: Employees were paid with NT\$1,330 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 2022:

The employee bonus of NT\$927 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) Real Estate Consignment Brokerage.
- (17) Management Consulting Services.
- (18) Other Consultancy.
- (19) All business items that are not prohibited or restricted by law, except those that are subject to special approval.

## 2. Proportion of Consolidated Business Activities in 2022

Unit: NT\$ thousands

Item	Amount	Percentage (%)
Sales of buildings and land	10,286,824	61.26%
Construction income	2,036,645	12.13%
Service revenue	3,279,621	19.53%
Rent income	502,324	2.99%
Others	686,318	4.09%
Total	16,791,732	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 2023, the Company plans to launch "Cathay Minyue" in Yonghe District, Taipei City and "Cathay Meiho" in Taichung City; in the second half year, it is expected to launch projects, including Sanchong Section in Sanchong District, New Taipei City in cooperation with Japanese joint venture, and the Company will sell them to the public depending on the market conditions.

### (II) Industry Overview

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

Benefited from the long-term low-interest rate environment since 2020, and due to the raging global COVID-19 epidemic, the major central banks have implemented a large number of QE policies, resulting in abundant domestic hot money, which has brought about a wave of buying enthusiasm in the domestic housing market. The number of buildings transferred for sale and purchase reached 348,000 in 2021, a record high in nearly eight years, and the balance of construction and housing loans has also gradually increased. However, in recent years, the rapid rise in housing prices has led to public discontent. After the government implemented a series of housing policies (real-price registration 2.0, combined building tax and land tax, credit control, Amendments to the Equalization of Land Rights Act, etc.), the housing market has gradually returned to a self-occupation market after short-term investors have left the market.

On the supply and demand side of the overall housing market: Since the buying momentum of the overall housing market in 2022 has turned to wait and see, and the domestic presidential election is approaching, it is expected that the construction industry will become more conservative in 2023 and adjust the pace of project launch, which may cause the supply to shrink. On the demand side, last year's rigid demand accompanied by a large amount of hot money and inflation brought about a boom in the real estate market. However, the government introduced the policy related to the Equalization of Land Rights Act at the beginning of this year, making most investors turn to wait and see. Currently, the real estate market is supported by self-occupation demands, and the purchase evaluation time has been lengthened, which is linked to the domestic economy. Overall, the real estate market will enter a cooling-off period in 2023. Depending on the performance of individual cases in each region, the volume will shrink, and it will be closely tied to the domestic housing market policy trends.

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 21 years in 2023. More than NT\$3 million of budget is invested in the preparation every year, and it has become one of the important sources of reference of domestic real estate information. In terms of R&D of product technology, we have invested lots of manpower and funds in the fields of planning, design, building materials and equipment. Therefore, the projects developed by the Company can be favored by customers and sold well in a short period of time. In recent years, with the purpose of breaking through design thinking, we also introduced foreign design teams to enable the Company's products to be more competitive.

### 1. Industry Trends

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

(3) Quarterly Report of Cathay Real Estate Index

2. Architectural technology

(1) Control of architecture construction cost

(2) Discussion on the standard construction period

(3) Discussion on construction laws and building products

(4) Discussion on building construction specifications

(5) Discussion on green building design

(6) Discussion on intelligent construction equipment

(7) Discussion on earthquake-resistant buildings

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

(IV) Long-term and Short-term Development

1. Long-term Development

(1) Branding

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

(2) Land Development

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

(3) Product Planning

Continue to deepen product planning and design capabilities, consider all-age house and universal design with consumer's needs and practicality in mind, and

comply with the relevant regulations of green buildings, environmental protection, energy conservation, and carbon reduction, while emphasizing digital technology, earthquake resistance, environmental protection, safety, energy conservation, and carbon reduction 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 and management system to conduct data analysis and feedback, strengthen customer service APP functions, and combine group resources to expand the scope of customer service, so that customers can experience the peace of mind and comfort from residential buildings to healthy living circles, so as to meet customer diversification demand to strengthen the Company's brand value and reputation.

2. Short-term Development

(1) Branding

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

(2) Project Development

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

(3) Product Planning

With sophisticated and practical planning and design concepts, combined with digital technology, environmental protection and energy-saving technologies,

we will increase the intimate and added value of products in line with the needs of various target customers to enhance the product competitiveness.

(4) Marketing

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

(5) Customer Service

Combine the resources of the Group with digital technology, strengthen the app functions for customer services and online material selection, 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.

	2021		2022	
	Launched amount (Hundreds of Millions)	30-day sales rate (%)	Launched amount (Hundreds of Millions)	30-day sales rate (%)
Taipei	2,755	13.97	2,789	15.15
New Taipei	3,298	12.29	3,713	10.56
Taoyuan	1,830	13.53	2,288	9.98
Hsinchu	644	20.92	807	18.10
Taichung	2,536	14.05	3,158	11.02
Tainan	754	13.05	1,391	16.26
Kaohsiung	1,183	17.89	1,857	12.12
Nationwide	13,000	14.26	16,002	12.05

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

2. Market Share

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

Unit: NT\$ thousands

Company Name	2022 revenue		Company Name	2022 revenue	
	Amount	Rank		Amount	Rank
Farglory	26,357,198	1	Zongtai	8,653,201	11
Highwealth	23,785,809	2	Chong Hong	8,178,828	12
Ruentex	20,520,949	3	Te Chang	7,977,600	13
Dacin	17,335,252	4	Hwang Chang	7,829,974	14
Goldsun	16,984,058	5	Kindom	7,664,805	15
Huaku	14,736,564	6	Hung Sheng	6,958,113	16
Kedge	14,175,364	7	New Asia	6,852,666	17
Cathay Red.	14,126,629	8	PHD	6,761,955	18
Chonghong	13,883,437	9	Da-Li	6,560,315	19
Sino Horizon	9,221,577	10	Huang Hsiang	6,456,120	20

Data source:  
MOPS

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

According to the quarterly research of Cathay Real Estate Index, from the observation of the trend of the Cathay Real Estate Index in 2022, the national new housing market showed a stable pattern of rising prices and stable volumes. However, affected by factors such as capital constraints, the real estate market gradually showed a structure of shrinking volumes in the second half of the year, and the annual transaction volume was not as active as in previous years. Looking forward to the market trend in 2023, while the impact of the domestic epidemic is weakening, it is expected to boost private consumption expenditure. However, under the influence of the slowdown in export momentum caused by interest rate hikes and the government's policy of cracking down on real estate speculation, the performance of the housing market is expected to be flat.

In terms of supply and demand in the real estate market, affected by the downturn in the economy and noise from the policy side, peers have become more conservative in terms of supply. It is expected that the supply of the real estate market will gradually shrink in 2023. On the demand side, since 2020, the return of Taiwanese businessmen accompanied by a large amount of hot money has greatly increased the demand for investment, which has brought about a wave of housing market boom, causing the national housing prices to rise sharply. However, in response to this wave of upsurge, the government once again released the amendments to the Equalization of Land Rights Act to curb investment buying. Therefore, it is expected that in 2023, it will still be mainly supported by self-occupied rigid buying, and the transaction volume will remain tight.

Overall, the growth of real estate this year is still stable. However, under the influence of factors such as the cycle of interest rate hikes and the policy of cracking down on real estate speculation, it is expected that the transaction structure of the real estate

market will maintain a pattern of shrinking volume. The important factors affecting the operation of the real estate market this year are summarized as follows:

(1) International situation

Since major economies started the cycle of raising interest rates, manufacturing activities in Europe and the United States have slowed down significantly. The IMF estimates that the global economic growth rate will drop from 3.4% in 2022 to 2.9% in 2023. Moreover, the U.S.-China trade war has returned to the main axis after the epidemic has slowed down, which will affect the layout of Taiwan's exports and private investment. In addition, the impact of the recent loosening of China's epidemic prevention policy on the international economy remains to be observed. In addition, on-going Russo-Ukrainian war has also become an uncertain factor in the downside risks of the economy. As a result, investment buying in the domestic real estate market for 2023 will be significantly reduced.

(2) Policy

The government passed the amendments to the Equalization of Land Rights Act in the third reading in 2023. It mainly stipulates a certain degree of regulation for pre-sale houses and house purchases by private legal persons. Before the detailed sub-laws are promulgated, the impact on the housing market remains to be seen, but it is foreseeable that the investment buying will be suppressed in the future, the housing market will continue to be supported by rigid demand for self-use in 2023.

(3) Economic growth rate

The Directorate General of Budget, Accounting and Statistics estimates that the economic growth rate in 2023 will be 2.75%. Although it is not as good as the booming economic performance in 2021, it is still growing steadily and is expected to be better than that in 2022.

(4) Interest rate and price

Affected by the strong job market in the United States, the interest rates of major central banks are expected to remain high. Considering that the inflation in Taiwan has remained stable in recent years, there is limited room for further increases in policy interest rates. In the term of price, the Directorate-General of Budget, Accounting and Statistics estimates that the Consumer Price Index (CPI) in 2023 will increase by 1.86%.

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 real 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 as well as jobs, 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 construction demand arising from the launch of major construction projects and the return of overseas Taiwanese business capital to build factories leads to a rise in prices of raw materials and wages, which increases construction costs.
    - c. International uncertainties prevail, including the subsequent development of the two sides of the strait and the concern over the economic recession in Europe and the United States, which may affect the future trend of the real estate market.
  - (3) Countermeasures
    - a. Evaluate development projects prudently and strengthen product planning to increase added value and to reduce the impact of increasing costs.
    - b. In addition to the downtown essence zone, the potential suburb lands shall be actively evaluated and purchased and the diversified land development methods shall be expanded, such as joint construction or urban renewal business.

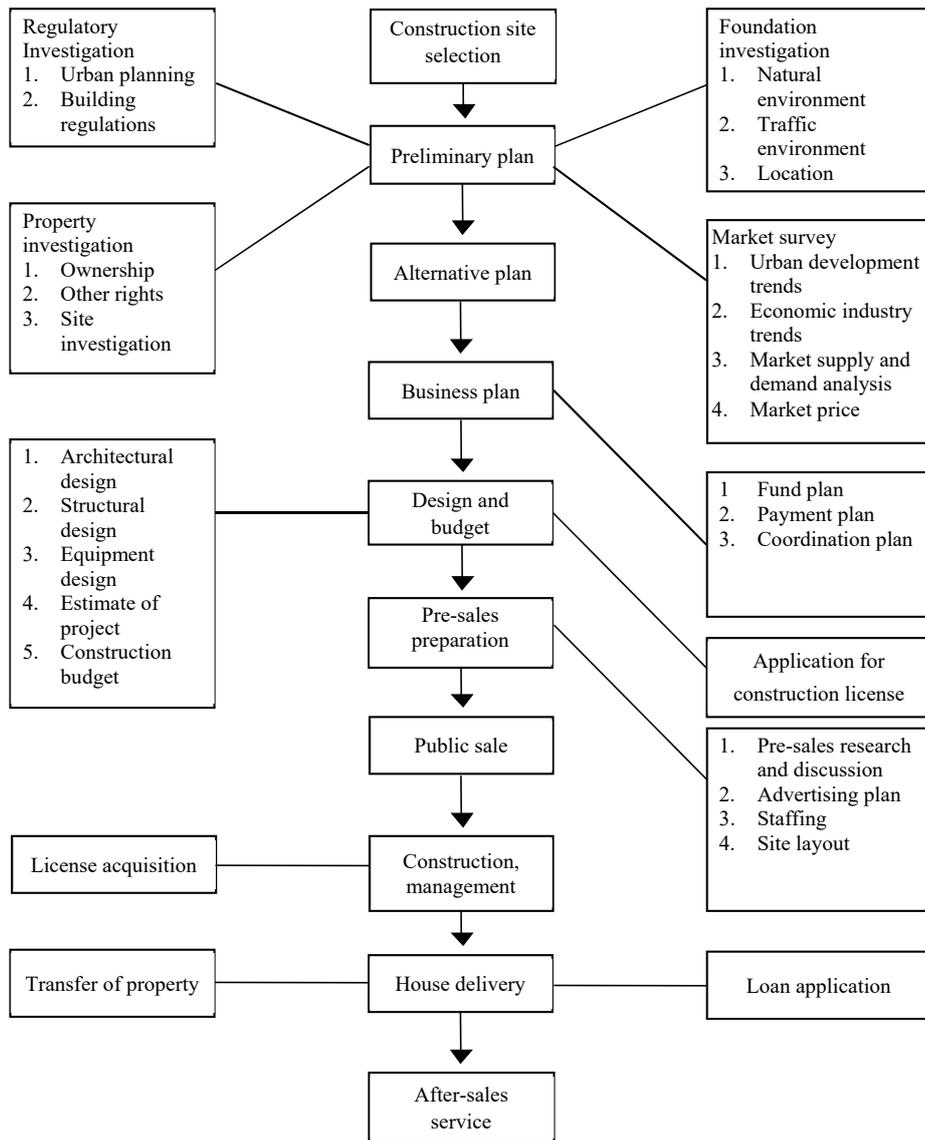
- c. Make effective use of the advantages of the Group's value chain and properly deploy new business investments to strengthen diversified operations and achieve synergy.

## (II) Production Procedures of Main Products

### 1. Major Products and Their Main Uses

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

### 2. Production processes of major products



### (III) Supply Status of Main Materials

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

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

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

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

Information of major suppliers in the last 2 years

Unit: NT\$ thousands

Item	2021				2022			
	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.	2,337,393	16.70	Affiliate	San-Ching Engineering Co., Ltd.	3,222,474	29.55	Affiliate
	Others	11,654,914	83.30		Others	7,680,993	70.45	
	Net purchase	13,992,307	100.00		Net purchase	10,903,467	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	2021				2022			
	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	9,833,582	100.00		Others	14,126,629	100.00	
	Net sales	9,833,582	100.00		Net sales	14,126,629	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	2021			2022		
		Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Apartments, shops, buildings, etc.		-	A batch	7,111,502	-	A batch	11,212,557
Lease		-	-	326,825	-	-	325,727
Total		-	A batch	7,438,327	-	A batch	11,538,284

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

Unit: NT\$ thousands

Sales Year Quantity Amount Main Products (Or by department)	2021				2022			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Apartments, shops, buildings, etc.	579	9,493,911	-	-	507	13,757,825	-	-
Lease	-	339,671	-	-	-	368,804	-	-
Others	-	-	-	-	-	-	-	-
Total	579	9,833,582	-	-	507	14,126,629	-	-

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

Year		2021	2022	Current fiscal year up to March 30, 2023
Number Of Employees	Staff	152	160	157
	Total	152	160	157
Average Age		42.8	41.8	42.2
Average Service Year		12.54	11.74	11.80
Education	PhD	0%	0%	0%
	Masters	38.8%	36.9%	37.6%
	Bachelor's degree	56.6%	58.1%	57.3%
	Senior high school	4.6%	5%	5.1%
	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 2022, the accumulated expenditure on employees' welfare was NT\$47,987 thousand.

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

The implementation of Company's education and training:

In 2022, besides continuing to intensifying the core and management functions such as accountability and cultivation, the Company held the general courses such as real estate overview, etc. to comprehensively increase the basic professional knowledge of colleagues. The total training hours were 2,177 and the total cost was NT\$7,023 thousand.

Course	Course enrollments	Total hours
Professional training	543	1,414.5
General training	181	535.5
Function development	73	227
Total	797	2,177

(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	7
CPA	Examination Yuan	3
Real estate broker	Examination Yuan	9
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 May to the end of September, Cathay Charity Group held hundreds of blood donation events across Taiwan and donated a total of 70,168 bags of blood with 46,046 people participated. Over the 23 consecutive years, 559,991 bags of blood have been collected. We aim to lead the prevailing blood donation benevolences.

(3) 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 framework and policy:

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

2. Information security risk framework

The company has set up an information security officer to comprehensively manage information security policy promotion and resource scheduling. The dedicated security unit is responsible for information security-related work, including regularly amending the "Information Security Policy" and reviewing the implementation status each year, to ensure that the Company and customers' confidential information is not leaked and the Company's business operates in a sustainable manner.

The audit department will include the "Information Security Inspection Operation" in the annual audit plan to conduct audit operations. The audited units are required to

make improvements and follow up on the deficiencies identified during the inspection in order to ensure that the Company's information security policy is adequately implemented.

3. The goals of information security policy

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

4. Specific management plan:

Item	Specific actions
Computer room security management	Perform host and external website vulnerability scanning from time to time and make improvement.
Device security management	<ol style="list-style-type: none"> <li>1. Employees are required to change passwords periodically.</li> <li>2. Install anti-virus software on personal computers and check for virus code updates regularly.</li> <li>3. Import IT resource management system, including software security management, peripheral device security management and file directory monitoring and management, transfer USB file list every day, and check whether the Company's computers have installed high-risk software on a monthly basis.</li> <li>4. APT continuous penetration attack protection software is introduced to detect abnormal host usage and block it.</li> <li>5. Use protective software to filter websites that users visit to reduce the chance of browsing ransomware, Trojan viruses or other web pages with malicious programs.</li> </ol>
Continuous improvement	Conduct social engineering drills and information security trainings for all employees on a regular basis to enhance their awareness of information security.
System disaster drill	Conduct regular core system disaster simulation drills and reviews.
Internal and external audit	The Company performs internal audit twice a year and engage with accounting firm for external audit at least once a year on information security policy, organization and responsibilities, asset classification control, personnel management and education and training, physical and security environment management, computer system security management, internet security management, system access control, etc.

5. Implementation status of information security promotion in 2022

(1) 1 off-site system disaster drill and 2 social engineering drills have been conducted, and a one-hour information security awareness training on social

engineering has been completed to enhance employees' response and alertness to information security risks.

- (2) APT continuous penetration attack protection software is introduced to detect abnormal host usage and block it.

- (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.	2022.01.15-2024.09.04	4 deals for land no. 255, 256, 257 and 273 at Renting Section, Beitun District, Taichung City	None
	Chien Kuo Construction Co., Ltd.	2022.01.17-2025.04.13	5 deals for land no. 68-3 at Nangang sub-sec. 3, Nangang District, Taipei City	None
	San-Ching Engineering Co., Ltd.	2022.06.30-2026.09.04	7 deals for land no. 952 at Zhongdu sub-sec. 4, Sanmin District, Kaohsiung City	None
	San-Ching Engineering Co., Ltd.	2022.12.01-2027.03.23	2 deals for land no. 0074-0000 at Ruanqiao Section, Beitou District, Taipei City	None
	San-Ching Engineering Co., Ltd.	2022.12.20-2027.01.27	1 deal for land no. 112 at Zhonglu Section 2, Taoyuan District, Taoyuan City	None
	San-Ching Engineering Co., Ltd.	2022.12.30-2026.02.28	4 deals for land no. 2 at Dunhua sub-sec. 5, Songshan District, Taipei City	None
Real estate Trading	Sanchong Realty Co., Ltd.	2022.01.27	Disposal of construction land at Sanchong Sec., Sanchong District, New Taipei City to a subsidiary	None
	Natural person	2022.02.25	Contract for acquisition of the construction land at Sub-city Center Section, Xinzhuang District, New Taipei City	None
	Natural person	2022.03.14	Contract for acquisition of the construction land at Pingdao Section, Yongkang District, Tainan City	None
	Natural person	2022.03.23	Joint construction contract for acquisition of the construction land at Changti Section, Yonghe District, New Taipei City	None
	Natural person	2022.05.17	Contract for acquisition of the construction contract at Chongde Section, Beitun District, Taichung City	None
	Natural person	2022.11.09	Pre-sale of real estate to related party.	None
Urban renewal	Hsinchu City Government	2022.09.14	the Company was selected as the best applicant for "government-led urban renewal plan in Hsinchu 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		Financial information in the most recent five fiscal years (Note 1)				
		2018	2019	2020	2021	2022
Current Assets		\$30,748,510	\$31,458,872	\$32,632,135	\$40,597,127	\$44,592,511
Property, Plant, and Equipment		66,611	72,394	62,785	59,501	103,550
Intangible Assets		778	1,533	2,980	4,641	5,223
Other Assets		15,876,202	16,082,198	16,414,808	16,657,248	19,809,674
Total Assets		46,692,101	47,614,997	49,112,708	57,318,517	64,510,958
Current Liabilities	Before distribution	17,372,072	18,172,212	19,240,553	20,950,541	25,433,475
	After distribution	19,807,150	19,331,773	20,400,114	21,646,278	(Note 2)
Non-current Liabilities		4,245,293	5,064,693	5,416,931	10,930,364	14,475,230
Total Liabilities	Before distribution	21,617,365	23,236,905	24,657,484	31,880,905	39,908,705
	After distribution	24,052,443	24,396,466	25,817,045	32,576,642	(Note 2)
Ordinary share capital		11,595,611	11,595,611	11,595,611	11,595,611	11,595,611
Capital reserve		25,783	31,628	39,515	38,846	65,262
Retained earnings	Before distribution	13,373,271	12,311,946	12,646,352	12,334,330	12,719,288
	After distribution	10,938,193	11,152,385	11,486,791	11,638,593	(Note 2)
Other Equity		80,071	438,907	173,746	1,468,825	222,092
Treasury Stock		0	0	0	0	0
Total Equity	Before distribution	25,074,736	24,378,092	24,455,224	25,437,612	24,602,253
	After distribution	22,639,658	23,218,531	23,295,663	24,741,875	(Note 2)

Note 1. Financial statements of the Company in 2018 to 2022 has been audited by the CPAs. No relevant information in Q1, 2023.

Note 2. The distribution of earnings for 2022 has not yet been approved by the Shareholders' Meeting.

Note 3. The Company did not conduct any revaluation of assets in 2018 to 2022.

2. Based on International Financial Reporting Standards (Consolidated)

Unit: NT\$ thousands

Year		Financial information in the most recent five fiscal years (Note 1)				
		2018	2019	2020	2021	2022
Item						
Current Assets		\$32,529,906	\$32,654,308	\$36,552,869	\$45,585,340	\$57,455,519
Property, Plant, and Equipment		1,858,494	4,614,222	5,197,866	4,764,306	4,739,779
Intangible Assets		20,416	24,210	33,407	37,564	47,298
Other Assets		14,362,572	16,443,390	17,712,786	17,848,936	17,846,501
Total Assets		48,771,388	53,736,130	59,496,928	68,236,146	80,089,097
Current Liabilities	Before distribution	18,777,777	19,819,000	23,158,275	25,140,307	30,554,451
	After distribution	21,212,855	20,978,561	24,317,836	25,836,044	(Note 2)
Non-current Liabilities		4,652,062	9,435,080	10,939,525	16,761,004	22,776,711
Total Liabilities	Before distribution	23,429,839	29,254,080	34,097,800	41,901,311	53,331,162
	After distribution	25,864,917	30,413,641	35,257,361	42,597,048	(Note 2)
Equity Attributable to Owners of the Parent		25,074,736	24,378,092	24,455,224	25,437,612	24,602,253
Ordinary share capital		11,595,611	11,595,611	11,595,611	11,595,611	11,595,611
Capital reserve		25,783	31,628	39,515	38,846	65,262
Retained earnings	Before distribution	13,373,271	12,311,946	12,646,352	12,334,330	12,719,288
	After distribution	10,938,193	11,152,385	11,486,791	11,638,593	(Note 2)
Other Equity		80,071	438,907	173,746	1,468,825	222,092
Treasury Stock		0	0	0	0	0
Non-controlling Interests		266,813	103,958	943,904	897,223	2,155,682
Total Equity	Before distribution	25,341,549	24,482,050	25,399,128	26,334,835	26,757,935
	After distribution	22,906,471	23,322,489	24,239,567	25,639,098	(Note 2)

Note 1. Financial statements of the Company in 2018 to 2022 were audited. Financial information in 2023 Q1 has not yet been reviewed by CPAs.

Note 2. The distribution of earnings for 2022 has not yet been approved by the Shareholders' Meeting.

Note 3. The Company did not conduct any revaluation of assets in 2018 to 2022.

(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)				
	2018	2019	2020	2021	2022
Operating Revenue	\$12,812,525	\$9,736,609	\$13,336,228	\$9,833,582	\$14,126,629
Gross Profit	3,268,503	2,327,639	2,846,023	2,395,255	2,588,345
Operating Income	2,340,979	1,400,160	1,852,477	1,445,019	1,259,379
Non-operating Income and Expenses	1,493,829	104,527	(204,241)	(521,151)	67,311
Income before Tax	3,834,808	1,504,687	1,648,236	923,868	1,326,690
Income from Continuing Operations	3,609,611	1,370,505	1,483,980	847,539	1,207,749
Loss from Discontinued Operations	0	0	0	0	0
Net Income (Loss)	3,609,611	1,370,505	1,483,980	847,539	1,207,749
Other Comprehensive Income	(335,754)	362,084	(255,174)	1,295,079	(1,373,787)
Total Comprehensive Income	3,273,857	1,732,589	1,228,806	2,142,618	(166,038)
Earnings per Share	3.11	1.18	1.28	0.73	1.04

Note 1. Financial statements of the Company in 2018 to 2022 has been audited by the CPAs. No relevant information in Q1, 2023.

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)				
	2018	2019	2020	2021	2022
Operating Revenue	\$14,294,770	\$11,623,928	\$13,973,611	\$12,476,018	\$16,791,732
Gross Profit	3,718,199	3,162,589	3,158,762	2,720,434	3,779,054
Operating Income	2,228,233	1,499,287	1,551,329	875,690	1,475,800
Non-operating Income and Expenses	2,280,747	71,051	133,955	53,201	211,850
Income before Tax	4,508,980	1,570,338	1,685,284	928,891	1,687,650
Income from Continuing Operations	4,241,797	1,400,358	1,516,787	843,500	1,300,342
Loss from Discontinued Operations	0	0	0	0	0
Net Income (Loss)	4,241,797	1,400,358	1,516,787	843,500	1,300,342
Other Comprehensive Income (after Tax)	(260,946)	331,893	(256,312)	1,294,405	(1,372,068)
Total Comprehensive Income	3,980,851	1,732,251	1,260,475	2,137,905	(71,726)
Net Income Attributable to Shareholders of the Parent	3,609,611	1,370,505	1,483,980	847,539	1,207,749
Net Income Attributable to Non-controlling Interests	632,186	29,853	32,807	(4,039)	92,593
Comprehensive Income Attributable to Owners of the Parent	3,273,857	1,732,589	1,228,806	2,142,618	(166,038)
Comprehensive Income Attributable to Non-controlling Interests	706,994	(338)	31,669	(4,713)	94,312
Earnings per Share	3.11	1.18	1.28	0.73	1.04

Note 1. Financial statements of the Company in 2018 to 2022 has been audited by the CPAs. Financial information in 2023 Q1 has not yet been reviewed by CPAs.

(III) CPAs' Names and Opinions

Year	Accounting firm	CPA	Audit Opinion
2018	Ernst & Young	Hsu, Jung-Huang, Huang, Chien-Tse (Note 1)	Unqualified opinion
2019	Ernst & Young	Hsu, Jung-Huang, Huang, Chien-Tse	Unqualified opinion
2020	Ernst & Young	Hsu, Jung-Huang, Huang, Chien-Tse	Unqualified opinion
2021	Ernst & Young	Hsu, Jung-Huang, Ma Chun-Ting (Note 2)	Unqualified opinion
2022	Ernst & Young	Hsu, Jung-Huang, Ma Chun-Ting	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)				
			2018	2019	2020	2021	2022
Finance structure (%)	Debt ratio		46.30	48.80	50.21	55.62	61.86
	Ratio of long-term capital to property, plant, and equipment		44,016.68	40,670.08	47,578.67	61,121.28	37,737.64
Solvency (%)	Current ratio		177.00	173.12	169.60	193.78	175.33
	Quick ratio		26.70	27.07	28.19	31.06	42.23
	Interest coverage ratio		16.48	7.23	8.76	5.23	3.85
Operating performance	Accounts receivable turnover rate (times)		76.78	55.97	72.65	44.00	129.60
	Average days for cash receipts		4.75	6.52	5.02	8.29	2.81
	Inventory turnover rate (times)		0.35	0.28	0.39	0.24	0.34
	Accounts payable turnover rate (times)		11.20	7.92	11.90	8.16	10.08
	Average days for sale of goods		1,042.85	1,303.57	935.89	1,520.83	1,073.52
	Property, plant, and equipment turnover rate (times)		194.01	140.09	197.31	160.83	173.28
	Total assets turnover rate (times)		0.27	0.21	0.28	0.18	0.23
Profitability	Return on Assets (ROA) (%)		7.73	2.92	3.19	1.72	2.19
	Return on equity (%)		15.09	5.54	6.08	3.40	4.83
	Ratio of income before tax to paid-in capital (%)		33.07	12.98	14.21	7.97	11.44
	Net profit margin (%)		28.17	14.08	11.13	8.62	8.55
	Earnings per share (NT\$)		3.11	1.18	1.28	0.73	1.04
Cash flow (%)	Cash flow ratio		14.48	7.99	12.99	(20.33)	9.78
	Cash flow adequacy ratio		70.74	113.43	134.77	40.61	38.82
	Cash reinvestment ratio		6.29	(5.41)	7.06	(21.19)	6.35

Leverage	Operating leverage	1.15	1.23	1.22	1.27	1.39
	Financial leverage	1.00	1.01	1.04	1.06	1.15

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

- 38% decrease in long-term funds as a percentage of property, plant and equipment: due to an increase in long-term funds in the current period.
- 36% increase in quick ratio: Due to an increase in current assets and prepaid expenses.
- 26% reduction in interest coverage ratio: due to an increase in interest expenses in the current period.
- 195% increase in receivables turnover: due to an increase in operating income.
- 66% decrease in average collection days: due to an increase in the turnover rate of receivables.
- 42% increase in inventory turnover: due to an increase in the cost of goods sold.
- 24% increase in payable turnover: due to an increase in the cost of goods sold.
- 29% decrease in average days of sales: due to an increase in inventory turnover.
- 28% increase in total assets turnover: due to an increase in operating income.
- 27% increase in return on assets: due to an increase in net profit after tax.
- 42% increase in return on equity: due to an increase in net profit after tax.
- 44% increase in the ratio of income before tax to paid-in capital: due to an increase in income before tax.
- 42% increase in earnings per share: due to an increase in net profit after tax.
- 148% increase in cash flow ratio: due to cash flow from operating activities turned to inflow.
- 130% increase in cash reinvestment ratio: due to cash flow from operating activities turned to inflow.

Note 1. No relevant information in Q1, 2023.

## 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 =  $365/\text{Inventory Turnover Rate}$ .
- (6) Property, plant, and equipment turnover rate =  $\text{Net sales}/\text{Average net property, plant, and equipment}$ .
- (7) Total Asset Turnover Rate =  $\text{Net Sales}/\text{Average Total Assets}$ .

#### 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 =  $\text{Operating interest} / (\text{Operating interest} - \text{Interest expense})$ .

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

Analysis Item		Financial information for the most recent five years				
		2018	2019	2020	2021	2022
Finance structure (%)	Debt ratio	48.04	54.44	57.31	61.41	66.59
	Ratio of long-term capital to property, plant, and equipment	1,613.87	735.06	699.11	904.56	1,045.08
Solvency (%)	Current ratio	173.24	164.76	157.84	181.32	188.04
	Quick ratio	32.03	28.53	30.71	36.21	51.45
	Interest coverage ratio	12.73	5.02	5.54	3.16	3.12
Operating performance	Accounts receivable turnover rate (times)	36.74	29.33	34.49	25.00	33.25
	Average days for cash receipts	9.93	12.44	10.58	14.60	10.97
	Inventory turnover rate (times)	0.39	0.32	0.39	0.30	0.34
	Accounts payable turnover rate (times)	10.34	8.39	10.76	8.62	10.42
	Average days for sale of goods	935.89	1,140.62	935.89	1,216.66	1,073.52
	Property, plant, and equipment turnover rate (times)	9.55	3.59	2.85	2.50	3.53
	Total assets turnover rate (times)	0.28	0.23	0.25	0.20	0.23
Profitability	Return on Assets (ROA) (%)	8.48	2.95	2.99	1.64	2.19
	Return on equity (%)	17.47	5.62	6.08	3.26	4.90
	Ratio of income before tax to paid-in capital (%)	38.89	13.54	14.53	8.01	14.55
	Net profit margin (%)	29.67	12.05	10.85	6.76	7.74
	Earnings per share (NT\$)	3.11	1.18	1.28	0.73	1.04
Cash flow (%)	Cash flow ratio	13.47	11.52	7.78	(14.66)	(1.77)
	Cash flow adequacy ratio	57.56	64.32	61.88	27.52	27.27
	Cash reinvestment ratio	5.95	(0.69)	2.68	(15.59)	(3.24)
Leverage	Operating leverage	1.40	1.68	1.64	2.33	1.95
	Financial leverage	1.06	1.10	1.17	1.40	1.38

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

- 42% increase in quick ratio: due to an increase in current assets.
- 33% increase in receivables turnover: due to an increase in operating income.
- 25% decrease in average collection days: due to an increase in the turnover rate of receivables.
- 21% increase in payable turnover: due to an increase in the cost of goods sold.
- 41% increase in property, plant and equipment turnover: due to decrease in operating income.
- 34% increase in return on assets: due to an increase in net profit after tax.
- 50% increase in return on equity: due to an increase in net profit after tax.
- 82% increase in the ratio of income before tax to paid-in capital: due to an increase in income before

tax.

9. 42% increase in earnings per share: due to an increase in net profit after tax.

10. 88% increase in cash flow ratio: due to a decrease in cash outflow from operating activities.

11. 79% increase in cash reinvestment ratio: due to a decrease in cash outflow from operating activities.

Note 1. Financial information in 2023 Q1 has not yet been reviewed by CPAs.

#### 1. Financial structure

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

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

#### 2. Solvency

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

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

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

#### 3. Operating ability

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

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

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

(4) Turnover rate of payables (including accounts payable and notes payable arising from the operation) = Selling cost / Average balance of payables (including accounts payable and notes payable arising from the operation) for each period.

(5) Average Days for Sale = 365/Inventory Turnover Rate.

(6) Property, plant, and equipment turnover rate = Net sales/Average net property, plant, and equipment.

(7) Total Asset Turnover Rate = Net Sales/Average Total Assets.

#### 4. Profitability

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

(2) 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).

### **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 2022 annual Business Report, Financial Statements (including consolidated financial statements), and an earnings distribution proposal, among which the Financial Statements (including consolidated financial statements) have been audited by Hsu, Jung-Huang and Ma, Chun-Ting, CPAs at Ernst & Young, by whom an audit report has been issued.

The above mentioned reports 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,

April 27, 2023

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

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

**Parent Company Only Financial Statements**

**For the Years Ended**

**December 31, 2022 and 2021**

**Report of Independent Auditors**

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

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

To Cathay Real Estate Development Co., Ltd.

### **Opinion**

We have audited the accompanying parent company only balance sheets of Cathay Real Estate Development Co., Ltd. (the "Company") as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, based on our audits and the report of the other auditors (please refer to Other Matter) the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the parent company only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the report of the other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Revenue Recognition

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

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

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

## Valuation of Construction Land

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

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

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

### **Other Matter—Making Reference to the Audits of Component Auditors**

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hsu, Jung Huang  
Ma, Chun Ting  
Ernst & Young, Taiwan  
March 14, 2023

#### Notice to Readers

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

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

Parent Company Only Balance Sheets

December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

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

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

## CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

Parent Company Only Balance Sheets (continued)

December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

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

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

Parent Company Only Statements of Comprehensive Income

For the Years Ended December 31, 2022 and 2021

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

(Expressed in thousands of New Taiwan Dollars)

Code	Items	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(8),(18),(20) & 7	\$14,126,629	100	\$9,833,582	100
5000	Operating costs	4, 6(5),(8),(9),(14),(20),(21) & 7	(11,538,284)	(82)	(7,438,327)	(76)
5900	Gross margin		2,588,345	18	2,395,255	24
5910	Unrealized sales profit		(56,202)	-	-	-
5920	Realized sales profit		41	-	41	-
5950	Gross margin, net		2,532,184	18	2,395,296	24
6000	Operating expenses	4, 6(8),(9),(14),(20),(21) & 7				
6200	Administrative expenses		(1,272,805)	(9)	(950,286)	(9)
6450	Expected credit profit (loss)	4 & 6(19)	-	-	9	-
	Total operating expenses		(1,272,805)	(9)	(950,277)	(9)
6900	Operating income		1,259,379	9	1,445,019	15
7000	Non-operating income and expenses	4, 6(22) & 7				
7100	Interest income		11,550	-	667	-
7010	Other income		619,119	5	215,093	2
7020	Other gains or losses		3,535	-	2,772	-
7050	Finance costs	7	(161,604)	(1)	(85,955)	(1)
7070	Share of profit or loss of subsidiaries, associates and joint ventures	4 & 6(6)	(405,289)	(3)	(653,728)	(6)
	Total non-operating income and expenses		67,311	1	(521,151)	(5)
7900	Income before Income tax		1,326,690	10	923,868	10
7950	Income tax expense	4 & 6(24)	(118,941)	(1)	(76,329)	(1)
8200	Net income		1,207,749	9	847,539	9
8300	Other comprehensive income	6(23),(24)				
8310	Not to be reclassified to profit or loss in subsequent periods					
8311	Remeasurements of defined benefit plans		(5,322)	-	(598)	-
8316	Valuation gain (losses) on equity instruments at fair value through other comprehensive income		(1,355,894)	(10)	1,295,092	13
8330	Share of the other comprehensive income of associates and joint ventures accounted for using the equity method – not to be reclassified to profit or loss in subsequent periods		(14,067)	-	465	-
8349	Income tax related to items not be reclassified to profit or loss in subsequent periods		1,064	-	120	-
8360	To be reclassified to profit or loss in subsequent periods					
8380	Share of the other comprehensive income of associates and joint ventures accounted for using the equity method – to be reclassified to profit or loss in subsequent periods		432	-	-	-
	Other comprehensive (losses) income, net of tax		(1,373,787)	(10)	1,295,079	13
8500	Total comprehensive income		\$(166,038)	(1)	\$2,142,618	22
	Earnings Per Share (In dollars)	6(25)				
9750	Basic earnings per share		\$1.04		\$0.73	
9850	Diluted earnings per share		\$1.04		\$0.73	

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

English Translation of Financial Statements Originally Issued in Chinese  
CATHAY REAL ESTATE DEVELOPMENT CO., LTD.  
Parent Company Only Statements of Changes in Equity  
For the Years Ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

Code	Items	Capital Stock 3100	Capital Surplus 3200	Retained Earnings			Other Equity			Total Equity 3XXX
				Legal Capital Reserve 3310	Special Capital Reserve 3320	Unappropriated Retained Earnings 3350	Exchange Differences Resulting from Translating the Financial Statements of Foreign Operations 3410	Unrealized (Losses) Gains from Financial Assets at Fair Value through Other Comprehensive Income 3420	Remeasurements of Defined Benefit Plans 3445	
A1	Balance on January 1, 2021	\$11,595,611	\$39,515	\$4,489,507	\$504,189	\$7,652,656	\$-	\$156,565	\$17,181	\$24,455,224
	Appropriation and distribution of earnings for the year 2020									
B1	Legal capital reserve	-	-	149,397	-	(149,397)	-	-	-	-
B5	Cash dividends on common stock	-	-	-	-	(1,159,561)	-	-	-	(1,159,561)
C17	Changes in other capital surplus	-	(669)	-	-	-	-	-	-	(669)
D1	Net income for the year ended December 31, 2021	-	-	-	-	847,539	-	-	-	847,539
D3	Other comprehensive income (loss), net of tax for the year ended December 31, 2021	-	-	-	-	-	-	1,295,089	(10)	1,295,079
D5	Total comprehensive income (loss)	-	-	-	-	847,539	-	1,295,089	(10)	2,142,618
Z1	Balance on December 31, 2021	11,595,611	38,846	4,638,904	504,189	7,191,237	-	1,451,654	17,171	25,437,612
	Appropriation and distribution of earnings for the year 2021									
B1	Legal capital reserve	-	-	84,754	-	(84,754)	-	-	-	-
B5	Cash dividends on common stock	-	-	-	-	(695,737)	-	-	-	(695,737)
C7	Changes in equity of associates and joint ventures accounted for using equity method	-	16,452	-	-	-	-	-	-	16,452
C17	Changes in other capital surplus	-	9,702	-	-	-	-	-	-	9,702
D1	Net income for the year ended December 31, 2022	-	-	-	-	1,207,749	-	-	-	1,207,749
D3	Other comprehensive income (loss), net of tax for the year ended December 31, 2022	-	-	-	-	-	432	(1,354,056)	(20,163)	(1,373,787)
D5	Total comprehensive income (loss)	-	-	-	-	1,207,749	432	(1,354,056)	(20,163)	(166,038)
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	262	-	-	-	-	-	-	262
Q1	Disposal of equity instruments investments measured at fair value through other comprehensive income	-	-	-	-	(127,054)	-	127,054	-	-
Z1	Balance on December 31, 2022	\$11,595,611	\$65,262	\$4,723,658	\$504,189	\$7,491,441	\$432	\$224,652	\$(2,992)	\$24,602,253

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

Parent Company Only Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

Code	Items	2022	2021
		Amount	Amount
AAAA	Cash flows from operating activities		
A10000	Net income before tax	\$1,326,690	\$923,868
A20000	Adjustments:		
A20100	Depreciation	206,290	232,000
A20200	Amortization	2,591	1,818
A20300	Expected credit loss (gain)	-	(9)
A20900	Interest expenses	161,604	85,955
A21200	Interest income	(11,550)	(667)
A21300	Dividend income	(204,369)	(146,949)
A22400	Share of profit or loss of associates and joint ventures	405,289	653,728
A22500	Loss (gain) on disposal of property, plant and equipment	(4,279)	(3,960)
A23900	Unrealized sales profit (loss)	56,202	-
A29900	Others	(281,818)	-
A30000	Changes in operating assets and liabilities:		
A31130	Decrease (increase) in notes receivable	(17,076)	10,637
A31150	Decrease (increase) in accounts receivable	148,648	88,167
A31160	Decrease (increase) in accounts receivable-related parties	(566)	(855)
A31180	Decrease (increase) in other receivables	(9,016)	10,859
A31200	Decrease (increase) in inventories	417,262	(6,871,562)
A31230	Decrease (increase) in prepayments	(70,535)	(1,618)
A31240	Decrease (increase) in other current assets	23,342	49,101
A31270	Decrease (increase) in incremental costs of obtaining contracts	(233,553)	(144,118)
A31990	Decrease (increase) in other operating assets	(49,947)	34,807
A32125	Increase (decrease) in contract liabilities	873,047	205,863
A32130	Increase (decrease) in notes payable	(111,737)	92,544
A32150	Increase (decrease) in accounts payable	27,677	(152,958)
A32160	Increase (decrease) in accounts payable-related parties	659,306	(48,856)
A32180	Increase (decrease) in other payables	286,270	(150,028)
A32230	Increase (decrease) in other current liabilities	(995,121)	961,029
A33000	Cash inflow generated from operations	2,604,651	(4,171,204)
A33100	Interests received	11,551	669
A33500	Income taxes paid	(127,850)	(88,575)
AAAA	Net cash generated by (used in) operating activities	2,488,352	(4,259,110)
BBBB	Cash flow from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(669,589)	-
B00020	Disposal of financial assets at fair value through other comprehensive income	1,846,000	-
B01800	Acquisition of investment accounted for using equity method	(4,997,840)	(940,660)
B02700	Acquisition of property, plant and equipment	(68,271)	(25,642)
B02800	Disposal of property, plant and equipment	4,926	10,455
B04500	Acquisition of intangible assets	(3,173)	(3,479)
B06700	Increase in other non-current assets	-	(66,831)
B06800	Decrease in other non-current assets	150,251	-
B07600	Dividends received	277,613	285,712
BBBB	Net cash generated by (used in) investing activities	(3,460,083)	(740,445)
CCCC	Cash flow from financing activities		
C00100	Increase in short-term loans	1,030,000	4,160,000
C00500	Increase in short-term notes payable	36,515	539,211
C01600	Proceeds from long-term loans	9,231,550	7,728,685
C01700	Repayment of long-term loans	(3,038,685)	(6,129,741)
C04020	Repayment of principal of lease liabilities	(28,442)	(24,934)
C04300	Increase in other non-current liabilities	614	5,510
C04500	Payment of cash dividends	(695,737)	(1,159,561)
C05600	Interests paid	(371,285)	(190,641)
C09900	Other financing activities	(722)	(669)
CCCC	Net cash generated by (used in) financing activities	6,163,808	4,927,860
EEEE	Net increase (decrease) in cash and cash equivalents	5,192,077	(71,695)
E00100	Cash and cash equivalents, beginning of period	1,897,739	1,969,434
E00200	Cash and cash equivalents, end of period	\$7,089,816	\$1,897,739

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

**English Translation of Financial Statements Originally Issued in Chinese**

**Cathay Real Estate Development Co., Ltd.  
Notes to Parent Company Only Financial Statements  
For the Years Ended December 31, 2022 and 2021**

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

**1. HISTORY AND ORGANIZATION**

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

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

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

The parent company only financial statements for the years ended December 31, 2022 and 2021 were authorized for issue by the Board of Directors on March 14, 2023.

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

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

The Company applied for the first-time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised, or amended which are endorsed by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2022. The adoption of these new standards and amendments had no material impact on the Company.

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

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

## English Translation of Financial Statements Originally Issued in Chinese

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

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

### B. Definition of Accounting Estimates – Amendments to IAS 8

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

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

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

The abovementioned amendments that are applicable for annual periods beginning on or after January 1, 2023 have no material impact on the Company.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
2	IFRS 17 “Insurance Contracts”	1 January 2023
3	Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1 January 2024
4	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
5	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024

## **English Translation of Financial Statements Originally Issued in Chinese**

### 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.

## **English Translation of Financial Statements Originally Issued in Chinese**

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

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

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

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

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

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

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

The parent company only financial statements of the Company for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

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

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

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

## **English Translation of Financial Statements Originally Issued in Chinese**

### **(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.

## **English Translation of Financial Statements Originally Issued in Chinese**

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

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

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

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

- A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- B. The Company holds the asset primarily for 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.

## **English Translation of Financial Statements Originally Issued in Chinese**

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.

## **English Translation of Financial Statements Originally Issued in Chinese**

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.

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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.

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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.

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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.

## **English Translation of Financial Statements Originally Issued in Chinese**

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.

## **English Translation of Financial Statements Originally Issued in Chinese**

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.

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### **(12) Investment property**

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

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

Buildings	2~50 years
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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.

## **English Translation of Financial Statements Originally Issued in Chinese**

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.

## **English Translation of Financial Statements Originally Issued in Chinese**

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.

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### 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.

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### 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.

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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.

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### 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.

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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.

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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.

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### 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.

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Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. As of December 31, 2022, the deferred income tax assets that the Company has not recognize, please refer to Note 6 for more details.

### **E. Inventory evaluation**

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

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

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

## **6. CONTENTS OF SIGNIFICANT ACCOUNTS**

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

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

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

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

	As of December 31,	
	2022	2021
Equity instruments investments measured at fair value through other comprehensive income - current:		
Listed company's stocks	\$2,558,725	\$3,605,083
Equity instruments investments measured at fair value through other comprehensive income - non-current:		
Unlisted company's stocks	\$647,654	\$2,201,116

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

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

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

In consideration of the Company's investment strategy, the Company disposed, and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the years ended December 31, 2022 and 2021 are as follows:

	For the years ended December 31,	
	2022	2021
The fair value of the investments at the date of derecognition	\$1,913,515	\$-
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	(127,054)	-

**(3) Notes receivable**

	As of December 31,	
	2022	2021
Notes receivable arising from operating activities	\$37,966	\$20,890
Less: loss allowance	-	-
Notes receivable, net	\$37,966	\$20,890

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

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

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

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

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

Accounts receivables are generally on 30-365-day terms. The book value of the accounts receivables held by the Company were NT\$5,537 thousand and NT\$153,619 thousand as of December 31, 2022 and 2021, respectively. Please refer to Note 6. (19) for more details on impairment of accounts receivable. Please refer to Note 12 for more details on credit risk.

### **(5) Inventories**

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

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

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

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

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

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

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

As of December 31, 2022, the Company has established a deed of trust with the bank for the construction above to help manage the funds of the presold customers paid. The trust period ends after the construction is completed and the first ownership registration of the property. The balance of the managed funds by the Company in accordance with the above trust deed is NT\$2,025,826 thousand, which is equal to the amount receivable of the presold contract. There is no delay in the delivery of the trust account.

F. The costs of inventories recognized in expenses amount to NT\$11,212,557 thousand and NT\$7,111,502 thousand for the years ended to December 31, 2022 and 2021, including the inventory valuation losses NT\$0 thousand for both the years ended December 31, 2022 and 2021.

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

H. Incremental cost of the contract

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

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

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

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

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

A. We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method. Those financial statements were audited by other auditors. These associates and joint ventures accounted for using equity method amounted to NT\$1,533,972 thousand as of December 31, 2022. The related shares of profits from the associates and joint venture under the equity method amounted to NT\$14,128 thousand for the year ended December 31, 2022.

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

Zhulun Realty Co., Ltd. was established in 2022. After acquiring 100% shares of San Ching Engineering Co., Ltd. in May 2022, the Company gained control over the entity. After acquiring 30% shares of San Hsiung Fongshan LaLaport Co., Ltd. in October 2022, the Company had significant influence over it. Sanchong Realty Co., Ltd. was established in 2021.

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

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

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

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

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

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

### (7) Property, plant and equipment

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

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A. Owner occupied property, plant and equipment

	Land	Buildings	Leasehold improvement	Other equipment	Total
Cost:					
As of January 1, 2021	\$1,346	\$1,829	\$21,495	\$16,114	\$40,784
Additions	-	-	-	998	998
Disposals	-	-	-	-	-
As of December 31, 2021	1,346	1,829	21,495	17,112	41,782
Additions	-	-	7,461	20,243	27,704
Disposals	-	-	(1,140)	-	(1,140)
As of December 31, 2022	<u>\$1,346</u>	<u>\$1,829</u>	<u>\$27,816</u>	<u>\$37,355</u>	<u>\$68,346</u>
Depreciation and impairment:					
As of January 1, 2021	\$-	\$412	\$19,747	\$14,912	\$35,071
Depreciation	-	36	512	575	1,123
Disposals	-	-	-	-	-
As of December 31, 2021	-	448	20,259	15,487	36,194
Depreciation	-	36	620	3,064	3,720
Disposals	-	-	(1,140)	-	(1,140)
As of December 31, 2022	<u>\$-</u>	<u>\$484</u>	<u>\$19,739</u>	<u>\$18,551</u>	<u>\$38,774</u>
Net carrying amount:					
As of December 31, 2022	<u>\$1,346</u>	<u>\$1,345</u>	<u>\$8,077</u>	<u>\$18,804</u>	<u>\$29,572</u>
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>

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

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

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

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

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

**(8) Investment property**

	Land	Buildings	Total
Cost:			
As of January 1, 2021	\$7,136,442	\$6,058,440	\$13,194,882
Additions	-	1,802	1,802
Transfer from Buildings and land held for sale	45,854	51,994	97,848
Disposals	(27,690)	(23,432)	(51,122)
As of December 31, 2021	7,154,606	6,088,804	13,243,410
Additions	-	49,947	49,947
Transfer from Buildings and land held for sale	57,941	58,372	116,313
As of December 31, 2022	\$7,212,547	\$6,197,123	\$13,409,670
Depreciation and impairment:			
As of January 1, 2021	\$-	\$2,546,863	\$2,546,863
Depreciation	-	183,336	183,336
Disposals	-	(14,513)	(14,513)
As of December 31, 2021	-	2,715,686	2,715,686
Depreciation	-	154,500	154,500
Disposals	-	-	-
As of December 31, 2022	\$-	\$2,870,186	\$2,870,186
Net carrying amount:			
As of December 31, 2022	\$7,212,547	\$3,326,937	\$10,539,484
As of December 31, 2021	\$7,154,606	\$3,373,118	\$10,527,724

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

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The investment properties held by the Company were not valued at fair value. The amounts of the fair value were only for disclosure. The fair value of the investment properties held by the Company were NT\$16,844,414 thousand and NT\$16,686,388 thousand as of December 31, 2022 and 2021, respectively, which were valued by an independent external appraisal expert and internal valuation. The evaluation method was comparison method and based on the recent actual deal price or the market transaction price of the real estate nearby.

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

### (9) Intangible assets

	Computer software
Cost:	
As of January 1, 2021	\$37,777
Addition-acquired separately	3,479
As of December 31, 2021	41,256
Addition-acquired separately	3,173
As of December 31, 2022	\$44,429
Amortization and impairment:	
As of January 1, 2021	\$34,797
Amortization	1,818
As of December 31, 2021	36,615
Amortization	2,591
As of December 31, 2022	\$39,206
Net carrying amount:	
As of December 31, 2022	\$5,223
As of December 31, 2021	\$4,641

Amortization expense of intangible assets were as follows:

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

### (10) Other non-current assets

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

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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
	2022	2021			
Land Serial NO.137-2 etc., Northern shi-zhi of Hou-tsuo section, San-zhi township, New Taipei City	\$18,425	\$18,425	Purchases / Sales	Development	Mortgage setting and commitment

**(11) Short-term loans**

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

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

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

**(12) Short-term notes payable**

	As of December 31,	
	2022	2021
Short-term notes and bills payable	\$2,000,000	\$1,960,000
Less: unamortized discount	(5,420)	(1,935)
Net	\$1,994,580	\$1,958,065
Interest rate	1.48%	0.33%~0.42%

**(13) Long-term loans**

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

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

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

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

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

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

#### A. Defined contribution plan

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

For the years ended December 31, 2022 and 2021, the expenses related to defined contribution plan amounted to NT\$4,772 thousand and NT\$4,440 thousand, respectively.

#### B. Defined benefits plan1

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

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The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under emendation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT\$6,997 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

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

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

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

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

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

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Reconciliation of net defined benefit liabilities (assets):

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
As of January 1, 2021	\$160,220	\$(80,971)	\$79,249
Net defined benefit cost			
Current service cost	6,049	-	6,049
Interest expense (income)	497	(244)	253
Subtotal	6,546	(244)	6,302
Remeasurement of defined benefit liabilities/assets			
Actuarial gains and losses arising from changes in demographic assumptions	3,552	-	3,552
Actuarial gains and losses arising from changes in financial assumptions	(4,089)	-	(4,089)
Experience adjustment	2,275	-	2,275
Remeasurement of plan assets	-	(1,140)	(1,140)
Subtotal	1,738	(1,140)	598
Payments from the plan	(14,302)	10,150	(4,152)
Contributions by employer	-	(3,498)	(3,498)
As of December 31, 2021	154,202	(75,703)	78,499
Net defined benefit cost			
Current service cost	5,814	-	5,814
Interest expense (income)	979	(473)	506
Subtotal	6,793	(473)	6,320
Remeasurement of defined benefit liabilities/assets			
Actuarial gains and losses arising from changes in financial assumptions	(6,320)	-	(6,320)
Experience adjustment	10,306	-	10,306
Remeasurement of plan assets	-	1,336	1,336
Subtotal	3,986	1,336	5,322
Payments from the plan	(29,945)	18,004	(11,941)
Contributions by employer	-	(9,886)	(9,886)
As of December 31, 2022	\$135,036	\$(66,722)	\$68,314

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

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

A sensitivity analysis for significant assumption:

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

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

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

### **(15) Common stock**

The Company's authorized capital was NT\$ 20,000,000 thousand and issued capital was NT\$ 11,595,611 thousand as at December 31, 2022 and 2021, respectively. The Company has issued 1,159,561 thousand shares as at December 31, 2022 and 2021, respectively, each at a par value of NT\$10. Each share has one voting right and a right to receive dividends.

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### (16) Capital surplus

	As of December 31,	
	2022	2021
Treasury share transactions	\$10,407	\$10,407
Difference between consideration and carrying amount of subsidiaries acquired or disposed	262	-
Changes in equity of associates and joint ventures accounted for using equity method	16,452	-
Others - overdue dividends	38,141	28,439
Total	<u>\$65,262</u>	<u>\$38,846</u>

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

### (17) Retained earnings

#### A. Legal reserve

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

#### B. Special reserve

The FSC on 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.

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At the first-time adoption of IFRSs, special reverse set aside by The Company was NT\$504,189 thousand. As of December 31, 2022, there were no use, disposition or reclassification of related assets and there is no need to revolving special reserve to retained earnings.

### C. Retained earnings and dividend policies

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

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

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

D. For the years ended December 31, 2021 and 2020, the details of earnings distribution and dividends per share were resolved by the shareholder's meeting on June 17, 2022 and July 23, 2021, were as follows:

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

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

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**(18) Operating revenues**

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

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

A. Disaggregation of revenue

For the year ended December 31, 2022

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

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>

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B. Contract balances

Contract liabilities – current

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

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

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

C. Assets recognized from the revenue from contracts with customers

Incremental costs of obtaining contracts

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

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

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

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

Please refer to Note 12 for information of credit risks.

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

December 31, 2022

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

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	\$169,114	\$5,395	\$-	\$-	\$-	\$-	\$174,509
Loss ratio	-	0.01%	-	-	-	-	
Lifetime expected credit losses	-	1	-	-	-	-	1
<b>Total</b>	<b>\$169,114</b>	<b>\$5,394</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$174,508</b>

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

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

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

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**(20) Operating leases**

A. Operating lease commitments - Company as lessee

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

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

a. Amounts recognized in the balance sheet

(a) Right-of-use asset

The carrying amount of right-of-use asset

	As of December 31,	
	2022	2021
Land	\$14,401	\$13,334
Buildings	8,249	23,251
Total	<u>\$22,650</u>	<u>\$36,585</u>

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

(b) Lease liability

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

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

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b. Amounts recognized in the income statement

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2022	2021
Land	\$11,967	\$10,400
Buildings	16,248	15,833
Total	<u>\$28,215</u>	<u>\$26,233</u>

c. Income and costs relating to leasing activities

	For the years ended December 31,	
	2022	2021
The expense relating to short-term leases	\$120	\$642
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	-	-
The expense relating to variable lease payments not included in the measurement of lease liabilities	-	-

As of December 31, 2022 and 2021, the short-term lease portfolio promised by the Company and the types of lease targets related to the aforementioned short-term lease expenses are similar.

d. Cash outflow relating to leasing activities

During the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases amounting to NT\$28,937 thousand and NT\$25,944 thousand, respectively.

B. Company as lessor

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

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

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Please refer to Note 6. (7) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2022 and 2021 are as follows:

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

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

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

A. On December 31, 2022 and 2021, the numbers of employees were 160 and 153 respectively, among which the numbers of directors who have not served as employees were both 4.

B. The average employee benefits expense for the years ended December 31, 2022 and 2021 were NT\$1,441 thousand and NT\$1,434 thousand, respectively. (“Total employee benefits expense for the year - Total director’s remuneration for the year” / “Number of employees for the year - Number of directors who have not served as employees for the year”)

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- C. The average salaries and wages for the years ended December 31, 2022 and 2021 were NT\$1,275 thousand and NT\$1,269 thousand, respectively (“Total salaries and wages for the year” / “Number of employees for the year - Number of directors who have not served as employees for the year”). The average salaries and wages decreased by 0.47% (“Average salaries and wages for the year - Average salaries and wages last year” / “Average salaries and wages last year”).
- D. The Company established an audit committee instead of supervisors.
- E. The Company’s policy of salaries and wages for directors, managers and employees is as follows: In order to attract, keep and motivate talents for the balance of sustainable running and risk control, the Company follows “Directors’ Remuneration Guidelines”, “Managers’ Remuneration Guidelines”, employees’ salaries regulations and other related regulations to decide salaries and wages. Also, the Company comprehensively considers individuals’ responsibility, the market, contribution, performance and expected or realized risks. Related regulations are modified and reviewed on regular basis based on actual operation.
- F. Employees’ Compensation and Directors’ Remuneration

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

The Company’s employees’ compensation and directors’ remuneration was NT\$1,330 thousand and NT\$2,400 thousand, estimated as 0.1% and lower than 1% of the Company’s net profit and recognized as compensation for employees and directors’ remuneration for the year ended December 31, 2022. The amount of employees’ compensation and directors’ remuneration recognized in the year ended December 31, 2021 was NT\$ 927 thousand and NT\$2,400 thousand, respectively. The aforementioned amounts were listed under salary expenses. If the abovementioned employees’ compensation and directors’ remuneration estimations are different from the actual distributed amount resolved by the board of director’s meeting, the difference will be recognized as profit or loss in the next period.

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The Company's the board of director's meeting on March 15, 2022 resolved to distribute NT\$927 thousand and NT\$2,400 thousand of employee's and director's compensation in cash. There are no material differences exist between the estimated amount and the actual distribution.

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

#### A. Interest income

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

#### B. Other income

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

#### C. Other gains and losses

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

#### D. Finance costs

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

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**(23) Components of other comprehensive income**

For the year ended December 31, 2022

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

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
<b>Total of other comprehensive income</b>	<b>\$1,294,959</b>	<b>\$-</b>	<b>\$1,294,959</b>	<b>\$120</b>	<b>\$1,295,079</b>

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**(24) Income taxes**

The major components of income tax expense were as follows:

Income tax recognized in profit or loss

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

Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2022	2021
Deferred tax expense (income):		
Remeasurements of defined benefit plans	<u>\$(1,064)</u>	<u>\$(120)</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,	
	2022	2021
Accounting profit before tax from continuing operations	<u>\$1,326,290</u>	<u>\$923,868</u>
Tax at the domestic rates applicable to profits in the country concerned	\$265,338	\$184,774
Tax effect of revenues exempt from taxation	(341,476)	(400,034)
Tax effect of non-deductible expenses	103,405	165,580
Tax effect of deferred tax assets/liabilities	(70,140)	49,814
Surtax on undistributed retain earnings	3,352	9,250
Adjustments in respect of current income tax of prior periods	-	(1,538)
Current land value increment tax	117,520	68,483
Tax effect of adjustments in accordance with tax laws	<u>40,942</u>	<u>-</u>
Total income tax expense (income) recognized in profit or loss	<u>\$118,941</u>	<u>\$76,329</u>

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Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2022

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

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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	2,335	(97)	-	2,138
Unrealized intragroup profits and losses	6,156	(8)	-	6,148
Allowance for loss	1,400	-	-	1,400
Allowance for loss of inventories price falling	2,869	-	-	2,869
Non-current liability - defined benefit liability	11,675	(417)	120	11,378
Accrued expenses over two years transfer to revenue	7	-	-	7
Unrealized advertising fee	113,637	5,733	-	119,370
Deferred tax income/(expense)		<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>

**Unrecognized deferred tax assets**

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

**The assessment of income tax returns**

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

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### (25) Earnings per share

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

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

	For the years ended December 31,	
	2022	2021
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	\$1,207,749	\$847,539
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	1,159,561	1,159,561
Basic earnings per share (NT\$)	\$1.04	\$0.73
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$1,207,749	\$847,539
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	1,159,561	1,159,561
Effect of dilution:		
Employee compensation-stock (in thousands)	71	66
Weighted average number of ordinary shares outstanding after dilution (in thousands)	1,159,632	1,159,627
Diluted earnings per share (NT\$)	\$1.04	\$0.73

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

### (26) Business combinations

#### Acquisition of San Ching Engineering Co., Ltd.

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

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

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

	<u>Fair value recognized on the acquisition date</u>
Assets	
Cash and cash equivalents	\$801,943
Contract assets	115,774
Accounts receivable	598,144
Other receivables	9,047
Current tax assets	23,266
Inventories	2,284,353
Prepayments	106,052
Other current assets	107,533
Financial assets at fair value through other comprehensive income	15,300
Investment accounted for using equity method	540,531
Property, plant and equipment	6,302,922
Right-of-use assets	355,271
Investment properties	255,279
Intangible assets	498,206
Other non-currents assets	480,736
Subtotal	<u>12,494,357</u>
Liabilities	
Short-term loans	1,016,000
Short-term notes payable	1,394,784
Contract liabilities-current	952,986
Notes payable	3,477
Accounts payable	254,958
Other payables	313,766
Current tax liabilities	202,306
Long-term loans-current portion	282,398
Other current liabilities	1,356
Long-term loans	4,047,258
Lease liabilities (including non-current)	362,431
Other non-current liabilities	75,593
Subtotal	<u>8,907,313</u>
Identifiable net assets	<u>\$3,587,044</u>
Bargain purchase gain is calculated as follows:	
Purchase consideration	\$1,800,000
Add: non-controlling interests at fair value	1,505,226
Less: identifiable net assets at fair value	<u>(3,587,044)</u>
Bargain purchase gain	<u>\$(281,818)</u>
Analysis of cash flows on acquisition:	
Cash paid	\$1,800,000
Net cash acquired with the subsidiary	<u>(801,943)</u>
Net cash flow	<u>\$998,057</u>

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

### **7. RELATED PARTY TRANSACTIONS**

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

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

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Cathay Hospitality Management Co., Ltd. (Cathay Hospitality)	Subsidiary
Cathay Hospitality Consulting Co., Ltd. (Cathay Hospitality Consulting)	Subsidiary
Bannan Realty Co., Ltd. (Bannan Realty)	Subsidiary
Sanchong Realty Co., Ltd. (Sanchong Realty)	Subsidiary
Zhulun Realty Co., Ltd. (Zhulun Realty)	Subsidiary
Lin Yuan Property Management Co., Ltd. (Lin Yuan Property)	Subsidiary
San Ching Engineering Co., Ltd. (San Ching Engineering)	Subsidiary (Note 1)
Cathay Life Insurance Co., Ltd. (Cathay Life Insurance)	Others
Cathay United Bank Co., Ltd. (Cathay United Bank)	Others
Cathay Century Insurance Co., Ltd. (Cathay Century Insurance)	Others
Lin Yuan Investment Co., Ltd. (Lin Yuan Investment)	Others
Nangang International One Co., Ltd. (Nangang One)	Others
Nangang International Two Co., Ltd. (Nangang Two)	Others
Wanda Investment Co., Ltd. (Wanda Investment)	Others
Baixing Investment Co., Ltd. (Baixing Investment)	Others
Yi Ru Enterprise Co., Ltd. (Yi Ru Enterprise)	Others
Wei Don Enterprise Co., Ltd. (Wei Don Enterprise)	Others
Wei Lin Enterprise Co., Ltd. (Wei Lin Enterprise)	Others
Cathay Real Estate Foundation (Cathay-Cultural Foundation)	Others
○○, Lee	The spouse of key management personnel

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

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**(2) Significant transactions with the related parties**

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

**A. Cash in banks and short-term loans**

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

		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	-	-	-	-

**B. Purchase**

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

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- a. The purchase price to the above related parties was determined through agreement based on the market rates.
- b. The total price of the commissioned construction and consultancy contracts signed by the Company and San Ching Engineering was NT\$14,231,767 thousand and NT\$13,649,042 thousand as of December 31, 2022 and 2021, respectively.

### C. Sales

- a. Sales revenue

Name of the related parties	Type	For the years ended	
		December 31,	
		2022	2021
Subsidiary:			
Sanchong Realty	Sales of construction land	\$3,471,000	\$-

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

- b. Rental income

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

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

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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,	
	2022	2021
Subsidiary:		
San Ching Engineering	\$614,128	\$-
Others:		
Cathay United Bank	44,924	170
Total	<u>\$659,052</u>	<u>\$170</u>

E. Lease - related parties

a. Right-of-use assets

	As of December 31,	
	2022	2021
Others:		
Cathay Life Insurance	<u>\$8,249</u>	<u>\$23,251</u>

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

b. Lease liabilities

	As of December 31,	
	2022	2021
Others:		
Cathay Life Insurance	<u>\$8,327</u>	<u>\$23,307</u>

c. Interest expenses

	For the years ended December 31,	
	2022	2021
Others:		
Cathay Life Insurance	<u>\$248</u>	<u>\$205</u>

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F. Others

a. Other receivables

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

b. Refundable deposits

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

c. Guarantee deposit received

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

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

G. Other income

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

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H. Operating costs

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

I. Operating expenses

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

J. Property transaction

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

For the year ended December 31, 2022:

Acquisition of financial assets:

Name of the related parties	Shares	Subject matter	Purchase price
Others:			
Lin Yuan Investment	10,000,000	Shares of San Ching Engineering	\$300,000
Wanda Investment	10,000,000	"	300,000
Baixing Investment	10,000,000	"	300,000
Yi Ru Enterprise	10,000,000	"	300,000
Wei Don Enterprise	10,000,000	"	300,000
Wei Lin Enterprise	10,000,000	"	300,000
Total	<u>60,000,000</u>		<u>\$1,800,000</u>

For the year ended December 31, 2021: None.

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### K. Key management personnel compensation

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

### **8. PLEDGED ASSETS**

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

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

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

### **9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES**

#### **(1) Significant contract**

Except for the information stated in Note 7.2. (2), the total amount of the construction contracts signed by the Company with non-related parties was NT\$8,168,848 thousand, in which NT\$4,184,756 thousand was unpaid as of December 31, 2022.

#### **(2) Others**

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

### **10. SIGNIFICANT DISASTER LOSSES**

None.

### **11. SIGNIFICANT SUBSEQUENT EVENTS**

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

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**12. OTHERS**

**(1) Categories of financial instruments**

**Financial Assets**

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

**Financial Liabilities**

	As of December 31,	
	2022	2021
Financial liabilities at amortized cost:		
Short-term loans	\$11,800,000	\$10,770,000
Short-term notes payable	1,994,580	1,958,065
Accounts payables	1,898,545	1,032,649
Long-term loans (including current portion)	18,421,550	12,228,685
Lease liabilities	21,793	35,955
Guarantee deposit received	105,519	89,357
Total	<u>\$34,241,987</u>	<u>\$26,114,711</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 significant transactions, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Company consistently complies with its financial risk management policies.

**(3) Market risk**

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

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

**Foreign currency risk**

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

**Interest rate risk**

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit to decrease/increase by NT\$13,795 thousand and NT\$12,728 thousand for the years ended December 31, 2022 and 2021, respectively.

**Equity price risk**

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

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When the price of the listed equity securities at fair value through other comprehensive income increases/decreases 5%, it could have impacts of NT\$127,936 thousand and NT\$272,554 thousand for the years ended December 31, 2022 and 2021 on the profit/loss or equity attributable to the Company.

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

### **(4) Credit risk management**

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

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

As of December 31, 2022 and 2021, accounts receivable from top ten customers represented low percentage of the total accounts receivable of the Company. The credit concentration risk of other accounts receivable is insignificant.

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

### **(5) Liquidity risk management**

The Company's objective is to maintain a balance between continuity of funding and flexibility using cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

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### Non-derivative financial instruments

	As of December 31, 2022				
	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Borrowings	\$18,248,078	\$12,859,597	\$1,683,572	\$-	\$32,791,247
Accounts payable	1,898,545	-	-	-	1,898,545
Lease liabilities	15,247	6,546	-	-	21,793
Guarantee deposits	56,096	19,612	6,572	23,239	105,519

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

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

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

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

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

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

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

**(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.

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

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

As of December 31, 2022

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

As of December 31, 2021

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

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

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

	Asset measured at fair value through other comprehensive income- stocks	
	2022	2021
As of January, 1	\$355,116	\$383,099
Total gains and losses recognized for the year ended 31		
Amount recognized in OCI	(89,497)	(27,983)
Additions	449,550	-
Disposals	(67,515)	-
As of December, 31	\$647,654	\$355,116

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

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### Information on significant unobservable inputs to valuation

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

As of December 31, 2022

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

As of December 31, 2021

Financial assets :	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 at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	30%~50%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Company's equity by NT\$25,968 thousand
	Assets approach	P/E ratio of similar entities	0%~30%	The higher the P/E ratio of similar entities, the higher the fair value of the stocks	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Company's equity by NT\$17,320 thousand

### **(9) Significant assets and liabilities denominated in foreign currencies**

The Company did not hold major foreign currency financial assets and liabilities as of December 31, 2022 and 2021, respectively.

### **(10) Capital management**

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize shareholder value. The Company manages its capital structure and adjusts it, considering changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

**13. OTHER DISCLOSURE**

**(1) Significant transaction information**

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

**(2) Investee information**

- A. Financings provided to others: None.
- B. Endorsement/guarantee provided to others: None.
- C. Securities held as of December 31, 2022 (not including subsidiaries, associates and joint ventures): Please refer to Table 7.
- D. Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20% of the paid-in capital: Please refer to Table 8.
- E. Acquisition of property with the amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- F. Disposal of property with amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- G. Purchases or sales of goods from or to related parties exceeding NT\$100 million or 20% of the paid-in capital or more: Please refer to Table 9.
- H. Receivables from related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital: None.
- I. Derivative financial instruments undertaken: None.
- J. Names, locations and related information of investee companies: Please refer to Table 10.

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### **(3) Investment in Mainland China**

None.

### **(4) Information on Major Shareholders**

Please refer to Table 11.

## **14. OPERATING SEGMENT INFORMATION**

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

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

Unit: NT\$1,000 ; Share

Holding Company	Type and Name of the Securities (Note)	Relationship	Financial Statement Account	As of December 31, 2022				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Market Value	
Cathay Real Estate Development Co., Ltd.	Stock — Cathay Financial Holdings Co., Ltd.	Others	Financial assets at fair value through other comprehensive income—current	63,968,129	\$2,558,725	0.44%	\$2,558,725	
"	Stock — Gong Cheng Industrial Co.	None	Financial assets at fair value through other comprehensive income—non-current	1,580,083	-	3.23%	-	
"	Stock — Gian Feng Investment Co., Ltd.	None	"	2,000,000	25,551	10.00%	25,551	
"	Stock — MetroWalk international Co., Ltd.	None	"	3,448,276	108,586	1.72%	108,586	
"	Stock — Budworth Investments Limited	None	"	30,314	45	3.33%	45	
"	Stock — Nangang International One Co., Ltd.	Others	"	27,465,000	232,809	7.85%	232,809	
"	Stock — Nangang International Two Co., Ltd.	Others	"	32,460,000	280,663	8.12%	280,663	

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

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

Unit : NT\$1,000

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

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

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

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

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

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

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

Unit : NT\$1,000

Company	Property Name	Transaction Date	Transaction Amount	Status of Payment	Counterparty	Relationship with the Company	Disclosure of Information on Previous Transfer of Property is Required for Related Parties who are also the Counterparty				References for Determining Price	Purpose of Acquisition and Current Condition	Others
							Owner	Relationship with the Company	Date of Transfer	Amount			
Cathay Real Estate Development Co., Ltd.	Land No. 102, 103, 104, Section 1, Fuduxin Section, Xinzhuang Dist., New Taipei City	2022.02.25	\$1,307,707	Installment by agreement	Individual	None	-	-	-	\$-	1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties	Construction	None
Cathay Real Estate Development Co., Ltd.	Land No. 342, Pingdao Section, Yongkang Dist., Tainan City	2022.03.14	1,208,560	Installment by agreement	Individual	None	-	-	-	-	1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties	Construction	None
Cathay Real Estate Development Co., Ltd.	7 parcels of land including Land No. 241, Changdi Section, Yonghe District, New Taipei City	2022.03.23	713,836	Installment by agreement	Individual	None	-	-	-	-	1. Refer to the report of a professional real estate appraiser 2. As negotiated by two parties, 48% of the underlying property belongs to the Company	Construction	None
Cathay Real Estate Development Co., Ltd.	Land No. 330, Chongde Section, Beitun District, Taichung City	2022.05.17	612,135	Installment by agreement	Individual	None	-	-	-	-	1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties	Construction	None

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

Unit : NT\$1,000

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

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

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

Unit : NT\$1,000

Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts payable		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts payable	
Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd	Subsidiary	Construction land	\$(3,471,000)	24.57%	Not applicable	\$-	-	\$-	-	
Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd	Subsidiary	Construction-in-progress	3,222,474	29.55%	Not applicable	-	-	614,128	42.87%	

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

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

Table 6: Significant intercompany transactions between consolidated entities

Unit : NT\$1,000

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				Account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Rental income	\$411	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Accounts Receivable-related parties	71	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Operating expenses-entertainment expenses	151	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Operating expenses-conference fee	123	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Cost of rental sales	975	Regular	0.01%
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Other non-current liability-deferred credits-gains on Inter-affiliate accounts	13,252	Regular	0.02%
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Realized gain-realized gainfrom inter-affiliate accounts	41	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Other income	50	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Construction cost	24	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Accounts Receivable-related parties	173	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Operating expenses-advertising fee	389	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Other income	26	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Construction cost	28	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-miscellaneous expenses	61	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-entertainment expenses	201	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-advertising fee	116	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Accounts Receivable-related parties	71	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Other income	20	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Expense Payable	4	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Accounts Payable-related parties	132	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Accounts Receivable-related parties	56	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Operating expenses-service fee	2,792	Regular	0.02%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Operating expenses-miscellaneous expenses	896	Regular	0.01%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Cost of rental sales	40,677	Regular	0.24%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Rental income	43	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Other income	168	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Operating expenses-advertising fee	88	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Other income	2,190	Regular	0.01%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Rental income	163	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Refundable deposits	41	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Land held for construction site	30,259	Regular	0.04%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Other income	6,429	Regular	0.04%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Rental income	93	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Refundable deposits	23	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Sanhong Realty Co., Ltd.	1	Rental income	201	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Sanhong Realty Co., Ltd.	1	Refundable deposits	45	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Sanhong Realty Co., Ltd.	1	Land held for construction site	56,202	Regular	0.33%
0	Cathay Real Estate Development Co., Ltd.	Sanhong Realty Co., Ltd.	1	Other income	13,450	Regular	0.08%
0	Cathay Real Estate Development Co., Ltd.	Zhulun Realty Co., Ltd.	1	Rental income	38	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Zhulun Realty Co., Ltd.	1	Refundable deposits	57	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Zhulun Realty Co., Ltd.	1	Other Receivable-related parties	8,863	Regular	0.01%
0	Cathay Real Estate Development Co., Ltd.	Zhulun Realty Co., Ltd.	1	Other income	8,863	Regular	0.05%
0	Cathay Real Estate Development Co., Ltd.	Cymbal Medical Network Co., Ltd	1	Other income	4	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd.	1	Accounts Payable-related parties	614,128	Regular	0.77%
0	Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd.	1	Accounts Receivable-related parties	189	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd.	1	Rental income	158	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd.	1	Other income	1,113	Regular	0.01%
1	San Ching Engineering Co., Ltd	Cathay Real Estate Development Co., Ltd.	2	Contract Assets	16,853	Regular	0.02%
1	San Ching Engineering Co., Ltd	Cathay Real Estate Development Co., Ltd.	2	Contract Liability	905,263	Regular	1.13%
1	San Ching Engineering Co., Ltd	Cathay Real Estate Development Co., Ltd.	2	Accounts Receivable-related parties	490,186	Regular	0.61%
1	San Ching Engineering Co., Ltd	Cathay Real Estate Development Co., Ltd.	2	Construction income	2,210,704	Regular	13.17%
1	San Ching Engineering Co., Ltd	Cathay Real Estate Development Co., Ltd.	2	Engineering costs	2,094,959	Regular	12.48%
2	San Ching Engineering Co., Ltd	Jinhua Realty Co., Ltd.	3	Contract Liability	76,457	Regular	0.10%
2	San Ching Engineering Co., Ltd	Jinhua Realty Co., Ltd.	3	Construction income	166,645	Regular	0.99%
2	San Ching Engineering Co., Ltd	Jinhua Realty Co., Ltd.	3	Engineering costs	166,378	Regular	0.99%
3	Cathay Hospitality Management Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	3	Accounts Receivable-related parties	41,903	Regular	0.05%
3	Cathay Hospitality Management Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	3	Other Receivable	5,619	Regular	0.01%
3	Cathay Hospitality Management Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	3	Accounts Payable-related parties	3,916	Regular	0.00%
3	Cathay Hospitality Management Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	3	Other payable	1,305	Regular	0.00%

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

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

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

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

Note3 : The 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.

English Translation of Financial Statements Originally Issued in Chinese

Table 7: Securities held as of December 31, 2022 (not including subsidiaries, associates and joint ventures) (Investee information)

Unit: NT\$1,000 ; Share

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

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

English Translation of Financial Statements Originally Issued in Chinese

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

Unit: NT\$1,000 ; Share

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

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

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

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

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

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

English Translation of Financial Statements Originally Issued in Chinese

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

Unit: NT\$1,000 ; Share

Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party		Notes/accounts payable		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts payable	
Jinhua Realty Co., Ltd.	San Ching Engineering Co., Ltd.	Other related party	Construction-in-progress	\$281,695	93.87%	Not applicable	-	-	-	-	
San Ching Engineering Co., Ltd.	Cathay Real Estate Development Co., Ltd.	Parent Company	Construction project	(2,239,467)	50.74%	Not applicable	-	-	-	-	
San Ching Engineering Co., Ltd.	Cathay Life Insurance Co., Ltd.	Other related party	Construction project	(1,519,183)	34.42%	Not applicable	-	-	-	-	
San Ching Engineering Co., Ltd.	Jinhua Realty Co., Ltd.	Other related party	Construction project	(166,645)	3.78%	Not applicable	-	-	-	-	

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

English Translation of Financial Statements Originally Issued in Chinese

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

Unit: NT\$1,000 ; USD\$1,000 ; Share

Investor	Investee	Region	Main Business	Original cost		At the end of period			Investees company net income	Share of Profits/Losses	Note
				Balance at December 31, 2022	Balance at December 31, 2021	Number of shares	Percentage	Amount			
Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	ROC	Construction management	\$50,000	\$50,000	5,000,000	100.00%	\$129,694	\$34,852	\$34,852	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	ROC	Consultancy	467,500	467,500	46,750,000	85.00%	620,212	135,075	114,835	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	ROC	Service industry	1,740,000	1,640,000	50,000,000	100.00%	94,135	(257,652)	(252,438)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	ROC	Service industry	1,300,000	1,050,000	60,000,000	100.00%	160,739	(340,834)	(334,076)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cymbal Medical Network Co., Ltd.	ROC	Wholesale of Drugs, Medical Goods	350,000	350,000	35,000,000	100.00%	247,719	(57,891)	(57,891)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	ROC	Apartment building management service industry	68,809	68,809	1,530,000	51.00%	60,421	63,827	32,555	Subsidiary
Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	408,000	408,000	40,800,000	51.00%	338,639	(8,088)	(4,125)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	586,500	408,000	58,650,000	51.00%	578,138	(5,590)	(2,851)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	1,716,000	660	171,600,000	66.00%	1,651,771	(12,162)	(8,027)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Zhulun Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	204,000	-	20,400,000	51.00%	200,286	(7,282)	(3,714)	Subsidiary
Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd.	ROC	Construction Contractor	2,400,000	-	120,000,000	100.00%	2,759,891	327,944 (Note 3)	80,822	Subsidiary
Cathay Real Estate Development Co., Ltd.	Symphox information Co., Ltd.	ROC	Information software wholesaler	67,515	-	5,489,000	11.00%	63,587	(71,372)	(7,851)	Associate
Cathay Real Estate Development Co., Ltd.	San Hsiung Fongshan LaLaport Co., Ltd.	ROC	Department stores industry	150,000	-	150,000,000	30.00%	152,620	8,734 (Note 3)	2,620	Associate
Cathay Hospitality Consulting Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	ROC	Service industry	15,000	-	1,500,000	100.00%	15,006	6	Note 4	Subsidiary
Cymbal Medical Network Co., Ltd.	Cymder Co., Ltd.	ROC	Manpower dispatch and leasing industry	120,000	120,000	12,000,000	100.00%	92,219	(11,413)	Note 5	Subsidiary
Cymbal Medical Network Co., Ltd.	Cymlin Co., Ltd.	ROC	Manpower dispatch and leasing industry	140,000	140,000	14,000,000	100.00%	115,739	(17,525)	Note 5	Subsidiary
San Ching Engineering Co., Ltd.	Cathay Power Inc	ROC	Solar-power generation industry	1,381,433	-	111,113,100	30.00%	1,381,352	60,681 (Note 3)	(124)	Associate
San Ching Engineering Co., Ltd.	Symphox information Co., Ltd.	ROC	Information software wholesaler	244,770	-	19,022,000	38.12%	218,009	(71,372) (Note 3)	(27,207)	Associate

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

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

- (1) In "Investee", "Region", "Main Business", "Original cost" and "At the end of period" columns should filled in in order follow the company invest directly or invest indirectly and explain each relationship in "Note" column.
- (2) In "Investees company net income" column should filled in each investee net income.
- (3) In "Share of Profits/Losses" column only need to filled in the company recognized each subsidiaries and the company under equity method's profits or loss.

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

Note 3: Excluding the current profit and loss before the acquisition.

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

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

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

English Translation of Financial Statements Originally Issued in Chinese

Table 11: 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.		75,440,000	6.50%
Cathay Life Insurance Co., Ltd.		68,646,584	5.92%

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

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

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

1.Statement of Cash and Cash Equivalents

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Cash on hand and petty Cash		\$290	
Bank deposits		4,546,483	
Cash equivalent	due date : January 9, 2023 interest rate:0.92%~0.95%	2,543,043	
Total		<u>\$7,089,816</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, 2022

(Expressed in thousands of New Taiwan Dollars)

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

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

3. Statement of Notes Receivable

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

4. Statement of Accounts Receivable

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

5. Statement of Inventories

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

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

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

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

For the year ended December 31, 2022

(Expressed in thousands of NT and USD)

Type and Name of the Securities	Beginning Balance as of January 1, 2022		Addition		Disposal		Unrealized evaluation gains and losses	Ending balance as of December 31, 2022		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	53,862	-	-	-	-	54,724	3,448,276	108,586	"	
Gian Feng Investment Co., Ltd.	2,000,000	25,423	-	-	-	-	128	2,000,000	25,551	"	
Budworth Investment Limited	30,314	45	-	-	-	-	-	30,314	45	"	
Nangang International One Co., Ltd.	7,485,000	74,167	19,980,000	199,800	-	-	(41,158)	27,465,000	232,809	"	
Nangang International Two Co., Ltd.	7,485,000	73,561	24,975,000	249,750	-	-	(42,648)	32,460,000	280,663	"	
Symphox Information Co., Ltd.	5,489,000	128,058	-	-	5,489,000	67,515	(60,543)	-	-	"	Note 1
Taiwan Star Telecom Co., Ltd.	195,000,000	1,846,000	-	-	195,000,000	1,846,000	-	-	-	"	
Total		<u>\$2,201,116</u>		<u>\$449,550</u>		<u>\$1,913,515</u>	<u>\$(89,497)</u>		<u>\$647,654</u>		

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

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

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

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

NOTE 8: Bargain purchase on acquisition.

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

NOTE 10: The par value per share of all investments under equity method are NTS10, except for San Hsiung Fongshan LaLaport Co., Ltd. with NTS1 per share.

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

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

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

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

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

10. Statement of Other Non-Current Assets

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

11. Statement of Short-Term Loans

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

12. Statement of Short-Term Notes Payable

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

13. Statement of Contract Liabilities-Current

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

14. Statement of Notes Payable

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

15. Statement of Accounts Payable

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

16. Statement of Other Payable

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

17. Statement of Lease Liabilities

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

18. Statement of Long-Term Loans

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

19. Statement of Other Non-Current Liabilities

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Net defined benefit liability		\$68,314	
Guarantee deposits received			
<u>Third parties</u>			
Home Media Group Ltd.	Housing deposit	12,237	
Din Tai Fung Co., Ltd.	Housing deposit	6,000	
Others	Housing deposit	80,959	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		<u>99,196</u>	
<u>Related parties</u>			
Others	Housing deposit	6,323	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		<u>6,323</u>	
Total		<u>105,519</u>	
Other liabilities	Deferred credits- unrealized gains on inter-affiliate accounts	13,252	
Total		<u><u>\$187,085</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, 2022

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Rental Income		\$368,804	
Land Income		10,057,488	
Building Income		3,700,337	
Total		<u>\$14,126,629</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, 2022

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Lease costs		\$325,727	
Land costs		7,554,400	
Building costs		3,658,157	
Total		<u>\$11,538,284</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, 2022

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Selling expenses	Advertising etc.	\$829,491	The amount of individual item in others does not exceed 5% of the account balance.
Salary and wages		188,641	
Taxes		107,207	
Other expenses		147,466	
Total		<u>\$1,272,805</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, 2022 And 2021**

**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 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, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, based on our audits and the report of the other auditors (please refer to Other Matter) the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2022 and 2021, and their consolidated financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the report of the other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### **Real Estate Sales Revenue Recognition**

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

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

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

### **Valuation of Construction Land**

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

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

We also assess whether the Company and its subsidiaries properly disclose information relating the construction land valuation in the financial statement. Please refer Note 4, Note 5 and Note 6.

### **Construction Revenue Recognition**

The Company and its subsidiaries are primarily engaged in performing construction contracts. The recognition of construction revenue is based on the percentage of completion method whereby the input method is used to measure the degree of completion. As the estimates of percentage of completion involves making judgement and estimation and the construction revenue accounted for a significant proportion of operating revenue, which was material to the consolidated financial statements, we therefore determined the construction revenue a key audit matter.

The audit procedures we performed regarding construction revenue recognition included but not limited to: evaluate the appropriateness of the estimated percentage of completed construction and construction revenue recognition policies; understand the transaction process of the construction revenue recognition and perform the tests of assessing the effectiveness of control points during internal control audit; select samples from construction contracts not yet completed by end of the period to perform test of details and recalculate construction revenue recognized based on percentage of completion.

We also assess whether the Company and its subsidiaries properly disclose information relating the construction revenue in the financial statement. Please refer Note 4, Note 5 and Note 6.

### **Other Matter— Making Reference to the Audits of Component Auditors**

We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon had furnished to us, and our opinions expressed herein are based solely on the reports of other auditors. These associates and joint ventures under the equity method amounted to NT\$1,533,972 thousand, representing 1.92% of the total assets as of December 31, 2022. The related shares of profits from the associates and joint venture under the equity method amounted to NT\$14,128 thousand, representing 0.84% of the income before tax for the year ended December 31, 2022.

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

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

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Other**

We have audited and expressed an unqualified opinion including other matters and an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2022 and 2021.

Hsu, Jung Huang  
Ma, Chun Ting  
Ernst & Young, Taiwan  
March 14, 2023

### 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, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

Assets			December 31, 2022		December 31, 2021	
Code	Items	Notes	Amounts	%	Amounts	%
	<b>Current Assets</b>					
1100	Cash and cash equivalents	4, 6(1) & 7	\$10,842,494	14	\$3,937,378	6
1120	Financial assets at fair value through other comprehensive income-current	4 & 6(2)	2,558,725	3	3,605,083	5
1140	Contract assets-current	4 & 6(19)	379,481	-	-	-
1150	Notes receivable, net	4 & 6(3),(20)	38,739	-	20,905	-
1170	Accounts receivable, net	4, 6(4),(20)	458,016	1	465,124	1
1180	Accounts receivable-related parties, net	4, 6(4),(20) & 7	19,037	-	8,131	-
1200	Others receivables		80,109	-	33,663	-
1220	Current tax assets	4	219	-	15	-
130x	Inventories	4, 6(5) & 8	41,309,699	52	35,979,820	53
1410	Prepayments		425,350	1	502,896	1
1470	Others current assets	7&8	123,793	-	146,713	-
1480	Incremental costs of obtaining contracts-current	4, 6(5),(19)	1,219,857	1	885,612	1
11xx	Total current assets		<u>57,455,519</u>	<u>72</u>	<u>45,585,340</u>	<u>67</u>
	<b>Non-current Assets</b>					
1517	Financial assets at fair value through other comprehensive income-non-current	4 & 6(2)	665,726	1	2,201,412	3
1550	Investment accounted for using equity method	4 & 6(6)	1,815,568	2	-	-
1600	Property, plant and equipment	4, 6(7) & 8	4,739,779	6	4,764,306	7
1755	Right-of-use assets	4, 6(21) & 7	4,433,151	5	5,180,713	8
1760	Investment properties, net	4, 6(8) & 8	8,808,563	11	8,225,203	12
1780	Intangible assets	4 & 6(9)	47,298	-	37,564	-
1840	Deferred tax assets	4 & 6(25)	412,363	1	494,848	1
1900	Other non-currents assets	6(10) & 7	1,711,130	2	1,746,760	2
15xx	Total non-currents assets		<u>22,633,578</u>	<u>28</u>	<u>22,650,806</u>	<u>33</u>
1xxx	Total Assets		<u>\$80,089,097</u>	<u>100</u>	<u>\$68,236,146</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, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

Liabilities and Equity			December 31, 2022		December 31, 2021	
Code	Items	Notes	Amounts	%	Amounts	%
	<b>Current Liabilities</b>					
2100	Short-term loans	4, 6(11) & 7	\$12,445,000	16	\$11,460,000	17
2110	Short-term notes payable	4 & 6(12)	4,094,613	5	3,629,296	5
2130	Contract liabilities-current	4 & 6(19)	6,627,488	8	5,285,520	8
2150	Notes payable		55,974	-	173,866	-
2170	Accounts payable		1,270,878	2	934,058	1
2180	Accounts payable-related parties	7	48,467	-	14,957	-
2200	Other payables		1,124,670	1	633,983	1
2230	Current tax liabilities	4	235,359	-	23,400	-
2280	Lease liabilities-current	4, 6(21) & 7	348,171	1	424,081	1
2300	Other current liabilities		153,831	-	1,061,146	2
2320	Long-term loans-current portion	4 & 6(13)	4,150,000	5	1,500,000	2
21xx	Total current liabilities		30,554,451	38	25,140,307	37
	<b>Non-Current Liabilities</b>					
2540	Long-term loans	4 & 6(13)	17,617,000	22	11,302,685	16
2570	Deferred tax liabilities	4 & 6(25)	40,756	-	10,049	-
2580	Lease liabilities-non-current	4, 6(21) & 7	4,887,661	6	5,196,199	8
2600	Other non-current liabilities	6(14) & 7	231,294	1	252,071	-
25xx	Total non-current liabilities		22,776,711	29	16,761,004	24
2xxx	Total Liabilities		53,331,162	67	41,901,311	61
	<b>Equity attributable to stockholders of the parent</b>	4				
3100	Capital stock					
3110	Common stock	6(15)	11,595,611	14	11,595,611	17
3200	Capital surplus	6(16)	65,262	-	38,846	-
3300	Retained earnings	6(17)				
3310	Legal capital reserve		4,723,658	6	4,638,904	7
3320	Special capital reserve		504,189	1	504,189	1
3350	Unappropriated retained earnings		7,491,441	9	7,191,237	10
	Total retained earnings		12,719,288	16	12,334,330	18
3400	Other equity		222,092	-	1,468,825	2
31xx	Total equity attributable to stockholders of the parent		24,602,253	30	25,437,612	37
36xx	Non-controlling interests	6(18)	2,155,682	3	897,223	2
3xxx	Total Equity		26,757,935	33	26,334,835	39
	<b>Total Liabilities and Equity</b>		\$80,089,097	100	\$68,236,146	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, 2022 and 2021

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

(Expressed in thousands of New Taiwan Dollars)

Code	Items	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating revenues	4, 5, 6(8),(19),(21) & 7	\$16,791,732	100	\$12,476,018	100
5000	Operating costs	4, 6(5),(8),(9),(14),(21),(22) & 7	(13,012,678)	(77)	(9,755,584)	(78)
5900	Gross margin		3,779,054	23	2,720,434	22
6000	Operating expenses	4, 6(8),(9),(14),(21),(22) & 7				
6200	Administrative expenses		(2,303,238)	(14)	(1,844,704)	(15)
6450	Expected credit profit (loss)	4 & 6(20)	(16)	-	(40)	-
	Total operating expenses		(2,303,254)	(14)	(1,844,744)	(15)
6900	Operating income		1,475,800	9	875,690	7
7000	Non-operating income and expenses	4, 6(23) & 7				
7100	Interest income		17,367	-	2,923	-
7010	Other income		635,216	3	307,908	3
7020	Other gains or losses		(16,357)	-	(6,661)	-
7050	Finance costs		(403,446)	(2)	(250,969)	(2)
7060	Share of profit or loss of associates and joint ventures		(20,930)	-	-	-
	Total non-operating income and expenses		211,850	1	53,201	1
7900	Income before Income tax		1,687,650	10	928,891	8
7950	Income tax (expense) benefit	4 & 6(25)	(387,308)	(2)	(85,391)	(1)
8200	Net income		1,300,342	8	843,500	7
8300	Other Comprehensive Income	6(24)				
8310	Not to be reclassified to profit or loss in subsequent periods					
8311	Remeasurements of defined benefit plans		(24,378)	-	(856)	-
8316	Valuation gain (losses) on equity instruments at fair value through other comprehensive income		(1,353,867)	(8)	1,295,089	10
8349	Income tax related to items not be reclassified to profit or loss in subsequent periods		4,876	-	172	-
8320	Share of the other comprehensive income of associates and joint ventures accounted for using the equity method – not to be reclassified to profit or loss in subsequent periods		869	-	-	-
8360	To be reclassified to profit or loss in subsequent periods					
8370	Share of the other comprehensive income of associates and joint ventures accounted for using the equity method – to be reclassified to profit or loss in subsequent periods		432	-	-	-
	Other comprehensive (losses) income, net of tax		(1,372,068)	(8)	1,294,405	10
8500	Total comprehensive (losses) income		\$(71,726)	-	\$2,137,905	17
8600	Net income (losses) attributable to:					
8610	Shareholders of the parent		\$1,207,749	7	\$847,539	7
8620	Non-controlling interests		92,593	1	(4,039)	-
			\$1,300,342	8	\$843,500	7
8700	Total comprehensive income (losses) attributable to:					
8710	Shareholders of the parent		\$(166,038)	(1)	\$2,142,618	17
8720	Non-controlling interests		94,312	1	(4,713)	-
			\$(71,726)	-	\$2,137,905	17
	Earnings Per Share (In dollars)	6(26)				
9750	Basic earnings per share		\$1.04		\$0.73	
9850	Diluted earnings per share		\$1.04		\$0.73	

(The accompanying notes are an integral part of these 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, 2022 and 2021

(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	Retained Earnings			Other 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			
3100	3200	3310	3320	3350	3410	3420	3445	31XX	36XX	3XXX		
A1	Balance on January 1, 2021	\$11,595,611	\$39,515	\$4,489,507	\$504,189	\$7,652,656	\$-	\$156,565	\$17,181	\$24,455,224	\$943,904	\$25,399,128
B1	Appropriation and distribution of earnings for the year 2020											
B1	Legal capital reserve	-	-	149,397	-	(149,397)	-	-	-	-	-	-
B5	Cash dividends on common stock	-	-	-	-	(1,159,561)	-	-	-	(1,159,561)	-	(1,159,561)
C17	Changes in other capital surplus	-	(669)	-	-	-	-	-	-	(669)	-	(669)
D1	Net income for the year ended December 31, 2021	-	-	-	-	847,539	-	-	-	847,539	(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
D5	Total comprehensive income (loss)	-	-	-	-	847,539	-	1,295,089	(10)	2,142,618	(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
B1	Appropriation and distribution of earnings for the year 2021											
B1	Legal capital reserve	-	-	84,754	-	(84,754)	-	-	-	-	-	-
B5	Cash dividends on common stock	-	-	-	-	(695,737)	-	-	-	(695,737)	-	(695,737)
C7	Changes in equity of associates and joint ventures accounted for using equity method	-	16,452	-	-	-	-	-	-	16,452	-	16,452
C17	Changes in other capital surplus	-	9,702	-	-	-	-	-	-	9,702	-	9,702
D1	Net income for the year ended December 31, 2022	-	-	-	-	1,207,749	-	-	-	1,207,749	92,593	1,300,342
D3	Other comprehensive income (loss), net of tax for the year ended December 31, 2022	-	-	-	-	-	432	(1,354,056)	(20,163)	(1,373,787)	1,719	(1,372,068)
D5	Total comprehensive income (loss)	-	-	-	-	1,207,749	432	(1,354,056)	(20,163)	(166,038)	94,312	(71,726)
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	262	-	-	-	-	-	-	262	-	262
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	1,164,147	1,164,147
Q1	Disposal of financial instruments at fair value through other comprehensive income	-	-	-	-	(127,054)	-	127,054	-	-	-	-
Z1	Balance on December 31, 2022	\$11,595,611	\$65,262	\$4,723,658	\$504,189	\$7,491,441	\$432	\$224,652	\$(2,992)	\$24,602,253	\$2,155,682	\$26,757,935

(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, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

Code	Items	2022	2021
		Amount	Amount
AAAA	Cash flows from operating activities		
A10000	Net income before tax	\$1,687,650	\$928,891
A20000	Adjustments:		
A20100	Depreciation	1,192,158	998,863
A20200	Amortization	20,778	19,135
A20300	Expected credit loss (gain)	16	40
A20900	Interest expenses	403,446	250,969
A21200	Interest income	(17,367)	(2,923)
A21300	Dividend income	(204,369)	(146,949)
A22300	Share of profit or loss of associates and joint ventures	20,930	-
A22500	Loss (gain) on disposal of property, plant and equipment	18,454	2,816
A22800	Loss (gain) on disposal of intangible assets	242	-
A23100	Loss (gain) on disposal of investments	(21,455)	-
A29900	Others	(281,971)	-
A30000	Changes in operating assets and liabilities:		
A31125	Decrease (increase) in contract assets	(274,263)	-
A31130	Decrease (increase) in notes receivable	(17,834)	11,501
A31150	Decrease (increase) in accounts receivable	43,908	894
A31160	Decrease (increase) in accounts receivable-related parties	48,639	(2,711)
A31180	Decrease (increase) in other receivables	(79,663)	(2,991)
A31200	Decrease (increase) in inventories	(3,315,970)	(6,966,390)
A31230	Decrease (increase) in prepayments	49,311	(70,481)
A31240	Decrease (increase) in other current assets	45,137	(34,517)
A31270	Decrease (increase) in incremental costs of obtaining contracts	(334,245)	(252,583)
A31990	Decrease (increase) in other operating assets	(44,634)	34,806
A32125	Increase (decrease) in contract liabilities	1,214,326	778,898
A32130	Increase (decrease) in notes payable	(121,369)	113,064
A32150	Increase (decrease) in accounts payable	106,621	(94,264)
A32160	Increase (decrease) in accounts payable-related parties	35,255	(35,759)
A32180	Increase (decrease) in other payables	404,857	(45,329)
A32230	Increase (decrease) in other current liabilities	(907,244)	960,188
A33000	Cash inflow generated from operations	<u>(328,656)</u>	<u>(3,554,832)</u>
A33100	Interests received	17,222	2,841
A33500	Income taxes paid	(227,910)	(133,529)
AAAA	Net cash generated by (used in) operating activities	<u>(539,344)</u>	<u>(3,685,520)</u>
BBBB	Cash flow from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(670,038)	-
B00020	Disposal of financial assets at fair value through other comprehensive income	1,846,000	-
B01800	Acquisition of investment accounted for using equity method	(150,000)	-
B01900	Disposal of investments accounted for using the equity method	8,535	-
B02200	Net cash flow from acquisition of subsidiaries	(998,057)	-
B02300	Disposal of subsidiaries	361,024	-
B02700	Acquisition of property, plant and equipment	(1,381,436)	(408,301)
B02800	Disposal of property, plant and equipment	5,049	11,211
B04500	Acquisition of intangible assets	(31,404)	(23,099)
B06700	Increase in other non-current assets	(194,399)	(90,891)
B07600	Dividends received	204,369	146,949
BBBB	Net cash generated by (used in) investing activities	<u>(1,000,357)</u>	<u>(364,131)</u>
CCCC	Cash flow from financing activities		
C00100	Increase in short-term loans	783,768	4,109,000
C00500	Increase in short-term notes payable	-	538,795
C00600	Decrease in short-term notes payable	(805,058)	-
C01600	Proceeds from long-term debt	12,451,977	8,302,685
C01700	Repayment of long-term loans	(3,339,787)	(6,409,741)
C04020	Repayment of principal of lease liabilities	(441,327)	(368,526)
C04400	Decrease in other non-current liabilities	(100,804)	(8,056)
C04500	Payment of cash dividends	(695,737)	(1,159,561)
C05600	Interests paid	(649,924)	(370,554)
C05800	Change in non-controlling interests	1,241,709	(41,968)
C09900	Other financing activities	-	(669)
CCCC	Net cash generated by (used in) financing activities	<u>8,444,817</u>	<u>4,591,405</u>
EEEE	Net increase (decrease) in cash and cash equivalents	<u>6,905,116</u>	<u>541,754</u>
E00100	Cash and cash equivalents, beginning of period	<u>3,937,378</u>	<u>3,395,624</u>
E00200	Cash and cash equivalents, end of period	<u>\$10,842,494</u>	<u>\$3,937,378</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.**

**Notes to Consolidated Financial Statements**

**For the Years Ended December 31, 2022, and 2021**

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

### **1. HISTORY AND ORGANIZATION**

Cathay Real Estate Development Co., Ltd. (the “Company”) was incorporated on December 1, 1964. The main businesses of the 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, 2022 and 2021 were authorized for issue by the Board of Directors on March 14, 2023.

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

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

The Group applied for the first-time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised, or amended which are endorsed by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2022. The adoption of these new standards and amendments had no material impact on the 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.

## English Translation of Financial Statements Originally Issued in Chinese

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

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

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

### B. Definition of Accounting Estimates – Amendments to IAS 8

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

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

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

The abovementioned amendments that are applicable for annual periods beginning on or after January 1, 2023 have no material impact on the 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 2024
4	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
5	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024

## **English Translation of Financial Statements Originally Issued in Chinese**

### 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.

## **English Translation of Financial Statements Originally Issued in Chinese**

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

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

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

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

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

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

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the 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, 2022 and 2021 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.

## English Translation of Financial Statements Originally Issued in Chinese

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, 2022	December 31, 2021
The Company	Cathay Real Estate Management Co., Ltd.	Construction management	100.00%	100.00%
The Company	Cathay Healthcare Management Co., Ltd.	Consultancy	85.00%	85.00%
The Company	Cathay Hospitality Management Co., Ltd.	Service industry	100.00%	100.00%
The Company	Cathay Hospitality Consulting Co., Ltd.	Service industry	100.00%	100.00%
The Company	Cymbal Medical Network Co., Ltd.	Wholesale of Drugs, Medical Goods	100.00%	100.00%
The Company	Lin Yuan Property Management Co., Ltd.	Apartment building management service industry	51.00%	51.00%
The Company	Jinhua Realty Co., Ltd.	Residential and building development leasing and sale industry	51.00%	51.00%
The Company	Bannan Realty Co., Ltd.	Residential and building development leasing and sale industry	51.00%	51.00%
The Company	Sanchong Realty Co., Ltd.	Residential and building development leasing and sale industry	66.00%	66.00%
The Company	Zhulun Realty Co., Ltd.	Residential and building development leasing and sale industry	51.00%	-
The Company	San Ching Engineering Co., Ltd.	Construction Contractor	100.00%	-
			(Note 1)	
Cathay Hospitality Consulting Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	Service industry	100.00%	-
Cymbal Medical Network Co., Ltd.	Cymder Co., Ltd.	Manpower dispatch and leasing industry	100.00%	100.00%
Cymbal Medical	Cymlin Co., Ltd.	Manpower dispatch and leasing	100.00%	100.00%

## English Translation of Financial Statements Originally Issued in Chinese

Investor	Subsidiaries	Main business	Percentage of ownership (%)	
			December 31, 2022	December 31, 2021
Network Co., Ltd.		industry		
San Ching Engineering Co., Ltd.	Xin Ri Tai Energy Co., Ltd.	Solar-power generation industry	(Notes 1 and 2)	-
San Ching Engineering Co., Ltd.	Cathay Power Inc	Solar-power generation industry	(Notes 1 and 2)	-
Xin Ri Tai Energy Co., Ltd.	Xiyi Co., Ltd.	Solar-power generation industry	(Notes 1 and 2)	-
Xin Ri Tai Energy Co., Ltd.	Dali Energy Co., Ltd.	Solar-power generation industry	(Notes 1 and 2)	-
Xin Ri Tai Energy Co., Ltd.	Yonghan Co., Ltd.	Solar-power generation industry	(Notes 1 and 2)	-
Cathay Power Inc	Sunrise Pv One Co., Ltd.	Solar-power generation industry	(Notes 1 and 2)	-
Cathay Power Inc	Cathy Sunrise Two Co., Ltd.	Solar-power generation industry	(Notes 1 and 2)	-
Cathay Power Inc	Cathy Sunrise Electric Power Two Co., Ltd.	Solar-power generation industry	(Notes 1 and 2)	-
Cathay Power Inc	Baiyang Energy Co., Ltd.	Solar-power generation industry	(Notes 1 and 2)	-
Cathay Power Inc	Hongsheng New Technology Co., Ltd.	Solar-power generation industry	(Notes 1 and 2)	-
Cathay Power Inc	Shenlu Co., Ltd.	Self-generated renewable energy industry	(Notes 1 and 2)	-
Cathay Power Inc	Nanyang Electric Co., Ltd.	Solar-power generation industry	(Notes 1 and 2)	-
Sunrise Pv One Co., Ltd.	Shuguang Energy Co., Ltd.	Solar-power generation industry	(Notes 1 and 2)	-

Note 1: The Group acquired San Ching Engineering Co., Ltd, Xin Ri Tai Energy Co., Ltd and its subsidiaries, and Cathay Power Inc and their subsidiaries in May 2022. The Group had significant influence over these entities and they were consolidated into the Group.

Note 2: The Group disposed of the holding shares of Xin Ri Tai Energy Co., Ltd, Cathay Power Inc and their subsidiaries in November, 2022. The Group lost significant influence over these entities and did not include them since then. Please refer to Note 6. (23).C Other gains and losses for more details regarding the disposal of subsidiary.

### C. The changing of the subsidiaries:

The Company gained control over Cathay Food & Beverage Group CO., LTD and Zhulun Realty Co., Ltd. since the establishment in 2022. After acquiring 100% shares of San Ching Engineering Co., Ltd. in May 2022, the Company gained control over the entity which holds shares of Xin Ri Tai Energy Co., Ltd, Cathay Power Inc and their subsidiaries. The Company consolidated the abovementioned entities on the day of acquisition; Sanchong Realty Co., Ltd. was established in 2021.

## English Translation of Financial Statements Originally Issued in Chinese

San Ching Engineering Co., Ltd passed the resolution at the board meeting in November 2022 to exchange all of its holding shares of Xin Ri Tai Energy Co., Ltd and CM Energy Co., Ltd. to participate in the capital increase of Cathay Power Inc (exchange at net value) and sell part of its equity of Cathay Power Inc. The shareholding percentage in Cathay Power Inc was reduced to 30% after the transaction, the group therefore lost control of the above-mentioned subsidiaries and did not consolidate the above-mentioned entities.

### **(4) Foreign currency transactions**

The Group's consolidated financial statements are presented in NT\$, which is also the Group's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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

## **English Translation of Financial Statements Originally Issued in Chinese**

### **(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

## **English Translation of Financial Statements Originally Issued in Chinese**

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 comprise 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.

## **English Translation of Financial Statements Originally Issued in Chinese**

### *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.

## **English Translation of Financial Statements Originally Issued in Chinese**

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.

## **English Translation of Financial Statements Originally Issued in Chinese**

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

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

### D. Financial liabilities and equity

#### Classification 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.

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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.

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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 prorata 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.

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

Buildings	2~50 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.

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### 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.

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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:

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### Sales of land and buildings

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

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

### Construction contracting

The Group is engaged in construction contracting. Since the assets are under the control of the client from the beginning of construction. The recognition of construction revenue is based on the percentage of completion method whereby the input method is used to measure the degree of completion. The degree of completion is calculated by the proportion of input cost of contract with total estimated cost of contract. Once the estimated total cost of contract is probably surpassing the estimated revenue, the Company recognized the expected loss under expense. When the performance of obligation of construction contract cannot be reliably measured, revenue is only recognized within the expected recoverable cost of fulfilling the performance obligation.

The Group measures the completion progress by the performance obligations specified in the contract and gradually recognizes contract assets during the construction process. When the group issues a bill, the amount of the bill should be recorded as account receivable. The difference between receiving amount and the recognized revenue is recognized under contract liability. The construction retention money withheld by the customer in accordance with the contract terms is intended to ensure that the Group fulfills all its contractual obligations and is recognized as a contract asset before the Group completes the performance.

### Sales of goods

The Group recognized the sales revenue when the merchandise transport to the customer and the control of merchandise transfer to the customers (The customers own the right to control the merchandise and the residual benefit to the merchandise.)

The Group recognized the account receivable when the merchandise's control transfer to the customers and has the right to charge, the account receivable usually has a short period to recover and do not have a significant financial component.

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### 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

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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:

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- 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.

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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:

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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.

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### D. Construction contract

The recognition of construction revenue is based on the percentage of completion method whereby the input method is used to measure the degree of completion. The degree of completion is calculated by the proportion of input cost of contract with total estimated cost of contract. Since the estimation of total cost and items within the contract requires judgements from the management to consider the nature of different constructions, the calculation of percentage of completion, and construction revenue and cost may be affected.

### E. Income 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 counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective 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, 2022, the deferred income tax assets that the Group has not recognize, please refer to Note 6 for more details.

### F. Inventory evaluation

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

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

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

## **6. CONTENTS OF SIGNIFICANT ACCOUNTS**

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

	As of December 31,	
	2022	2021
Cash on hand and petty cash	\$10,673	\$4,739
Checking accounts and demand deposit	7,494,438	3,657,468
Time deposits	187,200	210,250
Cash equivalent-short-term notes	3,150,183	64,921
Total	<u>\$10,842,494</u>	<u>\$3,937,378</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,	
	2022	2021
Equity instruments investments measured at fair value through other comprehensive income - current:		
Listed company's stocks	<u>\$2,558,725</u>	<u>\$3,605,083</u>
Equity instruments investments measured at fair value through other comprehensive income - non-current:		
Unlisted company's stocks	<u>\$665,726</u>	<u>\$2,201,412</u>

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

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

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

In consideration of the 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, 2022 and 2021 are as follows:

	For the years ended December 31,	
	2022	2021
The fair value of the investments at the date of derecognition	\$1,913,514	\$-
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	(127,054)	-

### (3) Notes receivable

	As of December 31,	
	2022	2021
Notes receivable arising from operating activities	\$38,739	\$20,905
Less: loss allowance	-	-
Notes receivable, net	\$38,739	\$20,905

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

The Group adopted IFRS 9 for impairment assessment. Please refer to Note 6. (20) for more details on accumulated impairment. Please refer to Note 12 for more details on credit risk.

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

	As of December 31,	
	2022	2021
Accounts receivable	\$458,082	\$465,174
Less: loss allowance	(66)	(50)
Subtotal	458,016	465,124
Accounts receivable - related parties	19,037	8,131
Less: loss allowance	-	-
Subtotal	19,037	8,131
Total	\$477,053	\$473,255

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

Accounts receivables are generally on 30-365-day terms. The book value of the accounts receivables held by the Group were NT\$477,119 thousand and NT\$473,305 thousand as of December 31, 2022 and 2021, respectively. Please refer to Note 6. (20) for more details on impairment of accounts receivable. Please refer to Note 12 for more details on credit risk management.

**(5) Inventories**

	As of December 31,	
	2022	2021
Construction land	\$16,727,311	\$12,842,775
Construction in progress	23,453,238	19,212,622
Buildings and land held for sale	761,803	998,041
Others	3,178	2,215
Subtotal	40,945,530	33,055,653
Prepayment for land purchases	364,169	2,924,167
Total	\$41,309,699	\$35,979,820

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

B. Significant construction projects were as follows:

Construction Project	Amount	Percentage of Completion
Cathay Lagom	\$1,203,810	84%
Liberty Stationery Corp	2,471,862	67%
Cathay Harvest	1,395,238	54%
Cathay ChuanQing	1,231,429	59%
Cathay XiJing	1,133,333	26%
Cathay of Riverside	1,104,762	31%
Cathay YouYong	1,158,464	24%
Cathay MOST+	1,890,000	30%
Cathay THE PARK	1,257,143	16%
Dunnan Lin Yuan	1,670,952	12%
Cathay Yi River	2,275,500	4%
Cathay Youjing	1,086,746	2%
UNi PARK	2,816,000	10%

The disclosure items regarding the significant projects listed above have not taken into account any consolidation, offsetting or adjustment.

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

	For the years ended December 31,	
	2022	2021
Interest expense capitalized	\$267,161	\$122,220
Interest expense before capitalization	670,607	373,189
Monthly capitalization interest rate	0.0458%~0.2033%	0.0383%~0.0883%

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

Construction Project	Amount	Trustee
Cathay Harvest	\$555	Cathay United Bank
Cathay Lagom	6,036	Cathay United Bank
Cathay ChuanQing	5,837	Cathay United Bank
Cathay Opulence	200,891	Cathay United Bank
Cathay XiJing	13,571	Cathay United Bank
Cathay of Riverside	9,816	Cathay United Bank
Cathay YouYong	100,126	Cathay United Bank
Cathay Youjing	307,974	Cathay United Bank
Cathay Beautiful Life	244,311	Cathay United Bank
Cathay The Essence Garden	304,470	Cathay United Bank
Dunnan Lin Yuan	197,409	Cathay United Bank
Cathay THE PARK	177,206	Cathay United Bank
Cathay MOST+	50,066	Cathay United Bank
Cathay Fu Forest	0	Cathay United Bank
Cathay Panyun	165,788	Cathay United Bank
Cathay Yi River	241,770	Cathay United Bank
UNi PARK	674,942	Cathay United Bank
TheEssenceGarden		

As of December 31, 2022, 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\$2,700,768 thousand, which is equal to the amount receivable of the presold contract. There is no delay in the delivery of the trust account.

E. The cost of inventories recognized in expenses amounts to NT\$ 7,797,707 thousand and NT\$7,111,488 thousand for the years ended to December 31, 2022 and 2021.

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

G. 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.

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

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

Investee	As of December 31,			
	2022		2021	
	Amount	Percentage of ownership (%)	Amount	Percentage of ownership (%)
Investment of associates:				
Symphox Information Co., Ltd.	\$281,596	49.12%	\$-	-
San Hsiung Fongshan LaLaport Co., Ltd.	152,620	30.00%	-	-
Cathay Power Inc	1,381,352	30.00%	-	-
Total	<u>\$1,815,568</u>		<u>\$-</u>	

A. We did not audit the financial statements of certain associates and joint ventures, which were audited by other auditors. The investment in these associates and joint ventures under equity method amounted to NT\$1,533,972 thousand as of December 31, 2022. The related shares of profits from the associates and joint venture under the equity method amounted to NT\$14,128 thousand for the year ended December 31, 2022.

B. The Group acquired 100% of San Ching Engineering Co., Ltd.'s holding shares in May 2022 and had significant influence over Symphox Information Co., Ltd., the shareholding percentage increased from 11.00% to 49.12%. The Group reclassified the investment from financial asset measured at fair value through other comprehensive income to investment under equity method.

C. Though the Group and one of the entities are the largest shareholders of Symphox Information Co., Ltd, after comprehensive assessment, the Group does not own the majority voting rights as the remaining voting rights holders are able to reach an agreement to prevent the Group from leading the relate operations of the associate. Therefore, the Group does not control but owns significant influence over the abovementioned associates.

D. The Group's investment in the associates were not material for the Group. The Group's investment in the associates aggregately amounted to NT\$1,815,568 thousand as of December 31, 2022. The related shares of profits from the associates were as follows:

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

E. The Group's investments accounted for using the equity method were not pledged as collateral or guarantee.

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

	As of December 31,	
	2022	2021
Owner occupied property, plant and equipment	\$3,815,034	\$4,214,962
Property, plant and equipment leased out under operating leases	924,745	549,344
<b>Total</b>	<b>\$4,739,779</b>	<b>\$4,764,306</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, 2021	\$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	1,616,689	1,181,178	2,100,861	663,100	177,631	5,739,459
Additions	-	5,313	8,520	94,118	950,869	1,058,820
Acquisitions through business combinations	-	-	-	5,953,987	348,935	6,302,922
Disposals	-	-	(1,140)	(9,019)	-	(10,159)
Transfer	-	-	(8,590)	244,767	(407,878)	(171,701)
Other - loss of control	-	-	-	(6,241,021)	(1,066,140)	(7,307,161)
As of December 31, 2022	<u>\$1,616,689</u>	<u>\$1,186,491</u>	<u>\$2,099,651</u>	<u>\$705,932</u>	<u>\$3,417</u>	<u>\$5,612,180</u>
<b>Depreciation and impairment:</b>						
As of January 1, 2021	\$-	\$327,190	\$521,605	\$390,660	\$-	\$1,239,455
Depreciation	-	35,432	171,823	80,977	-	288,232
Disposals	-	-	-	(3,140)	-	(3,140)
Transfer	-	-	-	(50)	-	(50)
As of December 31, 2021	-	362,622	693,428	468,447	-	1,524,497
Depreciation	-	36,317	176,754	252,559	-	465,630
Disposals	-	-	(1,140)	(8,556)	-	(9,696)
Transfer	-	-	(108)	-	-	(108)
Other - loss of control	-	-	-	(183,177)	-	(183,177)
As of December 31, 2022	<u>\$-</u>	<u>\$398,939</u>	<u>\$868,934</u>	<u>\$529,273</u>	<u>\$-</u>	<u>\$1,797,146</u>
<b>Net carrying amount:</b>						
As of December 31, 2022	<u>\$1,616,689</u>	<u>\$787,552</u>	<u>\$1,230,717</u>	<u>\$176,659</u>	<u>\$3,417</u>	<u>\$3,815,034</u>
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>

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

	Leasehold Improvement	Other equipment	Transportation equipment	Total
Cost				
As of January 1, 2021	\$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	417,130	417,237	117,648	952,015
Additions	173,739	108,310	40,567	322,616
Disposals	(36,152)	(9,564)	(17,202)	(62,918)
Transfer	160,566	2,892	-	163,458
As of December 31, 2022	\$715,283	\$518,875	\$141,013	\$1,375,171
Depreciation and impairment:				
As of January 1, 2021	\$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	151,777	187,159	63,735	402,671
Depreciation	30,417	37,253	19,855	87,525
Disposals	(16,187)	(7,135)	(16,556)	(39,878)
Transfer	108	-	-	108
As of December 31, 2022	\$166,115	\$217,277	\$67,034	\$450,426
Net carrying amount:				
As of December 31, 2022	\$549,168	\$301,598	\$73,979	\$924,745
As of December 31, 2021	\$265,353	\$230,078	\$53,913	\$549,344

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

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

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

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**(8) Investment property**

	Right-of-use			
	Lands	Buildings	assets	Total
Cost:				
As of January 1, 2021	\$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	5,554,426	4,913,558	297,382	10,765,366
Additions	-	44,634	2,698	47,332
Acquisitions through business combinations	213,968	41,311	-	255,279
Transfer	57,941	58,372	426,018	542,331
Disposals	-	-	(91,932)	(91,932)
As of December 31, 2022	<u>\$5,826,335</u>	<u>\$5,057,875</u>	<u>\$634,166</u>	<u>\$11,518,376</u>
Depreciation and impairment:				
As of January 1, 2021	\$-	\$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	-	2,354,150	186,013	2,540,163
Depreciation	-	119,845	110,307	230,152
Transfer	-	-	27,292	27,292
Disposals	-	-	(87,794)	(87,794)
As of December 31, 2022	<u>\$-</u>	<u>\$2,473,995</u>	<u>\$235,818</u>	<u>\$2,709,813</u>
Net carrying amount:				
As of December 31, 2022	<u>\$5,826,335</u>	<u>\$2,583,880</u>	<u>\$398,348</u>	<u>\$8,808,563</u>
As of December 31, 2021	<u>\$5,554,426</u>	<u>\$2,559,408</u>	<u>\$111,369</u>	<u>\$8,225,203</u>

	For the years ended December 31,	
	2022	2021
Rental income from investment property	\$449,023	\$258,370
Less:		
Direct operating expenses from investment property generating rental income	(88,946)	(73,164)
Direct operating expenses from investment property not generating rental income	(46,184)	(35,428)
Total	<u>\$313,893</u>	<u>\$149,778</u>

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The investment properties held by the Group were not valued at fair value. The amounts of the fair value were only for disclosure. The fair value of the investment properties held by the Group were NT\$14,019,301 thousand and NT\$13,716,064 thousand as of December 31, 2022 and 2021, respectively, which were valued by an independent external appraisal expert and internal valuation. The evaluation method was comparison method and based on the actual deal price or the market transaction price of the real estate nearby.

Please refer to Note 8 for more details on investment property under pledge.

**(9) Intangible assets**

	Computer software	Trademark	Other intangible assets	Goodwill	Total
Cost:					
As of January 1, 2021	\$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	184,038	7,734	-	-	191,772
Addition-acquired separately	30,135	227	-	1,042	31,404
Acquisitions through business combinations	3,113	-	23,846	471,247	498,206
Disposals	(300)	-	(675)	-	(975)
Transfer	321	-	-	-	321
Other - loss of control	(4,589)	-	(23,171)	(472,289)	(500,049)
As of December 31, 2022	\$212,718	\$7,961	\$-	\$-	\$220,679
Amortization and impairment:					
As of January 1, 2021	\$130,725	\$4,380	\$-	\$-	\$135,105
Amortization	18,814	321	-	-	19,135
Disposals	(32)	-	-	-	(32)
As of December 31, 2021	149,507	4,701	-	-	154,208
Amortization	19,580	441	757	-	20,778
Disposals	(58)	-	(675)	-	(733)
Other - loss of control	(790)	-	(82)	-	(872)
As of December 31, 2022	\$168,239	\$5,142	\$-	\$-	\$173,381
Net carrying amount:					
As of December 31, 2022	\$44,479	\$2,819	\$-	\$-	\$47,298
As of December 31, 2021	\$34,531	\$3,033	\$-	\$-	\$37,564

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Amortization expense of intangible assets were as follows:

	For the years ended December 31,	
	2022	2021
Operating expenses	\$16,415	\$16,715
Operating costs	4,363	2,420
Total	\$20,778	\$19,135

### (10) Other non-current assets

	As of December 31,	
	2022	2021
Construction land	\$18,425	\$18,425
Prepaid expense - equipment	46,118	122,734
Refundable deposits	1,539,370	1,536,733
Other financial assets	46,400	46,400
Other non-current assets - other	60,817	22,468
Total	\$1,711,130	\$1,746,760

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
	2022	2021			
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
	\$18,425	\$18,425			

### (11) Short-term loans

	As of December 31,	
	2022	2021
Unsecured bank loans	\$11,825,000	\$11,460,000
Secured bank loans	620,000	-
Total	\$12,445,000	\$11,460,000
Interest rate	1.33%~2.30%	0.81%~1.01%

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

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

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**(12) Short-term notes payable**

	As of December 31,	
	2022	2021
Short-term notes and bills payable	\$4,101,000	\$3,637,000
Less: unamortized discount	(6,387)	(7,704)
Net	<u>\$4,094,613</u>	<u>\$3,629,296</u>
Interest rate	1.48%~2.10%	0.33%~0.67%

**(13) Long-term loans**

	As of December 31, 2022	Interest rate (%)	Maturity date and terms of repayment
Bank credit loans	\$16,441,550	1.38%~2.44%	Effective July 2020 to July 2027, repayments on due day.
Bank secured loans	5,325,450	2.23%~2.30%	Effective March 2022 to March 2029, repayments on due day.
Subtotal	<u>21,767,000</u>		
Less: current portion	<u>(4,150,000)</u>		
Total	<u>\$17,617,000</u>		

	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>		

The Group's unused total lines of credits amounted to NT\$29,702,000 thousand and NT\$18,905,060 thousand as of December 31, 2022 and 2021, respectively.

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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 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, 2022 and 2021, the expenses related to defined contribution plan amounted to NT\$51,518 thousand and NT\$39,117 thousand, respectively.

#### B. Defined benefits plan

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

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The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT\$8,858 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

As of December 31, 2022 and 2021, the average duration of defined benefit obligation of the Group was expected to be 11.2 years and 12.6 years.

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

	For the years ended December 31,	
	2022	2021
Current period service cost	\$21,949	\$18,923
Net interest on the net defined benefit liability (asset)	788	499
Total	<u>\$22,737</u>	<u>\$19,422</u>

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

	As of		
	December 31, 2022	December 31, 2021	January 1, 2021
Present value of defined benefit obligation	\$561,385	\$377,793	\$381,746
Fair value of plan assets	(470,550)	(218,703)	(208,248)
Other non-current liabilities-accrued pension liabilities (assets) recognized on the balance sheets	<u>\$90,835</u>	<u>\$159,090</u>	<u>\$173,498</u>

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Reconciliation of net defined benefit liabilities (assets):

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
As of January 1, 2021	\$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
Acquisitions through business combinations	209,288	(256,471)	(47,183)
Net defined benefit cost			
Current service cost	21,949	-	21,949
Interest expense (income)	3,647	(2,859)	788
Subtotal	25,596	(2,859)	22,737
Remeasurement of defined benefit liabilities/assets			
Actuarial gains and losses arising from changes in financial assumptions	(6,801)	-	(6,801)
Experience adjustment	23,597	-	23,597
Remeasurement of plan assets	-	7,582	7,582
Subtotal	16,796	7,582	24,378
Payments from the plan	(68,088)	15,452	(52,636)
Contributions by employer	-	(15,551)	(15,551)
As of December 31, 2022	\$561,385	\$(470,550)	\$90,835

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

	As of December 31,	
	2022	2021
Discount rate	1.20%~1.35%	0.61%~0.74%
Expected rate of salary increases	0.50%~2.50%	0.50%~2.50%

A sensitivity analysis for significant assumption:

	For the years ended December 31,			
	2022		2021	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate	\$-	\$9,262	\$-	\$7,106
increase by 0.25%				
Discount rate	9,936	-	7,474	-
decrease by 0.25%				
Future salary	19,572	-	14,211	-
increase by 0.5%				
Future salary	-	17,254	-	13,593
decrease by 0.5%				

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

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

### **(15) Common stock**

The Company's authorized capital was NT\$ 20,000,000 thousand and issued capital was NT\$ 11,595,611 thousand as at December 31, 2022 and 2021, respectively. The Company has issued 1,159,561 thousand shares as at December 31, 2022 and 2021, respectively, each at a par value of NT\$10. Each share has one voting right and a right to receive dividends.

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### (16) Capital surplus

	As of December 31,	
	2022	2021
Treasury share transactions	\$10,407	\$10,407
Difference between consideration and carrying amount of subsidiaries acquired or disposed	262	-
Changes in equity of associates and joint ventures accounted for using equity method	16,452	-
Others - overdue dividends	38,141	28,439
Total	<u>\$65,262</u>	<u>\$38,846</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 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.

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At the first-time adoption of IFRSs, special reserve set aside by The Company was NT\$504,189 thousand. As of December 31, 2022, there were no use, disposition or reclassification of related assets and there is no need to revolving special reserve to retained earnings.

### C. Retained earnings and dividend policies

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

- a. Payments of all taxes, if any
- b. To offset prior year's deficit, if any
- c. To set aside 10% of the remaining amount as legal reserve 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 2021 and 2020, the details of earnings distribution and dividends per share were resolved by the shareholder's meeting on June 17, 2022 and July 23, 2021, were as follows:

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

E. Please refer to Note 6. (22) for details of bonus to employees and directors.

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**(18) Non-controlling interests**

	For the years ended December 31,	
	2022	2021
Beginning balance	\$897,223	\$943,904
Net income (losses) attributed to the non-controlling interests	92,593	(4,039)
Other comprehensive income attributed to the non-controlling interests:		
Remeasurements of defined benefit plans	2,148	(843)
Income tax (benefit) expense relating to items that will not be reclassified to profits/losses	(429)	169
Acquisition of new shares in a subsidiary not in proportionate to ownership interests	-	3,000
Cash capital increase by subsidiary	1,055,160	-
Dividends distributed by subsidiary	(31,551)	(45,308)
Non-controlling interests in newly established subsidiary	218,100	340
Subsidiary liquidation	1,505,226	-
Loss of control over subsidiary	(1,582,788)	-
Ending balance	\$2,155,682	\$897,223

**(19) Operating revenues**

	For the years ended December 31,	
	2022	2021
Revenue from contracts with customers		
Sales of buildings and land	\$10,286,824	\$9,493,911
Construction income	2,036,645	-
Service income	3,279,621	2,369,964
Others	686,318	164,119
Subtotal	16,289,408	12,027,994
Rental income	502,324	448,024
Total	\$16,791,732	\$12,476,018

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

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A. Disaggregation of revenue

For the year ended December 31, 2022

	Property and real estate Investment development department	Construction Department	Others	Total
Sales of buildings and lands	\$10,286,824	\$-	\$-	\$10,286,824
Construction income	-	2,036,645	-	2,036,645
Service income	-	-	3,279,621	3,279,621
Sales of goods	-	-	82,139	82,139
Rental income	298,775	-	203,549	502,324
Others	-	-	604,179	604,179
<b>Total</b>	<b>\$10,585,599</b>	<b>\$2,036,645</b>	<b>\$4,169,488</b>	<b>\$16,791,732</b>
Revenue recognition point:				
At a point in time	\$10,286,824	\$-	\$3,965,939	\$14,252,763
Over time	298,775	2,036,645	203,549	2,538,969
<b>Total</b>	<b>\$10,585,599</b>	<b>\$2,036,645</b>	<b>\$4,169,488</b>	<b>\$16,791,732</b>

For the year ended December 31, 2021

	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
<b>Total</b>	<b>\$9,776,497</b>	<b>\$2,699,521</b>	<b>\$12,476,018</b>
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
<b>Total</b>	<b>\$9,776,497</b>	<b>\$2,699,521</b>	<b>\$12,476,018</b>

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B. Contract balances

a. Contract assets - current

	As of		
	December 31, 2022	December 31, 2021	January 1, 2021
Construction contract	\$379,481	\$-	\$-

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

	As of December 31,	
	2022	2021
Incurring contract costs and recognized profits (less recognized losses)	\$5,079,092	\$-
Less: progress billings related to construction contracts	(4,814,551)	-
Net contract assets (liabilities) related to construction contracts in progress	\$264,541	\$-
Reflected in balance sheet as follows		
Contract assets – construction	\$379,481	\$-
Contract liabilities – construction	(114,940)	-
Net	\$264,541	\$-

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

	For the years ended December 31,	
	2022	2021
Accounts receivable during the year that was included in the balance at the beginning of the year	\$(23,216)	\$-
Changes in the results of progress measurement	297,479	-

b. Contract liabilities - current

	As of		
	December 31, 2022	December 31, 2021	January 1, 2021
Sales of goods	\$6,352,352	\$5,167,680	\$4,421,199
Construction contract	114,940	-	-
Service	160,196	117,840	85,423
Total	\$6,627,488	\$5,285,520	\$4,506,622

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

	For the years ended December 31,	
	2022	2021
Revenue recognized during the year that was included in the balance at the beginning of the year	\$(1,736,752)	\$(2,012,917)
Increase in receipt in advance during the period	3,078,720	2,791,815

### C. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2022, the total amount of the amortized cost of the transaction price allocated to the remaining performance obligations for the Group amounted to NT\$13,601,817 thousand. The Group will recognize revenue gradually as the construction progresses. The construction projects are expected to be completed from 2023 to 2025.

### D. Assets recognized from the revenue from contracts with customers

Incremental costs of obtaining contracts

	As of		
	December 31, 2022	December 31, 2021	January 1, 2021
Sales of buildings and lands	\$1,219,857	\$885,612	\$633,029

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

### (20) Expected credit losses/(gains)

	For the years ended December 31,	
	2022	2021
Operating expenses - expected credit losses/(gains)		
Accounts receivable	\$16	\$40

Please refer to Note 12 for information of credit risks.

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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, 2022

	Neither past due (Note)	Past due				Total
		Within 30 days	31-90 days	91-270 days	271- 365days	
Gross carrying amount	\$509,422	\$6,436	\$-	\$-	\$-	\$515,858
Loss ratio	-	1.02%	-	-	-	-
Lifetime expected credit losses	-	66	-	-	-	66
Total	\$509,422	\$6,370	\$-	\$-	\$-	\$515,792

December 31, 2021

	Neither past due (Note)	Past due				Total
		Within 30 days	31-90 days	91-270 days	271- 365days	
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

Note: The Group's notes receivable was not overdue.

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

	Notes receivable	Accounts Receivable
As of January 1, 2021	\$-	\$10
Addition/(reversal) for the current period	-	40
Amounts written off during the period as uncollectible	-	-
As of December 31, 2021	-	50
Addition/(reversal) for the current period	-	16
Amounts written off during the period as uncollectible	-	-
As of December 31, 2022	\$-	\$66

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### (21) Operating leases

#### A. Operating lease commitments - Group as lessee

The Group leases various property, including land, buildings and transportation equipment. These leases have terms of between one and twenty years.

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

##### a. Amounts recognized in the balance sheet

###### (a) Right-of-use assets

The carrying amount of right-of-use asset

	As of December 31,	
	2022	2021
Land	\$14,402	\$13,335
Buildings	4,416,859	5,165,757
Transportation equipment	1,298	1,621
Other equipment	592	-
Total	<u>\$4,433,151</u>	<u>\$5,180,713</u>

For the years ended December 31, 2022 and 2021, the Group's additions to right-of-use assets amounted to NT\$398,054 thousand and NT\$454,875 thousand, respectively, including NT\$355,271 thousand and NT\$0 thousand acquired through business combinations.

For the years ended December 31, 2022 and 2021, the Group's transfers to right-of-use assets amounted to NT\$398,727 thousand and NT\$2,047 thousand, respectively.

###### (b) Lease liability

	As of December 31,	
	2022	2021
Lease liability	<u>\$5,235,832</u>	<u>\$5,620,280</u>
Current	\$348,171	\$424,081
Non-current	4,887,661	5,196,199

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Please refer to Note 6. (23).D for the interest on lease liability recognized during the years ended December 31, 2022 and 2021 and refer to Note 12. (5) for the maturity analysis for lease liabilities as of December 31, 2022 and 2021.

### b. Amounts recognized in the statement of profit or loss

#### Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2022	2021
Land	\$11,968	\$10,400
Buildings	396,019	395,376
Transportation equipment	746	301
Other equipment	118	-
Total	<u>\$408,851</u>	<u>\$406,077</u>

### c. Income and costs relating to leasing activities

	For the years ended December 31,	
	2022	2021
The expense relating to short-term leases	\$4,824	\$4,569
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	917	1,337
The expense relating to variable lease payments not included in the measurement of lease liabilities	83,569	5,242

As of December 31, 2022 and 2021, 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 2022 and 2021, the Group recognized the relevant rent concessions arising as a direct consequence of the covid-19 pandemic as other income NT\$25,015 thousand and NT\$51,506 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, 2022 and 2021, the Group's total cash outflow for leases amounting to NT\$679,660 thousand and NT\$528,652 thousand, respectively.

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

	For the years ended December 31,	
	2022	2021
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$504,768	\$448,282

Please refer to Note 6. (8) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2022 and 2021 are as follows:

	As of December 31,	
	2022	2021
Not later than 1 year	\$373,101	\$299,318
Later than 1 year and not later than 2 years	234,488	290,032
Later than 2 year and not later than 3 years	177,683	288,076
Later than 3 year and not later than 4 years	154,934	288,076
Later than 4 year and not later than 5 years	134,359	164,491
Later than 5 years	54,169	73,971
Total	\$1,128,734	\$1,403,964

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

Description \ Function	For the year ended December 31, 2022			For the year ended December 31, 2021		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits expense						
Salaries and wages	\$864,836	\$494,249	\$1,359,085	\$593,125	\$374,196	\$967,321
Labor and health insurance	85,618	41,378	126,996	64,461	34,973	99,434
Pension	48,536	25,719	74,255	35,304	23,235	58,539
Other employee benefits expense	30,922	29,618	60,540	25,848	21,709	47,557
Depreciation and depletion	857,722	334,436	1,192,158	659,972	338,891	998,863
Amortization	4,363	16,415	20,778	2,420	16,715	19,135

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

The Company's employees' compensation and directors' remuneration was NT\$1,330 thousand and NT\$2,400 thousand, estimated as 0.1% and lower than 1% of the Company's net profit and recognized as compensation for employees and directors' remuneration for the year ended December 31, 2022. The amount of employees' compensation and directors' remuneration recognized in the year ended December 31, 2021 was NT\$927 thousand and NT\$2,400 thousand, respectively. The aforementioned amounts were listed under salary expenses. If the abovementioned employees' compensation and directors' remuneration estimations are different from the actual distributed amount resolved by the board of director's meeting, the difference will be recognized as profit or loss in the next period.

The Company's the board of director's meeting on March 15, 2022 resolved to distribute NT\$927 thousand and NT\$2,400 thousand of employee's and director's compensation in cash. There are no material differences exist between the estimated amount and the actual distribution.

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

A. Interest income

	For the years ended December 31,	
	2022	2021
Deposit interest	\$5,882	\$1,347
Others	11,485	1,576
<b>Total</b>	<b>\$17,367</b>	<b>\$2,923</b>

B. Other income

	For the years ended December 31,	
	2022	2021
Dividend income	\$204,369	\$146,949
Bargain purchase gain	281,818	-
Rental income	2,445	258
Others	146,584	160,701
<b>Total</b>	<b>\$635,216</b>	<b>\$307,908</b>

C. Other gains and losses

	For the years ended December 31,	
	2022	2021
Gains (losses) on disposal and abandon of property, plant and equipment	\$(18,454)	\$(2,816)
Loss of disposal intangible assets	(242)	-
Gains on disposal of investment	21,455	-
Foreign exchange gains (losses), net	(602)	(67)
Others	(18,514)	(3,778)
<b>Total</b>	<b>\$(16,357)</b>	<b>\$(6,661)</b>

The Group disposed of the shares of Xin Ri Tai Energy Co., Ltd, Cathay Power Inc and their subsidiaries in November, 2022. The Group lost significant influence over these entities on the day the shares were sold. Gains on disposal of the investment was NT\$27,071 thousand.

D. Finance costs

	For the years ended December 31,	
	2022	2021
Interest on borrowings from bank	\$254,423	\$101,991
Interest on lease liabilities	149,023	148,978
<b>Total</b>	<b>\$403,446</b>	<b>\$250,969</b>

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**(24) Components of other comprehensive income**

For the year ended December 31, 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or losses:					
Remeasurements of defined benefit plans	\$(24,378)	\$-	\$(24,378)	\$4,876	\$(19,502)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(1,353,867)	-	(1,353,867)	-	(1,353,867)
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	869	-	869	-	869
Items that may be reclassified subsequently to profit or losses:					
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	432	-	432	-	432
<b>Total of other comprehensive income</b>	<b>\$(1,376,944)</b>	<b>\$-</b>	<b>\$(1,376,944)</b>	<b>\$4,876</b>	<b>\$(1,372,068)</b>

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
<b>Total of other comprehensive income</b>	<b>\$1,294,233</b>	<b>\$-</b>	<b>\$1,294,233</b>	<b>\$172</b>	<b>\$1,294,405</b>

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**(25) Income taxes**

The major components of income tax expense (income) were as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended December 31,	
	2022	2021
Current income tax expense (income):		
Current income tax charge	\$160,745	\$33,850
Current land value increment tax charge	117,520	68,483
Adjustments in respect of current income tax of prior periods	(333)	(1,601)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(11,708)	3,011
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	121,084	(18,352)
Total income tax expense (income)	<u>\$387,308</u>	<u>\$85,391</u>

Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2022	2021
Deferred tax expense (income):		
Remeasurements of defined benefit plans	<u>\$(4,876)</u>	<u>\$(172)</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,	
	2022	2021
Accounting profit before tax from continuing operations	<u>\$1,687,650</u>	<u>\$928,891</u>
Tax at the domestic rates applicable to profits in the country concerned	\$423,741	\$48,127
Tax effect of revenues exempt from taxation	(372,158)	(400,034)
Tax effect of non-deductible expense	114,060	169,029
Tax effect of deferred tax assets/liabilities	59,414	192,137
Surplus on undistributed retain earnings	3,353	9,250
Additional tax payable due to alternative minimum tax	769	-
Adjustments in respect of current income tax of prior periods	(333)	(1,601)
Current land value increment tax	117,520	68,483
Tax effect of adjustments in accordance with tax laws	40,942	-
Total income tax expense (income) recognized in profit or loss	<u>\$387,308</u>	<u>\$85,391</u>

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Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2022

	Beginning balance	Deferred tax income recognized in (expense) profit or loss	Deferred tax (expense) recognized in other 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	91,051	(2,601)	-	-	88,450
Depreciation difference for tax purpose - investment property	96,119	(2,748)	-	-	93,371
Depreciation difference for tax purpose of property, plants and Equipment - interest capitalization	2,138	(97)	-	-	2,041
Investments accounted for using equity method	-	(23,651)	-	(1,500)	(25,151)
Unrealized intragroup profits and losses	6,148	11,232	-	-	17,380
Allowance for loss	1,400	-	-	-	1,400
Allowance for loss of inventories price falling	2,869	-	-	-	2,869
Non-current liability - defined benefit liability	27,496	(10,433)	4,876	(7,434)	14,505
Accrued expenses over two years transfer to revenue	7	-	-	-	7
Unrealized advertising fee	119,370	55,658	-	-	175,028
Unrealized repairing fee	524	(524)	-	-	-
Impairment loss on non-financial assets	-	-	-	242	242
Unused tax credits	147,726	(136,212)	-	-	11,514
Deferred tax income/(expense)		<u>\$(109,376)</u>	<u>\$4,876</u>	<u>\$(8,692)</u>	
Net deferred tax assets/(liabilities)	<u>\$484,799</u>				<u>\$371,607</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$494,848</u>				<u>\$412,363</u>
Deferred tax liabilities	<u>\$(10,049)</u>				<u>\$(40,756)</u>

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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>

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The following table contains information of the unused tax losses of the Group:

Year	Tax losses for the period	Unused tax losses as of December 31,		Expiration year
		2022	2021	
2012	\$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	105,740	411,348	2028
2019	235,632	235,632	235,632	2029
2020	633,702	633,702	633,702	2030
2021	830,213	751,951	751,953	2031
2022	566,820	566,820	-	2032
Total		<u>\$3,053,434</u>	<u>\$2,809,112</u>	

**Unrecognized deferred tax assets**

As of December 31, 2022 and 2021, the deferred tax assets have not been recognized amount to NT\$599,173 thousand and NT\$434,525 thousand, respectively.

**The assessment of income tax returns**

As of December 31, 2022, 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 2020
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- Lin Yuan Property Management Co., Ltd.	Assessed and approved up to 2020
Subsidiary- Jinhua Realty Co., Ltd	Assessed and approved up to 2020
Subsidiary- Bannan Realty Co., Ltd	Assessed and approved up to 2020
Subsidiary- San Ching Engineering 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

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Subsidiaries- Cathay Food & Beverage Group Co, Ltd and Zhulun Realty Co., Ltd, were established in 2022. As of December 31, 2022, they have not yet filed income tax return.

Subsidiary-Sanchong Realty Co., Ltd, was established in 2021. As of December 31, 2022, the Company has not yet been assessed for income tax return.

### **(26) Earnings per share**

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

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

	For the years ended December 31,	
	2022	2021
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	\$1,207,749	\$847,539
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	1,159,561	1,159,561
Basic earnings per share (NT\$)	\$1.04	\$0.73
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$1,207,749	\$847,539
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	1,159,561	1,159,561
Effect of dilution:		
Employee compensation-stock (in thousands)	71	66
Weighted average number of ordinary shares outstanding after dilution (in thousands)	1,159,632	1,159,627
Diluted earnings per share (NT\$)	\$1.04	\$0.73

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

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### (27) Business combinations

#### Acquisition of San Ching Engineering Co., Ltd.

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

The Group has elected to measure the non-controlling interest by its proportion of the acquiree's identifiable assets.

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

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

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	<u>Fair value recognized on the acquisition date</u>
Liabilities	
Short-term loans	1,016,000
Short-term notes payable	1,394,784
Contract liabilities-current	952,986
Notes payable	3,477
Accounts payable	254,958
Other payables	313,766
Current tax liabilities	202,306
Long-term loans-current portion	282,398
Other current liabilities	1,356
Long-term loans	4,047,258
Lease liabilities (including non-current)	362,431
Other non-current liabilities	75,593
Subtotal	<u>8,907,313</u>
Identifiable net assets	<u><u>\$3,587,044</u></u>

Bargain purchase gain is calculated as follows:

Purchase consideration	\$1,800,000
Add: non-controlling interests at fair value	1,505,226
Less: identifiable net assets at fair value	<u>(3,587,044)</u>
Bargain purchase gain	<u><u>\$(281,818)</u></u>

Analysis of cash flows on acquisition:

Cash paid	\$1,800,000
Net cash acquired with the subsidiary	<u>(801,943)</u>
Net cash flow	<u><u>\$998,057</u></u>

From the acquisition date to December 31, 2022, San Ching Engineering Co., Ltd. has contributed NT\$267,011 thousand to the continuing operations. If the combination had taken place at the beginning of the year, the operating revenue and the profit from continuing operations for the Group would have been NT\$18,480,740 thousand and NT\$1,176,656 thousand.

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### **7. RELATED PARTY TRANSACTIONS**

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

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

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
San Ching Engineering Co., Ltd. (San Ching Engineering)	Subsidiary (Note 1)
Symphox Information Co., Ltd. (Symphox Information)	Associate (Note 2)
Cathay Life Insurance Co., Ltd. (Cathay Life Insurance)	Others
Cathay United Bank Co., Ltd. (Cathay United Bank)	Others
Cathay Century Insurance Co., Ltd. (Cathay Century Insurance)	Others
Cathay Financial Holdings Co., Ltd. (Cathay Financial Holdings)	Others
Lin Yuan Investment Co., Ltd. (Lin Yuan Investment)	Others
Nangang International One Co., Ltd. (Nangang One)	Others
Nangang International Two Co., Ltd. (Nangang Two)	Others
Cathay General Hospital (Cathay Hospital)	Others
Seaward Card Co., Ltd. (Seaward Card)	Others
Wanda Investment Co., Ltd. (Wanda Investment)	Others
Baixing Investment Co., Ltd. (Baixing Investment)	Others
Yi Ru Enterprise Co., Ltd. (Yi Ru Enterprise)	Others
Wei Don Enterprise Co., Ltd. (Wei Don Enterprise)	Others
Wei Lin Enterprise Co., Ltd. (Wei Lin Enterprise)	Others
Cathay Real Estate Foundation (Cathay-Cultural Foundation)	Others
○○, Lee	The spouse of key management personnel

Note 1: San Ching Engineering Co., Ltd. was acquired by the Group in May 2022 and became the Group's subsidiary. Therefore, the related party transactions only included transactions prior to the acquisition.

Note 2: After acquiring 100% shares San Ching Engineering Co., Ltd. in May, 2022. Symphox Information Co., Ltd. became the Group's associate.

#### **(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.

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A. Cash in banks and short-term loan

		For the year ended December 31, 2022			
Name of the related parties	Type	Maximum amount	Year ended balance	Interest rate (%)	Interest income (expenses)
Others:					
Cathay United Bank	Demand deposit	\$13,323,602	4,676,322	0.01%~0.39%	\$3,669
	Checking accounts	2,579,203	117,487	-	-
	Securities accounts	1,098,476	64,629	0.01%	6
	Time deposits	233,600	233,600	0.98%~1.45%	2,217
	Short-term loan	620,000	620,000	1.65%	10,472

		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	\$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	-	-	-	-

B. Purchase

		For the years ended December 31,	
Name of the related parties	Type	2022	2021
Subsidiary:			
San Ching Engineering	Building constructing or expansion	\$996,073	\$2,337,393
Others:			
Cathay United Bank	Management fee of trust service	6,330	6,481
Cathay United Bank	Compensation for relocation	236,530	-
Cathay Life Insurance	Insurance fee	3,794	-
Cathay Century Insurance	Insurance fee	13,080	-
Lin Yuan Investment	Urban renewal co-construction landlord subsidies	6,720	6,720
Total		\$1,262,527	\$2,350,594

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- a. The purchase price to the above related parties was determined through agreement based on the market rates.
- b. The total price of the commissioned construction and consultancy contracts signed by the Group and San Ching Engineering amounted to NT\$17,047,767 thousand and NT\$13,649,042 thousand for the years ended December 31, 2022 and 2021, respectively. The total contract price mentioned above did not include the offsetting effect of the merger.

### C. Sales

- a. Rental income

Name of the related parties	Type	For the years ended December 31,	
		2022	2021
Others:			
Cathay Life Insurance	Office and vehicles rental	\$7,566	\$7,574
Cathay United Bank	Office and vehicles rental	18,069	18,008
Total		<u>\$25,635</u>	<u>\$25,582</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,	
	2022	2021
Subsidiary:		
San Ching Engineering	\$4,881	\$7,914
Others:		
Cathay Life Insurance	931,369	850,000
Cathay United Bank	108,897	95,198
Cathay Financial Holdings	6,996	4,011
Cathay Century Insurance	4,804	3,263
Cathay Hospital	22,554	-
Total	<u>\$1,079,501</u>	<u>\$960,386</u>

The service revenues are generated from the subsidiary providing health inspection, housing, technology and maintenance services. The transaction price and collection terms above were not significantly different from those with the non-related parties.

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### c. Construction revenue

Name of the related parties	For the years ended December 31,	
	2022	2021
Others:		
Cathay Life Insurance	\$1,519,183	\$-
Cathay Hospital	30,733	-
Total	<u>\$1,549,916</u>	<u>\$-</u>

The price for the project contracted with related parties is determined through negotiation and comparison between both parties based on the estimated project cost, reasonable management expenses, and margin, and is collected according to the payment terms specified in the contract. The transaction price and collection terms above were not significantly different from those with the non-related parties.

The Group had a construction contract with related parties, Cathay Life Insurance and Cathay Hospital, with a total contract price of NT\$15,741,344 thousand. The Group had received NT\$3,055,452 thousand as advance payments. The Group will receive NT\$12,685,892 thousand in future payments upon completion of the contract for the year ended December 31, 2022.

### 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,	
	2022	2021
Others:		
Cathay United Bank	\$10,117	\$6,464
Cathay Hospital	5,699	-
Total	<u>\$15,816</u>	<u>\$6,464</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,	
	2022	2021
Others:		
Cathay Life Insurance	\$2,174	\$14,150
Cathay United Bank	44,930	-
Total	<u>\$47,104</u>	<u>\$14,150</u>

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F. Lease - related parties

a. Right-of-use assets

	As of December 31,	
	2022	2021
Others:		
Cathay Life Insurance	\$4,675,560	\$5,087,697

The Group acquired right-of-use assets from Cathay Life Insurance in the amount of NT\$32,795 thousand and NT\$440,252 thousand for the years ended December 31, 2022 and 2021, respectively.

b. Lease liabilities

	As of December 31,	
	2022	2021
Others:		
Cathay Life Insurance	\$5,064,058	\$5,398,487

c. Interest expenses

	For the years ended December 31,	
	2022	2021
Others:		
Cathay Life Insurance	\$141,959	\$144,245

G. Others

a. Other current assets-restricted assets

Name of the related parties	Type	As of December 31,	
		2022	2021
Others:			
Cathay Life Insurance	Engineering guarantee 、 Performance bond	\$5,000	\$5,000

b. Refundable deposits

Name of the related parties	Type	As of December 31,	
		2022	2021
Others:			
Cathay Life Insurance	Rent deposit	\$39,155	\$37,860
Lin Yuan Investment	Joint construction deposit	12,000	12,000
Total		\$51,155	\$49,860

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c. Guarantee deposit received

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

d. For the year ended December 31, 2022, the Group signed a housing contract for pre-sale construction with related parties : Wanda Investment and ○○, Lee in the amount of NT\$789,480 thousand and NT\$17,600 thousand. For the year ended December 31, 2021, the Group signed a housing contract for pre-sale construction with related party ○○, Lee in the amount of NT\$19,670 thousand.

H. Other income

Name of the related parties	Items	For the years ended December 31,	
		2022	2021
Others:			
Cathay United Bank	Management fee and planning fee	\$4,847	\$4,837
Cathay Life Insurance	Management fee and planning fee	3,971	4,536
Cathay Life Insurance	Rent concession	25,015	51,506
Nangang One	Consultancy service	28,160	7,040
Nangang Two	Consultancy service	35,840	8,960
Total		\$97,833	\$76,879

I. Operating costs

Name of the related parties	Items	For the years ended December 31,	
		2022	2021
Associate:			
Symphox Information	Others	\$5,146	\$3,207
Other:			
Cathay Life Insurance	Management fee	80,779	58,835
Cathay Life Insurance	Others	9,191	7,906
Cathay Century Insurance	Insurance fee	16,065	-
Cathay Life Insurance	Insurance fee	10,857	5,180
Cathay Century Insurance	Insurance fee for the leased building	6,723	5,992
Total		\$128,761	\$81,120

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J. Operating expenses

Name of the related parties	Items	For the years ended	
		December 31,	
		2022	2021
Others:			
Cathay Life Insurance	Rental management fee	\$9,284	\$15,964
Cathay Life Insurance	Insurance and management fee	4,249	1,838
Cathay Century Insurance	Insurance fee	9,534	11,422
Seaward Card	Temporary worker service	4,912	4,111
Cathay-Cultural Foundation	Donation	5,000	1,500
Total		<u>\$32,979</u>	<u>\$34,835</u>

K. Property transactions

The property transaction between the Group and the related parties are as follows:  
For the year ended December 31, 2022:

Acquisition of financial assets:

Name of the related parties	Shares	Subject matter	Purchase price
Others:			
Lin Yuan Investment	10,000,000	Shares of San Ching Engineering	\$300,000
Wanda Investment	10,000,000	"	300,000
Baixing Investment	10,000,000	"	300,000
Yi Ru Enterprise	10,000,000	"	300,000
Wei Don Enterprise	10,000,000	"	300,000
Wei Lin Enterprise	10,000,000	"	300,000
Total	<u>60,000,000</u>		<u>\$1,800,000</u>

For the year ended December 31, 2021: None.

L. Key management personnel compensation

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	\$89,833	\$69,789
Post-employment benefits	1,277	1,292
Total	<u>\$91,110</u>	<u>\$71,081</u>

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### **8. PLEDGED ASSETS**

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

Items	As of December 31,		Secured liabilities
	2022	2021	
Negotiable certificate of deposit	\$7,383	\$6,220	Engineering guarantee, Performance bond
Inventories	11,316,600	3,120,000	Short-term loan & Long-term loan
Investment property	7,638,372	7,979,172	Short-term loan & Long-term loan
Total	<u>\$18,962,355</u>	<u>\$11,105,392</u>	

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

### **9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES**

#### **(1) Significant contract**

The total contract price of the construction contracts signed by the Group and non-related parties was NT\$11,471,590 thousand, in which NT\$5,485,016 thousand was not paid as of December 31, 2022.

#### **(2) Others**

A. Guarantee notes issued for borrowings (financing) were NT\$57,907,735 thousand as of December 31, 2022.

B. Guarantee notes issued for construction warranty and performance guarantee were NT\$2,148,581 thousand as of December 31, 2022.

### **10. SIGNIFICANT DISASTER LOSSES**

None.

### **11. SIGNIFICANT SUBSEQUENT EVENTS**

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

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**12. OTHERS**

**(1) Categories of financial instruments**

Financial Assets

	As of December 31,	
	2022	2021
Financial assets at fair value through other comprehensive income	\$3,224,451	\$5,806,495
Financial assets at amortized cost:		
Cash and cash equivalents	10,831,821	3,932,639
Contract assets	379,481	-
Notes receivable	38,739	20,905
Accounts receivable	477,053	473,255
Other receivables	80,109	33,663
Refundable deposits	1,539,370	1,536,733
Subtotal	13,346,573	5,997,195
Total	\$16,571,024	\$11,803,690

Financial Liabilities

	As of December 31,	
	2022	2021
Financial liabilities at amortized cost:		
Short-term loans	\$12,445,000	\$11,460,000
Short-term notes payable	4,094,613	3,629,296
Accounts payables	2,499,989	1,756,864
Long-term loans (including current portion)	21,767,000	12,802,685
Lease liabilities	5,235,832	5,620,280
Guarantee deposit received	109,382	92,981
Total	\$46,151,816	\$35,362,106

**(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.

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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\$16,540 thousand and NT\$15,089 thousand for the years ended December 31, 2022 and 2021, respectively.

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### 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\$127,936 thousand and NT\$272,554 thousand for the years ended December 31, 2022 and 2021 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, 2022 and 2021, 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.

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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, 2022				
	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Borrowings	\$21,047,124	\$14,873,930	\$1,683,572	\$1,375,450	\$38,980,076
Accounts payable	2,499,989	-	-	-	2,499,989
Lease liabilities	348,171	670,740	670,716	3,546,205	5,235,832
(Note)					
Guarantee deposits	57,352	19,862	8,249	23,919	109,382
	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

Note: Further information on the maturity analysis of lease liabilities:

As of December 31, 2022

	Maturities					
	Less than					Total
	1 year	1 to 5 years	6 to 10 years	10 to 15 years	>15 years	
Lease liabilities	\$348,171	\$1,341,456	\$1,914,098	\$1,237,821	\$394,286	\$5,235,832

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As of December 31, 2021

	Maturities					Total
	Less than					
	1 year	1 to 5 years	6 to 10 years	10 to 15 years	>15 years	
Lease liabilities	\$424,081	\$1,310,678	\$1,791,154	\$1,437,914	\$656,453	\$5,620,280

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

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

	Short-term	Short-term	Long-term loans	Lease liabilities	Other non-	Total liabilities
	loans	notes and bills payable	(including current portion)		current liabilities	from financing activities
As of January 1, 2022	\$11,460,000	\$3,629,296	\$12,802,685	\$5,620,280	\$252,071	\$33,764,332
Cash flows	783,768	(805,058)	9,112,190	(590,349)	(100,804)	8,399,747
Non-cash changes						
Acquisitions through						
business combinations	1,016,000	1,394,784	4,329,656	362,431	66,015	7,168,886
Interest on lease liability	-	-	-	149,023	-	149,023
Other (Note)	-	-	-	39,191	24,378	63,569
Disposal of subsidiary	(814,768)	(124,409)	(4,477,531)	(344,744)	(10,366)	(5,771,818)
As of December 31, 2022	\$12,445,000	\$4,094,613	\$21,767,000	\$5,235,832	\$231,294	\$43,773,739

Note: Other items are: lease liabilities newly added that met the lease recognition requirements, change of lease due to early termination of the contract and changes in remeasurements of defined benefit plans in this period.

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

	Short-term	Short-term	Long-term loans	Lease liabilities	Other non-	Total liabilities
	loans	notes and bills payable	(including current portion)		current liabilities	from financing activities
As of January 1, 2021	\$7,351,000	\$3,090,501	\$10,909,741	\$5,509,959	\$259,271	\$27,120,472
Cash flows	4,109,000	538,795	1,892,944	(517,504)	(8,056)	6,015,179
Non-cash changes						
Interest on lease liability	-	-	-	148,978	-	148,978
Other (Note)	-	-	-	478,847	856	479,703
As of December 31, 2021	\$11,460,000	\$3,629,296	\$12,802,685	\$5,620,280	\$252,071	\$33,764,332

Note: Other items: lease liabilities newly added that met the lease recognition requirements and changes in remeasurements of defined benefit plans in this period.

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### **(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:

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- 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, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Stocks	\$2,558,725	\$-	\$665,726	\$3,224,451

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

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, 2022 and 2021.

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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	
	2022	2021
As of January, 1	\$355,412	\$383,398
Total gains and losses recognized for the year ended 31		
Amount recognized in OCI	(87,471)	(27,986)
Additions	450,000	-
Acquisitions through business combinations	15,300	-
Disposals	(67,515)	-
As of December, 31	\$665,726	\$355,412

Total gains and losses recognized in profit or loss is NT\$26,928 thousand loss and NT\$27,986 thousand loss for the years ended December 31, 2022 and 2021, respectively.

### Information on significant unobservable inputs to valuation

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

As of December 31, 2022

	Valuation technique	Material unobservable inputs	Quantitative information	Inputs and the fair value relationship	Inputs and the fair value relationship's sensitivity analysis value relationship
Financial assets :					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	30%~50%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by NT\$69,449 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\$2,560 thousand

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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

### (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, 2022 and 2021.

### (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.

### (11) 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, 2022 (not including subsidiaries, associates and joint ventures): Please refer to Table 1.
- D. Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20 % of the 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: Please refer to Table 4.
- G. Purchases or sales of goods from or to related parties exceeding NT\$100 million or 20% of the paid-in capital or more: Please refer to Table 5.
- H. Receivables from related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital: None.
- I. Derivative financial instruments undertaken: None.
- J. Significant intercompany transactions between consolidated entities: Please refer to Table 6.

**(2) Investee information**

- A. Financings provided to others: None.
- B. Endorsement/guarantee provided to others: None.
- C. Securities held as of December 31, 2022 (not including subsidiaries, associates and joint ventures): Please refer to Table 7.
- D. Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20 % of the capital stock: Please refer to Table 8.
- E. Acquisition of property with the amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- F. Disposal of property with amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- G. Purchases or sales of goods from or to related parties exceeding NT\$100 million or 20% of the paid-in capital or more: Please refer to Table 9.

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- H. Receivables from related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital: None.
- I. Derivative financial instruments undertaken: None.
- J. Names, locations and related information of investee companies: Please refer to Table 10.

### **(3) Investment in Mainland China**

None.

### **(4) Information on Major Shareholders**

Please refer to Table 11.

## **14. OPERATING SEGMENT INFORMATION**

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.

Construction department: The main businesses of the department are construction project contracting and construction management.

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.

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**(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, 2022 and 2021 is as follows:

Information for the year ended December 31, 2022

	Movable property and real estate development department	Construction Department	Others	Adjustment and eliminations	Consolidated amount
Revenue					
External customer	\$10,585,599	\$2,036,645	\$4,169,488	\$-	\$16,791,732
Inter-segment	3,541,029	2,377,349	52,906	(5,971,284)	-
Total revenue	<u>\$14,126,628</u>	<u>\$4,413,994</u>	<u>\$4,222,394</u>	<u>\$(5,971,284)</u>	<u>\$16,791,732</u>
Segment profit	<u>\$1,326,690</u>	<u>\$317,469</u>	<u>\$(150,373)</u>	<u>\$193,864</u>	<u>\$1,687,650</u>
Interest income	\$11,550	\$387	\$5,430	\$-	\$17,367
Interest expense	161,604	20,715	246,148	(25,021)	403,446
Depreciation and amortization	208,881	4,929	1,056,554	(57,428)	1,212,936
Loss (gain) of investments accounted for using equity method	(405,289)	67,148	(29,653)	346,864	(20,930)
Loss (gain) on disposal of investments	-	21,455	-	-	21,455
Dividend income	204,369	-	-	-	204,369

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

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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, 2022 and 2021:

	Movable property and real estate development department	Construction Department	Others	Adjustment and eliminations	Consolidated amount
Assets of December 31, 2022	\$64,510,958	\$6,211,670	\$18,990,091	\$(9,623,622)	\$80,089,097
Assets of December 31, 2021	\$57,318,517	\$-	\$14,311,366	\$(3,393,737)	\$68,236,146

	Movable property and real estate development department	Construction Department	Others	Adjustment and eliminations	Consolidated amount
Liabilities of December 31, 2022	\$39,908,705	\$3,469,317	\$12,517,657	\$(2,564,517)	\$53,331,162
Liabilities of December 31, 2021	\$31,880,905	\$-	\$10,967,084	\$(946,678)	\$41,901,311

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, 2022 and 2021.

### (3) Major customer information

The Group's net sales to a single customer for the years ended December 31, 2022 and 2021 both did not exceed 10% of the consolidated net sales revenue.

English Translation of Financial Statements Originally Issued in Chinese

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

Unit: NT\$1,000 ; Share

Holding Company	Type and Name of the Securities (Note)	Relationship	Financial Statement Account	As of December 31, 2022				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Market Value	
Cathay Real Estate Development Co., Ltd.	Stock — Cathay Financial Holdings Co., Ltd.	Others	Financial assets at fair value through other comprehensive income—current	63,968,129	\$2,558,725	0.44%	\$2,558,725	
"	Stock — Gong Cheng Industrial Co.	None	Financial assets at fair value through other comprehensive income—non-current	1,580,083	-	3.23%	-	
"	Stock — Gian Feng Investment Co., Ltd.	None	"	2,000,000	25,551	10.00%	25,551	
"	Stock — MetroWalk international Co., Ltd.	None	"	3,448,276	108,586	1.72%	108,586	
"	Stock — Budworth Investments Limited	None	"	30,314	45	3.33%	45	
"	Stock — Nangang International One Co., Ltd.	Others	"	27,465,000	232,809	7.85%	232,809	
"	Stock — Nangang International Two Co., Ltd.	Others	"	32,460,000	280,663	8.12%	280,663	

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

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

Unit : NT\$1,000

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

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

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

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

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

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

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

Unit : NT\$1,000

Company	Property Name	Transaction Date	Transaction Amount	Status of Payment	Counterparty	Relationship with the Company	Disclosure of Information on Previous Transfer of Property is Required for Related Parties who are also the Counterparty				References for Determining Price	Purpose of Acquisition and Current Condition	Others
							Owner	Relationship with the Company	Date of Transfer	Amount			
Cathay Real Estate Development Co., Ltd.	Land No. 102, 103, 104, Section 1, Fuduxin Section, Xinzhuang Dist., New Taipei City	2022.02.25	\$1,307,707	Installment by agreement	Individual	None	-	-	-	\$-	1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties	Construction	None
Cathay Real Estate Development Co., Ltd.	Land No. 342, Pingdao Section, Yongkang Dist., Tainan City	2022.03.14	1,208,560	Installment by agreement	Individual	None	-	-	-	-	1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties	Construction	None
Cathay Real Estate Development Co., Ltd.	7 parcels of land including Land No. 241, Changdi Section, Yonghe District, New Taipei City	2022.03.23	713,836	Installment by agreement	Individual	None	-	-	-	-	1. Refer to the report of a professional real estate appraiser 2. As negotiated by two parties, 48% of the underlying property belongs to the Company	Construction	None
Cathay Real Estate Development Co., Ltd.	Land No. 330, Chongde Section, Beitun District, Taichung City	2022.05.17	612,135	Installment by agreement	Individual	None	-	-	-	-	1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties	Construction	None

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

Unit : NT\$1,000

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

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

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

Unit : NT\$1,000

Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts payable		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts payable	
Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd	Subsidiary	Construction land	\$(3,471,000)	24.57%	Not applicable	\$-	-	\$-	-	
Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd	Subsidiary	Construction-in-progress	3,222,474	29.55%	Not applicable	-	-	614,128	44.65%	

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

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

Table 6: Significant intercompany transactions between consolidated entities

Unit : NTS1,000

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				Account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Rental income	\$411	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Accounts Receivable-related parties	71	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Operating expenses-entertainment expenses	151	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Operating expenses-conference fee	123	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Cost of rental sales	975	Regular	0.01%
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Other non-current liability-deferred credits-gains on Inter-affiliate accounts	13,252	Regular	0.02%
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Realized gain-realized gainfrom inter-affiliate accounts	41	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Other income	50	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Construction cost	24	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Accounts Receivable-related parties	173	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Operating expenses-advertising fee	389	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Other income	26	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Construction cost	28	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-miscellaneous expenses	61	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-entertainment expenses	201	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-advertising fee	116	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Accounts Receivable-related parties	71	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Other income	20	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Expense Payable	4	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Accounts Payable-related parties	132	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Accounts Receivable-related parties	56	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Operating expenses-service fee	2,792	Regular	0.02%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Operating expenses-miscellaneous expenses	896	Regular	0.01%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Cost of rental sales	40,677	Regular	0.24%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Rental income	43	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Other income	168	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Operating expenses-advertising fee	88	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Other income	2,190	Regular	0.01%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Rental income	163	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Refundable deposits	41	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Land held for construction site	30,259	Regular	0.04%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Other income	6,429	Regular	0.04%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Rental income	93	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Refundable deposits	23	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	1	Rental income	201	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	1	Refundable deposits	45	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	1	Land held for construction site	56,202	Regular	0.33%
0	Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	1	Other income	13,450	Regular	0.08%
0	Cathay Real Estate Development Co., Ltd.	Zhulun Realty Co., Ltd.	1	Rental income	38	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Zhulun Realty Co., Ltd.	1	Refundable deposits	57	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Zhulun Realty Co., Ltd.	1	Other Receivable-related parties	8,863	Regular	0.01%
0	Cathay Real Estate Development Co., Ltd.	Zhulun Realty Co., Ltd.	1	Other income	8,863	Regular	0.05%
0	Cathay Real Estate Development Co., Ltd.	Cymbal Medical Network Co., Ltd	1	Other income	4	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd.	1	Accounts Payable-related parties	614,128	Regular	0.77%
0	Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd.	1	Accounts Receivable-related parties	189	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd.	1	Rental income	158	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd.	1	Other income	1,113	Regular	0.01%
1	San Ching Engineering Co., Ltd	Cathay Real Estate Development Co., Ltd.	2	Contract Assets	16,853	Regular	0.02%
1	San Ching Engineering Co., Ltd	Cathay Real Estate Development Co., Ltd.	2	Contract Liability	905,263	Regular	1.13%
1	San Ching Engineering Co., Ltd	Cathay Real Estate Development Co., Ltd.	2	Accounts Receivable-related parties	490,186	Regular	0.61%
1	San Ching Engineering Co., Ltd	Cathay Real Estate Development Co., Ltd.	2	Construction income	2,210,704	Regular	13.17%
1	San Ching Engineering Co., Ltd	Cathay Real Estate Development Co., Ltd.	2	Engineering costs	2,094,959	Regular	12.48%
2	San Ching Engineering Co., Ltd	Jinhua Realty Co., Ltd.	3	Contract Liability	76,457	Regular	0.10%
2	San Ching Engineering Co., Ltd	Jinhua Realty Co., Ltd.	3	Construction income	166,645	Regular	0.99%
2	San Ching Engineering Co., Ltd	Jinhua Realty Co., Ltd.	3	Engineering costs	166,378	Regular	0.99%
3	Cathay Hospitality Management Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	3	Accounts Receivable-related parties	41,903	Regular	0.05%
3	Cathay Hospitality Management Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	3	Other Receivable	5,619	Regular	0.01%
3	Cathay Hospitality Management Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	3	Accounts Payable-related parties	3,916	Regular	0.00%
3	Cathay Hospitality Management Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	3	Other payable	1,305	Regular	0.00%

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

- (1) The Company is coded "0".
  - (2) The subsidiaries are coded starting from "1" in the order.
- Note2 : The Types of the transactions are coded as follows:
- (1) The Company to subsidiaries is coded "1".
  - (2) Subsidiaries to The Company is coded "2".
  - (3) Subsidiaries to Subsidiaries is coded "3".

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

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Table 7: Securities held as of December 31, 2022 (not including subsidiaries, associates and joint ventures) (Investee information)

Unit: NT\$1,000 ; Share

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

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

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

Unit: NT\$1,000 ; Share

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

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

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

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

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

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

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

Unit: NT\$1,000 ; Share

Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party		Notes/accounts payable		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts payable	
Jinhua Realty Co., Ltd.	San Ching Engineering Co., Ltd.	Other related party	Construction-in-progress	\$281,695	93.87%	Not applicable	-	-	-	-	
San Ching Engineering Co., Ltd.	Cathay Real Estate Development Co., Ltd.	Parent Company	Construction project	(2,239,467)	50.74%	Not applicable	-	-	-	-	
San Ching Engineering Co., Ltd.	Cathay Life Insurance Co., Ltd.	Other related party	Construction project	(1,519,183)	34.42%	Not applicable	-	-	-	-	
San Ching Engineering Co., Ltd.	Jinhua Realty Co., Ltd.	Other related party	Construction project	(166,645)	3.78%	Not applicable	-	-	-	-	

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

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

Unit: NT\$1,000 ; USD\$1,000 ; Share

Investor	Investee	Region	Main Business	Original cost		At the end of period			Investees company net income	Share of Profits/Losses	Note
				Balance at December 31, 2022	Balance at December 31, 2021	Number of shares	Percentage	Amount			
Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	ROC	Construction management	\$50,000	\$50,000	5,000,000	100.00%	\$129,694	\$34,852	\$34,852	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	ROC	Consultancy	467,500	467,500	46,750,000	85.00%	620,212	135,075	114,835	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	ROC	Service industry	1,740,000	1,640,000	50,000,000	100.00%	94,135	(257,652)	(252,438)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	ROC	Service industry	1,300,000	1,050,000	60,000,000	100.00%	160,739	(340,834)	(334,076)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cymbal Medical Network Co., Ltd.	ROC	Wholesale of Drugs, Medical Goods	350,000	350,000	35,000,000	100.00%	247,719	(57,891)	(57,891)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	ROC	Apartment building management service industry	68,809	68,809	1,530,000	51.00%	60,421	63,827	32,555	Subsidiary
Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	408,000	408,000	40,800,000	51.00%	338,639	(8,088)	(4,125)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	586,500	408,000	58,650,000	51.00%	578,138	(5,590)	(2,851)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	1,716,000	660	171,600,000	66.00%	1,651,771	(12,162)	(8,027)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Zhulun Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	204,000	-	20,400,000	51.00%	200,286	(7,282)	(3,714)	Subsidiary
Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd.	ROC	Construction Contractor	2,400,000	-	120,000,000	100.00%	2,759,891	327,944 (Note 3)	80,822	Subsidiary
Cathay Real Estate Development Co., Ltd.	Symphox information Co., Ltd.	ROC	Information software wholesaler	67,515	-	5,489,000	11.00%	63,587	(71,372)	(7,851)	Associate
Cathay Real Estate Development Co., Ltd.	San Hsiung Fongshan LaLaport Co., Ltd.	ROC	Department stores industry	150,000	-	150,000,000	30.00%	152,620	8,734 (Note 3)	2,620	Associate
Cathay Hospitality Consulting Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	ROC	Service industry	15,000	-	1,500,000	100.00%	15,006	6	Note 4	Subsidiary
Cymbal Medical Network Co., Ltd.	Cymder Co., Ltd.	ROC	Manpower dispatch and leasing industry	120,000	120,000	12,000,000	100.00%	92,219	(11,413)	Note 5	Subsidiary
Cymbal Medical Network Co., Ltd.	Cymlin Co., Ltd.	ROC	Manpower dispatch and leasing industry	140,000	140,000	14,000,000	100.00%	115,739	(17,525)	Note 5	Subsidiary
San Ching Engineering Co., Ltd.	Cathay Power Inc	ROC	Solar-power generation industry	1,381,433	-	111,113,100	30.00%	1,381,352	60,681 (Note 3)	(124)	Associate
San Ching Engineering Co., Ltd.	Symphox information Co., Ltd.	ROC	Information software wholesaler	244,770	-	19,022,000	38.12%	218,009	(71,372) (Note 3)	(27,207)	Associate

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

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

- (1) In "Investee", "Region", "Main Business", "Original cost" and "At the end of period" columns should filled in in order follow the company invest directly or invest indirectly and explain each relationship in "Note" column.
- (2) In "Investees company net income" column should filled in each investee net income.
- (3) In "Share of Profits/Losses" column only need to filled in the company recognized each subsidiaries and the company under equity method's profits or loss.

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

Note 3: Excluding the current profit and loss before the acquisition.

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

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

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

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Table 11: 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.		75,440,000	6.50%
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	2021	2022	Difference	
				Amount	%
Current Assets		45,585,340	57,455,519	11,870,179	26.04%
Property, Plant, and Equipment		4,764,306	4,739,779	(24,527)	(0.51%)
Intangible Assets		37,564	47,298	9,734	25.91%
Other Assets		17,848,936	17,846,501	(2,435)	(0.01%)
Total Assets		68,236,146	80,089,097	11,852,951	17.37%
Current Liabilities		25,140,307	30,554,451	5,414,144	21.54%
Non-current Liabilities		16,761,004	22,776,711	6,015,707	35.89%
Total Liabilities		41,901,311	53,331,162	11,429,851	27.28%
Capital Stock		11,595,611	11,595,611	0	0.00%
Capital reserve		38,846	65,262	26,416	68.00%
Retained Earnings		12,334,330	12,719,288	384,958	3.12%
Other Equity		1,468,825	222,092	(1,246,733)	(84.88%)
Non-controlling Interests		897,223	2,155,682	1,258,459	140.26%
Total Equity		26,334,835	26,757,935	423,100	1.61%

- (I) The main reasons for the significant changes of more than 20% in assets, liabilities and shareholders' equities in the most recent two years:
- Current assets: mainly due to an increase in cash equivalents and inventories.
  - Intangible assets: mainly due to an increase in intangible assets.
  - Current liabilities: mainly caused by the increase in short-term loans and current portion of long-term debt.
  - Non-current liabilities: mainly due to an increase in long-term borrowings.
  - Total liabilities: mainly due to an increase in non-current liabilities.
  - Capital surplus: due to an increase in the changes of associates and joint ventures accounted for using the equity method.
  - Other equity: due to the occurrence of unrealized losses on financial assets measured at fair value through other comprehensive income.
  - Non-controlling interests: mainly caused by an increase in non-controlling interests.
- (II) Effect of the aforesaid changes: No material impact.
- (III) Future response actions: None.

## II. Comparison and Analysis of Operation Results

Unit: NT\$ thousands

Item \ Year	2021	2022	Difference	
			Amount	%
Operating Revenue	12,476,018	16,791,732	4,315,714	34.59%
Operating Costs	(9,755,584)	(13,012,678)	(3,257,094)	33.39%
Gross Profit	2,720,434	3,779,054	1,058,620	38.91%
Operating Expenses	(1,844,744)	(2,303,254)	(458,510)	24.85%
Operating Income	875,690	1,475,800	600,110	68.53%
Non-operating Income and expense	53,201	211,850	158,649	298.21%
Income before Tax	928,891	1,687,650	758,759	81.68%
Income tax (expenses) incomes	(85,391)	(387,308)	(301,917)	353.57%
Net profit for the period	843,500	1,300,342	456,842	54.16%
Other Comprehensive Income (after Tax)	1,294,405	(1,372,068)	(2,666,473)	(206.00%)
Total Comprehensive Income	2,137,905	(71,726)	(2,209,631)	(103.35%)
(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: due to an increase in operating revenue.</p> <p>Operating costs: due to an increase in operating costs.</p> <p>Gross profit: mainly due to an increase in operating revenue.</p> <p>Operating expenses: due to an increase in operating expenses.</p> <p>Operating income: mainly due to an increase in gross profit.</p> <p>Non-operating income and expenses: due to an increase in other income and finance costs.</p> <p>Net profit before tax: due to the increase in operating income and non-operating income and expenses.</p> <p>Income tax (expense) benefit: due to the adjustment of deferred income tax assets.</p> <p>Net profit for the current period: mainly due to an increase in net profit before tax.</p> <p>Other comprehensive income (net after tax) for the current period: mainly caused by unrealized loss on investments in equity instruments measured at fair value through other comprehensive income.</p> <p>Total comprehensive income for the current period: mainly caused by other comprehensive losses in 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\$539,344 thousand) : Mainly due to increased inventories.
- (II) Cash outflow from investing activities (NT\$1,000,357 thousand): Mainly due to acquisition of property, plant and equipment and subsidiary acquisition.
- (III) Cash inflow from financing activities (NT\$8,444,817 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
10,842,494	10,657,135	(11,644,748)	9,854,881	-	-
Analysis of current year's cash flow changes					
1. Product sales and rental income in 2023 are expected to result in cash inflows from operating activities.					
2. Expenditures for construction in progress, reinvestments, land purchase, dividend and sales advertisements in 2023 are expected to result in cash outflows.					

#### IV. Impact of Major Capital Expenditures on Financial Business in the Most Recent Year

In order to expand the brand value and business scope, the Company set up a joint venture Zhulun Realty Co., Ltd. with Mitsui Fudosan Taiwan Co., Ltd. to jointly develop projects through the bilateral architectural planning and design and construction quality related technical exchanges. By acquiring the shares of San Hsiung Fongshan LaLaport Co., Ltd., we have joined forces to build a pure Japanese leisure shopping center in Kaohsiung and strengthened our experience in operating commercial facilities. At the same time, in response to the impact of labor and material shortages, green economy and carbon neutrality, we have acquired San-Ching Engineering Co., Ltd. and integrated the upstream and downstream industry chains to reduce costs, enhance competitiveness, and move towards achieving the goal of transforming into a comprehensive developer. In addition, the Company increased its stake in Cathay Hospitality Management Co., Ltd., Cathay Hospitality Consulting Co., Ltd., Cymbal Medical Network Co., Ltd., San Ching Engineering Co., Ltd., Bannan Realty Co., Ltd., Sanchong Realty Co., Ltd., CMG International One Co., Ltd., CMG International Two Co., Ltd., and Cathay Financial Holding Co., Ltd. with total investment amount of NT\$5.668 billion, accounting for about 23.04% of the Company's net worth, which has no significant impact. It is expected to increase the Company's return on investment through diversified development of investment.

#### V. Investment Policy in the Most Recent Year, Main Causes for the Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

(I) Re-investment policy:

The Company upholds business beliefs, implements its core values, makes use of the group advantages and resources to create a diversified business! In addition to the investment in real estate related construction projects, construction management, building management, urban redevelopment and establishing residential and commercial development joint venture with internationally renowned real estate company, the

Company also expands to life industries such as healthcare management, hotel and restaurant management and e-commerce, and integrates medical clinic system to create diversified income for the Company. It regularly reviews the investment performance and adjust investment positions to achieve profits and minimize losses.

(II) Main Causes for Profits or Losses and Improvement Plans

The investment loss recognized under the equity method in 2022 was NT\$ 405 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\$ 204 million. The performance will improve as the epidemic slows down and the revenue gradually increases after the border is opened.

(III) Investment Plans for the Coming Year

With the relaxation of COVID-19 epidemic control around the world, international business and tourism activities have returned to normal, and the hotel business is expected to perform well. However, the inflation remains high globally, and the technology industry is under pressure of de-stocking, leading to layoffs at well-known technology companies from time to time. Given international financial institutions are still bearish on the economic situation in the first half of 2023. The Company will maintain a steady and prudent pace, carefully evaluate potential high-quality investment opportunities in each business unit, and hold profits while seeking progress in a stable manner.

1. Health management business

The Company plans to build an online service platform, enhance digital applications, improve the service quality of the existing health examination centers and postpartum care homes, optimize the all-round service experience of customers, and enter the Hsinchu Smart Health Ecological Park to provide four-in-one customized services of health examination, aesthetic medicine, postpartum care, and clinics. The renovation of the Tainan Health Examination Center is expected to be completed in the first half of 2023 to increase the examination capacity and provide a more comfortable and professional health checkup space.

2. Clinic channel business

In view of the public's increasing emphasis on medical and healthcare needs, the Company will utilize the resources of the Group to build a health insurance clinic channel system, absorb external medical resources, and develop comprehensive healthcare industry services. In November 2022, a professional hemodialysis center was established on Dunhua South Road to provide the public with health care that enhances nutrition, blood vessels, and muscle strength. The Company aims to assist

primary clinics in providing comprehensive health care so that the public can obtain convenient and reliable localized services.

3. Hotel and restaurant business

Enhance the brand value and recognition of the Minsheng Branch, Taipei, Zhongxiao Branch, Taipei, Ximen Branch, Tainan, Zhongshan Branch, Kaohsiung, of Hotel Cozzi; Courtyard by Marriott Taipei Downtown, and Cozzi Blu in Taoyuan, while combining with the restaurant business to provide diverse channel platforms and customized services, and create the most comfortable leisure space for international business travelers and domestic tourists.

**VI. Assessment of Risk Items in the Most Recent Years and as of the Date of Publication of Annual Report**

(I) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures:

1. Interest rates: Due to the excessive liquidity released during the epidemic, inflation continued to be overheated. As a result, the central banks around the world have entered a cycle of interest rate hikes since 2022 in order to recover excessive market funds, which in turn impacted economic and trade performance. Looking ahead to this year, as concerns about recession are heightening with slowing economic activity, the cycle of interest rate hikes is expected to come to an end. However, with the support of strong employment performance in the United States, domestic policy rate is expected to remain high in 2023. Nevertheless, domestic real interest rates are still fluctuating between negative rates and zero rate at present, which continues to provide incentives for the buying momentum in the real estate market.
2. Exchange rate: In 2022, due to ongoing outflow of hot money, the New Taiwan dollar depreciated by nearly 10% against the US dollar throughout the year. Considering that the funds tightening policies of European and American countries are coming to an end, the extent of domestic capital outward remittance is expected to be controlled. Since real estate is mainly a domestic demand-driven industry, the direct impact of exchange rate fluctuation on real estate is relatively small.
3. Inflation: In 2022, under the influence of inflation, the price index increased by 2.95% year on year, hitting a new high in the past ten years. However, given the gradual recovery of the supply chain, appropriate domestic control measures against inflation, and good intelligence through abundant land-related information and raw material prices collected by the Company, the impact on the Company is limited.
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 2022,

significant increase in capital expenditures of major technology companies in recent years, and the continuous launch of public projects across the country have resulted in the large demand, driving the wages and prices of raw materials to increase, and the costs of construction projects are expected to remain at a high level compared with previous years. The economic recovery in China after lifting the epidemic control policy will further push up the demand for raw materials.

5. Countermeasures: The Company pays close attention to the development of the economic indicators above, continues to analyze their impact on the real estate market, and evaluates and adjusts its business strategy. In terms of raw materials, the Company also strictly controls the construction cost, while taking into account the quality as well as managing the completion schedule in response to the changes in the overall situation in order to create maximum profit for the Company.

(II) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

None.

(III) Future Research & Development Projects and Corresponding Budget

1. Research Plans:

Continue the research work of the Cathay Real Estate Index and publish relevant research information at the beginning of each quarter. In addition, in response to the rapid changes in the market, make more efforts in employee training, and strengthen professional education and training, to continue the Company's core values, and enhance the Company's brand and corporate competitive advantage.

2. Expected Research Expenditure:

A budget of NT\$16.15 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.

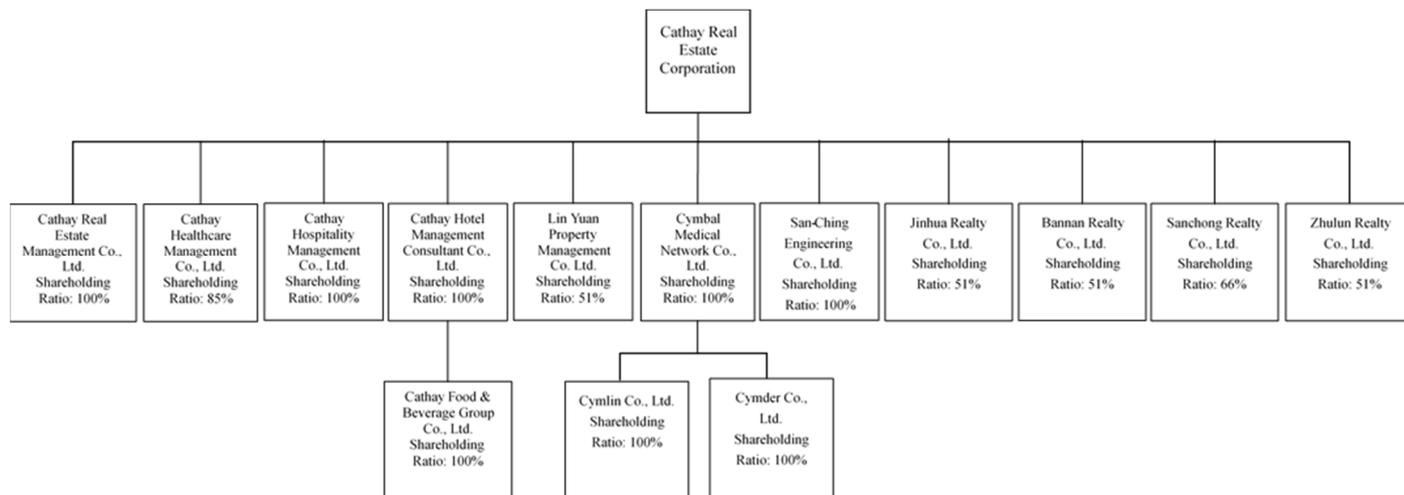
**VII. Other Important Matters: None.**

## Chapter 8. Special Notes

### I. Information on Affiliated Companies

#### (I) Consolidated Business Report of Affiliated Companies for 2022

##### 1. Organization Chart of Affiliates



##### 2. Basic information of each affiliates

Unit: NT\$ thousands

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
Cathay Real Estate Corporation	1964.12.01	2F, No. 218, Dunhua South Road, Taipei City	\$11,595,611	1. Retail of Medical Equipments 2. Department Stores 3. Car Rental and Leasing 4. Parking Garage Business 5. Residence and Buildings Lease Construction and Development 6. Industrial Factory Buildings Lease Construction and Development 7. Specialized Field Construction and Development 8. Public Works Construction and Investment 9. New County and Community Construction and Investment 10. Land Levy and Delimit 11. Reconstruction within the Renewal Area 12. Renovation, or Maintenance within the Renewal Area 13. Construction Management 14. Real Estate Commerce 15. Real Estate Rental and Leasing 16. Real Estate Consignment Brokerage 17. Management Consulting Services 18. Other Consultancy

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
				19. All business items that are not prohibited or restricted by law, except those that are subject to special approval.
Cathay Real Estate Management Co., Ltd.	2005.03.11	2F, No. 218, Dunhua South Road, Taipei City	\$50,000	<ol style="list-style-type: none"> <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> </ol>
Cathay Healthcare Management Co., Ltd.	2011.03.25	7F, No. 333, Dunhua South Road, Taipei City	\$550,000	<ol 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> <li>27. Beauty Shops</li> <li>28. Beauty Treatment</li> <li>29. Athletics and Recreational Sports Stadium</li> <li>30. Wholesale of Drugs, Medical Goods</li> <li>31. Retail of Drugs, Medical Goods</li> <li>32. Real Estate Rental and Leasing</li> <li>33. All business items that are not prohibited or restricted by law, except those that are subject to special approval.</li> </ol>

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
Cathay Hospitality Management Co., Ltd.	2012.03.27	15F, No. 319, Dunhua South Road, Taipei City	\$500,000	<ol style="list-style-type: none"> <li>1. Hotels and Motels</li> <li>2. Food Consultancy</li> <li>3. Management Consulting Services</li> <li>4. Artwork Consultation Services</li> <li>5. Product Designing</li> <li>6. Landscape and Interior Designing</li> <li>7. Floriculture Designing</li> <li>8. Manpower Dispatching Services</li> <li>9. Supermarkets</li> <li>10. Convenient Stores</li> <li>11. International Trade</li> <li>12. Residence and Buildings Lease Construction and Development</li> <li>13. All business items that are not prohibited or restricted by law, except those that are subject to special approval.</li> </ol>
Cathay Hotel Management Consulting Co., Ltd.	2018.01.05	15F, No. 319, Dunhua South Road, Taipei City	\$600,000	<ol style="list-style-type: none"> <li>1. Hotels and Motels</li> <li>2. Food Consultancy</li> <li>3. Management Consulting Services</li> <li>4. Artwork Consultation Services</li> <li>5. Product Designing</li> <li>6. Landscape and Interior Designing</li> <li>7. Floriculture Designing</li> <li>8. Manpower Dispatching Services</li> <li>9. Supermarkets</li> <li>10. Convenient Stores</li> <li>11. International Trade</li> <li>12. Residence and Buildings Lease Construction and Development</li> <li>13. Beverage Stores</li> <li>14. Restaurants</li> <li>15. Other Food and Beverage Services</li> <li>16. Wholesale of Tobacco Products and Alcoholic Beverages</li> <li>17. Wholesale of Nonalcoholic Beverages</li> <li>18. Wholesale of Food and Grocery</li> <li>19. Retail of Food Products and Groceries</li> <li>20. Retail of Tobacco and Alcoholic Beverages</li> <li>21. Tourism and Hotel</li> <li>22. All business items that are not prohibited or restricted by law, except those that are subject to special approval.</li> </ol>
Cathay Food & Beverage Group Co., Ltd.	2022.11.08	15F, No. 319, Dunhua South Road, Taipei City	\$15,000	<ol style="list-style-type: none"> <li>1. Wholesale of Tobacco and Alcohol</li> <li>2. Wholesale of Nonalcoholic Beverages</li> <li>3. Wholesale of Foods and Groceries</li> <li>4. Retail Sale of Agricultural Products</li> <li>5. Retail Sale of Livestock Products</li> <li>6. Retail Sale of Fishery Products</li> <li>7. Retail Sale of Food, Grocery and Beverage</li> <li>8. Retail Sale of Tobacco and Alcohol</li> <li>9. Retail Sale of Furniture, Bedding Kitchen Utensils and Fixtures</li> <li>10. Retail Sale of daily commodities</li> <li>11. International Trade</li> <li>12. Beverage Shops</li> </ol>

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
				<ul style="list-style-type: none"> <li>13. Restaurants</li> <li>14. Other Catering</li> <li>15. Food Consulting</li> <li>16. Management Consulting</li> <li>17. General Advertisement Service</li> <li>18. Product Designing</li> <li>19. Landscape and Interior Designing</li> <li>20. All business activities that are not prohibited or restricted by law, except those that are subject to special approval.</li> </ul>
Lin Yuan Property Management Co. Ltd.	2000.07.01	2F, No. 152 Songjiang Road, Zhongshan District, Taipei City	\$30,000	<ul style="list-style-type: none"> <li>1. Apartment Building Management Services</li> <li>2. Manpower Dispatching Services</li> <li>3. Parking Garage Business</li> <li>4. Agency Management of Rental Housing</li> <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> </ul>

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
				31. Retail of Drugs, Medical Goods 32. Wholesale of Western Medicine 33. Retail of Western Medicine 34. General Advertising Service 35. All business items that are not prohibited or restricted by law, except those that are subject to special approval.
Cymder Co., Ltd.	2019.07.04	6F, No. 333, Dunhua South Road, Taipei City	\$123,000 (Including \$120,000 for ordinary shares and \$3,000 for preferred shares)	1. Cosmetics Manufacturing 2. Computing Equipments Installation Construction 3. Wholesale of Food and Grocery 4. Wholesale of Articles for Daily Use 5. Wholesale of Cosmetics 6. Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles 7. Wholesale of Precise Instrument 8. Wholesale of Other Products 9. Retail of Food Products and Groceries 10. Retail of Articles for Daily Use 11. Retail of Cosmetics 12. Retail of the Second Type Patent Medicine 13. Retail of Stationery Articles, Musical Instruments and Educational Entertainment Articles 14. Storeless Retail 15. International Trade 16. Intellectual Property 17. Ordinary Investment 18. Venture Capital 19. Real Estate Rental and Leasing 20. Food Consultancy 21. Management Consulting Services 22. Other Consultancy 23. Software Design Services 24. Data Processing Services 25. Digital Information Supply Services 26. Manpower Dispatching Services 27. Exhibition Services 28. Rental and Leasing Business 29. Agency Services 30. Wholesale of Drugs, Medical Goods 31. Retail of Drugs, Medical Goods 32. Retail of Cloth, Clothing, Shoes, Hats, Umbrellas and Garments 33. Athletics and Recreational Sports Stadium 34. Sports Training 35. All business items that are not prohibited or restricted by law, except those that are subject to special approval.
Cymlin Co., Ltd.	2020.02.13	6F, No. 333, Dunhua South Road, Taipei City	\$143,000 (Including \$140,000 for ordinary shares and	1. Cosmetics Manufacturing 2. Computing Equipments Installation Construction 3. Wholesale of Food and Grocery 4. Wholesale of Articles for Daily Use

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
			\$3,000 for preferred shares)	5. Wholesale of Cosmetics 6. Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles 7. Wholesale of Precise Instrument 8. Wholesale of Other Products 9. Retail of Food Products and Groceries 10. Retail of Articles for Daily Use 11. Retail of Cosmetics 12. Retail of the Second Type Patent Medicine 13. Retail of Stationery Articles, Musical Instruments and Educational Entertainment Articles 14. Storeless Retail 15. International Trade 16. Intellectual Property 17. Ordinary Investment 18. Venture Capital 19. Real Estate Rental and Leasing 20. Food Consultancy 21. Management Consulting Services 22. Other Consultancy 23. Software Design Services 24. Data Processing Services 25. Digital Information Supply Services 26. Manpower Dispatching Services 27. Exhibition Services 28. Rental and Leasing Business 29. Agency Services 30. Wholesale of Drugs, Medical Goods 31. Retail of Drugs, Medical Goods 32. Retail of Cloth, Clothing, Shoes, Hats, Umbrellas and Garments 33. Athletics and Recreational Sports Stadium 34. Sports Training 35. All business items that are not prohibited or restricted by law, except those that are subject to special approval.
San-Ching Engineering Co., Ltd.	1961.08.03	12F, No. 218, Sec. 2, Dunhua South Road, Taipei City	\$1,200,000	1. Comprehensive Construction Activities 2. Tap Water Pipelines Contractors 3. Electric Appliance Construction 4. Refrigeration and Air Conditioning Engineering 5. Indoor Decoration 6. Painting Engineering 7. Wholesale of Building Materials 8. International Trade 9. Real Estate Business 10. Real Estate Leasing 11. Energy Technical Services 12. All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
Jinhua Realty Co., Ltd.	2020.08.19	2F, No. 218, Sec. 2,	\$800,000	1. Residence and Buildings Lease Construction and Development

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
		Dunhua South Road, Taipei City		<ul style="list-style-type: none"> <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 Road, Taipei City	\$1,150,000	<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. 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	\$2,600,000	<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
				<ol 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. 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> </ol>
Zhulun Realty Co., Ltd.	2022.11.28	2F, No. 218, Dunhua South Road, Taipei City	\$400,000	<ol 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. Retail Sale No Storefront</li> <li>16. International Trade</li> <li>17. Supermarkets</li> <li>18. Department Stores</li> <li>19. Convenience Stores</li> <li>20. Wholesale of Refractory Materials</li> <li>21. Beverage Shops</li> <li>22. Restaurants</li> <li>23. Rental and Leasing</li> <li>24. All business activities that are not prohibited or restricted by law, except those that are subject to special approval.</li> </ol>

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%
Cathay Healthcare	Chairman	Representative of Cathay Real Estate Corporation: Chang, Ching-Kuei	46,750,000	85%

Name of Company	Title	Name or Representative	Shareholding	
			Shareholding	Shareholding Ratio
Management Co., Ltd.	Director and President	Representative of Cathay Real Estate Corporation: Lee, Wei-Te	46,750,000	85%
	Vice Chairman	Representative of Cathay Real Estate Corporation: Tsai, Chung-Yan	46,750,000	85%
	Supervisor	Representative of Cathay Venture Capital Co., Ltd.: Wu, Ming-Hui	8,250,000	15%
Cathay Hospitality Management Co., Ltd.	Chairman	Representative of Cathay Real Estate Corporation: Lee, Hung-Ming	50,000,000	100%
	Director and President	Representative of Cathay Real Estate Corporation: Chuang, Wan-Hua	50,000,000	100%
	Director	Representative of Cathay Real Estate Corporation: Lin, Chin-Liang	50,000,000	100%
	Supervisor	Representative of Cathay Real Estate Corporation: Hsu, Tso-Hsing	50,000,000	100%
Cathay Hotel Management Consulting Co., Ltd.	Chairman	Representative of Cathay Real Estate Corporation: Lee, Hung-Ming	60,000,000	100%
	Director and President	Representative of Cathay Real Estate Corporation: Chuang, Wan-Hua	60,000,000	100%
	Director	Representative of Cathay Real Estate Corporation: Lin, Chin-Liang	60,000,000	100%
	Supervisor	Representative of Cathay Real Estate Corporation: Hsu, Tso-Hsing	60,000,000	100%
Cathay Food & Beverage Group Co., Ltd.	Chairman	Representative of Cathay Hotel Management Consultant Co., Ltd.: Lee, Hung-Ming	1,500,000	100%
	Director and President	Representative of Cathay Hotel Management Consultant Co., Ltd.: Chuang, Wan-Hua	1,500,000	100%
	Director	Representative of Cathay Hotel Management Consultant Co., Ltd.: Lin, Chin-Liang	1,500,000	100%
	Supervisor	Representative of Cathay Hotel Management Consultant Co., Ltd.: Hsu, Tso-Hsing	1,500,000	100%
Lin Yuan Property Management Co. Ltd.	Chairman and President	Representative of Cathay Real Estate Corporation: Pan, Ching-Ming	1,530,000	51%
	Director	Representative of Cathay Real Estate Corporation: Wu, Hsi-Che	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: Lee, Wei-Te	35,000,000	100%
	Director	Representative of Cathay Real Estate Corporation: Tsai, Chung-Yan	35,000,000	100%
	Supervisor	Representative of Cathay Real Estate Corporation: Wu, Ming-Hui	35,000,000	100%

Name of Company	Title	Name or Representative	Shareholding	
			Shareholding	Shareholding Ratio
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.: Lee, Wei-Te	12,000,000	100%
	Director	Cymbal Medical Network Co., Ltd.: Tsai, Chung-Yan	12,000,000	100%
	Supervisor	Wu, Ming-Hui	0	0
Cymlin Co., Ltd.	Chairman	Cymbal Medical Network Co., Ltd.: Chang, Ching-Kuei	14,000,000	100%
	Director and President	Representative of Cymbal Medical Network Co., Ltd.: Lee, Wei-Te	14,000,000	100%
	Director	Cymbal Medical Network Co., Ltd.: Tsai, Chung-Yan	14,000,000	100%
	Supervisor	Wu, Ming-Hui	0	100%
San-Ching Engineering Co., Ltd.	Chairman	Representative of Cathay Real Estate Corporation: Wu, Ming-Hui	120,000,000	100%
	Director and President	Representative of Cathay Real Estate Corporation: Ye, Da-Jia	120,000,000	100%
	Director	Representative of Cathay Real Estate Corporation: Ye, Deng-Ke	120,000,000	100%
	Supervisor	Representative of Cathay Real Estate Corporation: Lin, Weng-Chuan	120,000,000	100%
Jinhua Realty Co., Ltd.	Chairman and President	Representative of Cathay Real Estate Corporation: Lin, Chin-Liang	40,800,000	51%
	Director	Representative of Cathay Real Estate Corporation: Kuo, Chun- Ho	40,800,000	51%
	Director	Representative of Cathay Real Estate Corporation: Ku, Shang-Chieh	40,800,000	51%
	Director	Mitsui Fudosan Taiwan Co., Ltd.: Ono Hiroshi	39,200,000	49%
	Director	Mitsui Fudosan Taiwan Co., Ltd.: Ito Tsunaki	39,200,000	49%
	Supervisor	Liao, Li-Chi	0	0
	Supervisor	Kihara Kensuke	0	0
Bannan Realty Co., Ltd.	Chairman and President	Representative of Cathay Real Estate Corporation: Lin, Chin-Liang	58,650,000	51%
	Director	Representative of Cathay Real Estate Corporation: Kuo, Chun- Ho	58,650,000	51%
	Director	Representative of Cathay Real Estate Corporation: Ku, Shang-Chieh	58,650,000	51%
	Director	Mitsui Fudosan Taiwan Co., Ltd.: Ono Hiroshi	56,350,000	49%
	Director	Mitsui Fudosan Taiwan Co., Ltd.: Ito Tsunaki	56,350,000	49%
	Supervisor	Liao, Li-Chi	0	0
	Supervisor	Kihara Kensuke	0	0
Sanchong Realty Co., Ltd.	Chairman and President	Representative of Cathay Real Estate Corporation: Lin, Chin-Liang	171,600,000	66%
	Director	Representative of Cathay Real Estate Corporation: Kuo, Chun- Ho	171,600,000	66%
	Director	Representative of Cathay Real Estate Corporation: Ku, Shang-Chieh	171,600,000	66%

Name of Company	Title	Name or Representative	Shareholding	
			Shareholding	Shareholding Ratio
	Director	Mitsui Fudosan Taiwan Co., Ltd.: Ono Hiroshi	88,400,000	34%
	Director	Mitsui Fudosan Taiwan Co., Ltd.: Ito Tsunaki	88,400,000	34%
	Supervisor	Liao, Li-Chi	0	0
	Supervisor	Kihara Kensuke	0	0
Zhulun Realty Co., Ltd.	Chairman and President	Representative of Cathay Real Estate Corporation: Lin, Chin-Liang	20,400,000	51%
	Director	Representative of Cathay Real Estate Corporation: Kuo, Chun- Ho	20,400,000	51%
	Director	Representative of Cathay Real Estate Corporation: Ku, Shang-Chieh	20,400,000	51%
	Director	Mitsui Fudosan Taiwan Co., Ltd.: Ono Hiroshi	19,600,000	49%
	Director	Mitsui Fudosan Taiwan Co., Ltd.: Ito Tsunaki	19,600,000	49%
	Supervisor	Liao, Li-Chi	0	0
	Supervisor	Kihara Kensuke	0	0

## 5. Operating status of affiliates

Unit: NT\$ thousands

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net value	Operating Revenue	Operating Income	Profit or Loss (after Tax)	Earnings per share (NT\$) (after taxes)
Cathay Real Estate Corporation	\$11,595,611	\$64,510,958	\$39,908,705	\$24,602,253	\$14,126,629	\$1,259,379	\$1,207,749	\$1.04
Cathay Real Estate Management Co., Ltd.	50,000	140,764	11,070	129,694	69,231	42,755	34,852	6.97
Cathay Healthcare Management Co., Ltd.	550,000	2,134,775	1,405,158	729,617	817,496	209,672	135,075	2.46
Cathay Hospitality Management Co., Ltd.	500,000	2,944,091	2,876,399	67,692	659,523	(134,696)	(257,652)	(6.27)
Cathay Hotel Management Consulting Co., Ltd.	600,000	4,232,609	4,119,810	112,799	772,262	(201,150)	(340,834)	(9.03)
Cathay Food & Beverage Group Co., Ltd.	15,000	15,006	-	15,006	-	-	6	(0.00)
Lin Yuan Property Management Co. Ltd.	30,000	345,060	226,601	118,459	1,372,453	78,623	63,827	21.28
Cymbal Medical Network Co., Ltd.	350,000	277,325	29,606	247,719	4,414	(28,560)	(57,891)	(1.65)
Cymder Co., Ltd.	120,000 (ordinary) 3,000 (preferred)	110,644	15,425	95,219	7,641	(11,093)	(11,413)	(0.95)
Cymlin Co., Ltd.	140,000 (ordinary) 3,000 (preferred)	253,492	134,753	118,739	6,224	(14,014)	(17,525)	(1.25)
San-Ching Engineering Co., Ltd.	1,200,000	6,211,671	3,469,317	2,742,354	5,971,419	170,839	2,468,282	36.09
Jinhua Realty Co., Ltd.	800,000	2,973,007	2,249,677	723,330	-	(11,126)	(8,088)	(0.10)
Bannan Realty Co., Ltd.	1,150,000	1,133,689	85	1,133,604	-	(7,373)	(5,590)	(0.07)
Sanchong Realty Co., Ltd.	2,600,000	4,027,923	1,440,085	2,587,838	5,488	(15,647)	(12,162)	(0.06)
Zhulun Realty Co., Ltd.	400,000	401,707	8,989	392,718	-	(9,174)	(7,282)	(0.18)

## 6. Overview of Businesses of Affiliates

### (1) Businesses covered by the affiliated companies' overall operations:

1. Cathay Real Estate Corporation: Construction.
2. Cathay Real Estate Management Co., Ltd.: Construction management.
3. Cathay Healthcare Management Co., Ltd.: Consulting service.
4. Cathay Hospitality Management Co., Ltd.: Service.
5. Cathay Hospitality Consulting Co., Ltd.: Service.
6. Cathay Food & Beverage Group Co., Ltd.: Service.
7. Lin Yuan Property Management Co. Ltd.: Apartment Buildings Management Service.
8. Cymbal Medical Network Co., Ltd.: Wholesale of Drugs, Medical Goods.
9. Cymder Co., Ltd.: Manpower Dispatching Services and Leasing Industry.
10. Cymlin Co., Ltd.: Manpower Dispatching Services and Leasing Industry.
11. San-Ching Engineering Co., Ltd.: Integrated construction business.
12. Jinhua Realty Co., Ltd.: Housing and Building Development and Rental Industry.
13. Bannan Realty Co., Ltd.: Housing and Building Development and Rental Industry.
14. Sanchong Realty Co., Ltd.: Housing and Building Development and Rental Industry.
15. Zhulun Realty Co., Ltd.: Housing and Building Development and Rental Industry.

### (2) Division of labor for exchange and cooperation of overall related companies:

The main business of Cathay Real Estate Development Co., Ltd. is entrusting manufacturers to build public housing and commercial building for leasing and sales. It is independent of each subsidiary and has no division of labor.

(II) Statement of Relationship

1. Statement of Declaration

Statement of Declaration

The Company's 2022 (from January 1 to December 31, 2022) affiliation report is compiled in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises and the disclosed information is largely consistent with the related information disclosed in the financial statements of the period

Sincerely,

Company Name: Cathay Real Estate Corporation

Chairman: Chang, Ching-Kuei

March 14, 2023

2. Statement of Opinions

Attn: Cathay Real Estate Corporation

Subject: Express opinions on whether the statement of your management as to the 2022 Affiliation Report is reasonable in material respects.

Note: We have completed the preparation of the 2022 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 2022 is free of material inconsistency.

In our opinion, the statement made by the management of your company in relation to the 2022 Affiliation Report is reasonable in all material respects.

Ernst & Young

Hsu, Jung-Huang

Accountant:

Ma, Chun-Ting

March 14, 2023

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.