CATHAY REAL ESTATE DEVELOPMENT CO., LTD.
AND SUBSIDIARIES

Consolidated Financial Statements

For the Years Ended
December 31, 2020 And 2019

Report of Independent Auditors

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

Independent Auditors' Report Translated from Chinese

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

Opinion

We have audited the accompanying consolidated balance sheets of Cathay Real Estate Development Co., Ltd. (the "Company") and its subsidiaries as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2020 and 2019, and their consolidated financial performance and cash flows for the years ended December 31, 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 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.

<u>Revenue recognition</u>

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

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

We also assess whether the Company properly disclose information relating the construction income of financial statement. Please refer Note 4.(17) and Note 6.(18).

<u>Valuation of Construction Land</u>

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

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

We also assess whether the company properly disclose information relating the construction land valuation of financial statement. Please refer Note 4.(9), Note 5.(2).(E) and Note 6.(5).

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

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

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

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

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 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.

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2020 and 2019.

Hsu, Jung Huang
Huang, Chien Che
Ernst & Young, Taiwan
March 18, 2021

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, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

Assets			December 31, 2020		December 31, 2019	
Code	Items	Notes	Amounts	%	Amounts	%
	Current Assets					
1100	Cash and cash equivalents	4, 6(1) & 7	$3,395,624	6	$2,123,443	4
1120	Financial assets at fair value through other comprehensive income-current	4 & 6(2)	2,437,036	4	2,454,341	5
1150	Notes receivable, net	4 & 6(3),(19)	32,406	-	40,032	-
1170	Accounts receivable, net	4, 6(4),(19) & 7	471,478	1	266,410	-
1200	Others receivables		30,590	-	32,220	-
1220	Current tax assets	4	61	-	145	-
130x	Inventories	4, 6(5) & 7	28,989,058	48	26,551,128	50
1410	Prepayments		451,391	1	448,484	1
1470	Others current assets	7	112,196	-	66,345	-
1480	Incremental costs of obtaining contracts-current	4, 6(5),(18)	633,029	1	671,760	1
11xx	Total current assets		36,552,869	61	32,654,308	61
	Non-current Assets					
1517	Financial assets at fair value through other comprehensive income-non-current	4 & 6(2)	2,074,370	3	2,234,994	4
1600	Property, plant and equipment	4 & 6(6)	5,197,866	9	4,614,222	9
1755	Right-of-use assets	4, 6(20) & 7	5,133,962	9	4,032,193	7
1760	Investment properties, net	4 & 6(7)	8,369,250	14	8,644,878	16
1780	Intangible assets	4 & 6(8)	33,407	-	24,210	-
1840	Deferred tax assets	4 & 6(24)	479,335	1	544,270	1
1900	Other non-currents assets	6(9) & 7	1,655,869	3	987,055	2
15xx	Total non-currents assets		22,944,059	39	21,081,822	39
1xxx	Total Assets		$59,496,928	100	$53,736,130	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 Balance Sheets (Continued)

December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

Liabilities and Equity			December 31, 2020		December 31, 2019	
Code	Items	Notes	Amounts	%	Amounts	%
	Current Liabilities					
2100	Short-term loans	4, 6(10) & 7	$7,351,000	12	$7,263,000	14
2110	Short-term notes payable	4 & 6(11)	3,090,501	5	1,034,540	2
2130	Contract liabilities-current	3 & 6(18)	4,506,622	8	3,575,923	7
2150	Notes payable		60,802	-	144,213	-
2170	Accounts payable		1,028,322	2	513,373	1
2180	Accounts payable-related parties	7	50,716	-	213,133	-
2200	Other payables		1,163,616	2	501,797	1
2230	Current tax liabilities	4	56,243	-	84,308	-
2280	Lease liabilities-current	4, 6(20) & 7	349,495	1	290,712	1
2300	Other current liabilities		100,958	-	198,001	-
2320	Long-term loans-current portion	4 & 6(12),(13)	5,400,000	9	6,000,000	11
21xx	Total current liabilities		23,158,275	39	19,819,000	37
	Non-Current Liabilities					
2540	Long-term loans	4 & 6(13)	5,509,741	9	5,102,682	9
2570	Deferred tax liabilities	4 & 6(24)	10,049	-	10,049	-
2580	Lease liabilities-non-current	4, 6(20) & 7	5,160,464	9	4,082,899	8
2600	Other non-current liabilities	6(14) & 7	259,271	-	239,450	-
25xx	Total non-current liabilities		10,939,525	18	9,435,080	17
2xxx	Total Liabilities		34,097,800	57	29,254,080	54
	Equity attributable to stockholders of the parent	4				
3100	Capital stock					
3110	Common stock	6(15)	11,595,611	20	11,595,611	22
3200	Capital surplus	6(16)	39,515	-	31,628	-
3300	Retained earnings	6(17)				
3310	Legal capital reserve		4,489,507	7	4,352,457	8
3320	Special capital reserve		504,189	1	504,189	1
3350	Unappropriated retained earnings		7,652,656	13	7,455,300	14
	Total retained earnings		12,646,352	21	12,311,946	23
3400	Other equity		173,746	-	438,907	1
31xx	Total equity attributable to stockholders of the parent		24,455,224	41	24,378,092	46
36xx	Non-controlling interests	6(17)	943,904	2	103,958	-
3xxx	Total Equity		25,399,128	43	24,482,050	46
	Total Liabilities and Equity		$59,496,928	100	$53,736,130	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, 2020 and 2019

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

(Expressed in thousands of New Taiwan Dollars)

Code	Items	Notes	2020 Amount	2020 %	2019 Amount	2019 %
4000	Operating revenues	4, 6(7),(18),(20) & 7	$13,973,611	100	$11,623,928	100
5000	Operating costs	6(5),(7),(8),(14),(20),(21) & 7	(10,814,849)	(77)	(8,461,339)	(73)
5900	Gross margin		3,158,762	23	3,162,589	27
6000	Operating expenses	6(7),(8),(14),(20),(21) & 7				
6200	Administrative expenses		(1,607,467)	(12)	(1,663,270)	(14)
6450	Expected credit profit (loss)	4 & 6(19)	34	-	(32)	-
	Total operating expenses		(1,607,433)	(12)	(1,663,302)	(14)
6900	Operating income		1,551,329	11	1,499,287	13
7000	Non-operating income and expenses	4, 6(22) & 7				
7100	Interest income		3,083	-	4,665	-
7010	Other income		276,733	2	180,394	2
7020	Other gains or losses		73,854	1	27,322	-
7050	Finance costs		(219,715)	(2)	(141,330)	(1)
	Total non-operating income and expenses		133,955	1	71,051	1
7900	Income before Income tax		1,685,284	12	1,570,338	14
7950	Income tax (expense) benefit	4 & 6(24)	(168,497)	(1)	(169,980)	(2)
8200	Net income		1,516,787	11	1,400,358	12
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		(3,934)	-	(5,937)	-
8316	Valuation gain (losses) on equity instruments at fair value through other comprehensive income		(164,942)	(1)	368,350	3
8349	Income tax related to items not be reclassified to profit or loss in subsequent periods		786	-	1,187	-
8360	To be reclassified to profit or loss in subsequent periods					
8361	Exchange differences resulting from translating the financial statements of foreign operations		(88,222)	(1)	(30,917)	-
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		-	-	(790)	-
	Other comprehensive (losses) income, net of tax		(256,312)	(2)	331,893	3
8500	Total comprehensive (losses) income		$1,260,475	9	$1,732,251	15
8600	Net income (losses) attributable to:					
8610	Shareholders of the parent		$1,483,980	11	$1,370,505	12
8620	Non-controlling interests		32,807	-	29,853	-
			$1,516,787	11	$1,400,358	12
8700	Total comprehensive income (losses) attributable to:					
8710	Shareholders of the parent		$1,228,806	9	$1,732,589	15
8720	Non-controlling interests		31,669	-	(338)	-
			$1,260,475	9	$1,732,251	15
	Earnings Per Share (In dollars)	6(25)				
9750	Basic earnings per share		$1.28		$1.18	
9850	Diluted earnings per share		$1.28		$1.18	

(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, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

		Equity attributable to stockholders of the parent										
				Retained Earnings			Other Equity					
		Capital Stock	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Retained Earnings	Exchange Differences Resulting from Translating the Financial Statements of Foreign Operations	Unrealized (Losses) Gains from Financial Assets at Fair Value Through Other Comprehensive Income	Remeasurements of Defined Benefit Plans	Total	Non-Controlling Interests	Total Equity
Code	Items	3100	3200	3310	3320	3350	3410	3420	3445	31XX	36XX	3XXX
A1	Balance on January 1, 2019	$11,595,611	$25,783	$3,991,496	$504,189	$8,877,586	$89,738	$(33,607)	$23,940	$25,074,736	$266,813	$25,341,549
	Appropriation and distribution of earnings for the year 2018											
B1	Legal capital reserve	-	-	360,961	-	(360,961)	-	-	-	-	-	-
B5	Cash dividends on common stock	-	-	-	-	(2,435,078)	-	-	-	(2,435,078)	-	(2,435,078)
C17	Changes in other capital surplus	-	5,845	-	-	-	-	-	-	5,845	-	5,845
D1	Net income for the year ended December 31, 2019	-	-	-	-	1,370,505	-	-	-	1,370,505	29,853	1,400,358
D3	Other comprehensive income (loss), net of tax for the year ended December 31, 2019	-	-	-	-	-	(1,573)	368,350	(4,693)	362,084	(30,191)	331,893
D5	Total comprehensive income (loss)	-	-	-	-	1,370,505	(1,573)	368,350	(4,693)	1,732,589	(338)	1,732,251
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(162,517)	(162,517)
Q1	Disposal of financial instruments at fair value through other comprehensive income	-	-	-	-	3,248	-	(3,248)	-	-	-	-
Z1	Balance on December 31, 2019	11,595,611	31,628	4,352,457	504,189	7,455,300	88,165	331,495	19,247	24,378,092	103,958	24,482,050
	Appropriation and distribution of earnings for the year 2019											
B1	Legal capital reserve	-	-	137,050	-	(137,050)	-	-	-	-	-	-
B5	Cash dividends on common stock	-	-	-	-	(1,159,561)	-	-	-	(1,159,561)	-	(1,159,561)
C17	Changes in other capital surplus	-	7,887	-	-	-	-	-	-	7,887	-	7,887
D1	Net income for the year ended December 31, 2020	-	-	-	-	1,483,980	-	-	-	1,483,980	32,807	1,516,787
D3	Other comprehensive income (loss), net of tax for the year ended December 31, 2020	-	-	-	-	-	(88,165)	(164,943)	(2,066)	(255,174)	(1,138)	(256,312)
D5	Total comprehensive income (loss)	-	-	-	-	1,483,980	(88,165)	(164,943)	(2,066)	1,228,806	31,669	1,260,475
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	808,277	808,277
Q1	Disposal of financial instruments at fair value through other comprehensive income	-	-	-	-	9,987	-	(9,987)	-	-	-	-
Z1	Balance on December 31, 2020	$11,595,611	$39,515	$4,489,507	$504,189	$7,652,656	$-	$156,565	$17,181	$24,455,224	$943,904	$25,399,128

(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, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

Code	Items	2020 Amount	2019 Amount
AAAA	Cash flows from operating activities		
A10000	Net income before tax	$1,685,284	$1,570,338
A20000	Adjustments:		
A20100	Depreciation	888,272	756,620
A20200	Amortization	14,587	12,310
A20300	Expected credit loss (gain)	(34)	32
A20900	Interest expenses	219,715	141,330
A21200	Interest income	(3,083)	(4,665)
A21300	Dividend income	(117,922)	(97,167)
A22500	Loss (gain) on disposal of property, plant and equipment	9,195	2,496
A22600	Property, plant and equipment transfer to expense	-	51
A22800	Loss (gain) on disposal of intangible assets	973	-
A23100	Loss (gain) on disposal of investments	(87,423)	(45,221)
A29900	Others	(2,575)	-
A30000	Changes in operating assets and liabilities:		
A31130	Decrease (increase) in notes receivable	7,626	(15,823)
A31150	Decrease (increase) in accounts receivable	(146,785)	197,192
A31180	Decrease (increase) in other receivables	(7,311)	390,837
A31200	Decrease (increase) in inventories	(2,313,894)	(540,491)
A31230	Decrease (increase) in prepayments	(2,522)	62,545
A31240	Decrease (increase) in other current assets	(40,851)	315,810
A31270	Decrease (increase) in incremental costs of obtaining contracts	38,731	(190,163)
A31990	Decrease (increase) in other operating assets	64,522	242,278
A32125	Increase (decrease) in contract liabilities	930,699	(75,689)
A32130	Increase (decrease) in notes payable	(83,411)	53,828
A32150	Increase (decrease) in accounts payable	471,148	51,988
A32160	Increase (decrease) in accounts payable-related parties	(162,417)	(382,577)
A32180	Increase (decrease) in other payables	661,071	(102,098)
A32230	Increase (decrease) in other current liabilities	(99,390)	75,270
A33000	Cash inflow generated from operations	1,924,205	2,419,031
A33100	Interested received	3,229	4,708
A33500	Income taxes paid	(126,180)	(139,618)
AAAA	Net cash generated by operating activities	1,801,254	2,284,121
BBBB	Cash flow from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	-	(67,123)
B00030	Return of capital deduction from financial assets at fair value through other comprehensive income	-	4,975
B01900	Disposal of investments accounted for using the equity method	8,795	1,748
B02200	Net cash flow from acquisition of subsidiaries	149,189	-
B02700	Acquisition of property, plant and equipment	(950,540)	(508,922)
B02800	Disposal of property, plant and equipment	8,446	6,341
B04500	Acquisition of intangible assets	(24,242)	(11,623)
B05350	Acquisition of right-of-use asset	-	(7,606)
B06700	Increase in other non-current assets	(642,408)	-
B06800	Decrease in other non-current assets	-	89,166
B07600	Dividends received	117,922	97,167
BBBB	Net cash used in investing activities	(1,332,838)	(395,877)
CCCC	Cash flow from financing activities		
C00100	Increase in short-term loans	88,000	-
C00200	Decrease in short-term loans	-	(1,452,000)
C00500	Increase in short-term notes payable	2,055,961	774,540
C01600	Proceeds from long-term debt	4,009,741	5,102,682
C01700	Repayment of long-term loans	(4,202,682)	(2,605,285)
C04020	Repayment of principal of lease liabilities	(308,628)	(229,542)
C04400	Decrease in other non-current liabilities	(58,782)	(1,077)
C04500	Payment of cash dividends	(1,159,561)	(2,435,078)
C05600	Interests paid	(361,382)	(346,439)
C05800	Change in non-controlling interests	742,167	(162,517)
C09900	Other financing activities	(429)	-
CCCC	Net cash generated by (used in) financing activities	804,405	(1,354,716)
DDDD	Effect of currency exchange rate on cash and cash equivalents	(640)	(30,242)
EEEE	Net increase in cash and cash equivalents	1,272,181	503,286
E00100	Cash and cash equivalents, beginning of period	2,123,443	1,620,157
E00200	Cash and cash equivalents, end of period	$3,395,624	$2,123,443

(The accompanying notes are an integral part of these consolidated financial statements)

Cathay Real Estate Development Co., Ltd.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019
(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, 2020 and 2019 were authorized for issue by the Board of Directors on March 18, 2021.

3. APPLICATION OF NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2020. The remaining new standards and amendments had no material impact on the Group.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021

A. Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The final phase amendments mainly relate to the effects of the interest rate benchmark reform on the companies' financial statements:

a. A company will not have to derecognize or adjust the carrying amount of financial instruments for changes to contractual cash flows as required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
b. A company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
c. A company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

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

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
2	IFRS 17 "Insurance Contracts"	1 January 2023
3	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
4	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	1 January 2022
5	Disclosure Initiative - Accounting Policies - Amendments to IAS 1	1 January 2023
6	Definition of Accounting Estimates - Amendments to IAS 8	1 January 2023

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

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

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

B. IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

a. estimates of future cash flows;
b. Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
c. a risk adjustment for non-financial risk.

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:

a. direct participation features (the Variable Fee Approach);
b. simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

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

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

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

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

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

b. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

c. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

d. Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

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

Amendment to IFRS 9 Financial Instruments

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

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

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

Amendment to IAS 41

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

E. Disclosure Initiative - Accounting Policies - Amendments to IAS 1

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

F. Definition of Accounting Estimates - Amendments to IAS 8

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

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, 2020 and 2019 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, Interpretations issued by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC ("TIFRS").

(2) Basis of preparation

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

(3) Basis of consolidation

A. Preparation principle of consolidated financial statements

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

a. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
b. exposure, or rights, to variable returns from its involvement with the investee, and
c. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a. the contractual arrangement with the other vote holders of the investee
b. rights arising from other contractual arrangements
c. the Group's voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

a. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
b. derecognizes the carrying amount of any non-controlling interest;
c. recognizes the fair value of the consideration received;
d. recognizes the fair value of any investment retained;
e. recognizes any surplus or deficit in profit or loss; and
f. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

B. The consolidated entities are listed as follows:

			Percentage of ownership (%)	
Investor	Subsidiaries	Main business	December 31, 2020	December 31, 2019
The Company	Cathay Real Estate Management Co., Ltd.	Construction management	100.00%	100.00%
The Company	Cathay Healthcare Management Co., Ltd.	Consultancy	85%	85%
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	Cathay Real Estate Holding Corporation	General trade & investing	-	100.00%
The Company	Lin Yuan Property Management Co., Ltd.	Apartment building management service industry	51.00%	-
The Company	Jinhua Realty Co., Ltd.	Residential and building development leasing and sale industry	51.00%	-
The Company	Bannan Realty Co., Ltd.	Residential and building development leasing and sale industry	51.00%	-

Investor	Subsidiaries	Main business	Percentage of ownership (%) December 31, 2020	Percentage of ownership (%) December 31, 2019
Cymbal Medical Network Co., Ltd.	Cymder Co., Ltd.	Manpower dispatch and leasing industry	100.00%	100.00%
Cymbal Medical Network Co., Ltd.	Cymlin Co., Ltd.	Manpower dispatch and leasing industry	100.00%	-
Cathay Healthcare Management CO., LTD	Cathay Healthcare Management Limited (BVI)	General trade & investing	-	100.00%
Cathay Healthcare Management CO., LTD	Hangzhou Kunning Health Consulting Limited Ltd.	Consultancy	-	100.00%
Cathay Real Estate Holding Corporation	CCH Commercial Company Limited	Investing	-	66.67%
Cathay Healthcare Management Limited (BVI)	Cathay Healthcare Management Limited (Cayman)	Business management	-	100.00%
Cathay Healthcare Management Limited (Cayman)	Hangzhou Kunning Health Consulting Limited Ltd.	Consultancy	-	Note 1

Note 1: Due to the need for business development, the subsidiary Cathay Healthcare Management Co., Ltd. has changed the investment structure and invested in Hangzhou Kunning Health Consulting Limited Ltd. directly, which was approved by Investment Commission, MOEA.

C. The changing of the subsidiaries:

Subsidiaries added in the current consolidated financial statements：Cymlin Co., Ltd, Jinhua Realty and Bannan Realty were established in 2020, and the Group has included them as consolidated entities since it obtained control on the acquisition date. After acquiring 41% shares of Lin Yuan Property Management Co., Ltd. in May, 2020, the Group held 51% of its equity and gained control over the entity and included it as a consolidated entity since then.

Subsidiaries excluded from the current consolidated financial statements：CCH Commercial Company Limited, Cathay Real Estate Holding Corporation, Cathay Healthcare Management Limited (BVI), Cathay Healthcare Management Limited (Cayman) and Hangzhou Kunning Health Consulting Limited Ltd. were liquidated. The Group has lost control of the aforementioned subsidiaries since the date of liquidation and has not included them as the consolidated entities since then.

a. The analysis of assets and liabilities at the date of loss of control is as follows:

Cash and cash equivalents	$11,978
Other receivables	494
Other payables	(446)
Disposal of net assets	$12,026

b. The benefit (loss) of excluding the subsidiary

The fair value of the remaining investment on the date of loss of control	$11,880
Disposal of net assets	(12,026)
Conversion adjustment	87,569
Disposal of benefits	$87,423

(4) Foreign currency transactions

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

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

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

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

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

(5) Translation of financial statements in foreign currency

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

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

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

(6) Current and non-current distinction

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

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

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

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

(7) Cash and cash equivalents

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

(8) Financial instruments

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

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

A. Financial instruments: Recognition and Measurement

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

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income on the basis of both:

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

Financial assets measured at amortized cost

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

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

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

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

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

Financial asset measured at fair value through other comprehensive income

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

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

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

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

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

B. Impairment of financial assets

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

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

a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

b. the time value of money; and
c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

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

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

C. Derecognition of financial assets

A financial asset is derecognized when:

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

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

E. Offsetting of financial instruments

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

(9) Fair value

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

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

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

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

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

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

(10) Inventories

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

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

The Group's contract incremental cost is the commission generated by the acquisition of the presold house contract. The customer's signing of the presold contract has not fulfilled the performance obligation because the goods promised to have not been transferred to the customer. According IFRS 15, the sales commission is the incremental cost of acquisiting 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 affects the Group’s percentage of ownership interests in the associate, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a prorate basis.

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

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

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

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

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

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

(12) Property, plant and equipment

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

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

Buildings: 5~50 years
Leased assets: 5 years
Leasehold improvements: The shorter of lease terms or economic useful lives
Right-of-use assets: 1～25 years
Other equipment: 2~26 years

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

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

(13) Investment property

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

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

Buildings	1～50 years

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

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

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

(14) Leases

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

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

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

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

Group as a lessee

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

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

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;

B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

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

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

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

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

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

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

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

Group as a lessor

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

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

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

(15) Intangible assets

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

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

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

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

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

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (1 to 6 years).

Trademark

The cost of trademark is amortized on a straight-line basis over the estimated useful life which is prescribed by law.

(16)Impairment of non-financial assets

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

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

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata based on the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

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

(17) Revenue recognition

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

Construction income

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

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

Sales of goods

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

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

Rendering of services

The Group's service revenue mainly generated from providing consulting, accommodation and dining service. The revenue recognized when the service completed. The cost of the service recognized when the transaction occurred；the expenses recognized in the current period in accordance with accrual basis.

(18) Borrowing costs

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

(19) Retirement benefits plans

All regular employees of The Group and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with The Group and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, The Group and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employee's subject to the plan. The Group and its subsidiaries recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

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

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

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

(20) Income taxes

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

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

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

(21) Business combinations

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

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

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

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

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

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

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

(1) Judgement

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

Financing lease commitment-Group as the lessor

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

(2) Estimates and assumptions

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

A. Fair value of financial instruments

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

B. Impairment of non-financial assets

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

C. Retirement benefits plans

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

D. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective 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, 2020, the deferred income tax assets that the Group has not recognize, please refer to Note 6 for more details.

E. Inventory evaluation

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

F. Accounts receivables-estimation of impairment loss

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of December 31,	
	2020	2019
Cash on hand and petty cash	$4,365	$5,152
Checking accounts and demand deposit	2,639,666	1,922,906
Time deposits	221,850	88,500
Cash equivalent-short-term notes	529,743	106,885
Total	$3,395,624	$2,123,443

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,	
	2020	2019
Equity instruments investments measured at fair value through other comprehensive income - current:		
Listed company's stocks	$2,437,036	$2,454,341
Equity instruments investments measured at fair value through other comprehensive income - non-current:		
Unlisted company's stocks	$2,074,370	$2,234,994

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

The Group's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended December 31, 2020 and 2019 are as follow:

	For the years ended December 31,	
	2020	2019
Related to investments held at the end of the reporting period	$117,922	$97,167
Related to investments derecognized during the period	-	-
Dividends recognized during the period	$117,922	$97,167

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, 2020 and 2019 are as follow:

	For the years ended December 31,	
	2020	2019
The fair value of the investments at the date of derecognition	$12,987	$4,975
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	9,987	3,248

(3) Notes receivable

	As of December 31,	
	2020	2019
Notes receivable arising from operating activities	$32,406	$40,032
Less: loss allowance	-	-
Notes receivable, net	$32,406	$40,032

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

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

(4) Accounts receivable and accounts receivable -related parties

	As of December 31,	
	2020	2019
Accounts receivable	$466,068	$253,454
Less: loss allowance	(10)	(44)
Subtotal	466,058	253,410
Accounts receivable - related parties	5,420	13,000
Less: loss allowance	-	-
Subtotal	5,420	13,000
Total	$471,478	$266,410

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

Accounts receivable are generally on 30-365-day terms. The book value of the accounts receivables held by the Group were NT$471,488 thousand and NT$266,454 thousand as of December 31, 2020 and 2019, respectively. Please refer to Note 6.(19) for more details on impairment of accounts receivable. Please refer to Note 12 for more details on credit risk management.

(5) Inventories

	As of December 31,	
	2020	2019
Construction land	$10,081,987	$7,146,181
Construction in progress	13,215,355	16,011,003

	As of December 31, 2020	As of December 31, 2019
Buildings and land held for sale	2,914,124	2,847,829
Others	15,250	12,512
Subtotal	26,226,716	26,017,525
Prepayment for land purchases	2,762,342	533,603
Total	$28,989,058	$26,551,128

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

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

C. Significant Construction projects were as follow:

Construction Project	Amount	Percentage of Completion
City Landmark	$1,309,062	67.00%
Park Beautiful Mansion	1,029,794	39.00%
Cathay Mega+	1,010,390	30.00%
Have a Rich Year	1,395,238	12.00%
Cathay Lagom	1,203,810	23.00%
Liberty Stationery Corp.	2,471,512	11.00%
Cathay ChuanQing	1,231,429	2.00%

D. The total interest capitalizes of the inventories mentioned above was found to be NT$124,036 thousand and NT$199,612 thousand for the years ended December 31, 2020 and 2019, respectively. The interest expense before capitalizing were NT$343,751 thousand and NT$340,942 thousand, respectively.

The monthly capitalization interest rate of loan for inventories were 0.0383%~0.2763% and 0.0976%~0.2019% for the years ended December 31, 2020 and 2019, respectively.

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

Construction Project (Amount)	Trustee	Period
Park Beautiful Mansion (NT$14,520 thousand)	Cathay United Bank	From June 6, 2018 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Tree Rivers, Cathay's Home I (NT$57,336 thousand)	Cathay United Bank	From June 13, 2018 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
HYGGE (NT$45,312 thousand)	Cathay United Bank	From July 30, 2018 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Tree Rivers, Cathay's Home II (NT$32,449 thousand)	Cathay United Bank	From December 26, 2018 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
City Landmark (NT$90,533 thousand)	Cathay United Bank	From April 17, 2019 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Cathay Uptown (NT$78,821 thousand)	Cathay United Bank	From May 20, 2019 to the completion of the project, the license was obtained, and the first registration of the ownership was completed
Have a Rich Year (NT$122,727 thousand)	Cathay United Bank	From May 31, 2019 to the completion of the project, the license was obtained, and the first registration of the ownership was completed
Cathay Lagom (NT$113,230 thousand)	Cathay United Bank	From July 3, 2019 to the completion of the project, the license was obtained, and the first registration of the ownership was completed
Cathay Mega+ (NT$102,069 thousand)	Cathay United Bank	From August 1, 2019 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Cathay ChuanQing (NT$124,973 thousand)	Cathay United Bank	From May 5, 2020 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Cathay Opulence (NT$279,163 thousand)	Cathay United Bank	From July 3, 2020 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.
Cathay XiJing (NT$ 0 thousand)	Cathay United Bank	From November 9, 2020 to the completion of the project, the license was obtained, and the first registration of the ownership was completed.

As of December 31, 2020, 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$1,061,133 thousand, which is equal to the amount receivable of the presold contract. There is no delay in the delivery of the trust account.

F. The cost of inventories recognized in expenses amounts to NT$8,583,459 thousand and NT$7,088,054 thousand for the years ended to December 31, 2020 and 2019, including the inventory valuation losses NT$0 thousand for both the years ended December 31, 2020 and 2019.

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

H. Incremental cost of the contract

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

(6) Property, plant and equipment

	As of December 31,	
	2020	2019
Owner occupied property, plant and equipment	$4,656,443	$4,050,958
Property, plant and equipment leased out under operating leases	541,423	563,264
Total	$5,197,866	$4,614,222

A. Owner occupied property, plant and equipment

	Land	Buildings	Leasehold Improvement	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost						
As of January 1, 2019	$1,346	$1,829	$913,553	$377,973	$517,865	$1,812,566
Additions	-	-	53,389	30,104	348,540	432,033
Disposals	-	-	-	(5,024)	-	(5,024)
Transfer	1,615,343	1,176,636	541,182	101,609	(646,186)	2,788,584
Exchange differences	-	-	-	(38)	-	(38)
As of December 31, 2019	1,616,689	1,178,465	1,508,124	504,624	220,219	5,028,121
Additions	-	2,713	525,159	61,035	309,881	898,788
Acquisitions through business combinations	-	-	-	236	-	236

	Land	Buildings	Leasehold Improvement	Other equipment	Construction in progress and equipment awaiting examination	Total
Disposals	-	-	(1,535)	(4,682)	-	(6,217)
Transfer	-	-	30,790	18,351	(74,139)	(24,998)
Exchange differences	-	-	-	(32)	-	(32)
As of December 31, 2020	$1,616,689	$1,181,178	$2,062,538	$579,532	$455,961	$5,895,898
Depreciation and impairment:						
As of January 1, 2019	$-	$341	$241,119	$259,994	$-	$501,454
Depreciation	-	36	127,912	69,246	-	197,194
Disposals	-	-	-	(4,898)	-	(4,898)
Transfer	-	283,121	-	305	-	283,426
Exchange differences	-	-	-	(13)	-	(13)
As of December 31, 2019	-	283,498	369,031	324,634	-	977,163
Depreciation	-	43,692	153,237	70,188	-	267,117
Disposals	-	-	(663)	(4,143)	-	(4,806)
Exchange differences	-	-	-	(19)	-	(19)
As of December 31, 2020	$-	$327,190	$521,605	$390,660	$-	$1,239,455
Net carrying amount:						
As of December 31, 2020	$1,616,689	$853,988	$1,540,933	$188,872	$455,961	$4,656,443
As of December 31, 2019	$1,616,689	$894,967	$1,139,093	$179,990	$220,219	$4,050,958

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

	Leasehold Improvement	Other equipment	Transportation equipment	Total
Cost				
As of January 1, 2019	$355,155	$373,576	$107,675	$836,406
Additions	21,722	29,316	25,851	76,889
Disposals	-	(17,089)	(16,702)	(33,791)
As of December 31, 2019	376,877	385,803	116,824	879,504
Additions	4,080	32,614	15,058	51,752
Disposals	(2,953)	(15,767)	(13,724)	(32,444)
As of December 31, 2020	$378,004	$402,650	$118,158	$898,812
Depreciation and impairment:				
As of January 1, 2019	$96,371	$145,688	$46,965	$289,024
Depreciation	16,741	18,505	17,050	52,296
Disposals	-	(10,181)	(14,899)	(25,080)
As of December 31, 2019	113,112	154,012	49,116	316,240
Depreciation	17,087	21,567	18,709	57,363
Disposals	(340)	(9,135)	(6,739)	(16,214)
As of December 31, 2020	$129,859	$166,444	$61,086	$357,389
Net carrying amount:				
As of December 31, 2020	$248,145	$236,206	$57,072	$541,423
As of December 31, 2019	$263,765	$231,791	$67,708	$563,264

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 are not capitalized from financial costs.

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

(7) Investment property

	Lands	Buildings	Right-of-use assets	Total
Cost:				
As of January 1, 2019	$7,183,789	$6,270,045	$-	$13,453,834
Disposals	(100,068)	(188,489)	-	(288,557)
Transfer	(1,538,209)	(1,061,357)	(Note)306,104	(2,293,462)
As of December 31, 2019	5,545,512	5,020,199	306,104	10,871,815
Additions from subsequent expenditure	-	12,615	-	12,615
Acquisitions through business combinations	7,851	1,629	-	9,480
Disposals	(17,102)	(151,249)	-	(168,351)
As of December 31, 2020	$5,536,261	$4,883,194	$306,104	$10,725,559
Depreciation and impairment:				
As of January 1, 2019	$-	$2,321,669	$-	$2,321,669
Depreciation	-	181,691	-	181,691
Disposals	-	(46,279)	-	(46,279)
Transfers	-	(283,121)	(Note) 52,977	(230,144)
As of December 31, 2019	-	2,173,960	52,977	2,226,937
Depreciation	-	137,832	82,754	220,586
Disposals	-	(91,214)	-	(91,214)
As of December 31, 2020	$-	$2,220,578	$135,731	$2,356,309
Net carrying amount:				
As of December 31, 2020	$5,536,261	$2,662,616	$170,373	$8,369,250
As of December 31, 2019	$5,545,512	$2,846,239	$253,127	$8,644,878

Note: New additions applicable to IFRS 16.

	For the years ended December 31,	
	2020	2019
Rental income from investment property	$276,738	$356,034
Less:		
Direct operating expenses from investment property generating rental income	(71,444)	(94,251)
Direct operating expenses from investment property not generating rental income	(37,958)	(13,024)
Total	$167,336	$248,759

The investment properties held by the Group were not valued at fair value. The amounts of the fair value were only for disclosure. The fair value of the investment properties held by the Group were NT$13,017,633 thousand and NT$13,215,287 thousand as of December 31, 2020 and 2019, respectively, which were valued by an independent external appraisal expert and internal valuation. The evaluation method was comparison method and based on the actual deal price or the market transaction price of the real estate nearby.

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

(8) Intangible assets

	Computer software	Trademark	Total
Cost:			
As of January 1, 2019	$126,003	$4,456	$130,459
Addition-acquired separately	11,344	279	11,623
Disposals	(812)	-	(812)
Transfers- prepaid equipment	4,355	126	4,481
Exchange differences	(1)	-	(1)
As of December 31, 2019	140,889	4,861	145,750
Addition-acquired separately	23,745	497	24,242
Acquisitions through business combinations	169	-	169
Disposals	(1,995)	-	(1,995)
Transfers- prepaid equipment	346	-	346
As of December 31, 2020	$163,154	$5,358	$168,512
Amortization and impairment:			
As of January 1, 2019	$106,254	$3,789	$110,043
Amortization	11,989	321	12,310
Retirement	(812)	-	(812)

	Computer software	Trademark	Total
Exchange differences	(1)	-	(1)
As of December 31, 2019	117,430	4,110	121,540
Amortization	14,317	270	14,587
Disposals	(1,022)	-	(1,022)
As of December 31, 2020	$130,725	$4,380	$135,105
Net carrying amount:			
As of December 31, 2020	$32,429	$978	$33,407
As of December 31, 2019	$23,459	$751	$24,210

Amortization expense of intangible assets were as follow:

	For the years ended December 31,	
	2020	2019
Operating expenses	$12,243	$8,329
Operating costs	2,344	3,981
Total	$14,587	$12,310

(9) Other non-current assets

	As of December 31,	
	2020	2019
Construction land	$18,425	$18,425
Prepaid expense - equipment	32,851	1,431
Refundable deposits	1,533,892	941,709
Other financial assets	46,400	-
Other non-current assets - other	24,301	25,490
Total	$1,655,869	$987,055

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

	As of December 31,				
Items	2020	2019	Type	Purpose	Securities
Land Serial NO.137-2 etc., Northern shi-zhi of Hou-tsuo section, San-zhi township, New Taipei City	$18,425	$18,425	Purchases / Sales	Development	Mortgage setting and commitment

(10) Short-term loans

	As of December 31,	
	2020	2019
Unsecured bank loans	$7,351,000	$7,013,000
Secured bank loans	-	250,000
Total	$7,351,000	$7,263,000
Interest rate	0.75%~1.25%	0.85%~1.26%

A. The Group's unused short-term lines of credits amounted to NT$12,767,990 thousand and NT$17,540,290 thousand as of December 31, 2020 and 2019, respectively.

B. Please refer to Note 8 for investment property pledged as collateral for short-term loans.

(11) Short-term notes payable

	As of December 31,	
	2020	2019
Short-term notes and bills payable	$3,097,000	$1,035,000
Less: unamortized discount	(6,499)	(460)
Net	$3,090,501	$1,034,540
Interest rate	0.29%~0.70%	0.43%~1.42%

(12) Bonds payable

	As of December 31,	
	2020	2019
Domestic secured bonds	$-	$3,000,000
Less: current portion	-	(3,000,000)
Net	$-	$-

On July 24, 2015, the Company issued the first domestic guaranteed corporate bonds with a total denomination of NT$3,000,000 thousand. The issuance period is five-year. The interest on this corporate bond is a fixed annual interest rate of 1.4%, paying interest once a year, and repaying the loan on due day.

(13) Long-term loans

Details of long-term loans as of December 31, 2020 and 2019 are as follows:

	As of December 31, 2020	Interest rate (%)	Maturity date and terms of repayment
Bank credit loans	$10,180,000	0.85%~1.00%	Effective July 2019 to July 2023, repayments on due day.
Long-term credit notes payable	729,741	0.29%	Effective August 2020 to August 2023, repayments on due day.
Subtotal	10,909,741		
Less: current portion	(5,400,000)		
Total	$5,509,741		

	As of December 31, 2019	Interest rate (%)	Maturity date and terms of repayment
Bank credit loans	$7,564,000	0.90%~1.18%	Effective January 2019 to July 2022, repayments on due day.
Long-term notes payable	538,682	0.43%~1.2%	Effective December 2018 to September 2021, repayments on due day.
Subtotal	8,102,682		
Less: current portion	(3,000,000)		
Total	$5,102,682		

(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.

Subsidiaries in China are required to pay pension insurance premiums according to the local government's laws and regulations, paying a certain proportion of the total salary of the employees. A Certain proportion of the total salary of the employees is paid to the relevant government department and saved in separate accounts of each employee.

Other foreign subsidiaries of the Group provide pensions to relevant pension management undertakings in accordance with local laws and regulations.

For the years ended December 31, 2020 and 2019, the expenses related to defined contribution plan amounted to NT$33,609 thousand and NT$29,438 thousand, respectively.

B. Defined benefits plan

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT$1,807 thousand to its defined benefit plan during the 12 months beginning after December 31, 2020.

As of December 31, 2020 and 2019, the average duration of defined benefit obligation of the Group were expected to be 12.9 years and 14.2 years.

Amounts to be recognized in profit or loss for the years ended December 31, 2020 and 2019 are summarized as follows:

	For the year ended December 31,	
	2020	2019
Current period service cost	$14,965	$7,587
Net interest on the net defined benefit liability (asset)	1,265	811
Total	$16,230	$8,398

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, 2020	December 31, 2019	January 1, 2019
Present value of defined benefit obligation	$381,746	$184,927	$182,065
Fair value of plan assets	(208,248)	(86,541)	(89,715)
Other non-current liabilities-accrued pension liabilities recognized on the balance sheets	$173,498	$98,386	$92,350

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, 2019	$182,065	$(89,715)	$92,350
Net defined benefit cost			
Current service cost	7,587	-	7,587
Interest expense (income)	1,656	(845)	811
Subtotal	9,243	(845)	8,398
Remeasurement of defined benefit liabilities/assets			
Actuarial gains and losses arising from changes in financial assumptions	4,222	-	4,222
Experience adjustment	8,079	-	8,079
Remeasurement of plan assets	-	(6,364)	(6,364)
Subtotal	12,301	(6,364)	5,937
Payments from the plan	(18,682)	14,650	(4,032)
Contributions by employer	-	(4,267)	(4,267)
As of December 31, 2019	184,927	(86,541)	98,386

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Acquisitions through business combinations	201,190	(106,421)	94,769
Net defined benefit cost			
Current service cost	14,965	-	14,965
Interest expense (income)	2,573	(1,308)	1,265
Subtotal	17,538	(1,308)	16,230
Remeasurement of defined benefit liabilities/assets			
Actuarial gains and losses arising from changes in financial assumptions	12,566	-	12,566
Experience adjustment	(3,347)	-	(3,347)
Remeasurement of plan assets	-	(5,285)	(5,285)
Subtotal	9,219	(5,285)	3,934
Payments from the plan	(31,128)	18,272	(12,856)
Contributions by employer	-	(26,965)	(26,965)
As of December 31, 2020	$381,746	$(208,248)	$173,498

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

	As of December 31, 2020	As of December 31, 2019
Discount rate	0.26%~0.38%	0.66%~0.78%
Expected rate of salary increases	0.50%~2.50%	1.00%~2.50%

A sensitivity analysis for significant assumption as of December 31, 2020 and 2019 was as follow:

	For the year ended December 31,			
	2020		2019	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.25%	$-	$7,887	$-	$4,404
Discount rate decrease by 0.25%	7,913	-	4,694	-
Future salary increase by 0.5%	15,628	-	9,021	-
Future salary decrease by 0.5%	-	14,854	-	8,447

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 of December 31, 2020 and 2019, respectively. The Company has issued 1,159,561 thousand shares as of December 31, 2020 and 2019, respectively, each at a par value of NT$10. Each share has one voting right and a right to receive dividends.

(16) Capital surplus

	As of December 31,	
	2020	2019
Treasury share transactions	$10,407	$10,407
Others - overdue dividends	29,108	21,221
Total	$39,515	$31,628

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 and non-controlling interests

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

After the adoption of International Financial Reporting Standards, in accordance with Letter FSC No. 1010012865 issued by FSC on April 6, 2012, at the first-time adoption of IFRSs, an entity shall appropriate a corresponding amount to special reserve same as the IFRS adjustment, in which case an entity elects to use exemption application specified in IFRS 1 and resets unrealized revaluation increment and cumulative translation differences under shareholders' equity to zero, and its retained earnings is being increased accordingly. However, if the retained earnings' arising from IFRS adjustment at the first-time adoption is insufficient, special reserve shall be appropriated by the amount that retained earnings increase from the IFRS adjustment.

At the first-time adoption of IFRSs, special reverse set aside by The Company was NT$504,189 thousand. As of December 31, 2020, 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, 2019 and 2018, the details of earnings distribution and dividends per share were resolved by the shareholder's meeting on June 12, 2020 and June 14, 2019, were as follows:

	Appropriation of earnings (in thousand NT dollars)		Cash Dividend per share (NT dollars)	
	2019	2018	2019	2018
Legal reserve	$137,050	$360,961		
Common stock - cash dividend	1,159,561	2,435,078	$1.0	$2.1

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

F. Non-controlling interests

	For the years ended December 31,	
	2020	2019
Beginning balance	$103,958	$266,813
Net income (losses) attributed to the non-controlling interests	32,807	29,853
Other comprehensive income attributed to the non-controlling interests:		
Exchange differences resulting from translating the financial statements of a foreign operation	(57)	(30,134)
Remeasurements of defined benefit plans	(1,351)	(57)
Income tax (benefit) expense relating to items that will not be reclassified to profits/losses	270	-
Acquisition of new shares in a subsidiary not in proportionate to ownership interests	3,000	-
Reduction of capital by subsidiary	-	(150,720)
Dividends distributed by subsidiary	(43,138)	(11,797)
Non-controlling interests in newly established subsidiary	850,110	-
Subsidiary liquidation	(1,695)	-
Ending balance	$943,904	$103,958

(18) Operating revenues

	For the years ended December 31,	
	2020	2019
Revenue from contracts with customers		
Sales of buildings and land	$11,356,913	$9,296,499
Service income	2,023,608	1,717,128

	For the years ended December 31, 2020	2019
Others	128,677	71,054
Subtotal	13,059,198	11,084,681
Rental income	464,413	539,247
Total	$13,973,611	$11,623,928

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

A. Disaggregation of revenue

For the year ended December 31, 2020

	Property and real estate Investment development department	Others	Total
Rental income	$300,594	$163,819	$464,413
Sales of buildings and lands	11,356,913	-	11,356,913
Service income	-	2,023,608	2,023,608
Sales of goods	-	68,154	68,154
Others	-	60,523	60,523
Total	$11,657,507	$2,316,104	$13,973,611
Revenue recognition point:			
At a point in time	$11,356,913	$2,152,285	$13,509,198
Over time	300,594	163,819	464,413
Total	$11,657,507	$2,316,104	$13,973,611

For the year ended December 31, 2019

	Property and real estate Investment development department	Others	Total
Rental income	$379,401	$159,846	$539,247
Sales of buildings and lands	9,296,499	-	9,296,499
Service income	-	1,717,128	1,717,128
Sales of goods	-	70,341	70,341
Others	-	713	713
Total	$9,675,900	$1,948,028	$11,623,928
Revenue recognition point:			
At a point in time	$9,296,499	$1,788,182	$11,084,681
Over time	379,401	159,846	539,247
Total	$9,675,900	$1,948,028	$11,623,928

B. Contract balances

Contract liabilities - current

	As of		
	December 31, 2020	December 31, 2019	January 1, 2019
Sales of goods	$4,421,199	$3,526,415	$3,626,329
Service	85,423	49,508	25,283
Total	$4,506,622	$3,575,923	$3,651,612

For the years ended December 31, 2020 and 2019, the movement in the contract liabilities are as follows:

	For the years ended December 31,	
	2020	2019
Revenue recognized during the year that was included in the balance at the beginning of the year	$(1,591,868)	$(2,042,240)
Increase in receipt in advance during the period	2,522,567	1,966,551

C. Assets recognized from the revenue from contracts with customers

Incremental costs of obtaining contracts

	As of December 31,	
	2020	2019
Sales of goods	$633,029	$671,760

The amortized amount of the incremental cost of the Group's acquisition of the contract for the years ended December 31, 2020 and 2019 were NT$279,282 thousand and NT$157,247 thousand, respectively.

(19) Expected credit losses/(gains)

	For the years ended December 31,	
	2020	2019
Operating expenses - expected credit losses/ (gains)		
Accounts receivable	$(34)	$32

Please refer to Note 12 for information of credit risks.

The Group measured the loss allowance of receivables (including notes and accounts receivable) at an amount equal to lifetime expected credit losses. On December 31, 2020, the different customer segments do not have significantly different loss patterns. Therefore no distinction between groups. On December 31, 2019, the Group considered 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 as of December 31, 2020 and 2019 was as follows:

December 31, 2020

	Neither past due (Note)	Past due					
		Within 30 days	31-90 days	91-270 days	271-365days	Over 365 days	Total
Gross carrying amount	$503,046	$848	$-	$-	$-	$-	$503,894
Loss ratio	-	1.14%	-	-	-	-	
Lifetime expected credit losses	-	10	-	-	-	-	10
Total	$503,046	$838	$-	$-	$-	$-	$503,884

December 31, 2019

Group 1	Neither past due (Note)	Past due					
		Within 30 days	31-90 days	91-270 days	271-365days	Over 365 days	Total
Gross carrying amount	$258,157	$1,735	$2,518	$41,777	$-	$-	$304,187
Loss ratio	-	0.01%	0.05%	0.10%	-	-	
Lifetime expected credit losses	-	-	2	42	-	-	44
Subtotal	258,157	1,735	2,516	41,735	-	-	304,143

Group 2	Neither past due (Note)	Past due					
		Within 30 days	31-90 days	91-270 days	271-365days	Over 365 days	Total
Gross carrying amount	2,299	-	-	-	-	-	2,299
Loss ratio	-	-	-	-	-	-	
Lifetime expected credit losses	-	-	-	-	-	-	-
Subtotal	2,299	-	-	-	-	-	2,299
Total	$260,456	$1,735	$2,516	$41,735	$-	$-	$306,442

Note: The Group's notes receivable was not overdue.

For the years ended December 31, 2020 and 2019, the movement in the provision for impairment of notes receivable and accounts receivable are as follows:

	Notes receivable	Accounts Receivable
As of January 1, 2019	$-	$12
Addition/(reversal) for the current period	-	32
Amounts written off during the period as uncollectible	-	-
As of December 31, 2019	-	44
Addition/(reversal) for the current period	-	(34)
Amounts written off during the period as uncollectible	-	-
As of December 31, 2020	$-	$10

(20) Operating leases

A. Operating lease commitments - Group as lessee

The Group leases various property (buildings) and transportation equipment. These leases have terms of between one and twenty years.

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

a. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use asset

	As of December 31,	
	2020	2019
Land	$8,264	$15,513
Buildings	5,125,698	4,016,680
Total	$5,133,962	$4,032,193

For the years ended December 31, 2020 and 2019, the Group's additions to right-of-use assets amounting to NT$1,444,976 thousand and NT$46,431 thousand, respectively.

(b) Lease liability

	As of December 31,	
	2020	2019
Lease liability	$5,509,959	$4,373,611
Current	$349,495	$290,712
Non-current	5,160,464	4,082,899

Please refer to Note 6.(22).D for the interest on lease liability recognized during the years ended December 31, 2020 and 2019 and refer to Note 12.(5) for the maturity analysis for lease liabilities as of December 31, 2020 and 2019.

b. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2020	2019
Land	$7,249	$4,542
Buildings	335,957	320,897
Total	$343,206	$325,439

c. Income and costs relating to leasing activities

	For the years ended December 31,	
	2020	2019
The expense relating to short-term leases	$6,588	$98,327
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	605	1,550
The expense relating to variable lease payments not included in the measurement of lease liabilities	30,516	4,971

As of December 31, 2020 and 2019, 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 2020, the Group recognized the relevant rent concessions arising from a direct consequence of the covid-19 pandemic as other income NT$27,445 thousand to reflect changes in variable lease payments that have applied related practical expedients.

d. Cash outflow relating to leasing activities

For the years ended December 31, 2020 and 2019, the Group’s total cash outflow for leases amounting to NT$480,667 thousand and NT$459,489 thousand, respectively.

e. Other information relating to leasing activities

Variable lease payments

Some of the Group's property lease agreements contain variable payment terms that are linked to certain percentages of sales generated from the leased stores, which is very common in the industry of the Group. The variable rent was calculated by the higher amount of fixed payment and payment which calculated by certain percentages of sales under the lease agreements. As such variable lease payments do not meet the definition of lease payments, those payments are not included in the measurement of the assets and liabilities. If the payment which calculated by certain percentages of sales under the lease agreements is higher than the fixed payment, the Group expects the consequence that, for every sales increase of NT$100 thousand, the rental payments will increase by NT$25 thousand.

B. Group as lessor

Please refer to Note 6.(7) for details on the Group's owned investment properties. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the years ended December 31,	
	2020	2019
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$464,559	$539,247

Please refer to Note 6.(6) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2020 and 2019 are as follow:

	As of December 31,	
	2020	2019
Not later than 1 year	$298,600	$289,634
Later than 1 year and not later than 2 years	297,227	287,267
Later than 2 year and not later than 3 years	288,051	286,097
Later than 3 year and not later than 4 years	286,095	284,910
Later than 4 year and not later than 5 years	286,095	283,143
Later than five years	234,309	511,739
Total	$1,690,377	$1,942,790

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

Function / Description	For the year ended December 31, 2020			For the year ended December 31, 2019		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits expense						
Salaries and wages	$478,920	$356,402	$835,322	$340,947	$323,889	$664,836
Labor and health insurance	48,633	32,260	80,893	29,896	28,833	58,729
Pension	27,189	22,650	49,839	18,369	19,467	37,836
Other employee benefits expense	24,046	21,447	45,493	24,919	20,036	44,955
Depreciation and depletion	429,148	459,124	888,272	512,178	244,442	756,620
Amortization	2,344	12,243	14,587	3,981	8,329	12,310

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$1,652 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, 2020. The amount of employees' compensation and directors' remuneration recognized in the year ended December 31, 2019 was NT$1,509 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 19, 2020 resolved to distribute NT$1,509 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,	
	2020	2019
Deposit interest	$1,766	$3,979
Others	1,317	686
Total	$3,083	$4,665

B. Other income

	For the years ended December 31,	
	2020	2019
Dividend income	$117,922	$97,167
Rental income	146	-
Bargain purchase gain	2,575	-
Others	156,090	83,227
Total	$276,733	$180,394

C. Other gains and losses

	For the years ended December 31,	
	2020	2019
Gains (losses) on disposal and abandon of property, plant and equipment	$(9,195)	$(2,496)
Gains (losses) on disposal of investment	87,423	45,221
Loss of disposal intangible assets	(973)	-
Foreign exchange gains (losses), net	70	223
Others	(3,471)	(15,626)
Total	$73,854	$27,322

D. Finance costs

	For the years ended December 31,	
	2020	2019
Interest on borrowings from bank	$85,384	$23,837
Interest on lease liabilities	134,331	117,493
Total	$219,715	$141,330

(23) Components of other comprehensive income

For the year ended December 31, 2020

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or losses:					
Remeasurements of defined benefit plans	$(3,934)	$-	$(3,934)	$786	$(3,148)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(164,942)	-	(164,942)	-	(164,942)
Items that may be reclassified subsequently to profit or losses:					
Exchange differences arising from translation of the financial statements of foreign operations	(653)	(87,569)	(88,222)	-	(88,222)
Total of other comprehensive income	$(169,529)	$(87,569)	$(257,098)	$786	$(256,312)

For the year ended December 31, 2019

	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	$(5,937)	$-	$(5,937)	$1,187	$(4,750)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	368,350	-	368,350	-	368,350
Items that may be reclassified subsequently to profit or losses:					
Exchange differences arising from translation of the financial statements of foreign operations	(29,477)	(1,440)	(30,917)	-	(30,917)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(790)	-	(790)	-	(790)
Total of other comprehensive income	$332,146	$(1,440)	$330,706	$1,187	$331,893

(24) 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,	
	2020	2019
Current income tax expense (income):		
Current income tax payable	$25,022	$104,832
Current land value increment tax charge	65,158	91,995
Adjustments in respect of current income tax of prior periods	(2,501)	3
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	80,818	(26,850)
Total income tax expense (income)	$168,497	$169,980

Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2020	2019
Deferred tax expense (income):		
Remeasurements of defined benefit plans	$(786)	$1,187

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

	For the years ended December 31,	
	2020	2019
Accounting profit (loss) before tax from continuing operations	$1,685,284	$1,570,338
Tax at the domestic rates applicable to profits in the country concerned	$337,057	$290,496
Tax effect of revenues exempt from taxation	(303,394)	(266,525)
Tax effect of non-deductible expense	117,295	23,214
Tax effect of deferred tax assets/liabilities	(48,996)	(29,130)
Surtax on undistributed retain earnings	3,878	59,927
Adjustments in respect of current income tax of prior periods	(2,501)	3
Current land value increment tax	65,158	91,995
Total income tax expense (income) recognized in profit or loss	$168,497	$169,980

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2020

	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Resulted from the merger	Ending balance
Temporary differences					
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS - land value increment tax	$(10,049)	$-	$-	$-	$(10,049)
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS	96,746	(3,094)	-	-	93,652
Depreciation difference for tax purpose - investment property	101,539	(2,747)	-	74	98,866
Depreciation difference for tax purpose of property, plants and Equipment - interest capitalization	2,332	(97)	-	-	2,235
Investments accounted for using equity method	70,897	(70,897)	-	-	-
Unrealized intragroup profits and losses	112	6,044	-	-	6,156
Allowance for loss	1,400	-	-	-	1,400
Allowance for loss of inventories price falling	28,665	(25,795)	-	-	2,870
Non-current liability - defined benefit liability	15,356	(551)	786	15,023	30,614
Accrued expenses over two years transfer to revenue	7	-	-	-	7
Unrealized advertising fee	119,312	(5,675)	-	-	113,637
Unrealized repairing fee	524	-	-	-	524
Unused tax credits	107,380	21,994	-	-	129,374
Deferred tax income/ (expense)		$(80,818)	$786	$15,097	
Net deferred tax assets/(liabilities)	$534,221				$469,286
Reflected in balance sheet as follows:					
Deferred tax assets	$544,270				$479,335
Deferred tax liabilities	$(10,049)				$(10,049)

For the year ended December 31, 2019

	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance
Temporary differences				
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS - land value increment tax	$(10,049)	$-	$-	$(10,049)
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS	96,746	-	-	96,746

	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance
Depreciation difference for tax purpose - investment property	101,539	-	-	101,539
Depreciation difference for tax purpose of property, plants and Equipment - interest capitalization	2,429	(97)	-	2,332
Investments accounted for using equity method	83,066	(12,169)	-	70,897
Unrealized intragroup profits and losses	120	(8)	-	112
Allowance for loss	1,400	-	-	1,400
Allowance for loss of inventories price falling	28,665	-	-	28,665
Non-current liability - defined benefit liability	14,149	20	1,187	15,356
Accrued expenses over two years transfer to revenue	7	-	-	7
Unrealized advertising fee	95,252	24,060	-	119,312
Unrealized repairing fee	524	-	-	524
Unused tax credits	92,336	15,044	-	107,380
Deferred tax income/ (expense)		$26,850	$1,187	
Net deferred tax assets/(liabilities)	$506,184			$534,221
Reflected in balance sheet as follows:				
Deferred tax assets	$516,233			$544,270
Deferred tax liabilities	$(10,049)			$(10,049)

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, 2020	Unused tax losses as of December 31, 2019	Expiration year
2012	$16,888	$16,888	$16,888	2022
2013	65,058	65,058	65,058	2023
2014	77,749	77,749	77,749	2024
2015	183,168	183,168	183,168	2025
2016	268,254	268,254	268,254	2026
2017	448,004	165,360	165,360	2027
2018	1,230,615	368,694	1,074,398	2028
2019	273,928	244,232	244,394	2029
2020	615,480	615,684	-	2030
Total		$2,005,087	$2,095,269	

Unrecognized deferred tax assets

As of December 31, 2020 and 2019, the deferred tax assets have not been recognized amount to NT$269,699 thousand and NT$349,980 thousand, respectively.

The assessment of income tax returns

As of December 31, 2020, the assessment of the income tax returns of the Group and its subsidiaries was as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2018
Subsidiary- Cathay Real Estate Management Co., Ltd.	Assessed and approved up to 2019
Subsidiary- Cathay Healthcare Management Co., Ltd.	Assessed and approved up to 2018
Subsidiary- Cathay Hospitality Management Co., Ltd.	Assessed and approved up to 2017
Subsidiary- Cathay Hospitality Consulting Co., Ltd.	Assessed and approved up to 2018
Subsidiary- Cymbal Medical Network Co., Ltd.	Assessed and approved up to 2019
Subsidiary- Cymder Co., Ltd.	Assessed and approved up to 2019
Subsidiary- Lin Yuan Property Management Co., Ltd.	Assessed and approved up to 2018

Subsidiaries-Jinhua Realty Co., Ltd, Bannan Realty Co., Ltd and Second-Subsidiary Cymlin Co., Ltd, were established in 2020. As of December 31, 2020, they have not yet filed income tax return.

(25) Earnings per share

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

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

	For the years ended December 31,	
	2020	2019
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	$1,483,980	$1,370,505
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	1,159,561	1,159,561
Basic earnings per share (NT$)	$1.28	$1.18
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$1,483,980	$1,370,505

	For the years ended December 31,	
	2020	2019
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)	111	117
Weighted average number of ordinary shares outstanding after dilution (in thousands)	1,159,672	1,159,678
Diluted earnings per share (NT$)	$1.28	$1.18

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

(26) Business combinations

Acquisition of Lin Yuan Property Management Co., Ltd.

On May 15, 2020, the Group acquired 51% of voting shares of Lin Yuan Property Management Co., Ltd., which provides services such as property management, manpower dispatch and parking lots operation. The Group acquired Lin Yuan Property Management Co., Ltd. to develop intellectual buildings and parking lots, expand real estate management market and increase investment profits.

The Group has elected to measure the non-controlling interest by its proportion of the fair value of the acquiree's identifiable assets.

The fair value of the identifiable assets and liabilities of Lin Yuan Property Management Co., Ltd. as at the date of acquisition were:

	Fair value recognized on the acquisition date
Assets	
Cash and cash equivalents	$202,436
Accounts receivable	58,249
Prepayments	386
Others current-assets	5,000
Others equipment	236
Investment property	9,480
Intangible assets	169
Deferred tax assets	15,097
Other non-currents assets	1,753
Subtotal	292,806

	Fair value recognized on the acquisition date
Liabilities	
Accounts payable	43,800
Other payables	26,696
Current tax liabilities	10,520
Other-current liabilities	2,201
Other non-current liabilities	74,670
Subtotal	157,887
Identifiable net assets	$134,919

Bargain purchase gain is calculated as follows:	
Purchase consideration	$53,247
Add: fair value of the equity the Company originally held on acquisition date	12,987
Add: non-controlling interests at fair value	66,110
Less: identifiable net assets at fair value	(134,919)
Bargain purchase gain	$(2,575)

Analysis of cash flows on acquisition:	
Cash paid	$53,247
Net cash acquired with the subsidiary	(202,436)
Net cash flow	$(149,189)

From the acquisition date May 15, 2020 to December 31, 2020, Lin Yuan Property Management Co., Ltd. has contributed NT$40,288 thousand to the profit from continuing operations. If the combination had taken place at the beginning of the year, the operating revenue and the profit from continuing operations for the Company would have been NT$14,374,378 thousand and NT$1,539,412 thousand.

(27) 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.

7. RELATED PARTY TRANSACTIONS

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

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

Name of the related parties	Nature of relationship of the related parties
Lin Yuan Property Management Co., Ltd. (Lin Yuan Property)	Subsidiary (Note)
Cathay Life Insurance Co., Ltd. (Cathay Life Insurance)	Others
Cathay United Bank Co., Ltd. (Cathay United Bank)	Others
Cathay Century Insurance Co., Ltd. (Cathay Century Insurance)	Others
San Ching Engineering Co., Ltd. (San Ching Engineering)	Others
Symphox Information Co., Ltd. (Symphox Information)	Others
Seaward Card Co., Ltd. (Seaward Card)	Others
Nangang International One Co., Ltd. (Nangang One)	Others
Nangang International Two Co., Ltd. (Nangang Two)	Others
Lin Yuan Investment Co., Ltd. (Lin Yuan Investment)	Others

Note：Lin Yuan Property Management Co., Ltd. was acquired by the Group on May 15, 2020 and became the Group’s subsidiary.

(2) Significant transactions with the related parties

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

A. Cash in banks and short-term loan

		For the year ended December 31, 2020			
Name of the related parties	Type	Maximum amount	Year ended balance	Interest rate (%)	Interest income (expenses)
Others:					
Cathay United Bank	Demand deposit	$8,659,764	$2,678,656	0.01%~0.05%	$108
	Checking accounts	3,508,379	113,095	-	-
	Securities accounts	1,050,098	17,518	0.01%	6
	Time deposits	321,200	268,250	0.50%~1.02%	1,434
	Short-term loan	250,000	-	1.00%	(60)

Name of the related parties	Type	For the year ended December 31, 2019 Maximum amount	Year ended balance	Interest rate (%)	Interest income (expenses)
Others:					
Cathay United Bank	Demand deposit	$6,163,728	$1,100,961	0.05%	$504
	Checking accounts	2,227,481	56,854	-	-
	Securities accounts	866,483	169,914	0.01%	11
	Time deposits	165,200	88,500	0.75%~1.02%	810
	Short-term loan	2,040,000	250,000	1.00%	(1,160)

B. Purchase

Name of the related parties	Type	For the years ended December 31, 2020	2019
Others:			
San Ching Engineering	Building constructing or expansion	$1,901,357	$1,467,349
Cathay United Bank	Management fee of trust service	7,732	4,936
Total		$1,909,089	$1,472,285

a. The purchase price to the above related parties was determined through agreement based on the market rates.

b. The total price of the commissioned construction and consultancy contracts signed by the Group and San Ching Engineering was NT$7,325,649 thousand and NT$10,111,544 thousand as of December 31, 2020 and 2019, respectively.

C. Sales

a. Rental Income

Name of the related parties	Type	For the years ended December 31, 2020	2019
Others:			
Cathay Life Insurance	Office and vehicles rental	$7,977	$8,057
Cathay United Bank	Office and vehicles rental	18,594	18,438
San Ching Engineering	vehicles rental	2,641	3,388
Total		$29,212	$29,883

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, 2020	2019
Others:		
Cathay Life Insurance	$526,239	$41,358
Cathay United Bank	60,408	20,097
Symphox Information	2,245	4,529
Cathay Century Insurance	3,203	929
Total	$592,095	$66,913

The service revenues are generated from the subsidiary Cathay Healthcare Management providing health inspection services, Cathay Hospitality providing housing services, and subsidiary Lin Yuan Property providing technology and maintenance services.

D. Notes and accounts 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, 2020	2019
Others:		
Cathay United Bank	$4,686	$300
Nangang One	-	3,696
Nangang Two	-	4,704
Total	$4,686	$8,700

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, 2020	2019
Others:		
San Ching Engineering	$48,574	$210,853

F. Lease - related parties

a. Right-of-use assets

	As of December 31, 2020	2019
Others:		
Cathay Life Insurance	$5,073,435	$4,175,150

The Group acquired right-of-use assets from Cathay Life Insurance amounting to NT$1,272,946 thousand and NT$185,758 thousand for the years ended December 31, 2020 and 2019, respectively.

b. Lease liabilities

	As of December 31,	
	2020	2019
Others:		
Cathay Life Insurance	$5,253,645	$4,267,238

c. Interest expenses

	For the years ended December 31,	
	2020	2019
Others:		
Cathay Life Insurance	$112,717	$115,075

d. Other income

	For the years ended December 31,	
	2020	2019
Others:		
Cathay Life Insurance	$27,445	$-

The other income is the collection of related rent concessions due to the covid-19 pandemic.

G. Others

a. Refundable deposits

		As of December 31,	
Name of the related parties	Type	2020	2019
Others:			
Cathay Life Insurance	Rent deposit	$33,748	$22,707
Lin Yuan Investment	Joint construction deposit	8,000	-
Total		$41,748	$22,707

b. Guarantee deposit received

Name of the related parties	Type	As of December 31, 2020	As of December 31, 2019
Others:			
Cathay United Bank	Rent deposit	$4,446	$4,625

c. Other current assets-restricted assets

Name of the related parties	Type	As of December 31, 2020	As of December 31, 2019
Others:			
Cathay United Bank	Engineering guarantee、Performance bond	$6,250	$-

d. Construction in progress

In 2020, the Company executed the urban renewal project of Lin Yuan Building and paid NT$3,960 thousand for landlords' relocation fee and rent subsidy, which was listed in Inventory-construction in progress.

2019: None.

H. Other income

Name of the related parties	Items	For the years ended December 31, 2020	For the years ended December 31, 2019
Others:			
Cathay Life Insurance	Management fee and planning fee	$3,445	$4,280
Cathay United Bank	Management fee and planning fee	4,852	4,846
Nangang One	Consulting service	-	7,040
Nangang Two	Consulting service	-	8,960
Total		$8,297	$25,126

I. Operating costs

Name of the related parties	Items	For the years ended December 31, 2020	2019
Subsidiary:			
Lin Yuan Property	Management and repairing fee	$13,390	$38,656
Other:			
Cathay Century Insurance	Insurance fee	6,041	6,182
Cathay Life Insurance	Management fee	62,066	69,490
Cathay Life Insurance	Insurance fee	3,190	1,502
Cathay Life Insurance	Others	7,704	-
Symphox Information	Others	5,603	3,677
Total		$97,994	$119,507

J. Operating expenses

Name of the related parties	Items	For the years ended December 31, 2020	2019
Others:			
Cathay Life Insurance	Insurance and selling expenses	$16,986	$16,317
Cathay United Bank	Sales, postage and phone fee	1,390	3,040
San Ching Engineering	Service fee	-	10,901
Seaward Card	Temporary worker service	4,827	3,655
Total		$23,203	$33,913

K. Property transactions

For the year ended December 31, 2020

Name of the related parties	Subject matter	Purchase price
Others:		
San Ching Engineering	Shares of Lin Yuan Property	$53,247

For the year ended December 31, 2019

Name of the related parties	Subject matter	Purchase price
Subsidiary:		
Lin Yuan Property	Business facilities	$7,759

L. Key management personnel compensation

	For the years ended December 31,	
	2020	2019
Short-term employee benefits	$71,496	$57,424
Post-employment benefits	1,351	1,186
Total	$72,847	$58,610

8. PLEDGED ASSETS

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

	As of December 31,		
Items	2020	2019	Secured liabilities
Negotiable certificate of deposit	$7,470	$-	Engineering guarantee、Performance bond
Inventories	4,080,000	3,897,159	Short-term loan & Long-term loan
Investment property	8,057,172	8,057,172	Short-term loan & Long-term loan
Total	$12,144,642	$11,954,331	

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

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

(1) Significant contract

Besides Note 7.(2).B, as of December 31, 2020, the total contract price of the construction contracts signed by the Group with non-related parties was NT$9,037,011 thousand, in which NT$4,846,793 thousand was not paid.

(2) Others

Guarantee notes issued for borrowings (financing) were NT$47,905,300 thousand as of December 31, 2020.

10.SIGNIFICANT DISASTER LOSSES

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

Financial Assets

	As of December 31, 2020	As of December 31, 2019
Financial assets at fair value through other comprehensive income	$4,511,406	$4,689,335
Financial assets at amortized cost:		
Cash and Cash equivalents	3,391,259	2,118,291
Notes receivable	32,406	40,032
Accounts receivable	471,478	266,410
Other receivables	30,590	32,220
Refundable deposits	1,533,892	941,709
Subtotal	5,459,625	3,398,662
Total	$9,971,031	$8,087,997

Financial Liabilities

	As of December 31, 2020	As of December 31, 2019
Financial liabilities at amortized cost:		
Short-term loans	$7,351,000	$7,263,000
Short-term notes payable	3,090,501	1,034,540
Accounts payables	2,303,456	1,372,516
Bonds payable (including current portion)	-	3,000,000
Long-term loans (including current portion)	10,909,741	8,102,682
Lease liabilities	5,509,959	4,373,611
Guarantee deposit received	85,773	141,063
Total	$29,250,430	$25,287,412

(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 activates. The Group identifies measures and manages the above-mentioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Company's board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Group consistently complies with its financial risk management policies.

(3) Market risk

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

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

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's net investments in foreign subsidiaries. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

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$10,442 thousand and NT$8,298 thousand for the years ended December 31, 2020 and 2019, respectively.

Equity price risk

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

When the price of the listed equity securities at fair value through other comprehensive income increases/decreases 5%, it could have impacts of NT$206,400 thousand and NT$218,560 thousand for the years ended December 31, 2020 and 2019 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, 2020 and 2019, accounts receivable from top ten customers represented low percentage of the total accounts receivable of the Group, respectively. The credit concentration risk of other accounts receivable is insignificant.

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

(5) Liquidity risk management

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

Non-derivative financial instruments

	As of December 31, 2020				
	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Borrowings	$15,945,792	$5,553,569	$-	$-	$21,499,361
Accounts payable	2,303,456	-	-	-	2,303,456
Lease liabilities (Note)	349,495	693,565	598,553	3,868,346	5,509,959
Guarantee deposits	27,407	38,609	11,467	8,290	85,773

	As of December 31, 2019				
	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Borrowings	$11,403,615	$5,184,940	$-	$-	$16,588,555
Accounts payable	1,372,516	-	-	-	1,372,516
Bonds payable	3,042,000	-	-	-	3,042,000
Lease liabilities (Note)	290,712	578,106	466,726	3,038,067	4,373,611
Guarantee deposits	34,522	38,524	11,244	56,773	141,063

Note: Further information on the maturity analysis of lease liabilities:

As of December 31, 2020

	Maturities					
	Less than 1 year	1 to 5 years	6 to 10 years	10 to 15 years	>15 years	Total
Lease liabilities	$349,495	$1,292,118	$1,664,277	$1,486,703	$717,366	$5,509,959

As of December 31, 2019

	Maturities					
	Less than 1 year	1 to 5 years	6 to 10 years	10 to 15 years	>15 years	Total
Lease liabilities	$290,712	$1,044,832	$1,241,550	$1,316,146	$480,371	$4,373,611

(6) Reconciliations of the liabilities from financing activities

Reconciliations of the liabilities for the year ended December 31, 2020:

	Short-term loans	Short-term notes and bills payable	Long-term loans (including current portion)	Lease liabilities	Total liabilities from financing activities
As of January 1, 2020	$7,263,000	$1,034,540	$11,102,682	$4,373,611	$23,773,833
Cash flows	88,000	2,055,961	(192,941)	(442,959)	1,508,061
Non-cash changes					
Interest on lease liability	-	-	-	134,331	134,331
Other (Note)	-	-	-	1,444,976	1,444,976
As of December 31, 2020	$7,351,000	$3,090,501	$10,909,741	$5,509,959	$26,861,201

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

Reconciliations of the liabilities for the year ended December 31, 2019:

	Short-term loans	Short-term notes and bills payable	Long-term loans (including current portion)	Lease liabilities	Total liabilities from financing activities
As of January 1, 2019	$8,715,000	$260,000	$8,605,285	$4,404,063	$21,984,348
Cash flows	(1,452,000)	774,540	2,497,397	(347,035)	1,472,902
Non-cash changes					
Interest on lease liability	-	-	-	117,493	117,493
Other (Note)	-	-	-	199,090	199,090
As of December 31, 2019	$7,263,000	$1,034,540	$11,102,682	$4,373,611	$23,773,833

Note: Lease liabilities that meet the recognition of lease 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 Group’s financial instruments measured at amortized cost (including cash and cash equivalents, receivables, payables and other liabilities) measured at amortized cost approximate their fair value.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 – Unobservable inputs for the asset or liability

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

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

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

As of December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Stocks	$2,437,036	$1,690,972	$383,398	$4,511,406

As of December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Stocks	$2,454,341	$1,916,850	$318,144	$4,689,335

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, 2020 and 2019.

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
As of January 1, 2020	$318,144
Total gains and losses recognized for the year ended December 31, 2020:	
Amount recognized in OCI	78,241
Disposals	(12,987)
As of December 31, 2020	$383,398

	Asset measured at fair value through other comprehensive income
	Stocks
As of January 1, 2019	$319,751
Total gains and losses recognized for the year ended December 31, 2019:	
Amount recognized in OCI	3,368
Disposals	(4,975)
As of December 31, 2019	$318,144

Total gains and losses recognized in profit or loss is NT$75,136 thousand and NT$3,325 thousand for the years ended December 31, 2020 and 2019, 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, 2020

	Valuation technique	Material unobservable inputs	Quantitative information	Inputs and the fair value relationship	Inputs and the fair value relationship's sensitivity analysis value relationship
Financial assets：					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	30%~50%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Company's equity by NT$34,998 thousand
	Assets approach	P/E ratio of similar entities	0%~30%	The higher the P/E ratio of similar entities, the higher the fair value of the stocks	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Company's equity by NT$17,560 thousand

As of December 31, 2019

	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	0%~30%	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$18,863 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$18,609 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, 2020 and 2019.

(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.

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, 2020 (not including subsidiaries, associates and joint ventures): Please refer to Table 2.
D. Individual securities acquired or disposed of with accumulated amount exceeding NT$300 million or 20% of the capital stock: Please refer to Table 3.

E. Acquisition of property with the amount exceeding NT$300 million or 20% of the paid-in capital: Please refer to Table 4.
F. Disposal of property with amount exceeding NT$300 million or 20% of the paid-in capital: Please refer to Table 5.
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 6.
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 7.

(2) Investee information

A. Financings provided to others: None.
B. Endorsement/guarantee provided to others: Please refer to Table 1.
C. Securities held as of December 31, 2020 (not including subsidiaries, associates and joint ventures): Please refer to Table 8.
D. Individual securities acquired or disposed of with accumulated amount exceeding NT$300 million or 20% of the capital stock: None.
E. Acquisition of property with the amount exceeding NT$300 million or 20% of the paid-in capital: None.
F. Disposal of property with amount exceeding NT$300 million or 20% of the paid-in capital: None.
G. Purchases or sales of goods from or to related parties exceeding NT$100 million or 20% of the paid-in capital or more: None.
H. Receivables from related parties with amounts exceeding NT$100 million or 20% of the paid-in capital: None.
I. Derivative financial instruments undertaken: None.
J. Names, locations and related information of investee companies: Please refer to Table 9.

(3) Investment in Mainland China

Please refer to Table 10.

(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.

The operating segment information does not summarize more than one operating segment.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

The transfer prices between operating segments are on an arm's length basis in a manner like transactions with third parties.

(1) Information about profit or loss, assets and liabilities of reportable segment

The Group's profit or loss information of operating segments for the years ended December 31, 2020 and 2019 is as follows:

Information for the year ended December 31, 2020

	Movable property and real estate development department	Others	Adjustment and eliminations	Consolidated amount
Revenue				
External customer	$11,657,507	$2,316,104	$-	$13,973,611
Inter-segment	1,678,721	447,411	(2,126,132)	-
Total revenue	$13,336,228	$2,763,515	$(2,126,132)	$13,973,611
Segment profit	$1,648,236	$(360,151)	$397,199	$1,685,284
Interest income	$1,156	$1,927	$-	$3,083
Interest expense	72,909	173,881	(27,075)	219,715
Depreciation and amortization	225,848	733,910	(56,899)	902,859
Loss (gain) of investments accounted for using equity method	(399,266)	(5,336)	404,602	-
Loss (gain) on disposal of investments	87,569	(146)	-	87,423
Dividend income	117,922	-	-	117,922

Information for the year ended December 31, 2019

	Movable property and real estate development department	Others	Adjustment and eliminations	Consolidated amount
Revenue				
External customer	$9,675,900	$1,948,028	$-	$11,623,928
Inter-segment	60,709	2,217	(62,926)	-
Total revenue	$9,736,609	$1,950,245	$(62,926)	$11,623,928
Segment profit	$1,504,687	$(59,504)	$125,155	$1,570,338
Interest income	$2,613	$2,052	$-	$4,665
Interest expense	9,911	159,413	(27,994)	141,330
Depreciation and amortization	212,904	612,672	(56,646)	768,930
Loss (gain) of investments accounted for using equity method	(50,775)	(50,125)	100,900	-
Loss (gain) on disposal of investments	-	45,221	-	45,221
Dividend income	97,167	-	-	97,167

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 of December 31, 2020 and 2019:

	Movable property and real estate development department	Others	Adjustment and eliminations	Consolidated amount
Assets of December 31, 2020	$49,112,708	$13,552,249	$(3,168,029)	$59,496,928
Assets of December 31, 2019	$47,614,997	$8,797,840	$(2,676,707)	$53,736,130

	Movable property and real estate development department	Others	Adjustment and eliminations	Consolidated Amount
Liabilities of December 31, 2020	$24,657,484	$10,429,394	$(989,078)	$34,097,800
Liabilities of December 31, 2019	$23,236,905	$7,054,337	$(1,037,162)	$29,254,080

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, 2020 and 2019.

(3) Major customer information

The Group's net sales to a single customer for the years ended December 31, 2020 and 2019 both did not exceed 10% of the consolidated net sales revenue.

Table 1: Endorsement/guarantee provided to others

Unit: NT$1,000

No. (Note1)	Endorser/ Guarantor	Receiving Party		Limit of the Endorsement / Guarantee Amount for Receiving Party (Note3)	Maximum Balance for the Period (Note4)	Ending Balance (Note5)	Actual Amount Borrowed (Note6)	Amount of Collateral	Percentage	Limit on the Endorsement/Guarantee Amount (Note3)	Parent Company Endorsed / Guaranteed for the Subsidiaries (Note7)	Subsidiaries Endorsed/ Guaranteed for the Parent Company (Note7)	Endorsement or Guarantee for Entities in China (Note7)
		Company Name	Relationship (Note2)										
1	Cathay healthcare management co.,Ltd.	Hangzhou Kunning Health Consulting Limited	3	$206,747	$28,508	$-	$-	$-	0.00%	$413,494	Y	N	Y
Note	A. Limit of the Endorsement / Guarantee Amount for Receiving Party：NT$689,157 thousand *30% B. Limit on the Endorsement/Guarantee Amount：NT$689,157 thousand*60%												

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： Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:
(1) Having business relationship.
(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
(4) The endorser/guarantor company and endorsed/guaranteed company both are owned directly or indirectly more than 90% voting shares by the company.
(5) Mutual guarantee of the trade as required by the construction contract.
(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
(7) The performance guarantees for the sale of pre-sales contracts under the Consumer Protection Law are jointly guaranteed

Note3： Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

Note4： Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided.

Note5： Once endorsement/guarantee contracts or promissory notes are signed/issued by the endorser/guarantor company to the banks, the endorser/guarantor company bears endorsement/guarantee liabilities. And all other events involve endorsements and guarantees should be included in the balance of outstanding endorsements and guarantees.

Note6： Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note7： Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Table 2: Securities held as of December 31, 2020 (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, 2020				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Market Value	
Cathay Real Estate Development Co., Ltd.	Stock － Cathay Financial Holdings Co., Ltd.	Others	Financial assets at fair value through other comprehensive income–current	57,681,332	$2,437,036	0.44%	$2,437,036	
〃	Stock － Symphox Information Co., Ltd.	Others	Financial assets at fair value through other comprehensive income–non-current	5,489,000	114,830	11.00%	114,830	
〃	Stock － Taiwan Star Telecom Co., Ltd.	None	〃	195,000,000	1,690,973	3.68%	1,690,973	
〃	Stock － Gong Cheng Industrial Co.	None	〃	1,580,083	-	3.23%	-	
〃	Stock － Gian Feng Investment Co., Ltd.	None	〃	2,000,000	25,922	10.00%	25,922	
〃	Stock － MetroWalk international Co., Ltd.	None	〃	3,448,276	92,965	1.72%	92,965	
〃	Stock － Budworth Investments Limited	None	〃	30,314	45	3.33%	45	
〃	Stock － Nangang International One Co., Ltd.	Others	〃	7,485,000	74,828	4.99%	74,828	
〃	Stock － Nangang International Two Co., Ltd.	Others	〃	7,485,000	74,508	4.99%	74,508	

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

Table 3: 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, 2020		Purchase (Note 3)		Sell (Note 3)				As of December 31, 2020	
					Shares	Amount	Shares (In thousand)	Amount	Shares	Price	Book Cost	Gain / Loss	Shares	Amount
Cathay Real Estate Development Co., Ltd.	The stocks of Jinhua Realty Co., Ltd.	Investments accounted for using equity method	(Note5)	Subsidiary	-	$-	40,800,000	$408,000	-	$-	$-	$-	40,800,000	$408,000
〃	The stocks of Bannan Realty Co., Ltd.	Investments accounted for using equity method	(Note5)	Subsidiary	-	$-	40,800,000	$408,000	-	$-	$-	$-	40,800,000	$408,000

Note 1：Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other relatedderivative 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：Initial acquisition.

Table 4: 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 Serial No.132, Jinhua Section, Anping District, Tainan City	2020.01.13	$1,500,000	Installment by agreement	Legal person	None	-	-	-	$-	Negotiation by two parties	Construction	None
〃	Land Serial No. 256,257,273, Renping Section, Beitun District, Taichung City (Note)	2020.01.21	1,518,151	Installment by agreement	Individual	None	-	-	-	-	Negotiation by two parties	Construction	None
〃	Land Serial No. 74, Ruanqiao Section, Beitou District, Taipei City	2020.07.10	697,376	Installment by agreement	Individual	None	-	-	-	-	Negotiation by two parties	Construction	None
〃	Land Serial No. 433 etc., Muzha Section, Wenshan District, Taipei City	2020.09.30	1,399,701	Installment by agreement	Individual	None	-	-	-	-	Negotiation by two parties	Construction	None
〃	Land Serial No. 112, Section 5, Tammei Section, Neihu District, Taipei City	2020.10.21	1,160,998	Installment by agreement	Legal person and Individual	None	-	-	-	-	Negotiation by two parties	Construction	None

Note:It was originally Land Serial 2-3 etc. of Shuinan Section, Beitun District, Taichung City, acquired on January 21, 2020. The contract price is NT$1,518,144 thousand.
The contract price was adjusted to NT$1,518,151 thousand after the rezoning of the land due to the change in area.
After the rezoning, it became Land Serial No 256,257,273,Renping Section , Beitun District.

Table 5: Disposal 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	Original date of property acquisition	Carrying Value	Transaction Amount (Contract price)	Status of Receivable	Disposal of profit and loss (Note)	Counterparty	Relationship with the Company	Purpose of Disposal	References for Determining Price	Others
Cathay Real Estate Development Co., Ltd.	Land Serial No. 132, Jinhua Section, Anping District, Tainan City	2020.11.12	2020.1.13	$1,583,939	$1,614,198	Installment by agreement	$30,259	Jinhua Realty Co., Ltd.	Subsidiary	The Company's operation plan	Valuation report from Real estate appraiser	None

Note：The disposal of profit and loss are recognized as the unrealized sales profit of the related parties.

Table 6: Purchases or sales of goods from or to related parties exceeding NT$100 million or 20% of paid-in capital or more

Unit: NT$1,000

Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts payable		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts payable	
Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd	Associate	Construnction-in-progress	$1,901,357	17.58%	Not applicable	$-	-	$48,574	4.26% (Note)	Construction
Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	Subsidiary	Land held for construction site	1,614,198	11.55%	Not applicable	-	-	-	-	Obtain deposal benefits

Note：The notes/accounts payable of consolidated financial statements

Table 7: 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.	Cathy Hospitality Consulting Co., Ltd.	1	Rental income	$209	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathy Hospitality Consulting Co., Ltd.	1	Operating expenses-conference fee	95	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathy Hospitality Consulting Co., Ltd.	1	Operating expenses-entertainment expenses	182	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathy Hospitality Consulting Co., Ltd.	1	Other income	4	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Deferred credits-gains on Inter-affiliate accounts	13,334	Regular	0.02%
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Realized gain from inter-affiliate accounts	41	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Cost of rental sales	1,800	Regular	0.01%
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Other income	22	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Rental income	106	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Construction cost	18	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Operating expenses-advertising fee	28	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Rental income	1,059	Regular	0.01%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-advertising fee	95	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Construction cost	90	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-miscellaneous expenses	1,038	Regular	0.01%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-entertainment expenses	617	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-service fee	60	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Operating expenses-miscellaneous expenses	502	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Cost of rental sales	26,794	Regular	0.19%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Other income	148	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Other receivables	1,486	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Other income	1,486	Regular	0.01%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Rental income	66	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Guarantee deposits received	40	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Construction revenue	1,614,198	Regular	11.55%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Construction cost	1,583,939	Regular	11.34%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Unrealized profit from sales	30,259	Regular	0.22%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Other receivables	4,719	Regular	0.01%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Other income	4,719	Regular	0.03%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Rental income	29	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Guarantee deposits received	23	Regular	-
1	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Investment property－land	12,813	Regular	0.02%
1	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Investment property－buildings	847	Regular	-
1	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Accumulated depreciation－investment property	326	Regular	-
1	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Cost of rental sales	41	Regular	-
1	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Management fee income	1,800	Regular	0.01%
1	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Operating expenses-service fee	22	Regular	-
2	Cathay Healthcare Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Rent	106	Regular	-
2	Cathay Healthcare Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Service income	46	Regular	-
3	Cathy Hospitality Consulting Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Rent	209	Regular	-
3	Cathy Hospitality Consulting Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Hospitality income	277	Regular	-
3	Cathy Hospitality Consulting Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Operating expenses-miscellaneous expenses	4	Regular	-
4	Cathay Hospitality Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Rent	1,059	Regular	0.01%
4	Cathay Hospitality Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Hospitality income	1,900	Regular	0.01%
5	Lin Yuan Property Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Technical service income	502	Regular	-
5	Lin Yuan Property Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Maintenance income	26,794	Regular	0.19%
5	Lin Yuan Property Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Operating expenses-service fee	148	Regular	-
6	Jinhua Realty Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Accounts payable－related parties	1,486	Regular	-
6	Jinhua Realty Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Operating expenses-service fee	1,486	Regular	0.01%
6	Jinhua Realty Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Rent	66	Regular	-
6	Jinhua Realty Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Refundable deposits	40	Regular	-
6	Jinhua Realty Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Land held for construction site	1,614,198	Regular	2.71%
7	Bannan Realty Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Accounts payable－related parties	4,719	Regular	0.01%
7	Bannan Realty Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Operating expenses-service fee	4,719	Regular	0.03%
7	Bannan Realty Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Rent	29	Regular	-
7	Bannan Realty Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Refundable deposits	23	Regular	-

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

(1) The Company is coded "0".

(2) The subsidiaries are coded starting from "1" in the order.

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

(1) The Company to subsidiaries is coded "1".

(2) Subsidiaries to The Company is coded "2".

(3) Subsidiaries to Subsidiaries is coded "3".

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

Table 8: Securities held as of December 31, 2020 (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, 2020				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Market Value	
Cathay Hospitality Management Co., Ltd.	Stocks Nangang International One Co., Ltd.	Others	Financial assets at fair value through other comprehensive income-non-current	15,000	$150	0.01%	$150	
〃	Stocks Nangang International Two Co., Ltd.	Others	〃	15,000	149	0.01%	149	

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

Table 9: 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, 2020	Balance at December 31, 2019	Number of shares	Percentage	Amount			
Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Holding Corporation	British Virgin Islands	General trade and investing	$-	$242,747 (USD 9,592)	-	-	$-	$(376)	$(376)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	ROC	Construction management	50,000	50,000	5,000,000	100.00%	115,014	27,576	27,576	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	ROC	Consultancy	467,500	467,500	46,750,000	85.00%	585,785	106,646	90,647	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	ROC	Service industry	650,000	400,000	65,000,000	100.00%	132,418	(286,161)	(278,435)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd	ROC	Service industry	750,000	750,000	75,000,000	100.00%	332,026	(257,350)	(244,197)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cymbal Medical Network Co., Ltd.	ROC	Wholesale of Drugs, Medical Goods	100,000	100,000	10,000,000	100.00%	87,000	(11,979)	(11,979)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	ROC	Apartment building management service industry	68,809	-	1,530,000	51.00%	58,767	40,288 Note3	20,549	Subsidiary
Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	408,000	-	40,800,000	51.00%	376,917	(1,616)	(824)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	ROC	Housing and Building Development and Rental	408,000	-	40,800,000	51.00%	405,774	(4,366)	(2,227)	Subsidiary
Cymbal Medical Network Co., Ltd.	Xing De Co., Ltd.	ROC	Manpower dispatch and leasing industry	80,000	80,000	8,000,000	100.00%	74,328	(5,509)	(5,509)	Second-tier subsidiary
Cymbal Medical Network Co., Ltd.	Cymlin Co., Ltd.	ROC	Manpower dispatch and leasing industry	26,000	-	2,600,000	100.00%	25,796	(204)	(204)	Second-tier subsidiary
Cathay Healthcare Management Co., Ltd	Cathay Healthcare Management Limited (BVI)	British Virgin Islands	General trade and investing	-	103,122 (USD 3,400)	-	-	-	-	-	Second-tier subsidiary
Cathay Real Estate Holding Corporation	CCH Commercial Company Limited	Cayman Islands	Investing	-	2,641 (USD 90)	-	-	-	-	-	Second-tier subsidiary
Cathay Healthcare Management Limited (BVI)	Cathay Healthcare Management Limited (Cayman)	Cayman Islands	Business management	-	103,122 (USD 3,400)	-	-	-	-	-	Third-tier subsidiary

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

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

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

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

(3) In“Share of Profits/Losses”column only need to filled in the company recognized each subsidiaries and the company under equity method’s profits or loss.
Make sure it had contained each subsidiaries had contained their investee profit or loss in their net income.

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

Table 10: Investment in Mainland China

Unit：NT$1,000；USD$1,000

Investee company	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Investees company net income	Percentage of Ownership	Share of Profits/Losses (Note2)	Carrying Amount as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow(Note3)						
Tailin Management Consulting (Shanghai) Limited	Business management	$225,604 (USD 7,300)	(2) CCH REIM (HK) Company Limited	$8,945 (USD 300)	$-	$8,945 (USD 300)	$-	$-	0.00%	$-	$-	-
Hangzhou Kunning Health Consulting Limited(Note3)	Consultancy	$115,827 (USD 3,820)	(1)	$103,122 (USD 3,400)	$12,705 (USD420)	$-	$115,827 (USD 3,820)	$(19,536)	85%	$(16,606) (b).2	$-	-

Accumulated Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$115,827 (USD 3,820)	$4,053,324 (USD 142,182)	$14,673,134

Note1: The methods for engaging in investment in Mainland China include the following:

(1) Directly invested in China

(2) Investment in Mainland China companies through a company invested and established in a third region

(3) Other method

Note2: Investees company net income:

(a) If the investees is uder preparation, should take note.

(b) If the investees' net income is base on these three condition, should take note.

(1) The investes' finance statement has certification by the CPA firm in Taiwan which has partnership with international CPA firm.

(2) The investes' finance statement has certification by the parenent company in Taiwan.

(3) Others.

Note3: Currently being dissolved and liquidated

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.	87,133,000	7.51%
Cathay Life Insurance Co., Ltd.	72,200,584	6.22%