

# **Continental Holdings Corporation**

## **Handbook for the 2021 Annual Shareholders' Meeting**

(Translation, Should there be any discrepancy between the Chinese  
and English version, the Chinese version shall prevail)

Meeting Date: June 1<sup>st</sup>, 2021

Venue: B2, No. 108 Dun Hua S. Road, Sec. 1 Taipei  
(FUBON International Conference Center)

# Continental Holdings Corporation

## Meeting Agenda

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### Call Meeting to Order

### Chairperson Remarks

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### Adjourned

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## Report Items

### **1. To report the distribution of 2020 employees' compensation and Directors' remuneration.**

#### **(Proposed by the Board of Directors)**

Explanatory Notes:

The Company's employees compensation and Directors remuneration for 2020 was approved at the 22th Meeting of the 4th Board of Directors in accordance with the Company Act and Article 29-1 of the CHC Articles of Incorporation. NT\$7,372,161 in cash was to be distributed as employee compensation while no Director's remuneration was to be issued.

### **2. To report the distribution of 2020 Cash Dividends.**

#### **(Proposed by the Board of Directors)**

Explanatory Notes:

- (1) According to Article 31 of the Articles of Incorporation of the Company. The Board of Directors is authorized to distribute some or all of dividends and bonuses in cash. The distribution shall be reported to the shareholders' meeting.
- (2) The Company will distribute cash dividends of NT\$1,152,502,372 from 2020 earnings available for distribution at NT\$1.40 per share.
- (3) The cash dividends will be calculated based on the distribution ratio and rounded to NT\$ dollar. For the remainder less than NT\$1, NT\$1 will be distributed according the decimal number of the original distributed amount in descending order (if two or more decimal numbers are the same, the register numbers shall be adopted to decide the sequence) until the total distribution amount of cash dividends is met.
- (4) The Board of Directors has approved the distribution and authorized the Chairman to determine the ex-dividend date, dividend payment date and handle all the matters related to the allocation of dividends based on the actual situation.

### 3. To report the first issue of domestic secured corporate bonds in 2020. (Proposed by the Board of Directors)

Explanatory Notes:

- (1) On November 5, 2020, the Board of Directors passed a resolution to apply for the issue of common corporate bonds ("CHC Corporate Bonds") up to NT\$2 billion. The Taipei Exchange approved the issue of CHC Corporate Bonds with Approval Letter No. 10900148291 on December 31, 2020 and approved with Approval Letter No. 11000000112 on January 5, 2021 the bond to be listed on TPEX effective January 11, 2021.
- (2) The purpose of the CHC Corporate Bonds was to increase working capital. Bond issue information is as follows:

Item	First Secured Common Corporate Bonds of Continental Holdings Corporation in 2020 Date Issued: January 11, 2021
<b>Total Issue Amount</b>	NT\$2 billion
<b>Par Value</b>	NT\$1 million
<b>Tenor</b>	5 years
<b>Issue Price</b>	The Bonds will be fully issued at par price on the Issue Date
<b>Coupon Rate</b>	0.55% per annum (Fixed rate)
<b>Interest Calculation and Payment</b>	Interest shall be calculated from the issue date and paid once a year based on annual single rate
<b>Repayment Method</b>	Principal payable at maturity
<b>Forms of Bonds</b>	No physical certificate issued
<b>Guarantee Bank</b>	Mega Commercial Bank.

## Approval Items

### 1. Adoption of 2020 Business Report and Financial Statements.

#### (Proposed by the Board of Directors)

The Company's 2020 Financial Statements (see Attachment I : P. 7 - 24) were audited by independent auditors, Mr. Chung-Che Chen and Ms. Ti-Nuan Chien of KPMG Taiwan. After reviewing these financial statements and 2020 Business Report (see P. 6) , the Company's Audit Committee found no inconsistencies, and then issued Audit Committee's Review Report (see P. 25).

Resolved:

### 2. Adoption of the proposal for appropriation of 2020 earnings.

#### (Proposed by the Board of Directors)

- (1) The proposed appropriation of 2020 earnings was approved by the Audit Committee and the Board of Directors of the Company.
- (2) The proposed 2020 earnings distribution table is as below.

#### Continental Holdings Corporation 2020 Earnings Distribution Table

Unit: NTD

<b>Unappropriated Retained Earnings of Previous Years</b>	<b>4,026,075,139</b>
Plus (Less)	
Remeasurement of Defined Benefit Obligation	11,769,057
Net Income of 2020	1,538,543,323
<b>Earnings Available for Distribution</b>	<b>5,576,387,519</b>
Less: Legal Reserve	(155,031,238)
<b>Distribution Item:</b>	
Cash Dividend to Common Shareholders@1.40	(1,152,502,372)
<b>Unappropriated Retained Earnings</b>	<b>4,268,853,909</b>

Chairman : Nita Ing

Manager : Cindy Chang

Chief Accountant : Eva Lin

Resolved:

## Discussion Item I

### **1. Amendment to “Articles of Incorporation”. (Proposed by the Board of Directors)**

Explanatory Notes:

Article 31 of the Articles of Incorporation of the Company. To explicitly define the company's dividend policy, It is proposed to Amend. Please refer to Attachment II (see P. 26 - 27) for a comparison table for the Articles of Incorporation current and after amendment.

Resolved:

## Director Election

### **Election of the 5th CHC Board of Directors. (Proposed by the Board of Directors)**

Explanatory Notes:

- (1) The 5th CHC Board of Directors will be elected at this Shareholders' Meeting. The number of Directors to be elected has been determined by the Board of Directors as 7 (including 3 independent Directors). The tenure of newly elected directors shall be 3 years starting from the date of election, commencing on June 1, 2021 and expiring on May 31, 2024.
- (2) The Directors shall be elected by adopting candidates nomination system as provided under in Article 192-1 of the Company Law, and Article 17 of the company's Articles of Incorporation. The Directors shall be elected from the list of Director candidates, whose Academic Qualifications, Past and Current Positions, and relevant information are provided in Attachment III (see P. 28 - 30).
- (3) The CHC Rules for Election of Directors are provided in Appendix 3. The election shall be proceeded in accordance with the aforementioned Rules.

Voting Results:

## **Discussion Item II**

**To release non-competition restrictions on the members of the 5th Board of Directors.**

**(Proposed by the Board of Directors)**

Explanatory Notes:

- (1) Article 209, Paragraph 1 of the Company Act provides *“A Director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”*
- (2) Details on the release of the non-competition restrictions for new Directors (Including Independent Directors) are provided in Attachment IV. This Item will be resolved to release the non-competition restrictions on new Directors to the extent without prejudice to the Company.

Resolved:

**Other Business and Extempore Motion**

**Adjourned**

## Attachment I

# 2020 Business Report, Financial Statements and Audit Committee's Review Report

## 1. 2020 Business Report

Continental Holdings Corp. (CHC), despite faced with the industry environment and society impacted by COVID-19 pandemic in 2020, saw all three main businesses of Civil & Building Construction, Real Estate Development, and Environmental Project Development with significant increase in net operating income thanks to the efforts of all employees and the support from business partners. CHC's consolidated operating revenues of NT\$21,689 million was slightly lower than the 2019 result of NT\$22,665 million but consolidated gross margin was 15.2%, better than the 2019 result of 12.1%; net operating income was NT\$1,762 million, up 33% from 2019. Net income reached NT\$1,539 million in 2020 for an EPS of NT\$1.87. This represented a significant increase from the previous year where net profit after tax was NT\$97 million and EPS was NT\$0.12.

The Civil & Building Construction business has now accumulated a solid volume of backlog to meet revenue growth targets for the next few years. Major public sector projects now under construction include: "Taoyuan MRT Green Line GC01 Contract", "Taoyuan MRT Green Line GC03 Contract", and "Construction of Public Housing at Nangang Depot Site in Nangang District, Taipei City." Future focus includ railroad, high-class housing, and commercial building construction projects. We also continue evaluating the development of new markets, leveraging our core abilities and solid credentials in construction in order to expand new sectors of growth.

For the Real Estate Development business, "La Bella Vita" has been completed and started to settle in 2020. Presale projects "Drawing the Dream Life", "Timeless and Modern Expression", "Tianjin Street Project" and "Arranging New Asia Bay" all saw strong interests from market in 2020, and are expected to drive profit growth upon their completion in the future. In 2021, the Real Estate Development business is planning to launch four new residential projects, and the iconic project "Bountiful Journey" is also scheduled for completion in the second half of the year. Overseas developments in San Francisco, U.S.A and Kuala Lumpur, Malaysia, are expected to be completed in 2021 as well.

The Environmental Project Development business was awarded with "Tongluo Science Park Wastewater Treatment Plant Phase II EPC Project" and "Tainan City Anping Reclaimed Water Plant New Construction Turnkey DBO Project" in 2020, an expansion to the project portfolio. The Environmental Project Development business also supported the domestic water resource policy in regard to climate change. The Environmental Project Development business will not only continue to enhance its professional capabilities in water resource related businesses, but also appraise opportunities thoroughly and constantly in order to enter other environmental engineering sectors such as biomass energy and solid waste treatment.

CHC will continue to focus on managing subsidiaries, planning the Group's business strategy, and coordinating Group resources. We have established the Corporate Social Responsibility Committee in 2020, dedicating more efforts on the environment, society and corporate governance. We are also committed to properly responding to stakeholders' expectations. Looking to the future, we will focus more on core businesses and enhancing enterprise value, as well as putting more effort on promoting corporate sustainability.

Chairman : Nita Ing

Manager : Cindy Chang

Chief Accountant : Eva Lin



## 2. Continental Holdings Corporation Financial Statements

### CONTINENTAL HOLDINGS CORPORATION

#### Balance Sheets

#### December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
<b>Assets</b>					
<b>Current assets:</b>					
1100	Cash and cash equivalents	\$ 204,159	1	176,888	1
1200	Other receivables	10,893	-	11,038	-
1220	Current tax assets	289	-	266	-
1410	Prepayments	74	-	82	-
		215,415	1	188,274	1
<b>Non-Current assets:</b>					
1550	Investments accounted for using equity method	23,575,217	99	22,735,690	99
1600	Property, plant and equipment	1,944	-	1,943	-
1755	Right-of-use assets	30,181	-	39,298	-
1900	Guarantee deposits paid	1	-	1	-
		23,607,343	99	22,776,932	99
<b>Total assets</b>		<b>\$ 23,822,758</b>	<b>100</b>	<b>22,965,206</b>	<b>100</b>

		December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
<b>Liabilities and Equity</b>					
<b>Current liabilities:</b>					
2200	Other payables	\$ 24,093	-	17,833	-
2230	Current tax liabilities	-	-	271,327	1
2280	Current lease liabilities	13,885	-	12,590	-
2399	Other current liabilities, others	138	-	131	-
		38,116	-	301,881	1
<b>Non-Current liabilities:</b>					
2580	Non-current lease liabilities	17,786	-	28,085	-
2640	Net defined benefit liability, non-current	27,015	-	25,288	-
		44,801	-	53,373	-
	<b>Total liabilities</b>	82,917	-	355,254	1
<b>Equity attributable to owners of parent:</b>					
3100	Capital stock	8,232,160	35	8,232,160	36
3200	Capital surplus	6,813,745	29	6,804,435	30
3300	Retained earnings	8,629,727	36	7,491,023	33
3400	Other equity	64,209	-	82,334	-
	<b>Total equity</b>	23,739,841	100	22,609,952	99
	<b>Total liabilities and equity</b>	<b>\$ 23,822,758</b>	<b>100</b>	<b>22,965,206</b>	<b>100</b>

Chairman : Nita Ing

Manager : Cindy Chang

Chief Accountant : Eva Lin

# CONTINENTAL HOLDINGS CORPORATION

## Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	2020		2019	
	Amount	%	Amount	%
4000 <b>Operating revenues:</b>				
4200 Investment revenues (for investment business)	\$ 1,555,241	100	436,459	100
<b>Net operating revenues</b>	<b>1,555,241</b>	<b>100</b>	<b>436,459</b>	<b>100</b>
5000 <b>Operating costs:</b>				
5800 <b>Operating costs</b>	-	-	-	-
<b>Gross profit from operations</b>	<b>1,555,241</b>	<b>100</b>	<b>436,459</b>	<b>100</b>
<b>Operating expenses:</b>				
6200 Administrative expenses	104,646	7	75,272	17
<b>Net operating income</b>	<b>1,450,595</b>	<b>93</b>	<b>361,187</b>	<b>83</b>
<b>Non-operating income and expenses:</b>				
7100 Interest income	8,202	1	9,538	2
7020 Other gains and losses	8,790	1	179	-
7050 Finance costs	(527)	-	(515)	-
	<b>16,465</b>	<b>2</b>	<b>9,202</b>	<b>2</b>
<b>Income before tax</b>	<b>1,467,060</b>	<b>95</b>	<b>370,389</b>	<b>85</b>
7950 <b>Less: Income tax expenses</b>	<b>(71,483)</b>	<b>(5)</b>	<b>273,382</b>	<b>63</b>
<b>Net income</b>	<b>1,538,543</b>	<b>100</b>	<b>97,007</b>	<b>22</b>
8300 <b>Other comprehensive income (loss):</b>				
8310 <b>Item that will not be reclassified to profit or loss</b>				
8311 Remeasurements of defined benefit plans	(1,632)	-	3,578	1
8330 Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	218,568	14	(299,319)	(68)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(2,942)	-	5,285	1
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<b>213,994</b>	<b>14</b>	<b>(290,456)</b>	<b>(66)</b>
8360 <b>Item that will be reclassified to profit or loss</b>				
8380 Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(220,350)	(14)	(115,887)	(27)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<b>(220,350)</b>	<b>(14)</b>	<b>(115,887)</b>	<b>(27)</b>
8300 <b>Other comprehensive loss</b>	<b>(6,356)</b>	<b>-</b>	<b>(406,343)</b>	<b>(93)</b>
8500 <b>Total comprehensive income (loss)</b>	<b>\$ 1,532,187</b>	<b>100</b>	<b>(309,336)</b>	<b>(71)</b>
<b>Earnings per share</b>				
9750 Basic earnings per share	<b>\$ 1.87</b>		<b>0.12</b>	
9850 Diluted earnings per share	<b>\$ 1.87</b>		<b>0.12</b>	

Chairman : Nita Ing

Manager : Cindy Chang

Chief Accountant : Eva Lin

# CONTINENTAL HOLDINGS CORPORATION

## Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Total other equity interest				
	Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total other	Total equity
<b>Balance at January 1, 2019</b>	\$ 8,232,160	6,804,435	587,239	2,493,481	5,073,160	8,153,880	(529,154)	978,564	12,950	462,360	23,652,835
Net income	-	-	-	-	97,007	97,007	-	-	-	-	97,007
Other comprehensive loss	-	-	-	-	(21,140)	(21,140)	(115,887)	(255,455)	(13,861)	(385,203)	(406,343)
Total comprehensive income (loss)	-	-	-	-	75,867	75,867	(115,887)	(255,455)	(13,861)	(385,203)	(309,336)
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	194,168	-	(194,168)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(231,248)	231,248	-	-	-	-	-	-
Cash dividends	-	-	-	-	(740,894)	(740,894)	-	-	-	-	(740,894)
Changes in equity of subsidiaries accounted for using equity method	-	-	-	-	7,347	7,347	-	-	-	-	7,347
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(5,177)	(5,177)	-	5,177	-	5,177	-
<b>Balance at December 31, 2019</b>	8,232,160	6,804,435	781,407	2,262,233	4,447,383	7,491,023	(645,041)	728,286	(911)	82,334	22,609,952
Net income	-	-	-	-	1,538,543	1,538,543	-	-	-	-	1,538,543
Other comprehensive income (loss)	-	-	-	-	11,769	11,769	(220,350)	218,603	(16,378)	(18,125)	(6,356)
Total comprehensive income (loss)	-	-	-	-	1,550,312	1,550,312	(220,350)	218,603	(16,378)	(18,125)	1,532,187
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	9,701	-	(9,701)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(411,608)	(411,608)	-	-	-	-	(411,608)
Changes in equity of subsidiaries accounted for using equity method	-	9,310	-	-	-	-	-	-	-	-	9,310
<b>Balance at December 31, 2020</b>	<u>\$ 8,232,160</u>	<u>6,813,745</u>	<u>791,108</u>	<u>2,262,233</u>	<u>5,576,386</u>	<u>8,629,727</u>	<u>(865,391)</u>	<u>946,889</u>	<u>(17,289)</u>	<u>64,209</u>	<u>23,739,841</u>

Chairman : Nita Ing

Manager : Cindy Chang

Chief Accountant : Eva Lin

# CONTINENTAL HOLDINGS CORPORATION

## Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
<b>Cash flows from operating activities:</b>		
Income before tax	\$ 1,467,060	370,389
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	13,289	13,146
Interest expense	527	515
Interest income	(8,202)	(9,538)
Loss (gain) on disposal of property, plant and equipment	73	(179)
Investment revenues	(1,555,241)	(436,459)
Total adjustments to reconcile profit	(1,549,554)	(432,515)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Other receivables	(917)	(731)
Prepayments	8	62
Other current assets	-	50,000
Total changes in operating assets	(909)	49,331
Changes in operating liabilities:		
Other payables	6,260	(14,561)
Other current liabilities	7	21
Net defined benefit liability	421	(11,178)
Total changes in operating liabilities	6,688	(25,718)
Total changes in operating assets and liabilities	5,779	23,613
Total adjustments	(1,543,775)	(408,902)
Cash inflow (outflow) generated from operations	(76,715)	(38,513)
Interest received	9,264	4,653
Dividends received	719,973	887,172
Interest paid	(527)	(515)
Income taxes paid	(199,867)	(438)
<b>Net cash flows from operating activities</b>	<b>452,128</b>	<b>852,359</b>
<b>Cash flows from investing activities:</b>		
Acquisition of investments accounted for using equity method	(400,000)	-
Proceeds from capital reduction of investments accounted for using equity method	400,000	-
Acquisition of property, plant and equipment	(1,140)	(233)
Disposal of property, plant and equipment	640	179
Increase in refundable deposits	-	(1)
<b>Net cash flows used in investing activities</b>	<b>(500)</b>	<b>(55)</b>
<b>Cash flows from financing activities:</b>		
Payment of lease liabilities	(12,749)	(11,369)
Cash dividends paid	(411,608)	(740,894)
<b>Net cash flows used in financing activities</b>	<b>(424,357)</b>	<b>(752,263)</b>
<b>Net increase in cash and cash equivalents</b>	<b>27,271</b>	<b>100,041</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>176,888</b>	<b>76,847</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 204,159</b>	<b>176,888</b>

Chairman : Nita Ing

Manager : Cindy Chang

Chief Accountant : Eva Lin

## Independent Auditors' Report

### To the Board of Directors of CONTINENTAL HOLDINGS CORPORATION:

#### Opinion

We have audited the financial statements of CONTINENTAL HOLDINGS CORPORATION ("the Company"), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification 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 Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to be communicated in our report.

#### Other Matter

We did not audit the financial statements of investments measured by equity method of the Company. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for investments measured by equity method, are based solely on the reports of the other auditors. The financial statements of investments measured by equity method reflect total assets constituting 23.63% of the total assets at December 31, 2019. The related share of loss of subsidiaries accounted for using the equity method constituted 201.20% of the income before tax for the year ended December 31, 2019.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, 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 the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 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 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 Company's internal control.
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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the 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 the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

The engagement partners on the audit resulting in this independent auditors' report are Chung-Che Chen and Ti-Nuan Chien.

**KPMG**

Taipei, Taiwan (Republic of China)

March 16, 2021

Chung-Che Chen and Ti-Nuan Chien



### 3. Continental Holdings Corporation and Subsidiaries Consolidated Financial Statements

## CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

### Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
<b>Assets</b>					
<b>Current assets:</b>					
1100	Cash and cash equivalents	\$ 4,512,368	7	4,423,239	7
1139	Current financial assets for hedging	447,850	1	538,361	1
1140	Current contract assets	3,892,099	6	4,962,956	8
1150	Notes receivable, net	853,226	1	342,904	2
1170	Accounts receivable, net	2,035,690	3	2,140,165	3
1200	Other receivables	690,595	1	819,484	1
1220	Current tax assets	166,267	-	140,080	-
130X	Inventories	28,363,358	42	26,368,637	41
1410	Prepayments	752,773	1	817,159	1
1470	Other current assets	1,980,804	3	1,887,962	3
1480	Current assets recognised as incremental costs to obtain contract with customers	402,602	1	181,305	-
		<u>44,097,632</u>	<u>66</u>	<u>42,622,252</u>	<u>67</u>
<b>Non-current assets:</b>					
1510	Non-current financial assets at fair value through profit or loss	606,305	1	606,305	1
1517	Non-current financial assets at fair value through other comprehensive income	1,791,079	3	1,572,476	2
1550	Investments accounted for using equity method	745,537	1	601,867	1
1600	Property, plant and equipment	2,345,718	3	2,286,634	4
1755	Right-of-use assets	160,794	-	176,165	-
1760	Investment property	10,192,584	15	9,835,073	16
1780	Intangible assets	1,135,804	2	1,149,653	2
1840	Deferred tax assets	35,066	-	50,813	-
1900	Other non-current assets	236,554	-	98,735	-
1932	Long-term accounts receivable	5,808,017	9	4,548,058	7
		<u>23,057,458</u>	<u>34</u>	<u>20,925,779</u>	<u>33</u>
<b>Total assets</b>		<u><b>\$ 67,155,090</b></u>	<u><b>100</b></u>	<u><b>63,548,031</b></u>	<u><b>100</b></u>

		December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
<b>Liabilities and Equity</b>					
<b>Current liabilities:</b>					
2100	Short-term borrowings	\$ 10,024,080	15	8,085,510	13
2110	Short-term notes and bills payable	820,000	1	1,100,000	2
2130	Current contract liabilities	8,121,289	12	6,555,197	10
2170	Notes and accounts payable	5,784,460	9	5,907,669	9
2200	Other payables	1,989,830	3	1,931,572	3
2230	Current tax liabilities	69,699	-	335,192	1
2250	Current provisions	480,566	1	541,379	1
2280	Current lease liabilities	128,836	-	106,982	-
2310	Advance receipts	21,699	-	33,884	-
2320	Long-term liabilities, current portion	2,787,067	4	1,886,230	3
2399	Other current liabilities, others	132,030	-	134,046	-
		30,359,556	45	26,617,661	42
<b>Non-Current liabilities:</b>					
2540	Long-term borrowings	9,099,387	14	10,353,179	16
2570	Deferred tax liabilities	101,692	-	115,093	-
2580	Non-current lease liabilities	35,700	-	73,542	-
2610	Long-term accounts payable	320,400	1	337,275	1
2640	Net defined benefit liability, non-current	176,487	-	216,695	-
2645	Guarantee deposits received	141,508	-	137,278	-
		9,875,174	15	11,233,062	17
	<b>Total liabilities</b>	40,234,730	60	37,850,723	59
<b>Equity attributable to owners of parent:</b>					
3100	Capital stock	8,232,160	12	8,232,160	13
3200	Capital surplus	6,813,745	10	6,804,435	11
3300	Retained earnings	8,629,727	13	7,491,023	12
3400	Other equity	64,209	-	82,334	-
		23,739,841	35	22,609,952	36
36XX	Non-controlling interests	3,180,519	5	3,087,356	5
	<b>Total equity</b>	26,920,360	40	25,697,308	41
	<b>Total liabilities and equity</b>	<b>\$ 67,155,090</b>	<b>100</b>	<b>63,548,031</b>	<b>100</b>

Chairman : Nita Ing

Manager : Cindy Chang

Chief Accountant : Eva Lin

# CONTINENTAL HOLDINGS CORPORATION 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 Common Share)

	2020		2019	
	Amount	%	Amount	%
4000 <b>Operating revenues:</b>				
4300 Rental revenues	\$ 180,625	1	254,313	1
4500 Construction revenues	20,604,889	95	21,565,328	95
4800 Other operating revenues	903,135	4	845,446	4
<b>Net operating revenues</b>	<b>21,688,649</b>	<b>100</b>	<b>22,665,087</b>	<b>100</b>
5000 <b>Operating costs:</b>				
5300 Rental costs	82,211	-	110,654	1
5500 Construction costs	17,925,423	83	19,506,549	86
5800 Other operating costs	389,112	2	315,329	1
<b>Net operating costs</b>	<b>18,396,746</b>	<b>85</b>	<b>19,932,532</b>	<b>88</b>
<b>Gross profit from operations</b>	<b>3,291,903</b>	<b>15</b>	<b>2,732,555</b>	<b>12</b>
<b>Operating expenses:</b>				
6100 Selling expenses	389,861	2	266,751	1
6200 Administrative expenses	1,140,357	5	1,140,861	5
	1,530,218	7	1,407,612	6
<b>Net operating income</b>	<b>1,761,685</b>	<b>8</b>	<b>1,324,943</b>	<b>6</b>
<b>Non-operating income and expenses:</b>				
7100 Interest income	41,295	-	57,576	-
7010 Other income	203,496	1	165,851	1
7020 Other gains and losses	(43,618)	-	162,231	1
7050 Finance costs, net	(210,916)	(1)	(245,994)	(1)
7060 Share of losses of associates and joint ventures accounted for using equity method	(31,330)	-	(774,603)	(3)
7055 Expected credit losses	-	-	(67,072)	-
	(41,073)	-	(702,011)	(2)
7900 <b>Income before tax</b>	<b>1,720,612</b>	<b>8</b>	<b>622,932</b>	<b>4</b>
7950 <b>Less: Income tax expenses (note (w))</b>	<b>87,675</b>	<b>-</b>	<b>470,872</b>	<b>2</b>
<b>Net income</b>	<b>1,632,937</b>	<b>8</b>	<b>152,060</b>	<b>2</b>
8300 <b>Other comprehensive income (loss):</b>				
8310 <b>Item will not be reclassified to profit or loss</b>				
8311 Remeasurements of defined benefit plans	14,711	-	(26,425)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	218,603	1	(255,516)	(2)
8317 Gains (losses) on hedging instrument	(16,378)	-	(13,861)	-
8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	-	-	61	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(2,942)	-	5,285	-
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<b>213,994</b>	<b>1</b>	<b>(290,456)</b>	<b>(2)</b>
8360 <b>Item that will be reclassified to profit or loss</b>				
8361 Exchange differences on translation of foreign financial statements	(311,011)	(1)	(150,195)	(1)
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	-	-	(11,383)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<b>(311,011)</b>	<b>(1)</b>	<b>(161,578)</b>	<b>(1)</b>
8300 <b>Other comprehensive loss</b>	<b>(97,017)</b>	<b>-</b>	<b>(452,034)</b>	<b>(3)</b>
<b>Total comprehensive income (loss)</b>	<b>\$ 1,535,920</b>	<b>8</b>	<b>(299,974)</b>	<b>(1)</b>
<b>Net income, attributable to:</b>				
8610 Owners of parent	\$ 1,538,543	8	97,007	2
8620 Non-controlling interests	94,394	-	55,053	-
	<b>\$ 1,632,937</b>	<b>8</b>	<b>152,060</b>	<b>2</b>
<b>Total comprehensive income attributable to:</b>				
8710 Owners of parent	\$ 1,532,187	8	(309,336)	(1)
8720 Non-controlling interests	3,733	-	9,362	-
	<b>\$ 1,535,920</b>	<b>8</b>	<b>(299,974)</b>	<b>(1)</b>
<b>Earnings per share</b>				
9750 <b>Basic earnings per share (NT dollars)</b>	<b>\$ 1.87</b>		<b>0.12</b>	
9850 <b>Diluted earnings per share (NT dollars)</b>	<b>\$ 1.87</b>		<b>0.12</b>	

Chairman : Nita Ing

Manager : Cindy Chang

Chief Accountant : Eva Lin

# CONTINENTAL HOLDINGS CORPORATION 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 owners of parent												
	Capital stock		Retained earnings				Total other equity interest						
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total other equity interest	Total equity attributable to owners of parent	Non controlling interests	Total equity
<b>Balance at January 1, 2019</b>	\$ 8,232,160	6,804,435	587,239	2,493,481	5,073,160	8,153,880	(529,154)	978,564	12,950	462,360	23,652,835	2,171,812	25,824,647
Net income	-	-	-	-	97,007	97,007	-	-	-	-	97,007	55,053	152,060
Other comprehensive loss	-	-	-	-	(21,140)	(21,140)	(115,887)	(255,455)	(13,861)	(385,203)	(406,343)	(45,691)	(452,034)
Total comprehensive income (loss)	-	-	-	-	75,867	75,867	(115,887)	(255,455)	(13,861)	(385,203)	(309,336)	9,362	(299,974)
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	194,168	-	(194,168)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(740,894)	(740,894)	-	-	-	-	(740,894)	-	(740,894)
Reversal of special reserve	-	-	-	(231,248)	231,248	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	7,347	7,347	-	-	-	-	7,347	-	7,347
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(5,177)	(5,177)	-	5,177	-	5,177	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	906,182	906,182
<b>Balance at December 31, 2019</b>	8,232,160	6,804,435	781,407	2,262,233	4,447,383	7,491,023	(645,041)	728,286	(911)	82,334	22,609,952	3,087,356	25,697,308
Net income	-	-	-	-	1,538,543	1,538,543	-	-	-	-	1,538,543	94,394	1,632,937
Other comprehensive income (loss)	-	-	-	-	11,769	11,769	(220,350)	218,603	(16,378)	(18,125)	(6,356)	(90,661)	(97,017)
Total comprehensive income (loss)	-	-	-	-	1,550,312	1,550,312	(220,350)	218,603	(16,378)	(18,125)	1,532,187	3,733	1,535,920
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	9,701	-	(9,701)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(411,608)	(411,608)	-	-	-	-	(411,608)	-	(411,608)
Changes in ownership interests in subsidiaries	-	9,310	-	-	-	-	-	-	-	-	9,310	(9,310)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	98,740	98,740
<b>Balance at December 31, 2020</b>	<u>\$ 8,232,160</u>	<u>6,813,745</u>	<u>791,108</u>	<u>2,262,233</u>	<u>5,576,386</u>	<u>8,629,727</u>	<u>(865,391)</u>	<u>946,889</u>	<u>(17,289)</u>	<u>64,209</u>	<u>23,739,841</u>	<u>3,180,519</u>	<u>26,920,360</u>

Chairman : Nita Ing

Manager : Cindy Chang

Chief Accountant : Eva Lin

# CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
<b>Cash flows from operating activities:</b>		
Income before tax	\$ 1,720,612	622,932
<b>Adjustments:</b>		
Adjustments to reconcile profit and loss:		
Depreciation expense	248,074	265,780
Amortization expense	61,181	58,117
Expected credit loss	-	67,072
Interest expense	210,916	245,994
Interest income	(41,295)	(57,576)
Dividend income	(112,685)	(134,008)
Share of loss of associates and joint ventures accounted for using equity method	31,330	774,603
Gain on disposal of property, plant and equipment	(1,107)	(584)
Gain on disposal of property, plant and equipment (under construction costs)	(8,245)	(2,658)
Gain on disposal of investment properties	(5,393)	(403,650)
Loss on lease remeasurment (under construction costs)	-	(6)
Gain on reversal of impairment loss of property, plants and equipment (under construction costs)	(73,000)	(114,000)
Impairment loss	-	210,328
Gain on revaluation of financial assets	-	(24,536)
(Reversal) recognition of provisions	(43,598)	26,651
Gain on reversal of estimated account payable	(206)	(156)
<b>Total adjustments to reconcile profit and loss</b>	<b>265,972</b>	<b>911,371</b>
<b>Changes in operating assets and liabilities:</b>		
Changes in operating assets:		
Contract assets	832,573	919,611
Notes receivable	(510,322)	76,870
Accounts receivable	(997,216)	(628,292)
Other receivables	86,969	(53,295)
Inventories	(2,940,593)	(2,267,006)
Prepayments	57,821	(107,530)
Other current assets	(109,052)	72,346
Assets recognised as incremental costs to obtain contract with customers	(221,297)	(40,212)
<b>Total changes in operating assets</b>	<b>(3,801,117)</b>	<b>(2,027,508)</b>
Changes in operating liabilities:		
Contract liabilities	2,351,692	2,967,227
Notes and accounts payable	(74,429)	(1,104,394)
Other payables	(62,542)	285,574
Provisions	(13,299)	(18,138)
Receipts in advance	(12,058)	(26,034)
Other current liabilities	(1,898)	14,247
Net defined benefit liability	(28,439)	(65,786)
<b>Total changes in operating liabilities</b>	<b>2,159,027</b>	<b>2,052,696</b>
<b>Total changes in operating assets and liabilities</b>	<b>(1,642,090)</b>	<b>25,188</b>
<b>Total adjustments</b>	<b>(1,376,118)</b>	<b>936,559</b>
Cash inflow generated from operations	344,494	1,559,491
Interest received	48,948	64,646
Interest paid	(347,915)	(397,442)
Income taxes paid	(391,006)	(77,564)
<b>Net cash flows from (used in) operating activities</b>	<b>(345,479)</b>	<b>1,149,131</b>

	2020	2019
<b>Cash flows from investing activities:</b>		
Disposal of financial assets at fair value through other comprehensive income	-	620
Acquisition of non-current financial assets at fair value through profit or loss	-	(100,116)
Disposal of current financial assets at fair value through profit or loss	-	2,540,316
Acquisition of financial assets for hedging	(490,398)	(1,655,408)
Disposal of financial assets for hedging	564,531	1,358,577
Price of associates acquisition	(175,000)	(740,609)
Acquisition of property, plant and equipment	(89,795)	(141,618)
Disposal of property, plant and equipment	81,128	70,873
Decrease in other receivables	89,940	-
Increase in other receivables	(60,334)	(63,258)
Acquisition of intangible assets	(47,332)	(50,747)
Acquisition of investment property	(438,220)	(316,887)
Disposal of investment property	5,393	1,466,075
Other non-current assets	(1)	67,369
Prepayments for business facilities	(249,082)	(10,647)
Dividends received	112,685	100,455
Long term payments	4,275	(15,456)
<b>Net cash flows from (used in) investing activities</b>	<b>(692,210)</b>	<b>2,509,539</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	25,458,386	20,866,513
Decrease in short-term borrowings	(23,393,488)	(23,788,657)
Increase in short-term notes and bills payable	6,740,000	6,250,000
Decrease in short-term notes and bills payable	(7,020,000)	(5,940,000)
Increase in long-term borrowings	4,773,126	5,767,868
Decrease in long-term borrowings	(5,092,030)	(7,126,130)
Increase in guarantee deposits received	4,237	7,004
Payment of lease liabilities	(97,315)	(67,331)
Cash dividends paid	(447,868)	(804,349)
Increase in other payables	121,617	118,630
Change in non controlling interests	135,000	969,638
<b>Net cash flows from (used in) financing activities</b>	<b>1,181,665</b>	<b>(3,746,814)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(54,847)</b>	<b>(35,791)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>89,129</b>	<b>(123,935)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>4,423,239</b>	<b>4,547,174</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 4,512,368</b>	<b>4,423,239</b>

Chairman : Nita Ing

Manager : Cindy Chang

Chief Accountant : Eva Lin

## Independent Auditors' Report

### To the Board of Directors of CONTINENTAL HOLDINGS CORPORATION:

#### Opinion

We have audited the consolidated financial statements of Continental Holdings Corporation and its subsidiaries ("the Group"), which comprise the statement of consolidated financial position as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification 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 Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis of our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.

##### 1. Revenue recognition of construction contracts

Please refer to Note 4(r) for revenue from contracts with customers; Note 5 for recognition of revenue and measurement for the completed percentage of construction contracts; and Note 6(z) for construction contracts.

How the matter was addressed in our audit: As the budgets of construction contracts are highly related to the subjectively judgments of the managements, inaccuracy estimations for construction budgets may lead to significant changes in profit or loss of the financial reports. Therefore, there is a significant risk involved in the revenue recognition of construction contracts.

Our principal audit procedures included: selecting construction contracts that have significant impact on the presentation of the financial report; and for those construction budgets, assessing the managements' budget preparation process, acquired relevant materials in preparing the assumptions within the current period (including construction contract modification, design modification, and other documents with owners), and confirming whether the preparation of construction budget corresponds with the Group's internal authorization. In addition, selecting the valuation materials and checking their accuracy by recalculating the completed percentage of the construction cases, as well as executing the balance sheet cut off test.

## 2. Inventory evaluation

Please refer to Note 4(h) for accounting policy about inventory evaluation, Note 5 for estimation of inventory evaluation and Note 6(g) for inventory.

How the matter was addressed in our audit: The Group's inventories shall be stated at the lower of cost and net realizable value. At present, the real estate industry is affected by tax reformation and economic circumstances. There is a risk that the inventory cost may turn out to be higher than its net realization value. Our principal audit procedures included: For construction cases in progress and real estate for sale, which is in accordance to the contract price for presale and the selling price of actual registering, assessing the differences between their booked value and fair value, and any possibility of their significant impact on the financial report, comparing with the investment analysis provided by the management, and reassessing according to the actual situation, there is no impairment.

### **Other Matter**

In the Group's consolidated financial statements, we did not audit the financial statements of certain subsidiaries. Those statements audited by other auditors has been furnished to us, and our opinion, insofar as it relates to the amounts included for those subsidiaries, is based solely on the report of the other auditors. The financial statements of these subsidiaries reflect the total assets constituting 11.70% of the consolidated total assets at December 31, 2019, and the total revenues constituting 0.78% of the consolidated total revenues for the year ended December 31, 2019.

In addition, in the Group's consolidated financial statements, which include certain investee companies accounted for under the equity method, were audited by other auditors, and our opinion, insofar as it relates to the amounts included for those investee companies, is based solely on the report of the other auditors. As of December 31, 2019, using the equity method, the Group's investment in these investee companies constituted 0.95% of the Group's total asset; the losses resulted from the Group's investment in the associates and joint ventures represented 124.35% of the Group's income before tax for the year ended December 31, 2019.

Continental Holdings Corporation has prepared its parent-company-only financial statements for the years ended December 31, 2020 and 2019, and we have issued an unqualified opinion and an unqualified opinion with other matter thereon, respectively.

### **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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the FSC, 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

### **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 the 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 Group's internal control.
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 Group's ability to continue as a going concern. 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group 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 the consolidated financial statements of the current period 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.

The engagement partners on the audit resulting in this independent auditors' report are Chung-Che Chen and Ti-Nuan Chien.

**KPMG**

Taipei, Taiwan (Republic of China)

March 16, 2021

Chung-Che Chen and Ti-Nuan Chien

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

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements, and proposal for allocation of profits. The CPA of KPMG Taiwan was retained to audit Continental Holdings Corporation's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profits allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Continental Holdings Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this Report

Continental Holdings Corporation

Chairman of the Audit Committee: Donny Kao

March 16, 2021

## Attachment II

### Comparison Table for the Articles of Incorporation Current and After Amendment

Amended Articles	Current Articles	Explanatory Notes
<p>Article 31</p> <p>The Company adopts a steady and balanced dividend policy. When it is determined that the Company has earnings for a fiscal year, the earnings shall firstly be appropriated to profit-seeking enterprise tax payable, make up the losses of previous years, set aside 10% of the earnings as legal reserve, and set aside or reverse the special reserve in accordance with Article 41 of the <i>Securities Exchange Act</i> and applicable laws and regulations. The aforementioned ending balance plus unappropriated retained earnings of previous years shall be earnings available for distribution based on which a dividend distribution proposal shall be submitted. <u>In the case when there is no accumulated loss of previous years, dividend shall be no less than thirty percent of net profit of that fiscal year.</u></p> <p><u>The total amount of cash dividend distributed under above distribution of earnings shall be no less than thirty percent of total dividend to shareholders.</u></p> <p>In the case when distribution of earnings under Paragraph 1 is to be issued in the form of new shares, the proposal should be drafted by the Board of Directors and submitted to the shareholders' meeting for approval before distribution; <u>whereas earnings distributed in the form of cash can be resolved by the Board of Directors with majority vote from more than two-thirds of all Directors in attendance, and be reported to the shareholders' meeting.</u></p> <p>If the Company incurred no loss, then the Board of Directors <u>can</u> distribute the legal reserve and the capital reserve specified in Paragraph 1, Article 241 of the Company Act as cash in whole or in part, proportional to the original shareholding ratio of shareholders, by a majority vote of the Board of Directors with at least two-thirds of all Directors in attendance, and report the resolution to the shareholders' meeting.</p>	<p>Article 31</p> <p>The Company adopts a steady and balanced dividend policy. When it is determined that the Company has earnings for a fiscal year, the earnings shall firstly be appropriated to profit-seeking enterprise tax payable, make up the losses of previous years, set aside 10% of the earnings as legal reserve, and set aside or reverse the special reserve in accordance with Article 41 of the <i>Securities Exchange Act</i> and applicable laws and regulations. The aforementioned ending balance plus unappropriated retained earnings of previous years shall be earnings available for distribution based on which a dividend distribution proposal shall be submitted. <u>The total amount of cash dividend distributed under above distribution of earnings shall be no less than twenty percent of total dividend to shareholders.</u></p> <p>In the case when distribution of earnings aforementioned is to be issued in the form of new shares, the proposal should be drafted by the Board of Directors and submitted to the shareholders' meeting for approval before distribution.</p> <p><u>For a proposal on distribution of earnings under Paragraph 1, the Board of Directors is authorized to determine whether the dividend or bonus is to be distributed as cash in whole or in part. The resolution requires a majority vote with at least two-thirds of all Directors in attendance, and shall be reported to the shareholders' meeting.</u> If the Company incurred no loss, then the Board of Directors <u>is authorized to</u> distribute the legal reserve and the capital reserve specified in Paragraph 1, Article 241 of the Company Act as cash in whole or in part, proportional to the original shareholding ratio of shareholders, by a majority vote of the Board of Directors with at least two-thirds of all Directors in attendance, and report the resolution to the shareholders' meeting.</p>	<ol style="list-style-type: none"> <li>1. In order to explicitly define a dividend policy</li> <li>2. Amended wording for this Article.</li> </ol>

Amended Articles	Current Articles	Explanatory Notes
<p>Article 35</p> <p>The Articles of Incorporation was established on November 2, 2009. The first amendment to the Articles of Incorporation was made on June 29, 2010, the second amendment on May 25, 2012, the third amendment on June 6, 2014, the fourth amendment on May 22, 2015, the fifth amendment on June 14, 2016, the sixth amendment on June 12, 2019, <u>the seventh amendment on June 1, 2021</u>, and took effect with the approval of the shareholders' meeting.</p>	<p>Article 35</p> <p>The Articles of Incorporation was established on November 2, 2009. The first amendment to the Articles of Incorporation was made on June 29, 2010, the second amendment on May 25, 2012, the third amendment on June 6, 2014, the fourth amendment on May 22, 2015, the fifth amendment on June 14, 2016, the sixth amendment on June 12, 2019, and took effect with the approval of the shareholders' meeting.</p>	<p>Update the list of amendment dates.</p>

## Attachment III

### List of Director (Including Independent Director) Candidates

No.	Title	Name	Academic Qualifications	Major Past Positions & Current Positions
1	Director	Ms. Nita Ing Representative of Wei-Dar Development Co., Ltd	<ul style="list-style-type: none"> <li>■ Bachelor of Arts in Economics, UCLA</li> </ul>	<b>Current Positions:</b> <ul style="list-style-type: none"> <li>■ Chairman / Continental-holdings Corporation</li> <li>■ Chairman / Continental Engineering Corporation</li> <li>■ Chairman / TSRC Corporation</li> <li>■ Chairman / Hao Ran Foundation</li> </ul> <b>Major Past Positions:</b> <ul style="list-style-type: none"> <li>■ Chairman / Taiwan High speed Rail Corporation</li> <li>■ President / Continental Engineering Corporation</li> <li>■ Vice Chairman / TSRC Corporation</li> <li>■ Director / Continental Development Corporation</li> <li>■ Director /American Bridge Holding Co.</li> </ul>
2	Director	Ms. Helena Kuo Representative of Wei-Dar Development Co., Ltd	<ul style="list-style-type: none"> <li>■ MBA, Accounting &amp; Finance, USC</li> <li>■ MA in Cognitive Learning, UCLA</li> </ul>	<b>Current Positions:</b> <ul style="list-style-type: none"> <li>■ Director / Continental Holdings Corporation</li> <li>■ Executive Adviser / Taishin International Bank</li> <li>■ Adviser / Taiwan Depositary &amp; Cleaning Corp.</li> </ul> <b>Major Past Positions:</b> <ul style="list-style-type: none"> <li>Vice President / Bank of America</li> <li>■ Senior Adviser / UBS</li> <li>■ Chairman / Taishin Bills Finance Co., Ltd.</li> <li>■ Chairman / Taiwan Depositary &amp; Cleaning Corp.</li> </ul>
3	Director	Mr. Christopher Chang Representative of Han-De Construction Co., Ltd.	<ul style="list-style-type: none"> <li>■ Bachelor of Law, National Chengchi University</li> </ul>	<b>Current Positions:</b> <ul style="list-style-type: none"> <li>■ Director / Continental Holdings Corporation</li> <li>■ Chairman / Continental Development Corporation</li> <li>■ Chairman / CEC Commercial Development Corporation</li> <li>■ Director/ Mega Capital Development Sdn. Bhd.</li> <li>■ Executive Director / Bangsar Rising SDN. BHD</li> <li>■ Director &amp; CEO / CDC US Corporation</li> <li>■ Director / CDC Asset Management Malaysia Sdn. Bhd.</li> <li>■ Director / Grand River Development Limited</li> <li>■ Manager / CDC Investment Management LLC</li> <li>■ Manager / Trimosa Holding LLC</li> <li>■ Company Manager / 950 Investment LLC</li> <li>■ Company Manager / 950 Property LLC</li> <li>■ Company Manager / 950 Hotel Property LLC</li> <li>■ Company Manager / 950 Retail LLC</li> <li>■ Independent Director / Wistron Corporation</li> <li>■ Director / Sanlien Educational Foundation</li> <li>■ Member of Compensation Committee / Taiwan Fire &amp; Marine Insurance Company</li> <li>■ Director / Friends of Police Association</li> </ul> <b>Major Past Positions:</b> <ul style="list-style-type: none"> <li>■ Director / The Epoch Foundation</li> <li>■ Director / The Sincere Company Ltd.</li> <li>■ Member of Compensation Committee / Huaku Development Co., Ltd.</li> <li>■ Senior Consultant / Lee and Li, Attorney- at-Law</li> <li>■ General Manager / De An Development Co.</li> </ul>

No.	Title	Name	Academic Qualifications	Major Past Positions & Current Positions
4	Director	Mr. John Huang Representative of Han-De Construction Co., Ltd.	<ul style="list-style-type: none"> <li>■ Bachelor of Science (Accounting), National Cheng Kung University</li> </ul>	<p><b>Current Positions:</b></p> <ul style="list-style-type: none"> <li>■ Director / Continental Holdings Corporation</li> <li>■ Managing Director / Pan Asia Corp.</li> <li>■ Director/ TSRC Corporation</li> <li>■ Chairman / Han-De Construction Co., Ltd.</li> <li>■ Chairman / Wei-Dar Development Co., Ltd.</li> <li>■ Chairman / Oriens Corporation</li> <li>■ Chairman / Maoshi Corporation</li> <li>■ Director / Continental Engineering Corporation</li> <li>■ Director / Continental Development Corporation</li> <li>■ Director/ CEC Commercial Development Corporation</li> </ul> <p><b>Major Past Positions:</b></p> <ul style="list-style-type: none"> <li>■ Chief Auditor / Taiwan High Speed Rail Corporation</li> <li>■ General Manager / Suzhou Standard Foods (China)</li> <li>■ Head of Corporate Internal Audit / Philips Companies in Taiwan</li> <li>■ CFO / Getz Bros. Taiwan Ltd. &amp; Bluebell Taiwan Ltd.</li> <li>■ Audit Asst. Manager /Deloitte Touche Tohmatsu Limited (Taiwan)</li> </ul>
5	Independent Director	Mr. Frank Juang	<ul style="list-style-type: none"> <li>■ Master of Law, Institute of Technology Law, National Chiao-Tung University</li> <li>■ Master of Business Administration, University of Iowa</li> <li>■ Bachelor of Business Administration, National Taiwan University</li> </ul>	<p><b>Current Positions:</b></p> <ul style="list-style-type: none"> <li>■ Independent Director / Continental Holdings Corporation</li> <li>■ Independent Director / Wistron Information Technology &amp; Service Corporation</li> <li>■ Director / Taiwan Opportunities Fund Limited</li> <li>■ Director / Azure Investment Ltd</li> </ul> <p><b>Major Past Positions:</b></p> <ul style="list-style-type: none"> <li>■ Independent Director / Browave Corporation</li> <li>■ Chairman / Young Optics Inc.</li> <li>■ Chairman / Azure Books Inc.</li> <li>■ Managing Director, EVP &amp; COO / Coretronic Corporation</li> <li>■ Chairman / Young Lighting Technology Inc.</li> <li>■ Chairman / Optoma Corporation</li> <li>■ Chairman / Chung Tsang Investment Inc.</li> <li>■ Independent Supervisor / Opto Disc Ltd.</li> <li>■ Senior Vice President / Chuntex Electronic Co., Ltd.</li> <li>■ Vice President / Bankers Trust Company, Taipei Branch</li> <li>■ Vice President / H&amp;Q Asia Pacific</li> <li>■ Adjunct Instructor / Department of Business Administration, Tamkuang University</li> <li>■ Adjunct Instructor / Department of Business Administration, Shih Chien University</li> <li>■ Deputy Representative / Prudential Bache Trade Services, Taiwan</li> <li>■ International Loan Officer / Bank of America, Taipei Branch</li> </ul>

No.	Title	Name	Academic Qualifications	Major Past Positions & Current Positions
6	Independent Director	Mr. Allen Lee	<ul style="list-style-type: none"> <li>■ PhD Program, Wharton School of the University of Pennsylvania</li> <li>■ MBA, Drexel University, USA</li> <li>■ MBA, Marketing, National Taiwan University</li> <li>■ B.A, International Trade, National Taiwan University</li> </ul>	<p><b>Current Positions:</b></p> <ul style="list-style-type: none"> <li>■ Independent Director /Continental Holdings Corporation</li> <li>■ Independent Director / Advagene Biopharma Co., Ltd.</li> </ul> <p><b>Major Past Positions:</b></p> <ul style="list-style-type: none"> <li>■ Director/ Taiwan Sugar Corporation</li> <li>■ Adjunct Lecturer / National Taiwan University</li> <li>■ Chairman / Careerjust Accounting Services, CPA's Association</li> <li>■ Vice President for Financial Affairs / Junior Chamber International, Taiwan</li> <li>■ Executive Director / National Federation of CPA's Association</li> <li>■ Deputy Minister / Committee of Peer-review, National Federation of CPA's Association</li> <li>■ Dean of General / Fu- Jen University</li> <li>■ Lecturer / Fu-Jen University</li> </ul>
7	Independent Director	Ms. Jolien Shu	<ul style="list-style-type: none"> <li>■ Master of Business, University of California, Irvine, U.S.A.</li> <li>■ Bachelor of Arts in Business Administration, concentration in Finance, National Taiwan University, Taiwan</li> </ul>	<p><b>Current Positions:</b></p> <ul style="list-style-type: none"> <li>■ Finance Consultant /Womany Media Group</li> </ul> <p><b>Major Past Positions:</b></p> <ul style="list-style-type: none"> <li>■ Independent Director / ViewSonic International, Taipei, Taiwan</li> <li>■ Senior Vice President of Group Finance / GigaMedia Limited (NASDAQ listed)</li> <li>■ Vice President &amp; Controller, Asia Pacific/ ViewSonic International, Taipei, Taiwan</li> <li>■ Consultant / FarEastone, Taipei, Taiwan</li> <li>■ Director of Finance Dept./ FarEastone, Taipei, Taiwan</li> <li>■ Financial Controller, ATE Division/ Schlumberger Limited, Hsin Chu, Taiwan</li> <li>■ Financial Controller, Electronic Division / Schlumberger Limited, Hong Kong</li> <li>■ Senior Accountant /Wang, Potomac &amp; Co., CPA's, LA, U.S.A.</li> </ul>



## Attachment IV

### List of Candidates for the 5<sup>th</sup> term of Directors to be released from non-competition restrictions

Title	Name	Concurrent Positions
Director	Ms. Nita Ing Representative of Wei-Dar Development Co., Ltd	<ul style="list-style-type: none"> <li>Chairman / TSRC Corporation</li> <li>Chairman / Hao Ran Foundation</li> </ul>
Director	Ms. Helena Kuo Representative of Wei-Dar Development Co., Ltd	<ul style="list-style-type: none"> <li>Executive Adviser / Taishin International Bank</li> <li>Adviser / Taiwan Depositary &amp; Cleaning Corp.</li> </ul>
Director	Mr. Christopher Chang Representative of Han-De Construction Co., Ltd.	<ul style="list-style-type: none"> <li>Chairman / CEC Commercial Development Corporation</li> <li>Director/ Mega Capital Development Sdn. Bhd.</li> <li>Executive Director / Bangsar Rising SDN. BHD</li> <li>Manager / Trimosa Holding LLC</li> <li>Company Manager / 950 Investment LLC</li> <li>Company Manager / 950 Property LLC</li> <li>Company Manager / 950 Hotel Property LLC</li> <li>Company Manager / 950 Retail LLC</li> <li>Director / Grand River Development Limited</li> <li>Independent Director / Wistron Corporation</li> <li>Director / Sanlien Educational Foundation</li> <li>Member of Compensation Committee / Taiwan Fire &amp; Marine Insurance Company</li> <li>Director / Friends of Police Association</li> </ul>
Director	Mr. John Huang Representative of Han-De Construction Co., Ltd.	<ul style="list-style-type: none"> <li>Managing Director / Pan Asia Corp.</li> <li>Director/ TSRC Corporation</li> <li>Chairman / Han-De Construction Co., Ltd.</li> <li>Chairman / Wei-Dar Development Co., Ltd.</li> <li>Chairman / Oriens Corporation</li> <li>Chairman / Maoshi Corporation</li> <li>Director/ CEC Commercial Development Corporation</li> </ul>
Independent Director	Mr. Frank Juang	<ul style="list-style-type: none"> <li>Independent Director / Wistron Information Technology &amp; Service Corporation</li> <li>Director / Taiwan Opportunities Fund Limited</li> <li>Director / Azure Investment Ltd</li> </ul>
Independent Director	Mr. Allen Lee	<ul style="list-style-type: none"> <li>Independent Director / Advagene Biopharma Co., Ltd.</li> </ul>
Independent Director	Ms. Jolien Shu	<ul style="list-style-type: none"> <li>Finance Consultant /Womany Media Group</li> </ul>

## Appendix I

### Rules of Procedure for Shareholders' Meetings

#### Article 1. (Legal Basis)

The Company's shareholders meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be conducted in accordance with the Rules.

#### Article 2. (Sign-in at Shareholders' Meeting and Calculation of Attendance)

Shareholders or their appointed proxies (collectively "Shareholders") should display their attendance cards and submit their sign-in cards in lieu of signing in. The number of shares represented shall include shares exercised by electronic means. Identification documents should also be carried by non-shareholder proxy agents and solicitors with letters of authorization for verification.

The shares of those that fall into one of the following categories have no voting rights so will not count towards the total number of issued shares and represented shares:

- i. Shares held by the Company itself in accordance with the law.
- ii. The shares of the Company that are held by a subordinate company where the majority of voting shares or total equity is held by the Company.
- iii. The shares of the Company that are held by another company where the majority of voting shares or total equity is held directly or indirectly by the Company or its subordinate compan(ies).

#### Article 3. (Convening of Shareholders' Meetings)

If a Shareholders Meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairperson of the Board. When the Chairperson of the Board is on leave or unable to exercise their powers for any reason, the Chairperson shall designate a Director to act as the Chair. If no acting Chair is appointed by the Chairperson, then the Directors shall select one of their number to serve as the Chair.

If a Shareholders' Meeting is convened by a party other than the Board of Directors with the power to convene, the convener should preside as the Chair. When there are two or more such convening parties then they should select a Chair from among themselves.

#### Article 4. (Non-voting Personnel at a Shareholders' Meeting)

The Chair may appoint its attorneys, certified public accountants, or other related personnel to attend a Shareholders' Meeting in a non-voting capacity.

#### Article 5. (Preservation of Order at the Meeting Venue)

The Chair may direct organizers of the Shareholders' Meeting as well as inspectors (or security staff) tasked with maintaining order at the venue to assist with the conduct of the meeting. Such personnel should wear identifying badges or armbands.

#### Article 6. (Holding of Shareholders' Meetings)

The Chair should call the meeting to order at the scheduled time.

However, when the attending shareholders do not represent a majority of the total issued shares, the Chair may announce a postponement, provided that no more than two such postponements with a total duration of no more than one hour, are made. If the quorum is not met after two postponements but attending shareholders represent one third or more of the total 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.

If the attending shareholders represent a majority of total issued shares, the Chair may submit previous tentative resolutions to another vote by shareholders pursuant to Article 174 of the Company Act.

#### Article 7. (Discussion of Proposals)

The agenda of a Shareholders' Meeting shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda and may not be changed without a resolution of the Shareholders' Meeting.

The Chair may not declare the meeting adjourned before all items on the agenda (including extraordinary motions) have been deliberated upon, except by a resolution of the Shareholders' meeting, or for the general discussion of extraordinary motions.

Once a meeting has been adjourned, attending shareholders shall not elect another Chair and resume the meeting at the same or another venue. In the case that the Chair adjourns the meeting in violation of the Rules, the majority of the attending shareholders shall elect a chairperson to continue with the meeting.

#### Article 8. (Shareholder Proposals)

Any proposals put forward by attending shareholders, or any proposed corrections or alternatives to an existing motion, should be made in writing. With the exception of extraordinary motions, such proposals should also be signed and seconded by another attending shareholder. The shares represented by the proposer and those seconding the motion should amount to at least 0.2% of all issued voting shares.

When there is an amendment or an alternative to a proposal, the Chair shall 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.

The discussion and voting order for any extraordinary motions proposed at a Shareholders' Meeting shall be left up to the discretion of the chair.

#### Article 9. (Handling of Proposals before Shareholders' Meetings)

If any proposals were made before a Shareholders' Meeting but not included on the agenda, the Board of Directors should state the reason for their non-inclusion in the meeting handbook of the general shareholders' meeting. Such proposals will not be included separately in the agenda or recorded in the meeting minutes.

Shareholder proposals may be included in the agenda of the Shareholders' Meeting after being reviewed by the Board of Directors. Motions of the same type may be merged by the Chair in accordance with Article 8, Paragraph 2.

#### Article 10. (Shareholder Speech)

Attending shareholders who wish to speak during the meeting must fill out a speech note with a summary of their speech, their attendance card number, and their name. The sequence of speeches shall be determined by the Chair.

If an attending shareholder submits a speech note but does not speak then no speech shall be deemed to have been made. If the content of the speech is not consistent with the content of the speech note, then the content of the actual speech shall prevail.

If an attending shareholder has any questions regarding items to be reported on the agenda, they should wait until the entire report has been read or presented by the Chair or the appointed person before speaking. Each person may not speak for more than 2 times and no longer than 5 minutes each time. Speaking time may be extended by 5 minutes with the Chair's permission but no more than once.

The duration and number of speeches that attending shareholders may make for each acknowledgment and discussion on the agenda, and for all motions put forward during the extraordinary motion procedure, shall also be governed by the last paragraph of the preceding section.

The duration and number of speeches that attending shareholders may make for non-motion-related questions and speeches during the extraordinary motion procedure shall be governed by the last paragraph of section 3.

Where a non-shareholder juristic person is appointed by a shareholder to attend a Shareholders' Meeting on their behalf, the juristic person may only appoint one representative to attend and speak during the meeting. If two or more representatives are appointed by the government or a juristic person shareholder, or those attending as the proxy of other shareholders, only one person may be nominated to speak on their behalf.

The Chair may terminate the speech of any attending shareholder if their speech runs overtime or strays from the scope of the motion. If they refuse to stop speaking or impede the meeting procedure in some other manner, the Chair may direct the inspectors (or security staff) to take any necessary measures to preserve the order of the meeting venue, or to allow the meeting to proceed as normal.

When an attending shareholder is speaking, other shareholders may not speak or interrupt them without the consent of the Chair. Any violations should be stopped by the Chair.

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

#### Article 11. (Putting Motions to a Vote)

When a motion is under discussion, the Chair may bring discussions to an end at a suitable time. Once discussions have been brought to an end the Chair may immediately put the motion to a vote.

#### Article 12. (Voting on Motions)

Voting on motions is calculated on the basis of shares with each share representing one vote. Except as otherwise provided by law, regulation, or the Articles of Incorporation, a motion is carried if it is supported by a majority of the votes from attending shareholders. Voting for the election of Directors shall be handled in accordance with the Rules for Election of Directors.

Except when shareholders are exercising their opposing vote in writing or electronically to a motion, if the Chair asks for any objections and there are none, then the motion is carried with the same force as if it were put to a vote.

Resolutions should be recorded in the meeting minutes.

#### Article 13. (Vote Monitoring, Vote Counting, Ballot Retention, and Handling of Disputes)

When a motion is put to the vote, the Chair shall appoint two ballot inspectors and a number of ballot counters to carry out the necessary tasks. Ballot inspectors should be shareholders. The votes on each resolution will not be called. The outcomes of the voting should be reported on the spot and recorded. The ballots shall be sealed then signed or stamped by the ballot inspectors before being retained by the Company for safekeeping.

If a shareholder disputes the voting process, counting method, and the validity of the ballots, the ballot inspectors shall record the disputing person's shareholder account number, weighted votes, and the matter being disputed. The record shall then be signed or stamped before being sealed.

Above disputes should be handled by shareholders in accordance with the appropriate legal process. No dispute may be used to obstruct or interfere with the meeting proceedings.

#### Article 14. (Invalid Ballots and their Determination)

Ballots are deemed invalid if ballot inspectors unanimously decide that they fall into one of the following categories:

- (1) Vote was not cast using ballot paper prepared by the Board of Directors.
- (2) Vote was not cast using ballot paper specified by the Chair.
- (3) Blank ballot paper was cast into the ballot box.
- (4) Writing is indistinct, illegible, or has been altered.
- (5) Ballot has been modified or marked with other text or symbols.
- (6) Both for and against are circled.
- (7) Ballot paper has been torn and is no longer intact

#### Article 15. (Recess and Resumption of a Shareholders' Meeting)

The Chair may announce a recess at a suitable time during the meeting. If there is an air-raid alert or some other matter that prevents the meeting from proceeding, the meeting should be adjourned and evacuated immediately. The meeting may resume an hour after the alarm is canceled or the end of the event.

#### Article 16. (Matters Not Specified in these Rules)

The procedures, handling of motions, method of voting, and all other matters relating to Shareholders' Meetings shall be governed by these Rules. The conduct of any matters not covered in these Rules except as otherwise provided by the Company Act, the Securities and Exchange Act, and the Articles of Incorporation, shall be as directed by the Chair.

#### Article 17. (Appendix)

These Rules and any amendments shall take effect after having been approved by a Shareholders' Meeting.

## Appendix II

### Articles of Incorporation

#### Section I. General Provisions

- Article 1: The Company is incorporated in accordance with the *Business Mergers and Acquisitions Act*, the *Company Act*, and other applicable laws and regulations. Its name in Chinese is 欣陸投資控股股份有限公司, and in English, Continental Holdings Corporation.
- Article 2: The scope of this business shall be as follows: H201010 General Investment.
- Article 3: The Company is a professional investment company so the total amount of the Company's reinvestments shall not be subject to the restriction of not more than forty percent of paid-in capital as provided by the *Company Act*.
- Article 4: The Company may provide endorsement and guarantee and act as a guarantor for business or investment needs.
- Article 5: The headquarters of the Company is located in Taipei City. Branches or representative offices may be established by a resolution of the Board of Directors.
- Article 6: Public announcements of the Company shall be made in accordance with the provisions of the *Company Act*.

#### Section II. Shares

- Article 7: The total capital stock of the Company shall be in the amount of NT\$10,000,000,000, divided into 1,000,000,000 shares with a par value of NT\$10 each. The Board of Directors is authorized to issue the shares in installments if needed.
- Article 8: The share certificates of the Company shall be in registered form, attached with a serial number, signed or sealed by at least three Directors, and issued after certified authentication from authority or competent underwriter. The Company may be exempted from printing share certificates, or may print consolidated share certificates when issuing new shares, provided that such issuance shall be duly registered or kept with a the securities depository and cleaning agent.
- Article 9: All transfer of stock, pledge of rights, amendment or loss of seal, or similar stock transaction conducted by shareholders of the Company shall follow the *Regulations Governing the Administration of Shareholder Services of Public Companies* unless other specified by laws and securities regulations.
- Article 10: Registration for transfer shall be suspended 60 days before the date of regular meeting of shareholders, and 30 days before the date of any special meeting of shareholders, or within 5 days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

#### Section III. Shareholders' Meeting

- Article 11: The Company's shareholders' meetings shall be in two types, regular meetings and special meetings. Regular meeting shall be convened once a year by the Board of Directors within six months after the close of each fiscal year. Special meeting shall be convened when necessary in accordance with the relevant laws and regulations.
- A notice to convene a regular meeting of shareholders shall be given to each shareholder no later than 30 days prior to the scheduled meeting date, and a notice to convene a special meeting of shareholders shall be given to each shareholder no later than 15 days prior to the scheduled meeting date. For shareholders that hold less than one thousand registered shares, such notice may be publicly announced instead.
- Article 12: If a shareholder is unable to attend a shareholders' meeting in person, he/she may appoint a proxy to attend on his/her behalf by presenting a signed and sealed proxy voting form printed by the Company stating the scope of authorization.

- Article 13: The shareholders' meeting shall be presided by the Chairperson of the Board of Directors. If the Chairperson is absent or unable to perform his/her duties, he/she may designate one of the Directors as a proxy. When a proxy was not designated by the Chairperson, the Directors may elect one among themselves to act as the chairperson of the meeting.
- Article 14: Each shareholder of the Company shall have one vote for each share held unless otherwise specified by the *Company Act*.
- Article 15: Resolutions at a meeting of shareholders shall be adopted by a majority vote of the shareholders present who represent more than one-half of the total number of voting shares, unless otherwise specified by the *Company Act*.
- Article 16: The resolutions adopted at a shareholders' meetings shall be recorded in the minutes of the meeting, and shall state the time and date, venue, resolutions, name of the Chairperson, method of voting, and the number of shares represented. The minutes shall be affixed with the signature or seal of the Chairperson, and distributed to each shareholder within 20 days after the close of the meeting.
- The aforementioned minutes may be produced in an electronic format and may be effected by means of a public notice.
- The minutes of the meeting, together with the attendance card and proxies, shall be archived by the Company for the period specified by the *Company Act* or applicable laws and regulations.

#### Section IV. Directors

- Article 17: The Company shall have five to seven Directors, and the Board of Directors is authorized to determine the number of Directors. The Directors shall be elected by adopting the candidates nomination system as specified in Article 192-1 of the *Company Act*. Shareholders shall elect Directors from nominees on the list of director candidates. The nomination and related announcement of director candidates shall comply with the relevant articles of the *Company Act*, and the *Securities and Exchange Act*. The term of office for Directors shall be three years and all Directors shall be eligible for re-election. The shareholdings percentage of all the Directors shall be in accordance with relevant regulations of the securities authorities. For the election of Directors at the shareholders' meeting, each share has the same voting rights equal to the number of Directors to be elected. Shareholders may cast all his/her voting rights to one candidate or among several candidates. Candidates who receive more voting rights shall be elected as Directors.
- Article 18: Beginning from the third session of the Board of Directors, the Company shall have three Independent Directors to be included in the Board of Directors specified in the preceding article.
- The election of independent and non-independent directors shall take place concurrently with the number of either elected calculated separately.
- The election of Independent and Non-independent directors shall be held at the same time, and the number of Independent Directors and Non-independent Directors elected shall be calculated separately. The relevant professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, performance of duties and other compliance matters in regard to Independent Directors shall be handled in accordance with the *Securities Exchange Act* and other applicable laws and regulations.
- Article 18-1: The Company shall establish an Audit Committee composed of all Independent Directors in accordance with Article 14-4 of the *Securities and Exchange Act*. The exercise of powers and other matters relating to the Audit Committee and its members shall comply with the *Securities Exchange Act* and the applicable laws and regulations.
- Article 19: In the case that vacancies on the Board of Directors exceed one-third of the total number, or when all Independent Directors have been dismissed, the Board of Directors shall convene a special meeting within 60 days to elect new Directors to fill such vacancies in accordance with relevant laws, rules and regulations. The new Directors shall serve the remaining term of the predecessors.
- Article 20: The Directors shall be organized into a Board of Directors for the exercising of their duties and authority as Directors. The Directors shall also elect among themselves a Chairperson in accordance with relevant laws, and the Chairperson Board of Directors shall have the authority to represent the Company.

- Article 21: Meetings of the Board of Directors shall be convened by the Chairperson. Each Director should be given seven days' notice and given the reason for the convening of the meeting. Meetings may, however, be convened at any time in the case of an emergency.  
The aforementioned notice may be made by written notice, by fax, or electronically.
- Article 22: Meetings of the Board of Directors shall be presided by the Chairperson. In case the Chairperson is on leave or otherwise cannot exercise his/her duties, the Chairperson shall appoint a director to act as his/her deputy. If a deputy was not appointed by the Chairperson, the Directors shall elect among themselves a Chairperson to preside over the meeting. Directors should attend each meeting of the Board in person. The board meeting may be convened via video conference call, and the Directors who attend the board meeting via video conference shall be deemed to have attended the meeting in person. If a Director is unable to attend a meeting of the Board for any reason, he/she may appoint another Director as his/her proxy each time with a power of attorney stating the scope of authority with reference to the reason for the meeting.  
A Director may act as the proxy for only one other Director only.
- Article 23: (deleted)
- Article 24: The operations and management of the Company, unless otherwise to be resolved by the shareholders' meeting as required by law or the Articles of Incorporation, are resolved by the Board of Directors.
- Article 25: Resolutions of the Board shall be adopted by a majority of the Directors at a meeting attended by one-half of the Directors, unless otherwise provided for in the *Company Act*.
- Article 26: The Board of Directors is authorized to determine the compensation for the Directors, by taking into account their participation in the Company's business and their contribution value, and domestic and overseas industry standards.  
Travel expenses or attendance fees may be reimbursed to the Directors of the Company. The amount is to be determined by the Board of Directors.
- Article 27: Functional committees may be established by the Board of Directors to ensure proper oversight and to enhance management capabilities. The articles that govern the jurisdiction of each specialized committee shall be defined by the Board of Directors.  
The Company may, in accordance with applicable laws and regulations or rules issued by competent authorities, purchase Directors and Officers Liability Insurance with respect to liabilities resulting from exercising directors' duties during their terms of office.

## Section V. Managerial Officers

- Article 28: The Company may appoint one Chief Executive Officer (CEO) and several officers. The CEO shall follow the resolutions of the Board of Directors to manage the operations of the Company. Their appointment and discharge shall be determined by resolution of the Board of Directors.  
The aforementioned officers must obtain authorized personal signature or Company sealed authorization letter resolved by the Board of Directors when endorsing, guaranteeing, signing contracts or signing bills with their name on behalf of the Company.

## Section VI. Accounting

- Article 29: The fiscal year of the Corporation shall begin on January 1 of each year and end on December 31 of the same year. The final accounts shall be prepared at the end of each fiscal year.
- Article 29-1: If there is profit for a specific fiscal year, the Company shall allocate 0.5% of the profit as employee's compensation and no more than 0.5% as remuneration to Directors, provided that the Company's accumulated losses shall have been covered in advance. The employees of affiliated companies may be included in the distribution of employee's compensation.  
The distribution terms for employee's compensation and the amount of Directors' remuneration aforementioned shall be resolved by the Board of Directors with majority vote from more than two-thirds of Directors in attendance, and be reported to the shareholders' meeting.

- Article 30: The following documents of the Corporation shall be prepared by the Board of Directors after the end of each fiscal year and submitted to an ordinary shareholders' meeting for acceptance in accordance with the statutory procedure.
1. Business report.
  2. Financial statements.
  3. Proposal Concerning the Distribution of Earnings or Covering of Losses.
- Article 31: The Company adopts a steady and balanced dividend policy. When it is determined that the Company has earnings for a fiscal year, the earnings shall firstly be appropriated to profit-seeking enterprise tax payable, make up the losses of previous years, set aside 10% of the earnings as legal reserve, and set aside or reverse the special reserve in accordance with Article 41 of the Securities Exchange Act and applicable laws and regulations. The aforementioned ending balance plus unappropriated retained earnings of previous years shall be earnings available for distribution based on which a dividend distribution proposal shall be submitted. The total amount of cash dividend distributed under above distribution of earnings shall be no less than twenty percent of total dividend to shareholders.
- In the case when distribution of earnings aforementioned is to be issued in the form of new shares, the proposal should be drafted by the Board of Directors and submitted to the shareholders' meeting for approval before distribution.
- For a proposal on distribution of earnings under Paragraph 1, the Board of Directors is authorized to determine whether the dividend or bonus is to be distributed as cash in whole or in part. The resolution requires a majority vote with at least two-thirds of all Directors in attendance, and shall be reported to the shareholders' meeting. If the Company incurred no loss, then the Board of Directors is authorized to distribute the legal reserve and the capital reserve specified in Paragraph 1, Article 241 of the Company Act as cash in whole or in part, proportional to the original shareholding ratio of shareholders, by a majority vote of the Board of Directors with at least two-thirds of all Directors in attendance, and report the resolution to the shareholders' meeting.
- Article 32: In the case when the accumulated legal reserve equals or exceeds the Company's paid-in capital, further allocations may be suspended by resolution of the shareholders' meeting.

## Section VII. Other

- Article 33: In regard to all matters not provided for in the Articles of Incorporation, the Company Act shall govern.
- Article 34: (deleted)
- Article 35: The Articles of Incorporation was established on November 2, 2009. The first amendment to the Articles of Incorporation was made on June 29, 2010, the second amendment on May 25, 2012, the third amendment on June 6, 2014, the fourth amendment on May 22, 2015, the fifth amendment on June 14, 2016, the sixth amendment on June 12, 2019, and took effect with the approval of the shareholders' meeting.



## Appendix III

### Rules for the Election of Directors

- Article 1 The election of Directors of the Corporation shall be conducted in accordance with these Rules.
- Article 2 To elect the Directors of the Corporation, the number of votes exercisable by each share should be equal to the number of Directors to be elected. Votes may all be cast for one candidate or split between multiple candidates. Candidates that receive a prevailing number of votes shall be elected as Directors.
- The shareholder number or attendance pass number shall be printed on the ballot as a substitute for voter registration. Ballots shall be prepared and distributed by the Board of Directors. The format, content and the information to be provided shall be set by the printer of the ballots. No unauthorized alterations are permitted. Ballots should be cast into the ballot boxes specified by the Chairperson.
- In addition to the two above provisions, shareholders may also exercise their voting rights through mail-in ballots or electronic voting. The methods for mail-in ballots or electronic voting are indicated on the convening notice for Shareholders' Meetings.
- Article 3 The candidate nomination system shall be adopted for the election of Directors of the Corporation in accordance with the Company Act and related laws and regulations. Shareholders should elect the Directors from the list of candidates announced by the Corporation.
- The election of Directors and Independent Directors of the Corporation shall be held concurrently in accordance with the relevant procedures of these Rules. The number of Independent Directors and non-Independent Directors to be elected shall be calculated separately. Candidates that receive a prevailing number of votes shall be elected.
- Article 4 Voters may write only the number of the candidate director in the "Candidate" field on the ballot, or write their name and/or title. Only one candidate may be written per "Candidate" field. If the name being written is identical to that of another candidate, the voter should include the number assigned to the candidate by the list of candidate directors for the sake of identification.
- Article 5 The number of Directors of the Corporation shall be as specified in the Articles of Incorporation and as announced. Those who receive ballots that represent a prevailing number of votes are elected. If the number of elected candidates exceeds the specified number of seats due to two or more candidates receiving the same number of votes, the winner shall be determined by lot. If a candidate is not present then the lot will be drawn by the Chairperson on their behalf.
- Article 6 At the start of the election, the Chairperson shall appoint two ballot inspectors and multiple ballot counters to discharge their respective duties.

Article 7 The duties of the ballot inspectors are as follow:

- (1) Opening the ballot box for public inspection before the start of voting.
  - (2) Maintain order and supervise the voting to check for any oversights or illegal activity.
  - (3) Once all votes have been cast, unseal the ballot boxes to remove the ballots and check the total number of ballots.
  - (4) Inspect the ballots to check for any that are invalidated under the provisions of these Rules then pass the valid ballots to the ballot counter.
  - (5) Ballot inspectors shall record the number of votes received by each candidate and co-sign the tally report with the ballot counter.
  - (6) Sign the sealed ballot pouch as proof that it has been sealed for safekeeping.
- Votes do not have be called out as they are being tallied.

Article 8 A ballot shall be deemed invalid if all ballot inspectors agree that it falls into one of the following categories:

- (1) An unauthorized ballot was used, the ballot was not cast into the ballot box specified by the Chairperson, or the ballot was altered.
- (2) The number of candidates written down exceeded the specified quota.
- (3) The ballot was not filled out in accordance with Article 4, or where it also contains other writings or symbol.
- (4) The writing is too indistinct to be legible.
- (5) A blank ballot was cast into the ballot box.
- (6) The voter cast more votes than they actually hold.

Article 9 Once all ballots have been cast the ballot box is unsealed by the ballot inspectors.

Article 10 Once the results of the tally have been verified by the ballot inspectors, the election results are submitted to the Chairperson. The Chairperson shall announce the list of elected directors on the spot.

Article 11 Any matters not specified in these Rules shall be conducted in accordance with the directions issued by the Chairperson unless otherwise specified by law or in the Articles of Incorporation.

Article 12 These Rules and any amendment hereto shall take effect after they are approved by the Shareholders' Meeting.

## Appendix IV

### Continental Holdings Corporation: Shareholdings of All Directors

Minimum shareholding requirement of All Directors	Shareholding as of 2021.4.3
26,342,911	270,684,165

Title	Name	Shareholding as of 2021.4.3
Chairman	Ms. Nita Ing	903,298
Director	Ms. Christopher Chang Representative of Wei-Dar Development Co., Ltd	206,025,200
Director	Ms. Helena Kuo Representative of Wei-Dar Development Co., Ltd	206,025,200
Director	Mr. John Huang Representative of Han-De Construction Co., Ltd.	63,755,667
Independent Director	Mr. Donny Kao	0
Independent Director	Mr. Frank Juang	0
Independent Director	Mr. Allen Lee	0
Total Directors' shareholding		270,684,165

