Shareholders'

Stock Code：2501

Cathay Real Estate Development Co., Ltd.

2021 Annual General Shareholders' Meeting Agenda Handbook

Meeting Time：June 11, 2021, at 9：00 a.m.

Place：2F., No. 6, Section 3, Minsheng East Road, Taipei, Taiwan R.O.C.
Courtyard by Marriott Taipei Downtown (Lily Conference Hall)
http://www.cathay-red.com.tw/

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Cathay Real Estate Development Co., Ltd.

2020 Shareholder Meeting Agenda

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1. Matters to Report

(1) 2020 Business Report

Looking back on 2020, we can see that the global economy has been deeply affected by the COVID-19 pandemic, and the lockdown policies of governments in various countries have had a very severe impact. Pandemic control measures worked well domestically, and manufacturing capacity was transferred back to aid in domestic production. Taiwanese businessmen affected by the US-China trade war can now speed up their return to Taiwan, or increase their investments there, which will make the overall employment situation in Taiwan more stable. With the strong appreciation of the Taiwan Dollar, all of these factors will help boost domestic demand. The growth rate in 2020 is estimated to be 2.98%, compared with 2.71% in the previous year, which indicates "solid growth". In the real estate sector, thanks to the above incentives, consumers have become more confident to buy property, showing an increasing trend for prices and transaction volumes. Returning capital of Taiwanese businessmen has continuously increased the demand for commercial and industrial land. It is expected that speculative buying in the property market will slow down after the government’s property measures come into effect and the Real Price Registration 2.0 Amendment Law is passed, while transactions in the property market will still be dominated by rigid demand. In 2020, the Company completed two joint venture development projects with Japanese companies, and increased its development method. The new projects have achieved a solid sales performance, and inventory has hit a new historic low. In view of the projects, the Company has set a higher target sales rate, and increased its sales performance. In the middle of the year, the Company launched several new projects, such as "Cathay Chuan Ching" in Taoyuan and "Cathay Opulence" in Xindian. As the Company's products satisfy the needs of property purchasers, the Company has achieved a great sales performance, with an average sales rate of more than 80% by the end of the year, thus exceeding the set target. In terms of revenue, the projects accounted for on the books include four construction projects, namely the "Cathay Water Park One" in Taoyuan, "Cathay The Seeds Of Happiness" in Hsinchu, "Cathay PLUS+" in Taichung, and "Cathay One & Only Building" in Kaohsiung, as well as those completed and undelivered in the previous year. The total annual revenue reached TWD thirteen billion, three hundred and thirty-six million, two hundred and twenty thousand.

Looking forward to the year 2021, and driven by abundant capital in the domestic housing market, although the COVID-19 pandemic has raged through many countries and regions across the world, Taiwanese businessmen will return their working capital to Taiwan to accelerate the rigid rate of domestic demand for properties, which in turn will help bolster domestic demand. With regards to domestic economy, rigid demand has driven a moderate recovery. With regards to financial, it is expected that the low interest environment will continue to persist. With regards to policy, the government is actively guiding the return of overseas capital, and the property market is currently consolidating due to the impact of government policies. With regards to the market, people's buying power has been affected by government policy, and consumers have adopted a wait-and-see attitude, causing buying to slowly go into reverse. The construction industry is actively laying out land, and it is expected that more projects will start being launched. With this in mind, the market should sustainably and moderately recover. In 2020, the Company achieved a strong sales performance in its new projects and construction sites. Its inventory hit a historic low, and land has been actively purchased in elite areas. Meanwhile, land inventory has been reserved. Therefore, in 2021, the Company will actively launch new projects, set a higher target sales rate, and expects to increase its sales performance. In the first half of this year, the Company plans to launch "Cathay XiJing" in Taoyuan, "Cathay Of Riverside" in Sanchong, an urban renewal project called "Cathay Relaxing Sunny Day" in Nangang, and "Dun Nan Lin Garden" in Taipei. The Company also plans to launch "Cathay The Park" in Taichung, and the Japanese Mitsui Real Estate Joint Venture project "UNI PARK" in Tainan in the southern central region. In the second half of the year, it is expected to launch nine projects, such as the "Renping Section" in Taichung, "Cathay Leisurely Place" in Nangang, and "Wenlin North Road" in Beitou. The Company will continue to deepen its reserves of land and transform to develop itself into an integrated developer.

This year, the Company's management policy will follow the concepts of "five years of deep cultivation, ten years of new environment" and "create value, deepen the brand". It will also strengthen its core business, actively integrate under a digital transformation, provide greater product service value, and create a more profound brand effect. In terms of its future development strategy, the Company continues to develop itself towards becoming an integrated developer. In terms of its core business, in addition to its basic land reserves, the Company will be developing its land to increase diversity. For example, by developing joint ventures and commercial property. In terms of reinvestment, the health management and hotel business are undergoing steady operations. New sites and clinics were added to the business travel and health management businesses last year. Following this, the Company will optimize its efficiency and continue to expand sites in parallel to enhance its service and expand its business territory. In addition, the Company is also actively evaluating its investments in other new businesses, and plans to expand its development and business territory to create more room for profit.

I would like to express my highest gratitude to the directors for their gracious presence and guidance today.

I wish you all good health and good luck! Thank you!

Chairman: Ching-kuei Chang
President: Hung-Ming Lee
Chief Accountant: Yo-Chi Lo

(2) Audit Committee's Review Report

The financial statements (including consolidated financial statements) of Cathay Real Estate Development covering the period from January 1 to December 31, 2020, and the business report and earning distribution plan have been prepared and submitted by the Board of Directors of the Company. The financial statements (including consolidated financial statements) were audited by Jung-Huang Hsu, CPA, and Chien-Che Huang, CPA, of Ernst & Young, who issued an auditors' report.

The above statements and reports have been examined by the Audit Committee and no irregularities were found. We hereby report as above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please kindly approve.

To

2021 Annual Meeting of Shareholders

Cathay Real Estate Development Co., Ltd.

Auditing Committee: Shiou-Ling Lin

April 28, 2021

(3) 2020 Compensation Report for Employees and Directors

Explanation:

1. Conducted in accordance with Article 27 of the Articles of Incorporation.
2. 2020 Financial statements have been audited by Ernst & Young. The earnings before tax are NT$1,652,288,250 where 0.1% amounting to NT$1,652,288 is allotted as 2020 total employee compensation, and 0.1453% amounting to NT$2.4 million is allotted as 2020 total directors compensation. The above compensation is to be distributed in cash.

2. Matters for Acknowledgement

(1) Adoption of 2020 Business Report and Financial Statements.

[Proposed by the Board of Directors]

Explanation:

1. The Company's 2020 Financial Statements have been audited by Jung-Huang Hsu /CPA and Huang Chien-Che/CPA from Ernst & Young, and an unqualified audit report has been issued.
2. The above Financial Statements, together with the Business Report, have been reviewed by the Company's audit committee.
3. Please refer to pages 2 to 5, and 9 to 28 of this handbook.

Resolution:

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, 2020 and 2019, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, 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, 2020 and 2019, and its financial performance and cash flows for the years ended December 31, 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 2020 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 2020 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
Huang, Chien Che
Ernst & Young, Taiwan
March 18, 2021

Notice to Readers

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

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

Parent Company Only Balance Sheets

December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

Assets			December 31, 2020		December 31, 2019	
Code	Items	Notes	Amount	%	Amount	%
	Current Assets					
1100	Cash and cash equivalents	4, 6(1) & 7	$1,969,434	4	$1,638,228	4
1120	Financial assets at fair value through other comprehensive income-current	4 & 6(2)	2,437,036	5	2,454,341	5
1150	Notes receivable, net	4 & 6(3), (20)	31,527	-	39,048	-
1170	Accounts receivable, net	4, 6(4), (20) & 7	240,921	1	55,615	-
1200	Others receivables	7	13,009	-	9,568	-
1220	Current tax assets	4	-	-	59	-
130x	Inventories	4, 6(5) & 7	27,204,407	55	26,538,616	56
1410	Prepayments		2,928	-	1,228	-
1470	Others current assets		99,844	-	50,409	-
1480	Incremental costs of obtaining contracts-current	4, 6(5), (19)	633,029	1	671,760	1
11xx	Total current assets		32,632,135	66	31,458,872	66
	Non-currents Assets					
1517	Financial assets at fair value through other comprehensive income-non-current	4 & 6(2)	2,074,071	4	2,234,695	5
1550	Investment accounted for using equity method	4 & 6(6)	2,093,701	4	1,542,646	3
1600	Property, plant and equipment	4, 6(7) &7	62,785	-	72,394	-
1755	Right-of-use assets	4, 6(21) &7	16,346	-	38,373	-
1760	Investment properties, net	4 & 6(8)	10,648,019	22	10,891,199	23
1780	Intangible assets	4 & 6(9)	2,980	-	1,533	-
1840	Deferred tax assets	4 & 6(25)	330,426	1	428,022	1
1900	Other non-currents assets	6(10) & 7	1,252,245	3	947,263	2
15xx	Total non-currents assets		16,480,573	34	16,156,125	34
1xxx	Total Assets		$49,112,708	100	$47,614,997	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 Balance Sheets (continued)

December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

Liabilities and Equity			December 31, 2020		December 31, 2019	
Code	Items	Notes	Amount	%	Amount	%
	Current Liabilities					
2100	Short-term loans	4, 6(11) & 7	$6,610,000	13	$6,900,000	15
2110	Short-term notes payable	4 & 6(12)	1,418,854	3	499,540	1
2130	Contract liabilities-current	4 & 6(19)	4,421,199	9	3,526,415	8
2150	Notes payable		60,802	-	144,213	-
2170	Accounts payable		856,757	2	440,989	1
2180	Accounts payable-related parties	7	49,026	-	211,266	-
2200	Other payables		322,956	1	189,958	-
2230	Current tax liabilities	4	21,588	-	59,821	-
2280	Lease liabilities-current	4, 6(21) & 7	12,317	-	19,300	-
2300	Other current liabilities		67,054	-	180,710	-
2320	Long-term loans-current portion	4 & 6(13), (14)	5,400,000	11	6,000,000	13
21xx	Total current liabilities		19,240,553	39	18,172,212	38
	Non-Current Liabilities					
2540	Long-term loans	4 & 6(14)	5,229,741	11	4,799,510	10
2570	Deferred tax liabilities	4 & 6(25)	10,049	-	10,049	-
2580	Lease liabilities-non-current	4, 6(21) & 7	2,100	-	13,952	-
2600	Other non-current liabilities	6(15) & 7	175,041	-	241,182	1
25xx	Total non-current liabilities		5,416,931	11	5,064,693	11
2xxx	Total Liabilities		24,657,484	50	23,236,905	49
	Equity	4				
3100	Capital stock					
3110	Common stock	6(16)	11,595,611	24	11,595,611	24
3200	Capital surplus	6(17)	39,515	-	31,628	-
3300	Retained earnings	6(18)				
3310	Legal capital reserve		4,489,507	9	4,352,457	9
3320	Special capital reserve		504,189	1	504,189	1
3350	Unappropriated retained earnings		7,652,656	16	7,455,300	16
	Total retained earnings		12,646,352	26	12,311,946	26
3400	Other equity		173,746	-	438,907	1
3xxx	Total Equity		24,455,224	50	24,378,092	51
	Total Liabilities and Equity		$49,112,708	100	$47,614,997	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, 2020 and 2019

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

(Expressed in thousands of New Taiwan Dollars)

Code	Items	Notes	2020		2019	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(8), (19), (21) & 7	$13,336,228	100	$9,736,609	100
5000	Operating costs	4, 6(5), (7), (8), (15),(21),(22) & 7	(10,490,205)	(79)	(7,408,970)	(76)
5900	Gross margin		2,846,023	21	2,327,639	24
5910	Unrealized sales profit		(30,259)	-	-	-
5920	Realized sales profit		41	-	41	-
5950	Gross margin, net		2,815,805	21	2,327,680	24
6000	Operating expenses	4, 6(7),(8),(15),(21),(22) & 7				
6200	Administrative expenses		(963,362)	(7)	(927,488)	(10)
6450	Expected credit profit (loss)	4 & 6(20)	34	-	(32)	-
	Total operating expenses		(963,328)	(7)	(927,520)	(10)
6900	Operating income		1,852,477	14	1,400,160	14
7000	Non-operating income and expenses	4, 6(23) & 7				
7100	Interest income		1,156	-	2,613	-
7010	Other income		178,979	1	175,854	2
7020	Other gains or losses		87,799	1	(13,254)	-
7050	Finance costs		(72,909)	(1)	(9,911)	-
7070	Share of profit or loss of subsidiaries, associates and joint ventures	4 & 6(6)	(399,266)	(3)	(50,775)	(1)
	Total non-operating income and expenses		(204,241)	(2)	104,527	1
7900	Income before Income tax		1,648,236	12	1,504,687	15
7950	Income tax (expense) benefit	4 & 6(25)	(164,256)	(1)	(134,182)	(1)
8200	Net income		1,483,980	11	1,370,505	14
8300	Other comprehensive income	6(24), (25)				
8310	Not to be reclassified to profit or loss in subsequent periods					
8311	Remeasurements of defined benefit plans		(733)	-	(6,710)	-
8316	Valuation gain (losses) on equity instruments at fair value through other comprehensive income		(164,942)	(1)	368,350	4
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		(1,480)	-	675	-
8349	Income tax related to items not be reclassified to profit or loss in subsequent periods		146	-	1,342	-
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)	(1,573)	-
	Other comprehensive (losses) income, net of tax		(255,174)	(2)	362,084	4
8500	Total comprehensive income		$1,228,806	9	$1,732,589	18
	Earnings Per Share (In dollars)	6(26)				
9750	Basic earnings per share		$1.28		$1.18	
9850	Diluted earnings per share		$1.28		$1.18	

(The accompanying notes are an integral part of these 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, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

Code	Items	Capital Stock	Capital Surplus	Retained Earnings: Legal Capital Reserve	Retained Earnings: Special Capital Reserve	Retained Earnings: Unappropriated Retained Earnings	Other Equity: Exchange Differences Resulting from Translating the Financial Statements of Foreign Operations	Other Equity: Unrealized (Losses) Gains from Financial Assets at Fair Value through Other Comprehensive Income	Remeasurements of Defined Benefit Plans	Total Equity
		3100	3200	3310	3320	3350	3410	3420	3445	3XXX
A1	Balance on January 1, 2019	$11,595,611	$25,783	$3,991,496	$504,189	$8,877,586	$89,738	$(33,607)	$23,940	$25,074,736
	Appropriation and distribution of earnings for the year 2018									
B1	Legal capital reserve	-	-	360,961	-	(360,961)	-	-	-	-
B5	Cash dividends on common stock	-	-	-	-	(2,435,078)	-	-	-	(2,435,078)
C17	Changes in other capital surplus	-	5,845	-	-	-	-	-	-	5,845
D1	Net income for the year ended December 31, 2019	-	-	-	-	1,370,505	-	-	-	1,370,505
D3	Other comprehensive income (loss), net of tax for the year ended December 31, 2019	-	-	-	-	-	(1,573)	368,350	(4,693)	362,084
D5	Total comprehensive income (loss)	-	-	-	-	1,370,505	(1,573)	368,350	(4,693)	1,732,589
Q1	Disposal of equity instruments investments measured at fair value through other comprehensive income	-	-	-	-	3,248	-	(3,248)	-	-
Z1	Balance on December 31, 2019	11,595,611	31,628	4,352,457	504,189	7,455,300	88,165	331,495	19,247	24,378,092
	Appropriation and distribution of earnings for the year 2019									
B1	Legal Capital Reserve	-	-	137,050	-	(137,050)	-	-	-	-
B5	Cash dividends on common stock	-	-	-	-	(1,159,561)	-	-	-	(1,159,561)
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

(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, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

Code	Items	2020 Amount	2019 Amount
AAAA	Cash flows from operating activities		
A10000	Net income before tax	$1,648,236	$1,504,687
A20000	Adjustments:		
A20100	Depreciation	224,971	212,170
A20200	Amortization	877	734
A20300	Expected credit loss (gain)	(34)	32
A20900	Interest expenses	72,909	9,911
A21200	Interest income	(1,156)	(2,613)
A21300	Dividend income	(117,922)	(97,167)
A22400	Share of profit or loss of subsidiaries, associates and joint ventures	399,266	50,775
A22500	Loss (gain) on disposal of property, plant and equipment	(972)	(2,338)
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	7,521	(15,884)
A31150	Decrease (increase) in accounts receivable	(185,272)	272,916
A31180	Decrease (increase) in other receivables	(3,439)	(7,374)
A31200	Decrease (increase) in inventories	(542,168)	(540,272)
A31230	Decrease (increase) in prepayments	(1,700)	117,845
A31240	Decrease (increase) in other current assets	(49,435)	304,431
A31270	Decrease (increase) in incremental costs of obtaining contracts	38,731	(190,163)
A31990	Decrease (increase) in other operating assets	61,809	242,278
A32125	Increase (decrease) in contract liabilities	894,784	(99,914)
A32130	Increase (decrease) in notes payable	(83,411)	53,828
A32150	Increase (decrease) in accounts payable	415,767	48,539
A32160	Increase (decrease) in accounts payable-related parties	(162,240)	(379,268)
A32180	Increase (decrease) in other payables	158,946	(6,922)
A32230	Increase (decrease) in other current liabilities	(113,656)	66,051
A33000	Cash inflow generated from operations	2,602,527	1,542,282
A33100	Interested received	1,154	1,307
A33500	Income taxes paid	(104,687)	(92,101)
AAAA	Net cash generated by operating activities	2,498,994	1,451,488
BBBB	Cash flow from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	-	(67,123)
B00030	Return of capital deduction from financial assets at fair value through other comprehensive income	-	4,975
B01800	Acquisition of investment accounted for using equity method	(1,119,247)	(400,000)
B01900	Disposal of investment accounted for using equity method	8,796	-
B02400	Return of capital deduction from investment accounted for using equity method	-	354,661
B02700	Acquisition of property, plant and equipment	(17,561)	(26,153)
B02800	Disposal of property, plant and equipment	7,957	4,141
B04500	Acquisition of intangible assets	(2,324)	(1,489)
B05350	Acquisition of right-of-use assets	-	(7,606)
B06700	Increase in other non-current assets	(304,982)	-
B06800	Decrease in other non-current assets	-	107,231
B07600	Dividends received	261,279	103,453
BBBB	Net cash generated by (used in) investing activities	(1,166,082)	72,090
CCCC	Cash flow from financing activities		
C00200	Decrease in short-term loans	(290,000)	(1,250,000)
C00500	Increase in short-term notes payable	919,314	499,540
C01600	Proceeds from long-term loans	3,729,741	4,799,510
C01700	Repayment of long-term loans	(3,899,510)	(2,198,050)
C04020	Repayment of principal of lease liabilities	(20,223)	(9,677)
C04400	Decrease in other non-current liabilities	(66,874)	(2,722)
C04500	Payment of cash dividends	(1,159,561)	(2,435,078)
C05600	Interests paid	(214,164)	(214,335)
C09900	Other financing activities	(429)	-
CCCC	Net cash used in financing activities	(1,001,706)	(810,812)
EEEE	Net increase in cash and cash equivalents	331,206	712,766
E00100	Cash and cash equivalents, beginning of period	1,638,228	925,462
E00200	Cash and cash equivalents, end of period	$1,969,434	$1,638,228

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

Independent Auditors' Report Translated from Chinese

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

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

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

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

Valuation of Construction Land

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

Notice to Readers

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

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

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

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

<u>English Translation of Financial Statements Originally Issued in Chinese</u>

CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

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

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2020 and 2019

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

(Expressed in thousands of New Taiwan Dollars)

Code	Items	Notes	2020 Amount	2020 %	2019 Amount	2019 %
4000	Operating revenues	4, 6(7),(18),(20) & 7	$13,973,611	100	$11,623,928	100
5000	Operating costs	6(5),(7),(8),(14),(20),(21) & 7	(10,814,849)	(77)	(8,461,339)	(73)
5900	Gross margin		3,158,762	23	3,162,589	27
6000	Operating expenses	6(7),(8),(14),(20),(21) & 7				
6200	Administrative expenses		(1,607,467)	(12)	(1,663,270)	(14)
6450	Expected credit profit (loss)	4 & 6(19)	34	-	(32)	-
	Total operating expenses		(1,607,433)	(12)	(1,663,302)	(14)
6900	Operating income		1,551,329	11	1,499,287	13
7000	Non-operating income and expenses	4, 6(22) & 7				
7100	Interest income		3,083	-	4,665	-
7010	Other income		276,733	2	180,394	2
7020	Other gains or losses		73,854	1	27,322	-
7050	Finance costs		(219,715)	(2)	(141,330)	(1)
	Total non-operating income and expenses		133,955	1	71,051	1
7900	Income before Income tax		1,685,284	12	1,570,338	14
7950	Income tax (expense) benefit	4 & 6(24)	(168,497)	(1)	(169,980)	(2)
8200	Net income		1,516,787	11	1,400,358	12
8300	Other Comprehensive Income	6(23),(24)				
8310	Not to be reclassified to profit or loss in subsequent periods					
8311	Remeasurements of defined benefit plans		(3,934)	-	(5,937)	-
8316	Valuation gain (losses) on equity instruments at fair value through other comprehensive income		(164,942)	(1)	368,350	3
8349	Income tax related to items not be reclassified to profit or loss in subsequent periods		786	-	1,187	-
8360	To be reclassified to profit or loss in subsequent periods					
8361	Exchange differences resulting from translating the financial statements of foreign operations		(88,222)	(1)	(30,917)	-
8370	Share of the other comprehensive income of associates and joint ventures accounted for using the equity method – to be reclassified to profit or loss in subsequent periods		-	-	(790)	-
	Other comprehensive (losses) income, net of tax		(256,312)	(2)	331,893	3
8500	Total comprehensive (losses) income		$1,260,475	9	$1,732,251	15
8600	Net income (losses) attributable to:					
8610	Shareholders of the parent		$1,483,980	11	$1,370,505	12
8620	Non-controlling interests		32,807	-	29,853	-
			$1,516,787	11	$1,400,358	12
8700	Total comprehensive income (losses) attributable to:					
8710	Shareholders of the parent		$1,228,806	9	$1,732,589	15
8720	Non-controlling interests		31,669	-	(338)	-
			$1,260,475	9	$1,732,251	15
	Earnings Per Share (In dollars)	6(25)				
9750	Basic earnings per share		$1.28		$1.18	
9850	Diluted earnings per share		$1.28		$1.18	

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

English Translation of Financial Statements Originally Issued in Chinese
CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

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

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

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

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

(2) Adoption of Proposal for 2020 Earnings Distribution.

[Proposed by the Board of Directors]

Explanation:

1. The Company's 2020 Earnings Distribution, has according to Article 27 of the Articles of Incorporation, is scheduled to distribute NT$ 1 cash dividend per share, and the undistributed profit from the most recent years shall be distributed first.
2. Upon resolution at the annual meeting of the shareholders, the board of directors is authorized to set the ex-dividend date and adjust the dividend yield based on actual circumstances.
3. For table of Earnings Distribution please refer to page 30 of this manual.

Resolution:

Cathay Real Estate Development Co., Ltd.

Earnings Distribution Table Of The 2020

Unit: NT$ Dollar

Item	Amount
Retained earnings at the beginning	6,158,688,436
Add: Net income of 2020	1,483,980,176
Add: Disposal of equity instruments investments measured at fair value through other comprehensive income	9,987,000
Less: Legal reserves	(149,396,718)
Distributable earnings	7,503,258,894
Distributable items:	
Shareholders' dividends - Cash	1,159,561,059
Unappropriated retained earnings	6,343,697,835
Note: For the Earnings Distribution, NT$ 1 cash dividend is to be distributed per share, where undistributed earnings from the most recent years shall be distributed first.	

Chairman: Ching-kuei Chang

President: Hung-Ming Lee

Chief Accountant: Yo-Chi Lo

3. Matters for Discussion
(1) Discussion on the amendments to the Articles of Incorporation.

[Proposed by the Board of Directors]

Explanation:

1. In response to the amendment to Article 162 of the "Company Act", to add to the Articles of Incorporation that the Company's Board meeting materials may be sent electronically.
2. For the amendment comparison table, please refer to page 32 to 33 of this manual.

Resolution:

Cathay Real Estate Development Co., Ltd.

Amendment Comparison Table for the Articles of Incorporation

Amended Articles	Current Articles	Explanation
Article 8 The Company's shares are issued as registered share certificates, signed or sealed by the directors of the company represented, affixed with the Company's stamp, and duly authenticated by the competent authority or certifying institution appointed by the competent authority. (Second Item omitted)	Article 8 The Company's shares are issued as registered share certificates, signed or sealed by three or more directors of the Company, affixed with the Company's stamp and serial number, and duly authenticated by the competent authority or certifying institution appointed by the competent authority. (Second Item omitted)	Amended according to the explanation regarding printed share certificate in Article 162 of the Company Act.
Article 21 (First Item omitted) The convening notice for the above, including the meeting information, shall be given in the written and/or electronic form. (The following is omitted.)	Article21 (First Item omitted) The convening notice for the above shall be given in writing, e-mail or fax. (The following is omitted.)	Pursuant to Article 204 of the Company Act and Article 5 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies, the convening notice for the Board meeting, including meeting information, can be distributed in the written or electronic form to enhance

Amended Articles	Current Articles	Explanation
		efficiency and follow the trend of environmental protection.
Article 27 If the Company earns profit for the year, 0.1% to 1% of it shall be distributed as employees compensation, and not more than 1% as directors compensation. However, the company's accumulated losses shall first be covered. (The following is omitted.)	Article 27 If the Company earns profit for the year, 0.1% to 1% of it shall be distributed as employees compensation, and not more than 1% as directors and supervisors compensation. However, the company's accumulated losses shall first be covered. (The following is omitted.)	In line with the setup of the audit committee, regulations related to the supervisors are deleted.
Article 29 The Articles of Incorporation were established on 14 September 1964, and the 1st amendment was made on 27 February 1965 (the following omitted), 44rd amendment on 08 June 2018, and the 45th amendment on 11 June 2021.	Article 29 The Articles of Incorporation were established on 14 September 1964, and the 1st amendment was made on 27 February 1965 (the following omitted) and the 44rd amendment on 08 June 2018.	In line with the amendment of the Articles and the amendment date is added.

(2) Discussion on the amendments of the Rules of Procedure for Shareholders' Meetings.

[Proposed by the Board of Directors]

Explanation:

1. The Company's "Rules of Procedure for Shareholders Meetings" were amended based on the latest amendments made by TWSE to its "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" accordingly.
2. For the amendment comparison table, please refer to page 35 to 38 of this manual.

Resolution:

Cathay Real Estate Development Co., Ltd.

Amendment Comparison Table for Rules of Procedure for Shareholders' Meetings

Amended Articles	Current Articles	Explanation:
Article 8 (Calculation of number of shares representing shareholders present in the Annual Meeting of Shareholders and commencement of meeting) (First Item omitted) The Chair shall call the meeting to order at the appointed meeting time and <u>announce the number of shares present.</u> However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chair may announce a postponement. The postponement of the said meeting shall be limited to two times, and the total time postponed shall not exceed one hour. If a quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the Chair shall declare the meeting adjourned.	Article 8(Calculation of number of shares representing shareholders present in the Annual Meeting of Shareholders and commencement of meeting) (First Item omitted) The Chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chair may announce a postponement. The postponement of the said meeting shall be limited to two times, and the total time postponed shall not exceed one hour. If a quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the Chair shall declare the meeting adjourned. (The following is omitted.)	Amended according to Article 9 Item 2 of the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings by TWSE to enhance corporate governance and protect shareholders' rights.

Amended Articles	Current Articles	Explanation:
(The following is omitted.)		
Article 9 (Agenda Discussions) If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The relevant proposals (including extempore motions and alteration of the original proposals) shall be voted case by case. (Second Item and Third Item omitted) When the Chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chair may announce the discussion closed and call for a vote, and decide on the voting pattern and sequence with proper amount of time for voting.	Article 9(Agenda Discussions) If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set in the agenda, which may not be changed without a resolution of the shareholders' meeting. (Second Item and Third Item omitted) When the Chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chair may announce the discussion closed and call for a vote, and decide on the voting pattern and sequence.	Amended Item 1 and Item 4 to follow the company's adoption of e-voting, fulfill the spirit of the voting case by case, and allow sufficient voting time to exercise shareholders' voting rights and to prevent the convener of a shareholders' meeting from restraining voting time and affecting shareholders' voting rights.
Article 11-1 (Voting, monitoring and calculation method) (First Item omitted) When the Company holds a shareholders meeting, it shall list electronic means as one of the ways to exercise voting rights, and may adopt written means to exercise its voting rights. When voting rights are	Article 11-1 (Voting, monitoring and calculation method) (First Item omitted) When the Company holds a shareholders meeting, it shall list electronic means as one of the ways to exercise voting rights, and may adopt written means to exercise its voting rights. When voting rights are	Amended according to Article 13 Item 3 of the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings by TWSE to follow the company's

Amended Articles	Current Articles	Explanation:
exercised by written or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by written or electronic means will be deemed to have attended the meeting in person. However, his/her rights with respect to extraordinary motions and amendments to original proposals of that meeting are deemed to have been waived. <u>Therefore the Company shall avoid any extempore motions and amendments to original proposals.</u> (The following is omitted.)	exercised by written or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by written or electronic means will be deemed to have attended the meeting in person. However, his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting are deemed to have waived. (The following is omitted.)	adoption of e-voting and fulfill the spirit of the voting case by case.
Article 12 (Elections) The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules of the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected <u>as well as the names and the number of</u>	Article 12 (Elections) The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules of the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected. (The following is omitted.)	Amended according to Article 14 Item 1 of the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings by TWSE to enhance corporate governance and protect shareholders'

Amended Articles	Current Articles	Explanation:
votes of unelected candidates. (The following is omitted.)		rights.
Article 13 (Minutes of Meeting) Matters relating to a shareholders’ meeting including the date, venue, chair name, method of resolution, the process of resolution, and the voting result (including the number of votes) shall be recorded in the meeting minutes. When there’s a director election, the number of votes each candidate receives shall all be disclosed. The meeting minutes shall be kept permanently during the existence of the Company.	Article 13 (Minutes of Meeting) Matters relating to the resolutions of a shareholders meeting shall be in accordance with Article 183, Paragraph 1 to 4 of the Company Act, compiled and distributed as meeting minutes, and kept permanently during the existence of the Company.	Amended according to Article 15 Item 3 of the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings by TWSE.
Article 18: This Rule was established on 27 February 1965, and its 1st amendment was made on 23 May 1998, 2nd amendment on 16 May 2002, 3rd amendment on 14 June 2013, 4th amendment on 09 June 2015, 5th amendment on 08 June 2016, and the 6th amendment on 08 June 2018, and the 7th amendment on 11 June 2021.	Article 18: This Rule was established on 27 February 1965, and its 1st amendment was made on 23 May 1998, 2nd amendment on 16 May 2002, 3rd amendment on 14 June 2013, 4th amendment on 09 June 2015, 5th amendment on 08 June 2016, and the 6th amendment on 08 June 2018.	Amendment date added.

(3) Discussion on the relief of certain directors from their non-competition obligations.

[Proposed by the Board of Directors]

Explanation:

1. In accordance with Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall obtain approval from the shareholders' meeting.
2. The director of the company, Ching-Kuei Chang, and director Chung-Yan Tsai and director Tzi-Li Tung and director Chin-Liang Lin, and independent director Shiou-Ling Lin, and independent director Chih-Wei Wu, are involved in other companies' operations which are the same or similar to the scope of our Company's business. It is proposed to release the prohibition from participation in competitive business (details as follows), and do not deem the previous earnings as earnings of the company.

Director	Company	Concurrent Post
Ching-Kuei Chang	Xingde Co., Ltd.	Chairman
Chung-Yan Tsai	Cathay Healthcare Inc.	Vice Chairman
	Xingde Co., Ltd.	Director
Tzi-Li Tung	Bannan Realty Co., Ltd	Chairman and President
Chin-Liang Lin	Jinhua Realty Co., Ltd.	Chairman and President

Independent Director	Company	Concurrent Post
Shiou-Ling Lin	DaSheng Venture Capital Co.,Ltd.	Chairman
	DaSheng one I Venture Capital Co.,Ltd.	Chairman
Chih-Wei Wu	Longchen Paper & Packaging Co., Ltd.	Independent Director
	Les enphants Co.,Ltd.	Independent Director

Resolution:

Provisional Motion(s)

Appendix 1

Cathay Real Estate Development Co., Ltd.,
Articles of Incorporation

Chapter 1 General Provisions

Article 1

The Company shall be named Cathay Real Estate Development Co., Ltd. ("Cathay Real Estate" in short) in accordance with the provisions of Company Limited by Shares in the Company Act.

Article 2

The Company's business scopes are as follows:

1. F208031 Retail Sale of Medical Equipment.
2. F301010 Department Stores.
3. G101041 Passenger Car Rental and Leasing.
4. G202010 Parking Garage Business.
5. H701010 Residence and Buildings Lease Construction and Development.
6. H701020 Industrial Factory Buildings Lease Construction and Development.
7. H701040 Specialized Field Construction and Development.
8. H701050 Public Works Construction and Investment.
9. H701060 New County and Community Construction and Investment.
10. H701070 Land Levy and Delimit.

11. H701080 Reconstruction within the renewal area.
12. H701090 Renovation, or maintenance within the renewal area.
13. H702010 Construction Management.
14. H703090 Real Estate Commerce.
15. H703100 Real Estate Rental and Leasing.
16. I103060 Management Consulting Services.
17. I199990 Other Consultancy.
18. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

The operations of the above businesses shall be conducted in accordance with the relevant laws and regulations.

Article 3

The Company may provide endorsements and guarantees due to business requirements.

Article 4

The Company's total reinvestment amount is not restricted by the reinvestment ratio as stipulated in Article 13 of the Company Act.

Article 5

The main office (headquarters) of the Company shall be established in Taipei City, and branches may be established in other appropriate places where necessary, and its setup, closure or change shall be approved by the board of directors.

Article 6

The Company's public notice shall be handled in accordance with the Company Act and other relevant laws and regulations.

Chapter 2 Shareholdings

Article 7

The registered capital of the Company is NT$20 billion, divided into 2 billion shares with a par value of NT$10. The board of directors is authorized to issue the shares in installments.

Article 8

The Company's shares are issued as registered share certificates, signed or sealed by three or more directors of the Company, affixed with the Company's stamp and serial number, and duly authenticated by the competent authority or certifying institution appointed by the competent authority.

For the above publicly issued registered shares, the Company may print consolidated share certificates or be exempted from printing any share certificates. However, share certificates shall be placed under the custody of a centralized securities custody enterprise. The same applies for other securities issued.

Article 9

The Company's stock affairs shall be handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies and other relevant laws and regulations, except as otherwise stated in the Articles of Incorporation.

Article 10

Transfer of the Company's shares is suspended within 60 days before the convening date of the annual shareholders meeting, within 30 days before the special shareholders meeting, and within five days before the date of allocation of dividends and bonuses or other benefits decided by the Company.

Chapter 3 Shareholders Meeting

Article 11

The Shareholders meetings are comprised of regular and special meetings, where a regular meeting is conducted annually, within six months upon the close of the fiscal year, and convened by the board of directors. Special meetings may be convened by the board of directors where necessary according to the law, except as otherwise provided by the Company Act. Shareholders shall be notified of the date, place and meeting agenda of regular shareholders meetings, no later than 30 days prior to the meeting date; and no later than 15 days prior to the date of special meetings.

Article 12

The Company's shareholders meeting shall be convened by the board of directors, and chaired by the Chairman of the Board.

For a shareholders meeting convened by any other person having the convening right, he/she shall act as the Chair of that meeting. However, if there are two or more persons having the convening right, the Chair of the meeting shall be elected from among them.

Article 13

A shareholder of the Company shall have one voting right for each share in his/her/its possession.

Restrictions to the exercise of the above voting rights shall be in accordance with the Company Act and relevant laws and regulations.

Article 14

A shareholder who is unable to attend the shareholders meeting, may appoint a proxy to attend by executing a power of attorney printed by the company, five days before the shareholders meeting, stating the scope of power authorized by the proxy. A shareholder may only execute one power of attorney and appoint one proxy only, except for trust enterprises or stock agencies approved by the competent authority. When a person acts as proxy for two or more shareholders concurrently, the number of voting rights represented by him/her shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted. When the government or a juristic person is a shareholder, its proxy shall not be limited to one person, provided that the voting right that may be exercised shall be calculated on the basis of the total number of voting shares it holds.

Article 15

Resolutions at a shareholders meeting shall, unless otherwise provided in the Company Act, be adopted by a majority vote of the attending shareholders, who represent more than one-half of the total number of voting shares.

Article 16

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the Chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting.

The preparation and distribution of the minutes of shareholders meetings as required in the preceding Paragraph may be effectuated by electronic means or public notice.

Chapter 4 Board of Directors

Article 17

The Company's board of directors is to be formed by nine to 15 directors, comprised of at least three independent directors, and the number shall not be less than one-fifth of the board seats. The members shall be elected from among the shareholders with disposing capacity.

The election of the Company's directors utilizes a candidate nomination system, where shareholders elect the directors from the nominees list during the shareholders meeting. The nomination and election methods shall be in accordance with the Company Act, Securities and Exchange Act and relevant laws and regulations. Assessment of independent directors' professional qualifications, shareholdings and sideline restrictions, independence and other compliance matters, shall be handled in accordance with the relevant laws and regulations.

The Company's Audit Committee shall be formed by all independent directors in accordance with Article 14-4 of the Securities and Exchange Act. Members of the Audit Committee, execution of power and authority, and other compliance matters, shall be conducted in accordance with the relevant laws and regulations or the Articles of Incorporation, and its Corporate Charter shall be established by the board of directors.

Article 18

The term of office of a director is three years, and he/she may be eligible for re-election. In case no election of new directors is effectuated after expiration of the term of office of existing directors, the out-going directors may extend their period of duty until new directors have been elected and assumed their office.

The eligibility and re-election of the Company's independent directors shall be handled in accordance with the relevant laws and regulations.

The board of directors is authorized to issue compensation to the Company's directors (including independent directors) for their terms in office, by referencing the Company's business status and industry standards.

The Company may, by resolution of the board of directors, purchase liability insurance for its directors or important employees during their term of duty, for compensation they are liable to during their performance of duties, according to the law.

The board of directors may authorize the Chairman of the Board to handle the amount and renewal of the liability insurance.

Article 19

Three managing directors may be elected by all directors, and the managing directors are to elect one person among themselves as the Chairman of the Board, and one person may be elected as Vice Chairman where necessary. In case no managing directors have been elected, a Chairman of the Board shall be elected by a majority vote among the attending directors at a meeting attended by over two-thirds of the directors, and a Vice Chairman may be elected where necessary.

In case the Company has managing directors, at least one managing director shall be an independent director, and the number shall not be less than one-fifth of the total number of managing directors.

Article 20

The Chairman of the Board shall internally preside over the shareholders meeting, meeting of the board of directors, and meeting of the managing directors, and shall externally represent the Company. In case the Chairman of the Board is on leave or unable to exercise his power and authority for any cause, the Vice Chairman shall act on his behalf. In case there is no Vice Chairman, or the Vice Chairman is on leave or unable to exercise his power and authority for any cause, the Chairman of the Board shall designate one of the managing directors to act on his behalf. Where there are no managing directors, one of the directors shall be designated to act on his behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting Chairman of the Board.

Article 21

The directors shall attend the meetings of the board in person. If he/she is unable to attend in person, unless otherwise provided in the Company Act, he/she may execute a power of attorney and state therein the scope of authority with reference to the subjects to be discussed at the meeting, by delegating other directors to attend on his/her behalf, but this is only limited to one director.

The convening notice for the above shall be given in writing, e-mail or fax.

If the meeting of the board of directors is conducted by video conference, the directors participating in the video conference shall be deemed to have attended the meeting in person.

Article 22

The power and authority of the Board of Directors are as follows:

1. Approval of the Corporate Charter.
2. Decisions regarding business policies.
3. Review of financial reports.

4.Preparation of profit distribution and deficit compensation.

5.Preparation of capital increases and reductions, and resolution of shares or corporate bonds issuances.

6.Purchase, sale, split, exchange, property rights settlements and all other disposals of immovable properties.

7.Establishment of functional committees and the establishment and amendment of the Corporate Charter.

8.Power and authority authorized by the law, Articles of Incorporation or resolutions of the shareholders meetings.

Article 23

Resolutions of the board of directors shall be recorded in the board meetings minutes, and signed or sealed by the Chair and kept at the Company.

Article 24

Unless otherwise provided in the Company Act, resolutions of the board of directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.

Chapter 5 Manager

Article 25

The Company may have managers, whose appointment, dismissal and remuneration shall be handled in accordance with the Company Act and relevant regulations.

Chapter 6 Accounting

Article 26

The Company's fiscal year is from 1 January to 31 December for each year. When the fiscal year has closed, the board of directors shall prepare the following statements, and present these sataements at the shareholders meeting for approval according to the regulations.

1. Business report.
2. Financial statements.
3. Proposals of profit distribution or deficit compensation.

Article 27

If the Company earns profit for the year, 0.1% to 1% of it shall be distributed as employees compensation, and not more than 1% as directors and supervisors compensation. However, the company's accumulated losses shall first be covered.

If there are earnings after the fiscal year closes, besides paying taxes according to the law, the Company shall first offset its previous years' losses, and set aside a legal reserve, set aside or reverse special reserve according to the law, and then allocate 30% to 100% as shareholders dividends and bonuses. The remaining monies, together with the beginning undistributed earnings, shall be the distributable earnings. The board of directors shall prepare a earnings distribution proposal, and submit it at the shareholders meeting for approval. The distribution ratio of the above shareholders' dividends and bonuses depends on the current year's major financial or working capital planning, and may be adjusted upon resolution of the shareholders meeting.

In response to economic and market environment changes, the Company adopts a diversified investment approach to increase profitability.In consideration of long-term financial planning and future funding requirements, a residual dividend policy is adopted for the dividend policy, so as to achieve steady growth and sustainable operations.

Based on the Company's operational planning and capital investment, as well as taking into account shareholders' cash inflow requirements, and to avoid over expansion of share capital, earnings are be first distributed in the form of a cash dividend, followed by a stock dividend. However, a cash dividend distribution shall not be less than 50% of total dividend.

Chapter 7 Supplementary Provisions

Article 28

Matters not covered in the Articles of Incorporation shall be handled in accordance with the Company Act and other relevant laws and regulations.

Article 29

The Articles of Incorporation were established on 14 September 1964, and the 1st amendment was made on 27 February 1965, 2nd amendment on 30 Mar 1966, 3rd amendment on 20 April 1967, 4th amendment on 6 June 1969, 5th amendment on 25 May 1970, 6th amendment on 6 May 1971, 7th amendment on 19 May 1972, 8th amendment on 7 May 1973, 9th amendment on 17 May 1974, 10th amendment on 30 May 1975, 11th amendment on 14 May 1976, 12th amendment on 21 April 1978, 13th amendment on 16 May 1980, 14th amendment on 22 May 1981, 15th amendment on 27 May 1983, 16th amendment on 25 May 1984, 17th amendment on 24 May 1985, 18th amendment on 23 May 1986, 19th amendment on 2 May 1987, 20th amendment on 20 May 1988, 21st amendment on 26 May 1989, 22nd amendment on 25 May 1990, 23rd amendment on 17 May 1991, 24th amendment on 22 May 1992, 25th amendment on 14 May 1993, 26th amendment on 20 May 1994, 27th amendment on 26 May 1995, 28th amendment on 24 May 1996, 29th amendment on 23 May 1997, 30th amendment on 22 May 1998, 31st amendment on 19 May 1999, 32nd amendment on 19 May 2000, 33rd amendment on 24 May 2001, 34th amendment on 16 May 2002, 35th amendment on 22 May 2003, 36th amendment on 14 May 2004, 37th amendment on 10 June 2005, 38th amendment on 19 June 2009, 39th amendment on 10 June 2011, 40th amendment on 15 June 2012, 41st amendment on 14 June 2013, 42nd amendment on 6 June 2014, 43rd amendment on 8 June 2016, and 44rd amendment on 8 June 2018.

Appendix 2

Cathay Real Estate Development Co., Ltd.,
Rules of Procedure for Shareholders' Meetings

Article 1 (Basis and Regulatory Compliance)

To establish good governing system of shareholder meetings, build solid supervision functions and enhance management functions, the Rules which are established according to Article 5 of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, shall be followed. The rules of procedures for the Company's shareholder meetings, except when otherwise provided by laws and regulations or the Articles of Incorporation, shall be as provided in these Rules.

Article 2 (Summon and Notice of Annual Meeting of Shareholders)

The summon and notice of the company's shareholders meetings shall be in accordance with the provisions of Article 171, Article 172, Article 172-1 and Article 185 Paragraph 1 of the Company Act, and Article 26-1, Article 26-2 and Article 43-6 of the Securities and Exchange Act, Article 56-1, Article 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers, and Article 5 and Article 6 of Regulations Governing Content and Compliance Requirements for Shareholders Meeting Agenda Handbooks of Public Companies, or other relevant laws and regulations.

Article 3 (Entrusted to attend the Annual Meeting of Shareholders)

A shareholder may appoint a proxy to attend a shareholders meeting on his/her/its behalf by executing a power of attorney notice printed by the Company stating the scope of power authorized by the proxy.

A shareholder may only execute one power of attorney notice and appoint one proxy only, and shall serve such written proxy to the company no later than five days prior to the date of the shareholders' meeting. In case two or more written proxies are received from one shareholder, the first one received by the Company shall prevail, unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later.

If the shareholder wishes to attend the shareholder meeting or wishes to exercise the right to vote in writing or electronic form, after the power of attorney notice has been delivered to the Company, the shareholder shall notify the Company in writing, two days before the shareholders meeting, of his/her/its intention to cancel the power of attorney. If the shareholder fails to cancel within the stipulated date, the proxy vote shall prevail.

Article 4 (Place and Time of Annual Meeting of Shareholders)

The place for convening a shareholders meeting shall be inside the premises of the Company, or any other place convenient for the shareholders, and suitable for holding of the said meeting. The time for commencing the said meeting shall not be earlier than 9 a.m. or later than 3 p.m.

Article 5 (Attendance of Annual Meeting of Shareholders)

The Company shall clearly state the shareholders reporting time, venue and any other matters to be noted. Shareholders shall attend a shareholders meeting by presenting an attendance card, sign-in card or other identity document. The Company shall not request additional supporting documents from the shareholders to attend the meeting.

The proxy shall bring his/her identification document for verification. The Company shall prepare an attendance book for shareholders to sign in, or the shareholder present may hand in an attendance card in lieu of signing the attendance book.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slip, voting slip, and other meeting materials. Where there is an election of directors, a voting ballot shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 6 (Chair and Attendees of the Annual Meeting of Shareholders)

Convening of shareholders meeting shall be conducted by the Chair in accordance with Article 182-1, Article 208 of the Company Act or other relevant laws and regulations.

The Company may designate its lawyer, certified public accountant or other relevant persons to attend the shareholders meeting.

Shareholders meeting convened by the board of directors, shall be attended by majority of the board of directors and at least one representative from the functional committee required by the Securities and Exchange Act, and the attendance shall be recorded in the shareholders meeting minutes.

Article 7 (Evidence of Process of Annual Meeting of Shareholders)

The Company shall document the shareholders meeting by audio or video, and the recorded materials shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recordings shall be retained until the conclusion of the litigation.

Article 8 (Calculation of number of shares representing shareholders present in the Annual Meeting of Shareholders and commencement of meeting) Attendance at a shareholders meeting shall be calculated based on the numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, plus the number of shares whose voting rights are exercised by written or electronic form.

The Chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chair may announce a postponement. The postponement of the said meeting shall be limited to two times, and the total time postponed shall not exceed one hour. If a quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the Chair shall declare the meeting adjourned.

If a quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the Chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 9 (Agenda Discussions)

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set in the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply to a shareholders meeting convened by a party with the power to convene, other than the board of directors.

The Chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the Chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chair may announce the discussion closed and call for a vote, and decide on the voting pattern and sequence.

Article 10 (Shareholders' Speech)

A shareholder wishing to speak in a shareholders meeting shall first fill out a slip, specifying therein the major points of his speech, his/her shareholder account number (or attendance card number) and his/her name, and the Chair shall determine the order for speaking.

A shareholder who submits his/her slip for a speech but does not actually speak shall be considered as not having given a speech. If the content of that speech differs from that specified on the slip, the content of the speech shall prevail.

A shareholder shall not speak more than two times for one proposal, unless he/she has obtained prior consent from the Chair, and each speech shall not exceed five minutes. If a shareholder violates the above provisions or his speech exceeds the scope of the motion, the Chair may terminate the speech.

When a shareholder is giving a speech, the other shareholders shall not interrupt unless they have obtained prior consent from the Chair and the said shareholder, and the Chair shall prevent such violations.

If a juristic person shareholder designates two or more representatives at the shareholders meeting, only one representative may speak on the same proposal.

After an attending shareholder has spoken, the Chair may respond in person or designate relevant personnel to respond.

Article 11 (Calculation of Voting Shares and Recusal System)

Voting and resolution at the Company's shareholders meetings shall be in accordance with Article 177, Article 178, and Article 180 of the Company Act or other relevant laws and regulations.

Article 11-1 (Voting, monitoring and calculation method)

A shareholder shall be entitled to one vote for each share held, except when the shares are deemed non-voting shares under Article 179, Paragraph 2 of the Company Act.

When the Company holds a shareholders meeting, it shall list electronic means as one of the ways to exercise voting rights, and may adopt written means to exercise its voting rights. When voting rights are exercised by written or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by written or electronic means will be deemed to have attended the meeting in person. However, his/her rights with respect to extraordinary motions and amendments to original proposals of that meeting are deemed to have been waived.

A shareholder intending to exercise voting rights by written or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the earliest received declaration shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by written or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made, by the same means which the voting rights were exercised, 2 days before the date of the shareholders meeting. If the notice of retraction is submitted after the stipulated time, the voting rights already exercised by written or electronic means shall prevail. When a shareholder has exercised voting rights both by written or electronic means, and appointed a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except when otherwise provided in the Company Act and in the Company's Articles of Incorporation, resolutions shall require a majority of the voting rights from the attending shareholders to pass. At the time of a vote, the Chair or designated person shall first announce the total number of voting rights represented by the attending shareholders for each proposal, followed by a poll of the shareholders. The voting results shall be entered into the Market Observation Post System (MOPS).

When there is an amendment or an alternative to a proposal, the Chair shall present the amended or alternative proposal together with the original proposal, and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the Chair and the monitoring personnel shall be shareholders of the Company.

Vote counting for proposals or elections in a shareholders meeting shall be conducted in public at the place of the shareholders meeting. Immediately after the vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 12 (Elections)

The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules of the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. However, if a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 13 (Minutes of Meeting)

Matters relating to the resolutions of a shareholders meeting shall be in accordance with Article 183, Paragraph 1 to 4 of the Company Act, compiled and distributed as meeting minutes, and kept permanently during the existence of the Company.

Article 14 (Public Disclosure)

On the day of a shareholders meeting, the Company shall compile in the prescribed format, a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolutions to the MOPS within the prescribed time period.

Article 15 (Maintaining order at the meeting place)

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or armbands.

The Chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor".

When a public address (PA) system is available at the place of a shareholders meeting, and a shareholder attempts to speak through any devices other than the device provided by the Company, the Chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the Chair's correction, obstructs the proceedings and refuses to heed calls to stop, the Chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 16 (Recess and resumption of shareholders meeting)

The Chair may call for breaks during the meeting when appropriate. In an event of *force majeure*, the Chair may rule the meeting temporarily suspended, and based on the circumstances, announce the time of a resumption of the meeting. A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

If the meeting venue is no longer available for continued use and not all of the items on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

Article 17

The Rules, and any amendments hereto, shall be implemented upon approval by the shareholders meetings.

Article 18

The Rules were established on 27 February 1965, and its 1st amendment was made on 23 May 1998, 2nd amendment on 16 May 2002, 3rd amendment on 14 June 2013, 4th amendment on 9 June 2015, 5th amendment on 8 June 2016, and the 6th amendment on 08 June 2018.

Appendix 3

Shareholdings of Directors

1. As of 13April 2021, the Company's paid-up capital is NT$ 11,595,610,590, the number of shares issued is 1,159,561,059.
2. Details of the minimum required combined shareholdings of all directors and supervisors by law, and shareholdings as per the shareholders' register:

Position	Shareholdings required by law	Shares recorded in shareholders'
Director	32,000,000 shares	33,049,822 shares

Note: Book closure date: 13April 2021.

3. Shareholding details of directors and supervisors:

Position	Name	Shares held as at book closure date	Remarks
Chairman	Ching-Kuei Chang	22,000,000	He Hsin Capital.CO.,LTD. representative
Director	Hung-Ming Lee	22,000,000	He Hsin Capital.CO.,LTD. representative
Director	Chung-Yan Tsai	22,000,000	He Hsin Capital.CO.,LTD. representative
Director	Tzi-Li Tung	5,941,332	Cathay Charity Foundation representative
Director	Chung-Chang Chu	2,353,690	Cathay Real Estate Foundation representative
Director	Chin-Liang Lin	2,754,800	Cathay Real Estate Employees' welfare Committee representative
Independent Director	Shiou-Ling Lin	0	
Independent Director	Chih-Wei Wu	0	
Independent Director	James Y. Chang	0	
Total shares held		33,049,822	