



CONTINENTAL 欣陸投控
HOLDINGS CORPORATION

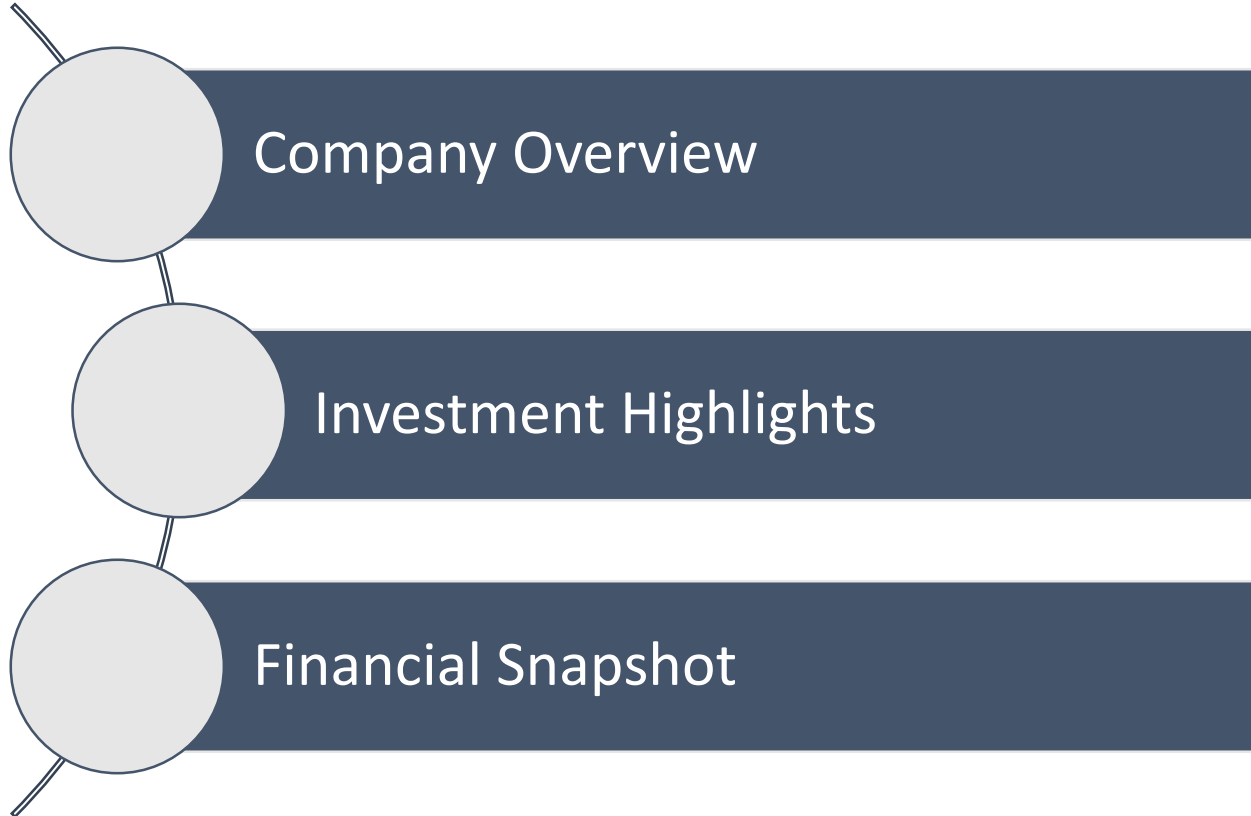
Continental Holdings Corporation

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Disclaimer Statement

- This presentation and release contain “forward-looking statements” which may include projections of future results of operations, financial condition or business prospects based on our own information and other sources.
- Our actual results of operations, financial condition or business prospects may differ from those expressed or implied in these forward-looking statements for a variety of reasons, including but not limited to market demand, price fluctuations, competition, international economic conditions, supply chain issues, exchange rate fluctuations and other risks and factors beyond our control.
- The forward-looking statements in this release reflect the current belief of Continental Holdings Corporation as of the date of this release. Continental Holdings Corporation undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date.

Agenda



Tracing our roots back to 1945 and gradually diversifying into adjacent sectors

1945

Our flagship **construction** company Continental Engineering Corporation (CEC) was established

1994

CEC was listed on the Taiwan Stock Exchange

2010

Continental Holdings Corporation (CHC) was established and listed on the Taiwan Stock Exchange with two member companies CEC and CDC

1964

CEC commenced **real estate development** business, the predecessor of Continental Development Corporation (CDC)

2006

CEC established HDEC Corporation (HDEC) to **develop environmental projects**

2017

HDEC became the third member company of CHC

Company overview

Market Cap (As of 10/8/2021)

NT\$ 19.8B

Ultimate Parent's Shareholding
Montrion Corporation **50.05%**

FY2020
Consolidated Revenues

NT\$21.7B

FY2020 Net Profit/EPS (NT\$/Share)

NT\$1.54B/\$1.87

(Second highest in history)

BVPS (As of 6/30/2020)

\$29.1

Revenues/Net Profit Breakdown by Business



Construction

59%/19%



**Real Estate
Development**

27%/58%



**Environmental Project
Development**

14%/23%

Note: Breakdown in FY2020

Three member companies focusing on construction, real estate development and environmental project development

Construction



- **75 years of credentials**
- Has successfully completed major **civil construction** works involving viaducts, bridges and tunnels for high-speed rail, highway, metro and railway projects
- Delivered a comprehensive range of **building construction** projects including hospitals, hotels, multifunctional complexes, high-end residences, as well as township communities

Real Estate Development



- **A premium property developer** specializing in residential, commercial and hotel sectors
- **Has partnered with master architects** including Richard Meier, Antonio Citterio and Benedetta Tagliabue on many **landmark building projects**
- Has ongoing projects in **Taiwan, USA & Malaysia**

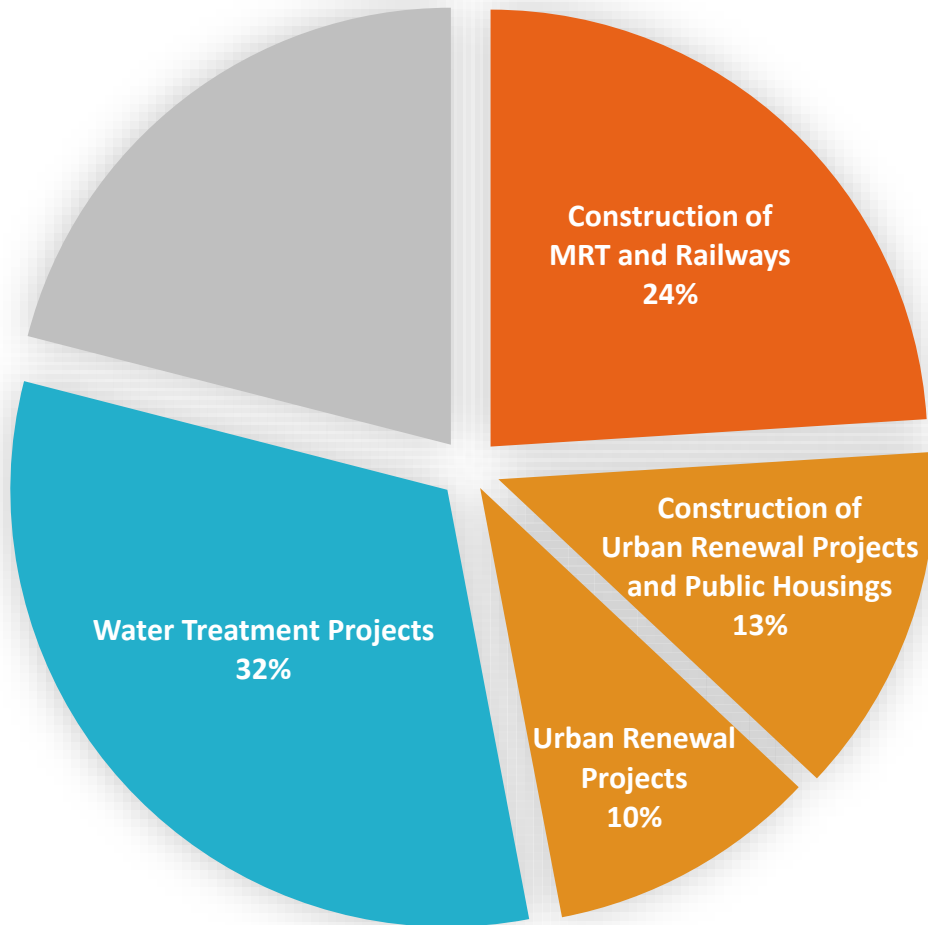
Environmental Project Development



- **Strong track records in water treatment**
- Established **Taiwan's first reclaimed water plant** and is set to deliver **Taiwan's first government-owned industrial wastewater treatment plant with zero liquid discharge**
- Expertise in processing sewage, industrial wastewater, solid waste, etc.

79% of backlog linked to the Sustainable Development Goals (SDGs)

Backlog as of June 2021



Corresponding SDGs



Selected 2020 ESG efforts



- Reduced **467 metric tons of CO2e** and **1,024 metric tons of sludge waste**
- *Nangang Depot Public Housing* to be **the first circular economy residence in Taiwan** (Have obtained circular economy standard BS 8001:2017)
- Our EPC project in *Tongluo Science Park* will deliver Taiwan's first government owned **zero-liquid-discharge industrial wastewater treatment** plant (Considered **the most advanced industrial wastewater treatment solution** in Taiwan)

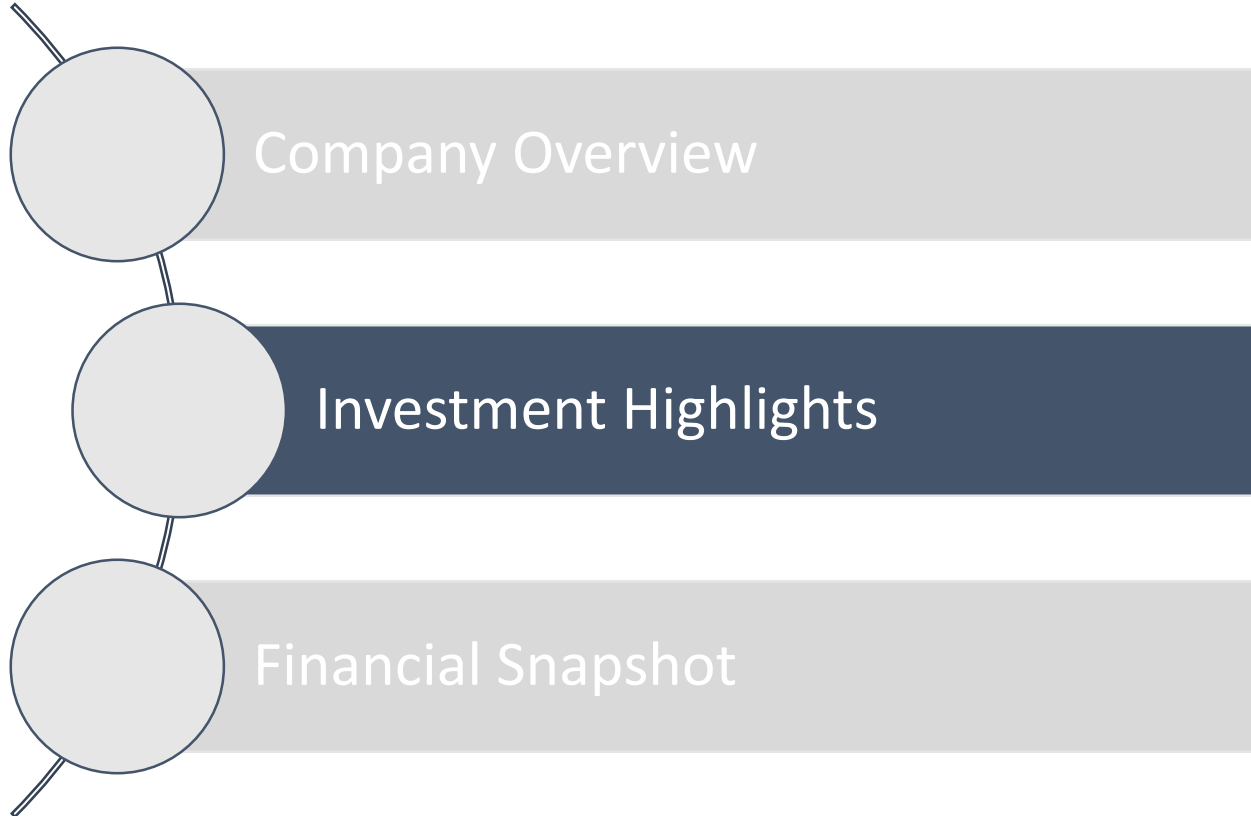


- **97%+ customer satisfaction rate** across all real estate development projects
- Fengshan Water Resource Center obtained **Environmental Education Facility certification**
- Awarded by Taipei City Government for our **self-developed alert device to improve construction site safety**



- Female members accounting for 28% (currently 42%) of our board, above Taiwan's average of 14%
- No major unethical or dishonest behaviors identified
- 100% attendance rates of board and functional committee meetings

Agenda



Investment highlights

- 1 Positive market outlook underpinned by sustainable urbanization
- 2 Leading market position cemented by our credentials / brands
- 3 Solid backlog providing revenue visibility
- 4 Strategically and financially synergistic portfolio poised for growth

1 Positive market outlook underpinned by sustainable urbanization

Expanding /renewing rail network



- Increasing needs for intra- and inter-city connection
- Renewal of the existing railway network
- Potential MRT/rail bids in 2021-25 amounting to NT\$350 billion

Liveable cities



- A growing number of urban renewal projects as >50% of apartments are >30 years old
- 200,000 units of social housing by 2024
- Government's initiatives to upgrade city landscape

Circular economy



- 6 additional reclaimed water projects by 2026 after 5 awarded, with total reclaimed water supply summed up to 334K CMD
- Upgrade of 9 existing incinerators in next 3 years (TAM > NT\$100 billion)
- Ramp up of bio-mass energy generation (from kitchen waste)

2 Leading market position cemented by our credentials / brands

Construction

- Civil:
 - #1 in the rail and MRT sector and top 3* contractor in Taiwan
 - Beneficiary of government's increasing adoption of most advantageous bids
- Building: CEC brand denotes high quality for home buyers in Taiwan

Real Estate Development

- Leading brand in Taiwan's high-end residential market
- Track records of mixed-use property development
- Achieve price premium through brand value, engaging renowned architects, exclusive service offering (e.g., residents' access to facilities of adjacent hotel), etc.

Environmental Project Development

- Has won 3 out of government's 5 awarded reclaimed water projects
- Moving up the value chain from processing sewage to producing reclaimed water, to processing industrial wastewater
- Beneficiary of manufacturers' ramp up of production capacity in Taiwan

*Based on FY2020 construction revenues

3 Solid backlog providing revenue visibility

Construction

Backlog

NT\$67.0B

4.8x of 2020 Revenues

Real Estate Development

Signed contracts to close

NT\$16.7B

2.9x of 2020 Revenues

Environmental Project Development

Contracts on hand

NT\$39.8B

12.8x of 2020 Revenues

Note:

1. Backlog and contract numbers are as of end of second quarter, 2021; Revenues numbers are 2020 consolidated revenues
2. Contracts on hand for Environmental Project Development business are calculated based on contract terms and project status. Actual recognized revenue amount may vary based on final execution for each project.

3 Solid backlog providing revenue visibility

Construction: Balanced civil/building portfolio



Civil Construction - MRT

Taipei MRT Wanda Line (CQ840)

Taipei MRT Wanda Line (CQ850A)

Taoyuan MRT Green Line (GC01)

Taoyuan MRT Green Line (GC03)



Civil Construction - Railway

Tainan Railway Underground (C211)

Tainan Railway Underground (C214)

2021 Major Projects for Construction Business



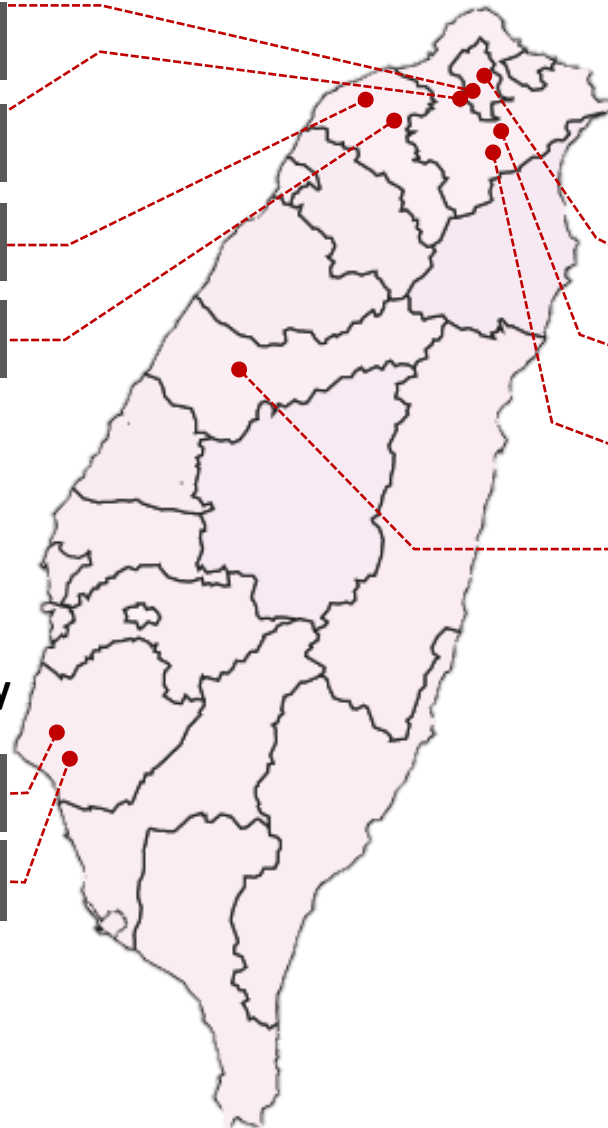
Building Construction

Bountiful Journey (Residence & Hotel)

Nangang Depot (Public Housing)

Guangci (Public Housing)

CMP Midtown (Residence)



3

Solid backlog providing revenue visibility

Real estate development: Growth underpinned by healthy pipeline

Project Name	Location	Type	Residence Value ¹ (NT\$)	Estimated Timeline ²				
				2021	2022	2023	2024	2025
Bountiful Journey Sold out	Taipei	Residence/ Hotel (by My Humble House Group)	8.20B (Retail included)	V				
Drawing the Dream Life Sold out	New Taipei	Residence	2.84B		V			
Timeless and Modern Expression Sold out	Taipei	Residence	2.39B			V		
Tianjin Street Project Sold out	Taipei	Residence	2.23B			V		
Arranging New Asia Bay ³ Sold out	Kaohsiung	Residence/ Hotel (Hotel Nikko)	3.51B			V		
Belle Époque	Taichung	Residence/ Office	4.10B					V
Dakeng Project	Taichung	Township Community	3.54B					V
Sensuous Garden	Taipei	Residence	4.50B					V
Prologue Eternal	Taipei	Residence	4.40B					V
SERIF ⁴	San Francisco, CA, USA	Residence/ Hotel (The LINE Hotel)	US\$240M	V				
Bangsar Project ⁴	Kuala Lumpur, Malaysia	Residence	MY\$170M					V

- (1) Total residence value amounts for JV and subsidiary-owned projects; otherwise residence value amounts attributable to CDC. (2) Actual amounts for sold-out projects; otherwise estimated residence value amounts.
- Denotes the year in which the project would start handover and recognize revenues.
- Owned by JV between Daiwa House Group (65%) and CDC (35%)
- Owned by CDC subsidiaries; 54.08% and 60% stake in the project companies for SERIF and Bangsar Project, respectively.

3

Solid backlog providing revenue visibility

Real estate development: Growth underpinned by healthy pipeline

Hotel Products



**Hotel by
My Humble House Group¹**
Taipei, Taiwan
Completion in 2021



The LINE Hotel²
San Francisco, CA, USA
Scheduled opening in 2022



Capri by Fraser²
Kuala Lumpur, Malaysia
Scheduled opening in 2022


























Hotel Nikko³
Kaohsiung, Taiwan
Scheduled opening in 2023













Estimated total value NT\$22B

1. Leased to My Humble House Group for rental income
2. Owned by CDC subsidiaries and managed by THE LINE Hotel and Capri by Fraser respectively. CDC owns 54.08% and 55% stake in each project company respectively.
3. Owned by JV between Daiwa House Group (65%) and CDC (35%) and managed by Hotel Nikko

3 Solid backlog providing revenue visibility

Environmental project development: Full spectrum of water treatment solutions

Project	Location	Type	Duration	Current Status		Category		
				Under Construction	In Operation	Municipal Wastewater	Reclaimed Water	Industrial Water
Danshui Area Sewerage System	Taipei	BOT	2005 – 40					
Fengshan River Wastewater Reclamation and Reuse	Kaohsiung	BTO	2016 – 33					
Puding Area Sewerage System	Taoyuan	BOT	2016 – 56					
Chungli Area Sewerage System	Taoyuan	BOT	2016 – 56					
Linhai Wastewater Treatment Plant and Reclaimed Water	Kaohsiung	BTO	2018 – 36		 (Operation starting December 2021)			
Tongluo Science Park Wastewater Treatment Plant Phase II	Miaoli	EPC	2020 – 23					
Anping Reclaimed Water Plant	Tainan	DBO	2020 – 37	 (Reclaimed Water)	 (Wastewater)			

	 Construction	 Real Estate	 Environmental
Business Cycle			
Employed Capital			
Profitability			
Required capabilities	<ul style="list-style-type: none"> • Technical (design-build, BIM, etc.) • Management of contractual relations 	<ul style="list-style-type: none"> • Project management • Financing • Asset management 	<ul style="list-style-type: none"> • Project development • Management of contractual relations • Capital management

4 Strategically and financially synergistic portfolio poised for growth

Construction

- Profitability over revenue
- Participate in the civil portion of the emerging energy related projects
- Use technology to enhance safety and to improve productivity

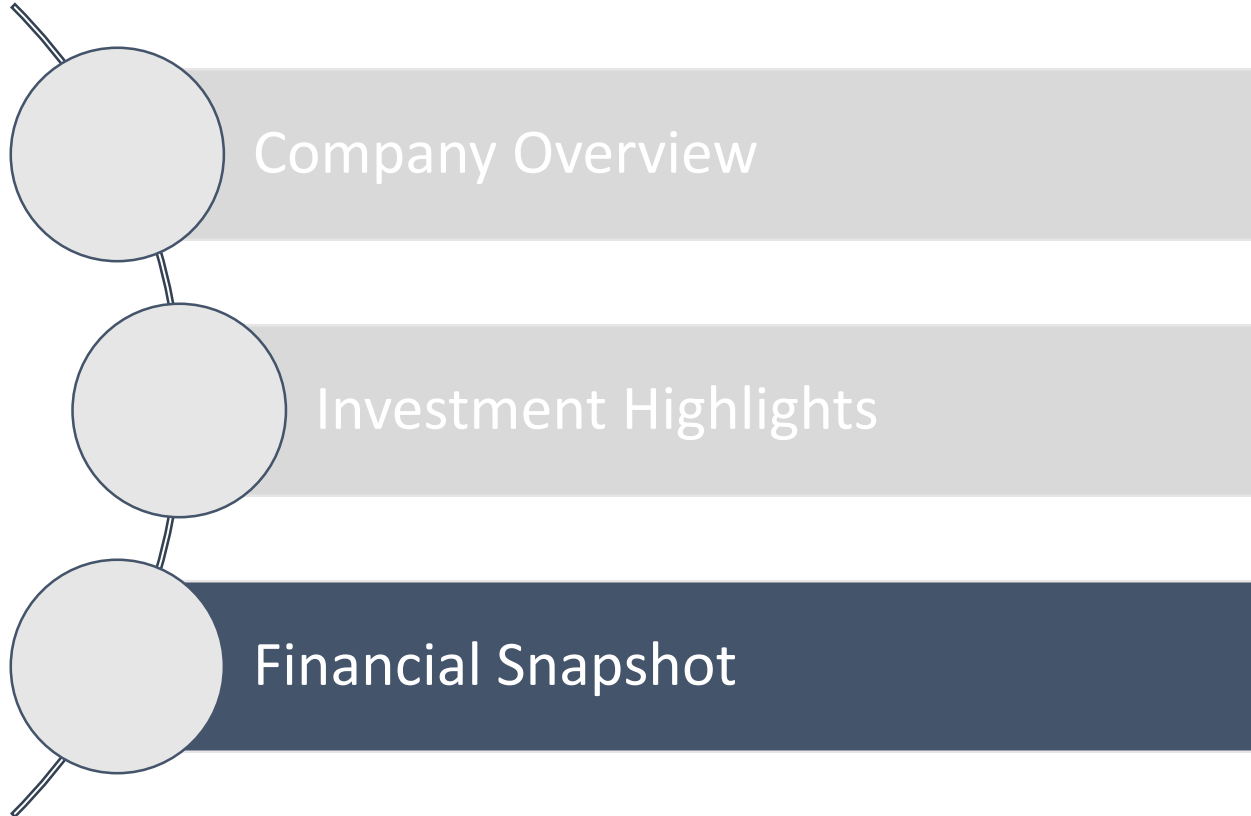
Real Estate Development

- Diversify into other cities beyond Taipei/Taichung
- Cultivate more project in the commercial sector (office, etc.)

Environmental Project Development

- Well poised to gain more reclaimed water projects
- Participate in incinerator business with partners
- Leverage existing anaerobic digestion capabilities to enter bio-mass energy business

Agenda

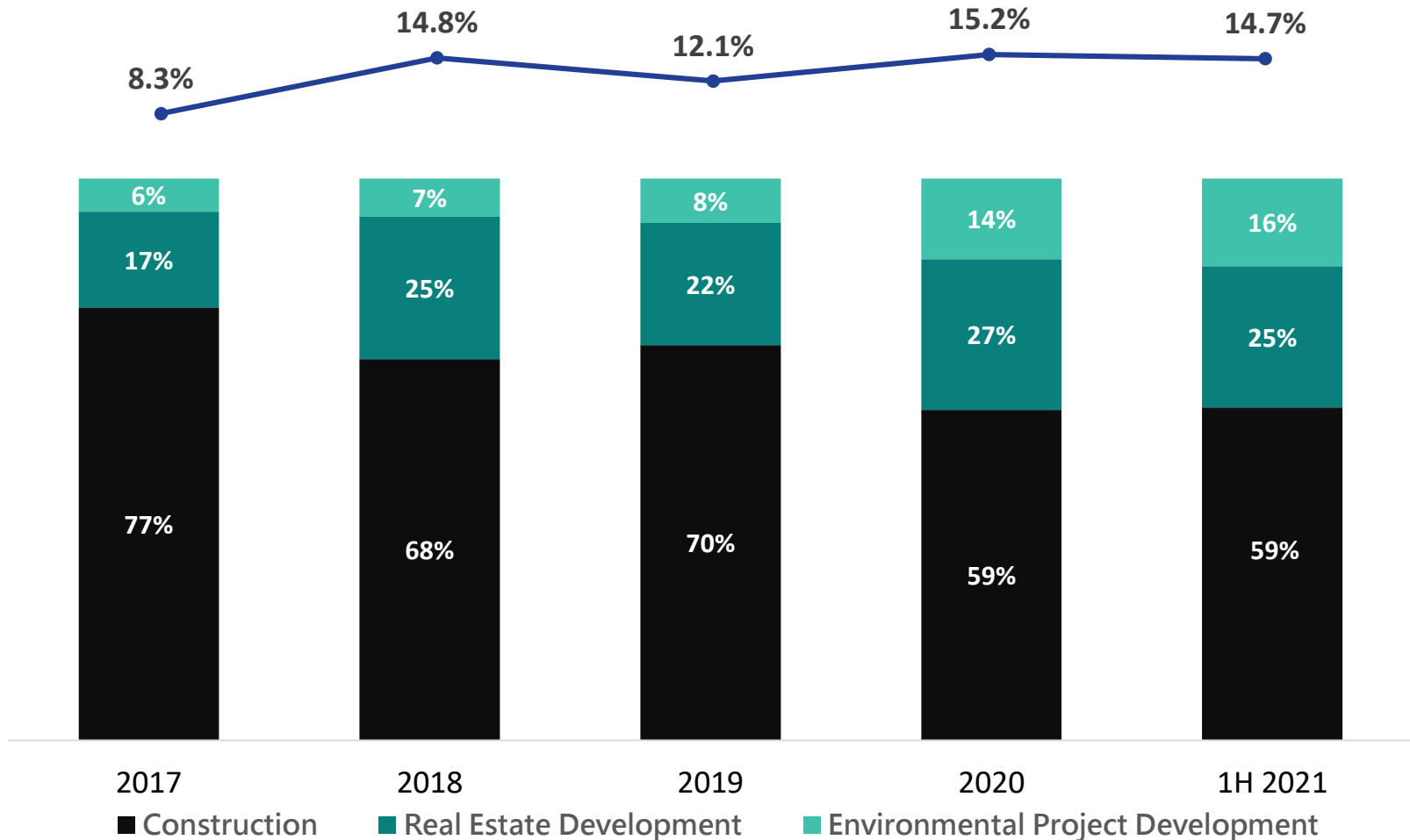


Expanding gross margin

Selected Items from Income Statement <i>(In NT\$ millions unless otherwise noted)</i>	2017		2018		2019		2020		1H 2021	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Revenue	28,385	100	25,154	100	22,665	100	21,689	100	11,945	100
Gross Profit	2,349	8.3	3,724	14.8	2,733	12.1	3,292	15.2	1,750	14.7
Operating Profit	1,167	4.1	2,350	9.3	1,325	5.8	1,762	8.1	1,061	8.9
Non-Ops	(276)	(1.0)	(198)	(0.7)	(702)	(3.1)	(41)	(0.2)	(98)	(0.8)
Profit before Tax	892	3.1	2,162	8.6	623	2.8	1,721	7.9	963	8.1
Tax Expense	84	0.3	144	0.6	470	2.1	88	0.4	121	1.0
Net Profit, attributable to owners of parent	788	2.8	1,942	7.7	97	0.4	1,539	7.1	803	6.7
EPS (NT\$)	0.96		2.36		0.12		1.87		0.98	

GM expansion mainly because of favorable change in revenue mix

Consolidated Gross Margin and Revenue Composition

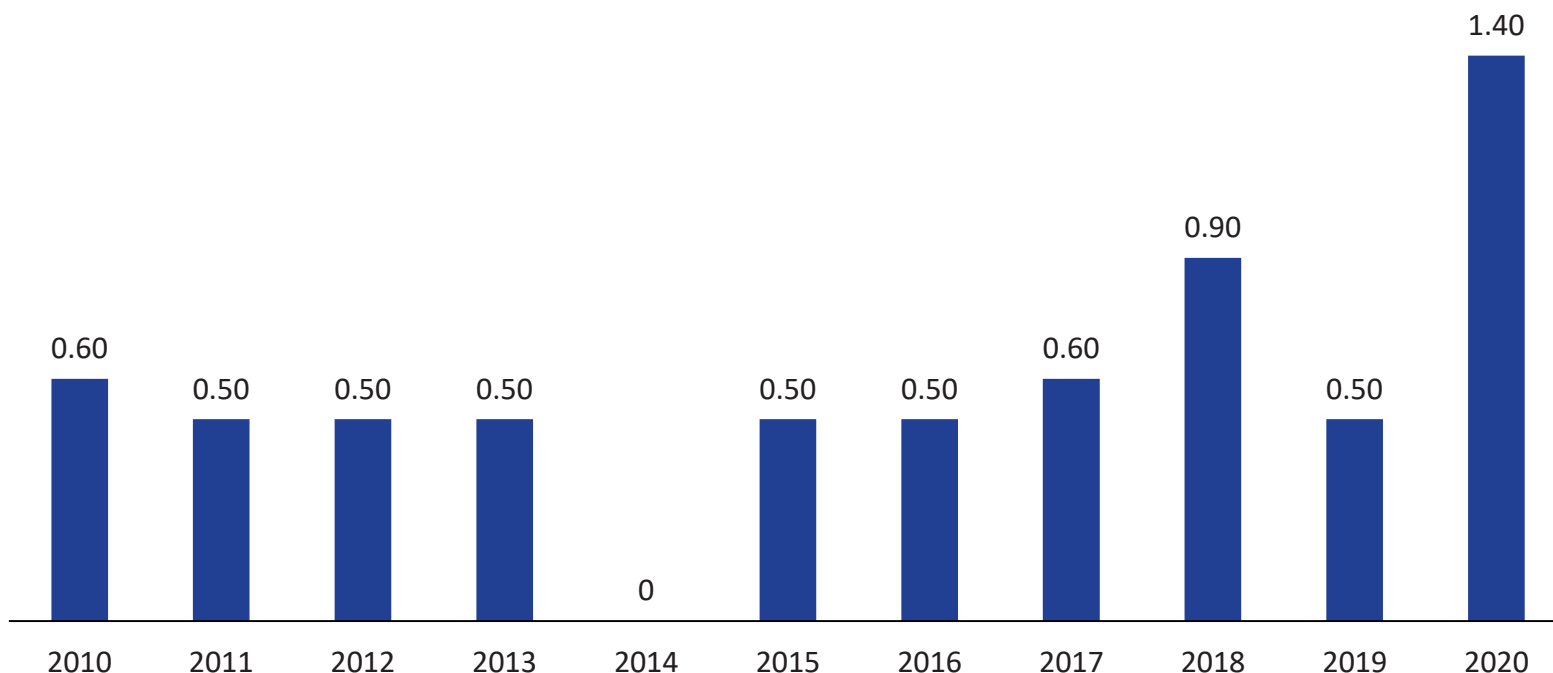


Strong balance sheet

<i>Selected Items from Balance Sheet</i> (NT\$ M)	2021.6.30		2020.12.31		2019.12.31	
	Amount	%	Amount	%	Amount	%
Cash and Cash Equivalents	4,846	7.0	4,512	6.7	4,423	7.0
Current Contract Assets	3,832	5.5	3,892	5.8	4,963	7.8
Account Receivable, Net	2,442	3.5	2,036	3.0	2,140	3.4
Inventories	28,474	41.0	28,363	42.2	26,369	41.5
Property, Plant and Equipment	2,416	3.5	2,346	3.5	2,287	3.6
Investment Property, Net	10,431	15.0	10,193	15.2	9,835	15.5
Long-term Accounts Receivables	6,748	9.7	5,808	8.6	4,548	7.2
Total Assets	69,459	100	67,155	100	63,548	100
Short-term Interest-bearing Loans	12,296	17.7	12,811	19.1	9,972	15.7
Current Contract Liabilities	8,225	11.8	8,121	12.1	6,555	10.3
Accounts and Notes Payable	5,521	7.9	5,784	8.6	5,908	9.3
Long-term Interest-bearing Loans	11,380	16.4	9,099	13.5	10,353	16.3
Total Liabilities	42,327	60.9	40,235	59.9	37,851	59.6
Total Equity	27,132	39.1	26,920	40.1	25,697	40.4

Goal to maintain 75% payout ratio

CHC Cash Dividend (NT\$/Share) Since Inception



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net Profit (NT\$ M)	931	984	1,147	920	(980)	573	529	788	1,942	97	1,539
Payout Ratio ¹	54%	43%	37%	91%	-	72%	78%	63%	38%	424%	75%
Dividend Yield ²	4.7%	4.6%	4.5%	4.2%	-	4.6%	4.3%	4.5%	5.2%	3.7%	5.1%

1. CHC also distributed stock dividend in 2013.

2. Calculated based on the closing prices of ex-div days.

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