

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

Parent Company Only Financial Statements

For the Years Ended

December 31, 2021 and 2020

Report of Independent Auditors

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

Independent Auditors' Report Translated from Chinese

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2021 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

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

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

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

Valuation of Construction Land

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notice to Readers

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

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

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

Parent Company Only Balance Sheets

December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

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

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

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

Parent Company Only Balance Sheets (continued)

December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

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

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

Parent Company Only Statements of Comprehensive Income

For the Years Ended December 31, 2021 and 2020

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

(Expressed in thousands of New Taiwan Dollars)

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

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

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

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

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

Parent Company Only Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

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

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

Cathay Real Estate Development Co., Ltd.
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 2021 and 2020
(Amounts expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. HISTORY AND ORGANIZATION

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

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

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

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

3. APPLICATION OF NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

d. Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

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

Amendment to IFRS 9 Financial Instruments

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

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

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

Amendment to IAS 41

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

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

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

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

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

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

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

B. IFRS 17 “Insurance Contracts”

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

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

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

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

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

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

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

E. Definition of Accounting Estimates - Amendments to IAS 8

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

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

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

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

4. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(1) Statement of compliance

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

(2) Basis of preparation

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

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

(3) Foreign currency transactions

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

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

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

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

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

(4) Translation of financial statements in foreign currency

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

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

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

(5) Current and non-current distinction

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

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

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

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

(6) Cash and cash equivalents

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

(7) Financial instruments

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

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

A. Financial instruments: Recognition and Measurement

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

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

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

Financial assets measured at amortized cost

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

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

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

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

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

Financial asset measured at fair value through other comprehensive income

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

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

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

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

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

B. Impairment of financial assets

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

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

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

The loss allowance is measured as follows:

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

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

C. Derecognition of financial assets

A financial asset is derecognized when:

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

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

E. Offsetting of financial instruments

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

(8) Fair value

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

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

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

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

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

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

(9) Inventories

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

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

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

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

(10) Investments accounted for using the equity method

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

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

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

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

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

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

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

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

(11) Property, plant and equipment

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

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

Buildings: 5~50 years

Leased assets: 5 years

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

Other equipment: 3~5 years

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

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

(12) Investment property

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

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

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

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

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

(13) Leases

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

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

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

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

Company as a lessee

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

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

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

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

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

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

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

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

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

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

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

Company as a lessor

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

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

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

(14) Intangible assets

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

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

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

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

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

Computer software

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

(15) Impairment of non-financial assets

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

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

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

(16) Revenue recognition

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

Construction income

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

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

(17) Borrowing costs

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

(18) Retirement benefits plans

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

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

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

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

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

(19) Income taxes

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

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

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

(20) Business combinations

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

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

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

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

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

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

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

(1) Judgement

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

Operating lease commitment-Company as the lessor

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

(2) Estimates and assumptions

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

A. Fair value of financial instruments

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

B. Impairment of non-financial assets

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

C. Retirement benefits plans

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

D. Income tax

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

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

E. Inventory evaluation

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

F. Accounts receivables-estimation of impairment loss

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

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

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

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

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

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

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

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

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

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

(3) Notes receivable

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

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

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

(4) Accounts receivable and accounts receivable -related parties

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

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

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

(5) Inventories

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

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

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

C. Significant Construction projects were as follow:

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

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

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

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

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

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

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

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

H. Incremental cost of the contract

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

(6) Investments accounted for using the equity method

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

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

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

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

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

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

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

(7) Property, plant and equipment

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

A. Owner occupied property, plant and equipment

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

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

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

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

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

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

(8) Investment property

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

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

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

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

(9) Intangible assets

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

Amortization expense of intangible assets were as follow:

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

(10) Other non-current assets

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

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

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

(11) Short-term loans

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

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

(12) Short-term notes payable

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

(13) Long-term loans

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

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

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

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

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

(14) Retirement employment benefits

A. Defined contribution plan

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

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

B. Defined benefits plan

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

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

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

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

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

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

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

Reconciliation of net defined benefit liabilities (assets):

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

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

	As of December 31,	
	2021	2020
Discount rate	0.66%	0.32%
Expected rate of salary increases	2.00%	2.00%

A sensitivity analysis for significant assumption as at December 31, 2021 and 2020 was as follow:

	For the years ended December 31,			
	2021		2020	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increases by 0.25%	\$-	\$2,930	\$-	\$3,365
Discount rate decreases by 0.25%	3,084	-	3,365	-
Future salary increases by 0.5%	5,860	-	6,569	-
Future salary decreases by 0.5%	-	5,705	-	6,249

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

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

(15) Common stock

The Company's authorized capital was NT\$ 20,000,000 thousand and issued capital was NT\$ 11,595,611 thousand as at December 31, 2021 and 2020, respectively. The Company has issued 1,159,561 thousand shares as at December 31, 2021 and 2020, respectively, each at a par value of NT\$10. Each share has one voting right and a right to receive dividends.

(16) Capital surplus

	As of December 31,	
	2021	2020
Treasury share transactions	\$10,407	\$10,407
Others - overdue dividends	28,439	29,108
Total	<u>\$38,846</u>	<u>\$39,515</u>

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

(17) Retained earnings

A. Legal reserve

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

B. Special reserve

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

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

At the first-time adoption of IFRSs, special reverse set aside by The Company was NT\$504,189 thousand. As of December 31, 2021, there were no use, disposition or reclassification of related assets and there is no need to revolving special reserve to retained earnings.

C. Retained earnings and dividend policies

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

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

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

- D. For the years ended December 31, 2020 and 2019, the details of earnings distribution and dividends per share were resolved by the shareholder's meeting on July 23, 2021 and June 12, 2020, were as follows:

	Appropriation of earnings (in thousand NT dollars)		Cash Dividend per share (NT dollars)	
	2020	2019	2020	2019
Legal reserve	\$149,397	\$137,050		
Common stock - cash dividend	1,159,561	1,159,561	\$1.0	\$1.0

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

(18) Operating revenues

	For the years ended December 31,	
	2021	2020
Revenue from contracts with customers		
Sales of buildings and land	\$9,493,911	\$12,971,111
Rental income	339,671	365,117
Total	<u>\$9,833,582</u>	<u>\$13,336,228</u>

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

A. Disaggregation of revenue

For the year ended December 31, 2021

	Property and real estate investment development department
Sales of buildings and lands	\$9,493,911
Rental income	339,671
Total	<u>\$9,833,582</u>
Revenue recognition point:	
At a point in time	\$9,493,911
Over time	339,671
Total	<u>\$9,833,582</u>

For the year ended December 31, 2020

	Property and real estate investment development department
Sales of buildings and lands	\$12,971,111
Rental income	365,117
Total	<u>\$13,336,228</u>
Revenue recognition point:	
At a point in time	\$12,971,111
Over time	365,117
Total	<u>\$13,336,228</u>

B. Contract balances

Contract liabilities – current

	As of		
	December 31, 2021	December 31, 2020	January 1, 2020
Sales of goods	<u>\$4,627,062</u>	<u>\$4,421,199</u>	<u>\$3,526,415</u>

For the years ended December 31, 2021 and 2020, the movement in the contract liabilities are as follows:

	For the years ended December 31,	
	2021	2020
Revenue recognized during the year that was included in the balance at the beginning of the year	\$(1,990,307)	\$(924,497)
Increase in receipt in advance during the period	2,196,170	1,819,281

C. Assets recognized from the revenue from contracts with customers

Incremental costs of obtaining contracts

	As of December 31,	
	2021	2020
Sales of buildings and land	\$777,147	\$633,029

The amortized amount of the incremental cost of the Company's acquisition of the contract for the years ended December 31, 2021 and 2020 were NT\$264,224 thousand and NT\$279,282 thousand, respectively.

(19) Expected credit losses/ (gains)

	For the years ended December 31,	
	2021	2020
Operating expenses-expected credit losses/ (gains)		
Accounts receivable	\$(9)	\$(34)

Please refer to Note 12 for information of credit risks.

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

December 31, 2021

	Neither	Past due					
	past due	Within		91-270	271-	Over	
	(Note)	30 days	31-90 days	days	365days	365 days	Total
Gross carrying amount	\$169,114	\$5,395	\$-	\$-	\$-	\$-	\$174,509
Loss ratio	-	0.01%	-	-	-	-	
Lifetime expected credit losses	-	1	-	-	-	-	1
Total	\$169,114	\$5,394	\$-	\$-	\$-	\$-	\$174,508

December 31, 2020

	Neither past due (Note)	Past due					Total
		Within 30 days	31-90 days	91-270 days	271- 365days	Over 365 days	
Gross carrying amount	\$271,610	\$848	\$-	\$-	\$-	\$-	\$272,458
Loss ratio	-	1.14%	-	-	-	-	
Lifetime expected credit losses	-	10	-	-	-	-	10
Total	\$271,610	\$838	\$-	\$-	\$-	\$-	\$272,448

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

For the years ended December 31, 2021 and 2020, the movement in the provision for impairment of notes receivable and accounts receivable are as follows:

	Notes receivable	Accounts receivable
As of January 1, 2020	\$-	\$44
Addition/(reversal) for the current period	-	(34)
Amounts written off during the period as uncollectible	-	-
As of December 31, 2020	-	10
Addition/(reversal) for the current period	-	(9)
Amounts written off during the period as uncollectible	-	-
As of December 31, 2021	\$-	\$1

(20) Operating leases

A. Operating lease commitments - Company as lessee

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

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

a. Amounts recognized in the balance sheet

(a) Right-of-use asset

The carrying amount of right-of-use asset

	As of December 31,	
	2021	2020
Land	\$13,334	\$8,263
Buildings	23,251	8,083
Total	\$36,585	\$16,346

For the years ended December 31, 2021 and 2020, the Company's additions to right-of-use assets amounting to NT\$46,472 thousand and NT\$1,388 thousand, respectively.

(b) Lease liability

	As of December 31,	
	2021	2020
Lease liability	\$35,955	\$14,417
Current	\$25,474	\$12,317
Non-current	10,481	2,100

Please refer to Note 6.(22).D for the interest on lease liability recognized during the years ended December 31, 2021 and 2020 and refer to Note 12.(5) for the maturity analysis for lease liabilities as of December 31, 2021 and 2020.

b. Amounts recognized in the income statement

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2021	2020
Land	\$10,400	\$7,250
Buildings	15,833	16,165
Total	\$26,233	\$23,415

c. Income and costs relating to leasing activities

	For the years ended December 31,	
	2021	2020
The expense relating to short-term leases	\$642	\$278
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	-	-
The expense relating to variable lease payments not included in the measurement of lease liabilities	-	-

As of December 31, 2021 and 2020, the short-term lease portfolio promised by the Company and the types of lease targets related to the aforementioned short-term lease expenses are similar.

d. Cash outflow relating to leasing activities

During the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases amounting to NT\$25,944 thousand and NT\$20,927 thousand, respectively.

B. Company as lessor

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

	For the years ended December 31,	
	2021	2020
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$339,671	\$365,117

Please refer to Note 6.(7) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2021 and 2020 are as follow:

	As of December 31,	
	2021	2020
Not later than 1 year	\$210,037	\$210,897
Later than 1 year and not later than 2 years	210,037	210,037
Later than 2 year and not later than 3 years	210,037	210,037
Later than 3 year and not later than 4 years	210,037	210,037
Later than 4 year and not later than 5 years	87,516	210,037
Later than five years	190	87,516
Total	\$927,854	\$1,138,561

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

Function Description	For the year ended December 31, 2021			For the year ended December 31, 2020		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits expense						
Salaries and wages	\$30,803	\$158,204	\$189,007	\$32,285	\$155,055	\$187,340
Labor and health insurance	-	13,876	13,876	-	12,424	12,424
Pension	-	10,742	10,742	-	11,113	11,113
Director's remuneration	-	7,755	7,755	-	7,800	7,800
Depreciation and depletion	204,645	27,355	232,000	200,080	24,891	224,971
Amortization	-	1,818	1,818	-	877	877

- A. On December 31, 2021 and 2020, the numbers of employees were 153 and 148 respectively, among which the numbers of directors who have not served as employees were both 4.
- B. The average employee benefits expense for the years ended December 31, 2021 and 2020 were NT\$1,434 thousand and NT\$1,464 thousand, respectively. (“Total employee benefits expense for the year - Total director’s remuneration for the year” / “Number of employees for the year - Number of directors who have not served as employees for the year”)
- C. The average salaries and wages for the years ended December 31, 2021 and 2020 were NT\$1,269 thousand and NT\$1,301 thousand, respectively (“Total salaries and wages for the year” / “Number of employees for the year - Number of directors who have not served as employees for the year”). The average salaries and wages decreased by 2.46% (“Average salaries and wages for the year - Average salaries and wages last year” / “Average salaries and wages last year”).
- D. The Company established an audit committee instead of supervisors.
- E. The Company’s policy of salaries and wages for directors, managers and employees is as follows: In order to attract, keep and motivate talents for the balance of sustainable running and risk control, the Company follows “Directors’ Remuneration Guidelines”, “Managers’ Remuneration Guidelines”, employees’ salaries regulations and other related regulations to decide salaries and wages. Also, the Company comprehensively considers individuals’ responsibility, the market, contribution, performance and expected or realized risks. Related regulations are modified and reviewed on regular basis based on actual operation.
- F. Employees’ Compensation and Directors’ Remuneration

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

The Company's employees' compensation and directors' remuneration was NT\$927 thousand and NT\$2,400 thousand, estimated as 0.1% and lower than 1% of the Company's net profit and recognized as compensation for employees and directors' remuneration for the year ended December 31, 2021. The amount of employees' compensation and directors' remuneration recognized in the year ended December 31, 2020 was NT\$1,652 thousand and NT\$2,400 thousand, respectively. The aforementioned amounts were listed under salary expenses. If the abovementioned employees' compensation and directors' remuneration estimations are different from the actual distributed amount resolved by the board of director's meeting, the difference will be recognized as profit or loss in the next period.

The Company's the board of director's meeting on March 18, 2021 resolved to distribute NT\$1,652 thousand and NT\$2,400 thousand of employee's and director's compensation in cash. There are no material differences exist between the estimated amount and the actual distribution.

(22) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2021	2020
Deposit interest	\$316	\$726
Others	351	430
Total	<u>\$667</u>	<u>\$1,156</u>

B. Other income

	For the years ended December 31,	
	2021	2020
Dividend income	\$146,949	\$117,922
Other	68,144	61,057
Total	<u>\$215,093</u>	<u>\$178,979</u>

C. Other gains and losses

	For the years ended December 31,	
	2021	2020
Gains on disposal and abandon of property, plant and equipment	\$3,960	\$972
Gains on disposal of investment	-	87,569
Other	(1,188)	(742)
Total	<u>\$2,772</u>	<u>\$87,799</u>

D. Finance costs

	For the years ended December 31,	
	2021	2020
Interest on borrowings from bank	\$85,587	\$72,483
Interest on lease liabilities	368	426
Total	<u>\$85,955</u>	<u>\$72,909</u>

(23) Components of other comprehensive income

For the year ended December 31, 2021

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit plans	\$(598)	\$-	\$(598)	\$120	\$(478)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	1,295,092	-	1,295,092	-	1,295,092
Share of other comprehensive income of associates and joint ventures accounted for using equity method	465	-	465	-	465
Total of other comprehensive income	<u>\$1,294,959</u>	<u>\$-</u>	<u>\$1,294,959</u>	<u>\$120</u>	<u>\$1,295,079</u>

For the year ended December 31, 2020

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit plans	\$(733)	\$-	\$(733)	\$146	\$(587)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(164,942)	-	(164,942)	-	(164,942)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(1,480)	-	(1,480)	-	(1,480)
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(596)	(87,569)	(88,165)	-	(88,165)
Total of other comprehensive income	<u>\$(167,751)</u>	<u>\$(87,569)</u>	<u>\$(255,320)</u>	<u>\$146</u>	<u>\$(255,174)</u>

(24) Income taxes

The major components of income tax expense were as follows:

Income tax recognized in profit or loss

	For the years ended December 31,	
	2021	2020
Current income tax expense (income):		
Current income tax payable	\$9,250	\$3,857
Current land value increment tax charge	68,483	65,158
Adjustments in respect of current income tax of prior periods	(1,538)	(2,501)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	134	97,742
Total income tax expense (income)	<u>\$76,329</u>	<u>\$164,256</u>

Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2021	2020
Deferred tax expense (income):		
Remeasurements of defined benefit plans	<u>\$(120)</u>	<u>\$(146)</u>

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

	For the years ended December 31,	
	2021	2020
Accounting profit before tax from continuing operations	<u>\$923,868</u>	<u>\$1,648,236</u>
Tax at the domestic rates applicable to profits in the country concerned	\$184,774	\$329,647
Tax effect of revenues exempt from taxation	(400,034)	(219,430)
Tax effect of non-deductible expenses	165,580	118,072
Tax effect of deferred tax assets/liabilities	49,814	(130,547)
Surtax on undistributed retain earnings	9,250	3,857
Adjustments in respect of current income tax of prior periods	(1,538)	(2,501)
Current land value increment tax	<u>68,483</u>	<u>61,158</u>
Total income tax expense (income) recognized in profit or loss	<u>\$76,329</u>	<u>\$164,256</u>

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2021

		Deferred tax income (expense) recognized in other	Deferred tax income (expense) recognized in comprehensive income	
	Beginning balance	recognized in profit or loss	comprehensive income	Ending balance
Temporary differences				
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS - land value increment tax	\$(10,049)	\$-	\$-	\$(10,049)
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS	93,652	(2,601)	-	91,051
Depreciation difference for tax purpose - investment property	98,795	(2,744)	-	96,051
Depreciation difference for tax purpose of property, plants and Equipment - interest capitalization	2,235	(97)	-	2,138
Unrealized intragroup profits and losses	6,156	(8)	-	6,148
Allowance for loss	1,400	-	-	1,400
Allowance for loss of inventories price falling	2,869	-	-	2,869
Non-current liability - defined benefit liability	11,675	(417)	120	11,378
Accrued expenses over two years transfer to revenue	7	-	-	7
Unrealized advertising fee	113,637	5,733	-	119,370
Deferred tax income/ (expense)		<u>\$(134)</u>	<u>\$120</u>	
Net deferred tax assets/(liabilities)	<u>\$320,377</u>			<u>\$320,363</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$330,426</u>			<u>\$330,412</u>
Deferred tax liabilities	<u>\$(10,049)</u>			<u>\$(10,049)</u>

For the year ended December 31, 2020

	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in comprehensive income	Ending balance
Temporary differences				
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS - land value increment tax	\$(10,049)	\$-	\$-	\$(10,049)
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS	96,746	(3,094)	-	93,652
Depreciation difference for tax purpose - investment property	101,539	(2,744)	-	98,795
Depreciation difference for tax purpose of property, plants and Equipment - interest capitalization	2,332	(97)	-	2,235
Investments accounted for using equity method	64,158	(64,158)	-	-
Unrealized intragroup profits and losses	112	6,044	-	6,156
Allowance for loss	1,400	-	-	1,400
Allowance for loss of inventories price falling	28,665	(25,796)	-	2,869
Non-current liability - defined benefit liability	13,751	(2,222)	146	11,675
Accrued expenses over two years transfer to revenue	7	-	-	7
Unrealized advertising fee	119,312	(5,675)	-	113,637
Deferred tax income/ (expense)		<u>\$(97,742)</u>	<u>\$146</u>	
Net deferred tax assets/(liabilities)	<u>\$417,973</u>			<u>\$320,377</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$428,022</u>			<u>\$330,426</u>
Deferred tax liabilities	<u>\$(10,049)</u>			<u>\$(10,049)</u>

The following table contains information of the unused tax losses of the Company:

Year	Tax losses for the period	Unused tax losses as of December 31,		Expiration year
		2021	2020	
2018	\$1,086,163	\$305,607	\$262,954	2019~2028

Unrecognized deferred tax assets

As of December 31, 2021 and 2020, the deferred tax assets have not been recognized amount to NT\$61,121 thousand and NT\$52,591 thousand, respectively.

The assessment of income tax returns

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

(25) Earnings per share

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

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

	For the years ended December 31,	
	2021	2020
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	\$847,539	\$1,483,980
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\$)	\$0.73	\$1.28
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$847,539	\$1,483,980
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)	66	111
Weighted average number of ordinary shares outstanding after dilution (in thousands)	1,159,627	1,159,672
Diluted earnings per share (NT\$)	\$0.73	\$1.28

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

(26) Business combinations

Acquisition of Lin Yuan Property Management Co., Ltd.

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

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

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

	<u>Fair value recognized on the acquisition date</u>
Assets	
Cash and cash equivalents	\$202,436
Accounts receivable	58,249
Prepayments	386
Others current assets	5,000
Others equipment	236
Investment property	9,480
Intangible assets	169
Deferred tax assets	15,097
Other non-currents assets	1,753
Subtotal	<u>292,806</u>
Liabilities	
Accounts payable	43,800
Other payables	26,696
Current tax liabilities	10,520
Other current liabilities	2,201
Other Non-current liabilities	74,670
Subtotal	<u>157,887</u>
Identifiable net assets	<u><u>\$134,919</u></u>

Bargain purchase gain is calculated as follows:

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

Analysis of cash flows on acquisition:

Cash paid	\$53,247
Net cash acquired with the subsidiary	(202,436)
Net cash flow	<u><u>\$(149,189)</u></u>

From the acquisition date May 15, 2020 to December 31, 2020, Lin Yuan Property Management Co., Ltd. has contributed NT\$20,547 thousand to the profit for the year from continuing operations. If the combination had taken place at the beginning of the year, the profit for the year from continuing operations for the Company would have been NT\$1,495,519 thousand.

7. RELATED PARTY TRANSACTIONS

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

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

Name of the related parties	Nature of relationship of the related parties
Cathay Hospitality Management Co., Ltd. (Cathay Hospitality)	Subsidiary
Cathay Hospitality Consulting Co., Ltd. (Cathay Hospitality Consulting)	Subsidiary
Jinhua Realty Co., Ltd. (Jinhua Realty)	Subsidiary
Bannan Realty Co., Ltd (Bannan Realty)	Subsidiary
Lin Yuan Property Management Co., Ltd. (Lin Yuan Property)	Subsidiary (Note)
Cathay Life Insurance Co., Ltd. (Cathay Life Insurance)	Others
Cathay United Bank Co., Ltd. (Cathay United Bank)	Others
Cathay Century Insurance Co., Ltd. (Cathay Century Insurance)	Others
San Ching Engineering Co., Ltd. (San Ching Engineering)	Others
Lin Yuan Investment Co., Ltd. (Lin Yuan Investment)	Others
Nangang International One Co., Ltd. (Nangang One)	Others
Nangang International Two Co., Ltd. (Nangang Two)	Others

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

(2) Significant transactions with the related parties

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

A. Cash in banks and short-term loans

		For the year ended December 31, 2021			
Name of the related parties	Type	Maximum amount	Year ended balance	Interest rate (%)	Interest income (expenses)
Others:					
Cathay United Bank	Demand deposit	\$6,222,303	\$585,101	0.01%	\$92
	Checking accounts	5,889,048	53,525	-	-
	Securities accounts	1,315,408	160,131	0.01%	7
	Short-term loan	-	-	-	-

		For the year ended December 31, 2020			
Name of the related parties	Type	Maximum amount	Year ended balance	Interest rate (%)	Interest income (expenses)
Others:					
Cathay United Bank	Demand deposit	\$5,248,560	\$1,217,710	0.05%	\$176
	Checking accounts	3,492,959	110,652	-	-
	Securities accounts	1,050,098	17,518	0.01%	9
	Short-term loan	250,000	-	1.00%	(60)

B. Purchase

		For the years ended December 31,	
Name of the related parties	Type	2021	2020
Others:			
San Ching Engineering	Building constructing or expansion	\$2,337,393	\$1,901,357
Cathay United Bank	Management fee of trust service	4,962	7,732
Lin Yuan Investment	Urban renewal co-construction landlord subsidies	6,720	3,960
Total		\$2,349,075	\$1,913,049

- a. The purchase price to the above related parties was determined through agreement based on the market rates.
- b. The total price of the commissioned construction and consultancy contracts signed by the Company and San Ching Engineering was NT\$13,649,042 thousand and NT\$7,325,649 thousand as of December 31, 2021 and 2020, respectively.

C. Sales

a. Sales revenue

		For the years ended December 31,	
Name of the related parties	Type	2021	2020
Subsidiary:			
Jinhua Realty	Sales of construction land	\$-	\$1,614,198

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

b. Rental Income

		For the years ended December 31,	
Name of the related parties	Type	2021	2020
Subsidiary:			
Cathay Hospitality	Office and vehicles rental	\$27,643	\$32,815
Cathay Hospitality Consulting	Office and vehicles rental	28,127	30,964
Others:			
Cathay Life Insurance	Office and vehicles rental	7,574	7,977
Cathay United Bank	Office and vehicles rental	18,008	18,594
Total		\$81,352	\$90,350

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

D. Notes and accounts payable – related parties

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

Name of the related parties	As of December 31,	
	2021	2020
Others:		
San Ching Engineering	\$-	\$48,574

E. Lease - related parties

a. Right-of-use assets

	As of December 31,	
	2021	2020
Others:		
Cathay Life Insurance	\$23,251	\$8,083

The Company acquired right-of-use assets from Cathay Life Insurance amounting to NT\$31,001 thousand and NT\$1,388 thousand for the years ended December 31, 2021 and 2020, respectively.

b. Lease liabilities

	As of December 31,	
	2021	2020
Others:		
Cathay Life Insurance	\$23,307	\$8,168

c. Interest expenses

	For the years ended December 31,	
	2021	2020
Others:		
Cathay Life Insurance	\$205	\$275

F. Others

a. Other receivables

Name of the related parties	Items	As of December 31,	
		2021	2020
Subsidiary:			
Bannan Realty	Business commission fee	\$-	\$4,719

b. Refundable deposits

Name of the related parties	Items	As of December 31,	
		2021	2020
Others:			
Cathay Life Insurance	Rent deposit	\$4,215	\$4,090
Lin Yuan Investment	Joint construction deposit	12,000	8,000
Total		\$16,215	\$12,090

c. Guarantee deposit received

		As of December 31,	
Name of the related parties	Items	2021	2020
Others:			
Cathay United Bank	Rent deposit	\$4,446	\$4,446

G. Other income

		For the years ended	
		December 31,	
Name of the related parties	Items	2021	2020
Subsidiary :			
Bannan Realty	Business commission fee	\$6,204	\$4,719
Others:			
Cathay Life Insurance	Management fee and planning fee	4,536	3,445
Cathay United Bank	Management fee and planning fee	4,837	4,852
Nangang One	Consulting service	7,040	-
Nangang Two	Consulting service	8,960	-
Total		\$31,577	\$13,016

H. Operating costs

		For the years ended	
		December 31,	
Name of the related parties	Items	2021	2020
Subsidiary:			
Lin Yuan Property	Management and repairing fee	\$37,028	\$40,183
Others:			
Cathay Century	Insurance fee	5,992	6,041
Total		\$43,020	\$46,224

I. Property transaction

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

For the year ended December 31, 2021: None.

For the year ended December 31, 2020:

a. Acquisition of financial assets

Name of the related parties	Items	Shares	Subject matter	Purchase price
Others:				
San Ching Engineering	Investments accounted for using equity method	1,230,000	Shares of Lin Yuan Property	<u>\$53,247</u>

b. Acquisition of investment properties

Name of the related parties	Subject matter	Purchase price
Subsidiary:		
Lin Yuan Property	Business facilities	<u>\$15,327</u>

J. Key management personnel compensation

	For the years ended December 31,	
	2021	2020
Short-term employee benefits	\$36,316	\$36,049
Post-employment benefits	324	323
Total	<u>\$36,640</u>	<u>\$36,372</u>

8. PLEDGED ASSETS

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

Items	As of December 31,		Secured liabilities
	2021	2020	
Inventories	\$1,680,000	\$2,640,000	Short-term loan & Long-term loan
Investment property	7,979,172	8,057,172	Short-term loan & Long-term loan
Total	<u>\$9,659,172</u>	<u>\$10,697,172</u>	

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

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

(1) Significant contract

Besides Note 7.(2).B, as of December 31, 2021, the total contract price of the construction contracts signed by the Company with non-related parties was NT\$8,023,476 thousand, in which NT\$5,209,060 thousand was not paid.

(2) Others

Guarantee notes issued for borrowings (financing) were NT\$37,009,200 thousand as of December 31, 2021.

10. SIGNIFICANT DISASTER LOSSES

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

- (1) Considering the overall operation, the Company disposed of the land at No. 174, Sanchong Section, Sanchong District, New Taipei City on January 27, 2022 to its subsidiary, Sanchong Realty Co., Ltd. . The total transaction price was NT\$3,471,000 thousand.
- (2) Considering the overall operation, the Company disposed of 195,000 thousand ordinary shares from Taiwan Star Telecom Co., Ltd. with a fair value of NT\$1,846,000 thousand. Involved shares were transferred on March 4, 2022. The cumulative unrealized valuation loss amounted to NT\$104,000 thousand reclassified from other equity to retained earnings.

12. OTHERS

(1) Categories of financial instruments

Financial Assets

	As of December 31,	
	2021	2020
Financial assets at fair value through other comprehensive income	\$5,806,199	\$4,511,107
Financial assets at amortized cost:		
Cash and cash equivalents	1,897,456	1,969,143
Notes receivable	20,890	31,527
Accounts receivable	153,618	240,921
Other receivables	2,148	13,009
Refundable deposits	1,211,579	1,214,115
Subtotal	3,285,691	3,468,715
Total	\$9,091,890	\$7,979,822

Financial Liabilities

	As of December 31,	
	2021	2020
Financial liabilities at amortized cost:		
Short-term loans	\$10,770,000	\$6,610,000
Short-term notes payable	1,958,065	1,418,854
Accounts payables	1,032,649	1,289,541
Long-term loans (including current portion)	12,228,685	10,629,741
Lease liabilities	35,955	14,417
Guarantee deposit received	89,357	82,459
Total	<u>\$26,114,711</u>	<u>\$20,045,012</u>

(2) Financial risk management objectives and policies

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

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

(3) Market risk

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

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

Foreign currency risk

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

Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit to decrease/increase by NT\$12,728 thousand and NT\$8,029 thousand for the years ended December 31, 2021 and 2020, respectively.

Equity price risk

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

When the price of the listed equity securities at fair value through other comprehensive income increases/decreases 5%, it could have impacts of NT\$272,554 thousand and NT\$206,400 thousand for the years ended December 31, 2021 and 2020 on the profit/loss or equity attributable to the Company.

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

(4) Credit risk management

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

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating

criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2021 and 2020, accounts receivable from top ten customers represented low percentage of the total accounts receivable of the Company. The credit concentration risk of other accounts receivable is insignificant.

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

(5) Liquidity risk management

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

Non-derivative financial instruments

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

	As of December 31, 2020				
	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Borrowings	\$13,533,145	\$5,274,869	\$-	\$-	\$18,808,014
Accounts payable	1,289,541	-	-	-	1,289,541
Lease liabilities	12,317	2,100	-	-	14,417
Guarantee deposits	24,093	38,609	11,467	8,290	82,459

(6) Reconciliations of the liabilities from financing activities

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

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Lease liabilities	Total
As of January 1, 2021	\$6,610,000	\$1,418,854	\$10,629,741	\$14,417	\$18,673,012
Cash flows	4,160,000	539,211	1,598,944	(25,302)	6,272,853
Non-cash changes					
Interest on lease liabilities	-	-	-	368	368
Other (Note)	-	-	-	46,472	46,472
As of December 31, 2021	<u>\$10,770,000</u>	<u>\$1,958,065</u>	<u>\$12,228,685</u>	<u>\$35,955</u>	<u>\$24,992,705</u>

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

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

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Lease liabilities	Total
As of January 1, 2020	\$6,900,000	\$499,540	\$10,799,510	\$33,252	\$18,232,302
Cash flows	(290,000)	919,314	(169,769)	(20,649)	438,896
Non-cash changes					
Interest on lease liabilities	-	-	-	426	426
Other (Note)	-	-	-	1,388	1,388
As of December 31, 2020	<u>\$6,610,000</u>	<u>\$1,418,854</u>	<u>\$10,629,741</u>	<u>\$14,417</u>	<u>\$18,673,012</u>

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

(7) Fair values of financial instruments

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

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

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

B. Fair value of financial instruments measured at amortized cost

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

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

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

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

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

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

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

value on a recurring basis is as follows:

As of December 31, 2021

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

As of December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Stocks	\$2,437,036	\$1,690,972	\$383,099	\$4,511,107

The Company had no assets and liabilities recurring measured at fair value transferring between Level 1 and Level 2 for the years ended December 31, 2021 and 2020.

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

	Asset measured at fair value through other comprehensive income- Stocks	
	2021	2020
As of January 1	\$383,099	\$317,845
Total gains and losses recognized for the year ended 31		
Amount recognized in OCI	(27,983)	78,241
Disposals	-	(12,987)
As of December 31	\$355,116	\$383,099

Total gains and losses recognized in profit or loss is NT\$27,983 thousand loss and NT\$75,136 thousand gain for the years ended December 31, 2021 and 2020, respectively.

Information on significant unobservable inputs to valuation

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

As of December 31, 2021

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

As of December 31, 2020

	Valuation	Material unobservable inputs	Quantitative information	Inputs and the fair value relationship	Inputs and the fair value relationship's sensitivity analysis value relationship
Financial assets :					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	30%~50%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Company's equity by NT\$34,998 thousand
	Assets approach	P/E ratio of similar entities	0%~30%	The higher the P/E ratio of similar entities, the higher the fair value of the stocks	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Company's equity by NT\$17,530 thousand

(9) Significant assets and liabilities denominated in foreign currencies

The Company did not hold major foreign currency financial assets and liabilities as of December 31, 2021 and 2020, respectively.

(10) Capital management

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

13. OTHER DISCLOSURE

(1) Significant transaction information

- A. Financings provided to others: None.
- B. Endorsement/guarantee provided to others: None
- C. Securities held as of December 31, 2021 (not including subsidiaries, associates and joint ventures): Please refer to Table 1.
- D. Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20% of the paid-in capital: Please refer to Table 2.
- E. Acquisition of property with the amount exceeding NT\$300 million or 20% of the paid-in capital: Please refer to Table 3.
- F. Disposal of property with amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- G. Purchases or sales of goods from or to related parties exceeding NT\$100 million or 20% of the paid-in capital or more: Please refer to Table 4.
- H. Receivables from related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital: None.
- I. Derivative financial instruments undertaken: None.
- J. Significant intercompany transactions between consolidated entities: Please refer to Table 5.

(2) Investee information

- A. Financings provided to others: None.
- B. Endorsement/guarantee provided to others: None.
- C. Securities held as of December 31, 2021 (not including subsidiaries, associates and joint ventures): Please refer to Table 6.
- D. Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- E. Acquisition of property with the amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- F. Disposal of property with amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- G. Purchases or sales of goods from or to related parties exceeding NT\$100 million or 20%

of the paid-in capital or more: None.

H. Receivables from related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital: None.

I. Derivative financial instruments undertaken: None.

J. Names, locations and related information of investee companies: Please refer to Table 7.

(3) Investment in Mainland China

None.

(4) Information on Major Shareholders

Please refer to Table 8.

14. OPERATING SEGMENT INFORMATION

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

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Table 1: Securities held as of December 31, 2021 (not including subsidiaries, associates and joint ventures)

Unit: NT\$1,000 ; Share

Holding Company	Type and Name of the Securities (Note)	Relationship	Financial Statement Account	As of December 31, 2021				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Market Value	
Cathay Real Estate Development Co., Ltd.	Stock — Cathay Financial Holdings Co., Ltd.	Others	Financial assets at fair value through other comprehensive income—current	57,681,332	\$3,605,083	0.44%	\$3,605,083	
"	Stock — Symphox Information Co., Ltd.	Others	Financial assets at fair value through other comprehensive income—non-current	5,489,000	128,058	11.00%	128,058	
"	Stock — Taiwan Star Telecom Co., Ltd.	None	"	195,000,000	1,846,000	3.68%	1,846,000	
"	Stock — Gong Cheng Industrial Co.	None	"	1,580,083	-	3.23%	-	
"	Stock — Gian Feng Investment Co., Ltd.	None	"	2,000,000	25,423	10.00%	25,423	
"	Stock — MetroWalk international Co., Ltd.	None	"	3,448,276	53,862	1.72%	53,862	
"	Stock — Budworth Investments Limited	None	"	30,314	45	3.33%	45	
"	Stock — Nangang International One Co., Ltd.	Others	"	7,485,000	74,167	4.99%	74,167	
"	Stock — Nangang International Two Co., Ltd.	Others	"	7,485,000	73,561	4.99%	73,561	

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

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

Unit : NT\$1,000

Company	Securities Category (Note 1)	Financial Statement Account	Counterparty (Note 2)	Relationship (Note 2)	As of January 1, 2021		Purchase (Note 3)		Sell (Note 3)				As of December 31, 2021	
					Shares	Amount	Shares	Amount	Shares	Price	Book Cost	Gain / Loss	Shares	Amount
Cathay Real Estate Development Co., Ltd.	The stocks of Cathay Hospitality Management Co., Ltd.	Investments accounted for using equity method	Cathay Hospitality Management Co., Ltd.	Subsidiary	-	\$-	39,000,000	\$390,000	-	\$-	\$-	\$-	-	\$-
"	The stocks of Cathay Hospitality Consulting Co., Ltd.	Investments accounted for using equity method	Cathay Hospitality Consulting Co., Ltd.	Subsidiary	-	\$-	30,000,000	\$300,000	-	\$-	\$-	\$-	-	\$-

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

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

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

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

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

Unit : NT\$1,000

Company	Property Name	Transaction Date	Transaction Amount	Status of Payment	Counterparty	Relationship with the Company	Disclosure of Information on Previous Transfer of Property is Required for Related Parties who are also the Counterparty				References for Determining Price	Purpose of Acquisition and Current Condition	Others
							Owner	Relationship with the Company	Date of Transfer	Amount			
Cathay Real Estate Development Co., Ltd.	Land and Buildings No. 252, 252-1, Guandi Section, East District, Tainan City	2021.02.05	\$653,131	Installment by agreement	Individual	None	-	-	-	\$-	1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties	Construction & Building	None
Cathay Real Estate Development Co., Ltd.	land Serial No. 952 etc, Section 4, Zhongdu Section, Sanmin District, Kaohsiung City	2021.03.11	1,046,965	Installment by agreement	Individual	None	-	-	-	-	1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties	Construction	None
Cathay Real Estate Development Co., Ltd.	No. 174, Sanchong Section, Sanchong District, New Taipei City	2021.04.13	3,394,600	Pay the final payment within 60 days after winning the bid	Legal person	None	-	-	-	-	The bid is submitted to the chairman for approval after internal evaluation	Construction	None
Cathay Real Estate Development Co., Ltd.	No. 70, Huili Section, Nantun District, Taichung City	2021.04.28	993,603	Installment by agreement	Individual	None	-	-	-	-	1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties	Construction	None
Cathay Real Estate Development Co., Ltd.	land Serial No. 569, 570, 571, 573, 574, 575 in Meihe Section, Beitun District, Taichung City	2021.08.26	775,398	Installment by agreement	Individual	None	-	-	-	-	1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties	Construction	None
Cathay Real Estate Development Co., Ltd.	Land No. 61, Section 5, Tammei Section, Neihu District, Taipei City	2021.11.25	1,985,879	Installment by agreement	Individual	None	-	-	-	-	1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties	Construction	None

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

Unit : NT\$1,000

Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts payable		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts payable	
Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd	Associate	Construction-in-progress	\$2,337,393	16.70%	Not applicable	\$-	-	\$-	0.00% (Note)	Constuction

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

Table 5: Significant intercompany transactions between consolidated entities

Unit : NTS1,000

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				Account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Rental income	\$349	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Accounts Receivable-related parties	36	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Operating expenses-miscellaneous expenses	71	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Operating expenses-conference fee	179	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Operating expenses-entertainment expenses	10	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Deferred credits-gains on Inter-affiliate accounts	13,293	Regular	0.02%
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Realized gain from inter-affiliate accounts	41	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Cost of rental sales	1,800	Regular	0.01%
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	18	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Accounts Receivable-related parties	55	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Construction cost	12	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Other income	12	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Rental income	73	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-miscellaneous expenses	211	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-entertainment expenses	120	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-traveling expense	2	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-advertising fee	137	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-research expenses	1	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Construction cost	2	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Accounts Receivable-related parties	30	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Other income	10	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Accounts Receivable-related parties	28	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Operating expenses-miscellaneous expenses	772	Regular	0.01%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Rental income	38	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Cost of rental sales	37,028	Regular	0.30%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Other income	153	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Operating expenses-cleaning management fee	525	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Other income	2,120	Regular	0.02%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Rental income	161	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Guarantee deposits received	41	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Investment accounted for using equity method	30,259	Regular	0.04%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Other income	6,204	Regular	0.05%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Rental income	92	Regular	-
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Guarantee deposits received	23	Regular	-
1	Cathay Hospitality Consulting Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Rent	349	Regular	-
1	Cathay Hospitality Consulting Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Accounts payable-related parties	36	Regular	-
1	Cathay Hospitality Consulting Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Hospitality income	260	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Accumulated depreciation-investment property	367	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Investment property-land	12,813	Regular	0.02%
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Investment property-buildings	847	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Cost of rental sales	41	Regular	-
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Management fee income	1,800	Regular	0.01%
2	Cathay Real Estate Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Operating expenses-software fee	22	Regular	-
3	Cathay Healthcare Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Rent	18	Regular	-
3	Cathay Healthcare Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Accounts payable-related parties	55	Regular	-
3	Cathay Healthcare Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Service income	12	Regular	-
3	Cathay Healthcare Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Operating expenses-Repair and maintenance expense	12	Regular	-
4	Cathay Hospitality Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Rent	73	Regular	-
4	Cathay Hospitality Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Hospitality income	473	Regular	-
4	Cathay Hospitality Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Accounts payable-related parties	30	Regular	-
4	Cathay Hospitality Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Operating expenses-miscellaneous expenses	10	Regular	-
5	Lin Yuan Property Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Accounts payable-related parties	28	Regular	-
5	Lin Yuan Property Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Technical service income	772	Regular	0.01%
5	Lin Yuan Property Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Rent	38	Regular	-
5	Lin Yuan Property Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Maintenance income	37,028	Regular	0.30%
5	Lin Yuan Property Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Operating expenses-service fee	153	Regular	-
5	Lin Yuan Property Management Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Service income	525	Regular	-
6	Jinhua Realty Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Operating expenses-miscellaneous expenses	2,120	Regular	0.02%
6	Jinhua Realty Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Rent	161	Regular	-
6	Jinhua Realty Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Refundable deposits	41	Regular	-
6	Jinhua Realty Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Land held for construction site	30,259	Regular	0.24%
7	Bannan Realty Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Operating expenses-miscellaneous expenses	6,204	Regular	0.05%
7	Bannan Realty Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Rent	92	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 calculation for the Percentage of consolidated total operating revenues or total assets, if it recognized to assets or liabilities and it should be calculated by the ending balance for the consolidated assets.

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Table 6: Securities held as of December 31, 2021 (not including subsidiaries, associates and joint ventures) (Investee information)

Unit: NT\$1,000 ; Share

Holding Company	Type and Name of the Securities(Note)	Relationship	Financial Statement Account	As of December 31, 2021				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Market Value	
Cathay Hospitality Management Co., Ltd.	Stocks Nangang International One Co., Ltd.	Others	Financial assets at fair value through other comprehensive income-non-current	15,000	\$149	0.01%	\$149	
"	Stocks Nangang International Two Co., Ltd.	Others	"	15,000	147	0.01%	147	

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

Table 7: Names, locations and related information of investee companies (excluding Mainland China)

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

Investor	Investee	Region	Main Business	Original cost		At the end of period			Investees company net income	Share of Profits/Losses	Note
				Balance at December 31, 2021	Balance at December 31, 2020	Number of shares	Percentage	Amount			
Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	ROC	Construction management	\$50,000	\$50,000	5,000,000	100.00%	\$118,195	\$26,661	\$26,661	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	ROC	Consultancy	467,500	467,500	46,750,000	85.00%	525,996	26,138	22,232	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	ROC	Service industry	1,640,000	650,000	40,000,000	100.00%	246,677	(281,901)	(275,738)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	ROC	Service industry	1,050,000	750,000	35,000,000	100.00%	244,815	(398,328)	(387,211)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cymbal Medical Network Co., Ltd.	ROC	Wholesale of Drugs, Medical Goods	350,000	100,000	35,000,000	100.00%	305,610	(31,390)	(31,390)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	ROC	Apartment building management service industry	68,809	68,809	1,530,000	51.00%	55,129	57,164	29,156	Subsidiary
Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	408,000	408,000	40,800,000	51.00%	342,764	(66,966)	(34,153)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	ROC	Housing and Building Development and Rental	408,000	408,000	40,800,000	51.00%	402,489	(6,441)	(3,285)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	ROC	Housing and Building Development and Rental	660	-	66,000	66.00%	660	-	-	Subsidiary
Cymbal Medical Network Co., Ltd.	Cymder Co., Ltd.	ROC	Manpower dispatch and leasing industry	120,000	80,000	12,000,000	100.00%	103,632	(10,696)	(10,696)	Second-tier subsidiary
Cymbal Medical Network Co., Ltd.	Cymlin Co., Ltd.	ROC	Manpower dispatch and leasing industry	140,000	26,000	14,000,000	100.00%	133,264	(6,532)	(6,532)	Second-tier subsidiary

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

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

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

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

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

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Table 8: Information of major shareholder

Shareholders	Shares	Total Shares Owned	Ownership Percentage
Employee Pension Management Committee of Cathay Life Insurance Co., Ltd.		288,067,626	24.84%
Wan Pao Development Co., Ltd.		204,114,882	17.60%
Fubon Life Insurance Co., Ltd.		87,000,000	7.50%
Cathay Life Insurance Co., Ltd.		68,646,584	5.92%

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

1.Statement of Cash and Cash Equivalents

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Cash on hand and petty Cash		\$283	
Bank deposits		1,872,465	
Cash equivalent	due date : January 7, 2022 interest rate:0.28%	24,991	
Total		<u>\$1,897,739</u>	

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

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

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Type and Name of the Securities	Description	Share	Par Value (NTD)	Amount	Interest Rate	Acquisition Cost	Accumulated impairment	Fair Value		Note
								Price	Amount	
Stocks										
Cathay Financial Holdings Co., Ltd	Listed stock	57,681,332	\$10	\$576,813	-	<u>\$2,103,800</u>	Not applicable	\$62.50	<u>\$3,605,083</u>	

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

3. Statement of Notes Receivable

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Others	Premises ticket of buildings , land and rent	\$20,890	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		20,890	
Less: loss allowance		-	
Net amount		\$20,890	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

4. Statement of Accounts Receivable

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
<u>Third parties</u>			
Housing sales		\$149,479	
Others		3,241	The amount of individua item in others does not exceed 5% of the account balance.
Subtotal		152,720	
Less: loss allowance		(1)	
Net amount		152,719	
<u>Related parties</u>			
Others		899	The amount of individua item in others does not exceed 5% of the account balance.
Less: loss allowance		-	
Net amount		899	
Total		\$153,618	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

5. Statement of Inventories

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount		Notes
		Cost	Net Realizable Value	
Construction land	Buildings and land	\$11,243,295	\$17,308,126	Lower cost and net realizable value
Construction in progress		18,919,710	29,165,102	Lower cost and net realizable value
				Please refer schedule 5.1
Buildings and land held for sale		998,041	1,265,723	Lower cost and net realizable value
Subtotal		31,161,046	47,738,951	
Prepayment for Land Purchases		2,924,167	2,924,167	Listed at cost. However, the Company's list prices for housing are all greater than the estimated cost of real estate
Net Amount		<u>\$34,085,213</u>	<u>\$50,663,118</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

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

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

[illegible]

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

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

For the year ended December 31, 2021

(Expressed in thousands of NT and USD)

Type and Name of the Securities	Beginning Balance as of January 1, 2021		Addition		Disposal		Unrealized evaluation gains and losses	Ending balance as of December 31, 2021		Guarantee or pledged	Note
	Share	Fair Value	Share	Amount	Share	Amount	Amount	Share	Fair Value		
Stock											
Gong Cheng Industrial Co., Ltd.	1,580,083	\$-	-	\$-	-	\$-	\$-	1,580,083	\$-	None	
MetroWalk internatinal Co., Ltd.	3,448,276	92,965	-	-	-	-	(39,103)	3,448,276	53,862	"	
Gian Feng Investment Co., Ltd.	2,000,000	25,922	-	-	-	-	(499)	2,000,000	25,423	"	
Budworth Investment Limited	30,314	45	-	-	-	-	-	30,314	45	"	
Nangang International One Co., Ltd.	7,485,000	74,828	-	-	-	-	(661)	7,485,000	74,167	"	
Nangang International Two Co., Ltd.	7,485,000	74,508	-	-	-	-	(947)	7,485,000	73,561	"	
Symphox Information Co., Ltd.	5,489,000	114,830	-	-	-	-	13,228	5,489,000	128,058	"	
Taiwan Star Telecom Co., Ltd.	195,000,000	1,690,973	-	-	-	-	155,027	195,000,000	1,846,000	"	
Total		<u>\$2,074,071</u>		<u>\$-</u>		<u>\$-</u>	<u>\$127,045</u>		<u>\$2,201,116</u>		

Note1 : The disposal in the current period is to obtain control after increasing shareholding, and transfer it to the investments accounted for using the equity method.

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

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

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Investee	Beginning Balance as of January 1, 2021			Addition		Disposal		Ending balance as of December 31, 2021			Market Value		Guarantee or pledged	Notes
	Shares	Percentage of Ownership (%)	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership (%)	Amount	Unit Price	Amount		
Cathay Real Estate Management Co., Ltd.	5,000,000	100.00%	\$115,014	-	\$28,001 (Note1,5)	-	\$24,820 (Note2)	5,000,000	100.00%	\$118,195	\$23.64	\$118,195	None	
Cathay Healthcare Management Co., Ltd.	46,750,000	85.00%	585,785	-	22,232 (Note1)	-	82,021 (Note2,5)	46,750,000	85.00%	525,996	11.25	525,996	"	
Cathay Hospitality Management Co., Ltd.	65,000,000	100.00%	132,418	39,000,000	390,000 (Note4)	64,000,000	275,741 (Note1,6,7)	40,000,000	100.00%	246,677	5.64	246,677	"	
Cathay Hospitality Consulting Co., Ltd.	75,000,000	100.00%	332,026	30,000,000	300,000 (Note4)	70,000,000	387,211 (Note1,7)	35,000,000	100.00%	244,815	5.82	244,815	"	
Cymbal Medical Network Co., Ltd.	10,000,000	100.00%	87,000	25,000,000	250,000 (Note4)	-	31,390 (Note1)	35,000,000	100.00%	305,610	8.73	305,610	"	
Lin Yuan Property Management Co., Ltd.	1,530,000	51.00%	58,767	-	29,156 (Note1)	-	32,794 (Note2,5)	1,530,000	51.00%	55,129	36.03	55,129	"	
Jinhua Realty Co., Ltd.	40,800,000	51.00%	376,917	-	- -	-	34,153 (Note1)	40,800,000	51.00%	342,764	9.14	342,764	"	
Bannan Realty Co., Ltd.	40,800,000	51.00%	405,774	-	- -	-	3,285 (Note1)	40,800,000	51.00%	402,489	9.86	402,489	"	
Sanchong Realty Co., Ltd.	-	-	-	66,000	660 (Note1,4)	-	-	66,000	66.00%	660	10.00	660		
Total			<u>\$2,093,701</u>		<u>\$1,020,049</u>		<u>\$871,415</u>			<u>\$2,242,335</u>		<u>\$2,242,335</u>		

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

NOTE 2 : Cash dividend from Investee.

NOTE 3 : Recognition of cumulative translation adjustment of Investee.

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

NOTE 5 : Remeasurements of defined benefit plans.

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

NOTE 7 : Capital reduction to write off accumulated losses

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

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

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

[illegible]

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

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

For the year ended December 31, 2021

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

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

[illegible]

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

10. Statement of Other Non-Current Assets

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Guarantee deposits paid			
<u>Third parties</u>			
Muzha	Deposit	\$98,170	
Nangang	Deposit	194,601	
Beitou	Deposit	330,337	
Xindian(I)	Deposit	100,980	
Xindian(II)	Deposit	164,820	
Lin Yuan	Deposit	65,844	
Other		240,612	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		<u>1,195,364</u>	
<u>Related parties</u>			
Others	Deposit of Rent and construction	16,215	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		<u>16,215</u>	
Total		<u>1,211,579</u>	
Land held for construction site	The farm required in the name of third party	<u>18,425</u>	
Prepaid equipment		<u>72,808</u>	
Other non-current assets		<u>16,264</u>	
Total		<u><u>\$1,319,076</u></u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

11. Statement of Short-Term Loans

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Type	Bank	Ending Balance	Period	Interest rate	Limited	Guarantee or pledged	Notes
Credit loan	First Bank	\$1,690,000	2021.9~2022.9	0.81%~0.90%	\$2,160,000	None	Association guarantor is the Chairman of the Company
	Hua Nan Bank	1,490,000	2021.9~2022.9	0.81%~0.90%	1,650,000	"	Association guarantor is the Chairman of the Company
	Mizuho Bank	1,450,000	2021.8~2022.6	0.81%~0.90%	1,450,000	"	Association guarantor is the Chairman of the Company
	Agricultural Bank of Taiwan	500,000	2021.5~2022.5	0.81%~0.90%	500,000	"	Association guarantor is the Chairman of the Company
	Bank of China	1,500,000	2021.12~2022.2	0.81%~0.90%	1,500,000	"	Association guarantor is the Chairman of the Company
	China Construction Bank	3,000,000	2021.10~2022.6	0.81%~0.90%	3,000,000	"	Association guarantor is the Chairman of the Company
	Sumitomo Mitsui Bank	1,140,000	2021.10~2022.3	0.81%~0.90%	1,400,000	"	Association guarantor is the Chairman of the Company
	Total	<u>\$10,770,000</u>					

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

12. Statement of Short-Term Notes Payable

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Bank	Priod	Interest rate	Amount			Notes
				Issued amount	unamortized discount	Book value	
Short-term notes	China Bills Fincancial Co.	2021.12~2022.3	0.33%~0.42%	\$580,000	\$430	\$579,570	
	EnTie Commercial Bank	2021.12~2022.3	0.33%~0.42%	180,000	166	179,834	
	DBS Bank	2021.4~2022.4	0.33%~0.42%	1,000,000	1,116	998,884	
	DBS Bank	2021.7~2022.4	0.33%~0.42%	200,000	223	199,777	
	Total			<u>\$1,960,000</u>	<u>\$1,935</u>	<u>\$1,958,065</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

13. Statement of Contract Liabilities-Current

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Advance Real Estate Receipts			
Tree Rivers, Cathay's Home II		\$428,898	
Tree Rivers, Cathay's Home I		418,591	
Park Beautiful Mansion		338,349	
Cathay Lagom		295,106	
Cathay Opulence		393,528	
Cathay ChuanQing		274,823	
Cathay XiJing		244,938	
Cathay YouYong		343,697	
Have a Rich Year		307,827	
Cathay Mega+		445,459	
Cathay THE PARK		319,559	
Cathay MOST+		386,129	
Others	Advance real estate receipts and rent	430,158	The amount of individual item in others does not exceed 5% of the account
Total		<u>\$4,627,062</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

14. Statement of Notes Payable

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Kang, Tsung Ming □	The second payment of the land purchase	\$86,920	The amount of individual item in others does not exceed 5% of the account balance.
Newly Honest Machine Co., Ltd.	Compensation for urban renewal	13,000	
Other		53,426	
Total		<u>\$153,346</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

15. Statement of Accounts Payable

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
<u>Transaction with third parties</u>			
Cathay The Seeds of Happiness	Final cost payable	\$44,194	The amount of individual item in others does not exceed 5% of the account balance.
HYGGE	Final cost payable	166,156	
Cathay Uptown	Final cost payable	71,060	
City Landmark	Final cost payable	157,487	
Others		264,902	
Subtotal		<u>703,799</u>	
<u>Transaction with related parties</u>			
Others		170	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		<u>170</u>	
Total		<u><u>\$703,969</u></u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

16. Statement of Other Payable

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Payroll and bonus payable		\$58,484	
Cost of rental sales		18,519	
Dividend payable		48,306	
Dividend refundable		29,089	
Others		20,936	The amount of individual item in others does not exceed 5% of the account balance.
Total		<u>\$175,334</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

17. Statement of Lease Liabilities

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Rental Period	Discount Rate	Ending Balance	Note
Land	Advertising land	2019.08.01~2023.08.31	1.47%~1.62%	\$12,648	
Building	Office building	2021.07.01~2023.06.30	1.47%	23,307	
Total				<u>\$35,955</u>	
Current				<u>\$25,474</u>	
Non-current				10,481	
Total				<u>\$35,955</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

18. Statement of Long-Term Loans

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Creditor	Description	Amount	Period	Interest Rate	Guarantee or pledged	Note
Far Eastern International Bank		\$1,500,000	2019.07~2022.07	0.85%~1.10%	None	Association guarantor is the Chairman of the Company.
Hua Nan Commercial Bank		7,150,000	2020.07~2023.10	0.85%~1.10%	"	Association guarantor is the Chairman of the Company.
Chang Hwa Commercial Bank		1,860,000	2021.09~2024.11	0.85%~1.10%	"	Association guarantor is the Chairman of the Company.
Mega International Commercial Bank		180,000	2021.11~2024.08	0.85%~1.10%	"	Association guarantor is the Chairman of the Company.
The Shanghai Commercial & Savings Bank		929,366	2021.12~2023.12	0.37%	"	Association guarantor is the Chairman of the Company.
DBS Bank		609,319	2021.07~2026.08	0.42%	Inventory- construction land	Association guarantor is the Chairman of the Company.
Subtotal		12,228,685				
Less : current portion		(1,500,000)				
Total		<u>\$10,728,685</u>				

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

19. Statement of Other Non-Current Liabilities

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Net defined benefit liability		\$78,499	
Guarantee deposits received			
<u>Third parties</u>			
Home Media Group Ltd.	Housing deposit	12,237	
Din Tai Fung Co., Ltd.	Housing deposit	6,000	
Others	Housing deposit	64,935	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		83,172	
<u>Related parties</u>			
Cathay United Bank Co., Ltd.	Housing deposit	4,446	
Others	Housing deposit	1,739	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		6,185	
Subtotal		89,357	
Other liabilities	Deferred credits- unrealized gains on inter-affiliate accounts	13,293	
Total		\$181,149	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

20. Statement of Operating Revenues

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Rental Income		\$339,671	
Land Income		4,204,407	
Building Income		5,289,504	
Total		<u>\$9,833,582</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

21. Statement of Operating Costs

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Lease costs		\$326,826	
Land costs		3,050,382	
Building costs		4,061,119	
Total		<u>\$7,438,327</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

22. Statement of Operating Expenses

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Selling expenses	Advertising etc.	\$552,015	The amount of individual item in others does not exceed 5% of the account balance.
Salary and wages		178,150	
Taxes		86,761	
Expected credit gains		(9)	
Other expenses		133,360	
Total		<u>\$950,277</u>	