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CONTINENTAL 欣陸投控
HOLDINGS CORPORATION

CONTINENTAL HOLDINGS CORPORATION

Annual Report 2021

(Translation)

Taiwan Stock Exchange Market Observation Post System: mops.twse.com.tw
CHC website: www.Continental-holdings.com

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Auditors: Chung-Che Chen, Shu-Ying Chang
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Public listings and securities trading in overseas stock exchanges: None

Note: The English version is a translation of Chinese version. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

Contents

Business Report

Although Continental Holdings Corporation faced challenges from the supply chain and market environment in 2021, under the efforts of our colleagues taking as a whole and the support of customers and business partners, all three business segments, that is, construction engineering, real estate development and environmental project development & water treatment had achieved year-over-year growth in both revenue and profit compared to the same period in 2020. The consolidated revenue increased by 24% from NT$21.689 billion in 2020 to NT$26.844 billion in 2021; operating profit increased by 31% from NT$1.762 billion in 2020 to NT$2.303 billion in 2021. The net profit was NT$1.826 billion and earnings per share were NT$2.22 in 2021, representing an increase of 19% compared to 2020.

The construction engineering business (Continental Engineering Corporation) was awarded the “Taipei MRT North Circular Line CF680CSection project” and several private sector building projects in 2021 which boosted backlog to hit a record high of NT$74 billion and formed a solid foundation for the revenue targets in the next few years. Currently major construction projects in progress includes “Taoyuan MRT Green Line”, “Taipei MRT Wanda Line” and “Tainan Railway Underground”, etc. CEC will strive continuously for rail projects, high-quality residential and commercial buildings projects, and assess prudently for new business frontier.

“Bountiful Journey” and “Serif” of the real estate development business (Continental Development Corporation) started handover upon completion in 2021. The pre-sale projects of “Tianjin Street Project”, “Timeless and Modern Expression” and “Arranging New Asia Bay” were successfully sold out in 2021 while projects started pre-sale in 2021, that is, “Sensuous Garden”, “Belle Époque” and “Prologue Eternal” also received widely acclaim by the market which uphold CDC’s profit momentum. In 2022, CDC will recognize revenue from sold out projects “Bountiful Journey” and “Drawing the Dream Life”, as well as other completed projects and will continue to develop new projects.

Both revenue and profit of environmental project development & water treatment business (HDEC Corporation) hit record high in 2021 mainly contributed by the construction of “Anping Reclaimed Water Plant” and “Tongluo Science Park Wastewater Treatment Plant”. Completed and in operation at the end of 2021, “Kaohsiung Linhai Wastewater Treatment Plant and Reclaimed Water Plant” had provided a stable and high-quality water source for local industries. We will continue to construct and operate various water resources projects in 2022, and prudently evaluate other environmental engineering segments, such as, biomass energy and waste treatment.

At the end of 2021, CHC initiated an organization and management structure change to centralize the management on three directly owned subsidiaries. The flat organization and more centralized management structure will strengthen CHC’s supervision and management authority and responsibility towards subsidiaries, simplify the hierarchy level for supervision, management, and decision-making towards subsidiaries, and empower each subsidiary’s management team in business operations in order to enhance its accountability. We value the importance of environmental protection, social responsibility, and corporate governance (ESG), we also commit ourselves to improving energy efficiency, dedicating to reuse of water resources, promoting workplace safety, and realizing ethical management policies continuously. In prospect, we will continue to develop our core business with a more efficient and accountable organization, enhance corporate value, and continue to invest in promoting the sustainability of the company.

Chairman

Company Overview

Founding and History

Continental Holdings Corporation

Established: April 8, 2010
Capitalization: 8,232,160,000 NTD

Continental Holdings Corporation (CHC) is a publicly listed company on the Taiwan Stock Exchange (TWSE: 3703). Its member companies include Continental Engineering Corporation (CEC), Continental Development Corporation (CDC), and HDEC Corporation (HDEC); the business portfolio encompasses Construction Engineering, Real Estate Development, and Environmental Project Development & Water Treatment businesses.

CHC traces its roots back to 1945, when Mr. Glyn T. H. Ing founded CEC in Sichuan Province, China, following the Second World War. With the need for a separate entity to provide governance and strategy, CHC was incorporated in 2010 as CEC's parent company, and was publicly listed on April 8th.

CHC is not only responsible for formulating development strategy of the group as a whole, but also for integrated synergy of group resources as well as oversight of subsidiaries. CHC pursues revenue and profit growth by utilizing core competencies while ensuring sustainability in all aspects of operation, such as corporate governance, talent development, community engagement, and maximizing business value for shareholders in a fast-changing global market.

Key Subsidiaries and History

Continental Engineering Corporation

Established: December 29, 1945
Capitalization: 4,400,620,710 NTD

CHC's Construction Engineering arm is Continental Engineering Corporation (CEC). Founded in 1945, CEC has built a reputation for delivering superior Construction Engineering work in both public and private sectors, with operating experiences in Taiwan, Hong Kong, Macau, Malaysia, and India.
CEC has successfully completed many significant infrastructure projects, including major civil construction works involving viaducts, bridges, and tunnels for highway, metro, and railway projects. The company was also one of the principal consortium investors and contractors for the US$17 billion Taiwan High Speed Rail, one of the world's largest Build, Operate, and Transfer (BOT) projects.
CEC has also delivered a comprehensive range of building projects, including hospitals, hotels, office buildings, multifunctional complexes, high-end residences, education and research facilities, as well as township communities.

Continental Development Corporation

Established: June 2, 2010
Capitalization: 5,919,484,870 NTD

Continental Development Corporation (CDC) has its roots in the property development business sector of Continental Engineer Corporation (CEC), Taiwan's leading engineering construction company founded in 1945. In response to the fast-changing construction market, CEC was restructured in 2010, spinning off its property development business division to form an independent entity—CDC. Thereafter, CDC became a premium property developer, specializing in residential, commercial, hotel, and community sectors. The company's business strategy centers on ensuring the highest quality and customer satisfaction.
Following the corporate values of "integrity, discipline, quality and innovation" conceived by CEC's founder Mr. Glyn T. H. Ing, CDC is dedicated to cutting edge innovation and collaboration with the very best talent from across the globe to deliver outstanding solutions and services which cater to customers' needs.
CDC has pioneered innovative architectural concepts and partnered with master architects to accomplish many landmark buildings including, Richard Meier (1984 Pritzker Architecture Prize laureate), Antonio Citterio (2008 Royal Designer for Industry, by the Royal Society for the Encouragement of Arts, Manufactures & Commerce of London), and Benedetta Tagliabue (designer of the Spanish Pavilion at the 2010 World Expo Shanghai). CDC currently holds investments in Taiwan, Southeast Asia, and the United States.

HDEC Corporation

Established: May 24, 2006
Capitalization: 2,300,000,000 NTD

HDEC Corporation (HDEC), originally a fully-owned subsidiary of Continental Engineering Corporation (CEC), was established in 2006. In an effort to boost the company's competitiveness as well as enhance its financial and management synergies, CEC transferred all of its shares in HDEC to parent company Continental Holdings Corporation (CHC) through a series of mergers and acquisitions in July 2017, making HDEC a direct subsidiary of CHC.
HDEC inherited the environmental engineering technology and capabilities of CEC. The company has also leveraged CEC's extensive engineering experience and project management ability to enter the emerging domestic market for Environmental Project Development & Water Treatment businesses. By bidding on local governments' sewage system BOT projects and BTO projects for water reclamation and reuse, HDEC was able to demonstrate its comprehensive experience and capabilities in every phase from planning, design, construction, operation, and maintenance.
HDEC mainly focuses on waterworks such as sewage treatment and water purification projects, and extends to waste treatment and renewable energy projects. Currently HDEC has the following subsidiaries: HDEC Construction Corp., HDEC (Puding) Environment Corp., North Shore Environment Corp., Blue Whale Water Technologies Corp., HDEC-CTCI (Linhai) Corp., and CTCI-HDEC (Chungli) Corp.

Recent Milestones

2021 CEC was selected to have the contract for the "CF680C/North Depot Contract for Taipei MRT Circular Line" engineering project.
Stage I of the "Kai Tak Station Plaza" contracted by Continental Engineering Corporation (Hong Kong) Limited was successfully completed.
CDC's signature apartment hotel "Bountiful Journey" located at the intersection of Songjiang Road and Nanjing Road, Taipei City, was officially completed.
CDC, Ambassador Hotel, and Hoshen Company work together to carry out the reconstruction plan for the unsafe and old Ambassador Hotel in Kaohsiung.
CDC's joint investment and development project "Capri Hotel" in Kuala Lumpur, Malaysia was officially completed.
HDEC's "Linhai Wastewater Treatment Plant and Reclaimed Water BTO Project, Kaohsiung City" was officially completed with water supplied and started the operation.
HDEC's "Puding Area Sewerage System BOT Project in Taoyuan City" officially entered the concession period with Stage I construction of the Water Recycling Center started.
HDEC's "Chungli Area Sewerage System BOT Project in Taoyuan City" officially entered the concession period with Stage I construction of the Water Recycling Center started.

2020 CEC and HDEC joint venture was awarded "Tongluo Science Park Wastewater Treatment Plant Phase II Project-Functional Enhancement of Conductivity Treatment Facilities Turnkey Project."
CEC completed Contract CJ910 and CJ930 construction of the Taichung Metropolitan MRT System.
CDC completed La Bella Vita, the landmark residential project located in the 7th Redevelopment Zone of Taichung.
CDC partnered with Japanese Daiwa House Group to launch Arranging New Asia Bay, a hotel-residential joint development project, as its first foray into southern Taiwan.
HDEC was awarded the "Tainan City Anping Reclaimed Water Plant New Construction Turnkey Project."

2019 HDEC completed phase II of "Fengshan River Wastewater Reclamation and Reuse BTO Project", which is now operational.
CDC and Taipei Fullerton signed a joint construction agreement for Fullerton Taipei Nanjing, the first-ever reconstruction and renewal of unsafe and old hotel project in Taiwan.
CEC-led joint venture was awarded "Taoyuan MRT Green Line Contract GC03 - Underground Civil Turnkey Project."
CEC-led joint venture was awarded "Taipei Nangang Depot Public Housing Design and Build Project."
CEC was awarded "Contract G506 - Construction of Station Square at Kai Tak Phase 1" in Hong Kong.

CDC partnered with Daiwa House Group, a Japanese company, for CDC's first property investments in Kaohsiung.

2018 CEC was awarded "Taoyuan MRT Green Line Contract GC01 - Elevated Viaduct Civil Turnkey Project."

CDC invested in Bangsar Rising Sdn. Bhd. to develop high-end residential properties in Kuala Lumpur.

HDEC was awarded "Linhai Wastewater Treatment Plant and Reclaimed Water BTO Project, Kaohsiung City"

2017 CEC was awarded "Tainan Urban District Railway Underground Project" and "Guanci Po-Ai Park Public Housing Development Project".

CEC was awarded "Contract C214 - South Tainan Station section of the Tainan Railway Underground Project"

HDEC became BOT contractor for CTCI-HDEC (Chungli) Corporation's Chungli Area Sewerage System BOT Project.

HDEC became the contractor for HDEC (Puding) Environmental Corporation's "Public Sewerage System Design and Build Turnkey Project."

CDC established CDC US Corporation as its US subsidiary for investing in the development of hotels and high-end residential properties in San Francisco.

HDEC was spun-off from CEC to become a 100% CHC-owned subsidiary.

2016 HDEC was awarded contract for "Promotion of Private Participation: Puding Area Sewerage System BOT Project"

HDEC was awarded contract for "Promotion of Private Participation: Fengshan River Wastewater Reclamation and Reuse BTO Project, Kaohsiung City"

HDEC was awarded contract for "Promotion of Private Participation: Chungli Area Sewerage System BOT Project"

CEC was awarded contract for CQ840 section of Taipei MRT Wanda-Zhonghe-Shulin Line.

CEC was awarded contract for CQ850A section of Taipei MRT Wanda-Zhonghe-Shulin Line.

2015 CEC celebrates its 70th anniversary

CEC was awarded contract for Kai Tak Development – Stage 2 Infrastructure Works in Hong Kong.

CEC was awarded contract for the Liantang/Heung Yuen Wai Boundary Control Point and associated works-Contract 6, by the HK SAR Government.

CEC was awarded contracts for the Noida-Greater Noida Metro Project in India.

CDC invested in Grand River D. Ltd. to take part in the Xinyi A7 - Sky Tower development.

2014 CEC was awarded contract for CQ842 section of Taipei MRT Wanda-Zhonghe-Shulin Line.

CEC received Taipei City's Distinguished Public Construction Award for the Taipei Metro Xinyi Line (Project CR580A). The project included the Daan Forest Park Station and Daan Station, underground tunnel connecting the east side of the Dongmen Station and the west side of the Xinyi-Anhe Station, and common conduits.

CEC was awarded contracts for the C2 Renshui Tunnel of the Suhua Highway Mountain Section Improvement Project, and a residential building project at the site of the former Jingmei Financial Training Center.

CEC was awarded contract for the CM01 section of the project for connecting Taiwan Taoyuan International Airport to the MRT system and extension to Zhongli TRA Station.

CDC entered the Malaysian market by securing a majority stake in MEGA CAPITAL DEVELOPMENT SDN. BHD. Mega Capital Development Sdn. Bhd. to develop serviced apartments in Kuala Lumpur.

2013 CEC was awarded contract for Jaipur Metro in Rajasthan, India.

CEC was awarded a Civil Construction Project Contract in New Delhi, India.

CEC was awarded contract for CJ930 section of Taipei MRT by the Central District Office, Department of Rapid Transit Systems, Taipei City Government.

CDC Taichung Office established as part of business expansion to Central Taiwan.

2012 CEC was awarded tunnel construction contract for Klang Valley MRT, Malaysia.

CEC was awarded contract for CJ910 section of Taipei MRT by the Central District Office, Department of Rapid Transit Systems, Taipei City Government.

CEC was awarded electrical and mechanical construction contract for the National Convention and Exhibition Center (Nangang Exhibition Hall Expansion).

CEC was awarded contract for "Widening of Tin Ha Road and Tan Kwai Tsuen Road" by Civil Engineering and Development Department, HK SAR Government.

CEC was awarded contract for "Upgrading of Mui Wo Sewage Treatment Works and Village Sewerage at Wang Tong and Yue Kwong Chuen" in Hong Kong.

CEC established a subsidiary, CEC International Malaysia Sdn. Bhd (CIMY).

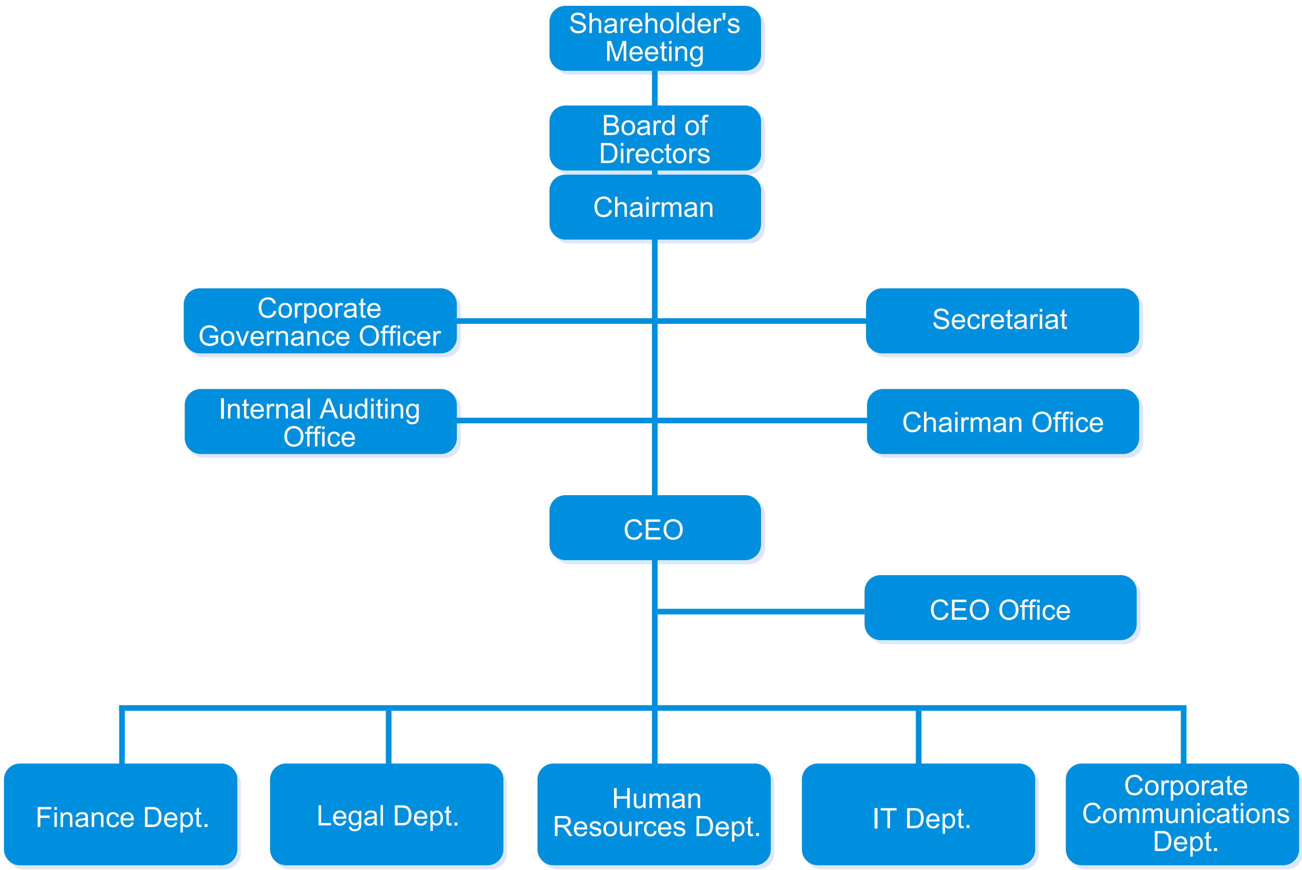
CEC was awarded contract for "Macau Light Rail Project Phase 1 - C360 Cotai Section" by Macau SAR Government.

	CEC and its subsidiary, CICI, formed a joint venture to win the Delhi Metro Railway Project Contract (CC04) in India.
2011	HDEC was awarded EPC contract for Chinchu Water Treatment Plant by Taiwan Water Corporation.
	CEC was awarded contract for Stonecutter Island Sewage Treatment Works Effluent Tunnel and Disinfection Facilities, Hong Kong.
2010	CHC became parent company of CEC with a 100% stake through a one-to-one share swap.
	CDC was spun off from CEC Real Estate Development Business Sector to become a 100% CHC-owned subsidiary.
	CEC was awarded contract for section CL-314 for civil construction project from Shanli Tunnel to Taitung Railway Station by Taiwan Railway Administration.
	CEC was awarded contract for metro tunnel construction project (BMR-UG02) in Bangalore, India.

Corporate Governance Report

I. Organiztion System

(I) CHC Org chart



(II) Major Business Units and Functions

1. Corporate Governance Officer

To supervise Corporate Governance matters, support the Board members to carry out their duties and strengthen the Board function.

2. Secretariat

(1) Planning and managing of Board and functional committee meetings. It also provides and supports the Directors with the resources to perform their duties.

(2) Managing the board meetings at tier-1 member companies including CEC, CDC and HDEC.

(3) Planning, preparation and proceedings of shareholders' meetings.

(4) Assist with the planning and execution of disclosure activities.

(5) Assist with the planning of corporate governance-related matters.

3. Chairman Office

The administrative staff of the Chairman.

4. Internal Auditing Office

(1) Assist the Board of Directors and executives to ensure due diligence on internal controls.

(2) Inspect and review deficiencies in the Company's internal control systems, measure business performance and efficiency, and provide recommendations on improvements when appropriate.

5. CEO Office

The administrative staff of the CEO.

6. Finance Department

(1) Planning and execution of the Group's financial strategies to increase shareholder returns while keeping the Group's financial and taxation risk to an appropriate level.

(2) Provide the Group with timely and accurate financial information as well as collate and track budget spending to facilitate business decision-making and operational management.

(3) Prepare statutory financial and taxation reports in accordance with laws and regulations governing listed companies.

(4) Manage investor relations.

(5) Assist with promoting ESG initiatives, and prepare ESG reports

7. Human Resources Department
   (1) Planning and management of the Group's human resources strategies.
   (2) Set the direction and general principles for human resources strategies at CHC and its subsidiaries to ensure that all human resources planning and management are aligned with the Company's development strategy and business operations.
   (3) Ensure consistent employment conditions and codes of ethics throughout all Group companies.

8. IT Department
   (1) Drafting of the Company's IT policy, delegation of responsibilities for IT operations, and the defining of implementation details.
   (2) Assessing and planning for the introduction of new information technologies.
   (3) Planning, deployment, implementation and monitoring of IT security policies.
   (4) Establish a monitoring mechanism for IT security incidents and the implementation of related response measures.

9. Legal Department
   (1) Assist with the planning and execution of the Group's corporate governance structure to ensure proper compliance.
   (2) Oversee the legal dimension of subsidiaries operations to control major legal risks.
   (3) Assist the Group with the management of important litigation and legal disputes.
   (4) Assist the Group with managing projects (e.g. mergers, investments or joint ventures) of strategic importance.
   (5) Formulation and implementation of Company regulations on management of legal affairs and signatures.

10. Corporate Communications Department
   (1) Planning and management of the Group's corporate reputation and brand image as a whole.
   (2) Establish guidelines and management mechanisms that build and enhance the corporate image and branding of all Group companies.
   (3) Build and strengthen the Group's media relations.
   (4) Planning and development of the Group's internal communications to reinforce the Group's corporate culture.

II. Board Members and Management Team

(I) Information Regarding Board Members

Title (Note 1)	Nationality or Place of registration	Name	Gender/ Age	Date Elected	Tenure of Office (year)	Date First Elected	Shares Held When Elected		Share Currently Held （Note 2）	
							Shares	%	Shares	%
Chairman	R.O.C	Wei-Dar Development Co.,Ltd	-	2021.7.30	3	2009.11.2	206,025,200	25.02	206,025,200	25.02
		Representative: Nita Ing (Note 5)	Female 61~70	2021.7.30	3	2009.11.2	903,298	0.11	903,298	0.11
Director	R.O.C	Wei-Dar Development Co.,Ltd	-	2021.7.30	3	2009.11.2	206,025,200	25.02	206,025,200	25.02
		Representative : Helena Kuo	Female 71~80	2021.7.30	3	2009.11.2	-	-	-	-
Director (Note 6)	R.O.C	Han-De Construction Co.,Ltd	-	2021.7.30	3	2015.5.22	63,755,667	7.74	63,755,667	7.74
		Representative: Hsiung Chiang	Male 71~80	2022.1.9	3	2021.7.30	124,953	0.02	124,953	0.02
Director	R.O.C	Han-De Construction Co.,Ltd	-	2021.7.30	3	2015.5.22	63,755,667	7.74	63,755,667	7.74
		Representative : John Huang	Male 61~70	2021.7.30	3	2018.6.5	-	-	-	-
Independent Director	R.O.C	Frank Juang	Male 61~70	2021.7.30	3	2015.5.22	-	-	-	-
Independent Director	R.O.C	Allen Lee	Male 61~70	2021.7.30	3	2015.5.22	-	-	-	-
Independent Director	R.O.C	Jolien Shu	Female 51~60	2021.7.30	3	2021.7.30	-	-	-	-
Independent Director (Note 7)	R.O.C	Donny Kao	Male 71~80	2018.6.5	3	2010.6.29	-	-	-	-
Director (Note 8)	R.O.C	Wei-Dar Development Co., Ltd Representative: Christopher Chang	Male 71~80	2018.6.5	3	2009.11.2	206,025,200	25.02	206,025,200	20.02
				2018.6.5	3	2015.5.22	-	-	-	-

Note 1: Directors as the legal representative, the major shareholder of institutional shareholder on page. 14
Note 2: The shares currently held is based on 2022.4.11 book closure date
Note 3: CHC's Directors did not hold and positions within the company's independent audit or its affiliates.
Note 4: Chairman and CEO are not same person, spouses or first degree consanguinity
Note 5: Ms. Nita Ing was elected as Chairman representative of Wei-Dar Development Co., Ltd on July 30, 2021, and the former natural person chairman stepped down after the Annual Shareholders' Meeting on July 30, 2021.
Note 6: Ms. Hsiung Chiang was replaced Mr. Christopher Chang on Jan. 9, 2022 as the representative of Han-De Construction Co.,Ltd
Note 7: Mr. Donny Kao to stepped down as Independent Director after the Annual Shareholders' Meeting on July 30, 2021
Note 8: Mr. Christopher Chang was resigned asl representative of Han-De Construction Co., on July 30, 2021.

2022.4.11

Share Currently Held by Spouse & Minors		Shares held by nominee arrangement		Selected Education Past Position (Note 3)	Selected Current Positions at CHC and Other Companies	Other officer, Directors or Supervisors who are Spouses or within Two Degrees of relative			Remarks (Note 4)
Shares	%	Shares	%			Titles	Name	Relation	
-	-	-	-	Bachelor of Arts in Economics, UCLA Chairman, Continental Engineering Corporation Chairman, Continental Development Corporation Chairman, Taiwan High Speed Rail Corporation	Chairman, TSRC Corporation Chairman, Hao Ran Foundation		None		None
-	-	-	-				None		None
-	-	-	-	MBA, Accounting & Finance USC MA, Cognitive Learning, UCLA BPh, National Taiwan University Vice President, Bank of America Senior Adviser, UBS Chairman, Taishin Bills Finance Co., Ltd Chairman, Taiwan Depositary & Cleaning Corp. Managing Director, International Bank of Taipei	Executive Consultant, Taishin International Bank Advisor, Taiwan Depositary & Cleaning Corp.		None		None
-	-	-	-						
-	-	-	-	B.S. in Hydraulic Engineering, Chung Yuan Christian University Director, Continental Engineering Corporation General Manager, CEC international Corporation (India)Pvt.Ltd General Manager, Construction Division of Continental Engineering Corporation	Director, CEC international Corporation (India)Pvt.Ltd. Director, CEC International Malaysia Sdn. Bhd. Director, Continental Engineering Corporation (Hong Kong) Limited		None		None
6,000	-	-	-						
-	-	-	-	B.B.A. in Accounting, National Chengkung University Director, Continental Engineering Corporation Director, Continental Development Corporation Chairman, Han-De Construction Co., Ltd Chairman, Oriens Corporation Chairman, Maoshi Corporation	Director, TSRC Corporation Director, CEC Commercial Development Corporation		None		None
-	-	-	-						
-	-	-	-	Master of Law, Institute of Technology Law, National Chiao-Tung University Master of Business Administration, University of Iowa Bachelor of Business Administration, National Taiwan University Chairman, Young Optics Inc. Vice President, Bankers Trust Company, Taipei Branch Vice President, H&Q Asia Pacific Administration, Tamkuang University Administration, Shih Chien University	Independent Director, Wistron Information Technology& Service Corporation Director, Taiwan Opportunities Fund Limited Director, Azure Investment Ltd		None		None
-	-	-	-	PhD Program, Wharton School of the University of Pennsylvania MBA, Drexel University , USA MBA, Marketing, National Taiwan University B.A, International Trade, National Taiwan University Director, Taiwan Sugar Corporation Adjunct Lecturer, National Taiwan University Chairman, Careerjust Accounting Services, CPA's Association Executive Director, National Federation of CPA's Association Executive Director, National Federation of CPA's Association Dean of General , Lecturer, Fu- Jen University	Independent Director, Advance Biopharma Co., Ltd.		None		None
-	-	-	-	MBA, University of California, Irvine, U.S.A. B.B.A. Concentration in Finance, National Taiwan University, Taiwan, Independent Director, ViewSonic International , Taipei, Taiwan / Senior Vice President of Group Finance, GigaMedia Limited (NASDAQ listed) Vice President & Controller, Asia Pacific, ViewSonic International, Taipei, Taiwan Director of Finance Dept., FarEastone, Taipei, Taiwan	Finance Consultant, Womany Media Group		None		None
-	-	-	-	B.B.A. in Accounting, National Chengkung University	Independent Director, Chia Chang Co.,Ltd		None		None
N/A	N/A	N/A	N/A	Bachelor of Law, National Chengchi University	Independent Director, Wistron Corporation Director, Sanlien Educational Foundation Member of Compensation Committee, Taiwan Fire & Marine Insurance Company Director, Friends of Police Association		None		None
N/A	N/A	N/A	N/A						

Major Shareholder of Institutional Shareholder

Name of Institutional shareholders	Major shareholders
Wei-Dar Development Co., Ltd	Maoshi Corporation (99.6%)
Han-De Construction Co., Ltd.	Maoshi Corporation (99.4%)

Major shareholders of the Company's major institutional shareholders

Name of Institutional shareholders	Major shareholders
Maoshi Corporation	Jade Fortune Enterprises Ins. (100%)

(II) Qualifications of directors and supervisors and independence of independent directors

Requirements / Name	Qualifications and Experience (Note 1)	Independence Status	Number of Other Taiwanese Public Companies where He/She Concurrently Serves as an Independent Director
Nita Ing Chairman	• With a career spanning more than 30 years in commerce, finance, financial holding, and construction, Nita Ing currently serves as Chairman of TSRC Corporation and Hao Ran Foundation. Ing once acted as Chairman of Continental Engineering Corporation and Taiwan High Speed Rail Corporation. • Not a person of any conditions defined in Article 30 of the Company Act	• Not an employee or a director or supervisor of the Company or any of its affiliates, nor does her spouse or relative within the second degree of kinship; not an employee or a director or supervisor of a company that has a specific relationship with the Company, nor does her spouse or relative within the second degree of kinship; not receiving compensation for rendering commercial, legal, financial, or accounting services to the Company or any of its affiliates within the recent two years	0
Helena Kuo Director	• Having extensive experience in the financial sector, including commerce, finance, and banking, Helena Kuo concurrently serves as Executive Consultant of Taishin Financial Holding Co., Ltd., and Consultant to Taiwan Depository & Clearing Corporation. Kuo once acted as Chairman of Taishin Bills Finance Co., Ltd., Chief Advisor of Taiwan Depository and Clearing Corporation, Chairman of Debt Instruments Depository and Clearing Co., and Executive Director of International Bank of Taipei. Earlier in her career, Kuo also served in several senior management positions in international banking and finance institutions. • Not a person of any conditions defined in Article 30 of the Company Act	• Not an employee or a director or supervisor of the Company or any of its affiliates, nor does her spouse or relative within the second degree of kinship; not holding shares of the Company, nor does her spouse or relative within the second degree of kinship; not an employee or a director or supervisor of a company that has a specific relationship with the Company, nor does her spouse or relative within the second degree of kinship; not receiving compensation for rendering commercial, legal, financial, or accounting services to the Company or any of its affiliates within the recent two years	0
John Huang Director	• With commerce, finance, and accounting background, John Huang has more than 10 years of general management experience, along with over 20 years of experience in financial and operational auditing. Huang also serves as Director of TSRC Corporation. He once acted as Chief Auditor of Taiwan High Speed Rail Corporation, General Manager of Suzhou Standard Foods (China), and Head Auditor of Philips Companies in Taiwan. • Not a person of any conditions defined in Article 30 of the Company Act	• Not an employee or a director or supervisor of the Company or any of its affiliates, nor does his spouse or relative within the second degree of kinship; not holding shares of the Company, nor does his spouse or relative within the second degree of kinship; not an employee or a director or supervisor of a company that has a specific relationship with the Company, nor does his spouse or relative within the second degree of kinship; not receiving compensation for rendering commercial, legal, financial, or accounting services to the Company or any of its affiliates within the recent two years	0

Requirements / Name	Qualifications and Experience (Note 1)	Independence Status	Number of Other Taiwanese Public Companies where He/She Concurrently Serves as an Independent Director
Hsiung Chiang Director (Note 2)	• With a commerce and construction background, As a Certified Hydraulic engineer Hsiung Chiang possesses over 40 years of solid experience in on-site engineering project execution and management. He concurrently serves as Director of Continental Engineering Corporation (CEC)'s overseas subsidiary. He once acted as General Manager of Construction Division, CEC as well as General Manager of CEC's subsidiary in India. • Not a person of any conditions defined in Article 30 of the Company Act	• Not an employee or a director or supervisor of the Company or any of its affiliates, nor does his spouse or relative within the second degree of kinship; not an employee or a director or supervisor of a company that has a specific relationship with the Company, nor does his spouse or relative within the second degree of kinship; not receiving compensation for rendering commercial, legal, financial, or accounting services to the Company or any of its affiliates within the recent two years	0
Frank Juang Independent Director	• With law, commerce, finance, and banking background, Frank Juang has over 20 years of management experience. Juang currently serves as Independent Director of Wistron Information Technology Services Corporation and Director of Taiwan Opportunities Fund Ltd. He once acted as Chairman, CEO, or Director for a number of high-tech companies and also lectured in universities. • Not a person of any conditions defined in Article 30 of the Company Act	• Complying with requirements for independence as defined in the checklist (at time of election) • Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act; not an employee or a director or supervisor of the Company or any of its affiliates, nor does his spouse or relative within the second degree of kinship; not holding shares of the Company, nor does his spouse or relative within the second degree of kinship; not an employee or a director or supervisor of a company that has a specific relationship with the Company, nor does his spouse or relative within the second degree of kinship; not receiving compensation for rendering commercial, legal, financial, or accounting services to the Company or any of its affiliates within the recent two years	1
Allen Lee Independent Director	• With commerce and finance background, Allen Lee has amassed a 30-year career in auditing, accounting, and education. As a certified public accountant, Lee currently serves as Independent Director of Advagene Biopharma Co., Ltd. While Lee was Executive Director of the National Federation of CPA's Association, he held concurrent appointments as Minister of Committee of Professional Education and Deputy Minister of Committee of Peer-review. He once acted as Director of Taiwan Sugar Corporation, Resident Supervisor for Asia-Pacific Telecom Co., Ltd., and Consultant to Yuanta Securities Co., Ltd. He also taught auditing in public and private universities. Lee is the author of a series of professional auditing and accounting books. • Not a person of any conditions defined in Article 30 of the Company Act	• Complying with requirements for independence as defined in the checklist (at time of election) • Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act; not an employee or a director or supervisor of the Company or any of its affiliates, nor does his spouse or relative within the second degree of kinship; not holding shares of the Company, nor does his spouse or relative within the second degree of kinship; not an employee or a director or supervisor of a company that has a specific relationship with the Company, nor does his spouse or relative within the second degree of kinship; not receiving compensation for rendering commercial, legal, financial, or accounting services to the Company or any of its affiliates within the recent two years	1

Requirements / Name	Qualifications and Experience (Note 1)	Independence Status	Number of Other Taiwanese Public Companies where He/She Concurrently Serves as an Independent Director
Jolien Shu Independent Director	• With commerce and finance background, Jolien Shu possesses more than 25 years' profound experience in financial practices. As a CPA charterholder of California, Shu is concurrently a consultant in finance for womany media group (womany.net). She previously held the positions of Independent Director, ViewSonic Corporation, Senior Vice President of Group Finance, GigaMedia Limited, Asia-Pacific Vice President & Controller, ViewSonic Corporation, and Director of Finance Department, Far EasTone Telecommunications Co., Ltd. apart from financial officers in many other companies. • Not a person of any conditions defined in Article 30 of the Company Act	• Complying with requirements for independence as defined in the checklist (at time of election) • Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act; not an employee or a director or supervisor of the Company or any of its affiliates, nor does her spouse or relative within the second degree of kinship; not holding shares of the Company, nor does his spouse or relative within the second degree of kinship; not an employee or a director or supervisor of a company that has a specific relationship with the Company, nor does her spouse or relative within the second degree of kinship; not receiving compensation for rendering commercial, legal, financial, or accounting services to the Company or any of its affiliates within the recent two years	0
Donny Kao Independent Director (Note 3)	• With commerce and finance background, Donny Kao possesses extensive experience in industry. Kao concurrently serves as Independent Director, Chia Chang Co. Ltd. He once acted as Independent Director of LuxNet Corp. and Member on the Remuneration Committee of Microlife Corporation. He also served as CFO of Taiwan Cement Corporation and other listed companies. • Not a person of any conditions defined in Article 30 of the Company Act	• Complying with requirements for independence as defined in the checklist (at time of election) • Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act; not an employee or a director or supervisor of the Company or any of its affiliates, nor does his spouse or relative within the second degree of kinship; not holding shares of the Company, nor does his spouse or relative within the second degree of kinship; not an employee or a director or supervisor of a company that has a specific relationship with the Company, nor does his spouse or relative within the second degree of kinship; not receiving compensation for rendering commercial, legal, financial, or accounting services to the Company or any of its affiliates within the recent two years	1
Christopher Chang Director (Note 2)	• With commerce, law, and construction background, Christopher Chang possesses extensive experience in law, construction, and business management. Chang concurrently serves as Director of Wistron Corporation. He once acted as Chairman of Continental Development Corporation and Chairman and Director of Continental Development Corporation's subsidiary. • Not a person of any conditions defined in Article 30 of the Company Act	• Not an employee or a director or supervisor of the Company or any of its affiliates, nor does his spouse or relative within the second degree of kinship; not receiving compensation for rendering commercial, legal, financial, or accounting services to the Company or any of its affiliates within the recent two years	1

Note 1: For more information on directors' education and work experience, please refer to page 12-13 of the annual report.
Note 2: Hsiung Chiang was replaced Mr. Christopher Chang on Jan. 9, 2022 as the representative of Han-De construction Co., Ltd.
Note 3: Mr. Donny Kao to stepped down as Independent Director after Annual Shareholders' July 30, 2021.

(III) Diversity and Independence of Board of Directors

1. Diversity of Board of Directors

The diversity policy for the Board of Directors is defined in Article 21 of the "Corporate Governance Principles." The composition of the Board should take diversification into account. Appropriate diversification strategies should also be developed in terms of Board operations, business model, and development requirements. These include but are not limited to the following criteria:

A. Basic conditions: Gender, age, nationality, and cultural background.

B. Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industrial experience.

The Board of Directors as a whole should possess the following capabilities:

1. Ability to make operational judgments. 2. Accounting and financial analysis ability. 3. Business administration ability. 4. Crisis management ability. 5. Industry knowledge. 6. International market perspective. 7. Leadership ability. 8. Decision-making ability.

- The 5th term of Board of Directors comprises 7 directors, including 3 independent directors. The Company places a strong emphasis on the diversity of Board members’ industry backgrounds. The Board members come from a range of different professional backgrounds including academia, accounting, commerce, financial holding, law, technology, and construction. All possess operational judgment, financial analysis, business administration, crisis management, international market perspective, leadership, and decision-making abilities. Female members of the Board include Chairman Nita Ing, Director Helena Kuo, and Independent Director Jolien Shu. The three Independent Directors have served for less than 3 terms.
- In terms of age distribution, Board members aged between 51 and 60 and between 61 and 70 respectively accounted for 14% (1 person) and 58% (4 people) while 28% were aged between 71 and 80 (2 people).
- Gender equality in the composition of the Board was emphasized by the Company as well. 3 out of the 7 current Board members were women, so up to 43% of directors were female.
- No member of the Board was also an employee of the Company.

Board meetings were attended by all members. The attendance rate for Board of Directors in 2021 was 100%. The abilities possessed by Board members are aligned with the diversity policy and the Company’s future development needs.

Implementation of Board Diversity Policy

Diversity / Name		Independent Directors’ Tenure		Professional Background and Ability											
	Gender	Less than 3 Years	3-9 Years	Law	Technology	Accounting	Financial Holding	Commerce	Construction	Operational judgment	Financial Analysis	Business Administration	Crisis Management	International Market Perspective	Leadership & Decision-making
Nita Ing Chairman	Female						✓	✓	✓	✓	✓	✓	✓	✓	✓
Helena Kuo Director	Female					✓	✓	✓		✓	✓	✓	✓	✓	✓
Hsiung Chiang Director	Male							✓	✓	✓	✓	✓	✓	✓	✓
John Huang Director	Male					✓		✓		✓	✓	✓	✓	✓	✓
Frank Juang Independent Director	Male		✓	✓	✓			✓		✓	✓	✓	✓	✓	✓
Allen Lee Independent Director	Male		✓			✓		✓		✓	✓	✓	✓	✓	✓
Jolien Shu Independent Director	Female	✓				✓		✓		✓	✓	✓	✓	✓	✓

2. Independence of Board of Directors

   The 5th term of Board of Directors comprises 7 directors, including 3 independent directors (43%). None of the directors has any of the circumstances specified in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act. None of the directors is a spouse or relative within the second degree of kinship of another. The 5th term of Board of Directors as a whole complies with the requirements for independence.

(II) Information Regarding Management Team

Title	Name	Gender	Nationality	On Board Date	Shares Held		Shares Held by Spouse & Minors		
					Shares	%	Shares	%	
CEO	Cindy Chang	Female	R.O.C	2018.10.8	-	-	-	-	
Corporate Governance Officer	Calvin Tsai	Male	R.O.C	2021.3.17	100,000	0.01%	-	-	
Chief Auditor	Charleen Chang	Female	R.O.C	2020.10.15	-	-	-	-	
Vice President	Emily Liu	Female	R.O.C	2010.10.18	-	-	-	-	
Vice President	Weifan Wang	Male	R.O.C	2020.7.1	-	-	-	-	
Vice President	Anthony Lien	Male	R.O.C	2018.7.16	-	-	-	-	
Principal Financial Officer	Kris Lin	Male	R.O.C	2018.11.13	-	-	-	-	
Principal Accounting Officer	Eva Lin	Female	R.O.C	2019.5.7	-	-	-	-	
Asst. President	Nanchyi Shieh	Male	R. O. C.	2022. 1.1	-	-	-	-	
Asst. President	Tuan Jen Wan	Male	R. O. C.	2022. 1. 1	-	-	-	-	
Vice President	Kevin Chung (Note 3)	Male	R.O.C	2018.10.8	-	-	-	-	

Note 1: The Management Team did not hold and positions within the company's independent audit firm or its affiliates.
Note 2: Chairman and CEO are not same person, spouses or first degree consanguinity.
Note 3: Mr. Kevin Chung was resigned on Jan. 31, 2022.

As of 2022.4.11

	Shares Held in the Name of Others		Education and Past Positions	Current Positions at Other Companies	Managers Who are Spouses or within Second-degree Relative of Consanguinity To Each Other			Remark (Note 2)
	Shares	%			Title	Name	Relation	
	-	-	Cornell University MBA	Director, CEC Commercial Development Corporation Director, CDC US Director, Mega Capital Development SDN.BHD Director, Bangsar Rising SDN BHD Director, CDC Asset Management Malaysia Sdn. Bhd.	None	None	None	None
	-	-	Bachelor of Law, National Taiwan University	Corporate Governance Officer, TSRC Corporation	None	None	None	None
	-	-	Master of Business Administration, National Chengchi University	None	None	None	None	None
	-	-	Boston University MS in Public Relations	None	None	None	None	None
	-	-	University of California	Vice President, Continental Engineering Corporation Vice President, HDEC	None	None	None	None
	-	-	Master of Business Administration, National Cheng Kung University	Vice President, Continental Engineering Corporation	None	None	None	None
	-	-	University of Illinois MS in Finance	None	None	None	None	None
	-	-	Bachelor of Business Administration, Chung Yuan Christian University	None	None	None	None	None
	-	-	MA. in Political Science, Chinese culture university	None	None	None	None	None
	-	-	BA.in Public Administration Tamkang University	None	None	None	None	None
	-	-	Foardham University MBA	Vice President, Continental Engineering Corporation	None	None	None	None

(III) Remuneration to Directors, CEO and Vice Presidents

1. Remuneration Paid to Director and Independent Directors

Title	Name	Director Remuneration								(A+B+C+D) as a % of Net Income (Note8)	
		Base Compensation(A)		Severance Pay and Pensions (B)		Compensation to Directors (C) (Note 2)		Allowances (D)			
		From CHC	From All Consolidated Entities	From CHC	From All Consolidated Entities	From CHC	From All Consolidated Entities	From CHC	From All Consolidated Entities	From CHC	From All Consolidated Entities
Chairman	Wei-Dar Development Co.,Ltd Representative: Nita Ing (Note3)	7,200	7200	-	-	-	-	-	60	0.39%	0.40%
Director	Wei-Dar Development Co.,Ltd Representative : Helena Kuo	600	600	-	-	-	-	-	-	0.03%	0.03%
Director	Han-De Construction Co.,Ltd Representative: John Huang	600	600	-	-	-	-	-	120	0.03%	0.04%
Director	Hsiung Chiang Representative of Han-De Construction Co., Ltd. Frank Juang (Note 4)	-	4,200	-	-	-	-	-	120	-	0.24%
Independent Director	Frank Juang	1300	1300	-	-	-	-	180	180	0.08%	0.08%
Independent Director	Allen Lee	1300	1300	-	-	-	-	192	192	0.08%	0.08%
Independent Director	Joilien Hsu (Note 5)	549	549	-	-	-	-	63	63	0.03%	0.03%
Independent Director	Donny Kao (Note 6)	758	758	-	-	-	-	146	146	0.05%	0.05%
Director	Wei-Dar Development Co.,Ltd Representative: Christopher Chang (Note 7)	600	19,600	-	-	-	-	-	60	0.03%	1.07%

Note 1: The remuneration policies, procedures, standards, and packages for Directors and Independent Directors, as well as the linkage to factors such as individual responsibilities, risks, and time spent:

1. According to CHC's Articles of Incorporation, 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. The Articles of Incorporation also provide that if there is profit for the fiscal year, the Company shall allocate no more than 0.5% as remuneration to Directors. According to CHC's Compensation Committee Charter, the Committee shall formulate and regularly review the annual and long-term performance targets for the Company's directors as the remuneration policies, procedures, standards and packages, and regularly evaluate the performance of the Company's directors and set the contents and amount of their individual remunerations accordingly.
2. the 10th meeting of the 3rd Board of Directors session resolved that directors' remuneration will be paid as fixed compensation instead. A distinction shall also be made between Independent Directors and ordinary Directors.

2. Compensation Paid to CEO and Vice Presidents

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Bonuses and Allowances (C)	
		From CHC	From All Consolidated Entities	From CHC	From All Consolidated Entities	From CHC	From All Consolidated Entities
CEO	Cindy Chang	19,546	30,115	-	-	1,100	2,119
Chief Auditor	Charleen Chang						
Vice President	Anthony Lien						
Corporate Governance Officer	Calvin Tsai						
Vice President	Weifan Wang						
Vice President	Emily Liu						
Vice President	Kevin Chueh (Note 3)						

Note 1: Four company vehicles were allocated for business purchases. Three vehicles were purchased outright for NT$3,393 thousands while one vehicle was leased at a cost of NT$512 thousands for the whole year.

Note 2: Net income for 2021 was NT$1,826,298 thousands.

Note 3: Mr. Kevin Chung was resigned on Jan. 31, 2022.

Unit: NT$ thousands

Compensation Earned by a Director Who is an Employee of CHC or of CHC's Consolidated Entities								(A+B+C+D+E+F+G) as a % of Net Income (Note 8)		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company
Base Compensation, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Employees' Profit Sharing Bonus (G)						
Cash	From All Consolidated Entities	Cash	From All Consolidated Entities	From CHC		From All Consolidated Entities		From CHC	From All Consolidated Entities	
				Cash	Stock	Cash	Stock			
-	-	-	-	-	-	-	-	0.39%	0.40%	None
-	-	-	-	-	-	-	-	0.03%	0.03%	None
-	-	-	-	-	-	-	-	0.03%	0.04%	None
-	-	-	-	-	-	-	-	-	0.24%	None
-	-	-	-	-	-	-	-	0.08%	0.08%	None
-	-	-	-	-	-	-	-	0.08%	0.08%	None
-	-	-	-	-	-	-	-	0.03%	0.03%	None
-	-	-	-	-	-	-	-	0.05%	0.05%	None
-	-	-	-	-	-	-	-	0.03%	1.07%	None

All Independent Directors are members of the Company's Audit Committee and Compensation Committee. The organic charter for functional committees specifies that reasonable compensation shall be paid to Independent Directors based on their level of engagement, the performance evaluation, the business performance of the Company, as well as prevailing industry standards.

Note 2: No directors' compensation was allocated in 2021.

Note 3: Ms. Nita Ing was elected as Chairman representative of Wei-Dar Development Co., Ltd on July 30, 2021, and the former natural person chairman stepped down after the Annual Shareholders' Meeting on July 30, 2021.

Note 4: Ms. Hsiung Chiang was replaced Mr. Christopher Chang on Jan. 9, 2022 as the representative of Han-De Construction Co.,Ltd

Note 5: Ms. Joilien Hsu was elected by the Board of Directors as the Independent Director on July 30, 2021.

Note 6: Mr. Donny Kao to stepped down as Independent Director after the Annual Shareholders' Meeting on July 30, 2021

Note 7: Mr. Christopher Chang was resigned as representative of Han-De Construction Co., on July 30, 2021.

Note 8: Two company vehicles were allocated for business purchases. Two vehicle was purchased outright for NT$3,600 thousands.

Note 9: Net income for 2021 was NT$1,826,298 thousands..

Unit: NT$ thousands

Employees' Compensation (D)				(A+B+C+D) as a % of Net Income		Compensation Received from Non-consolidated Affiliates or From TSMC Parent Company
From CHC		From All Consolidated Entities		From CHC	From All Consolidated Entities	
Cash	Stock	Cash	Stock			
3,844	-	6,225	-	1.34%	2.11%	無

3. Compensation range table

Range of Compensation	Name	
	From CHC	From All consolidated Entities
NT$0~ NT$1,000,000	Kevin Chung	
NT$1,000,000 ～ NT$ 2,000,000	Anthony Lien, Weifan Wang, Calvin Tsai	Calvin Tsai
NT$2,000,000 ～ NT$3,500,000		
NT$3,500,000 ～ NT$5,000,000	Emily Liu , Charleen Chang	Emily Liu, Kevin Chung, Charleen Chang
NT$5,000,000 ～ NT$10,000,000		Anthony Lien, Weifan Wang
NT$10,000,000 ～ NT$15,000,000	Cindy Chang	Cindy Chang
NT$15,000,000 ～ NT$30,000,000		
NT$30,000,000 ～ NT$50,000,000		
NT$50,000,000 ～ NT$100,000,000		
Over NT$100,000,000		
Total	7	7

Note: Mr. Kevin Chng was resigned on Jan. 31, 2022.

4. Employees' Compensation Paid to Mangaers

Unit: NT thousands;%

Title	Name	Stock	Cash	Total	Total Employees' Profit sharing Bonus Paid to Manager as a % of Net Income
CEO	Cindy Chang	0	7,546	7,546	0.41%
Corporate Governance Officer	Calvin Tsai				
Chief Auditor	Charleen Chang				
Vice President	Anthony Lien				
Vice President	Emily Liu				
Vice President	Weifan Wang				
Principal Financial Officer	Kris Lin				
Principal Accounting Officer	Eva Lin				
Asst. President	Nanchyi Shieh				
Asst. President	Tuan Jen Wan				

Note: The aforementioned Employees' Compensation for 2020 are estimated figures.

(IV) Total remuneration, as a percentage of net income stated, paid by the Company and by each other company included in the consolidated financial statements during the past two fiscal years to Directors, CEO, and executives above the grade of vice president

Unit: NT thousands;%

Title	2021				2020			
	Total remuneration		Percentage of Net Income After Tax (%)		Total remuneration		Percentage of Net Income After Tax (%)	
	CHC	All Consolidated Entities	CHC	All Consolidated Entities	CHC	All Consolidated Entities	CHC	All Consolidated Entities
Directors	13,488	32,797	0.73%	1.80%	13,480	28,720	0.88%	1.87%
CEO and Vice President	24,490	38,459	1.34%	2.11%	18,098	30,719	1.18%	2.00%

(V) The remuneration policies, standards, and packages for Directors and Executives, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

Policy for Directors' remuneration: Please refer to Note 1 of Remuneration Paid to Director and Independent Directors on P. 20-21.

Policy for CEO, Managers and Employees' compensation

CHC strives to provide competitive total reward packages. To ensure internal fairness and external competitiveness, salary surveys are conducted each year to serve as a reference for adjustments to compensation and to respond to changes in the external salary market in a timely manner. To ensure equal working rights regardless of gender, there is no gender-based difference in compensation at every level. Gender equality in the workplace is enforced by basing compensation purely on the qualifications required for each position, individual ability, and performance.

To encourage the continued pursuit of excellence among employees, the Company has drawn up regulations governing performance bonuses, which stipulate a fair and reasonable reward system with performance-based bonuses. Employees that make a contribution to the Company's development are rewarded with performance bonuses based on the Company's and their individual performance for the year.

At CHC, management remuneration consists of fixed compensation and variable bonuses. Fixed compensation is the monthly salary based mainly on factors such as roles, skills, market rates, and company operations. Variable bonuses are based on the Company's operating performance for the year, the contributions made by managers during the year, and the Company's operating risks. According to the procedure for determining remuneration, management remuneration, upon approval based on the internal level of authority table, is submitted to the Compensation Committee for review and then presented to the Board for a resolution.

III. Corporate Governance Operations

(I) Board of Directors Meeting Status

The Board of Directors convened 8 times (A) in 2021. Attendance of the 4th term and 5th term of the Board of Directors is as follows:

Term of office (4th): June 5, 2018~June 4, 2021; term of office (5th): July 30, 2021~July 29, 2024

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (B/A)	Remark (Note 1)
Chairman	Wei-Dar Development Co., Ltd. Representative: Nita Ing	4	0	100%	New office assumed
Director	Wei-Dar Development Co., Ltd. Representative: Helena Kuo	8	0	100%	Term of office renewed
Director (Note 2)	Han-De Construction Co., Ltd. Former representative: Christopher Chang	4	0	100%	New office assumed
	Han-De Construction Co., Ltd. Representative: Hsiung Chiang	0	0	100%	Reassigned on January 9, 2022
Director	Han-De Construction Co., Ltd. Representative: John Huang	8	0	100%	Term of office renewed
Independent Director	Frank Juang	8	0	100%	Term of office renewed
Independent Director	Allen Lee	8	0	100%	Term of office renewed
Independent Director	Jolien Shu	4	0	100%	New office assumed
Chairman	Nita Ing	4	0	100%	Term expired
Director	Wei-Dar Development Co., Ltd. Representative: Christopher Chang	4	0	100%	Term expired
Independent Director	Donny Kao	4	0	100%	Term expired

Note 1: CHC's 5th Board of Directors was elected at the Annual Shareholders' Meeting on July 30, 2021. Their respective tenures are from July 30, 2021 to July 29, 2024.

Note 2: Mr. Hsiung Chiang was replaced Mr. Christopher Chang on Jan. 9, 2022 as the representative of Han-De Construction Co.,Ltd.
Other matters that require reporting.

The Board of Directors convened 8 times in 2021. The meetings were attended by all Independent Directors in person and their attendance rate was 100%. The Board of Directors has met once in 2022 as of the date of publication. The meeting was attended by all Independent Directors in person and their attendance rate was 100%.

1. (1) Items listedin Article 14-3 of the Securities and Exchange Act:

Date	Session	Proposal	Independent Directors' Opinion	Resolution
January 12, 2021	4-21	1. The lending of funds to HDEC	Approved by all Independent Directors present	Approved by all Directors present
March 16, 2021	4-22	1. Lending of funds to HDEC 2. Change of concurring CPA starting from the first quarter of 2021 3. Directors' remuneration standards	Approved by all Independent Directors present	Approved by all Directors present
March 15, 2022	5-5	1. Amendment to the Procedures for Acquisition or Disposal of Assets	Approved by all Independent Directors present	Approved by all Directors present
		2. Revision of the internal control system	Amended and approved by all Independent Directors present	Amended and approved by all Directors present
		3. Revision of Directors' remuneration	1. All Independent Directors' approved the Dirictorss'remuneration 2. Independent Directors' remuneration submitted to the Board for approval due to conflicts of interest	Approved by all Directors present

(2) Other resolutions of the Board that independent directors expressed a dissenting opinion or qualified opinion upon in the meeting minutes or in writing: No such occurrence.

2. Recusal of Directors due to conflicts of interest: For the revision of Directors' remuneration proposed in the session 5-5 on March 5, 2022, Directors Helena Kuo, John Huang, and Hsiung Chiang recused themselves from the discussion about the adjustment of Directors' remuneration due to conflicts of interest; Directors Allen Lee, Frank Juang, and Jolien Shu recused themselves from the discussion about the adjustment of Independent Directors' remuneration; Chairman Nita Ing recused herself from the discussion about the adjustment of Chairman's remuneration, and Director Frank Juang served as the Acting Chairman. The revision of Directors' remuneration was approved by all Directors present.
3. The cycle, period, scope, method, and aspect of self-evaluation or peer evaluation of the Board of Directors: For more information on the Board's performance evaluation in 2021, refer to Please refer to " Taiwan Corporate Governance Implementation as Required by Taiwan Financial Supervisory Commission" on Page 30-31.

Cycle	Period	Scope	Method	Aspect
Once a year	From January 1, 2021 to December 31, 2021	1. Performance of Board of Directors 2. Performance of Individual Board members 3. Performance of functional committees	Self-assessments by each board member	The Board of Directors are assessed on the following five aspects: ・Involvement in the Company's operation ・Enhancement of the quality of the board's decision-making ・Makeup and structure of the board ・Election of board members and continuing knowledge development ・Internal controls The individual directors are assessed on the following six aspects: ・Understanding of the Company's goals and mission ・Awareness of director's duties ・Involvement in the Company's operations ・Internal relationship and communication ・Director's professionalism and continuing knowledge development ・Internal controls The functional committees is assessed on the following five aspects: ・Involvement in the Company's operation ・Awareness of the functional committee's duties ・Enhancement of the quality of the functional committee's decision-making ・Makeup of the functional committee and election of its members ・Internal controls

4. Strengthening the functions of the Board:
   (1) The convention, meetings, discussions, and resolutions of the Board of Directors all adhere to the relevant laws and regulations, rules, and guidelines issued by the competent authorities. Internal company rules such as Rules of Procedure for Board of Directors Meetings and Articles of Incorporation have also been put into place.
   (2) An Audit Committee and a Compensation Committee were established by the Company on May 22, 2016. The two committees are composed of three Independent Directors. These committees serve as a preliminary review body for the Board of Directors to assist the Board with carrying out its duties and performance of its supervisory function.
   (3) The Chairman does not hold a concurrent position as a managerial officer of the Company.

Continuing Education/Training of Directors in 2021

Name	Date	Organizer	Course/Seminar	Number of Hours
Nita Ing	December 3, 2021	Securities and Futures Institute	Board Cyber security training	3
	December 3, 2021	Securities and Futures Institute	The Key to Business Sustainability: ESG Practices	3
Christopher Chang	October 29, 2021	Taiwan Corporate Governance Association	Corporate Governance Roadmap 3.0 and Directors' Responsibilities	3
	October 29, 2021	Taiwan Corporate Governance Association	Business Administration and Strategy for Public Opinion Crisis Management	3
Helena Kuo	October 20, 2021	Taiwan Depository & Clearing Corporation	Anti-Money Laundering and Counter-Terrorism Financing, Whistleblower System, and Ethics Training for Incumbent Directors and Supervisors	1
	December 3, 2021	Securities and Futures Institute	Board Cyber security training	3
	December 3, 2021	Securities and Futures Institute	The Key to Business Sustainability: ESG Practices	3
John Huang	September 1, 2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
	December 3, 2021	Securities and Futures Institute	Board Cyber security training	3
	December 3, 2021	Securities and Futures Institute	The Key to Business Sustainability: ESG Practices	3
Allen Lee	December 3, 2021	Securities and Futures Institute	Board Cyber security training	3
	December 3, 2021	Securities and Futures Institute	The Key to Business Sustainability: ESG Practices	3
Frank Juang	October 29, 2021	Taiwan Corporate Governance Association	Corporate Governance Roadmap 3.0 and Directors' Responsibilities	3
	October 29, 2021	Taiwan Corporate Governance Association	Business Administration and Strategy for Public Opinion Crisis Management	3
	December 3, 2021	Securities and Futures Institute	Board Cyber security training	3
	December 3, 2021	Securities and Futures Institute	The Key to Business Sustainability: ESG Practices	3
Jolien Shu	September 1, 2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3
	November 30, 2021	Securities and Futures Institute	The Value of Cyber Security amid the Post-pandemic Era and the US-China Trade War	3
	December 3, 2021	Securities and Futures Institute	Board Cyber security training	3
	December 3, 2021	Securities and Futures Institute	The Key to Business Sustainability: ESG Practices	3

(II) Audit Committee Meeting Status

1. An Audit Committee was established by the Company with the 3rd term of the Board of Directors in 2015, and is composed of 3 Independent Directors. Independent Director Allen Lee is the convener in a unanimous decision by the 5th term of the Board of Directors. The operations of the Audit Committee adhere to the Company Act, the Securities and Exchange Act, and other rules and regulations issued by the competent authorities. The Audit Committee Charter was also formulated by the Company. The primary purpose of the Audit Committee is to supervise the following:
   (1) Fair representation of the Company's financial statements
   (2) The appointment, dismissal, independence, and performance of CPAs
   (3) The effective implementation of the Company's internal controls
   (4) The Company's compliance with relevant laws and regulations
   (5) The Company's management of existing or potential risks
2. The Audit Committee develops an annual work plan in accordance with its key functions listed below:
   (1) Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
   (2) Assessment of the effectiveness of the internal control system.
   (3) Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
   (4) Matters bearing on the personal interests of a director.
   (5) Material assets or derivatives transactions.
   (6) Material monetary loans, endorsements, or provisions of guarantee
   (7) The offering, issuance, or private placement of any equity-type securities.
   (8) The hiring or dismissal of CPAs, or the compensation given thereto
   (9) The appointment or discharge of a financial, accounting, or internal auditing officer。
   (10) Annual financial statements and second-quarter financial statements.
   (11)Any other material matter so required by the Company or the competent authority.
3. Key matters reviewed during 2021 are as follows:
   (1) Lending of funds to a subsidiary
   (2) 2020 Business Report and Financial Statements and the statement of internal control
   (3) Distribution of 2020 earnings and cash dividend
   (4) Financial statements for Q1~Q3 of 2021
   (5) Release of the ban on non-compete agreements for Directors
   (6) Review of 2022 budget
   (7) Review of revision of the audit plan for 2021
   (8) Review of the audit plan for 2022
   (9) Review of amendments to the Procedures for Acquisition or Disposal of Assets, internal control system, internal audit procedures, and internal audit implementation rules

The Audit Committee convened 7 times (A) in 2021 (3 times in the 4th term and 4 times in the 5th term). Attendance by Independent Directors is as follows:
Term of office (4th): June 5, 2018~June 4, 2021; term of office (5th): July 30, 2021~July 29, 2024

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (B/A)	Remark (Note)
Convener and Member	Allen Lee Independent Director	7	0	100%	Term of office renewed
Member	Frank Juang Independent Director	7	0	100%	Term of office renewed
Member	Jolien Shu Independent Director	4	0	100%	New office assumed
Convener and Member	Donny Kao Independent Director	3	0	100%	Term expired

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (B/A)	Remark (Note)

Other matters that require reporting:

1. (1) The operations of the Audit Committee and items listed in Article 14-5 of the Securities and Exchange Act:

Date	Session	Proposal	Items Listed in Article 14-5 of the Securities and Exchange Act	Status of Implemention
January 21, 2021	4-18	1. Lending of funds to HDEC	✓	Approved by All independent present
March 15, 2021	4-19	1. 2020 Business Report and Financial Statements	✓	Approved by All independent present
		1. Distribution of 2020 earnings		
		2. Distribution of 2020 earnings in form of cash dividends		
		3. Release of ban on non-compete agreements for the 5th term of Board of Directors		
		4. Lending of funds to HDEC	✓	
		5. Evaluation on the independence and suitability of the CPAs in 2020		
		6. Change of concurring CPA starting from the first quarter of 2021	✓	
		7. Statement of Internal Control for 2020	✓	
May 5, 2021	4-20	1. Financial Statements for the first quarter of 2021	✓	Approved by All independent present
August 5, 2021	5-1	1. Financial Statements for the second quarter of 2021	✓	Approved by All independent present
		2. Revision of the audit plan for 2021		
November 3, 2021	5-2	1. Financial Statements for the third quarter of 2021	✓	Approved by All independent present
December 15, 2021	5-3	1. Budget for 2022		Approved by All independent present
		2. Audit plan for 2022		
March 14, 2022	5-4	1. 2021 Business Report and Financial Statements	✓	Approved by All independent present
		2. Distribution of 2021 earnings		
		3. Distribution of 2021 earnings in form of cash dividends		
		4. Amendment to the Procedures for Acquisition or Disposal of Assets	✓	
		5. Evaluation of the independence and suitability of the CPAs in 2021		
		6. Statement of Internal Control for 2021		Amended and approved by All independent present
		7. Revision of the internal control system	✓	Amended and approved by All independent present
		8. Amendments to the internal audit procedures, internal audit implementation rules, and responsibilities of Audit Office		Amended and approved by All independent present
		9. Release of ban on non-compete agreements for executives	✓	Amended and approved by All independent present

(2) Any matter that has not been passed by the Audit Committee but has been adopted with the approval of two-thirds or more of all Board members: None.

2. Recusal of Independent Directors due to conflicts of interest: There was no proposals involving conflicts of interest in Audit Committee meetings in 2021.
3. Communication between Independent Directors, Chief Internal Auditor, and CPAs:
   (1) The Chief Auditor attended meetings of the Audit Committee and Board of Directors to report on the audit work. In addition to regular reports on the tracking of corrective actions, the Chief Auditor also delivered each audit report upon completion to the Audit Committee members to help them monitor the state of internal controls at the Company and Group companies. The Audit Committee members could contact the Chief Internal Auditor by e-mail or telephone at any time if they had any questions. A positive working relationship was maintained.
   (2) Every year, the Company regularly holds a separate meeting between the Independent Directors and the Chief Auditor where the Chief Auditor reports to the Independent Directors on the implementation of the audit work and the annual audit plan.
   Key communications in 2021 are as follows:

Date	Method of Communication	Subject of Communication with Chief Internal Auditor	Communication Status and Outcome
January~ December 2021	Direct reporting to Independent Director by Chief Auditor	1. Audit report 2. Tracking report	1. The Chief Auditor communicated approximately once or twice a month with Independent Directors. Ordinary directors or managerial officers were not present during the communication 2. The Internal Auditing Audit Office responded in a timely manner to deficiencies in internal control and its business report that the Audit Committee inquired about.

Date	Method of Communication	Subject of Communication with Chief Internal Auditor	Communication Status and Outcome
March 15, 2021	4-19 Audit Committee	Audit report	The Internal Auditing Office's business report was approved by all the Audit Committee members present and submitted to the Board of Directors.
May 5, 2021	4-20 Audit Committee	Audit report	The Internal Auditing Office's business report was approved by all the Audit Committee members present and submitted to the Board of Directors.
August 5, 2021	5-1 Audit Committee	1. Audit report 2. Revision of the audit plan for 2021	1. The Internal Auditing Office's business report was approved by all the Audit Committee members present and submitted to the Board of Directors. 2. The revision of audit plan for 2021 was discussed and approved by the Audit Committee and submitted to the Board for approval.
November 3, 2021	5-2 Audit Committee	Audit report	The Internal Auditing Office's business report was approved by all the Audit Committee members present and submitted to the Board of Directors.
	5-2 Audit Committee post-session	1. Summary of the implementation of audit plan in 2021 2. Report on the planning of the 2022 Audit Plan	1. The Chief Auditor reported separately to Independent Directors. Ordinary directors or managerial officers were not present during the post-session. 2. The written summary report and a drafted annual audit plan were submitted to Independent Directors. 3. No comments were made at the post-session.
December 15, 2021	5-3 Audit Committee	1. Audit report 2. Review of audit plan for 2022	1. The Internal Auditing Office's business report was approved by all the Audit Committee members present and submitted to the Board of Directors. 2. The audit plan for 2022 was discussed and approved by all the Audit Committee members present and submitted to the Board for approval.

(1) The CPAs of the Company reported to the Audit Committee on the audit of the annual report, review of the Q1, Q2, and Q3 financial statements, recommendations from the corporate governance unit, and items that they are required to communicate by law. The Audit Committee engaged in constructive two-way communication and consultation with the CPAs

(2) Every year, the Company regularly holds a separate meeting between the Independent Directors and the CPAs where the CPAs report to the Independent Directors on the audit of financial statements and clarify the issues raised by the Independent Directors.
Key communications in 2021 are as follows:

Date	Method of Communication	Subject of Communication with CPAs	Communication Status and Outcome
March 15, 2021	4-19 Audit Committee	1. Discussion of the audit outcomes for the 2020 Business Report and Financial Statements 2. Explanation of key audit matters 3. Explanation of accounting treatments and regulatory updates 4. Communication and clarification over questions posed by the Audit Committee members	Approved by all the Audit Committee members present and submitted to the Board for approval
May 5, 2021	4-20 Audit Committee	1. Discussion of the review of 2021 Q1 financial statements 2. Explanation of key accounting principles and changes in securities and taxation laws	Approved by all the Audit Committee members present and submitted to the Board for approval
August 5, 2021	5-1 Audit Committee	1. Discussion of the review of 2021 Q2 financial statements 2. Explanation of key accounting principles and changes in securities and taxation laws 3. Communication and clarification over questions posed by the Audit Committee members	Approved by all the Audit Committee members present and submitted to the Board for approval
November 3, 2021	CPAs' audit report (Separate reporting by CPAs to Independent Directors)	1. Audit outcomes of financial statements 2. Explanation of regulatory updates	Acknowledged by Independent Directors
November 3, 2021	5-2 Audit Committee	1. Discussion of the review of 2021 Q3 financial statements 2. Explanation of information to be published in annual reports and regulatory updates 3. Communication and clarification over questions posed by the Audit Committee members	Approved by all the Audit Committee members present and submitted to the Board for approval

No objections were raised by Independent Directors over the above items.

Note: Allen Lee, Frank Juang and Jolien Shu were elected as CHC's independent director and became member of the Audit Committee on July 30, 2021. Their respective tenures are from July 30, 2021 to July 29, 2024.

(III) Taiwan Corporate Governance Implementation as Required by Taiwan Financial Supervisory Commission

<table>
<tr><th rowspan="2">Assessment items</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>I. Does the company formulate and disclose its Corporate Governance Best Practice Principles in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?”</td><td>✓</td><td></td><td>The Corporate Governance Principles were approved at the 19th Meeting of the 4th Board of Directors to strengthen the function of the Board, protect shareholder rights, and respect the rights of stakeholders. The Principles enhance the integrity of the Company’s corporate governance system and are disclosed on the Company website and on the Market Observation Post System (MOPS).</td><td>None</td></tr>
<tr><td>II. Shareholding structure and shareholders’ equity
(I) Has the company established internal operating procedures for handling shareholders’ suggestions, inquiries, disputes, and litigation matters, and implement them in accordance with the procedures?
(II) Does the company have a list of major shareholders who have control controlling power over the Company with ultimate controllers of the major shareholders?
(III) Does the company establish and implement risk control and firewall mechanisms with affiliated companies?
(IV) Does the company have internal regulations to prohibit insiders from using undisclosed information to trade securities?</td><td>✓</td><td></td><td>(I) It has been established with the investor services handled by the responsible department to take care of the opinions of shareholders.
(II) The Company observes the Company’s stock transactions constantly and requests relevant information from stock agency and when necessary, control changes.
(III) The Company and member companies have established an internal control system and have regularly conducted self-inspection operations. The Company has also formulated “Rules Governing Subsidiary with the relevant measures implemented by the audit unit to secure the risk control mechanism.
(IV) The Company has formulated the “Code of Conduct” “Guidelines for Reporting and Handling Unlawful, Immoral or Unethical behaviro” “Group Guideline for Anti-insider Trading Management" and “Procedures for Handling Material Inside Information” to prevent insiders from taking advantage of undisclosed information to trade securities and to cooperate with the propaganda of the competent authorities.</td><td>None</td></tr>
<tr><td>III. Composition and responsibilities of the Board of Directors
(I) Does the board of directors formulate diversity policies, specific management objectives, and have them implemented?</td><td>✓</td><td></td><td>(I) The Company’s board director diversity policy is stated in Article 21 of the “Corporate Governance Principles,” which clearly stipulates that the composition of the board of directors should be diversified, and have a diversity policy drafted which takes into account the Company’s operation, business type, and development needs, including but not limited to the following aspects:
I. Fundamental conditions and values: Gender, age, nationality, culture, etc.
II. Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, industry experience, etc.
The Company’s board of directors shall have the following abilities:
1. Ability to make the operational judgment, 2. ability to perform accounting and financial analysis, 3. ability to conduct management administration, 4. ability to conduct crisis management perspective, 5. international market, 6. international market view, 7. leadership ability to lead, 8. ability to make decisions.
Please refer to page 16-17 of the annual report for specific implementation details of the board director diversity policy.</td><td>None</td></tr>
</table>

Assessment items	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Description	
(II) Is the company willing to set up other functional committees in addition to the Remuneration Committee and the Audit Committee? (III) Does the company formulate the "Self-Evaluation or Peer Evaluation of the Board of Directors," conduct a performance evaluation annually and regularly, report the performance evaluation results to the board of directors, and apply it as a reference for determining the director's remuneration and nomination of directors for another term?	✓		(II) The Company has the compention Committee and Audit Committee established lawfully to carefully review major financial business, content system, related party transactions, and reasonable remuneration of directors and managers with appropriate suggestions proposed. (III) The Company has "Regulation of Self-Evaluation of Board of Directors" formulated according to the resolution reached in the 7th compensation Committee meeting of the 4th term and the 10th board meeting of the 4th term in 2019. Also, a resolution was reached to have an external evaluation performed at least once in 3-year in the 14th Compensation Committee meeting of the 4th term and the 20th board meeting of the 4th term in 2020. The Company has conducted the 2021 evaluation process in accordance with the "Regulation of Self-Evaluation of the Board of Directors" for the evaluation period from January 1, 2021, to December 31, 2022. The evaluation scope includes "individual director," "board of directors" and "functional committees." The 2021 "Self-Evaluation of the Board of Directors" result is summarized as follows: The "Self-Evaluation of the Board of Directors" results are "Satisfactory." The "Self-Evaluation of the Board of Directors" questionnaire has a total of 30 evaluation indexes. The evaluation results of all directors are "Agreed" and "Strongly Agreed," and the percentage of "Strongly Agreed" in each evaluation aspect is obviously higher than "Agreed." The board of directors operates excellently which is greatly appreciated by all directors. All directors agree that the current composition of the board of directors is professional and diverse, which is helpful to the board of directors' functioning and exercising powers. The board of directors has fully discussed and exchanged opinions on the resolutions of each proposal with directions for improvement and risk oversight provided to management in an appropriate and timely manner. All directors appreciate independent directors can freely express their opinions and exercise their powers independently without undue interference or influence, and without potential pressure and concern. In summary, the directors has a sound system, transparent information, and legal compliance; also, advanced study resources provided by the Company are very helpful to directors in exercising powers and making decisions. The overall "Self-Evaluation of the Board of Directors" result meets the expectations of all directors. The "Self-Evaluation of Functional Committee" results are "Satisfactory." The "Self-Evaluation of Functional Committees" questionnaire has a total of 30 evaluation indexes. The evaluation results of all committee members are "Agreed" and "Strongly Agreed," of which, 22 directors "Strongly Agreed." The Company's functional committees operate excellently. The performance of the Audit Committee and the Committee met the expectations of all functional committee members.	None

Assessment items	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Description	
(IV) Does the company regularly evaluate the independence of the independent auditors?	✓		All committee members highly agree that the functional committee's function is independent and transparent, and affirm that the establishment of the functional committees and their pre-audit function help maintain the high quality and efficiency of the board's decision-making. Functional committees based on detailed information provided by the Company and external experts discuss and review core issues, and provide recommendations and reminders to the board and management. In addition, Compensation Committee members suggested in the questionnaire to the Company's management to provide more external remuneration of the industry for comparison, including information on remuneration fluctuation, for Compensation Committee reference and discussion. Human Resources Department has been instructed to make improvements in this regard. "Self-Evaluation of Individual Director" results are "Satisfactory." "Self-Evaluation of Functional Committees" questionnaire has a total of 30 evaluation indexes. Evaluation results of all directors are "Agreed" and "Strongly Agreed," also, the ratio of "Strongly Agreed" exceeds "Agreed." All directors affirmed the board of directors has a sound operating system and transparent information, and agreed that the directors fully comply with relevant information while exercising their functions and powers. In addition, the Company's board of directors is composed of directors engage in from various fields of expertise who have appropriately provided different views and opinions when the board of directors engage in discussion and makes decisions. In addition, the directors also affirmed the effort of the Company's management in providing information in accordance with the principle of openness and transparency that allowed them to understand the Company's business operations. The board directors also look forward to improving decision-making quality and supervisory function of the board of directors, as well as continuously enhancing corporate governance through continuous advanced study and understanding of industry information related to the Company. Aforementioned evaluation results have been submitted to the 5th board meeting of the 5th term with the reporting operation completed too. (IV) The Company's Audit Committee and the board of directors regularly evaluate independence and competency of the independent auditors at the end of each fiscal year with the evaluation results forwarded to the board of directors. The 2021 independent auditor's evaluation results were reviewed and approved in 4th Audit Committee meeting of 5th term and 5th board meeting of the 5th term on March 14, 2021. Please refer to Note 1 (See P.35) for the statement issued by CPA Chung-Che Chen and CPA Shu-Ying Chang of KPMG Taiwan. CPA Chung-Che Chen and CPA Shu-Ying Chang meet the Company's independence and competency evaluation standards as detailed in Note 2 (See P. 36); therefore, they are qualified to serve as the Company's independent auditors.	None

<table>
<tr><th rowspan="2">Assessment items</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>IV. Does the TWSE/TPEx listed company have a sufficient number of competent and appropriate corporate governance personnel and a corporate governance Officer appointed responsib responsibility for corporate governance-related affairs (including but not limited to providing directors and supervisors with information necessary for business operation, assisting directors and supervisors in complying with law and regulations, handling matters related to lawful board meetings and shareholders meetings, preparing minutes of a board meeting and shareholders meetings, etc.)?</td><td>✓</td><td></td><td>The Company has a secretariat to be responsible for the proceedings and administration of the board of directors and functional committees, as well as the planning, preparation, and operation of the shareholders meetings.
The appointment of Mr. Calvin Tsai as the Company’s corporate governance (CGO) officer was resolved in the 22nd board meeting of the 4th term who is to report to the Chairman directly. Mr. Calvin Tsai is an attorney who has been a department head of the legal affairs department of a public company for more than 3 years. The Company Corporate Governance Officer (CGO) is responsible for the supervising Corporate Governance matters,support the Board members to carry out their duties and strengthen the Board function. Key responsibilities include the organizing of Board and Shareholders’ meetings, recording of BOD and Shareholder’s Meeting agenda, assisting with the appointment and continuing education of Directors, providing Directors with the information they need for performing their duties, and assisting Directors with compliance-related matters. The CGO is also responsible for coordinating the Secretariat and relevant departments on making further improvements to the existing corporate governance framework based on the relevant standards and best practices. The goal is to ensure the sustainable development of the Company through a sound governance structure. Training for CGO is as follows:
<table>
<tr><th>Organizer</th><th>Courses</th><th>Hours</th></tr>
<tr><td>Taiwan Corporate Governance Association</td><td>Should the information be provided or not? Directors’ right to information</td><td>3</td></tr>
<tr><td>Securities & Futures Institute</td><td>Analysis and Case Study of Non-Arm’s-length transactions</td><td>3</td></tr>
<tr><td>Securities & Futures Institute</td><td>Legal Risks and Countermeasures of Directors and Supervisors from the perspective of major enterprise malpractice</td><td>3</td></tr>
<tr><td>Taiwan Academy of Banking and Finance</td><td>Criminal Liability of Directors and Supervisors case study</td><td>3</td></tr>
<tr><td>Financial Supervisory Commission R.O.C. (Taiwan)</td><td>The 13th Taipei Corporate Governance Forum</td><td>3</td></tr>
<tr><td>Securities & Futures Institute</td><td>Board Cyber security training</td><td>3</td></tr>
<tr><td>Securities & Futures Institute</td><td>The key to being a sustainable enterprise: ESG practices</td><td>3</td></tr>
</table></td><td>None</td></tr>
<tr><td>V. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.), set up a stakeholder page on the company’s website, and appropriately responded to the important corporate social responsibility issues of concern to stakeholders?</td><td>✓</td><td></td><td>The Company out of the respect for the rights and interests of stakeholders regularly identifies stakeholders in accordance with the GRI Sustainability Reporting Standards every year, and establishes contact windows and communication channels with all stakeholders. The Company strives to maintain a good interactive relationship with all stakeholders through a smooth and diversified communication channel; also, adjust operational decisions and daily business actions in a timely manner through feedback, and regularly report communication with all stakeholders to the board of directors. The communication situation with all stakeholders in 2020 was reported to the board of directors on December 17, 2020. The “stakeholder” page is included in the Company’s website to fully disclose relevant information about stakeholders. Please refer to the “Stakeholder” page on the Company’s website and the Company’s corporate social responsibility report for detailed communication in this regard.</td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment items</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>VI. Does the company contract a professional stock affairs agency to handle the affairs of the shareholders meeting?</td><td>✓</td><td></td><td>The Company has appointed the Stock Transfer Agency Department of Taishin Securities Co., Ltd. for the shareholders meetings related matters.</td><td>None</td></tr>
<tr><td>VII. Information disclosure
(I) Does the company set up a website to disclose financial business and corporate governance information?
(II) Does the company adopt other information disclosure methods (such as, setting up an English website, appointing a person to be responsible for the collection and disclosure of company information, implementing the spokesperson system, placing the corporate shareholder briefing on the company website, etc.)?
(III) Does the company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the financial statements for the first, second, and third quarters and the operating conditions of each month before the specified deadline?</td><td>✓</td><td></td><td>(I) There are “Finance,” “Investor” and “Corporate Governance” pages on the Company’s website to disclose information regarding the Company’s finance, corporate governance, and other matters updated regularly on the website.
(II) The Company has a website in both Chinese and English with a dedicated department responsible for information disclosure and update, and implements the spokesperson system. The CHC’s 2021 Q1 ~ Q4 Results presentation material and related information can be found on CHC website "Investor Relations/Shareholder Serves/ Events & Presentations/" section.
(III) The Company's annual financial report is announced and reported before the end of March each year lawfully; also, financial reports for the 1st, 2nd, and 3rd quarter are announced and reported within 45 days at the end of each quarter of the fiscal year, signed or sealed by the Chairman, management, and chief accountant; also, reviewed by the independent auditors and reported to the board of directors in accordance with Article 36 of the Securities and Exchange Act.</td><td>None</td></tr>
<tr><td>VIII. Does the company have other important information that is helpful to understand the operation of corporate governance (including but not limited to employee interests, employee care, investor relations, supplier relations, stakeholders’ rights, advanced study of directors and supervisor relations, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, the company’s purchase of liability insurance for directors and supervisors, etc.)?</td><td>✓</td><td></td><td>(I) Employee interests and employee care: The Company and member companies are committed to creating the best well-being of employees, establishing a humanized management system, focusing on employee communication and management, providing health and welfare information at any time, providing group insurance and health checks, handling education and training to refine employees’ professional skills and career development, and organizing welfare committees and various activity societies to promote employee interaction. In addition, the Company and member companies employ indigenous peoples and persons with disabilities at a higher ratio than mandated.
(II) Investor relations: The Company discloses material messages and reports corporate governance and related financial information lawfully on the Market Observation Post System allowing investors to acquire information at any time; also, there is the “Investors” page on the website, a smooth communication channel available to investors.
(III) Supplier relationship: The Company is an investment holding company without any raw material supplier retained. Companies within the Group have the “Rules Governing Suppliers” formulated for supplier management. The purchasing unit has the Company’s corporate culture declaration, business implementation regulations, and health and safety policies conveyed to suppliers for their confirmation and signatures.
(IV) Stakeholders’ rights: Please refer to the “Stakeholder” page on the Company’s website for details.</td><td>None</td></tr>
</table>

Assessment items	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Description	
VIII. Does the company have other important information that is helpful to understand the operation of corporate governance (including but not limited to employee interests, employee care, investor relations, supplier relations, stakeholders' rights, advanced study of directors and supervisor relations, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, the company's purchase of liability insurance for directors and supervisors, etc.)?	✓		(V) Training for the Directors: All directors of the Company regularly participate in more than 6 hours training every year for more than 6 hours a year. Please refer to Page 25 for the director's training in 2020. (VI) Implementation of risk management policies and risk measurement standards: The Company's "Group Risk Management Policy" was approved by the board of directors on November 5, 2020, in order to establish risk management systems, procedures, and categories, to confirm organizational rights and responsibilities, and to regulate relevant implementation and supervision mechanisms. Please refer to the "Risk Management" page on the Company's website for the 2021 Group's risk management operation in detail. (VII) The Company is an investment holding company without the implementation of customer policies available. (VIII) In terms of acquiring liability insurance for directors and supervisors, the Company acquires liability insurance for the business scope of directors, supervisors, and key employees for an insurance amount limited to USD10,000,000 annually.	None

IX. Please explain the corrective action performed for the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and propose prioritized enhancements and measures for those that have not yet been corrected (The company is not subject to evaluation is exempted from this requirement).

Note 1: Letter of declaration from KPMG

安侯建業聯合會計師事務所
KPMG
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Addressee: CONTINENTAL HOLDINGS CORP.

Subject: To declare that we are appointed to audit and certify your financial statements for 2021 strictly in accordance with the independence requirements defined in the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (hereinafter referred to as the "Norm").

Descriptions: Our independence requirements cover the policies and procedures for all members' personal independence (financial interests, financing guarantee, and employment relationship, etc.), business relationships with customers, CPA's rotation system, and non-audit services. The important norms and compliance matters are stated as follows:

I. Important independence requirements

(1) The Office and its personnel and any other personnel subject to the independence requirements (including associates' personnel) are required to maintain their independence pursuant to the Norm.

(2) All personnel are prohibited from engaging in insider trading (directly or indirectly), misusing internal messages, or any activities that might mislead the securities or paid-in capital markets. Meanwhile, a statement of compliance with independence policies and procedures will be obtained from the Office's personnel each year.

(3) Required to transfer the CPA, including the in-charge CPA, countersigning CPA, CPA retained for engagement quality control review, and CPA retained for audit on a subsidiary which satisfies specific conditions, who has undertaken the audit on a TWSE/TPEx-Listed and Emerging Stock Market company's financial statements for a specific time limit that reaches the period prescribed by the Norm or laws.

(4) Take appropriate actions to eliminate the effect posed by any circumstance that might affect the identification and evaluation of services rendered, or mitigate the effect to an acceptable extent; if necessary, terminate the appointment for the case.

II. Supervision on compliance with independence policy

(1) The Office controls whether all members complete the annual Declaration of Statement for Independence via the online system.

(2) Audit individual members' compliance with independence requirements by a random check conducted periodically, and check whether personnel serving as assistant managers and above declare any update on their personal investment pursuant to the relevant requirements, via the personal investment declaration system.

(3) Supervise and conduct a random check on the rotation of CPAs, including the CPAs' certification period and adequacy of the non-audit services provided by them, etc.

(4) Any member (or partner) in violation of the independence policy will be reported to the Risk and Independence Committee for resolution in accordance with the independence disciplines and policies, and be punished adequately subject to materiality of the case.

In conclusion, when we are entrusted by you to audit your 2021 financial statements, we maintain an attitude of rigor and impartiality and a detached and independent viewpoint, free from any violations of the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10.

KPMG

CPAs:

Chung –Che Chen

Shu-Ying Chang

February 18, 2022

Note2: Independence assessment indicators of CPA

CONTINENTAL HOLDINGS CORP

External Auditor's Independence and Competence Evaluation Form

(1) Year of Evaluation: 2021

(2) CPA Firm and CPAs:
KPMG / Chung-Che Chen and Ti-Nuan Chien, CPAs

(3) Scope of evaluation: Set in reference to Article 47 of the Certified Public Accountants Act and the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10:

Item No.	Evaluation Indicators	Evaluation Result	
		Yes	No
1	The CPA is currently employed by the Company to perform routine work for which he or she receives a fixed salary, or currently serves as a director of the Company.		✓
2	The CPA has previously served the Company as a director, supervisor, managerial officer, or an employee with material influence over attestation, and has left the position for less than two years.		✓
3	The CPA is a spouse, lineal relative, direct relative by marriage, or a collateral relative within the second degree of kinship of any responsible person or managerial officer of the Company.		✓
4	The CPA, or his/her spouse or minor child, has invested in the Company, or shares in financial gains therewith.		✓
5	The CPA, or his/her spouse or minor child, has lent or borrowed funds to or from the Company.		✓
6	The CPA provides management consulting or other non-attestation services that affect his or her independence.		✓
7	The CPA fails to comply with regulations, as prescribed by the competent authority with relevant jurisdiction, governing CPA rotation, handling of accounting matters on behalf of clients, or other matters that affect his or her independence.		✓
8	The Company has engaged the same CPA without replacement for 7 years consecutively, or the CPA is subject to disciplinary action or other circumstances prejudicial to his/her independence.		✓
9	Entering into a contingent fee arrangement relating to an audit engagement.		✓
10	Acting as an advocate on behalf of the Company in litigation or disputes with third parties.		✓
11	A former partner within one year of disassociating from the Firm joins the Company as a director, or managerial officer or is in a key position to exert significant influence over the subject matter of the audit engagement.		✓
12	A member of the audit engagement team being asked to agree with the Company's inappropriate accounting treatment or inappropriate disclosure in financial statements.		✓
13	The Company inflicts pressure on the CPA to reduce professional fees and compel the CPA to reduce the extent of work performed.		✓
14	The Company's decision-making management functions are involved.		✓

(IV) Information on Compensation Committee Members

Title	Requirements / Name	Qualifications and Experience	Independence Status	Number of Other Taiwanese Public Companies where He/She Concurrently Serves as a Compensation Committee Member
Convener and Member	Frank Juang Independent Director	Independent Director, For their Professional Qualifications and Experience, please refer to "Information Regarding Board members" on page 12-13 of this Annual Report.	All the Compensation Committee members meet any of the following situations: 1. Satisfy the requirements of Article 14-6 of "Securities and Exchange Act" and the requirements of "Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" issued by Taiwan's Securities and Futures Bureau 2. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any CHC shares 3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service"	1
Member	Allen Lee Independent Director			1
Member	Jolien Shu Independent Director			0

(V) Compensation Committee Meeting Status

1. The Compensation Committee has three members, and all of them are Independent Directors. Independent Director Frank Juang was elected by the 5th term of the Compensation Committee as the convener. The Compensation Committee operates in accordance with laws and regulations, the Company's Articles of Incorporation, and the Compensation Committee Charter. The key responsibilities of the Compensation Committee are as follows:
   (1) Regularly review the Compensation Committee Charter and propose recommendations for improvement.
   (2) Formulate and regularly review the annual and long-term performance targets for the Company's directors and executives, as well as the remuneration policies, procedures, standards, and packages.
   (3) Regularly evaluate the performance of the Company's directors and executives, and set the contents and amount of their individual remunerations accordingly.
2. Term of office (5th): July 30, 2021~July 29, 2024. The Compensation Committee convened 5 meetings (A) in 2021 (the 4th term of Compensation Committees met thrice and the 5th term of Compensation Committees met twice) . The Compensation Committee members' qualifications and attendance are as follows:
   The meetings were attended by all Compensation Committees members in person, and their attendance rate was 100%.
   Term of office (4th): June 5, 2018~June 4, 2021; term of office (5th): July 30, 2021~July 29, 2024

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (B/A)	Remark (Note)
Convener and Member	Frank Juang Independent Director	5	0	100%	Term of office renewed
Member	Allen Lee Independent Director	5	0	100%	Term of office renewed
Member	Jolien Shu Independent Director	2	0	100%	New office assumed
Member	Donny Kao Independent Director	3	0	100%	Term expired

Other matters that require reporting:
1. The Compensation Committee's meetings and resolutions and the Company's responses to Compensation Committee members' opinions from 2021 to March 2022
   The Compensation Committee has met twice in 2022 as of the date of publication. The meetings were attended by all Independent Directors in person and their attendance rate was 100%.

Date	Session	Key Resolutions	Status of Implementation
January 21, 2021	4-15	1. Appointment of Corporate Secretary 2. Executives' performance in 2020 3. 2021 performance targets for executives	Approved by all Independent Directors present
March 15, 2021	4-16	1. Report on the Board evaluation in 2020 2. Distribution of employees' compensation and Directors' remuneration for 2020 3. Directors' remuneration standards 4. Appointment of Corporate Governance Officer	
May 5, 2021	4-17	1. Adjustment to executives' compensation in 2021	
December 15, 2021	5-1	1. Executives' performance evaluation and bonus for 2021 2. 2022 performance targets for executives	
March 14, 2022	5-2	1. Report on the Board evaluation in 2021 2. Distribution of employees' compensation and Directors' remuneration for 2021 3. Revision of the Directors' remuneration system 4. Personnel changes 5. 2022 performance targets for Corporate Governance Officer, Chief Auditor, Corporate Secretary, Head of QA, and Head of General Affairs	

2. Recommendations from the Compensation Committee rejected or amended by the Board of Directors: None.
3. Resolutions passed by the Compensation Committee where objections or reservations are registered by members: None.

Note: At the meeting of July 30, 2021, the Board of Directors approved the appointment of all three independent directors, Frank Juang, Allen Lee and Jolien Shu as members of the Compensation Committee. Their respective tenures are from July 30, 2021 to July 29, 2024.

(VI) Sustainable Development Implementation Status as Required by the Taiwan Financial Supervisory Commission

Promotion tasks	Implementation Status			Non-implementation Summary and Its Reason(s)
	Yes	No	Summary	
I. Does the company establish sustainability development governance structure and a full-time (or concurrent) sustainability development promotion unit, which is managed by senior management team and authorized by the Board? How is the unit being supervised by the Board?	✓		CHC has established ESG Committee, the full-time unit to promote sustainability development, in 2020. ESG committee is chaired by the CEO of CHC, composed of the senior management of the three major business units and the heads of CHC's functional units, and is the highest ESG governance unit of the CHC Group. The committee is also made up of members with diverse cultures, backgrounds, expertise, and experiences. The committee reviews and identifies risks and opportunities on the three aspects of environmental (E), social (S), and governance (G) annually, and convenes meetings regularly to formulate a sustainable development strategy to promote ESG-related work for the Group and review execution status in order to promote sustainability development. All ESG works are supervised by the Board of Directors, and 2021 execution results and future development plans were reported to the Board on November 5th, 2021.	None
II. Does the company follow principles of materiality in evaluating the risks of environmental, social, and corporate governance, and establish relevant policies or strategies? (Note 2)	✓		CHC establishes the principle of materiality using the four major procedures of "identification, analysis, confirmation, and inspection" to identify and select key sustainable themes. Upon collecting, analyzing, and ranking the priority of economic, environmental, and social importance among domestic construction, real estate related industries, CHC determines the hierarchy of ESG issues to conduct risk assessment and sets corresponding risk management strategies and action plans. Risk assessment covers CHC and its subsidiaries, namely Continental Engineering Corporation, Continental Development Corporation, and HDEC Corporation. Further information on risk assessment results and risk management strategies can be found on CHC website or Sustainability Report. https://reurl.cc/GoDnxA。	None
III. Environment (I) Does the Company establish proper environmental management systems in line with its industry characteristics? (II) Is the Company committed to improving the utilization efficiency of various resources and using recycled materials with a low environmental footprint?	✓		(I) CHC has established appropriate environmental management systems based on the attributes of its three business sectors, including the energy conservation and environmental protection measures in office buildings, implementation of environmental technology management for construction engineering, and introduction of ISO 14001 and ISO 50001 at operating plants. Furthermore, CHC group conduct greenhouse gas measurement annually according to ISO 14064-1 and continuously monitor the performance of environmental management, and publicly discloses the results on our website and Sustainability Report. (II) CHC promotes green procurement and implements energy management to reduce environmental impacts, and adopts environmentally friendly and energy-saving materials, high-efficiency equipment, and renewable energy. Meanwhile, CHC enhances construction measures to create opportunity for the reuse of recycled resources to optimize efficiency for resource usage. In 2021, the Group's green procurement amount was NT$1,470,090,000. These procurement items include materials for construction projects and supplies for clerical work. The adoption percentage of engineered formwork systems used for civil projects exceeded annual KPI target and achieved the goal for reuse of resources. CHC uses the electricity consumption per ton of wastewater treatment as the management index for energy usage efficiency. In 2021, the electricity consumption per ton of wastewater treatment was 0.28 kWh, an improvement of 7% compared to the target. The recycling and reuse of biogas amounted to 334,744M3, and the usage rate for renewable energy was 3.2%.	None

<table>
<tr><th rowspan="2">Promotion tasks</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation Summary and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(III) Does the Company evaluate the impact of climate change on the Company's current and future potential risks and opportunities, and adopt measures to respond to climate-related issues?

(IV) Does the company collect information on greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water usage reduction, or other waste management policies?</td><td>✓</td><td></td><td>(III) The ESG Committee reviews the Group's ESG development goals and KPIs annually, which include management and action plans for risks and opportunities towards climate change, and also examines execution performance and discusses future development strategies.
CHC evaluates the potential risks and opportunities in regard of climate change towards the group's current and future operations based on TCFD recommendations, and plans corresponding measures for mitigation and adjustment actions according to evaluation results. The evaluations are reviewed and updated annually. The key climate risk factors identified are shifts in market demands and preferences for products and services, environmental costs and compliance risks, increased costs of raw material, and increased frequency of extreme weather events. For more details, please refer to "7. Other important information to facilitate better understanding of the Company's sustainable development implementation practices" and CHC' Sustainability Report.
(IV) Since 2016, CHC has progressively and systematically collected and calculated greenhouse gas emissions, water consumption, and total waste weight in order to establish energy saving, water reduction, and waste management measures accordingly. In 2021, CHC gradually optimized its greenhouse gas measurement mechanism by stage in accordance with ISO 14064-1 and completed the third-party verification of greenhouse gas emissions for its two wastewater treatment plants for year 2019 and 2020. The environmental result for the past two years is summarized as follows. For detailed environmental management measures and performance result, please refer to CHC's Sustainability Report.
<table>
<tr><th>GHG emissions (tCO_2e)</th><th>Year 2020</th><th>Year 2021</th></tr>
<tr><td>Scope 1</td><td>888</td><td>352</td></tr>
<tr><td>Scope 2</td><td>27,860</td><td>30,401</td></tr>
<tr><td>Scope 3</td><td>8,961</td><td>-</td></tr>
<tr><td>CO_2 emissions per million dollars of revenue (Sum of Scope 1 & Scope 2)</td><td>1.33</td><td>1.15</td></tr>
</table>
The numbers for scope 1 and 2 listed above covers CHC and its three business sectors, and statistic boundaries are expanded in 2021 with new operating sites added. Scope 3 covers the two wastewater treatment plants, namely Tamsui Water Resource Recycle Center and Fengshan Water Resource Center. For 2020, the emissions data reported in Scope 1 and 2 were partially verified (70% and 52% respectively) by third party, and scope 3 were 100% verified by third party. The emissions data for 2021 is currently being verified by third party, and the results will be disclosed on CHC's website and Sustainability Report once available. The majority of the Group's greenhouse gas emissions comes from electricity emissions within Scope 2, which mainly result from wastewater treatment processing. Therefore, electricity consumption per ton of wastewater treatment is used as the quantitative management index. Through the conservation and optimization of high energy-consuming equipment, implementation of smart energy management systems, and enhanced modes of operation, the actual electricity consumption per ton of wastewater treatment was 0.28 kWh in 2021, with emissions amount of 0.14 kg CO_2e, an improvement of 7% compared to the target amount.
<table>
<tr><th>Water resource (M^3)</th><th>Year 2020</th><th>Year 2021</th></tr>
<tr><td>Water usage</td><td>226,843</td><td>223,453</td></tr>
<tr><td>Water usage per million dollars of revenue</td><td>10.46</td><td>8.32</td></tr>
</table></td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Promotion tasks</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation Summary and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(IV) Does the company collect information on greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water usage reduction, or other waste management policies?</td><td>✓</td><td></td><td>The information in the above table covers CHC and its three business sectors, and statistic boundaries are expanded in 2021 with new operating sites added. Numbers for 2020 has also been updated accordingly.
The Group continues to implement water resources management and improves water usage efficiency through water-saving equipment, water supply adjustment, water recycling and reuse, and water-saving campaigns. In 2021, the usage rate for reclaimed water was 22%, which implies the target achievement rate of 106%.
<table>
<tr><th>Waste (ton)</th><th>Year 2020</th><th>Year 2021</th></tr>
<tr><td>Total waste produced</td><td>16,950</td><td>32,483</td></tr>
<tr><td>Waste produced per million dollars of revenue</td><td>0.78</td><td>1.21</td></tr>
</table>
The information in the above table covers CHC and its three business sectors, and statistic boundaries are expanded in 2021 with new operating sites added. Numbers for 2020 has also been updated accordingly.
CHC Group provides construction services. The types of waste generated while doing business are categorized into office waste and commercial waste, including construction waste, sludge and waste acid resulted from wastewater treatment, etc. CHC continuously enhance operation mode with low consumption and high resource efficiency using technology, with dedication to reduce upstream resource consumption in order to reduce waste volume downstream. CHC also strictly implement waste classification, reuse, and recycling. In 2021, the sludge reduction amounted to 2,587 tons, and the target achievement rate was 109%.</td><td>None</td></tr>
<tr><td>IV. Social Responsibilities
(I) Does the Company formulate appropriate management policies and procedures in accordance with relevant regulations and international human rights conventions?</td><td>✓</td><td></td><td>(I) CHC has developed the Group's Human Rights Policy to ensure employees' rights pursuant to the Universal Declaration of Human Rights by the United Nations, United Nations Global Compact, and Declaration on Fundamental Principles and Rights at Work by the International Labour Organization.
1. Complies with the local labor laws where business is conducted and continuously strives to improve the working environment to help employees maintain sound physical and mental health and safety.
2. Committed to create a diverse and inclusive working environment where discrimination and harassment are not tolerated, and formulated “The Group's Guidelines for Sexual Harassment Prevention, Grievance, and Punishment” to set response guidance for sexual harassment incidents.
3. Committed to establish a work environment that is fair and respectful for migrant workers towards their religions and cultures, and use staffing companies with fair treatments.
4. In order to deepen employees' knowledge and understanding for human rights-related issues, CHC not only holds physical human rights education and training for new employees regularly but also promotes and provides online courses. Nearly 130 of “diversity and inclusion” courses are listed on the CHC's e-learning platform, covering topics such as gender equality, sexual harassment prevention, employment discrimination, workplace bullying, intergenerational communication, and so on. Total human rights-related training in 2021 totaled 1,228 hours, with 1,707 participants.</td><td>None</td></tr>
</table>

Promotion tasks	Implementation Status			Non-implementation Summary and Its Reason(s)
	Yes	No	Summary	
(II) Does the company formulate and implement reasonable employee benefits (including compensation, vacation, and other benefits), and appropriately reflect operating performance or results in employee compensation? (III) Does the Company provide a safe and healthy working environment, and provide training on health and safety for its employees on a regular basis?	✓		1. CHC has implemented a comprehensive employee benefits plan and closely integrated the personal goals of employees with the objectives of the organization. The remuneration, benefits, and time-off policies comply with laws and regulations and are competitive in the market. CHC also reflects its business results and financial performance into employee remuneration according to CHC's procedures for performance evaluations and annual performance bonuses. As of 2021, CHC has done four consecutive years of annual salary adjustments, with average salary adjustment rate higher than inflation rate and the average adjustment rate in the market. 2. For employees who are covered by the Defined-Contribution Labor Pension system, CHC deposits 6% of each employee's salary into one's individual Labor Pension account every month, and 2% of total employees' salary for those under the Defined-Benefit system into pension reserve account supervised by the Company's Workers' Retirement Fund Supervisory Committee to ensure a stable post-retirement life for employees. In terms of employee benefits, in addition to paid time off, labor insurance, health insurance, and pension that are in line with labor laws, CHC provides flexible work hours and implements better-than-market shift work schedules for construction units. Flexible benefits and reimbursements for club activities are also available for employees to choose from. The average amount of employee benefits in 2021 was NT$2,069,000. 3. In 2021, female employees accounted for 19% of total employees, and female management role accounted for 8%. The Group offered equal pay despite genders and across all levels. Salaries are based solely on job requirements, individual ability, and job performance so gender equality is practiced in workplace. 1. CHC arranges health check and offers health examination consultations and courses for employees on a regular basis. In 2021, CHC launched a series of initiatives to support employees' physical and mental balance, including employee recognition and encouragement program, work-life coaching services, and work shift scheduling similar to weekend day-offs for construction units. CHC also purchased pandemic and vaccine insurance products for employees, conducted daily health questionnaire, distributed COVID-19 test kit and facial masks, and implement separated office locations and work schedule in order to prevent employees from COVID-19 infection. Moreover, CHC has adopted a number of safety management measures, such as safety and hygiene audits for construction site, publications for occupational injury prevention, pre-work OHS education, construction site inspections, filings for high-risk operations, and so on to ensure the health and safety for employees within workplace. 2. CHC's "Occupational Health and Safety Committee" regularly reviews OHS management measures. An "OHS Management Platform" has been established to strengthen the planning of contingency measures for OHS risk management. The system was certified by the ISO/CNS 45001 management system to achieve higher OHS management level. 3. In order for employees to understand the nature of their work, potential hazards in the environment, and how to prevent occupational hazards, occupational safety education and training are held regularly. In 2021, a total of 76 sessions were implemented, with a total of 2,153 participants. CHC is committed to promote safety mindsets for front-line workers in order to ensure one's familiarity and responsiveness while executing operations.	None

Promotion tasks	Implementation Status			Non-implementation Summary and Its Reason(s)
	Yes	No	Summary	
(IV) Does the Company establish effective career development programs for its employees?	✓		4. The most common types of occupational injuries sustained by workers for CHC Group's industry are falling off, rolling off, and being struck-by a sliding or flying objects. In 2021, a total of 1 accident occurred; the total number of employees was 1,917, and the occupational accident rate was 0.05%. Prevention strategies and correction measures in regard to the cause of accident were formulated immediately; relevant OHS management regulations were added and operation procedures were adjusted, and OHS management equipment and technologies were developed as well to reduce the risk of injury. A "wireless gate indicator for waste tunnel" was successfully invented to prevent workers from getting struck by falling objects while cleaning and disposing construction site waste are in process simultaneously. 1. CHC values employees' ability and potential, and encourages one to strengthen their work capabilities through education and training sessions. In addition, CHC conducts talent review annually in order to seek possible candidates internally or externally, based on the Group's future development and strategies and the skill qualification as well as personal characteristic required for key position, in order to achieve sustainable operation for the Group. In 2021, the Group invested a total of NT$4,370,186 for internal and external training sessions, and the total training hours for all employees was 25,344 hours. 2. CHC's talent cultivation in 2021 included: General Training: internal/external, physical/online training and certification courses for various positions, functions, and individual needs, including OHS, BIM, construction engineering, civil engineering, environmental engineering, construction projects and quality, legal affairs and business contracts , procurement, finance and accounting, foreign languages, IT, etc. • Construction Training Course: In order to improve professional skills for construction engineering, three topic-centric small group-sized training courses for rebar, steel structure, and decoration were provided, which lasted for 20 weeks, with a total of 80 hours in practical training. Through theories, field observations, class practices, and in-class/post-class exams, participants were able to learn the knowledge and skills needed in construction projects. • Group Mentor Program: Training courses on mentoring skills were provided to a group of mentors within the Group, so senior staff could help with training and development for junior staff in various areas, such as leadership skills, attitude, and career planning and management, etc. 10 mentors were paired with 10 juniors for an one-year mentor program where they would exchange experiences and skills. • Successor Program: CHC searched for potential internal and external candidates, and planned four training sessions of "How to Assist Subordinates in Establishing a Personal Development Plan" for management-level staff to ensure that each candidate was able to create an effective development plan. A variety of learning methods, such as job rotation, assignments or projects, domestic and international learning resources, certification courses or external coaches, etc. were provided. The course materials focused mainly on critical professional skills, such as business acumen, people management and communication, compliance and quality assurance, relationship management, strategic thinking and problem solving, and key leadership management skills. • External Coaching Program: In 2021, the Group established an external coaching pool to help senior managers continue to pursue excellence.	None

Promotion tasks	Implementation Status			Non-implementation Summary and Its Reason(s)
	Yes	No	Summary	
(V) With respect to customer health and safety of products and services, customer privacy, marketing, and labeling, does the Company comply with relevant regulations and international standards, and formulate related consumer protection policies and appeal procedures? (VI) Does the Company have a supplier management policy that requires suppliers to comply with and implement relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights?	✓		1. CHC values its products and services in regard to clients' health and safety, and thus products are designed and constructed in accordance with relevant laws to ensure customers' health and safety. CHC is also certified by quality management system ISO 9001:2015 to continuously ensure quality and management practices meets international standards. In 2021, CHC did not receive any complaint or penalty related to the health and safety of customers. 2. CHC is committed to protecting customer privacy and personal information, complies with the Personal Data Protection Act and relevant personal data processing guidance, and requires suppliers to follow CHC's standard to ensure the protection of customers' privacy and personal information. In 2021, CHC did not received any complaint or violation in regard to customer privacy. 3. CHC's marketing materials and labeling have all been 100% double-checked and audited by various departments before being published to ensure compliance. In 2021, CHC did not receive any complaint or penalty related to marketing and labeling violations. 4. CHC has set up an after-sales service department to deal with customer complaints and product maintenance service requests, which also takes the initiative to conduct customer satisfaction surveys before, during, and after sales activities to protect customers' rights and interests. CHC provides and ensures customer complaint channels that are smooth and easy to use, which includes contact form on official website, customer service hotline, APP developed for each apartment complex, etc., and strictly implement timely-response management. 1. CHC has established Group Procurement Policy and Supplier Management mechanisms, which rule out suppliers with high environmental and OHS risks and set execution standard on labor management and prohibition of child labor, maintaining basic labor rights, and ethical standard and code of conducts, and asks all the suppliers to follow ethics code of conduct and procurement policies 2. CHC manages supply chain risks through supplier selection standard and supplier evaluation, and actively manages and counsels suppliers with high level of risks. CHC conducts annual selection of excellent suppliers in different aspects such as occupational safety, environmental management, project quality, and project schedule management, and sets the Health and Safety Award to encourage suppliers with proactive behaviors.	None
V. Does the company refer to internationally accepted reporting standards or guidelines for compiling reports on non-financial information, such as Sustainability Reports? Did the previous release reports obtain a confirmation or assurance opinion from a third party verifier?		✓	CHC conducted the 2021 Sustainability Report according to GRI standards. The report was not confirmed nor assured from a third party.	CHC will study on corporate development needs and plan to obtain a confirmation or assurance option from a third party.
VI. If the Company has established the Sustainability Development Principles based on "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation: Not Applicable				

Promotion tasks	Implementation Status			Non-implementation Summary and Its Reason(s)
	Yes	No	Summary	

7. Other important information to facilitate better understanding of the Company's sustainable development implementation practices:
   (I) Refer to Sustainability section of CHC's website
   (II) Identified risk and opportunities regarding climate change are listed below:

Category		Type	Identified Risk Items/Opportunities	CHC's Management Practices
Risk	Physical	Extreme Weather Events	• The frequency of extraordinary climate events is gradually increasing. Strong winds, torrents, hail, etc. may cause equipment damage, disasters in construction/operation sites, and project delays, resulting in property losses, increased operating costs, and deferred operating revenues.	• When the Central Weather Bureau issues a typhoon special report, the emergency response personnel are dispatched at the same time to the operating site in order to secure facilities, initiate disaster prevention preparations, and conduct regular inspections to effectively control the situation. • In case of equipment damage, repair will be done immediately or the spare pool will be activated to ensure discharged water meets the effluent standard. • In the event of a disaster, an emergency response measure will be initiated and disaster relief resources will be allocated to mitigate impacts and reduce losses. • Continue to enhance construction strategy, dispatch manpower with flexibility, evaluate and purchase natural disaster insurance
			• The short-duration heavy rainfall causes excessive inflow of water, which may cause the sewage treatment to be affected by the following: I. Overload of the effluent treatment equipment and flooding of the plant area, increasing the risk of equipment damage and reducing treatment efficiency II. Displacement of the manhole cover in the factory, causing danger to pedestrians and vehicles	• Regularly follow the heavy rainfall reports issued by the Central Weather Bureau, and monitor inflow water volume. The plant will implement emergency measures when the inflow water volume overload: (1) Carry out in-factory bypass operations and notify relevant authorities (2) Dispatch personnel to the hot spot where the manhole cover has been displaced, and set up traffic control facilities (3) Set up water gates at important buildings or low-lying areas (4) Set up waterproof sandbags and emergency pumping motors to prevent equipment damage in case of flood, and to ensure the safety of pedestrians, vehicles, and employees
			• Risk of damage to the power system of the operating plant	• Regularly inspect and maintain equipment and systems to ensure that lightning protection systems, generators and other equipment can operate normally during emergencies • If the power system is damaged, measures are taken immediately to repair the system
			• High temperature will increase the risk of heat hazards when workers are working outdoors • Global warming may affect the usage efficiency of building materials and the supply and demand of the building materials, resulting in increasing operating costs • High temperature may cause the risk of reduced water production in sewage treatment plants	• To prevent heat hazards from workers working outdoors, the following precautions are set up or implemented within construction sites during summer and are listed as key occupational safety audit items: i. Workers' resting area with shaded roof ii. Provide drinking water iii. Set up water sprinkler, water spray, and cooling electrical equipment iv. Set up thermometer and hygrometer v. Provide functional work suits vi. Publicize Heat Hazards Prevention documents vii. Send out information through electronic copy on "Heat Hazards Prevention" to employees for reference Through continuous promotion and inspection, the awareness and attention of subcontractors and workers on heat hazards will be improved, and risks will be reduced • The Group pays attention to the trend of building materials design and keep track on the issue of cost changes in order to manage and control the construction cost of each project, as well as regularly reviews and enhances the construction strategy to reduce the project delay time caused by high temperature • In order to cope with the high temperature risk faced by the sewage treatment plant, a water curtain system for air extraction has been set up and the ventilation volume of the plant has been increased
	Transitional	Market	• The market demand may change in response to climate change, which may affect the Group's existing products and services • Sustainability awareness is rising, and the preference for building materials and equipment has shifted, which may increase construction cost	• Regularly review the impact of climate change issues on the market, and actively develop green innovative products • Pay attention to the trend of building materials design and keep track on the issue of cost changes in order to manage and control the construction cost of each project
		Policies and Regulations	• In response to climate change issues, the competent authority has incorporated environmental externalities and sustainability factors in laws and regulations, which will affect product design and business behavior, and increase environmental costs for companies	• Actively follow and understand domestic policy trends and international trends in order to develop corresponding strategies in advance. Product design is shifted towards environmental-friendly and smart technology oriented, and to study on obtaining relevant certifications, ex. Carbon footprint • Re-examine and re-evaluate operational risks and opportunities with focus on ESG-related topics

Promotion tasks	Implementation Status			Non-implementation Summary and Its Reason(s)
	Yes	No	Summary	

Category		Type	Identified Risk Items/Opportunities	CHC's Management Practices
Opportunity	Physical	Extreme Weather Events	Wastewater Treatment Business • Lower energy consumption for anaerobic tank due to high surrounding temperature • High temperature to increase volatilize speed for hydro within sludge cakes to reduce sludge cleaning expense	• Continue to monitor daily surrounding temperature to adjust system control settings to reduce energy consumption and sludge volume
			• Unequal precipitation period result in seasonal water resource shortage, resulting in increasing demand for recycled and reclaimed water	• Provide recycled water to government units and the public to enhance neighborhood relations and company reputation • Expand reclaimed water business
	Transitional	Market	• Project and planning ability for real estate development business are favored by market and can adapt quickly to market changes • EPC management ability to adjust to market needs as circular economy concept rises	• Continue to conduct market surveys to increase market sensitivity and product diversity • Join actual execution for circular economy by participating in building the first circular economy housing in Taiwan in order to accumulate circular economy-related construction experience and profession
		Policies and Regulations	• Continue to provide quality residential product and follow future trend to develop new type of residential products to meet client needs • Develop and design products and operating mode that reduce one-time material usage • Renovation technology and techniques	• Increase proportion for planning and design of green building and smart building, to enrich diversity for product planning and design • Continue to leverage technological development and adopt digital tools to reduce usage for resource and materials and increase resource usage efficiency • Reassess and redesign product and service offerings, and develop low-carbon product mix

(Ⅶ) Taiwan Corporate Conduct and Ethics Implementation as Required by the Taiwan Financial Supervisory Commission

Evaluation Item	Implementation Status			Causes for the Difference
	Yes	No	Summary	
I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures (I) Does the Company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team? (II) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	✓		(I) The "Code of Group Ethical and Business Conduct" were passed by a resolution of the Board of Directors on November 5, 2020. Principles define ethical corporate management philosophy of the Group, and establishing a common compliance framework for all Group companies. (II) The Company has operating procedures or codes of conduct in place, including the "Code of Conduct", "Guideline for Reporting and Handling unlawful, Immoral or Unethical behavior",and "Group Guideline for Anti-Insider Trading Management" to prevent dishonest behavior. These procedures or codes, which stipulate criteria for offering and accepting improper benefits, authority to approve and manage donations and sponsorships, ownership of intellectual property rights and non-disclosure agreements, rules to prevent, report, investigate, and dispose of unethical conduct, and ways to confirm whether trading partners have a record of unethical conduct, avoid conflicts of interest, and conduct investigations, and encompass preventive measures prescribed in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.	None

Evaluation Item	Implementation Status			Causes for the Difference
	Yes	No	Summary	
(III) Whether the Company has established relevant policies that stipulate implementation procedures, guidelines, consequences of violation, and complaint procedures and are duly enforced to prevent unethical conduct, and periodically reviews and revises such policies?			(III) According to the operating procedures or codes mentioned above, the Company has established, duly enforced, and reviewed procedures for preventing unethical conduct, code of conduct, complaint procedures, and procedures for investigation and disposal of unethical conduct.	None
II. Ethic Management Practice (I) Whether the Company has assessed the ethics records of whom it has business relationships with and included business conduct and ethics-related clauses in the business contracts? (II) Whether the Company has set up a unit dedicated to promoting the Company's ethical standards, regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters and the program to prevent unethical conduct, and monitors their implementation? (III) Whether the Company has established policies to prevent conflicts of interest, provides appropriate communication and complaint channels, and implements such policies properly? (IV) To implement relevant policies on ethical conduct, has the Company established effective accounting and internal control systems, made audit plans based on the assessment of unethical conduct, and had its ethical conduct program audited by internal auditors or CPAs periodically?	✓		(I) To establish an environment for honest business dealings and measures to prevent unethical behavior, all suppliers are required to sign a commitment to ethical corporate management and participate in a survey of the effectiveness of ethical corporate management. In 2021, a total of 867 questionnaires were distributed to suppliers. In addition to contract templates that stipulate terms of ethical corporate management, the Company has amended procurement regulations to include the commitment to ethical corporate management in the supplier evaluation. (II) Under Article 17 of "Code of Group Ethics and Business Conduct" Business Governance Section of the Company Corporate Social Responsibility Committee is the dedicated unit for ethical corporate management. The section is chaired by the Vice President of the Legal Department. Its responsibilities include promotion and supervision of ethical corporate management policies, as well as making regular reports to the Board of Directors. Business Governance Section briefed the 3rd meeting of the 5th term of Board of Directors on November 5, 2021 on the implementation of ethical corporate management. (III) The prevention of conflicts of interest is stipulated in "Code of Group Ethics and Business Conduct" The dedicated unit for ethical corporate management had all Taiwan employees sign the commitment to ethical corporate management in 2021. It also promoted the prevention of conflicts of interest in an ethical corporate management course. A total of 1,403 employees completed the course, learning they should inform the Company of any potential conflicts of interest and avoid them. The dedicated unit for ethical corporate management also publicized principles of ethical corporate management via internal correspondence on anti-corruption, avoidance of conflicts of interest, and prohibition of insider trading. (IV) The dedicated unit for ethical corporate management is responsible for the promotion and supervision of ethical corporate management policy and preventive programs. It is in charge of the following matters: (1) Assisting in incorporating ethics and moral values into the Company's business strategy and developing prevention measures according to policies; (2) Assisting each unit in implementing preventive programs in management mechanisms and procedures; (3) Planning the internal organization and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of business activities within business scope which are at a higher risk for unethical conduct; (4) Promoting and coordinating awareness and training activities with respect to ethics policies;	None

Evaluation Item	Implementation Status			Causes for the Difference
	Yes	No	Summary	
(V) Does the Company provide internal and external ethical conduct training programs on a regular basis?	✓		(5) Developing a whistle-blowing system to ensure effectiveness of ethical corporate management policy; and (6) Assisting in assessing whether prevention measures are effectively operating, developing improvement plans, and preparing documented information such as the effect of the ethical corporate management policy and compliance statements. The Audit Office develops an annual plan for conducting different audits. Audit outcomes and improvement proposals are then submitted to the Board of Directors and management. Improvements are also tracked. (V) In 2021, the dedicated unit for ethical corporate management had all employees in Taiwan take a course on ethics and integrity; newcomers also took related courses in orientation training (topics: Introduction to Legal Department functions, morality and integrity, and key Company SOPs). As of December 2021, a total of 1593 employees attended these courses. In addition, all employees signed the commitment to ethical corporate management compliance, expressing their willingness to abide by the rules and regulations in relation to ethical corporate management and not to accept, offer, promise to offer, or request illegitimate benefits.	None
III. Implementation of Complaint Procedures (I) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received? (II) Whether the Company has established standard operating procedures for investigating the complaints received and follow-up measures after investigations are completed, and ensure such complaints are handled in a confidential manner? (III) Does the Company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	✓		According to “Code of Group Ethics and Business Coduct” and the "Guideline for Reporting and Handling Unlawful, Immoral, or Unethical Behavior," the Company following has the whistleblowing system: explicitly defined reporting process, confidentiality mechanisms, and protective measures. (I) A reporting mailbox (WB.Box@continental-holdings.com) is available on the Company's official website, the CEO Office is the unit responsible for acting on complaints. A committee shall be set up for each whistleblower case based on the scope and extent of the case. The members of the committee are to be appointed by the CEO/General Manager. If the whistleblower case involved key Company executives or Board members, then it shall be handled by the CHC Chairman or Audit Committee. A system is therefore in place for handling whistleblower complaints and appeals on illegal, unethical, or immoral behavior by employees and third parties. (II) The reporting process is explicitly defined in the whistleblower regulations. The handling unit includes confidentiality mechanisms and protective measures as well. (III) Under the Group Ethical Corporate Management Best Practice Principles, the Company is explicitly required to ensure the confidentiality of the whistle blower’s identity and complaint to prevent retribution or interference with the investigation. The Company may not take punitive actions or make unfavorable arrangements against the whistle blower over the complaint. In 2021, the Company neither was punished by the competent authority for any major corruption-related violations nor had any complaints lodged against it.	None
4. Information Disclosure Does the Company disclose its guidelines on business ethics as well as information about the implementation of such guidelines on its website and the Market Observation Post System (MOPS)?	✓		In addition to disclosing the Company’s ethical corporate management best practice principles and code of ethics on the company website, an ethical corporate management section has been set up on the website to disclose implementation details and promotion outcomes.	None

Evaluation Item	Implementation Status			Causes for the Difference
	Yes	No	Summary	
V. If the Company has established corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and principles: The Company has established the "Code of Group Ethical and Business Conduct" . There is no discrepancy between the Ethics Code, including its affiliate policies and procedures, and its implementation.				
VI. Other important information to facilitate a better understanding of the Company's corporate conduct and ethics compliance practices (e.g., review of the Company's corporate conduct and ethics policy): The Company upholds ethical corporate management by striving to manage all matters of concern to each stakeholder. The enforcement of the Group Ethical Corporate Management Best Practice Principles and the Code of Conduct ensures consistent ethical standards among all employees at every level and that stakeholders are aware of the Company's ethical standards as well. Our data on work undertaken by the Company in 2021 identified no instances of corruption, and there was no related litigation.				

(VIII) Corporate Governance Guidelines, Regulations, and methods to access those information

The Company has established the “Guideline for Corporate Governance, Rules of Procedure for Shareholders Meetings,, Rules of Procedure for Board of Directors Meeting, Rules and Regulations of the Board of Directors, Rules for the Election of Directors, Charter of Audit Committee, Charter of Compensation Committee, standard operational protocol for responding to requests from directors, Regulation of Self-Evaluation of the Board of Directors, Group Ethical Corporate Management Best Practice Principles, Code of Conduct, Guideline for Reporting and Handling Unlawful, Immoral or Unethical behavior, Group Guideline for Anti-Insider Trading Management1 to implement corporate governance. More detailed information was disclosed on our website (https://www.continental-holdings.com/en/)

(IX) Other Important Information for Further Understanding Implementation Status of Corporate Governance:

Besides publishing material information on the MOPS in accordance with laws and regulations. Further information on the implementation status of Corporate Governance can be found on CHC website "Investor Relations" and "Corporate Governance " section.

(X) Internal Control System Execution Status

1. Statement of Internal Control System

Continental Holdings Corporation
Statement of Internal Control System

March 15, 2022

Based on the findings of a self-assessment, Continental Holdings Corporation (CHC) states the following with regard to its internal control system during the year 2021:

1. CHC's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and CHC takes immediate remedial actions in response to any identified deficiencies.
3. CHC evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. CHC has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, CHC believes that, on December 31, 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of CHC's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement was passed by the Board of Directors in their meeting held on March 15, 2022, with none of the Seven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Continental Holdings Corporation

Chairman Nita Ing

Chief Executive Officer Cindy Chang

2. If CPA Was Engaged to Conduct a Special Audit of Internal Control System, Provide Its Audit Report: None.

(XI) Details of penalties, major faults, and improvement measures against the Corporation or internal staffs due to violations of legal requirements, or carried out by the Corporation against its own staffs due to violations of internal control regulations during the past year and as of Publication date of the Annual Report.

(XII) Major Resolutions of Shareholders' Meetings and the Board of Directors during current year and up to the publication date of the annual report:

(I) Major Resolutions of Shareholders' Meetings and Implementation Status in 2021

The Company held the 2021 general shareholders' meeting at Fubon International Conference Center (B2, No. 108, Sec.1, Dunhua S. Rd., Taipei City) on July 30, 2021. Key resolutions and their implementation status are as follows:

1. Approval items
   1) 2020 Business Report and Financial Statements
      Voting outcome: 542,632,652 approval votes, 177,560 disapproval votes, 13,760,522 invalid votes. The number of approval votes accounted for 97.49% of all votes represented.
      Implementation status: Resolution passed.
   2) Distribution of 2020 earnings
      Voting outcome: 542,897,290 approval votes, 202,731 disapproval votes, 13,470,713 invalid votes. The number of approval votes accounted for 97.54% of all votes represented.
      Implementation status: Resolution passed. July 1, 2021 was set as the ex-dividend date, with cash dividend to be distributed on July 30, 2021.
2. Discussion items I
   1) Amendment to the Articles of Incorporation
      Voting outcome: 538,996,519 approval votes, 193,072 disapproval votes, 17,381,143 invalid votes. The number of approval votes accounted for 96.84% of all votes represented.
      Implementation status: Resolution passed. The Articles of Incorporation are to be implemented in accordance with the amendment.
3. Directors Election
   1) Election of 5th CHC Board of Directors
      Voting Result: The list of elected directors on the 5th term Board is as follows:

Title	Name	Votes Represented
Director	Wei-Dar Development Co., Ltd. Representative: Nita Ing	657,566,606 votes
Director	Han-De Construction Co., Ltd. Representative: John Huang	473,063,417 votes
Director	Wei-Dar Development Co., Ltd. Representative: Helena Kuo	465,861,865 votes
Director	Han-De Construction Co., Ltd. Representative: Christopher Chang	465,823,916 votes
Independent Director	Frank Juang	501,026,262 votes
Independent Director	Allen Lee	481,203,731 votes
Independent Director	Jolien Shu	474,782,849 votes

Implementation status: The registration change was made in accordance with the regulations of the competent authority and announced on the MOPS and the company website.

IV Discussion item II

(1) To release of non-competition restrictions on the members if the 5th Board of Directors
   Voting outcome: 267,914,053 approval votes, 586,428 disapproval votes, 17,386,088 invalid votes. The number of approval votes accounted for 93.71% of all votes represented.
   Implementation status: Resolution passed. The proposal will take effect after the resolution of the shareholders' meeting.

(II) Key Resolutions of the Board of Directors and Implementation Status

Date	Session	Key Resolutions	Implementation Status
January 21, 2021	4-21	1. Lending of funds to HDEC 2. Appointment of Corporate Secretary 3. Executives' performance evaluation and bonus for 2020 4. 2021 performance targets for executives	Approved by all Directors present
March 16, 2021	4-22	1. Report on the Board evaluation in 2020. 2. Distribution of employees' compensation and Directors' remuneration for 2020 3. 2020 Business Report and Financial Statements 4. Distribution of 2020 earnings 5. Distribution of 2020 earnings in form of cash dividends 6. Amendment to the Articles of Incorporation 7. Board nominations for the 7 Directors of 5th Board of Directors 8. Release of non-competeition restrictions on the members of the 5th Board of Directors 9. Convention of the 2021 general shareholders' meeting 10. Lending of funds to HDEC 11. Evaluation on the independence and suitability of the CPAs in 2020 12. Change of concurring CPA starting from the first quarter of 2021 13. Issue of the Company's Statement of Internal Control for 2020 14. Liability insurance for the Company's Directors and officer 15. To review the Directors' remuneration 16. Appointment of Corporate Governance Officer 17. To release of non-competition restrictions on the manager 18. Adjustments of the Company's organization	Approved by all Directors present
May 7, 2021	4-23	1. Amendment to the Regulations Governing Procedure for Board of Directors Meetings 2. Adjustment to executives' compensation in 2021	Approved by all Directors present
July 12, 2021	4-24	1. Revision of the date and location of 2021 general shareholders' meeting 2. Addition of custodians for the Company's seal	Approved by all Directors present
July 30, 2021	5-1	1. Election of Chairman of the 5th term of Board of Directors 2. Election of members and convener of the 5th term of Audit Committee 3. Election of members and convener of the 5th term of the Compensation Committee	Approved by all Directors present
August 6, 2021	5-2	1. Financial Statements for the second quarter of 2021 2. Revision of the audit plan for 2021	Approved by all Directors present
November 5, 2021	5-3	1. Financial Statements for the third quarter of 2021 2. Adjustment of CHC's organization and management framework 3. Establishment of a subsidiary, Continental Consulting Co., Ltd. 4. Changes in the directors and supervisors and organization of CEC, CDC, and HDEC 5. Authorization of the Chairman or a natural person designated by the Chairman to represent the Company to act as the legal entity director or supervisor of CEC, CDC, HDEC, and Continental Consulting Co., Ltd. 6. Amendment to the CHC Division of Roles and Responsibilities	Approved by all Directors present
December 17, 2021	5-4	1. Budget for 2022 2. Audit plan for 2022 3. Executives' performance evaluation and bonus for 2021 4. 2022 performance targets for executives	Approved by all Directors present
March 15, 2022	5-5	1. Report on the Board evaluation in 2021 2. Distribution of employees' compensation and Directors' remuneration for 2021 3. 2021 Business Report and Financial Statements 4. Distribution of 2021 earnings 5. Distribution of 2021 earnings in form of cash dividends 6. Convention of the 2022 general shareholders' meeting 7. Evaluation on the independence and suitability of the CPAs in 2021 8. Statement of Internal Control for 2021 9. Liability insurance for the Company's Directors and officers 10. Revision of the internal control system 11. Amendments to the internal audit procedures, internal audit implementation rules, and responsibilities of the Audit Office 12. Release of non-competetition restrictions onf the manager 13. Revision of Directors' remuneration	1. Item 8,9 and 10 amended and approved by all Directors present 2. other items approved all Directors present

(XIII) Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors during 2020 and as of the Date of this Annual Report: None.

(XIV) Resignation or Dismissal of Chairman, President, and Heads of Accounting, Finance, Internal Audit, Corporate Governance Officer and R&D during 2019 and as of the Date of this Annual Report:None.

IV. Information on CPA Professional Fees

Unit: NT$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
KPMG Taiwan	Chung-Che Chen Shu-Ying Chang	2021.01.01~ 2021.12.31	2,103	30	2,133	Non-audit Fee: Company registration.

I. In the event of a change in accounting firm where the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amount of audit fees before and after said change and the reasons should be disclosed: None.

II. In the event where audit fees paid for the current fiscal year are lower than those of the previous fiscal year by more than 10%, reductions in the amount of audit fees, reduction percentage, and reason(s) should be disclosed: None.

V. Replacement of CPA

(I) Regarding the former CPA

<table>
<tr><th rowspan="3">Replacement Date</th><th rowspan="3">Replacement reasons and explanations</th><th colspan="4">Describe if the Company terminated the CPA or if the CPA did not accept the appointment</th><th rowspan="3">Reasons for issuing audit reports other than unqualified audit reports over the past two years</th><th colspan="6">Differences with the company</th><th rowspan="3">Other disclosures (according to Article 10.6.1.4~ 10.6.1.7 of these principles)</th></tr>
<tr><th colspan="2">Termination of appointment</th><th colspan="2">No longer accepted (continued) appointment</th><th colspan="4">Yes</th><th rowspan="2">None</th><th rowspan="2">Remarks/ specify details:</th></tr>
<tr><th>CPA</th><th>The Company</th><th>CPA</th><th>The Company</th><th>Accounting principles or practices</th><th>Disclosure of Financial Statements</th><th>Audit scope or steps</th><th>Others</th></tr>
<tr><td>Approved by the Board of Directors on March 16, 2021</td><td>Due to internal rotation at KPMG Taiwan, the original CPA, Ti-Nuan Chien , was changed to CPA, Shu-Ying Chang.</td><td>Not applicable</td><td>Not applicable</td><td>Not applicable</td><td>Not applicable</td><td>Not applicable</td><td></td><td></td><td></td><td></td><td>✓</td><td></td><td>None</td></tr>
</table>

(II) Regarding the successor CPA

Name of accounting firm	Name of CPA	Date of appointment	Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement	Succeeding CPA's written opinion of disagreement toward the former CPA
KPMG Taiwan	Shu-Ying Chang	Approved by the Board of Directors on March 6, 2021	None	None

(III)The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards: None.

VI. CHC's Chairman, Chief Executive Officer, and Managers in Charge of Its Finance and Accounting Operations Did Not Hold Any Positions within TSMC2s Independent Audit Firm or Its Affiliates in the Most Recent Year.

VII. Net Change in Shareholding by Directors, Management and Shareholders with 10% Shareholdings or More

Unit: Shares

Title	Name	2021		As of Apr. 11, 2022	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman	Wei-Dar Development Co., Ltd.	0	0	0	0
	Representative :Nita Ing	0	0	0	0
Director	Wei-Dar Development Co., Ltd.	0	0	0	0
	Representative :Helena Kuo	0	0	0	0
Director	Han-De Construction Co., Ltd.	0	0	0	0
	Representative :John Huang	0	0	0	0
Director	Han-De Construction Co., Ltd.	0	0	0	0
	Representative : Hsuing Chinag	0	0	0	0
	Representative: Christopher Chang (Relieved on 2022.1.9)	0	0	0	0
Independent Director	Frank Juang	0	0	0	0
Independent Director	Allen Lee	0	0	0	0
Independent Director	Jolien Shu	0	0	0	0
CEO	Cindy Chang	0	0	0	0
Vice President	Anthony Lien	0	0	0	0
Vice President	Emily Liu	0	0	0	0
Vice President	Weifan Wang	0	0	0	0
Corporate Governance Officer	Calvin Tsai	0	0	0	0
Chief Auditor	Charleen Chang	0	0	0	0
Assistant Vice President	Nanchyi Shieh	N/A	N/A	0	0
Assistant Vice President	Tuan Jen Wang	N/A	N/A	0	0
Finance Officer	Kris Lin	0	0	0	0
Accounting Officer	Eva Lin	0	0	0	0
Major Shareholders	Wei-Dar Development Co., Ltd.	0	0	0	0
Major Shareholders	Tamerton Group Limited	0	0	0	0
Chairman	Nita Ing (Relieved on 2021.7.30)	0	0	N/A	N/A
Independent Director	Donny Kao (Relieved on 2021.7.30)	0	0	N/A	N/A
Director	Wei-Dar Development Co., Ltd.	0	0	0	0
	Representative: Christopher Chang (Relieved on 2021.7.30)	0	0	N/A	N/A
Vice President	Kevin Chueh (Relieved on 2022.1.31)	0	0	N/A	N/A

Shares Trading with related parties: None

VIII. Relationship among the Top Ten Shareholders

Name	Current Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Wei-Dar Development Co., Ltd.	206,025,200	25.02%	0	0	0	0	Han-De Construction Co., Ltd. Oriens Corporation Tamerton Group Limited Mirton Investment Cooperation Bunker Industry inc.	Substantive Related Party	
Chairman: Maoshi Corporation	0	0	0	0	0	0	Han-De Construction Co., Ltd.	Chairman of Han-De Construction Co., Ltd.	
Tamerton Group Limited	85,672,300	10.40%	0	0	0	0	Wei-Dar Development Co., Ltd. Han-De Construction Co., Ltd. Oriens Corporation Mirton Investment Cooperation Bunker Industry Inc.	Substantive Related Party	
Han-De Construction Co., Ltd.	63,755,667	7.74%	0	0	0	0	Wei-Dar Development Co., Ltd. Oriens Corporation Tamerton Group Limited Mirton Investment Cooperation Bunker Industry inc.	Also the Chairman of Wei-Dar Development Co., Ltd. and Oriens Corporation	
Chairman: Maoshi Corporation	0	0	0	0	0	0	Wei-Dar Development Co., Ltd	Chairman of Wei-Dar Development Co., Ltd.	
Fubon Life Insurance Co. Ltd	41,078,000	4.99%	0	0	0	0	None	None	
Hao Ran Foundation	40,474,902	4.92%	0	0	0	0	None	None	
Chairman: Nita Ing	903,298	0.11%	0	0	0	0	Tso-Ho, Ing	Within 2nd-degree relatives of Chairman of Hao Ran Foundation	
Miriton Investment Corporation	22,984,642	2.79%	0	0	0	0	Wei-Dar Development Co., Ltd. Han-De Construction Co., Ltd. Tamerton Group Limited Oriens Corporation Bunker Industry Inc.	Substantive Related Party	
Oriens Corporation	20,662,844	2.51%	0	0	0	0	Wei-Dar Development Co., Ltd. Han-De Construction Co., Ltd. Tamerton Group Limited Mirton Investment Corporation Bunker Industry Inc.	Substantive Related Party	
Chairman: Jade Fortune Enterprises Ins	0	0	0	0	0	0	Substantive Related Party	Substantive Related Party	
Shi-Zhong, Lin	16,000,000	1.94%	0	0	0	0	None	None	
Tso-Ho, Ing	14,054,516	1.71%	0	0	0	0	Nita Ing	Within 2nd-degree relatives of Chairman of Hao Ran Foundation	
Bunker Industry Inc.	12,947,698	1.57%	0	0	0	0	Wei-Dar Development Co., Ltd. Han-De Construction Co., Ltd. Miriton Investment Corporation Tamerton Group Limited Oriens Corporation	Substantive Related Part	

IX. The total number of shares and total equity stake held in any single enterprise by the company, its directors, supervisors, managers, and any companies controlled either directly or indirectly by the Company.

Unit: shares/ %

Investees (Note)	Investment by the Company		Investment by directors, managers and enterprises directly or indirectly controlled by the Company		Total investment	
	Shares	%	Shares	%	Shares	%
Continental Engineering Corporation	440,061,971	99.99998%	100	0.00002%	440,062,071	100%
Continental Development Corporation	591,948,387	99.99998%	100	0.00002%	591,948,487	100%
HDEC Corporation	229,999,900	99.99996%	100	0.00004%	230,000,000	100%
Continental Consulting Limited Company	-	100%	-	-	-	100%

Note: Investments made by the company with the equity method.

Capital Overview

I. Capital and Shares

(I) Capitalization

Month/ Year	Per Share (NT$)	Authorized Share Capital		Capital Stock		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2010/4	10	1,000,000,000	10,000,000,000	841,158,076	8,411,580,760	CHC was established in 2010.4.8 by CEC as a holding company through a share-swap deal in a ratio of 1to 1	-	-
2014/8	10	1,000,000,000	10,000,000,000	883,215,980	8,832,159,800	Stock dividends of Common Stock	-	-
2015/12	10	1,000,000,000	10,000,000,000	853,215,980	8,532,159,800	Treasury Stock Retired	-	-
2016/5	10	1,000,000,000	10,000,000,000	823,215,980	8,232,159,800	Treasury Stock Retired	-	-

Type of Stock	Authorized Capital						Remark
	Issued Shares			Treasury shares	Unissued Share	Total	
	Listed	Non-listed	Total				
Common share	823,215,980	-	823,215,980	-	176,784,020	1,000,000,000	-

Information for Shelf Registration: None.

(II) Status of Shareholders

As of 2022/4/11 (Record date)

Auantity/ Shareholder Structure	Government	Financial Institutions	Other Juridical	Domestic Natural persons	Foreign institutions and Natural persons	Total
Number of Shareholders	1	16	82	27,982	160	28,241
Shareholding	4,172,000	46,469,171	342,721,225	240,568,562	189,285,022	823,215,980
Holding Percentage	0.51%	5.64%	41.63%	29.22%	23.00%	100.00%

(III) Distribution Profile of Share ownership

As of 2022/4/11 (Record date)
The Parvalue for each share is NT$10

Class of Shareholdings	Number of Shareholders	Shareholding (Shares)	Percentage
1 ～ 999	10,206	2,536,051	0.31%
1,000 ～ 5,000	12,287	26,481,800	3.22%
5,001 ～ 10,000	2,506	18,816,961	2.29%
10,001 ～ 15,000	988	12,151,822	1.48%
15,001 ～ 20,000	512	9,340,925	1.13%
20,001 ～ 30,000	554	13,865,553	1.68%
30,001 ～ 40,000	278	9,702,142	1.18%
40,001 ～ 50,000	184	8,479,352	1.03%
50,001 ～ 100,000	377	26,669,882	3.24%
100,001 ～ 200,000	152	22,080,508	2.68%
200,001 ～ 400,000	95	26,447,730	3.21%
400,001 ～ 600,000	30	14,866,532	1.81%
600,001 ～ 800,000	10	6,924,149	0.84%
800,001 ～ 1,000,000	10	8,931,848	1.08%
1,000,001 以上	52	615,920,725	74.82%
Total	28,241	823,215,980	100.00%

Perferred Shares: None

(IV) Major Shareholders

As of 2022/4/11 (Record date)

Shareholding / Shareholder's	Shares	Percentage
Wei-Dar Development Co., Ltd.	206,025,200	25.02%
Tamerton Group Limited	85,672,300	10.40%
Han-De Construction Co., Ltd.	63,755,667	7.74%
Fubon Life Inusrance Co.,Ltd	41,078,000	4.99%
Hao Ran Foundation	40,474,902	4.92%
Miriton Investment Corporation	22,984,642	2.79%
Oriens Corporation	20,662,844	2.51%
Shi-Zhong, Lin	16,000,000	1.94%
Tso-Ho , Ing	14,054,516	1.71%
Bunker Industry Inc	12,947,698	1.57%

Note: Shareholders who rank in the top 10 in shareholding percentage.

(V) Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT$, except for weighted average shares and return on investment ratios

Items			2020	2021	2022/01/01~ 2022/03/31
Market Price per Share (Note 1)	Highest Market Price		27.80	30.00	26.60
	Lowest Market Price		9.10	18.55	21.90
	Average Market Price		21.03	24.50	24.59
Net Worth per Share	Before Distribution		28.84	29.85	-
	After Distribution		27.44	28.17	-
Earnings per Share	Weighted Average Shares		823,215,980	823,215,980	823,215,980
	Diluted Earnings Per Share		1.87	2.22	-
Dividends per Share	Cash Dividends		1.40	1.68	-
	Stock Dividends	Dividends from Retained Earnings	-	(Note 2)	-
		Dividends from Capital Surplus	-	(Note 2)	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	Price / Earnings Ratio (Note 3)		8.61	10.92	-
	Price / Dividend Ratio (Note 4)		11.49	14.43	-
	Cash Dividend Yield Rate (Note 5)		8.7	6.93	-

Note 1: Referred to TWSE website.
Note 2: Pending shareholders' approval.
Note 3: Price / Earnings Ratio = Average Market Price / Earnings per Share
Note 4: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
Note 5: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

(VI) Dividend Policy and Distribution of Earnings

Company's dividend policy and implementation thereof

The Company’s dividend policy

The Company adopts a steady and balanced dividend policy. When it is determined that the Company has net profit for a fiscal year, the earnings shall firstly be appropriated to profit-seeking enterprise income taxes, offset its losses in previous years, set aside a legal reserve at 10% of the earnings, and set aside or reverse the special capital 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. In the case when there is no accumulated loss in previous years, dividend shall be not less than 30% of net profit of that fiscal year.

The ratio of cash dividend shall be not less than 30% of total distributes.

The Company’s distribution of dividends resolved by the meeting of Board of Directors 2022

Based on dividend policy, the proposed appropriation of 2021 earnings was approved by the Board of Directors on March 15, 2022. The distribution of cash dividend are NT$1,383,002,846 (NT$1.68 per share) this year.

		Distributed per share
Cash Dividend	Payout from Retained Earnings	NT$1.68
	Payout from Capital Surplus	NT$0
Stock Dividend	Stock Dividend from Retained Earnings	NT$0
	Stock Dividend from Capital Surplus	NT$0

(VII) Impact to 2020 Business Performance and EPS Resulting from Stock Dividend Distribution: Not applicable.

(VIII) Remuneration to Directors and Compensation to Employees

1. Percentage or range of the remuneration to employees/directors referred to in the Articles of Incorporation: 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
2. Basis of estimation for remuneration to employees/directors, basis of calculation for share-based compensation, and accounting treatment for any discrepancies between the amounts estimated and the amounts paid.
   (1) Basis of estimation for remuneration to employees/directors: 2021 net income multiplied by the distribution percentage of employee bonus and remuneration to directors defined in the Company's Articles of Incorporation.
   (2) Basis of calculation for share-based compensation: Subject to the closing price on the day prior to resolution made by the shareholders' meeting and the effect posed by ex-dividends and ex-rights.
   (3) Accounting treatment for any discrepancies between the amounts estimated and the amounts paid: The discrepancies will be treated as changes in accounting estimate and stated as the 2021 income.
3. Proposed amount of stock for distribution approved by the Board of Directors and information about remuneration to directors
   (1) The Compensation to employees and Remuneration to directors recognized in the 2021 financial statements was NT$9,774 thousands and NT$0, respectively.
   (2) Proposed amount of employees' stock bonus as a percentage of the current period net profit after tax and the total amount of employees' bonus: N/A.
   (3) Imputed EPS after distributing the remuneration to employees and directors: N/A.
   (4) Actual distribution of Compensation to employees and remuneration to directors in the previous year: The Compensation to employees and the remuneration to directors, NT$7,372 thousands and NTD$0, was distributed in cash in 2020. The actual distribution is found to be identical with the proposed distribution approved by the Board of Directors.

(IX) Buyback of Common Stock: None.

II. Corporate bond operations

(I) Corporate bond operations

<table>
<tr><td colspan="2">Type of Corporate Bond</td><td>First Secured Common Corporate Bonds in 2020</td></tr>
<tr><td colspan="2">Issuance Date</td><td>January 11, 2021</td></tr>
<tr><td colspan="2">Par Value</td><td>NT$1 million</td></tr>
<tr><td colspan="2">Place of Issuance and Trading</td><td>Issued domestically and listed on TPEx</td></tr>
<tr><td colspan="2">Issue Price</td><td>100% of face value</td></tr>
<tr><td colspan="2">Total Issue Amount</td><td>NT$2 billion</td></tr>
<tr><td colspan="2">Interest Rate</td><td>0.55% per annum (Fixed rate)</td></tr>
<tr><td colspan="2">Term</td><td>5-Year, expiring on January 11, 2026</td></tr>
<tr><td colspan="2">Guarantor</td><td>Mega International Commercial Bank</td></tr>
<tr><td colspan="2">Trustee</td><td>Taiwan Shin Kong Commercial Bank, Trust Dept.</td></tr>
<tr><td colspan="2">Underwriting Institution</td><td>Mega Securities Co., Ltd.</td></tr>
<tr><td colspan="2">Certifying Attorney-at-Law</td><td>Chuan Jian International Law Office (CT Law), Jay Yue, Attorney-at-Law</td></tr>
<tr><td colspan="2">External Auditor</td><td>KPMG, Chung-Che Chen, CPA</td></tr>
<tr><td colspan="2">Method of Repayment</td><td>Repayment of the principal in full upon expiration of five years from the issuance date</td></tr>
<tr><td colspan="2">Outstanding Balance</td><td>NT$2 billion</td></tr>
<tr><td colspan="2">Terms and Conditions for Early Redemption or Repayment</td><td>N/A</td></tr>
<tr><td colspan="2">Restrictive Clause</td><td>N/A</td></tr>
<tr><td colspan="2">Ratings Agency, Date of Rating, and Rating Awarded</td><td>N/A</td></tr>
<tr><td rowspan="2">Other Rights</td><td>Amount of common shares, global depository receipts, or other securities converted (exchanged or subscribed for) up to the publication date of the annual report</td><td>N/A</td></tr>
<tr><td>Regulations governing issuance and conversion (exchange or subscription)</td><td>Please refer to the Company's 2020 1st Secured Corporate Bond Prospectus.</td></tr>
<tr><td colspan="2">Possible dilution of equity and impact on equity of existing shareholders due to the regulations governing issuance, conversion, exchange or subscription or issuance terms</td><td>Please refer to the Company's 2020 1st Secured Corporate Bond Prospectus.</td></tr>
<tr><td colspan="2">Custodian of Exchanged Assets</td><td>N/A</td></tr>
</table>

(II) Corporate bonds undergoing private placement: N/A

III. Preferred Shares: None

IV. Issuance of Global Depositary Receipts: None

V. Status of Employee Stock Option Plan: None

VI. Status of New Share Issuance in Connection with Mergers and Acquisitions: None.

VII. Financing Plans and Implementation:

(I) Description of the plans:

For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: None

(II) Status of implementation:

The first Secured Common Corporate Bonds in 2020 NT$2 billion has been issued on Jan 11, 2021. Based on current plan, the capital offering has been used for replenishing operating capital in Q1 2021.

Operational Highlights

I. Business activities

(I) Business areas

CHC provides expertise in investment, corporate governance structure and finance to assist member companies compete effectively in the global market. Member companies are currently involved in Construction Engineering, Real Estate Development, and Environmental Project Development & Water Treatment.

Business areas of key subsidiaries

CEC Business Areas

CEC focuses on general contracting of public/private sector civil and construction projects:
Current Major projects include:

Public sector:
Shield tunnels of Song-Hu~Da-An, Shen-Mei~Da-An 345kv Power Cable Transmission Lines Design and Build Project
Taoyuan International Airport access MRT System extend to Zhongli
Contract CQ842 "Station LG02; LG02 to LG03, and LG02 to LG01 TBM Tunnels Civil Construction"
Taipei Metropolitan Area Rapid Transit System Wanda- Zhonghe- Shulin Line District Contract (Phase I) CQ840 Project
Taipei Metropolitan Area Rapid Transit System Wanda- Zhonghe- Shulin Line District Contract (Phase I) CQ850A Project
Contract C214 - South Tainan Station Southern section of the Tainan Railway Underground Project
Contract C211 - Tainan Northern section of the Tainan Railway Underground Project
Contract E of the Guanci Po-Ai Park Public Housing Development Project
Taoyuan MRT Green Line Contract GC01 - Elevated Viaduct Civil Turnkey Project
Taipei Nangang Depot Public Housing Design and Build Project
Taoyuan MRT Green Line Contract GC03 - Elevated Viaduct Civil Turnkey Project
Taipei Metro Mass Rapid Transit System North Circular Line CF680C Section Project

Private Sector:
Legend Riverview Landmark Residential Project
Pujen Tucheng Residential Project
Far East T-Park M&E Project
Grand River A7 Commercial Project
Taichung Pujen CMP Midtown Hotel/Church/Art Gallery/Residential Project
Truefull GreenRiver Residential Project
Arcade Gallery Phase Ⅱ Residential Building Project
Heming Xindian Residential Project
Fanlu Kaohsiung Santo Residential and Hotel Complex Project
Truefull Bade Residential Project
Fubon Liren Residential Building Project
Wunqi Beitou Project
Shendefu The One & Only Project
Grand Wall Taipei M&E Project
NEXGEN Residential Building Project
Fubon Zhongxiao Huaishen Urban Renewal Project
Xinman Courtyard Tainan Project
Taichung Intercontinental Baseball Stadium Entertainment Town B1 Project

CDC:
Fullerton Hotel Renewal Project
Xindian Yangbei Residential Project
Taichung Hui-Go 101 Residential Project
Dexing East Road Residential Project
Tianjin Street Commercial/Office/Residential Project
Prologue Eternal Residential Project

Planning and development of new products (services):
Large-scale development projects
Condominium construction
Commercial office buildings
Hotels
Mass transit general contractor and system engineering
Railway viaduct/tunnel construction
Port and pier construction
Taipower power plant and power transmission projects
Fuel tank and LNG storage tank project

CDC Business Areas:
CDC is mainly involved in land development, urban renewal, community development, and property leasing/management.
Current projects and services include:
Residential/hotel building in Taipei City
Residential building in New Taipei City
Residential/hotel building in the US
Residential/hotel building in Kaohsiung City
Residential/office building in Taipei City
Hotel building in Malaysia
Residential/commercial building in Taichung City
Other property leasing
Planned products and services: Developments in Taipei City, New Taipei City, Taichung City, Kaohsiung City, and Kuala Lumpur etc.

HDEC Business areas:
HDEC specializes in the construction of environmental engineering projects. Its business encompasses the construction, refurbishment, and operation of “water affairs, bio-energy, and waste markets”. Business is mainly concentrated in the construction, operation and maintenance of water treatment projects. HDEC is a vertically integrated environmental engineering company that encompasses “planning, investment, construction and operations”. Its core businesses are currently water treatment, sewage treatment, reclaimed water treatment, industrial wastewater treatment, pipeline network construction, user connections, as well as equipment operation and maintenance. HDEC is also working on the development and application of sludge reduction, energy conservation equipment, and green energy technologies. It can provide customers with a complete range of professional services ranging from feasibility studies and analysis, planning and design, to equipment procurement and installation.

Current projects include
Planning, design, construction and operation of New Taipei City Tamsui Area Sewerage System BOT Project
Planning, design, construction and operation of Taoyuan City Chungli Area Sewerage System BOT Project
Planning, design, construction and operation of Taoyuan City Puding Area Sewerage System BOT Project
Planning, design, construction and operation of Kaohsiung Linhai Wastewater Treatment Plant and Reclaimed Water BTO Project
Planning, design, construction and operation of Kaohsiung Fengshan River Wastewater Treatment Plant and Reuse BTO Project

Tongluo Science Park Wastewater Treatment Plant Phase II Project - Functional Enhancement of Conductivity Treatment Facilities Turnkey Project
Tainan City Anping Reclaimed Water Plant New Construction Turnkey Project

Planning and development of new products (services)

HDEC is continuing to focus on water affairs engineering to boost our core competitiveness. HDEC will also continue to develop the high-end “water affairs market”, expand business. The development of zero discharge technology and advanced water supply technologies have been set as market goals. HDEC is expanding into the industrial wastewater treatment market to compete for contracts relating to the refurbishment, consolidation, and automation of legacy plants.

Experience from past projects as well as current progress on anaerobic digestion technology and operations for sewage treatment plants will be leveraged to develop the “bio-energy” industry. HDEC will actively take part in public projects related to on bio-energy such as kitchen scraps, organic sludge, food, and agricultural waste. Affiliates for BOT projects as well as planning and application on bio-energy projects will be assessed on the basis of the Public-Private Partnership (PPP) Act.

Developing of the waste market is now a gola as. HDEC will play an active role in the “waste disposal” market through strategic alliances and establishment of a professional brand for waste treatment.

(II) Industry Overview

Overview of the Construction Engineering Industry

The government planns to drive economic growth by boosting private investments in construction and infrastructure. Launched on July 2017, the “Forward-looking Infrastructure Development Program” is to be completed in 8 years through a NT$882.5 billion special budget totaling. The program consists of five construction plans, “Railways,” “Urban-Rural Projects,” “Water Environment,” “Green Energy,” and “Digital Technology.” The government's Forward-looking Infrastructure Development Program attempts to kick-start many construction projects. International border restrictions in response to COVID-19, however, led to a sharp drop in the number of foreign workers, which created labor shortages for the construction industry. COVID-19 also caused shortages or import difficulties for building materials. Due to the sharp increase in construction manpower and costs, many public tenders failed because of insufficient budgets. To launch major public works projects as soon as possible, the government is expected to relax border control policy and adjust the bids and budgets. Therefore, prospects of the civil engineering market remain brightening.

With economic growth increasing in 2021, domestic property market showed no signs of being affected by the pandemic; instead, domestic property market boomed as house prices continued to rise. Many developers continued to launch new projects, which increased demand for construction. Trends in sustainable cities fueled the urban renewal, renovation of dilapidated buildings, and low-carbon buildings. As a result, future demand residential and commercial buildings is expected to remain strong.

Overview of the Real Estate Development Industry

The COVID-19 pandemic continued to ravage the world in 2021. The impact on the Taiwanese economy was less severe due to effective epidemic prevention measures. Despite the US-China trade war and international supply chain restructuring, Taiwan reported an economic growth rate of 6.28%. The economic boom, low interest rates, and the influx of funds all contributed to a booming property market. There were 348,000 property transactions in 2021, a year-on-year increase of 6.6%, and a new 8 years high. This echoed the quarterly housing price index published by the Ministry of the Interior, which has also shown an upward trend since the third quarter of 2018.

To cool off the property market, the Central Bank imposed targeted credit controls in four stages. The Ministry of the Interior and the Ministry of Finance have also taken a number of measures to rein in speculation in the property market. These controls may dampen investors’ enthusiasm for the property market, and developers may also reduce the number of new projects. Due to the high construction costs, some developers have switched to spot sales or pre-sale to reduce risks, leading to little room for housing prices to lower significantly.

Moreover, inflation is sweeping the world due to factors such as global supply chain restructuring and disruption, lack of labor, quantitative easing, energy conservation, and carbon reduction. Taiwan’s annual CPI growth rate was only 1.96% in 2021, though it showed an upward trend from 2% in August to 2.62% in December. Inflation expectations are driving consumers to value property, which indicates that demand in the housing market will remain strong. The Central Bank will follow the US Federal Reserve to raise interest rates in 2022, the hikes in Taiwan are estimated to be relatively small, thus having a limited impact on the housing market. The economic fundamentals of Taiwan remain strong. Despite the high base period in 2021, the Directorate General of Budget, Accounting and Statistics estimate economic growth to be 4.15% in 2022 with continued economic expansion also helping to sustain a housing boom.

All the above factors suggest the property market in 2022 will remain on an even keel with relatively stable prices amidst tight supply.

Overview of Environmental Engineering Industry

Environmental engineering services encompass three markets: water affairs, biomass energy market, and waste. The overall market is expected to be worth between NT$16 billion to NT$84 billion a year between 2022 and 2024. Water affairs market consists mostly of desalination and water reclamation and is expected to be worth NT$75.8 billion over 2022~2024. Biomass energy market will be worth NT$4.5 billion over 2022~2024 while the waste market (PPP for incinerators, PPP for industrial/science park waste treatment facilities, and soil remediation projects) will be worth NT$42.9 billion over 2022~2024. Environmental protection industry will be a key government policy area in the future. Despite a conservative overall future growth forecast for the Taiwan economy, the environmental engineering business benefits from the government’s expansion of environmental engineering works in recent years.

The water affairs market consists mainly of desalination and water reclamation projects. For water reclamation projects, the Water Resources Agency is promoting a variety of water resource development and reclamation projects in accordance with “Principle Plan of Water Resources Development in Taiwan Area.” Projects planned for 2022~2024 include water reclamation plants in Taipei Binjiang, Tainan Rende, Kaohsiung Okayama Bridge, Kaohsiung Nanzi. Desalination projects planned for 2022~2024 include desalination plants in Taoyuan, Hsinchu, Chiayi, Tainan, Kaohsiung, and Pingtung.

For biomass energy, the Environmental Protection Agency (EPA) encourages local governments to install kitchen scrap recovery and treatment facilities. Turnkey or BOT projects for resource and energy conversion facilities are also being promoted as part of energy diversification policy. To prevent African swine fever more effectively, the government banned the feeding of pigs with kitchen waste since the second half of 2021. Construction of biomass energy factories in Taipei City, New Taipei City, Kaohsiung City, and Pingtung County will be ongoing in 2022. The biomass energy market in 2022 will be worth up to NT$4.5 billion.

The waste market mainly involves incinerators. At present, there are 24 waste incinerators in Taiwan, and 80% have been in service for more than 20 years. The EPA and local governments have now budgeted for their replacement. In 2021, incineration plants in Xizhou, Lucao, Renwu, Gangshan, Kanding, Bali, and Hsinchu City were successively awarded bids for renovation or sought contractors on a ROT model. The incineration plant in Chengxi was seeking contractors on a BOT model. In the next 5 years, contracts at 11 large urban incinerators are set to expire or need to be refurbished. Between 2022~2024, 3 will be seeking contractors on a BOT/ROT model under the Act for Promotion of Private Participation in Infrastructure Projects. In response to the development of the domestic technology industry and the repatriation of Taiwanese businesses, PPP for industrial/science park waste treatment facilities and soil remediation projects will also contribute to the waste market between 2022~2024.

(III) Overview of Technology and R&D

CHC is mainly an investment holding company so there is no requirement for technology or R&D at present.

R&D at CEC Subsidiary

R&D at CEC is concentrated in the development of automated construction techniques, the development of shield tunneling technique for hard ground, as well as the development and introduction of new technologies for treatment of construction waste water. The development, mastery and application of core technologies serves to enhance professionalism and competitiveness.

R&D spending in 2021 amounted to NT$ 20,952,582

Research Reports

Secondary development of API for application of BIM Cloud platforms to construction sites.

Research into the construction of safety partitions for shield tunnel arrival zones.

Development of AI for rapid modeling of mechanical-electrical and structural interface integration in BIM.

Research into safe and stable construction techniques for deep excavation of underground structures.

Research into the application of the design management model for elevated transit system projects.

Secondary development of API for application of BIM to the calculation of the quantity of construction works.

Research into properties and application of steel structure materials for engineering.

Secondary development of API for improvement in BIM’s execution efficiency at the completion stage.

R&D at HDEC Subsidiary

Development of construction and operating technologies for sludge construction projects.

Planning and construction of energy recovery system for water reclamation.

Removal of urea in water through a combination of Advanced Oxidation Process (AOP) and mixing techniques.

Removal of Boron ions in water through a combination of low-pressure RO and high-efficiency RO technologies.

Treatment of highly conductive wastewater through the use of RO, evaporation, crystallization and heat exchange technologies.

Use of new biological carrier to improve ammonia removal efficiency of the conventional activated sludge method.

Development of remote monitoring, operations management information, and automated management systems for sewage treatment/water reclamation plants.

(IV) Long and Short-term Business Development Plans

CHC

CHC will continue to focus on investment holdings in civil engineering, building construction, property development and environmental engineering to assist each subsidiary enhance their ability to engage in sustainable development.

Business Development Plans of Key Subsidiaries (CEC, CDC and HDEC)

Long-term Development Strategy for the Construction Engineering Industry:

Maintain a high level of brand (quality) identification.

Continue to increase the scope and depth of products.

Continue to assess, develop and expand into other highly specialized fields such as power plant construction.

Continue to improve the safety of production sites as well as the physical and mental well-being of personnel.

Short-term Development Strategy for the Construction Engineering Industry

Vertical integration of civil engineering/mechanical-electrical engineering & building/mechanical-electrical businesses.

Cultivation of professional human resources in project management.

The Company's current business direction in Taiwan is based on increasing project volume and margins by not competing on price for civil engineering projects, and winning high-margin projects through detailed estimates.

The advantages of our company brand and past record will be used to focus on advantageous in civil engineering projects tenders. For building construction projects our focus will mainly be on participation in turnkey projects.

By improving our management efficiency in building projects and concentrating on large developments, we can concentrate our manpower and resources for optimal management.

Long-term Development Strategy for the Real Estate Development

Become a benchmark enterprise among building brands with planning ability, construction quality and after-sales service performance as our core values.

In the long term, project development will focus on large projects, community developments, or urban renewal in order to increase the scale of individual development projects and build up our land inventory.

In terms of product planning, product innovation and R&D will be emphasized with safe, healthy and eco-friendly housing as the main selling points in keeping with future development trends.

In terms of marketing planning, customer information knowledge management system will be used to achieve effective control over sales channels and enhance our planning ability for commercial facilities in order to added product value.

In terms of customer service, customer complaints and maintenance management information systems will be used in conjunction with external information to expand customer support functions and build up customer trust in our brand.

Short-term Development Strategy for the Real Estate Development

For brand development, new projects continue to be released in central parts of cities like Taipei, New Taipei, Taichung and Kaohsiung. Product planning, project management and after-sales support will also be integrated to cultivate the brand image for quality residences.

In terms of project development, our focus will be on prime real estate in Taipei City, New Taipei City, Taichung City and Kaohsiung City. Developments in Tainan and Hsinchu's urban areas will also be assessed. Developments will take the form of co-construction or joint development.

In terms of product planning, housing products targeted at first home buyers or owner-occupiers will be developed based on location and market demand. The concepts of healthy homes and green building will continue to be promoted with greater emphasis given to the planning of composite products that provide added value.

In terms of marketing planning, the attributes of the location and the target market will be considered during the product planning stage. Partner resources such as well-known local/foreign architects as well as interior, lighting and landscape designers will be leveraged and applied to product packaging in order to effectively meet the needs of the target market.

In terms of customer services, a customer feedback mechanism will be enforced to improve product planning and construction quality. The efficiency of customer service will also be reinforced to increase customer satisfaction.

Long-term Development Strategy for the Environmental Engineering Industry

Experience from past projects as well as current progress on anaerobic digestion technology and operations for sewage treatment plants will be leveraged to actively compete for local governments' biomass energy center projects for kitchen scraps, organic sludge, food, and agricultural waste. Currently, most large incinerators in Taiwan are reaching the end of their service lives and need to be refurbished. The government will soon begin inviting bids for refurbishment and operations. A relatively closed market will be opened once again due to construction demand creating a good opportunity for market entry. In 2021, bids or public-private partnerships (PPP) for 7 projects were completed. A total of 11 large metropolitan incinerator contracts are set to expire or need refurbishment in the next 5 years, creating a market for construction work worth approximately NT$20 billion, business opportunities for incinerator operators worth NT$4.9 billion a year, and PPP for industrial/ science park waste treatment facilities and soil pollution remediation projects derived from the industrial development. Alliances with partners that have experience in waste treatment and management will be leveraged to obtain an overall understanding of the material supply and facility development markets.

Short-term Development Strategy for the Environmental Engineering Industry:

The existing water affairs business will serve as the foundation for accumulating experience in the construction and operation of sewage networks, water purification, sewage and reclaimed water treatment projects. The development of a diversified water affairs business will enhance our competitive advantage and generate further revenue growth.

Efforts will focus on the development of water treatment technology. We will partner with vendors with experience in industrial wastewater treatment to develop zero-emissions discharge technology and water supply technology for high-tech industries. We will actively work to combine the updating of old plants with the development of automated management in order to expand the size of our business.

Standardization of management systems will be enforced along with further upgrades to the information management system and control capabilities. These include the implementation of a standardized management system and review mechanism as well as remote monitoring and information management systems for sustainable development. The consolidation of procurement resources will continue to build up a pool of civil engineering contractors. We will continue to maintain and optimize the contracts database and set up a database for purchasing and construction costs. In response to the potential for rapid business growth in 2022, a core team was set up to quickly create standards for project management. This will compensate for the slow pace of personnel mobilization during the early stages of projects and ensure that the project can proceed. A unified standard of occupational safety facilities and operations will also be established through contract terms and on-site management. Design management functions will continue to be strengthened including the establishment of a review mechanism for key project equipment, continued improvements to design and integration ability, and the integration ability of the BIM team. The resources of external construction and design partners will continue to be integrated as well to set up a team for long-term cooperation. Finally, improvements in project management will be used to improve the management of quality documentation, strengthen contract management, and enhance our ability to age civil engineering projects.

II. Market and Sales Overview

(I) Market Analysis

CHC is primarily an investment holding company.

Market Analysis of Key Subsidiaries

Market Analysis of CEC

Most public construction projects launched by the government since 2017 have been mass transit turnkey projects. CEC has extensive experience with civil construction and mechanical-electrical system integration in mass transit projects. We are also familiar with the turnkey contracting process due to our experience with High-Speed Rail Corporation, giving us a strong competitive advantage in bidding for the above projects. We also actively participate in projects based on the most advantageous tenders to maximize our profits.

The building market has grown at a snail’s pace due to government policy. Nevertheless, CEC's excellent brand image means we are playing a growing role. Developers, in particular, seek our services in project construction as part of their sales strategy.

The average price of steel plates grew by 24.79% (+NT$6,000/ton) from the first quarter to the fourth quarter of 2021. With the price of steel plates falling by about NT$500/ton in the first quarter of 2022, the average price of steel plates from the first quarter of 2021 to the first quarter of 2022 increased by about 22.73% (NT$+5,500/ton).

The price of rebar (SD280) rose by 16.89% (NT$+1,600/ton), from NT$19,900/ton in January to NT$21,500/ton in December of 2021. The main reason was international commodity prices for iron ore, coal, and scrap steel. Ready-mixed concrete index grew 8.7% in 2021 mainly due to increasing freight costs and fluctuations in cement prices. In 2022, prices continue to increase due to continued growth in business volume but are now showing signs of slowing. There has been a surge in commodity-linked products prices such as cabling and busbars in mechanical-electrical engineering, as well as continued increases in international copper prices. To manage aforementioned risks, CEC adopts the following strategies during purchasing and contracting: negotiating with longstanding suppliers to secure flat-rate contracts with no price adjustments once a new project is acquired, stabilizing prices and reducing material shortages risk. For ready-mixed concrete, payments are based on flat-rates for a fixed period, followed by adjustments based on the market price index beyond a specified. Cost plus incentive contracts are negotiated with clients for private sector building projects; purchasing and contracting are jointly handled to reduce risks arising from increasing commodity prices.

Market Analysis for CDC

Supply and Demand in the Property Market

In terms of supply, MOI Construction and Planning Agency data indicates a decline in the total floor area of building permits and usage licenses issued since 2016. From 2016 to 2019, approval totaled 29,990,000 m² (-9%), 28,820,000 m² (-4%), 28,370,000 m² (-2%), and 26,490,000 m² (-7%). In 2020, this trend was reversed with an increase of 7% (28,250,000 m²). It remained at 28,020,000 m² in 2021. The total floor area of building permit and usage licenses issued for residential buildings also reversed its downward trend and grew 5% in 2020, growing slightly by 0.6% in 2021. The total floor area of constructions commenced has in fact increased every year since 2017. From 2017 to 2021, the floor area of constructions commenced totaled 23,220,000 m² (12%), 26,260,000 m² (13%), 27,840,000 m² (6%), 32,400,000 m² (16%), and 30,500,000 m² (-6%) respectively. The total floor area of constructions commenced has recovered to the level of 2014. Whether excess housing stock can be successfully absorbed by the market remains to be seen.

In terms of demand, a range of control measures and integrated housing and land tax introduced by the government since 2014 led to a correction in property prices from an all-time high resulting in a, sharp drop in investor demand replaced by first-time home buyers and rigid demand from owner-occupiers. The red-hot 2020 property market led the Central Bank and the central government to introduce measures to ensure market soundness. Nevertheless, low interest rates, investment by returning Taiwanese businesspeople, and strong economic fundamentals all contribute to steady growth in demand from owner-occupiers.

Main Strategic Direction

- Consolidate core business and maintain growth through the development of new market segments and product types.
- Create value-added products by continuing to develop hybrid residential projects and assessing the development of office products.

Competitive Niche

- Use brand image along with construction sites in quality locations to expand land development.
- Design and integration ability based on a combination of the right product niche and international trends.
- Establish client trust in the brand through sound planning and construction quality.
- Provide sustainable after-sales service through a professional support team.
- Guarantee financing of developments through sound finances.

Current Development Projects

Most of CDC's development projects are located in Greater Taipei, Taichung City, and Kaohsiung City. We will continue to expand to other metropolitan areas. In addition to continued marketing of existing developments such as Treasure Garden, La Bella Vita, 55Timeless, residential development in San Francisco, and off-the-plan sales of Sensuous Garden, Belle Époque, and Prologue Eternal launched last year. We also plan to release the Ankang Road development in New Taipei City and overseas residential developments in Kuala Lumpur.

Favorable/Unfavorable Factors and Response Strategies for the Future Property Market

Favorable Factors

- In addition to an increase in investment from Taiwanese businesspeople returning from China, foreign companies have increased property demand.
- Steady economic growth is helping boost property demand.
- Inflation expectations are driving consumers to purchase value-preserved real estate.
- The "Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings" offers incentives for urban renewal.

Unfavorable Factors

- Intervention by the Central Bank and other government agencies has increased property ownership and transaction costs.
- The COVID-19 pandemic still has an impact on economic activity and the property market
- Rising raw material prices increase construction costs, eroding developers' return on investment.
- Property prices go up due to rising raw materials costs, which affect consumers' willingness to purchase houses.

Response Strategies

- Develop high-end residential condos and middle-class residential products
- Continue to operate in Greater Taipei, Taichung City, and Kaohsiung City and expand to other metropolitan areas
- Develop composite buildings to increase product value through the development of commercial properties
- Assess the feasibility of office developments

Market Analysis for HDEC

Water affairs is the largest market for the environmental protection industry. Our environmental engineering business will continue to develop the market for the construction, operation and maintenance of sewage systems, water treatment, wastewater treatment and water reclamation plants. We will also participate in public construction projects for biomass energy and waste disposal. The development of new environmental engineering business areas will diversify our business, increase competitive advantage, and generate continued revenue growth.

Business Development Situation

The core business of HDEC encompasses the construction and operation of sewage network systems, water treatment plants, sewage treatments plants, and water reclamation plants. We have experience operating large-scale sewage networks with concession periods of more than 15 years. As such, HDEC is a profitable integrated environmental engineering company with planning, construction, and execution capabilities.

Completed Projects

Northern Linkou Wastewater Treatment Plant EPC Project with a rated capacity of 23,000 CMD.

Tamsui Wastewater Treatment Plant Phase I and Phase II expansion with a rated capacity of 56,000 CMD including the construction of 56 km of sewage pipeline.

Baoshan Water Treatment Plant Phase III Expansion with a rated capacity of 340,000 CMD.

Chinchu Water Treatment Plant EPC Project with a rated capacity of 80,000 CMD.

Kaohsiung Fengshan River Wastewater Reclamation and Reuse BTO Project with a rated wastewater reclamation and reuse capacity of 45,000 CMD.

Kaohsiung Linhai Reciaiwed water BOT Project witharated wastewater reclamation reuse capacity of 55,000 CMD.

Current projects

Chungli Area Sewerage System BOT Project.

Puding Area Sewerage System BOT Project.

Anping Reclaimed Water Plant Turnkey Project.

Tongluo Science Park Wastewater Treatment Plant - Functional Enhancement of Conductivity Treatment Facilities Turnkey Project.

(II) Production Procedures of Main Products

CHC is primarily an investment holding company

Key subsidiaries

Major products and their production processes at CEC

Main products and uses:

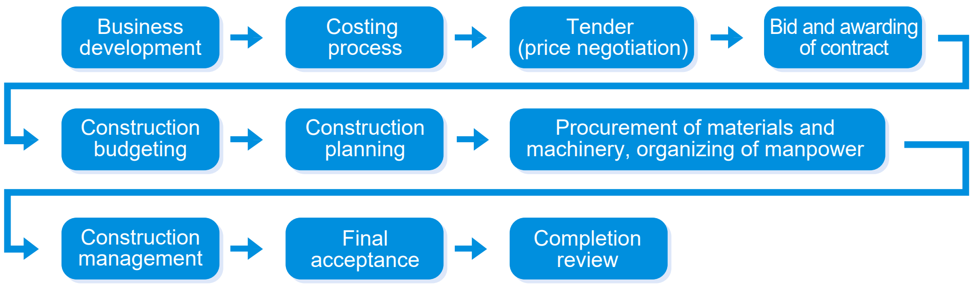
Civil engineering: projects such as the construction of roads, bridges, tunnels, and harbors, dam desilting, mass transit construction, oil and natural gas storage tank construction, power plant engineering, and environmental engineering.

Building projects: contractor for residential buildings, commercial offices, factories, hospitals, hotels and other buildings.

Mechanical-electrical engineering: electrical, plumbing, fire safety and air-conditioning contractor for residential buildings, commercial office buildings, factories, hospitals, hotels, and other buildings.

Product Production Procedure

Engineering contractor

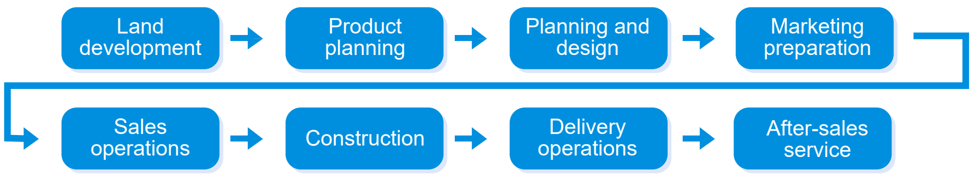


Major Products and their uses at CDC:

Development of residential buildings, commercial office buildings and communities.

Product Production Procedure:

Development process:

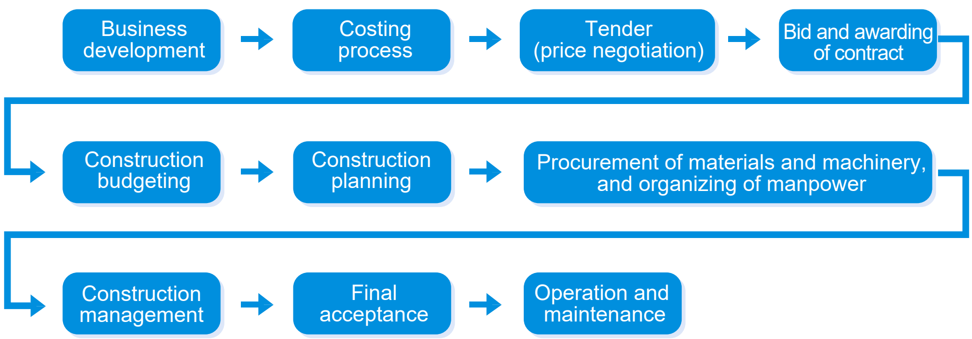


Major Products and their uses at HDEC

Environmental Engineering:

The construction and operation of environmental engineering projects for wastewater treatment, water treatment, water reclamation, and biomass energy.

Product Production Procedure:



(III) Supply Status of Main Materials

CHC is primarily an investment holding company

Main Materials and their supply status at subsidiaries CEC and HDEC

The supply of bulk materials such as steel plate and rebar is stable, but prices are affected by fluctuations in international commodity prices for iron ore, coal, and scrap steel. In 2021, fluctuations in cement and transportation costs as well as a surge in domestic factory and new residential construction projects all led to a slight increase in concrete prices. Even though prices and supply have begun to stabilize, the continued increase in the volume of construction means future market developments remain to be seen.

(IV) Major customers in 2021 and 2020

CHC is a group holding focuses on investment

Major subsidiary - Continental Engineering Corporation

Unit：NT$ thousands

2021				2020			
Name	Amount	Percentage of annual net share〔%〕	Relationship with the issuer	Name	Amount	Percentage of annual net share〔%〕	Relationship with the issuer
Department of Rapid Transit Systems, Taoyuan	3,301,233	19.48	Not related parties	Department of Rapid Transit Systems, Taipei City Government	2,208,823	15.84	Not related parties
Pujen Land Development Co.,Ltd	2,254,617	13.30	Not related parties	Railway Bureau, MOTC	2,086,548	14.96	Not related parties
Department of Rapid Transit Systems, Taipei City Government	2,202,841	13.00	Not related parties	Department of Urban Development , Taipei City Government	1,846,757	13.24	Not related parties
Railway Bureau, MOTC	1,976,897	11.66	Not related parties	Department of Rapid Transit Systems, Taoyuan	1,660,830	11.19	Not related parties
Continental Development Corporation	1,721,853	10.16	Related parties				
Others	5,491,670	32.40		Others	6,143,225	44.77	
Net sales	16,949,110	100		Net sales	13,946,183	100	

Major subsidiary – Continental Development Corporation

Unit：NT$ thousands

2021				2020			
Name	Amount	Percentage of annual net sales〔%〕	Relationship with the issuer	Name	Amount	Percentage of annual net sales〔%〕	Relationship with the issuer
Others	6,975,571	100%		Natural Person(A)	572,650	10.01%	Not related parties
				Others	5,150,566	89.99%	
Net sales	6,975,571			Net sales	5,723,216		

Major subsidiary – HDEC Corporation

Unit：NT$ thousand

2021				2020			
Name	Amount	Percentage of annual net sales〔%〕	Relationship with the issuer	Name	Amount	Percentage of annual net sales〔%〕	Relationship with the issuer
Kaohsiung City Government	1,486,296	42.14	Not related parties	Kaohsiung City Government	2,350,182	75.67	Not related parties
Tainan City Government	902,813	25.59	Not related parties	New Taipei City Government	577,496	18.60	Not related parties
New Taipei City Government	666,403	18.89	Not related parties	Tainan City Government	92,273	2.97	Not related parties
Taoyuan City	248,745	7.05	Not related parties	Taoyuan City	49,581	1.59	Not related parties
Hsinchu Science Park Bureau	223,238	6.33	Not related parties	Hsinchu Science Park Bureau	36,276	1.17	Not related parties
Net sales	3,527,495	100		Net sales	3,105,808	100	

(V) Production in 2021 and 2020

CHC is a group holding focuses on investment

Major Subsidiary – Continental Engineering Corporation

Unit: NT$ thousands

Year / Production / Main Products (or Departments)	2021			2020		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Civil and MRT	-	18	7,109,724	-	19	5,637,602
Office Building	-	10	2,907,889	-	8	698,094
Residential Building	-	39	5,040,539	-	49	5,432,385
Mechanical and Electrical	-	7	487,823	-	7	147,437
Overseas	-	14	442,572	-	21	1,225,786
Total	-	89	15,988,547	-	104	13,141,304

(VI) Sales in 2021 and 2020

CHC is a group holding focuses on investment

Major Subsidiary – Continental Engineering Corporation

Unit: NT$ thousands

Sales / Year / Main Products (or Department)	2021				2020			
	Domestic		Exports		Domestic		Exports	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Civil	18	7,581,072	18	347,487	18	6,004,568	19	1,159,595
Office Building	9	3,073,625			7	747,184		
Residential Building	36	5,411,090			37	5,875,233		
Mechanical and Electrical	5	535,837			8	159,603		
Total	68	16,601,623	18	347,487	70	12,786,588	19	1,159,595

Major Subsidiary – HDEC Corporation

Unit: NT$ thousands

Sales / Year / Main Products	2021		2020	
	Quantity	Amount	Quantity	Amount
Water Treatment Construction	8	2,561,849	8	2,284,831
Operation and Maintenance	4	576,972	3	451,716
Service Concession	4	388,674	3	369,261
Total	16	3,527,495	14	3,105,808

III. Employee Information

The following table summarize the makeup of CHC and the Major subsidiaries' workforce

Year		2020	2021	As of 2022/4/11
Number of Employee		1,909	1,912	1,900
Average Age		44.89	44.87	44.55
Average Years of Service		6.33	6.70	6.71
Distribution of Education (%)	PhD	0.3%	0.3%	0.3%
	Master	17.3%	17.4%	17.7%
	Bachelor	31.6%	34.2%	34.9%
	College	16.3%	15.6%	15.7%
	Senior High School and Below	34.5%	32.5%	31.4%

IV. Environmental Protection Expenditure

Environmental Protection Expenditure by Key Subsidiary CEC

(I) Total losses and penalties due to environmental pollution in the most recent fiscal year up to February 28, 2022

Reason	Cases	Unit Penalized		Disposition
2021				
Construction noise was found to be in violation of Noise Control Act after on-site measurements were taken by the Environmental Protection Bureau.	5	NT$	216,000	Immediate improvement and maintenance
The use of power machinery during construction outside of permitted operating hours disturbed the peace and violated the Noise Control Act.	20	NT$	171,000	Immediate improvement and maintenance
Failure to wash down the road surfaces and drains that construction machinery and vehicles drive past violated the Waste Disposal Act.	6	NT$	36,000	Immediate improvement and maintenance
The discharge of wastewater produced during foundation excavations directly into road-side gutters instead of being treated in settling tanks first violated the Water Pollution Control Act.	1	NT$	30,000	Immediate improvement and maintenance
Total	32	NT$	453,000	
As of February 28, 2022				

(II) Environmental Protection Expenditure by Key Subsidiary, HDEC Corporation

Total losses and penalties due to environmental pollution in the most recent fiscal year and up to February 28, 2022

Reason	Number of Case	Amount of Penalty		Violator	Disposition
2021					
On August 17, 2021, due to oil pollution, the start and end times of the rerouted discharge in cooperation with the Water Resources Bureau did not conform to the pollution control measures.	1	NT$	195000	Blue Whale Water Technologies Corporation	Objection to the penalty is currently under review by the city government.
On September 30, 2021, due to oil pollution, city councilors found in the on-site inspection that rainwater pumping facilities erected during the flood season did not conform to the pollution control measures.	1	NT$	429000	Blue Whale Water Technologies Corporation	Objection to the penalty is currently under review by the city government.
Total	2	NT$	624000		
As of February 28, 2022					

(III) Response Strategies

Proposed improvements

(1) The operation of power machinery outside of construction hours must be restricted.

(2) Use construction equipment that is low noise and low polluting.

(3) Site office to purchase noise detector and conduct measurements at fixed points within the construction site.

(4) Installation of noise prevention equipment at noise sources to reduce their volume.

(5) Purchase washing equipment, require all vehicles to wash their tires upon entering or leaving the site, and assigning additional personnel to clean mud from road surface and debris from drains.

(6) Place metal plates near excavation area to reduce the amount of dirt attached to the tires of construction vehicles.

(7) Site office is to increase the clearing or cleaning frequency for peripheral drains and roads. Containers must also be cleared of standing water to prevent the breeding of mosquito vectors.
(8) Adopt the 5S organization method (sort, set in order, shine, standardize, self-discipline) for the construction site to maintain a clean environment.
(9) Wastewater produced by operations should be treated in settling tank before discharge.
(10) The production, storage and disposal of all waste is reported online in accordance with regulations.
(11) Make sure that waste was properly disposed of before it is removed from the register.
(12) Proper maintenance, inspection and calibration of wastewater treatment machinery.

V. Labor relations

<table>
<tr><th>Item</th><th>CHC and Major Subsidiaries</th></tr>
<tr><td>Labor Relations</td><td>A harmonious management-employee relationship is one of the factors to the success of a company. The Company holds an honest and responsible attitude to work for the best interest of the employees. In addition to providing various on-job training channels, the Company takes care of the employees in life always. In response to the constantly changing environment, the Company actively promotes various measures to achieve the goal of sustainable operation and to create the greatest benefits for employees and shareholders.</td></tr>
<tr><td>Remuneration</td><td>CHC is committed to providing competitive benefits to employees. The Company values the importance of internal fairness and external competitiveness. We conduct salary surveys on a regular basis annually as an important reference for salary arrangement in order to respond to the fluctuating salary market in a timely manner. In addition, for gender equality in employment, “gender” is not one of the elements essential to CHC in considering the salary of employees at all levels, instead, salary is paid depending on the job requirements, job position, and personal competence and performance that is a true realization of gender equality in employment at the workplace.
The Company has an Incentive Program planned to encourage colleagues to pursue excellence at work; also, the Company has based on the annual performance of the Company and employees to grant incentives. It is the intention of the Company to reward colleagues who have contributed to the development of the Company through the reward system that is linked to performance, which is a reasonable and fair incentive system.
In terms of the correlation between gender and salary, the statistics on the basic salary ratio of the Company’s male and female employees in 2021 are as follows:
<table>
<tr><th>2021</th><th>Male-Female salary ratio</th><th>Male (Multiple)</th><th>Female (Multiple is “1”)</th></tr>
<tr><td rowspan="2">Supervisor</td><td>Basic salary ratio</td><td>0.80</td><td>1.00</td></tr>
<tr><td>Salary ratio</td><td>0.79</td><td>1.00</td></tr>
<tr><td rowspan="2">Non-supervisor</td><td>Basic salary ratio</td><td>1.06</td><td>1.00</td></tr>
<tr><td>Salary ratio</td><td>1.05</td><td>1.00</td></tr>
</table>
Note 1: The aforementioned statistics do not include the Chairman, Vice Chairman, working students, migrant workers, and direct workers.
Note 2: Supervisory positions: An employee who supervises at least one (inclusive) subordinate;
Note 3: Non-supervisory positions: An employee who is not holding a supervisory position.</td></tr>
<tr><td>Rationalization of the management system</td><td>The relevant management regulations are amended in a timely manner to ensure that the management system serves the purpose in accordance with the Labor Standards Act and other relevant laws and regulations, and takes into account the needs of the business management and employees.</td></tr>
<tr><td>Enhancing employee communication channels</td><td>Provide the information portal website within the Company, advocate the Company’s policies, systems, welfare measures, and various activities, and set up a forum for employees to share their opinions fully and freely. The following channels are also provided for two-way communication with employees:
1. Hold regular management-employee meetings.
2. Employee feedback platform and Idea Box on the internal website;
3. Investigate employee engagement, prepare analysis reports, propose action plans, and follow-up on improvement projects.
4. Sexual harassment complaint channel (including complaint hotline and mailbox);
5. Set up the “Occupational Safety and Health Committee” and the “Employee Welfare Committee.”</td></tr>
<tr><td>Handling group insurance and employee physical check</td><td>1. In addition to labor insurance and national health insurance, the Company has also acquired Group Insurance, such as, life insurance, liability insurance, medical insurance, and cancer prevention insurance, for employees. The Company also provides employees with a physical check-up plan that is superior to the one required by law for the better protection of the employees.
2. For the protection of the employees who are infected with the COVID-19 during the Level 3 alert period or employees who are being quarantined, CHC had acquired anti-pandemic and vaccine insurance for all the employees in 2021.</td></tr>
</table>

Item	CHC and Major Subsidiaries
Enhancing employee education and training	The Company has a budget prepared every year for employee education and training to help refine employees' professional skills and their career plans.
Talent development and education and training	1. CHC values the importance of employees' job function and potentials development; it also, strives to plan comprehensive education and training programs for each employee with the corresponding learning and development resources provided with respect to the job categories and job position. In addition to understanding the current and future skill needs of the Company and each employee with a diversified learning method provided, the Company also applies the 70-20-10 learning principle to continuously develop different learning resources and channels specifically for the learners, such as, On the Job Training (OJT), job rotation, classroom training, field trips, online courses, online learning, forums and seminars, the Group's core courses, mentoring programs, external coaching programs, external certifications, and examinations, etc., to help employees improve their professional capability, management leadership, and general occupational skills, to activate the functional development of talents, and to realize their career plan. Even in the extremely challenging year of 2021, when many internal physical courses were forced to be postponed due to the prevalence of the pandemic and the training courses of external institutions were also canceled, the Group had managed to have over 80% of the annual training programs completed. 2. The Group has been dealing with the issue of information security for the organization and employees since 2018 along with the advancement of the information and digital age with regular education and training arranged annually. In addition to briefing all colleagues on the information security trend, the Company also helps reinforce the information security knowledge of new recruits, enhance employees' basic concepts and knowledge of information security, enhance the information security awareness, and substantiate information security policies to prevent the Company's employees from accidentally falling into the information security traps in order to reduce the Company's information security risks. The cumulative number of trainees accounted for 88% of the Company's employees as of 2021. Employees understand the importance of online information from the training, learn how to enhance the security of personal information in use, avoid accidental online traps, and know how to ensure their personal information security online in order to prevent information theft or other hazards. 3. to enhance employees' professional competence in construction engineering and have the training programs adhering to the employee's needs for job performance, practical engineering training courses have been arranged successively in recent years, which include three small-class themed training programs with the themes of steel bars, steel structures, and decoration for a 20-week, 80-hour. These training courses can help students practically apply what they have learned in the project management and control operations they are responsible for through the theoretical explanation and practical operation learning process. The theoretical teaching, field trips, course practice and operation, in-class/after-class tests, and other diversified teaching methods can enhance the training effect. Students' satisfaction with the course content design and teaching methods would be regularly evaluated by the after-class surveys and assessments in order to have the courses adjusted and amended in a timely manner for good control of the education and training quality and results. The employees who participated in the courses gave a good evaluation of the courses and instructors in the after-class questionnaire. 4. The Company reviews the succession plan every year to grasp the possible candidates for key job positions. Such practice will not only help the colleagues with their career plans, but also have talents planned and trained systematically so to prevent the problem of talent gaps and the vacancy of important management positions. The supervisors assist each potential talent in formulating a personal development plan by referring to the performance evaluation report, and provide different learning methods and resources, such as rotation, tasks or projects, domestic and foreign learning resources, English courses, certification courses, external coaches, etc., to help enhance and track the professional knowledge, skills, experience, certification, English capability, and leadership and management skills needed by each individual. 5. The selection and cultivation of young talents are parts of the key elements for the success of the Company's sustainable development. The Company regularly reviews the young potential talents for each subsidiary annually with a personal career plan formed and necessary resources provided so to help them cultivate and develop their potential.
Comprehensive retirement system	CHC and the subsidiaries have a pension plan formed for colleagues that include a defined benefit plan formulated in accordance with the "Labor Standards Act" and a defined contribution plan formulated in accordance with the "Labor Pension Act." In addition to having pension reserve appropriated in accordance with the laws and regulations, the Company also retains retirement reserve actuarial services from a professional actuary annually to ensure an appropriation of sufficient reserve and to protect the rights and interests of colleagues in claiming pensions in the future. Defined benefit plan: ・ For the employees who are subject to the old pension plan regulated by the "Labor Standards Act," the Company regularly appropriates a pension reserve for an amount equivalent to 2% of the monthly salary and has it deposited into the pension reserve account with the Bank of Taiwan for the protection of the employees' rights and interests. ・ For the employees who are subject to the old pension plan regulated by the "Labor Standards Act," their pension payment is calculated according to the applicable seniority and the average salary of the six months prior to their retirement.

Item	CHC and Major Subsidiaries
Comprehensive retirement system	Defined contribution plan: ・ For the employees who are subject to the new pension plan regulated by the "Labor Pensions Act," the Company appropriates an amount equivalent to 6% of the monthly wages to their personal pension account every month. The Company has the retirement plan for the employees of the Group formulated lawfully as follows: 1. Voluntary retirement: The Company's employees may apply for retirement in any of the following situations: 1) Worked for 15 years or longer and at age of 55 or older; 2) Worked for 25 years or longer; 3) Worked for 10 years or longer and at age of 60 or older; 2. Mandatory retirement: The Company's employees may be forced to retire in any of the following situations: 1) At age of 65 or older; 2) Physically and mentally challenged workers; 3) Those who hold a specific job assignment, such as a dangerous and physically-challenged task, at age of 55 or older, after the Company's having it filed with the central competent authority for approval and then approved. 3. Pension payment standards For the service years before and after the application of the Labor Standards Act, the service years subject to the Labor Standards Act by choice in accordance with the Labor Pension Act, or the reservation of the service years before being subject to the Labor Pension Act, the pension payment is made in accordance with Article 84-2 and Article 55 of the Labor Standards Act. For employees who are subject to the pension plan stipulated in the Labor Pension Act, the Company appropriates an amount equivalent to 6% of their monthly salary to their personal labor pension account every month.
Value the importance of employee benefits	1. Flexible working hours: The Company offers flexible working hours, leave without pay, and other welfare measures under the consideration of diversity and job demands. 2. Nursing and consolations: In order to help employees take good care of their families, the Company, in addition to providing allowance and consolation subsidy of NT$3,000-NT$10,000 for weddings and funerals, provides emergency relief subsidies to help colleagues in need, up to NT$60,000. 3. Holiday allowance: The Company values the importance of customs and traditions in Taiwan and grants employees a gift of NT$2,000 for Lunar New Year and a gift of NT$1,000 for Labor Day and Mid-Autumn Festival, respectively. 4. Life security: The Company provides employees and their spouses/children with free group hospitalization and cancer insurance coverage. Employees can choose an insurance plan that suits them discretionally. For the livelihood protection of employees during the prevalence of pandemic, the Company has acquired pandemic prevention insurance (including vaccine insurance) for the employees. 5. Health promotion: Arrange regular physical checkups, hold health seminars, construct an employee health management platform, and provide maternal protection, fatigue prevention, and health information to help employees manage their own health conveniently. The Company started providing the work/life coaching service in February 2021 with external professional consultants contracted to help the employees handle multi-faceted work and life issues. 6. Flexible welfare design: The Company with the intention of fulfilling the diversified needs of employees and their decompressing physically and mentally has designed a welfare program with an annual budget of NT$20,000 per person, including child education subsidies, personal advanced study, gym subsidies, travel subsidies, etc. at the choice of each employee discretionally. 7. Social activities: There are various social activities arranged within the Company for the employees to engage in legitimate and healthy leisure activities after work, and to help the employees unwind at work and at home. There are yoga club, art club, mountaineering club, golf club, badminton club, etc. available currently. 8. CHA provides the employees who have the needs and met the legal conditions for parental leave with a parental leave without pay benefit and assistance lawfully, which is clearly stated in the Rules Governing the Employment and Dismissal of Employees. 9. Comfortable working environment: The Company provides the employees with a safe and comfortable working environment and entertaining facility, and considerate services, such as, free coffee and tea, convenient and inexpensive laundry services, lunch ordering services, lounge reservation services, etc.
Employee Incentive Program	CHC offers various incentives to encourage colleagues and teams to pursue innovation and excellence so as to recognize and appreciate the efforts and contributions of colleagues/teams. ・Employee recognition and encouragement program: Encourage colleagues to be well behaved, perform outstandingly, and demonstrate the value of the Company. ・The star of CHC: Award the teams with the outstanding performance achieved, workplace health and safety, and physical and mental balanced outstanding teams. ・CHC's Idea Box: In addition to sharing the winning proposals, the Company for the purpose of encouraging innovation and employee participation has the Best Idea of the Year selected from various proposals and commended. ・Seniority Award: It is to extend the appreciation of the Company for the senior employees and their contribution to helping the Company create values.

(I) Losses from labor disputes in the most recent year: None

(II) Estimated loss amount from the occurrence of labor disputes now or in the future:

1. Not applicable.
2. The Company has a harmonious management-employee relationship with the personnel decisions carried out lawfully. There is no sign of any possible occurrence of labor disputes now or in the future.

(VI) Describe the information security risk management structure, information security policy, specific management plan, and resources invested in the information security management.

(I) Information Security Risk Management Structure

The Company's information security risk management is implemented in accordance with the "Regulations Governing Information Service Contingency by the Company" and "Procedures for the Contingency Operations by the Group." The Director of the Group's Information Department is the convener to lead the Contingency Team to resolve information security incidents, including handling disaster control, assessing damage status, being the contract window, and commanding the information system disaster recovery operations; also, the said convener shall form an inter-department contingency team within the Company or the Group to implement the processing and reporting operations in accordance with the information security risk classification standards defined in the "Procedures for the Contingency Operations by the Group."

(II) Information Security Policy

The Company's information security policy is formulated in the "Group Information Technology Policy." The Company has information security protected in accordance with the identified relevant risks and security regulations. Information security measures include but are not limited to the following:

1. All information systems must be monitored for potential security vulnerabilities in order to protect information resources from being attacked by viruses or other malicious software.
2. Access to the Company's information resources is limited to authorized users. The right-to-use of the Company's information resources will be granted on a need-to-know basis.
3. Protect the premise security of the Company to prevent unauthorized persons from accessing the Company's buildings and computer room.
4. Maintain the information security contingency plan to have the information security-related incidents reflected and regularly reported in time.
5. Comply with all information security-related regulations of the competent authorities and the Company's policies and contractual obligations.
6. Make backup copies of all important business information, data, and files regularly, and perform the backup data recovery tests regularly to confirm the usability of the recovered backup data.
7. Formulate and publish the "Third-Party Service Information Security Guidelines." The outsourced manufacturers must sign the confidentiality agreement to ensure those who have received the Company's information services or implemented relevant information operations are responsible and obliged to protect the Company's assets in their possession or used by them from any unauthorized access, modification, destruction, or improper disclosure.
8. Arrange education and training and propaganda operations of information security and personal information protection every year, and implement social engineering rehearsals and penetration testing on the Group's information services.
9. Formulate and issue the "Regulations Governing Information Security Management Objectives and Policies, and Personal Information Operation," and have it reviewed and amended regularly.

(III) Information management plan

The Company's information security management plan is formulated in the "Regulations Governing Information Security Operation by the Group." The Group's Information Department has various information security operating procedures and job responsibilities planned with the responsible person assigned to perform the tasks specified in the Regulations that are to be supervised and evaluated by the Director of the Group's Information Department. The relevant programs include but not limited to the following:

1. Formulate the security guidelines for personal password programming, and set up a Two-Factor Authentication mechanism in the main systems.
2. The Director of the Information Department shall designate a specific person as the administrator for each information system who will also be responsible for the operational planning and authority management of accessing to the information system resources, and be the administrator of the system or the custodian of the account password to the system database, which may not be authorized to others without the approval of the Director of the Information Department.
3. The Company's data is classified into 4 categories for the assurance of proper handling, use, and preservation: Confidential, Restricted, Internal Use, and Public. All classified confidential data must remain encrypted at any time.
4. Colleagues and units may not set up network equipment or network services in the Company's network environment without authorization.
5. The Information Department shall establish a security protection mechanism for the e-mail system to minimize information security risks.
6. The "Bring Your Own Device (BYOD) management procedure: The BYOD devices must be equipped with the AirWatch mobile security software before it can be used in the Company's internal systems.
7. The Information Department is responsible for the planning, installation, and establishment of protective measures to detect, identify, and eliminate malicious software programs in order to protect the security of the Group's information facilities.
8. The information function of each region should be equipped with anti-virus equipment or software in accordance with the structure planned by the Information Department, which should be able to automatically provide the latest virus definitions to the users.

(IV) Resources invested in information safety management

The Company has been actively promoting information application and digital transformation. Also, the Company values the importance of information security and personal information protection. The annual budget of about NT$15 million is appropriated for the construction of related information software and hardware and information security enhancement services, including but not limited to the following items:

1. User antivirus and endpoint protection software
2. Server antivirus system
3. Setup a Website Application Firewall (WAF)
4. Outsourced SOC service
5. Email Security Gateway and Email Protection System
6. Annual social engineering rehearsal
7. Adopt the personal computer privilege access management system
8. SSL VPN setup
9. BYOD (Bring Your Own Device) management system
10. Outsource the information system vulnerability detection and penetration testing annually.
11. Use Data Loss Prevention (DLP) software
12. Information security management outsourcing consultancy service
13. Conduct disaster recovery rehearsals quarterly and SAP remote backup rehearsals annually.

(V) In 2021 and as of the date of this Annual Report, CHC has not suffered any losses due to material information security incidents.

VII. Workplace safety

(I) Occupational Safety and Health Committee

The Company1s "Occupational Safety and Health Committee" includes 12 members, of which, 5 members are the labor representatives that account for more than one-third of the Committee. The Committee meeting is convened every quarter to discuss matters related to occupational safety and health and to propose safety and health-related subjects. The resolutions of the Committee meeting shall be announced and promoted in the management meeting.

(II) Safety and health certification and management system

Continental Engineering, a subsidiary of the Company, has the “Occupational Safety and Health Management System” established and certified by ISO45001:2018/CNS45001:2018 dual certification on September 17, 2019, which remains valid till present. The Company audits the safety and health management system annually to ensure the effectiveness of the safety and health management system of each unit. A total of 42 units were audited in 2021 with 2,374 audit items performed. Technologies will be applied, researched, and developed continuously for information safety and health management. The Company had developed the “Garbage Gate Display System in 2021 with the application of LoRa and IoT technologies to reduce the safety and health risks related to on-site garbage removal operations. On the other hand, managing personnel can instantly identify the location and supervise onsite in a timely manner through the cloud. The Company received the honorary recognition of the “Occupational Safety and Health Five-Star Award,” Taipei City Labor Safety Award - Excellent Unit, the New Taipei City Industrial Safety Award -Excellent Unit (Group A), and the Ministry of Labor - Occupational Safety and Health Excellent Unit in 2021.

(III) Occupational Safety Policy and Education and Training

The Company continuously implements safety and health hazard identification and risk assessment on the subsidiaries and branches of the Group in accordance with the “Group Occupational Health and Safety Policy.” The Company also engages employees in the operation through hazard identification and risk evaluation and helps them understand the possible hazard factors and the respective prevention in the working environment. A total of 44 units within the Company had completed the hazard identification and risk assessment in 2021.

According to the Group’s safety and health policies, the implementation of safety and health measures is one of the Company’s overall performance indexes. All colleagues had set at least one job performance goal related to safety and health in 2021. In addition, different evaluation standards and references are set for each individual, and a tailor-made safety and health reward system is established so to help all front-line workers, manufacturers, and engineers gain an opportunity to receive rewards.

For reinforcing the engineering unit supervisor’s leadership in the colleagues’ safety and health, the “Occupational Safety Supervisor’s Leadership of Engineering Units” will be conducted for all construction projects in progress. The engineering unit supervisor targets the colleagues to lead them to consider the potential hazards at the construction site now and in the future, to discuss the ways to minimize the risk of hazards, and to upgrade and refine the colleagues’ capabilities in identifying hazards at the worksite, risk management, and intelligence. A total of 29 sessions was arranged with the participation of 657 colleagues in 2021. In addition, for the purpose of maintaining the colleagues’ awareness of hazards and ability to respond, the contingency drills are performed on a regular basis every year with a total of 35 units completing the contingency drills in 2021. In addition to the aforementioned education and training, a total of 475 regular occupational safety personnel re-training and internal safety and health education training were held in 2021. There were also 66 colleagues who received the Company’s VR (Virtual Reality) safety and health education and 942 colleagues received Taiwan Occupational Safety Card (self-organized).

The “Stop for Safety” education and training were held in 2021 to reinforce the commitment of colleagues to safety and health. The colleagues of the engineering unit had participated in the training co-hosted by the CEO and the President by video with a total of 640 participants accounted for. It is aimed to enable the director of the engineering unit to enhance the communication and interaction with colleagues on safety and health subject in order to enhance the safety and health awareness of colleagues. The “Don’t Walk By” (DWB) safety and health proposal system for all employees has been promoted since the year 2021. All workers and stakeholders at the construction site can make real-time safety and health proposals through the DWB system. Colleagues in the engineering unit are to handle the proposed matters accordingly to reduce the safety and security risks at the worksite and to construct a safe working environment.

(IV) Employee health promotion and physical and mental balance

It is essential to promote pandemic prevention measures for the health of colleagues due to the hard lesson learned from the pandemic outbreak in 2021. The Company, on the precondition of complying with the national pandemic prevention guidelines, is committed to workplace health management and health improvement through video, keeping social distance, setting up partitions, and other anti-pandemic measures. A total of 34 health propaganda was sent to all colleagues by E-mail in 2021 with 8 health seminars held with themes of "Smooth Communication at Workplace", "Healthy Diet", "Cardiovascular Prevention Course", 4 sessions of "Personal Consultation on Physical Check-up Report" and "Get to Know Metabolic Syndrome." Physicians perform onsite service at least once every quarter (for a total of 4 sessions), evaluate the Company's maternal health protection and hazard prevention at the workplace, and screen high-risk colleagues based on health examination and load evaluation results to care for and improve their health. However, many workers hired by the contractors chew betel nut; therefore, they are a high-risk group of oral cancer. For the purpose of protecting them from suffering oral cancer, a total of five "oral cancer screening activities" were held at the construction sites in the North, Central, and South of Taiwan with the participation of 447 persons. Although the health check of 2020 was postponed due to the outbreak of the pandemic, the Company had the health check for employees arranged accordingly in 2021 despite the prevalent pandemic and with diversified health check programs provided for the choice of all employees. A total of 97% of the Company's employees had their health check completed in 2021. The Company has been awarded the "Healthy Construction Site Promotion Award - Silver Award.

VIII. Important Contracts

Continental Engineering Corporation

Major domestic project contract (As of March 31, 2022)

Item	Project	Client	Award Date
1	Taipei MRT CQ850A Wan-Ta Line Construction Project	Department of Rapid Transit Systems, Taipei City Government, Second District Project Office	2016.11.08
2	Taipei MRT CR840 Wan-Ta Line Construction Project	Department of Rapid Transit Systems, Taipei City Government, Second District Project Office	2016.11.23
3	C214 South Tainan Station Section Underground Tunnel Construction Project	Railway Reconstruction Bureau	2017.01.03
4	Beautiful Journey	Continental Development Corporation	2017.09.08
5	Pujen Tucheng Residential Project	Pujen Land Development	2017.09.21
6	C211 Northern Tainan Section Underground Tunnel Construction Project	Railway Reconstruction Bureau	2017.09.26
7	Guanci Po-Ai Park Public Housing Development Project	Department of Urban Development , Taipei City Government	2017.10.06
8	Taipei Sky Tower	Grand River D. Limited	2018.06.14
9	Far Eastern T-Park M&E Project	Far Eastern Construction Company	2018.06.22
10	Taoyuan Metro Green Line GC01 Construction Project	Department of Rapid Transit Systems, Taoyuan	2018.08.21
11	Pujen CMP Midtown	CMP ／ Pujen Land Development	2018.12.03
12	Taipei Nangang District MRT Depot Station Public Housing Turnkey Project	Department of Urban Development , Taipei City Government	2019.02.25
13	Truefull GreenRiver Residential Project	Truefull Land	2019.07.05
14	Arcade Gallery Phase Ⅱ Residential Building Project	Grande Arcade Development Co., Ltd	2019.08.12
15	Nangang Depot Social Housing M&E Project	CEC JV Dacin	2019.10.06
16	Heming Xindian Residential Project	Heming Development	2019.10.16

Item	Project	Client	Award Date
17	Taipei Fullerton hotel and residential building project	Continental Development Corporation	2019.11.01
18	Fanlu Kaohsiung Santo Residential and Hotel Complex	FanLu Development Co., Ltd	2019.11.04
19	Xindian Yangbei Residential Project	Continental Development Corporation	2019.11.04
20	Taichung Huiguo 101 Project	Continental Development Corporation	2019.11.04
21	Tianmu Dexing E.Rd. Residential Project	Continental Development Corporation	2019.11.22
22	Truefull Bade Residential Project	Truefull Land	2020.03.06
23	Tianjin Urban renewal Building Project	Continental Development Corporation	2020.03.22
24	Fubon Liren Residential Building Project	Fubon Land Development Co.,Ltd	2020.03.11
25	Wunqi Beitou	Wanqi	2020.11.11
26	Shendefu The One & Only	Sheng De Fu Construction Development Co., Ltd	2021.01.08
27	Grand Wall Taipei M&E Project	Liju Development Co., Ltd	2021.04.20
28	NEXGEN Residential Building Project	Jean Pacific Development Co.,Ltd	2021.07.27
29	Fubon Zhongxiao Huaishen Urban Renewal	Fubon Development Co.,Ltd	2021.08.02
30	Xinman Courtyard Tainan Life with Books ＆ Garden	Shen Lian Development Co., Ltd	2021.11.12
31	Taichung Intercontinental Baseball Stadium Entertainment Town B1 Project	Hanshen Department	2021.12.08
32	Taipei Metro Mass Rapid Transit System North Circular Line CF680C Section	Department of Rapid Transit Systems, Taipei City Government, Second District Project Office	2021.12.17
33	Prologue Eternal	Continental Development Corporation	2021.12.29

Major overseas project contracts (As of March 31, 2022)

Contract Type	Project Main Contents	Client	Contract Term
Design & Construction	Station Square at Kai Tak (Phase 1) in Hong Kong	Architectural Services Department, The Government of the Hong Kong Special Administration Region	2019-2021
Design & Construction	Mumbai MRT Line 3 UGC04-Construction of Underground Sections	Mumbai Metro Rail Corporation	2016-2023
Design & Construction	Kai Tak Development-Stage 2 Infrastructure Works for Developments at the Southern Part of the Former Runway	Civil Engineering and Development Department, The Government of the Hong Kong Special Administrative Region	2015-2021

Bank facilities

Contract Type	Counterparty	Term	Main Content	Restrictions
Bank facility	O-Bank Co., Ltd.	2020.03-2025.03	Long-term Loan, Due for Repayment	Financial covenant
Bank facility	CTBC Bank	2021.03-2024.03	Long-term Loan, Due for Repayment	Financial covenant
Bank facility	Far Eastern Int'l Bank	2021.10-2026.10	Long-term Loan, Amortization	Financial covenant
Bank facility	Chang Hwa Commercial Bank	2021.07-2025.03	Long-term Loan, Due for Repayment	None
Bank facility	Taishin International Bank	2020.05-2024.05	Long-term Loan, Due for Repayment	Financial covenant
Bank facility	The Bank of East Asia	2021.12-2024.12	Long-term Loan, Due for Repayment	Financial covenant

Continental Development Corporation-Major Contracts

Contract Type	Counterparty	Term	Main Content	Restrictions
Joint Construction	Chang Hwa Bank and 29 natural persons	2009.10-	Land transaction and Joint Construction in Zhongshan District,Taipei City	None
Joint Construction	48 natural persons	2010.08-	Land transaction and Joint Construction in Da'an District, Taipei City	None
Joint Construction	Wan Bao Assets Management Co., Ltd	2018.05-	Joint Construction in Beitun District, Taichung City	None
Joint Construction	Han-De Construction Co. ,Ltd and 4 natural persons	2019.01-	Joint Construction in Xindian District, New Taipei City	None
Joint Construction	Taipei Fullerton Hotel	2019.08-	Joint Construction in Songshan District, Taipei City	None
Joint Construction	19 natural persons	2021.09-	Joint Construction in Da'an District, Taipei City	None
Joint Construction	Ambassador Hotel Formosan Rubber Group Incorporate	2021.11-	Joint Construction in Qianjin District, Kaohsiung City	None
Joint Venture Contract	Riant Capital Limited and 10 Natural persons	2015.10-	Land Development in Xinyi District, Taipei City	None
Joint Venture Contract	Daiwa House Industry Co., Ltd	2018.12-	Land Development in Qianjin District, Kaohsiung City	None
Purchase Contract	3 Natural persons	2021.01-	Land transaction in Da'an District, Taipei City	None
Purchase Contract	Ambassador Hotel Formosan Rubber Group Incorporate	2021.11-	Land transaction in Qianjin District, Kaohsiung City	None

Bank facilities

Contract Type	Counterparty	Term	Main Content	Restrictions
Bank facility	Taiwan Cooperative Bank	2016.12-2026.12	Secured loan，Amortization	None
Bank facility	Taishin International Bank	2020.02-2024.08	Secured loan，Due for Repayment	None
Bank facility	Far Eastern International Bank	2020.03-2023.11	Secured loan，Due for Repayment	None
Bank facility	Bank Of Taiwan	2020.04-2026.04	Secured loan，Amortization	None
Bank facility	China Bills Finance Corporation	2021.04-2022.04	Secured loan，Due for Repayment	None
Bank facility	First Commercial Bank	2021.08-2026.08	Secured loan，Amortization	None
Bank facility	Taishin International Bank	2021.09-2025.03	Secured loan，Due for Repayment	None
Bank facility	Taiwan Cooperative Bank	2021.11-2026.11	Secured loan，Amortization	None
Bank facility	Chang Hwa Bank	2021.12-2022.06	Secured loan，Due for Repayment	None
Bank facility	Chang Hwa Bank	2021.12-2041.12	Secured loan，Amortization	None

HDEC Corporation

Contract Type	Counterparty	Term	Main Content	Restrictions
Contruction	HDEC (Puding) Environment Corporation	2017-2024	Puding Area Sewerage System BOT Project- Design & Construction, Taoyuan City	None
Procurement	HDEC (Puding) Environment Corporation	2017-2024	Puding Area Sewerage System BOT Project- Material Purchase, Taoyuan City	None
Construction	CTCI-HDEC (Chungli) Corporation	2017-2039	Chungli Area Sewerage System BOT Project- Design & Construction, Taoyuan City	None
Procurement	CTCI-HDEC (Chungli) Corporation	2017-2039	Chungli Area Sewerage System BOT Project-Material Purchase, Taoyuan City	None

Contract Type	Counterparty	Term	Main Content	Restrictions
Construction	HDEC-CTCI (Linhai) Corporation	2018-2021	Linhai Wastewater Treatment Plant and Reclaimed Water BTO Project, EPC, Kaohsiung City	None
Construction	North Shore Corp.	2020-2021	New Taipei City Tamsui Area Sewerage System BOT Project- Wastewater Treatment Plant Phase III,EPC	None
Construction	Tainan municipal government water conservancy bureau	2020-2024	Tainan City Anping Reclaimed Water Plant New Construction Turnkey Project	None
Operation and management	North Shore Corp.	2020-2024	New Taipei City Tamsui Area Sewerage System BOT Project, operation and management	None
Operation and management	Tainan municipal government water conservancy bureau	2020-2037	Tainan City Anping Reclaimed Water Plant New Construction Turnkey Project, operation and management	None
Construction	HDEC (Puding) Environment Corporation	2021-2022	Puding Area Sewerage System BOT Project- Wastewater Treatment Plant Phase I, EPC, Taoyuan City	None
Construction	Science Park Administration, Hsinchu Science Park	2021-2023	Tongluo Science Park Wastewater Treatment Plant Phase II Project-Functional Enhancement of Conductivity Treatment Facilities Turnkey Project	None
Investment (Note 1)	New Taipei City Government	2005-2040	New Taipei City Tamsui Area Sewerage System BOT Project	None
Investment (Note 2)	Taoyuan City Government	2021-2056	Puding Area Sewerage System BOT Project	None
Investment (Note 3)	Kaohsiung City Government	2016-2033	Fengshan River Wastewater Reclamation and Reuse BTO Project	None
Investment (Note 4)	Kaohsiung City Government	2019-2036	Linhai Wastewater Treatment Plant and Reclaimed Water BTO Project, Kaohsiung City	None

Note 1: The contract of the subsidiary North Shore Corporation
Note 2: The contract of the subsidiary HDEC (Puding) Environment Corporation
Note 3: The contract of the subsidiary Blue Whale Corporation
Note 4: The contract of the subsidiary HDEC-CTCI (Linhai) Corporation

Bank facilities

Contract Type	Counterparty	Term	Main Content	Restrictions
Bank facility	Hua Nan Commercial Bank	2020.12-2024.12	Long-term Loan, Due for Repayment	None
Bank facility	Taishin International Bank	2019.04-2023.04	Long-term Loan, Due for Repayment	Financial covenant
Bank facility	O-Bank Co., Ltd.	2020.12-2024.12	Long-term Loan, Amortization	Financial covenant
Bank facility	Far Eastern International Bank	2020.10-2024.10	Long-term Loan, Amortization	Financial covenant
Bank facility	KGI Bank	2020.02-2024.02	Long-term Loan, Amortization	Financial covenant
Bank facility	Jih Sun International Bank	2021.06-2025.06	Long-term Loan, Due for Repayment	None
Bank facility	The Shanghai Commercial & Savings Bank	2020.12-2024.12	Long-term Loan, Amortization	None
Bank facility	Bank of Panhsin	2018.12-2022.12	Long-term Loan, Amortization	Financial covenant
Bank facility	Bank Sinopac	2021.09-2025.09	Long-term Loan, Due for Repayment	None
Bank facility	Yuanta Commercial Bank	2021.05-2025.05	Long-term Loan, Due for Repayment	Financial covenant
Bank facility	Bank Of Kaohsiung	2020.10-2024.10	Long-term Loan, Due for Repayment	None
Bank facility	Cathay United Bank	2021.04-2025.04	Long-term Loan, Due for Repayment	None
Bank facility	CTBC Bank	4 years effective from the first drawndown date	Long-term Loan, Due for Repayment	Financial covenant

Financial Information

Condensed Balance Sheet and Statement of Comprehensive Income

1. Condensed Balance Sheet

Unit: NT$ thousands

Item	Year	Financial Summary for The Last Five Years				
		2017	2018	2019	2020	2021
Current assets		77,363	132,432	188,274	215,415	744,793
Property, plant and equipment		-	2,110	1,943	1,944	2,498
Other assets		22,148,307	23,588,260	22,774,989	23,605,399	26,025,902
Total assets		22,225,670	23,722,802	22,965,206	23,822,758	26,773,193
Current liabilities	Before distribution	63,130	30,639	301,881	38,116	172,185
	After distribution	557,060	771,533	713,489	1,190,618	1,555,188
Non-current liabilities		38,203	39,328	53,373	44,801	2,026,844
Total liabilities	Before distribution	101,333	69,967	355,254	82,917	2,199,029
	After distribution	595,263	810,861	766,862	1,235,419	3,582,032
Equity attributable to owners of parent		22,124,337	23,652,835	22,609,952	23,739,841	24,574,164
Ordinary shares		8,232,160	8,232,160	8,232,160	8,232,160	8,232,160
Capital surplus		6,804,431	6,804,435	6,804,435	6,813,745	6,817,198
Retained earnings	Before distribution	5,520,686	8,153,880	7,491,023	8,629,727	9,281,503
	After distribution	5,026,756	7,412,986	7,079,415	7,477,225	7,898,500
Other equity interest		1,567,060	462,360	82,334	64,209	243,303
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	22,124,337	23,652,835	22,609,952	23,739,841	24,574,164
	After distribution	21,630,407	22,911,941	22,198,344	22,587,339	23,191,161

2. Consolidated Condensed Balance Sheet

Unit: NT$ thousands

Item / Year		Financial Summary for The Last Five Years				
		2017	2018	2019	2020	2021
Current assets		39,659,968	42,820,746	42,622,252	44,097,632	46,292,919
Property, plant and equipment		1,998,207	1,836,333	2,286,634	2,345,718	4,379,297
Intangible assets		1,011,438	1,157,023	1,149,653	1,135,804	1,108,196
Other assets		22,119,966	21,191,732	17,489,492	19,575,936	18,609,235
Total assets		64,789,579	67,005,834	63,548,031	67,155,090	70,389,647
Current liabilities	Before distribution	26,726,311	27,626,992	26,617,661	30,359,556	29,856,444
	After distribution	27,220,241	28,367,886	27,029,269	31,512,058	31,239,447
Non-current liabilities		14,463,392	13,554,195	11,233,062	9,875,174	12,754,910
Total liabilities	Before distribution	41,189,703	41,181,187	37,850,723	40,234,730	42,611,354
	After distribution	41,683,633	41,922,081	38,262,331	41,387,232	43,994,357
Equity attributable to owners of parent		22,124,337	23,652,835	22,609,952	23,739,841	24,574,164
Ordinary shares		8,232,160	8,232,160	8,232,160	8,232,160	8,232,160
Capital surplus		6,804,431	6,804,435	6,804,435	6,813,745	6,817,198
Retained earnings	Before distribution	5,520,686	8,153,880	7,491,023	8,629,727	9,281,503
	After distribution	5,026,756	7,412,986	7,079,415	7,477,225	7,898,500
Other equity interest		1,567,060	462,360	82,334	64,209	243,303
Non-controlling interest		1,475,539	2,171,812	3,087,356	3,180,519	3,204,129
Total equity	Before distribution	23,599,876	25,824,647	25,697,308	26,920,360	27,778,293
	After distribution	23,105,946	25,083,753	25,285,700	25,767,858	26,395,290

3. Condensed Statement of Comprehensive Income

Unit: NT$ thousands

Item / Year	Financial Summary for The Last Five Years				
	2017	2018	2019	2020	2021
Operating revenues	927,674	2,049,403	436,459	1,555,241	2,050,426
Gross profit from operations	927,674	2,049,403	436,459	1,555,241	2,050,426
Net operating income	837,922	1,946,917	361,187	1,450,595	1,938,862
Non-operating income and expenses	(263)	4,201	9,202	16,465	6,189
Income before tax	837,659	1,951,118	370,389	1,467,060	1,945,051
Net income	787,816	1,941,677	97,007	1,538,543	1,826,298
Other comprehensive income (loss) (income after tax)	(260,676)	37,530	(406,343)	(6,356)	157,074
Comprehensive income (loss)	527,140	1,979,207	(309,336)	1,532,187	1,983,372
Net income, attributable to owners of parent	787,816	1,941,677	97,007	1,538,543	1,826,298
Net income, attributable to non-controlling interests	-	-	-	—	—
Comprehensive income (loss), attributable to owners of parent	527,140	1,979,207	(309,336)	1,532,187	1,983,372
Comprehensive income (loss), attributable to non-controlling interests	-	-	-	—	—
Earnings per share (NT$)	0.96	2.36	0.12	1.87	2.22

4. Consolidated Condensed Statement of Comprehensive Income

Unit: NT$ thousands

Item / Year	Financial Summary for The Last Five Years				
	2017	2018	2019	2020	2021
Operating revenues	28,384,743	25,154,111	22,665,087	21,688,649	26,844,308
Gross profit from operations	2,349,213	3,724,145	2,732,555	3,291,903	3,889,530
Net operating income	1,167,441	2,350,154	1,324,943	1,761,685	2,303,357
Non-operating income and expenses	(275,559)	(188,361)	(702,011)	(41,073)	(117,284)
Income before tax	891,882	2,161,793	622,932	1,720,612	2,186,073
Net income	807,568	2,018,281	152,060	1,632,937	1,867,270
Other comprehensive income (loss) (income after tax)	(261,214)	61,728	(452,034)	(97,017)	109,943
Comprehensive income (loss)	546,354	2,080,009	(299,974)	1,535,920	1,977,213
Net income, attributable to owners of parent	787,816	1,941,677	97,007	1,538,543	1,826,298
Net income, attributable to non-controlling interests	19,752	76,604	55,053	94,394	40,972
Comprehensive income (loss), attributable to owners of parent	527,140	1,979,207	(309,336)	1,532,187	1,983,372
Comprehensive income (loss), attributable to non-controlling interests	19,214	100,802	9,362	3,733	(6,159)
Earnings per share (NT$)	0.96	2.36	0.12	1.87	2.22

5. Auditors' Opinions

Year	Accounting Firm	CPA	Audit Opinion
2017	KPMG Taiwan	Kuo-Yang, Tseng、Ti-Nuan, Chien	Unqualified Opinion with Other Matter Paragraphs
2018	KPMG Taiwan	Kuo-Yang, Tseng、Ti-Nuan, Chien	Unqualified Opinion with Other Matter Paragraphs
2019	KPMG Taiwan	Kuo-Yang, Tseng、Ti-Nuan, Chien	Unqualified Opinion with Other Matter Paragraphs
2020	KPMG Taiwan	Chung-Che, Chen、Ti-Nuan, Chien	Unqualified Opinion
2021	KPMG Taiwan	Chung-Che, Chen、Shu-Ying Chang	Unqualified Opinion with Other Matter Paragraphs

Financial Analysis

1. Financial Analysis

Item	Year	Financial Analysis for the Past Five Years				
		2017	2018	2019	2020	2021
Financial structure	Debt ratio (%)	0.46	0.29	1.55	0.35	8.21
	Ratio of long-term capital to property, plant and equipment (%)	-	1,122,851.33	1,166,408.90	1,223,489.81	1,064,892.23
Solvency	Current ratio (%)	122.55	432.23	62.37	565.16	432.55
	Quick ratio (%)	122.46	431.76	62.34	564.96	432.49
	Times interest earned (times)	3,091.99	16,125.94	720.20	2,784.80	152.08
Operating performance	Receivables turnover (times)	-	-	-	-	-
	Average collection days	-	-	-	-	-
	Inventory turnover (times)	-	-	-	-	-
	Payables turnover (times)	-	-	-	-	-
	Average days in sales	-	-	-	-	-
	Property, plant and equipment turnover (times)	-	1,942.56	215.38	800.23	923.20
	Total assets turnover (times)	0.04	0.09	0.02	0.07	0.08
Profitability	Return on total assets (%)	3.55	8.45	0.42	6.58	7.3
	Return on total equity (%)	3.56	8.48	0.42	6.64	7.56
	Pre-tax income to paid-in capital ratio (%)	10.18	23.70	4.50	17.82	23.63
	Profit ratio (%)	84.92	94.74	22.23	98.93	89.07
	Earnings per share (NT$)	0.96	2.36	0.12	1.87	2.22
Cash flow	Cash flow ratio (%)	706.86	1,621.33	282.35	1,186.19	407.62
	Cash flow adequacy ratio (%)	141.14	140.40	139.49	123.48	91.72
	Cash reinvestment ratio (%)	0.16	0.01	0.49	0.17	-0.17
Leverage	Operating leverage	1.11	1.05	1.21	1.07	1.06
	Financial leverage	1.00	1.00	1.00	1.00	1.01

Analysis of differences over 20% for the last two years：

1. The increase in debt ratio were mainly due to increase of bonds payable.
2. The decrease in current ratio, quick ratio and cash flow ratio were mainly due to increase of current tax liabilities.
3. The decrease in times interest earned were mainly due to increase of interest expenses.
4. The increase in pre-tax income to paid-in capital ratio were mainly due to increase of operating revenues.
5. The decrease in cash flow adequacy ratio and cash reinvestment ratio were mainly due to increase of cash dividends paid.

2. Consolidated Financial Analysis

Item	Year	Financial Analysis for the Past Five Years				
		2017	2018	2019	2020	2021
Financial structure	Debt ratio (％)	63.57	61.46	59.56	59.91	60.54
	Ratio of long-term capital to property, plant and equipment (％)	1,904.87	2,144.43	1,615.05	1,568.63	925.56
Solvency	Current ratio (％)	148.39	155.00	160.13	145.25	155.05
	Quick ratio (％)	59.59	65.49	57.99	49.35	56.52
	Times interest earned (times)	2.80	5.34	2.19	5.55	16.87
Operating performance	Receivables turnover (times)	5.31	6.09	9.47	8.07	8.43
	Average collection days	68.73	59.93	38.54	45.22	43.29
	Inventory turnover (times)	1.18	0.91	0.79	0.67	0.8
	Payables turnover (times)	3.87	2.91	3.08	3.14	3.59
	Average days in sales	309.32	401.09	462.02	544.77	456.25
	Property, plant and equipment turnover (times)	12.70	13.12	10.99	9.36	7.98
	Total assets turnover (times)	0.46	0.38	0.35	0.33	0.39
Profitability	Return on total assets (％)	1.53	3.30	0.53	2.76	3
	Return on total equity (％)	3.48	8.17	0.59	6.21	6.83
	Pre-tax income to paid-in capital ratio (%)	10.83	26.26	7.57	20.9	26.56
	Profit ratio (%)	2.85	8.02	0.67	7.53	6.96
	Earnings per share (NT$)	0.96	2.36	0.12	1.87	2.22
Cash flow	Cash flow ratio (%)	(Note)	3.38	4.32	(Note)	8.71
	Cash flow adequacy ratio (%)	63.49	47.73	18.22	15.58	33.25
	Cash reinvestment ratio (%)	(Note)	2.17	1.64	(Note)	5.83
Leverage	Operating leverage ratio	1.85	1.46	1.86	1.65	1.5
	Financial leverage ratio	1.17	1.09	1.23	1.14	1.12

Analysis of differences over 20% for the last two years：

1. The decrease in ratio of long-term capital to property, plant and equipment were mainly due to increase of property, plant and equipment.
2. The increase in times interest earned and Pre-tax income to paid-in capital ratio were mainly due to increase of income before tax.
3. The increase in cash flow ratio, cash flow adequacy ratio and cash flow reinvestment ratio were mainly due to increase of net cash flows from operating activities.

Note: Ratio was not disclosed due to negative net cash flows from operating activities.

Glossary：

1. Financial Structure
   (1) Debt ratio = Total liabilities / Total assets
   (2) Ratio of long-term capital to property, plant and equipment = (Total equity + non-current liabilities) / Net property, plant and equipment
2. Solvency
   (1) Current ratio = Current assets / Current liabilities
   (2) Quick ratio = (Current assets - inventories - prepayments) / Current liabilities
   (3) Times interest earned = Income before tax and interest expenses / Interest paid
3. Operating Performance
   (1) Receivables turnover = Operating revenues / Average receivables balance
   (2) Average collection days = 365 / Receivables turnover
   (3) Inventory turnover = Operating costs / Average inventories
   (4) Payables turnover = Operating costs / Average payables balance
   (5) Average days in sales = 365 / Inventory turnover
   (6) Property, plant and equipment turnover = Operating revenues / Average net property, plant and equipment
   (7) Total asset turnover = Operating revenues / Average total assets
4. Profitability
   (1) Return on total assets = [Net income + interest expense x (1 - tax rate)] / Average total assets
   (2) Return on total equity = Net income / Average total equity
   (3) Profit ratio = Net income / Operating revenues
   (4) Earnings per share = (Net income, attributable to owners of parent - preferred stock dividends) / Weighted average number of shares outstanding
5. Cash Flow
   (1) Cash flow ratio = Net cash flows from operating activities / Current liabilities
   (2) Cash flow adequacy ratio = Five-year sum of net cash flows from operating activities / Five-year sum of capital expenditures, inventory additions, and cash dividends
   (3) Cash flow reinvestment ratio = (Net cash flows from operating activities – cash dividends) / (Gross property, plant and equipment + long-term investments + other non-current assets + working capital)
6. Leverage
   (1) Operating leverage = (Operating revenues - variable costs and expenses) / Net operating income
   (2) Financial leverage = Net operating income / (Net operating income - interest expenses)

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements, and proposal for allocation of profits. The CPA firm 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 proposal for allocation of profits 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 Repor.

Continental Holdings Corporation
Chairman of the Audit Committee: Allen Lee
Dated March 15, 2022

Consolidated Financial Statements

Representation Letter

The entities that are required to be included in the combined financial statements of CONTINENTAL HOLDINGS CORPORATION as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, CONTINENTAL HOLDINGS CORPORATION and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: CONTINENTAL HOLDINGS CORPORATION
Chairman: Nita Ing
Date: March 15, 2022

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, 2021 and 2020, 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 reports 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, 2021 and 2020, 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 the 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

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 14.24% of the consolidated total assets at December 31, 2021, and the total revenues constituting 3.64% of the consolidated total revenues for the years ended December 31, 2021.

Continental Holdings Corporation has prepared its parent company only financial report for the years ended December 31, 2021 and 2020, and we have issued an unqualified opinion with other matter thereon and an unqualified opinion, 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 Shu Ying Chang.

KPMG
Taipei, Taiwan (Republic of China)
March 15, 2022

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 5,206,556	7	4,512,368	7
1139	Current financial assets for hedging (Note 6(d))	230,228	-	447,850	1
1140	Current contract assets (Note 6(z))	4,344,055	6	3,892,099	6
1150	Notes receivable, net (Notes 6(e) and (z))	325,540	1	853,226	1
1170	Accounts receivable, net (Notes 6(e), (z) and 7)	3,153,462	4	2,035,690	3
1200	Other receivables, net (Notes 6(f) and 7)	502,586	1	690,595	1
1220	Current tax assets	47,654	-	166,267	-
130X	Inventories (Notes 6(g) and 8)	28,517,085	41	28,363,358	42
1410	Prepayments	902,225	1	752,773	1
1479	Other current assets, others (Note 8)	2,625,312	4	1,980,804	3
1480	Current assets recognised as incremental costs to obtain contract with customers	438,216	1	402,602	1
		46,292,919	66	44,097,632	66
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	606,305	1	606,305	1
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	2,072,868	3	1,791,079	3
1550	Investments accounted for using equity method, net (Note 6(h))	1,413,928	2	745,537	1
1600	Property, plant and equipment (Notes 6(j) and 8)	4,379,297	6	2,345,718	3
1755	Right-of-use assets (Notes 6(k))	128,017	-	160,794	-
1760	Investment properties, net (Notes 6(l) and 8)	8,683,500	12	10,192,584	15
1780	Intangible assets (Notes 6(m) and 8)	1,108,196	2	1,135,804	2
1840	Deferred tax assets	38,470	-	35,066	-
1932	Long-term accounts receivable (Note 6(e)、(z) and 8)	5,443,311	8	5,808,017	9
1990	Other non-current assets, others	222,836	-	236,554	-
		24,096,728	34	23,057,458	34
	Total assets	**$ 70,389,647**	**100**	**67,155,090**	**100**

	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Note 6(n))	$ 9,398,912	13	10,024,080	15
2110	Short-term notes and bills payable (Note 6(o))	-	-	820,000	1
2126	Current financial liabilities for hedging (Note 6(d))	64	-	-	-
2130	Current contract liabilities (Note 6(z))	8,760,275	12	8,121,289	12
2170	Notes and accounts payable (Note 7)	6,989,726	10	5,784,460	9
2200	Other payables (Notes 6(v) and 7)	1,936,715	3	1,989,830	3
2230	Current tax liabilities	142,533	-	69,699	-
2250	Current provisions (Note 6(s))	410,843	1	480,566	1
2280	Current lease liabilities (Notes 6(r) and 7)	116,791	-	128,836	-
2310	Advance receipts	55,460	-	21,699	-
2320	Long-term liabilities, current portion (Note 6(q))	1,980,000	3	2,787,067	4
2399	Other current liabilities, others	65,125	-	132,030	-
		29,856,444	42	30,359,556	45
	Non-Current liabilities:				
2530	Bonds payable (Note 6(p))	1,997,110	3	-	-
2540	Long-term borrowings (Note 6(q))	9,982,386	14	9,099,387	14
2570	Deferred tax liabilities	130,819	-	101,692	-
2580	Non-current lease liabilities (Note 6(r) and 7)	14,304	-	35,700	-
2610	Long-term accounts payable (Note 6(u))	311,400	1	320,400	1
2640	Net defined benefit liability, non-current	176,153	-	176,487	-
2645	Guarantee deposits received	142,738	-	141,508	-
		12,754,910	18	9,875,174	15
	Total liabilities	42,611,354	60	40,234,730	60
	Equity attributable to owners of parent (Note 6(x)):				
3100	Capital stock	8,232,160	12	8,232,160	12
3200	Capital surplus	6,817,198	10	6,813,745	10
3300	Retained earnings	9,281,503	13	8,629,727	13
3400	Other equity	243,303	-	64,209	-
		24,574,164	35	23,739,841	35
36XX	Non-controlling interests(Note 6(i))	3,204,129	5	3,180,519	5
	Total equity	27,778,293	40	26,920,360	40
	Total liabilities and equity	**$ 70,389,647**	**100**	**67,155,090**	**100**

(See accompanying notes to financial statements.)

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, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
4000	Operating revenues (Notes 6(z) and 7)	$ 26,844,308	100	21,688,649	100
5000	Operating costs (Notes 6((g), (j), (t), 7 and 12)	22,954,778	86	18,396,746	85
	Gross profit from operations	3,889,530	14	3,291,903	15
	Operating expenses (Notes 6 (v), (aa), 7 and 12):				
6100	Selling expenses	426,013	2	389,861	2
6200	Administrative expenses	1,160,160	4	1,140,357	5
		1,586,173	6	1,530,218	7
	Net operating income	2,303,357	8	1,761,685	8
	Non-operating income and expenses (Note 6(ab) and 7):				
7100	Interest income	37,621	-	41,295	-
7010	Other income	165,998	1	203,496	1
7020	Other gains and losses, net	(81,422)	-	(43,618)	-
7050	Finance costs, net (Notes 6(g) and (r))	(242,872)	(1)	(210,916)	(1)
7060	Share of profit (losses) of associates and joint ventures accounted for using equity method (Note 6(h))	3,391	-	(31,330)	-
		(117,284)	-	(41,073)	-
7900	Income before tax	2,186,073	8	1,720,612	8
7950	Less: Income tax expenses (note 6 (w))	318,803	1	87,675	-
	Net income	1,867,270	7	1,632,937	8
8300	Other comprehensive income (loss):				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans	(27,525)	-	14,711	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	281,789	1	218,603	1
8317	Gains (losses) on hedging instrument	1,165	-	(16,378)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	5,505	-	(2,942)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	260,934	1	213,994	1
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(150,991)	(1)	(311,011)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(150,991)	(1)	(311,011)	(1)
8300	Other comprehensive income (loss)	109,943	-	(97,017)	-
	Total comprehensive income	**$ 1,977,213**	**7**	**1,535,920**	**8**
	Net income, attributable to:				
8610	Owners of parent	$ 1,826,298	7	1,538,543	8
8620	Non-controlling interests	40,972	-	94,394	-
		$ 1,867,270	**7**	**1,632,937**	**8**
	Total comprehensive income attributable to:				
8710	Owners of parent	$ 1,983,372	7	1,532,187	8
8720	Non-controlling interests	(6,159)	-	3,733	-
		$ 1,977,213	**7**	**1,535,920**	**8**
	Earnings per share (Note 6(y))				
9750	Basic earnings per share (NT dollars)	**$ 2.22**		**1.87**	
9850	Diluted earnings per share (NT dollars)	**$ 2.22**		**1.87**	

(See accompanying notes to financial statements.)

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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Capital stock		Retained earnings				Total other equity						
	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	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2020	$ 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
Balance at December 31, 2020	8,232,160	6,813,745	791,108	2,262,233	5,576,386	8,629,727	(865,391)	946,889	(17,289)	64,209	23,739,841	3,180,519	26,920,360
Net income	-	-	-	-	1,826,298	1,826,298	-	-	-	-	1,826,298	40,972	1,867,270
Other comprehensive income (loss)	-	-	-	-	(22,020)	(22,020)	(103,860)	281,789	1,165	179,094	157,074	(47,131)	109,943
Total comprehensive income (loss)	-	-	-	-	1,804,278	1,804,278	(103,860)	281,789	1,165	179,094	1,983,372	(6,159)	1,977,213
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	155,031	-	(155,031)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,152,502)	(1,152,502)	-	-	-	-	(1,152,502)	-	(1,152,502)
Changes in ownership interests in subsidiaries	-	3,453	-	-	-	-	-	-	-	-	3,453	(3,453)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	33,222	33,222
Balance at December 31, 2021	**$ 8,232,160**	**6,817,198**	**946,139**	**2,262,233**	**6,073,131**	**9,281,503**	**(969,251)**	**1,228,678**	**(16,124)**	**243,303**	**24,574,164**	**3,204,129**	**27,778,293**

(See accompanying notes to financial statements.)

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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from operating activities:		
Income before tax	$ 2,186,073	1,720,612
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation expense	331,091	248,074
Amortization expense	63,618	61,181
Interest expense	242,150	210,916
Interest income	(37,621)	(41,295)
Dividend income	(115,045)	(112,685)
Amortization of issuance costs on bonds payable	722	-
Share of (gain) loss of associates and joint ventures accounted for using equity method	(3,391)	31,330
Gain on disposal of property, plant and equipment	(4,034)	(1,107)
Gain on disposal of property, plant and equipment (under construction costs)	(421)	(8,245)
Gain on disposal of investment properties	(2,783)	(5,393)
Gain on reversal of impairment loss of property, plants and equipment (under construction costs)	-	(73,000)
Reversal of provisions	(47,444)	(43,598)
Gain on reversal of estimated account payable	(4,856)	(206)
Total adjustments to reconcile profit and loss	421,986	265,972
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	(37,990)	832,573
Notes receivable	527,686	(510,322)
Accounts receivable	(1,202,283)	(997,216)
Other receivables	78,623	86,969
Inventories	7,973	(2,940,593)
Prepayments	(151,851)	57,821
Other current assets	(179,794)	(109,052)
Current assets recognised as incremental costs to obtain contract with customers	(35,614)	(221,297)
Total changes in operating assets	(993,250)	(3,801,117)
Changes in operating liabilities:		
Contract liabilities	1,713,537	2,351,692
Notes and accounts payable	50,990	(74,429)
Other payables	(487,658)	(62,542)
Provisions	(21,295)	(13,299)
Receipts in advance	33,795	(12,058)
Other current liabilities	(66,874)	(1,898)
Net defined benefit liability	(22,354)	(28,439)
Total changes in operating liabilities	1,200,141	2,159,027
Total changes in operating assets and liabilities	206,891	(1,642,090)
Total adjustments	628,877	(1,376,118)
Cash inflow generated from operations	2,814,950	344,494
Interest received	35,779	48,948
Interest paid	(144,000)	(347,915)
Income taxes paid	(106,469)	(391,006)
Net cash flows from (used in) operating activities	2,600,260	(345,479)

		2021	2020
Cash flows from investing activities:			
Acquisition of financial assets for hedging		(394,703)	(490,398)
Disposal of financial assets for hedging		613,554	564,531
Price of associates acquisition		(665,000)	(175,000)
Acquisition of property, plant and equipment		(150,122)	(89,795)
Disposal of property, plant and equipment		5,704	81,128
Decrease in other receivables		109,267	89,940
Increase in other receivables		-	(60,334)
Increase in non-current other receivables		(170,744)	-
Acquisition of intangible assets		(36,010)	(47,332)
Acquisition of investment properties		(431,200)	(438,220)
Disposal of investment properties		2,783	5,393
Increase in other financial assets		(468,435)	-
Other non-current assets		(17,772)	(1)
Prepayments for business facilities		(54,787)	(249,082)
Dividends received		115,045	112,685
Long-term payments		-	4,275
Net cash flows used in investing activities		(1,542,420)	(692,210)
Cash flows from financing activities:			
Increase in short-term borrowings		16,178,895	25,458,386
Decrease in short-term borrowings		(16,701,028)	(23,393,488)
Increase in short-term notes and bills payable		2,965,000	6,740,000
Decrease in short-term notes and bills payable		(3,785,000)	(7,020,000)
Proceeds from issuing bonds		1,996,388	-
Increase in long-term borrowings		6,447,693	4,773,126
Decrease in long-term borrowings		(6,347,317)	(5,092,030)
Increase in guarantee deposits received		1,235	4,237
Payment of lease liabilities		(101,210)	(97,315)
Cash dividends paid		(1,231,780)	(447,868)
Increase in other payables		123,749	121,617
Change in non-controlling interests		112,500	135,000
Net cash flows (used in) from financing activities		(340,875)	1,181,665
Effect of exchange rate changes on cash and cash equivalents		(22,777)	(54,847)
Net increase in cash and cash equivalents		694,188	89,129
Cash and cash equivalents at beginning of year		4,512,368	4,423,239
Cash and cash equivalents at end of year	**$**	**5,206,556**	**4,512,368**

(See accompanying notes to financial statements.)

Chairman：Nita Ing　　Manager：Cindy Chang　　Chief Accountant：Eva Lin

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

CONTINENTAL HOLDINGS CORPORATION ("CHC" or "the Company") was established through shares exchange with Continental Engineering Corp. ("CEC") on April 8, 2010 and CEC became 100% - owned by the Company. On the same day, the Company was approved to be a listed Company by the FSC. The consolidated financial statements as of December 31, 2021 consist of the Company and all of its subsidiaries ("the Group"), and the interests in a jointly controlled entities and associates. Please refer to Note 14 for the Group's main businesses.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were approved and authorized for issue by the Board of Directors on March 15, 2022.

(3) New standards, amendments and interpretations adopted

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"
- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment － Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts － Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(4) Summary of significant accounting policies: The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the IFRSs, IASs, IFRIC Interpretations, and the SIC Interpretations endorsed and issued into effect by the FSC.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial assets at fair value through profit or loss are measured at fair value;
2) Financial assets at fair value through other comprehensive income are measured at fair value;
3) Hedging financial instruments are measured at fair value; and
4) The defined benefit liabilities are measured at the present value of the defined benefit obligation less fair value of the plan assets.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The Group's consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle for the preparation of the consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. The Group has control over an investee if, and only if, it has exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of its returns.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date of obtaining control and are excluded from the date of losing control. Intra-group transactions and balances, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Losses applicable to the controlling interests in a subsidiary are allocated to the ownership of the parent company and non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Adjustments for financial statements of the subsidiaries have been made in order to be in line with the Group's accounting policies.

Changes in the ownership of a subsidiary that do not result in loss of control are accounted for as equity transactions. The difference between adjustment for the non-controlling interest and the fair value of the consideration received or paid is directly recognized in equity that is attributable to the owner.

When the Group loses control of a subsidiary it derecognizes the assets (including goodwill), liabilities and non-controlling interests of the former subsidiary at their carrying amounts at the date when the control is lost. Any investment retained in the former subsidiary is remeasured at its fair value at the date when control is lost. Gain or loss on disposal is recognized as the difference of:

1) the sum of the fair value of the consideration received and the investments retained in the former subsidiary at the date when the control is lost.
2) the sum of the carrying amounts of the subsidiary's assets (including goodwill), liabilities and non-controlling interests at the date when the control is lost.

All amounts related to the subsidiary is originally recognized in other comprehensive income and accounted for as the same basis as the Group would have directly disposed of its related assets or liabilities.

(ii) Subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements were as follows:

			Percentage of ownership		
Investor Company	**Subsidiary**	**Main Business**	**December 31, 2021**	**December 31, 2020**	**Note**
The Company	Continental Engineering Corp. (CEC)	Civil engineering, public infrastructure and private sector construction	99.99%	100.00%	Note G
The Company	Continental Development Corp. (CDC)	Real estate and development specifically on residential housing and office building	99.99%	100.00%	Note G
The Company	HDEC Corp. (HDEC)	Construction of underground pipeline and environmental protection project, plumbing, sale of pollution prevention equipment	99.99%	100.00%	Note G
The Company	Continental Consulting Limited Company (CCLC)	Management Consulting	100.00%	-%	Note F and G
CEC	CEC International Corp. (CIC)	Investment in and control of overseas corporations	100.00%	100.00%	
CEC	CEC International Corp. (India) Private Limited (CICI)	Real estate development and civil engineering, construction	100.00%	100.00%	
CEC	CEC International Malaysia Sdn. Bhd. (CIMY)	Civil engineering, construction	85.14%	87.10%	Note E

Investor Company	Subsidiary	Main Business	Percentage of ownership		Note
			December 31, 2021	December 31, 2020	
CEC	Continental Engineering Corporation (Hong Kong) Limited (CEC HK)	Contract civil engineering construction and invest in real estate	100.00%	100.00%	
CDC	CDC Commercial Development Corp. (CCD)	Real estate development, sales and leasing of building	80.65%	80.65%	
CDC	MEGA Capital Development Sdn. Bhd (MEGA)	Real estate development	55.00%	55.00%	
CDC	Bangsar Rising Sdn. Bhd. (BANGSAR)	Real estate development	60.00%	60.00%	
CDC	CDC Asset Management Malaysia Sdn. Bhd. (CDCAM)	Management consulting	100.00%	100.00%	
CDC	CDC US Corp.	Investment in overseas companies	100.00%	100.00%	
CDC US Corp.	CDC Investment Management LLC	Engineering management	100.00%	100.00%	
CDC US Corp.	Trimosa Holdings LLC	Investment in overseas companies	70.65%	70.65%	
Trimosa Holdings LLC	950 Investment LLC	Investment in overseas companies	76.55%	76.55%	
950 Investment LLC	950 Property LLC (950P)	Real estate development	100.00%	100.00%	
950 Investment LLC	950 Hotel Property LLC	Hotel industry	100.00%	100.00%	
950 Investment LLC	950 Retail Property LLC	Real estate management	100.00%	100.00%	
HDEC	HDEC Construction Corp. (SDC)	Construction of underground pipeline and environmental protection project, plumbing	100.00%	100.00%	
HDEC	North Shore Environment Corp.(NSC)	Sewer system design and construction in Danshui area, New Taipei City	100.00%	100.00%	Note A
HDEC	Blue Whale Water Technologies Corp. (BWC)	Feng Shan River wastewater reclamation and reuse BTO project in Kaohsiung City	51.00%	51.00%	Note B
HDEC	HDEC (Puding) Environment Corp. (PDC)	Pu Ding area sewerage construction in Taoyuan City	100.00%	100.00%	Note C
HDEC	HDEC-CTCI (Linhai) Corp. (LHC)	Feng Shan River wastewater reclamation and reuse BTO project in Kaohsiung City	55.00%	55.00%	Note D
CCLC	Continental Engineering Corp. (CEC)	Civil engineering, public infrastructure and private sector construction	-%	-%	Note G
CCLC	Continental Development Corp. (CDC)	Real estate and development specifically on residential housing and office building	-%	-%	Note G
CCLC	HDEC Corp. (HDEC)	Construction of underground pipeline and environmental protection project, plumbing, sale of pollution prevention equipment	-%	-%	Note G

Note A:NSC was founded as a SPC (Special Purpose Company) to build then operate Danshui Area Sewer System BOT project in New Taipei City. The sewer system construction and facility will be transferred to the authority at the end of the concession period without condition.

Note B:BWC was founded as a SPC to perform the contract for Feng Shan River wastewater reclamation and reuse, which is a BTO project in Kaohsiung City. Upon the completion of the wastewater treatment plant, BWC will transfer all the operating assets to the authority and be engaged by the authority to operate the wastewater treatment plant and water recycling plant. BWC will transfer the operating rights to the authority without condition at the end of the operating period.

Note C: PDC was founded as a SPC to build then operate Pu Ding area sewer system, which is a BOT project in Taoyuan City. The Pu Ding area sewer system will be transferred to the authority at the end of the concession period without condition.

Note D: LHC was founded as a SPC to perform the contract for Kaohsiung coastal area wastewater reclamation and reuse, which is a BTO project in Kaohsiung City. Upon the completion of the wastewater treatment plant, BWC will transfer all the operating assets to the authority and be engaged by the authority to operate the wastewater treatment plant and water recycling plant. BWC will transfer the operating rights to the authority without condition at the end of the operating period.

Note E: In January 2021, CIMY reduced its capital and refunded its shares, which were all returned to the Group, resulting in a decrease in its shareholding ration fell to 85.14%.

Note F: The Company established subsidiary based on a resolution approved in the board meeting held on November 5, 2021.

Note G: For adjustment planning on organizational and management structure, the Company each disposed 100 shares of CEC, CDC and HDEC to CCLC in December, 2021, in which the all payments had been fully received, resulting in Company's shareholding percentage in CEC and CDC to decrease to 99.99998% each, and 99.99996% in HDEC; while CCLC held 0.00002% shares in both CEC and CDC, and 0.00004% in HDEC. The disposal of shares above didn't have an impact on the consolidated financial statements of the Group.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Foreign currency transactions are recorded at the spot exchange rate on the date of the transaction. At the end of each subsequent reporting period (the reporting date), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;
2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to presentation currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to presentation currency at the average rate. Exchange differences are recognized in other comprehensive income.

When the Group disposes its foreign operation, resulting in losing control, joint control, or significant influence, the cumulative amounts in the translation reserve related to that foreign operation is reclassified to profit or loss. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planed nor likely settled in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It expects to realize the asset, or intends to sell or consume, in its normal operating cycle;
(ii) It helds the asset primarily for the purpose of trading;
(iii) It expects to realize the asset within twelve months after the reporting period; or
(iv) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It expects to settle the liability in its normal operating cycle;
(ii) It helds the liability primarily for the purpose of trading;
(iii) The liability is due to be settled within twelve months after the reporting period; or
(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing of equity instruments do not affect its classification.

The Group's primary businesses are Construction Engineering, Real Estate Development, and Environmental Project Development & Water Treatment. The normal operating cycle of the Group is three to five years at least. The balance sheet accounts related to construction business are classified either as current or non-current based on the Group's operating cycle.

(f) Cash and cash equivalents

Cash comprises cash on hand, and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes that should be recognized as cash equivalents.

(g) Financial instruments

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – equity investment; or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, etc.) and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities

1) Financial liabilities

Financial liabilities are classified as measured at amortized cost.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations have been discharged, cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially

different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iii) Hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

The Group designates certain hedging instruments (which include non-derivatives in respect inception of foreign currency risk) as cash flow hedges.

At initial designated hedging relationships, the Group documents the risk management objectives and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

1) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under 'other equity － gains (losses) on hedging instruments', limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Furthermore, if the Group expects that some or all of the loss accumulated in other equity will not be recovered in the future, that amount is immediately reclassified to profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. The discontinuation is accounted for prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost shall comprise all costs of purchase, costs of conversion, costs incurred in bringing the inventories to their present location and condition, and borrowings.

Net realizable value is the balance that estimates the selling price, less, estimated costs of completion and the estimated costs of selling. The measurement of net realizable value is as follows:

(i) Land held for development: the net realizable value is the replacement cost or estimated price (based on the market condition), less, the estimated selling expenses at the end of the period.

(ii) Building construction in progress: the net realizable value is the estimated price (based on the market condition), less, the estimated costs of completion and selling expenses at the end of the period.

(iii) Real estate held for sale: the net realizable value is the estimated price (based on the market condition), less, the estimated selling expenses at the end of the period.

(i) Service Concession Agreements

(i) Recognition and measurement

The Group (the Operator) is required to comply with IFRIC 12 'Service Concession Arrangement' upon entering into an agreement with the government (the Grantor), under the conditions of 'public-to-private' arrangement as follows：

1) The Grantor decides and regulates on the price and the kind of services the Operator should render or provide to the users of the infrastructures.

2) The Grantor, through its ownership, acquires all the beneficial entitlements and any interests incurred from the infrastructure at the end of the term of the arrangement.

The Operator provides construction or upgrade services to the Grantor. The payment from the Grantor received or receivable by the Operator incurred from the construction or upgrade services shall be recognized as financial asset or intangible asset. According to IFRIC 12, a financial asset should be recognized to the extent that the Operator has an unconditional present right to receive cash from the Grantor for its construction services. The accounting policy of financial assets please refer to note 4(g) 'Financial instruments'.

The Operator shall recognize an intangible asset to the extent that the Operator receives a right (a license) to charge its users of its public service. A right to charge the users of the public service is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service. For the accounting policy of intangible assets (service concession arrangement), please refer to note 4(o) 'Intangible assets'.

If the Operator received the payment from the Grantor for its construction services (partly by a financial asset and partly by an intangible asset), it is necessary to separately account for each component by using the fair value of the financial asset and intangible asset. The payment received or receivable from the Grantor for both components shall be recognized initially in the allocation amount calculated by using the standalone fair value.

(ii) Construction or upgrade services

The accounting policy of construction services or upgrade services to the Grantor shall be in accordance with IFRS 15. Please refer to note 4(r) 'Revenue'.

(iii) Operating services

The accounting policy of operation services to the government shall be in accordance with IFRS 15. Please refer to note 4(r) 'Revenue'.

(j) Investment in associates

Associates are those entities in which the Group has significant influence, but no control, over the financial and operating policies.

Investments in associates are accounted for using equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, minus any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate, and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in capital surplus in proportion to its ownership.

Unrealized gains and losses resulting from the transactions between the Group and an associate are recognized only to the extent of the Group's interest in the associate.

When the Group's share of losses of an associate equals or exceeds its interest in associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(k) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The IFRS classifies joint arrangements into two types—joint operations and joint ventures, which have the following characteristics: (a) the parties are bound by a contractual arrangement; and (b) the contractual arrangement gives two or more of those parties joint control of the arrangement.

IFRS 11 'Joint arrangement' defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (i.e. activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operations party) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint operator recognizes and measures the assets, liabilities, revenues and expenses in relation to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. When assessing whether a joint arrangement is a joint operation or a joint venture, the Group considers the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

(l) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful lives, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as rental revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(m) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Land is not depreciated.

The estimated useful lives of property, plant and equipment are as follows:

Buildings	4 ～ 50 years
Machinery and equipment	2 ～ 12 years
Transportation equipment	1 ～ 9 years
Office and computer equipment	3 ～ 8 years
Operating equipment	2 ～ 10 years

(iv) Reclassification to investment propertyA property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(n) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities of buildings and machinery for short-term leases that have a lease term of 12 months or less or leases of low-value assets and variable lease payments. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

In addition, the Group leases land and buildings by applying IFRIC 12 'Service Concession Agreements' and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a leasor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(o) Intangible Assets

(i) Service Concession Agreements

The Group shall recognize an intangible asset arising from service concession agreements when the Group a right to charge the public for the use of the infrastructure. The intangible assets resulted from construction or service upgraded in accordance with the service concession agreements are measured at the fair value on initial recognition. Subsequently, intangible assets are measured at cost, including borrowing costs that are eligible for capitalization, minus accumulated amortization and accumulated impairment losses.

(ii) Amortization

The amortized amount of intangible assets with definite lives is determined after deducting its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. For the estimated useful lives for the current and comparative years of significant item of intangible assets are as follows:

Service Concession Agreements 17~35 years

The useful life of intangibles arising from the service concession agreements begins on a day when the Group has a right to charge the public for the use of the infrastructure and ends on the expiry of the service concession agreements.

Amortization methods, useful lives, and residual values are reviewed at each reporting date, and adjusted if appropriate.

(p) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Good will is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGUs is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGUs.

An impairment loss is recognized if the carrying amount of an asset or CGUs exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGUs on a pro rata basis.

An impairment loss in respect of goodwill is not reversed.

For non-financial assets other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(q) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(i) Warranties

A provision for warranties is recognized when the underlying constructions are completed. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Onerous contract

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(iii) After-sales service

A provision for warranties is recognized when products are sold or services are provided. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(r) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Construction contracts

The Group enters into contracts to build residential properties, commercial buildings and public constructions. Because its customer controls the asset as it is constructed, the Group recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract or the surveys of work performed / completion of a physical proportion of the contract work. The consideration promised in the contract includes fixed and variable amounts. The customer pays the fixed amount based on a payment schedule. For some variable considerations (for example, a penalty payment calculated based on delay days and price-adjusted subsidy), accumulated experience is used to estimate the amount of variable consideration, using the expected value method. For other variable considerations (for example, completion bonus if a construction is completed by a specified date), the Group estimates the amount of variable consideration using the most likely amount. Considering the progress of a public construction is highly susceptible to factors outside the Group's control and, therefore, completion bonus is usually constrained, the Group recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

For residential properties, commercial buildings and public constructions, the Group offers a standard warranty to provide assurance that they comply with agreed upon specifications and has recognized warranty provisions for this obligation; please refer to note 6(s).

2) Land development and sale of real estate

The Group develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component. For pre selling properties, the consideration is usually received by installment during the period from contract inception until the transfer of properties to the customer. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project. Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when control over the property has been transferred to the customer.

Certain contracts include multiple deliverables, such as sale of residential properties and a decoration service. The Group accounts for the decoration service as a single performance obligation, and the transaction price is allocated to the decoration service on a relative stand alone selling price basis. If a stand alone selling price is not directly observable, it is estimated based on expected cost plus margin. Revenue from providing the decoration service is recognized in the accounting period in which the services are rendered and is determined based on the costs incurred to date as a proportion of the total estimated costs of the contract.

(ii) Labor service revenue

The Group provides the operation and maintenance of sewage treatment plant for the government and recognizes the revenue based on the number of times of completion.

(iii) Rental revenue

Rental income from investment property is recognized on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income and are recognized as the reduction of rental revenue, over the term of the lease. Income generated from leased real estate is recognized as rental revenue under operating revenue.

(iv) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
c) the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(s) Government grants

Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(t) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(u) Income Taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off currenttax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Despite CHC, CEC and CDC adopted a tax consolidated regime, income tax should be calculated in accordance with the abovementioned accounting principles. Based on the consolidated income tax reported by CHC, it needs to adjust the current tax assets or liabilities for CHC.

(v) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Group. The basic earnings per share are calculated based on the profit attributable to the ordinary shareholders of the Group divided by weighted-average number of ordinary shares outstanding. The diluted earnings per share are calculated based on the profit attributable to the ordinary shareholders of the Group, divided by weighted-average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares, such as employee remuneration.

(w) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). The segment's operating results are reviewed regularly by the Group's chief operating decision maker to make decisions pertaining to the allocation of the resources to the segment and to assess its performance. In addition, discrete financial information is available from the interval reporting system.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) The adoption of IFRIC 12 'Service concession arrangements' and the classification of receivables or intangible assets

The Group (the Operator) is required to comply with IFRIC 12 'Service Concession Arrangement' when entering into an agreement with the government (the Grantor), under the conditions of 'public-to-private' arrangement as follows：

(i) The Grantor decides and regulates on the price and the kind of services the Operator should render or provide to the users of the infrastructures.

(ii) The Grantor, through its ownership, acquires all the beneficial entitlements and any interests incurred from the infrastructure at the end of the term of the arrangement.

On the adoption of IFRIC 12 'Service concession arrangements', the payment from the Grantor received or receivable by the Operator incurred from the construction or upgrade services shall be recognized in a financial asset or an intangible asset according to the treaties of agreements. Please refer to note 6(e) and 6(m).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to Note 6(g) for further description of the valuation of inventories.

(b) Revenue recognition

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The stage of completion of a contract is measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs; or the completion of a physical proportion of the contract work. Estimated total contract costs of contracted items are assessed and determined by the management based on the nature of activities, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profits from construction contracts.

The Group's accounting policies include the measurement of financial and non-financial assets and liabilities at FVTPL. For the fair value valuation, the Group has established its internal control system, that is, the Group established its financial instrument valuation group to be responsible for reviewing the significant fair value valuation and reporting the results to the Chief Financial Officer. The financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices; in addition, the valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure that the classification of fair value levels is complied with the IFRSs. Any significant valuation issue will be reported to the Audit Committee by the valuation group. The valuation of investment properties were either appraised by external qualified appraisers or measured by the Group's Financial Department (in accordance with the measurement methods and parametric hypothesis which announced by the FSC).

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(c) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

Please refer to notes listed as below for assumptions used in measuring fair value.

- Note 6(ac), Financial instruments

(6) Explanation of significant accounts

(a) Cash and cash equivalents

		December 31, 2021	December 31, 2020
Cash	$	19,180	18,317
Cash in banks		3,224,135	3,865,469
Time deposits		794,111	578,582
Cash equivalents		1,169,130	50,000
Cash and cash equivalents	**$**	**5,206,556**	**4,512,368**

(i) The cash and cash equivalents were not pledged as collateral.

(ii) Time deposits in pledge and restricted bank deposits reclassified to other current assets, please refer to Note 8.

(iii) Please refer to Note 6(ac) for sensitivity analysis and interest rate risk of financial assets and liabilities.

(b) Financial assets at fair value through profit or loss

		December 31, 2021	December 31, 2020
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Stocks of unlisted company	**$**	**606,305**	**606,305**

(i) Please refer to note 6(ac) for the credit risk and market risk.

(ii) The aforementioned financial assets were not pledged as collateral.

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

		December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income:			
Listed common share — Evergreen Steel Corp.	$	1,410,525	-
Emerging common share — Evergreen Steel Corp.		-	1,181,250
Unlisted common share — Xinrong Enterprise		659,980	607,523
Unlisted common share — Metro Consulting Service Ltd.		2,363	2,306
Total	**$**	**2,072,868**	**1,791,079**

(i) The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes.

(ii) For the years ended December 31, 2021 and 2020, the dividends of $115,045 thousand and $112,685 thousand, respectively, related to equity investments at fair value through other comprehensive income, were recognized.

(iii) The were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the years ended December 31, 2021 and 2020.

(iv) Please refer to note 6(ac) for the credit risk and market risk.

(v) The aforementioned financial assets were not pledged as collateral.

(d) Financial instruments used for hedging

		December 31, 2021	December 31, 2020
Cash flow hedge:			
Financial assets used for hedging	$	230,228	447,850
Financial liabilities used for hedging		(64)	-
Total	**$**	**230,164**	**447,850**

(i) The Group is exposed to certain foreign exchange risk arising from the payments made to overseas companies for the purchase of facilities, preparation of overseas related investment and some construction projects involving foreign consultant design fees, etc. The foreign exchange risk is estimated to be high, therefore, the Group decided to use derivative financial instruments for hedging purposes.

(ii) As of December 31, 2021 and 2020, the items hedged and the hedge instrument held by the Group were as follows:

		Hedge instrument designated to be hedge and fair value			Expected Cashflow Period
Item Hedged	**Hedgeinstrument**		**December 31, 2021**	**December 31, 2020**	
Expected Foreign assets	Foreign deposits	**$**	**135,433**	**465,139**	2021~2022
	Foreign billings	**$**	**110,854**	**-**	2022
	Change in value of Foreign currency	**$**	**(16,059)**	**(20,063)**	

		Hedge instrument designated to be hedge and fair value				
Item Hedged	**Hedgeinstrument**		**December 31, 2021**	**December 31, 2020**	**Contract amount (in thousand)**	**Delivery date**
Expected Foreign (liabilities) assets	Forward exchange	**$**	**(64)**	**2,774**	USD399	2022.06

(iii) The transactions of cash flow hedges for the years ended December 31, 2021 and 2020, were all effective.(e) Notes and accounts receivable

		December 31, 2021	December 31, 2020
Notes receivable	$	325,540	853,226
Accounts receivable		3,153,462	2,035,690
Long-term accounts receivable		5,443,311	5,808,017
Less: Allowance for bad debts		-	-
	$	**8,922,313**	**8,696,933**

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes receivable, accounts receivable and long-term accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The expected credit losses of the notes receivable, accounts receivable and long-term accounts receivable were as follows:

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not overdue	$ 8,837,245	0.15%	-
Pass due less than one year	29,642	0%	-
Pass due over one year	55,426	0%	-
Pass due over two years	-	100%	-
	$ 8,922,313		**-**

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not overdue	$ 8,538,374	0.19%	-
Pass due less than one year	108,089	0%	-
Pass due over one year	50,470	0%	-
Pass due over two years	-	100%	-
	$ 8,696,933		**-**

(i) The notes and accounts receivable were not pledged as collateral.

(ii) The long-term accounts receivable had been pledged as collateral, please refer to Note 8.

(f) Other receivables

	December 31, 2021	December 31, 2020
Other receivables — lending of capital (including other non-current assets)	$ 380,006	318,528
Other receivables — lawsuit	150,630	150,630
Other receivables — related parties	1,926	3,374
Other (including other non-current assets)	158,540	218,063
Less: Allowance for bad debts	-	-
	$ 691,102	**690,595**

Please refer to Note 6(ac) for credit risk information.

(g) Inventories

	December 31, 2021	December 31, 2020
Construction:		
Material on hand	$ 11	163
Hotel:		
Catering	14	-
Real estate:		
Real estate held for sale	17,526,652	8,828,061
Land held for development	-	1,873,643
Building construction in progress	10,990,072	17,726,737
Prepayment for land	95,918	31,003
Subtotal	28,612,642	28,459,444
Less: Allowance for impairment loss	(95,582)	(96,249)
	$ 28,517,085	**28,363,358**

(i) For the years ended December 31, 2021 and 2020, the cost of inventory was $5,741,692 thousand and $3,947,224 thousand, respectively.

(ii) Due to the sales of the remaining real estates in 2021 and 2020, the allowance for impairment loss was reversed, and the costs of goods sold were decreased by $667 thousand and $156,146 thousand, respectively.

(iii) Capitalizing interest costs were as follows:

		2021	2020
Interest costs	$	**524,472**	**458,973**
Capitalized interests	$	**281,600**	**248,057**
Capitalization interest rate		**1.35%~6.40%**	**1.48%~7.65%**

(iv) The inventories of the Group had been pledged as collateral, please refer to Note 8.

(h) Investments accounted for using equity method

		December 31, 2021	December 31, 2020
Associates	$	**1,413,928**	**745,537**

(i) Associates

The Group's significant associates were as follows:

Name of associates	Nature of Relationship withthe Group	Main operating location/ Registered Country of the Company	Percentage of ownership or voting power December 31, 2021	Percentage of ownership or voting power December 31, 2020
CTCI - HDEC (Chungli) Corp. (CTCI - HDEC)	SPC, mainly responsible for the sewerage system BOT project in Chung-Li area, Taoyuan City.	Taiwan	49%	49%
Fanlu Construction Industry Co., Ltd. (Fanlu)	Real estate	Taiwan	35%	35%

The financial figures of the Group's significant associates are summarized in the following tables. In order to reflect the adjustments made to the fair value upon share acquisition and the differences in accounting policies, adjustments for the amounts presented on the financial statements of associates in accordance with IFRSs has been made to such financial figures.

1) Summary of CTCI - HDEC's financial figures

		December 31, 2021	December 31, 2020
Current assets	$	997,420	134,590
Non current assets		695,046	340,131
Current liabilities		(118,519)	(533)
Non current liabilities		(20,240)	-
Net assets	$	**1,553,707**	**474,188**

		2021	2020
Revenues	$	**348,196**	**1,462**
Net profit(loss)/ Comprehensive income	$	**79,519**	**(621)**

		2021	2020
Net assets attributable to the Group, January 1	$	232,352	232,656
Additions		490,000	-
Comprehensive income attributable to the Group		38,965	(304)
Net assets attributable to the Group, December 31	$	**761,317**	**232,352**

2) Summary of Fanlu's financial figures

		December 31, 2021	December 31, 2020
Current assets	$	4,493,011	3,890,082
Non-current assets		11,850	12,615
Current liabilities		(435,205)	(231,403)
Non-current liabilities		(2,205,000)	(2,205,000)
Net assets	$	**1,864,656**	**1,466,294**

		2021	2020
Revenues	$	**-**	**11**
Net loss/ Comprehensive income	$	**(101,638)**	**(88,646)**

		2021	2020
Net assets attributable to the Group, January 1	$	513,185	369,211
Additions		175,000	175,000
Comprehensive income attributable to the Group		(35,574)	(31,026)
Net assets attributable to the Group, December 31	$	**652,611**	**513,185**

(ii) The aforementioned investments accounted for using equity method were not pledged as collateral.

(i) Material non-controlling interest of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

		Equity ownership ofnon-controlling interest	
Subsidiaries	**Country ofregistration**	**December 31, 2021**	**December 31, 2020**
CDC US Corp. and subsidiaries	The United States	29.35%	29.35%

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Adjustments were made to reflect the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Company and its subsidiaries as at the acquisition date. Intra-group transactions were not eliminated.

Summary of CDC US Corp. and subsidiaries' financial figures

		December 31, 2021	December 31, 2020
Current assets	$	10,023,214	8,267,625
Non-current assets		1,794	1,846
Current liabilities		(6,234,934)	(4,321,914)
Non-current liabilities		(311,400)	(320,400)
Net assets	$	**3,478,674**	**3,627,157**
Non-controlling interest	$	**1,659,733**	**1,732,947**

		2021	2020
Revenues	$	**977,978**	**-**
Net loss	$	(61,153)	(11,543)
Other comprehensive income		-	-
Comprehensive income	$	**(61,153)**	**(11,543)**
Net loss attribute to non-controlling interest	$	**(24,827)**	**(1,497)**
Comprehensive income attribute to non-controlling interest	$	**(24,827)**	**(1,497)**
Cash flows from operating activities	$	737,239	72,948
Cash flows from investing activities		(1,837,664)	(3,001,277)
Cash flows from financing activities		1,182,667	2,457,173
Net increase (decrease) in cash and cash equivalents	$	**82,242**	**(471,156)**

(j) Property, plant and equipment

	Land	Buildings	Machinery	Transportation equipment	Computer equipment	Office equipment	Operating equipment	Total
Cost or deemed cost:								
Balance at January 1, 2021	$ 1,625,650	600,831	617,990	167,028	70,200	133,550	-	3,215,249
Additions	-	-	82,061	12,194	16,507	3,407	35,953	150,122
Reclassification	328,602	1,501,058	241,086	-	5,655	10,280	-	2,086,681
Disposals	-	-	(8,341)	(19,439)	(5,547)	(2,544)	-	(35,871)
Effect of exchange rate changes	-	(1)	(21)	(558)	(389)	(529)	(545)	(2,043)
Balance at December 31, 2021	**$ 1,954,252**	**2,101,888**	**932,775**	**159,225**	**86,426**	**144,164**	**35,408**	**5,414,138**

	Land	Buildings	Machinery	Transportation equipment	Computer equipment	Office equipment	Operating equipment	Total
Balance at January 1, 2020	$ 1,625,650	603,191	1,625,874	196,793	79,921	150,014	-	4,281,443
Additions	-	12	66,087	14,714	7,161	1,821	-	89,795
Reclassification	-	-	84,614	-	720	9,929	-	95,263
Disposals	-	(2,269)	(1,101,989)	(43,092)	(16,676)	(26,359)	-	(1,190,385)
Effect of exchange rate changes	-	(103)	(56,596)	(1,387)	(926)	(1,855)	-	(60,867)
Balance at December 31, 2020	**$ 1,625,650**	**600,831**	**617,990**	**167,028**	**70,200**	**133,550**	**-**	**3,215,249**
Depreciation and impairment loss:								
Balance at January 1, 2021	$ -	234,902	336,951	129,491	52,465	115,722	-	869,531
Depreciation	-	12,566	162,451	11,625	8,128	5,837	610	201,217
Disposals	-	-	(8,273)	(18,368)	(5,547)	(2,434)	-	(34,622)
Effect of exchange rate changes	-	-	(20)	(476)	(270)	(510)	(9)	(1,285)
Balance at December 31, 2021	**$ -**	**247,468**	**491,109**	**122,272**	**54,776**	**118,615**	**601**	**1,034,841**
Balance at January 1, 2020	$ -	224,695	1,416,151	160,954	60,170	132,839	-	1,994,809
Depreciation	-	12,566	84,639	11,019	7,279	6,389	-	121,892
Impairment loss reverse	-	-	(73,000)	-	-	-	-	(73,000)
Disposals	-	(2,257)	(1,038,806)	(41,352)	(14,271)	(21,923)	-	(1,118,609)
Effect of exchange rate changes	-	(102)	(52,033)	(1,130)	(713)	(1,583)	-	(55,561)
Balance at December 31, 2020	**$ -**	**234,902**	**336,951**	**129,491**	**52,465**	**115,722**	**-**	**869,531**
Carrying amounts:								
Balance at December 31, 2021	**$ 1,954,252**	**1,854,420**	**441,666**	**36,953**	**31,650**	**25,549**	**34,807**	**4,379,297**
Balance at December 31, 2020	**$ 1,625,650**	**365,929**	**281,039**	**37,537**	**17,735**	**17,828**	**-**	**2,345,718**

(i) Please refer to Note 6(ab) for details of the gain and loss on disposal of property, plant and equipment.

(ii) The property, plant and equipment had been pledged as collateral for long-term borrowing and constructions guarantee, please refer to Note 8.

(iii) For the year ended December 31, 2020, after comparing the book value and recoverable of property, plant and equipment, the Group reversed $73,000 thousand of impairment. The impairment loss was included in deduction of operating costs.

(k) Right-of-use assets

	Land	Buildings	Transportation equipment	Total
Cost:				
Balance at January 1, 2021	$ 78,861	191,058	5,533	275,452
Additions	27,275	43,504	517	71,296
Disposals	(11,011)	(34,412)	-	(45,423)
Effect of exchange rate changes	-	(2,421)	-	(2,421)
Balance at December 31, 2021	**$ 95,125**	**197,729**	**6,050**	**298,904**
Balance at January 1, 2020	$ 53,508	178,645	5,927	238,080
Additions	32,419	50,095	2,641	85,155
Disposals	(7,066)	(33,854)	(3,035)	(43,955)
Effect of exchange rate changes	-	(3,828)	-	(3,828)
Balance at December 31, 2020	**$ 78,861**	**191,058**	**5,533**	**275,452**

		Land	Buildings	Transportation equipment	Total
Depreciation and impairment losses:					
Balance at January 1, 2021	$	29,053	83,462	2,143	114,658
Depreciation		27,560	70,579	2,075	100,214
Disposals		(9,976)	(32,734)	-	(42,710)
Effect of exchange rate changes		-	(1,275)	-	(1,275)
Balance at December 31, 2021	**$**	**46,637**	**120,032**	**4,218**	**170,887**
Balance at January 1, 2020	$	11,518	47,742	2,655	61,915
Depreciation		24,601	69,398	2,523	96,522
Disposals		(7,066)	(32,257)	(3,035)	(42,358)
Effect of changes exchange rate		-	(1,421)	-	(1,421)
Balance at December 31, 2020	**$**	**29,053**	**83,462**	**2,143**	**114,658**
Carrying amounts:					
Balance at December 31, 2021	**$**	**48,488**	**77,697**	**1,832**	**128,017**
Balance at December 31, 2020	**$**	**49,808**	**107,596**	**3,390**	**160,794**

(l) Investment properties

		Owned		
		Land and improvements	Buildings	Total
Cost or deemed cost:				
Balance at January 1, 2021	$	8,309,134	2,740,737	11,049,871
Additions		-	431,200	431,200
Reclassification		(328,602)	(1,501,058)	(1,829,660)
Effect of exchange rate changes		(17,407)	(63,557)	(80,964)
Balance at December 31, 2021	**$**	**7,963,125**	**1,607,322**	**9,570,447**
Balance at January 1, 2020	$	8,325,743	2,336,957	10,662,700
Additions		-	438,220	438,220
Effect of exchange rate changes		(16,609)	(34,440)	(51,049)
Balance at December 31, 2020	**$**	**8,309,134**	**2,740,737**	**11,049,871**
Depreciation and impairment losses：				
Balance at January 1, 2021	$	349,356	507,931	857,287
Depreciation		-	29,660	29,660
Balance at December 31, 2021	**$**	**349,356**	**537,591**	**886,947**
Balance at January 1, 2020	$	349,356	478,271	827,627
Depreciation		-	29,660	29,660
Balance at December 31, 2020	**$**	**349,356**	**507,931**	**857,287**
Carrying amounts:				
Balance at December 31, 2021	**$**	**7,613,769**	**1,069,731**	**8,683,500**
Balance at December 31, 2020	**$**	**7,959,778**	**2,232,806**	**10,192,584**
Fair value:				
Balance at December 31, 2021				**$ 11,208,711**
Balance at December 31, 2020				**$ 12,674,277**

The Group sets out standards in identifying the investment property. Investment property is a kind of property held for the purpose of earning rentals or capital appreciation, or for both. One factor to be considered is if the main cash flow generated by a property can be independent to other assets held by the Group. Properties of the Group are partly held for earning rentals or capital appreciation, and partly are held for management purposes, for the portions that can be sold separately, they are accounted for separately. For the portions that can not be sold separately, only in the event that the portions used for management purpose are not significant, the property is deemed as an investment property.

Investment property comprises a number of commercial properties that are leased to third parties. Please refer to Note 6(t) for detail information (include rental revenues and other direct operating expenses).

The fair value of investment property is based on a valuation by an independent evaluator who has certified professional qualification and related valuation experience in areas and types of the valuated investment property. Under the valuation techniques for financial instruments measured at fair value, the inputs are categorized as Level 3.

The investment properties had been pledged as collateral for long-term borrowings and construction guarantee, please refer to Note 8.

(m) Intangible assets

	Goodwill	Service Concession Agreements	Total
Cost:			
Balance, at January 1, 2021	$ 30,249	1,407,329	1,437,578
Additions	-	36,010	36,010
Balance, at December 31, 2021	**$ 30,249**	**1,443,339**	**1,473,588**
Balance, at January 1, 2020	$ 30,249	1,359,997	1,390,246
Additions	-	47,332	47,332
Balance, at December 31, 2020	**$ 30,249**	**1,407,329**	**1,437,578**
Amortization and impairment loss:			
Balance, at January 1, 2021	$ -	301,774	301,774
Amortization	-	63,618	63,618
Balance, at December 31, 2021	**$ -**	**365,392**	**365,392**
Balance, at January 1, 2020	$ -	240,593	240,593
Amortization	-	61,181	61,181
Balance, at December 31, 2020	**$ -**	**301,774**	**301,774**
Carrying amounts:			
Balance at December 31, 2021	**$ 30,249**	**1,077,947**	**1,108,196**
Balance at December 31, 2020	**$ 30,249**	**1,105,555**	**1,135,804**

(i) For the years ended December 31, 2021 and 2020, the amortization of intangible assets were recognized as operating costs.

(ii) The intangible assets had been pledged as collateral for long-term borrowings and financing limit, please refer to Note 8.

(n) Short-term borrowings

	December 31, 2021	December 31, 2020
Unsecured loans	$ 263,473	710,380
Secured loans	9,135,439	9,313,700
	$ 9,398,912	**10,024,080**
Unused credit limit	**$ 18,495,877**	**19,832,700**
Range of interest rate	**1.08%~3.75%**	**1.00%~1.65%**

For details of the related assets pledged as collateral, please refer to Note 8.

(o) Short-term notes and bills payable

	December 31, 2020		
	Guarantee or acceptance institutes	Range of interest rate	Amount
Bills payable	Financial institutes	1.001%~1.407%	**$ 820,000**

For details of the related assets pledged as collateral, please refer to Note 8.

(p) Bonds payable

	December 31, 2021
Secured ordinary bonds issued	$ 2,000,000
Unamortized discount on bonds payable	(2,890)
	$ 1,997,110

(i) On November 5, 2020 the Group's Board of Directors approved to issue secured ordinary corporate bonds amounted to no more than $2 billion, which had been approved by the Taipei Exchange (TPEx) on December 31, 2020. The offering information and main rights and obligations were as follows:

Item	1st secured ordinary corporate bond issued in 2020
Issued amount	The band was issued at $2 billion
Par value	Each unit was valued at $1 million
Issued price	The bond was issued at par value on the issued date
Tenor	The bond issued with maturities of 5 years. The tenor was from January 11, 2021 to January 11, 2026.
Coupon rate	Fixed rate 0.55%
Repayment	The principal of the bond will be repaid on the maturity
Interest Payment	Interests was paid once a year at coupon rate since the issued date.
Guarantee	The corporate bond was guaranteed by Mega International Commercial Bank in accordance with the guaranty deed of appointment.

(ii) Please refer to Note 6(ab) for the amounts of interest expense for the year ended December 31, 2021.

(q) Long-term borrowings

	December 31, 2021			
	Currency	Range ofinterest rate	Matured Period	Amount
Unsecured loans	TWD	1.2000%~1.6913%	2023.03~2025.12	$ 4,809,000
Secured loans	TWD	1.1900%~1.7759%	2022.06~2029.10	6,546,500
	USD	2.6466%~5.4293%	2023.06	606,886
				11,962,386
Less: current portion				(1,980,000)
Total				**$ 9,982,386**
Unused credit limit				**$ 7,179,123**

	December 31, 2020			
	Currency	Range ofinterest rate	Matured Period	Amount
Unsecured loans	TWD	1.1%~2.1%	2021.05~2025.03	$ 3,384,000
Secured loans	TWD	1.1900%~1.6490%	2021.02~2027.05	8,081,492
	USD	2.7508%~5.4293%	2021.06	423,137
				11,888,629
Less: current portion				(2,787,067)
Less: fees				(2,175)
Total				**$ 9,099,387**
Unused credit limit				**$ 6,788,439**

(i) For details of the related assets pledged as collateral, please refer to Note 8.

(ii) The loan agreement requires CEC to maintain certain financial ratios: current ratio>100%, financial debt to equity ratio<100%, long term liability and equity conformity ratio>100%, fixed long term conformity ratio<100%. As of December 31, 2021 and 2020, CEC did not violate any terms in the loan agreement.

(iii) The loan agreement requires HDEC to maintain certain financial ratios: debt ratio ≦ 100%, and net worth>$2 billion. As of December 31, 2021 and 2020, HDEC did not violate any terms in the loan agreement.

(iv) The loan agreement requires NSC to maintain certain financial ratios. As of December 31, 2021 and 2020, NSC did not violate any terms in the loan agreement.

Financial ratio	2021 ～ 2027
Debt ratio ≦	150%
Financial ratio	**2021 ～ 2027**
Liquidity ratio ≧	100%

(v) The loan agreement requires LHC to maintain certain financial ratios: total amount of borrowings/ paid-in capital ≦ 234%, and total credit limit (including guarantee)/ paid-in capital or net worth (whichever is higher) ≦ 234%. As of December 31, 2021, LHC did not violate any terms in the loan agreement.

(r) Lease liabilities

	December 31, 2021	December 31, 2020
Current	$ **116,791**	**128,836**
Non-current	$ **14,304**	**35,700**

Please refer to Note 6(ac) for the maturity analysis.

The amounts recognized in profit or loss were as follows:

	2021	2020
Interest on lease liabilities	$ **3,379**	**4,774**
Variable lease payments not included in the measurement of lease liabilities	$ **11,089**	**12,743**
Expenses relating to short-term leases	$ **20,626**	**52,831**
Income from sub-leasing right-of-use assets	$ **1,840**	**3,196**
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	$ **1,305**	**280**

The amounts recognized in the statement of cash flows were as follows：

	2021	2020
Total cash outflow for leases	$ **137,609**	**167,943**

(i) Real estate leases

As of December 31, 2021, the Group leases land and buildings for its office space, work station and staff dormitory which leases typically run for a period of one to seven years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term. Some leases provide for additional rent payments that are based on changes in local price indices.

(ii) Other leases

The Group leases transportation equipment, with lease terms of two to five years.

In addition, the Group leases office equipment, machinery and parking spot, with lease terms of one to three years which are short-term or variable lease payments items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(s) Provision

	Onerouscontracts	Warranties	After-salesservice	Total
Balance at January 1, 2021	$ 189,224	140,539	150,803	480,566
Addition	-	34,705	12,553	47,258
Realized	-	(13,761)	(7,534)	(21,295)
Reversal	(65,881)	(28,821)	-	(94,702)
Effect of exchange rate changes	(984)	-	-	(984)
Balance at December 31, 2021	$ **122,359**	**132,662**	**155,822**	**410,843**
Balance at January 1, 2020	$ 286,661	116,888	137,830	541,379
Addition	-	52,446	14,820	67,266
Realized	-	(11,452)	(1,847)	(13,299)
Reversal	(93,521)	(17,343)	-	(110,864)
Effect of exchange rate changes	(3,916)	-	-	(3,916)
Balance at December 31, 2020	$ **189,224**	**140,539**	**150,803**	**480,566**

(i) Onerous contract

Total future construction cost is likely to surpass total contract revenue with adopting IFRS 15 that the Group would evaluate onerous contract based on IAS 37 Provision, Contingent Liabilities and Contingent Assets.

(ii) Warranties

The provision for warranties and after sales service relates mainly to construction contracts and sales premises for the years ended December 31, 2021 and 2020. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to settle the majority of the liability within one to five years after the construction completed.

(t) Operating leases

The Group has classified some leases as operating, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to Note 6(l) set out information about the operating leases of investment properties.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after reporting date are as follows:

		December 31, 2021	December 31, 2020
Less than one year	$	197,549	192,323
Between one and five years		231,618	391,855
More than five years		62,655	86,056
Total undiscounted lease payments	**$**	**491,822**	**670,234**

For the years ended December 31, 2021 and 2020, the rental revenue of investment properties was $184,748 thousand and $180,625 thousand, respectively.

Repair and maintenance expenses arising from investment properties (recognized as rental costs) were as follows:

		2021	2020
Expenses that generated rental revenue	$	6,191	4,582
Expenses unrelated to the derivation of rental revenue		35	24
	$	**6,226**	**4,606**

(u) Long-term accounts payable

The Group established subsidiaries in the United States in 2017.

Due to the agreements entered into by the Group with its prior shareholders, the Group will have to pay after the completion of the construction projects of its subsidiaries. Unpaid amount to 2021 and 2020 are $311,400 thousand and $320,400 thousand, respectively.

(v) Employee benefits

(i) Defined benefit plan

		December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$	576,057	561,775
Fair value of plan assets		(374,083)	(362,291)
Recognized as other payables		(25,821)	(22,997)
Net defined benefit liability	**$**	**176,153**	**176,487**

The Group established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on an employee's length of service and average monthly salary for six-month period prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings in the annual distributions shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to $374,083 thousand. The information related to the pension fund includes the asset allocation and yield of the fund. Please refer to the website of the Bureau of Labor Fund, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

		2021	2020
Defined benefit obligation, January 1	$	561,775	571,450
Current service costs and interest		8,413	9,987
Remeasurements of the net defined benefit liability (asset)			
－Actuarial gain arose from changes in demographic assumption		10,062	-
－Actuarial gain arose from changes in financial assumption		32,591	4,867
－Experience adjustment		(17,135)	(7,426)
Benefits paid by the plan		(19,649)	(17,103)
Defined benefit obligation, December 31	**$**	**576,057**	**561,775**

3) Movements of defined benefit plan assets

		2021	2020
Fair value of plan assets, January 1	$	362,291	310,608
Interest revenue		2,899	3,132
Remeasurements of the net defined benefit liability (asset)			
— Return on plan assets (excluding interest)		3,498	9,210
Contributions made		24,991	47,017
Benefits paid by the plan		(19,596)	(7,676)
Fair value of plan assets, December 31	**$**	**374,083**	**362,291**

4) Expenses recognized in profit or loss

		2021	2020
Current service costs	$	3,882	4,260
Net interest on net defined benefit liability (asset)		1,632	2,595
	$	**5,514**	**6,855**
Administrative expenses	**$**	**5,514**	**6,855**

5) Remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income

		2021	2020
Accumulated amount, January 1	$	77,836	89,605
Recognized during the period		22,020	(11,769)
Accumulated amount, December 31	**$**	**99,856**	**77,836**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	2021.12.31	2020.12.31
Discount rate	0.55%	0.80%~1.00%
Future salary increase rate	3.25%	2.50%~3.00%

The Group is expected to make a contribution payment of $60,448 thousand to the defined benefit plans for the one year period after reporting date.

The weighted-average lifetime of the defined benefit plan is 1.55 to 12.42 years.

7) Sensitivity Analysis

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions, including discount rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

As of December 31, 2021 and 2020, the changes in the principal actuarial assumptions will impact the present value of the defined benefit obligation were as follows:

	Impact on the defined benefit obligations	
	Increase	Decrease
December 31, 2021		
Discount (change by 0.25%)	(0.34)%~(1.78)%	0.34%~1.84%
Future salary increase (change by 1.00%)	1.53%~6.70%	(1.46)%~(6.16)%
December 31, 2020		
Discount (change by 0.25%)	(0.16)%~(1.41)%	0.16%~1.45%
Future salary increase (change by 1.00%)	1.83%~6.73%	(1.76)%~(6.08)%

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets. The analysis is performed on the same basis for prior year.

(ii) Defined contribution plan

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The pension incurred from the contributions to the Bureau of the Labor Insurance amounted to $57,932 thousand and $53,380 thousand for the years ended December 31, 2021 and 2020, respectively.

(w) Income Tax

(i) Income tax expense recognized in profit or loss

		2021	2020
Current income tax expenses			
Current period	$	179,867	100,386
Land value increment tax		107,245	68,624
Additional surtax on unappropriated earnings		12,027	4
Adjustment for prior periods		(6,007)	(84,684)
		293,132	84,330
Deferred income tax expense			
Origination and reversal of temporary differences		25,671	3,345
Income tax expenses	**$**	**318,803**	**87,675**

(ii) Income tax recognized in other comprehensive income:

		2021	2020
Items that will not be reclassified to profit or loss			
Remeasurement from defined benefit plans	**$**	**5,505**	**(2,942)**

(iii) The reconciliation of income tax expense and income before tax were as follows:

		2021	2020
Income before tax	$	2,186,073	1,720,612
Income tax expense at domestic statutory tax rate	$	437,214	344,122
Effect of difference tax rates on foreign countries		(920)	(4,438)
Tax-exempt income		(184,089)	(156,908)
Investment (gain) loss accounted for using equity method		(678)	6,266
Current tax loss from unrecognized deferred tax assets		10,093	(85,535)
Adjustment for prior periods		(6,007)	(84,684)
Additional surtax on unappropriated earnings		12,027	4
Land value increment tax		107,245	68,624
Income basic tax		3,813	-
Temporary deductible difference from unrealized deferred tax assets		(19,101)	(12,737)
Loss carry forwards		(63,668)	-
Others		22,874	12,961
Total	**$**	**318,803**	**87,675**

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets:

		December 31, 2021	December 31, 2020
Deductible temporary difference	$	204,206	128,031
Tax loss		417,235	697,124
	$	**621,441**	**825,155**

In accordance with the R.O.C. Income Tax Act, net losses for prior ten years assessed by the tax authorities were deducted from current profit and the assessed. As a result of such items unrecognized as deferred tax assets, the Group is not likely to have enough taxable income for temporary difference.

As of December 31, 2021, the Group's estimated unused loss carry forwards was as follows:

Years of loss	Unused tax loss	Year of expiry
2012 (assessed)	313,622	2022
2013 (assessed)	6,005	2023
2014 (assessed)	526,315	2024
2015 (assessed)	1,155,724	2025
2016 (assessed)	34,360	2026
2017 (declared)	54	2027
2018 (declared)	103	2028
2019 (declared)	132	2029
2020 (declared)	44	2030
2021 (estimated)	90	2031
	$ 2,036,449	

2) Recognized deferred tax assets and liabilities:Deferred tax assets:

	Others
Balance at January 1, 2021	$ 35,066
Current tax expense	3,456
Effect of exchange rate changes	(52)
Balance at December 31, 2021	**$ 38,470**
Balance at January 1, 2020	$ 50,813
Current tax expense	26,413
Effect of exchange rate changes	(68)
Others	(42,092)
Balance at December 31, 2020	**$ 35,066**

Deferred tax liabilities:

	Others
Balance at January 1, 2021	$ 101,692
Current tax expense	29,127
Balance at December 31, 2021	**$ 130,819**
Balance at January 1, 2020	$ 115,093
Current tax expense	29,758
Others	(43,159)
Balance at December 31, 2020	**$ 101,692**

(v) Status of approval of income tax

1) The Company's income tax returns for the year up to 2016 have been assessed by the tax authorities.
2) The Group's income tax returns have been assessed by the tax authorities were as follows:

Year of assessed	Company
2016	CEC and CDC
2019	SDC, BWC, LHC, HDEC and CCD
2020	PDC and NSC

(x) Capital and other equity

As of December 31, 2021 and 2020, the total value of nominal authorized ordinary shares amounted to $10,000,000 thousand. Face value of each share is $10, which means in total there were 1,000,000 thousand ordinary shares, of which 823,216 thousand shares, were issued and paid upon issuance.

(i) Capital surplus

		December 31, 2021	December 31, 2020
Premiums from issuance of share capital	$	6,397,913	6,397,913
Treasury stock transactions		406,518	406,518
Change on subsidiaries equity		12,767	9,314
	$	**6,817,198**	**6,813,745**

1) The Company was established on April 8, 2010, it became the holding company of CEC via a share swap. The net equity of CEC's stock in excess of par value of the Company's stock was $7,368,919 thousand, this amount was credited to capital surplus. In 2011, the Company used capital surplus to distribute Year 2010 cash dividends for an amount of $504,695 thousand.

2) In accordance with the R.O.C. Company Act, the realized capital surplus can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to increase share capital shall not exceed 10% of the actual share capital amount.

(ii) Retained earnings

In accordance with the Company's articles of incorporation, net income of the current period should firstly be offset against losses in the previous years and income tax, then with 10% of which be appropriated as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. In addition, special reserve will be appropriated base on operating requirements and regulations. The remaining net income plus the undistributed earnings shall be distributed according to the distribution plan. If the Company incurs no accumulated deficit, a minimum of 30% of the amount of shareholders' dividends shall be distributed based on the net earnings, and at least 30% of the total dividends shall be distributed in cash.

The distribution plan shall issue new shares, which should be proposed by the Board of Directors and submitted to the shareholders' meeting for approval, and pay cash dividends which should be adopted by a majority votes of the directors present at the board meeting attended by two-thirds of the directors, thereafter, to be reported at the shareholders' meeting.

1) Legal Reserve

When the Company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, as required, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of paid in capital.

2) Special Reserve

The Company applied the exemptions at the first-time adoption of IFRSs and increased its retained earnings by $4,448,666 thousand, which were resulted from unrealized revaluation increments, exchange differences on translation of foreign financial statements, and the fair value of investment properties being used as the cost on initial recognitions at the transition date, as well as the amount of $2,592,640 thousand being appropriated to special reserve according to Ruling issued by the FSC. The aforementioned special reserve may be reversed in proportion with the usage, disposal, or reclassification of the related assets, and then, be distributed afterwards. As of December 31, 2021 and 2020, the special reserve related to all IFRSs adjustments amounted to $2,262,233 thousand.

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earning distribution. The amount to be reclassified should equal the current-period total net reduction of other stockholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other stockholder's equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other stockholders' equity shall qualify for additional distributions.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2020 and 2019 had been approved during the board meeting on March 16, 2021 and April 30, 2020, respectively. The other distributions of the appropriations of earnings had been approved during the shareholders' meeting on July 30, 2021and June 12, 2020, respectively. The relevant dividend distributions to shareholders were as follows:

	2020		2019	
	Amount per share	**Total Amount**	**Amount per share**	**Total Amount**
Dividends distributed to common shareholders:				
Cash	**$ 1.40**	**1,152,502**	**0.50**	**411,608**

(iii) Other equity

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance at January 1, 2021	$ (865,391)	946,889	(17,289)	64,209
Exchange differences on foreign operations	(103,860)	-	-	(103,860)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	281,789	-	281,789
Change in fair value of hedging instrument	-	-	1,165	1,165
Balance at December 31, 2021	**$ (969,251)**	**1,228,678**	**(16,124)**	**243,303**
Balance at January 1, 2020	$ (645,041)	728,286	(911)	82,334
Exchange differences on foreign operations	(220,350)	-	-	(220,350)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	218,603	-	218,603
Change in fair value of hedging instrument	-	-	(16,378)	(16,378)
Balance at December 31, 2020	**$ (865,391)**	**946,889**	**(17,289)**	**64,209**

(y) Earnings per share

(i) Basic earnings per share

The details on the calculation of basic earnings per share as of December 31, 2021 and 2020 was based on net income attributable to ordinary shareholders of the Company amounted to $1,826,298 thousand, and $1,538,543 thousand, respectively; and the weighted average number of ordinary shares outstanding of 823,216 thousand. The related calculations are as follows:

1) Net income attributable to ordinary shareholders

	2021	2020
Net income attributable to ordinary shareholders	**$ 1,826,298**	**1,538,543**

2) Weighted average number of ordinary shares

	2021	2020
Weighted average number of ordinary shares, at December 31	**823,216**	**823,216**

(ii) Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2021 and 2020 was based on net income attributable to ordinary shareholders of the Company amounted to $1,826,298 thousand and $1,538,543 thousand, respectively; and the weighted average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares of 823,669 thousand and 823,617 thousand, respectively. The related calculations are as follows:

1) Net income attributable to ordinary shareholders

	2021	2020
Net income attributable to ordinary shareholders	**$ 1,826,298**	**1,538,543**

2) Weighted average number of ordinary shares (Diluted)

	2021	2020
Weighted average number of ordinary shares (Basic)	823,216	823,216
Effect of the employee share bonuses	453	401
Weighted average number of ordinary shares (Diluted) at December 31	**823,669**	**823,617**

(z) Revenue from contracts with customers

(i) Disaggregation of revenue

	2021				
		Construction Engineering	Real Estate Development	Environmental Project Devel-opment & Wa-ter Treatment	Total
Primary geographical markets:					
Taiwan	$	14,905,619	7,072,889	3,527,495	25,506,003
Other		359,799	978,506	-	1,338,305
	$	**15,265,418**	**8,051,395**	**3,527,495**	**26,844,308**
Main products:					
Construction engineering	$	15,220,448	-	-	15,220,448
Environmental project de-velopment & water treatment		-	-	3,527,495	3,527,495
Real estate revenue		-	7,796,321	-	7,796,321
Rental revenue		31,516	153,232	-	184,748
Other		13,454	101,842	-	115,296
	$	**15,265,418**	**8,051,395**	**3,527,495**	**26,844,308**

	2020				
		Construction Engineering	Real Estate Development	Environmental Project Devel-opment & Wa-ter Treatment	Total
Primary geographical markets:					
Taiwan	$	11,527,328	5,829,956	3,105,808	20,463,092
Other		1,225,087	470	-	1,225,557
	$	**12,752,415**	**5,830,426**	**3,105,808**	**21,688,649**
Main products:					
Construction engineering	$	12,715,823	-	-	12,715,823
Environmental project de-velopment & water treatment		-	-	3,105,808	3,105,808
Real estate revenue		-	5,604,234	-	5,604,234
Rental revenue		20,902	159,723	-	180,625
Other		15,690	66,469	-	82,159
	$	**12,752,415**	**5,830,426**	**3,105,808**	**21,688,649**

(ii) Contract balances

		110.12.31	109.12.31	109.1.1
Notes receivable	$	325,540	853,226	342,904
Accounts receivable (including long term accounts receivable)		8,596,773	7,843,707	6,688,223
Less: Allowance for impairment		-	-	-
Total	**$**	**8,922,313**	**8,696,933**	**7,031,127**
Contract assets construction en-gineering	$	1,481,752	1,468,720	2,359,938
Contract assets retention receiva-bles		2,862,303	2,423,379	2,592,795
Contract assets accrual receiva-bles for completion		-	-	10,223
Total	**$**	**4,344,055**	**3,892,099**	**4,962,956**
Contract liabilities construction en-gineering	$	4,581,006	3,858,104	4,065,484
Contract liabilities environment project development & water treatment		113,145	254,880	46,375
Contract liabilities advance real estate receipts		4,061,925	4,002,780	2,438,964
Contract liabilities advance rent receipts		4,199	5,525	4,374
Total	**$**	**8,760,275**	**8,121,289**	**6,555,197**

1) Please refer to Note 6(e) for the details on accounts receivable and allowance for impairment.
2) Please refer to Note 6(s) for details on onerous contracts.
3) The amounts of revenue recognized for the years ended December 31, 2021 and 2020 that were included in the contract liability balance at the beginning of the year were $1,080,907 thousand and $776,871 thousand, respectively.
4) For the amounts of the above contracts, please refer to Note 9.

(aa) Remuneration for employees and directors

Based on the Company's articles of incorporation, remuneration for employees and directors is appropriated at the rate of 0.5% and a rate no more than 0.5%, respectively, of the income before tax. The Company should make up its prior years' accumulated deficit before any appropriation of profits. Employees of subsidiaries may also be entitled to the employee remuneration of the Company, which can be settled in the form of cash or stock.

For the years ended December 31, 2021 and 2020, the Company estimated its employee remuneration to be $9,774 thousand and $7,372 thousand and its director's remuneration to be $0. The estimated amounts mentioned above are calculated based on income before tax, excluding the remuneration to employees and directors of each period, multiplied it by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating expenses during 2021 and 2020. The amounts, as stated in the parent company only financial statements, are identical to those of the actual distributions for the years ended December 31, 2021 and 2020. Related information would be available at the Market Observation Post System website.

(ab) Non-operating income and expenses

(i) Interest income

		2021	2020
Interest income from bank deposits	$	27,478	30,436
Other interest income		10,143	10,859
	$	**37,621**	**41,295**

(ii) Other income

		2021	2020
Dividend income	$	115,045	112,685
Other income-other		45,610	67,176
Income from counter-party default		487	23,429
Gain on overdue payables written off		4,856	206
	$	**165,998**	**203,496**

(iii) Other gains and losses

		2021	2020
Net gains (losses) on disposals of property, plant and equipment	$	4,034	1,107
Net gains (losses) on disposals of investment properties		2,783	5,393
Net foreign exchange gains (losses)		(88,153)	(49,741)
Other		(86)	(377)
	$	**(81,422)**	**(43,618)**

(iv) Financial costs

		2021	2020
Interest expenses-borrowings	$	496,997	454,199
Interest expense-bonds payables (including amortization expenses)		24,096	-
Interest expense-lease liabilities		3,379	4,774
Less: capitalized interest		(281,600)	(248,057)
	$	**242,872**	**210,916**

(ac) Financial instruments

(i) Credit risk

1) Credit risk exposure

As of December 31, 2021 and 2020, the Group's maximum credit risk exposure resulting from un-collectability of accounts receivable from transaction parties and financial losses from offering financial guarantee was as follows:

The book value of financial assets and contract assets recognized on the balance sheet; and The financial guarantee provided by the Group amounted to $1,900,000 thousand and $1,655,000 thousand, respectively.

2) Credit risk concentrations

Clients of the Group are concentrated in the real estate development industry and government entities. To minimize credit risks, the Group assesses the financial positions of the clients periodically and requests collateral or guarantees if necessary. The Group also evaluates the collectability of receivables and the provision for doubtful accounts on a regular basis. The relevant losses on bad debts are generally under the Group's expectation.

3) Receivables of credit risk

Please refer to note 6(e) for credit risk exposure of notes receivable, accounts receivable and long-term accounts receivable.

Other financial assets at amortized cost includes other receivables.

All of these financial assets are considered to have low risk, and thus the impairment provision recognized during the period was limited to 12 months expected losses.

The loss allowance provision were determined as follows:

		Other receivables (recognized as other non-current assets)
Balance at December 31, 2021 (equal to the beginning balance)	**$**	**-**
Balance at January 1, 2020	$	(67,072)
Derecognized		67,072
Balance at December 31, 2020	**$**	**-**

(ii) Liquidity riskThe Group manages and maintains appropriate positions of cash and cash equivalents, as well as the resources of funding which are adequate and cost-effective to ensure that it has sufficient liquidity to meet its operation requirements for at least 12 months in the future.

The followings table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

		Carryingamount	Contractualcash flows	Within 1 year	1-5 years	More than5 years
December 31, 2021						
Non-derivative financial liabilities						
Secured loans	$	16,288,825	17,568,138	7,874,116	5,943,914	3,750,108
Unsecured loans		5,072,473	5,285,409	563,708	4,721,701	-
Bonds payable		1,997,110	2,055,000	11,000	2,044,000	-
Accounts and notes payable		6,989,726	6,989,726	4,908,388	1,930,855	150,483
Other payables		1,936,715	1,936,715	689,522	1,246,426	767
Guarantee deposit received		142,738	142,738	-	65,616	77,122
Long-term accounts payable		311,400	311,400	-	311,400	-
Lease liabilities		131,095	134,632	74,761	55,092	4,779
	$	**32,870,082**	**34,423,758**	**14,121,495**	**16,319,004**	**3,983,259**
December 31, 2020						
Non-derivative financial liabilities						
Secured loans	$	17,816,154	18,816,527	11,288,310	6,564,598	963,619
Unsecured loans		4,094,380	4,231,168	1,249,171	2,981,997	-
Short-term notes and bills payable		820,000	820,000	820,000	-	-
Accounts and notes payable		5,784,460	5,784,460	3,395,075	2,109,783	279,602
Other payables		1,989,830	1,989,830	1,030,310	957,977	1,543
Guarantee deposit received		141,508	141,508	-	74,446	67,062
Long-term accounts payable		320,400	320,400	-	320,400	-
Lease liabilities		164,536	169,579	86,639	82,612	328
	$	**31,131,268**	**32,273,472**	**17,869,505**	**13,091,813**	**1,312,154**

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

The Group's significant exposures to foreign currency risk were those from its foreign currency denominated financial assets and liabilities as follows:

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial Assets						
Monetary items						
USD：TWD	$ 87,201	27.6800	2,413,721	67,973	28.4800	1,935,862
HKD：TWD	32,469	3.5490	115,234	51,131	3.6730	187,805
MYR：TWD	111,842	6.6415	742,797	88,692	6.9933	620,248
USD：MYR	1,125	4.1650	31,151	306	4.0170	8,715
Financial Liabilities						
Monetary items						
USD：MYR	21,950	4.1650	607,576	15,070	4.0170	429,194

2) Sensitivity analysis

The Group's exchange rate risk comes mainly from currency exchange gains and losses on the translation of the foreign cash and cash equivalents, accounts receivable, other receivables, borrowings, accounts payable, other payables, etc. A strengthening (weakening) of 1% of the NTD against foreign currencies for the years ended December 31, 2021 and 2020 would have increased (decreased) the income before tax by $24,688 thousand and by $19,081 thousand, and the equity by $2,265 thousand and $4,153 thousand due to cash flow hedges, respectively. The analysis assumes that all other variables remain constant and is performed on the same basis for prior year.

3) Foreign exchange gains or losses of monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2021 and 2020, foreign exchange loss (including realized and unrealized portions) amounted to $88,153 thousand and $49,741 thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management for Group's interest rate exposure to its financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure in interest rates on the derivative and non-derivative financial instruments on the reporting date.

Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate increases/decreases by 1%, the Group's income before tax will decrease/increase by $191,334 thousand and $199,173 thousand for the years ended December 31, 2021 and 2020, respectively, with all other variable factors remain constant. This is mainly due to the Group's borrowing at variable rates.

(v) Other market price risk

The sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2021		2020	
Price of securities at the reporting date	**Other comprehensive Income after tax**	**Net Income**	**Other comprehensive Income after tax**	**Net Income**
Increase 1%	**$ 20,729**	**4,850**	**17,911**	**4,850**
Decrease 1%	**$ (20,729)**	**(4,850)**	**(17,911)**	**(4,850)**

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

The fair value of financial assets at fair value through profit or loss, financial assets used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2021				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Unlisted common shares	$ 606,305	-	-	606,305	606,305
Financial assets for hedging	$ 230,228	230,228	-	-	230,228
Financial assets at fair value through other comprehensive income					
Listed common shares	$ 1,410,525	1,410,525	-	-	1,410,525
Unlisted common shares	662,343	-	-	662,343	662,343
Subtotal	$ 2,072,868	1,410,525	-	662,343	2,072,868

	December 31, 2021				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 5,206,556	-	-	-	-
Notes receivable, accounts receivable and long-term accounts receivable	8,922,313	-	-	-	-
Other receivables	502,586	-	-	-	-
Guarantee deposit paid (including current and non-current)	140,922	-	-	-	-
Other financial assets	2,482,906	-	-	-	-
Other non-current assets	188,516	-	-	-	-
Subtotal	17,443,799	-	-	-	-
Total	**$ 20,353,200**	**1,640,753**	**-**	**1,268,648**	**2,909,401**
Financial liabilities for hedging	$ 64	64	-	-	64
Financial liabilities measured at amortized cost					
Bank borrowings	$ 21,361,298	-	-	-	-
Bonds payable	1,997,110	-	-	-	-
Accounts and notes payable	6,989,726	-	-	-	-
Other payables	1,936,715	-	-	-	-
Long-term accounts payable	311,400	-	-	-	-
Guarantee deposit received	142,738	-	-	-	-
Lease liabilities (including current and non-current)	131,095	-	-	-	-
Subtotal	32,870,082	-	-	-	-
Total	**$ 32,870,146**	**64**	**-**	**-**	**64**

	December 31, 2020				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Unlisted common shares	$ 606,305	-	-	606,305	606,305
Financial assets for hedging	$ 447,850	447,850	-	-	447,850
Financial assets at fair value through other comprehensive income					
Emerging common shares	$ 1,181,250	1,181,250	-	-	1,181,250
Unlisted common shares	609,829	-	-	609,829	609,829
Subtotal	1,791,079	1,181,250	-	609,829	1,791,079
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 4,512,368	-	-	-	-
Notes receivable, accounts receivable and long-term accounts receivable	8,696,933	-	-	-	-
Other receivables	690,595	-	-	-	-
Guarantee deposit paid (including current and non-current)	103,029	-	-	-	-
Other financial assets	1,876,291	-	-	-	-
Subtotal	15,879,216	-	-	-	-
Total	**$ 18,724,450**	**1,629,100**	**-**	**1,216,134**	**2,845,234**
Financial liabilities measured at amortized cost					
Bank borrowings and short-term notes and bills payable	$ 22,730,534	-	-	-	-
Accounts and notes payable	5,784,460	-	-	-	-
Other payables	1,989,830	-	-	-	-
Long-term accounts payable	320,400	-	-	-	-
Guarantee deposit received	141,508	-	-	-	-
Lease liabilities (including current and non-current)	164,536	-	-	-	-
Total	**$ 31,131,268**	**-**	**-**	**-**	**-**

2) Valuation techniques for financial instruments measured at fair valueA financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well established, only small volumes are traded, or bid ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of financial instrument with an active market are as follows:

Listed stock are financial assets which have standard provision and trade in an active market, and their fair value are determined by market quoted price respectively.

Measurements of fair value of financial instruments without an active market are based on a valuation technique. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market date at the reporting date.

Measurements of financial instrument without an active market are as follows:

Equity instruments without quoted price: The Group extrapolated fair value by present earning value method. The main assumption is cash flow from future earnings based on investors' expectation, and the cash flow is discounted by rate of return which is based on the time value of currency and investment risk.

Equity instruments without quoted price: The Group extrapolated fair value by market approach. The main assumption is surplus multiplier based on comparable quoted market price. The estimates include adjustments of lack of market liquidity.

3) Transfer between Level 1 and Level 3

The Group hold the shares of Evergreen Steel Corp., classified as fair value through other comprehensive income. In January 2020, Evergreen Steel Corp listed its equity shares on an exchange and they are currently actively traded in the market. Because the equity shares now have a published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 of the fair value hierarchy.

4) The movement of Level 3

		Financial assets at fair value though profit or loss	Financial assets at fair value through other comprehensive income
		Non derivative financial assets mandatorily measured at fair value through profit or loss	Equity instruments without quoted market price
Balance at January 1, 2021	$	606,305	609,829
Total gains and losses recognized:			
In other comprehensive income		-	52,514
Balance at December 31, 2021	**$**	**606,305**	**662,343**
Balance at January 1, 2020	$	606,305	1,572,476
Total gains and losses recognized:			
In other comprehensive income		-	21,335
Transfers out of Level 3		-	(983,982)
Balance at December 31, 2020	**$**	**606,305**	**609,829**

Total gains and losses were as follows:

		2021	2020
Total gains or losses			
Recognized in other comprehensive income (recognized as “unrealized gains or losses from financial assets at fair value through other comprehensive income”)	$	52,514	21,335

5) Quantified information for significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “financial assets at fair value through profit or loss – equity investments” and “financial assets at fair value through other comprehensive income– equity investments”.

The fair value measurement was categorized as Level 3 in the hierarchy of equity instruments without active market has several significant unobservable inputs. The significant unobservable inputs of equity instruments without an active market are not related because they are independent from each other.

The quantified information for significant unobservable inputs is disclosed as follows:

Item	ValuationTechnique	Significantunobservable input	Relationshipbetween input andfair value
Financial assets at fair value through profit or loss-equity investments without an active market	Discounted cash flow method	• Return on equity (December 31, 2021 and 2020 were 8.4014% and 13.5153%, respectively)	• The higher the return of equity, the lower the fair value.
Financial assets at fair value through other comprehensive income-equity investments without an active market	Market Method	• The multiplier of price-to-earnings ratio (December 31, 2021 and 2020, were 15.80 and 15.10, respectively) • Market illiquidity discount (December 31, 2021 and 2020, were 80%.)	• The higher multiplier is, the higher the fair value • The higher market illiquidity discount is, the lower the fair value
Financial assets at fair value through other comprehensive income-equity investments without an active market	Income Method	• The growth rate of earnings per share (December 31, 2021 and 2020, were 0%) • Weighted average cost of capital (December 31, 2021 and 2020, were 5%)	• The higher the growth rate of earnings, per share the higher the fair value • The higher the weighted average cost of capital , the lower the fair value

6) Fair value measurements in level 3 - sensitivity analysis of reasonable possible alternative assumptionsThe valuation for Level 3 financial instruments is reasonable. However, the result may change if applying different evaluation model or parameter. For fair value measurements in level 3, changing one or more assumptions would have the following effects:

	Input	Change up or down	Profit or loss		Other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
December 31, 2021						
Financial assets at fair value through profit or loss						
Equity instruments without an active market	Return on equity	1%	$ 1,165	(1,160)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market liquidity discount	5%	$ -	-	41,249	(41,249)
Equity instruments without an active market	Weighted average cost of capital	1%	$ -	-	105	(99)
December 31, 2020						
Financial assets at fair value through profit or loss						
Equity instruments without an active market	Return on equity	1%	$ 2,036	(2,023)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market liquidity discount	5%	$ -	-	37,970	(37,970)
Equity instruments without an active market	Weighted average cost of capital	1%	$ -	-	102	(97)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using the valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(ad) Financial risk management

(i) Overview

The Group is exposed to the following risks from its financial instruments:

1) Credit risk
2) Liquidity risk
3) Market risk

According to the exposed risks stated above, the following notes are the objectives, policies and procedures of the risk measurement and management of the Group.

(ii) Risk management framework

1) The daily operation of the Group is affected by multiple financial risks, including credit risk, liquidity risk and market risk. The overall risk control policy focuses on unpredictable events in financial market and seeks reduction of potential adverse impact on financial status and financial performance.
2) The Group's finance department implements risk management in accordance with the policy approved by the Board of Directors. The Group's financial department works to identify, assess and minimize various financial risks.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

1) Accounts receivables and other receivables

Clients of the Group's Construction Engineering and Environmental project Development & Water Treatment are concentrated in the real estate development industries and government entities. To minimize credit risks, the Group reviews the financial positions of the clients periodically and requests collateral or guarantees if necessary. The Group also evaluates the collectability of receivables and provides an allowance for doubtful accounts on a regular basis. The relevant losses on bad debts are generally under the Group's expectation.

The Group's Real Estate Development is mainly affected by its client. Accounts receivable generated by selling real estate has a lower credit risk since the payment is completed by the masses with transferring, check and bank financing of real estate.

The Group discloses the estimation of accounts receivable's, other receivables' and investments' loss with allowance for bad debt account. Allowance for bad debt account is composed with specific losses and batch of unrecognized losses components. Unrecognized losses components are determined by historically statistical data from similar financial assets.

2) Investment

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Group's finance department. Since the Group's transactions are with the banks, financial institutions, corporate organizations and government agencies, with good credit ratings, there are no noncompliance issues and therefore no significant credit risk.

3) Guarantee

As of December 31, 2021 and 2020, the Group's construction guarantee for other construction company amounted to $9,358,000 thousand.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation

As of December 31, 2021 and 2020, the Group has unused credit limit for $25,675,000 thousand and $28,621,139 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on purchases that are denominated in a currency other than the functional currency of the Group's entities, primarily New Taiwan Dollars (TWD), USD, Hong Kong Dollars (HKD), Macau Pataca (MOP), India Rupee (INR) and

Malaysia Ringgit (MYR), etc. The respective entities use in these transactions are denominated in TWD, EUR, JPY, USD, HKD, MOP, INR, and MYR.

The interest is denominated in the currency used in the borrowings. Generally, borrowings are denominated in currencies that match with the cash flows generated by the underlying operations of the Group, primarily TWD and USD.

The Group's investments in its subsidiaries and associates are not hedged.

2) Interest rate risk

As of December 31, 2021 and 2020, financial liabilities exposed to cash flow interest rate risk are amounted to $11,962,386 thousand and $11,888,629 thousand, respectively. Since the Group's long-term borrowings are floating rates, the changes in effective interest rate of the long-term borrowings will affect the Group's future cash flow.

3) Other market price risk

The Group is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading.

(ae) Capital Management

The Group meets its objectives of managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

The Group uses the debt-to-equity ratio to manage capital. This ratio is using the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities, less, cash and cash equivalents. The total capital and equity includes capital stock, capital surplus, retained earnings, other equity and non-controlling interests, plus, net debt.

The Group's debt-to-equity ratio as of 31 December 2021, and 2020 is as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 42,611,354	40,234,730
Less: cash and cash equivalents	(5,206,556)	(4,512,368)
Net debt	37,404,798	35,722,362
Total equity	27,778,293	26,920,360
Adjusted capital	**$ 65,183,091**	**62,642,722**
Debt-to-equity ratio	**57.38%**	**57.03%**

(af) Non-cash investing and financing activities

(i) Please refer to Note 6(k) for acquisition right-of-use assets by leasing.

(ii) Reclassification of prepayments for business facilities to property, plant and equipment or inventories.

	2021	2020
Prepayments for business facilities reclassified to property, plant and equipment	$ 257,021	111,263
Investment properties reclassified to property, plant and equipment	1,829,660	-
Property, plant and equipment reclassified to inventories	-	16,000
	$ 2,086,681	**127,263**

(iii) Reconciliation of liabilities arising from financing activities were as follow:

			Non-cash changes			
	January 1, 2020	Cash flows	Foreign exchange movement	Other	Changes in lease payments	December 31, 2021
Short-term borrowings	$ 10,024,080	(522,133)	(103,035)	-	-	9,398,912
Long-term borrowings (including due within one year)	11,886,454	100,376	(24,444)	-	-	11,962,386
Lease liabilities	164,536	(101,210)	(814)	-	68,583	131,095
Bonds payable	-	1,996,388	-	722	-	1,997,110
Total liabilities from financing activities	**$ 22,075,070**	**1,473,421**	**(128,293)**	**722**	**68,583**	**23,489,503**

			Non-cash changes			
	January 1, 2019	Cash flows	Foreign exchange movement	Other	Changes in lease payment	December 31, 2020
Short-term borrowings	$ 8,085,510	2,064,898	(126,328)	-	-	10,024,080
Long-term borrowings (including due within one year)	12,239,409	(318,904)	(34,501)	450	-	11,886,454
Lease liabilities	180,524	(97,315)	(2,231)	-	83,558	164,536
Total liabilities from financing activities	**$ 20,505,443**	**1,648,679**	**(163,060)**	**450**	**83,558**	**22,075,070**

(7) Related-party transactions

(a) Parent Group and Ultimate Controlling Party

Montrion Corporation is the parent company of the Group.

(b) Names and relationship with related parties

Name of related party	Relationship with the Group
CTCI-HDEC (Chungli) Corp. (CTCI-HDEC)	Investment for using equity method (Associate)
Fanlu Construction Industry Co., Ltd. (Fanlu)	Investment for using equity method (Associate)
Han-De Construction Co., LTD	Other related party
Wei-Dar Development Co., Ltd.	Other related party
Metropolis Property Management Corporation	Other related party
TSRC Corporation	Other related party
Doisy Trading Co., Ltd.	Other related party
WFV Corporation	Other related party
Hao Ran Foundation	Other related party
La Mer Corporation	Other related party
Tsai ○○	Other related party

(c) Other related party transactions

(i) Contracted construction

2021	Total Contract Amount (Before tax)	CurrentAmount	AccumulatedAmount
Associate (CTCI-HDEC)	**$ 6,115,200**	**-**	**133,462**

2020			
Associate (CTCI-HDEC)	**$ 6,115,200**	**-**	**133,462**

According to contracted construction regulations, the construction contract price is determined based on the budget of each construction, plus reasonable administrative handling fees. The amount shall be approved by the management team.

(ii) Other operating revenues

	2021	2020
Associates	$ 19,800	-
Other related parties	3,600	-
	$ 23,400	**-**

The Group provides engineering and project management consulting services to the related parties. The terms and pricing of transactions are not significantly difference from general transactions.

(iii) Purchases

	2021	2020
Other related parties	**$ 10,902**	**9,681**

The price and the payment term concluded with related parties are not significantly different to the price and payment term concluded with external third parties.

(iv) Receivables from related parties

	December 31, 2021	December 31, 2020
Accounts receivable-Other related parties	$ 3	3
Other receivables-Other related parties	1,342	2,752
Other receivables-Associates	584	622
	$ 1,929	**3,377**

(v) Payables to related parties

		December 31, 2021	December 31, 2020
Accounts payable-Other related parties	$	337	805
Other payables-Other related parties		1,441	1,597
	$	**1,778**	**2,402**

(vi) Rental

1) Rental revenues

		2021	2020
Other related parties	**$**	**2,605**	**609**

The rental is in reference to the nearby rental market value for parking spaces, and is paid on a monthly basis.

2) Rental costs

The Group leased an office building and a warehouse from other related parties. For the years ended December 31, 2021 and 2020, the Group recognized the amount of $87 thousand and $148 thousand as interest expense, respectively. As of December 31, 2021 and 2020, the balance of lease liabilities amounted to $3,835 thousand and $8,280 thousand, respectively.

(vii) Transaction of properties

In June, 2020, the Group sold its transportation equipment to other related party for $640 thousand(excluding tax), and recognized the loss of disposal for $73 thousand. All the payments had been received.

(viii) Endorsements and Guarantees

	Guarantee classification		December 31, 2021	December 31, 2020
Associate (CTCI-HDEC)	Guarantee for bank loans	$	343,000	98,000
Associate (Fanlu)	Guarantee for bank loans		1,557,000	1,557,000
		$	**1,900,000**	**1,655,000**

(ix) Other

1) Interest revenue

		2021	2020
Associates	$	2,315	2,322
Other related parties		9	12
	$	**2,324**	**2,334**

2) Other expenses

		2021	2020
Other related parties	**$**	**26,579**	**28,576**

3) Other income

		2021	2020
Associates		6,844	220
Other related parties		92	92
	$	**6,936**	**312**

4) On January 5, 2021, the Group purchased 49,000,000 shares of CTCI-HDEC amounted to $490,000 thousand.5) On April 20, 2021 and April 7, 2020, the Group both purchased 17,500,000 shares of Fanlu amounted to $175,000 thousand.

(d) Key Management Personnel Transaction

		2021	2020
Short-term employee benefits	**$**	**153,880**	**145,593**

The Group provides fourteen vehicles for key management personnel at a cost of $21,457 thousand and $17,504 thousand in 2021 and 2020, respectively.

(8) Pledged assets

The carrying values of pledged assets are as follows:

Asset	Purpose of pledge	December 31, 2021	December 31, 2020
Inventories (development corp.)	Loan collateral	$ 20,247,154	22,563,477
Restricted deposits(other current assets)	Time deposits collateral	290,317	345,958
Property, plant and equipment	Loan collateral and construction guarantee	2,899,951	1,073,938
Investment properties, net	Loan collateral and construction guarantee	8,135,580	9,643,116
Intangible assets	Loan collateral	-	862,152
Long-term accounts receivable	Loan collateral	-	3,550,495
Total		**$ 31,573,002**	**38,039,136**

(9) Significant commitments and contingencies

(a) Major commitments were as follows:

(i) The Group's details of sales of completed construction and real estate were listed below:

	December 31, 2021	December 31, 2020
Total sales of completed construction and real estate	**$ 17,617,431**	**16,661,295**
Receipts based on the contracts	**$ 4,061,925**	**4,002,780**

(ii) As of December 31, 2021, the Group purchased land in a contract amount of $959,177 thousand, within which, $95,918 thousand has been paid in accordance with the contracts.

(iii) Total price of the construction contracts entered into by the Group and the total collected/billed amounts according to the contract are listed below:

	December 31, 2021	December 31, 2020
Total contract amount — TWD	157,199,612	137,785,831
— INR	35,161,269	34,877,924
— HKD	4,549,552	4,476,999
— MOP	982,544	982,544
— MYR	394,926	394,926
Accumulated billing amount	119,597,504	112,962,750

(iv) As of December 31, 2021 and 2020, the Group provided the guarantees for contract performance and construction warranties to other construction companies, including jointly liable contracts amounted to $9,358,000 thousand.(v) Service Concession agreements

The Group has entered into a service concession plan on sewage treatment with the government in the form of either a BOT project (Build–operate–transfer) or a wastewater reclamation and reuse BTO project (Build–transfer–operate). The primary terms of the contracts are summarized as follows:

1) During the project concession period, in accordance with the government's appointed service form, the Group (i) provides construction, operation and maintenance to the facilities for sewage treatment, and (ii) acquires the construction and operation right of the wastewater reclamation and reuse facilities as well as the sewage treatment facilities.
2) The Group has the right to use the aforesaid facilities and land to provide related sewage treatment services during the concession period, and obtains interest based on the price in the construction contract and price index.
3) The government will control and supervise the Group's service scope leveraged from the use of the facilities.
4) When there is significant violation to the clause in the service concession agreement, both the Group and the government will be able to terminate the agreement.
5) During the concession period, the Group is the nominal registrant entitled to the ownership of the land and sewage treatment facilities. After the concession period, in accordance with the construction and operation agreement, the plants and facilities shall be restored back to their normal operating conditions and reverted to the government without conditions.
6) Three years before the expiration date, the Group is entitled to submit an application for extending the contract; if the Group's operating performance is qualified to apply for a renewal of contract, it is given a preferential right to submit the renewal application to the authority.

7) The Group's construction and operation contracts with the government were as follows:

The subsidiary as an operator	Location	Grantor	Agreement type	Concession period
NSC	Danshui area	New Taipei City	BOT of sewage system	May 2005~ May 2040
PDC	Pu Ding area	Taoyuan City	BOT of sewage system	35 years (after land delivery)
BWC	Kaohsiung area	Kaohsiung City	BTO of wastewater reclamation and reuse	August 2016~August 2033
LHC	Kaohsiung area	Kaohsiung City	BTO of wastewater reclamation and reuse	October 2018~December 2036

(vi) The Group's outstanding stand by letter of credit are as follows:

	December 31, 2021	December 31, 2020
Outstanding stand by letter of credit	$ 227,209	-

(vii) The Group engaged Sydell Hotels LLC ("Sydell"), a third party professional hotel management company, for providing architects, consultants, and engineers in the planning, design, and equipping of its hotel, as well as pre-opening services necessary for the opening the hotel, at the total contract price of USD1,177 thousand. As of December 31, 2021, the remaining amount of USD523 thousand had yet to be.

(b) Contingent liability:

(i) As of December 31, 2021 and 2020, the Group provided promissory notes for contract performance, issuance of commercial paper, and construction warranty, amounted to $46,993,134 thousand and $43,984,877 thousand, respectively.

(ii) As of December 31, 2021 and 2020, promissory notes receivable for construction contracts amounted to $12,734,765 thousand and $11,596,774 thousand, respectively.

(c) Other

In April 2005, the Group filed a lawsuit against Kao Nan Region Construction Office for the East West Expressway (Kao Nan), demanding for the compensation fee of $444,579 thousand for the dispute concerning the extension of the construction of the highway between Wujia and Shangliao. During the 2nd verdict in February 2014, Taiwan High Court Kaohsiung Branch decided that Kao Nan should pay the amount of $243,206 thousand to the Group (including interest). However, the Group disagreed with the Court's decision and appealed to the Supreme Court regarding the matter. On the other hand, Kao Nan also appealed to the Supreme Court stating that the compensation amount decided by the High Court was unreasonable. In June 2014, the Supreme Court overturned the decision made by the High Court during the 2nd verdict and handed over this case back to the High Court for another decision. In September 2018, Taiwan High Court Kaohsiung Branch decided that Kao Nan should pay the amount of $318,498 thousand to the Group (excluding interest). Both the Group and Kao Nan Region Construction Office appeal against the decision. In March 19,2020, the Supreme Court decided the Group won partially in this case and the Kao Nan Construction Office should pay the amount of $91,411 thousand (excluding interest) to the Group, who had received the amounts of $86,667 thousand and $5,909 thousand (both including interest) in May and July of 2020, respectively. The remaining amount of $238,295 thousand (excluding interest) has been handed back to the High Court for reconsideration. The case is still in progress as of the reporting date.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other

Personnel expenses, depreciation, depletion and amortization are summarized as follows:

	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	1,063,051	665,448	1,728,499	1,030,177	635,775	1,665,952
Labor and health	92,547	46,404	138,951	76,669	41,296	117,965
Pension	40,114	28,147	68,261	39,344	27,874	67,218
Others	144,125	125,871	269,996	94,885	119,245	214,130
Depreciation	264,550	66,541	331,091	180,117	67,957	248,074
Amortization	63,618	-	63,618	61,181	-	61,181

(13) Other disclosures

(a) Information on significant transactions

The following information on significant transactions are disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers:

(i) Loans provided to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the peri-od	Ending balance	Actual usage amount during the period	Range of interest rates during the period
0	CHC	HDEC	Other receivables	Yes	1,000,000	1,000,000	1,000,000 (Note 2)	1.3%
1	CEC	CEC HK	Other receivables	Yes	9,850	-	-	5%
1	CEC	CIC	Other receivables	Yes	428,025	-	-	Taifx3+1%
2	CDC	BANGSAR	Other receivables	Yes	205,316	197,253	165,373 (Note 2)	7.90%
2	CDC	MEGA	Other receivables	Yes	822,261	789,968	577,392 (Note 2)	7.65%~7.90%
2	CDC	Grand River D. Limited	Other receivables	No	586,058	586,058	380,006	1.90%~2.50%

Note 1: The total amount of loans provided to others is limited to 40% of net equity value. The amount of loans to a single business enterprise is limited to 20% of net equity value. Relevant calculation are as follows:

CHC:

Maximum amount of loans is limited to 40% of net equity value: $24,574,164 thousand × 40% = 9,829,666 thousand

Maximum amount of loans provided to a single business enterprise is limited to 20% of net equity value: $24,574,164 thousand × 20% = 4,914,833 thousand

The total amount of loans provided to others is limited to 40% of net equity value. The amount of loans to a single business enterprise is limited to 40% of net equity value. Relevant calculation are as follows:

1) CEC:

Maximum amount of loans is limited to 40% of net equity value: $4,870,266 thousand × 40% = 1,948,106 thousand

Maximum amount of loans provided to a single business enterprise is limited to 40% of net equity value: $4,870,266 thousand × 40% = 1,948,106 thousand

2) CDC:

Maximum amount of loans is limited to 40% of net equity value: $16,448,903 thousand × 40% = 6,579,561 thousand

Maximum amount of loans provided to a single business enterprise is limited to 40% of net equity value: $16,448,903 thousand × 40% = 6,579,561 thousand

Note 2: The above transactions were eliminated when preparing the consolidated financial statements.

Note 3: Financing purposes:

1) Business dealings: 1
2) Short-term financing needs: 2

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter party of guarantee and endorsement		Maximum amount of guarantees and endorsements for a specific enterprise	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period
		Name	Relationship with the Company				
CHC	CICI	2	2	98,296,656	487,281	467,024	467,024
CHC	HDEC	2	2	98,296,656	2,747,269	2,747,269	1,242,540
CHC	CEC	2	2	98,296,656	18,532,047	18,438,010	8,181,137
CEC	CIC	2	2	9,740,532	42,802	41,520	-
CEC	CEC HK	2	2	9,740,532	293,600	-	-
CEC	CICI	2 and 5	2,5	14,610,798	3,883,794	3,722,343	3,722,343
CEC	CDC	4 and 7	4,7	9,740,532	1,071,000	1,071,000	964,979
CEC	Fu Tsu Construction Co., Ltd.	5	5	14,610,798	9,358,000	9,358,000	9,358,000

(In Thousands of New Taiwan Dollars)

	Purposes of fund financing for the borrower (Note 3)	Transaction amount for busi-nesses between two parties	Reasons for short term financing	Allowance for bad debt	Collateral		Maximum amount of loans provided to a single enterprise (Note 1)	Maximum amount of loans (Note 1)
					Item	Value		
	2	-	Replenish working capital	-	-	-	4,914,833	9,829,666
	2	-	Operation requirements	-	-	-	1,948,106	1,948,106
	2	-	Operation requirements	-	-	-	1,948,106	1,948,106
	2	-	Land purchases and operation requirements	-	-	-	6,579,561	6,579,561
	2	-	Land purchases and operation requirements	-	-	-	6,579,561	6,579,561
	2	-	Land purchases and operation requirements	-	-	-	6,579,561	6,579,561

(In Thousands of New Taiwan Dollars)

	Property pledged for guarantees and en-dorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements over net worth in the latest financial statements	Maximum amount of guarantees and endorsements	Parent company's endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary's en-dorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of compa-nies in Mainland China
	-	1.90%	98,296,656	Y	N	N
	-	11.18%	98,296,656	Y	N	N
	-	75.03%	98,296,656	Y	N	N
	-	0.85%	9,740,532	N	N	N
	-	-%	9,740,532	N	N	N
	-	76.43%	29,221,596	N	N	N
	-	21.99%	9,740,532	N	N	N
	-	192.15%	29,221,596	N	N	N

No.	Name of guarantor	Counter party of guarantee and endorsement		Maximum amount of guarantees and endorsements for a specific enterprise	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period
		Name	Relationship with the Company				
CDC	CDC US.	2	2	32,897,806	142,675	138,400	133,473
2	CDC	CCD	2	32,897,806	1,415,000	1,415,000	1,180,000
2	CDC	BANGSAR	2 and 6	32,897,806	174,208	167,366	-
2	CDC	MEGA	2 and 6	32,897,806	423,745	411,048	334,167
2	CDC	950P	2 and 6	32,897,806	3,580,161	3,472,888	2,258,177
2	CDC	Fanlu	6	32,897,806	1,557,000	1,557,000	771,750
3	CCD	CDC	3 and 7	13,572,668	1,215,000	-	-
3	CCD	CDC	3	13,572,668	1,258,200	982,200	808,500
4	HDEC	PDC	2	29,889,928	1,327,000	1,295,000	163,000
4	HDEC	NSC	2	29,889,928	2,520,000	2,520,000	1,970,000
4	HDEC	LHC	2	29,889,928	5,071	5,071	5,071
4	HDEC	LHC	2 and 6	29,889,928	1,485,000	1,485,000	1,463,000
4	HDEC	BWC	2 and 6	29,889,928	902,700	902,700	394,740
4	HDEC	CTCI HDEC	6	29,889,928	343,000	343,000	343,000
4	HDEC	CEC	4 and 5	29,889,928	6,108,379	3,995,629	3,995,629

Note 1: According to the policy of CHC, the total amount of endorsements/guarantees is limited to four times the net equity value in accordance with the Company's most recent financial statements: $24,574,164 thousand × 4 = $98,296,656 thousandThe total amount of endorsements/guarantees provided to a single business is limited to four times the net equity value in accordance with the Company's most recent financial statements: $24,574,164 thousand × 4 = $98,296,656 thousand

According to the policy of CEC, the total amount of endorsements/guarantees is limited to six times the net equity value in accordance with the Company's most recent financial statements in the event of joint liability in joint ventures with other companies in the same industry: $4,870,266 thousand × 6 = $29,221,596 thousand

The total amount of endorsements/guarantees provided to a single business is limited to three times the net equity value in accordance with the Company's most recent financial statements: $4,870,266 thousand × 3 = $14,610,798 thousand

According to the policy of CEC, the total amount of endorsements/guarantees is limited to two times the net equity value in accordance with the Company's most recent financial statements except in the event of joint liability in joint ventures with other companies in the same industry: $4,870,266 thousand × 2 = $9,740,532 thousand

The total amount of endorsements/guarantees provided to a single business is limited to two times the net equity value in accordance with the Company's most recent financial statements: $4,870,266 thousand × 2 = $9,740,532 thousand

According to the policy of CDC, the total amount of endorsements/guarantees is limited to two times the net equity value in accordance with the Company's most recent financial statements: $16,448,903 thousand × 2 = $32,897,806 thousand

The total amount of endorsements/guarantees provided to a single business is limited to two times the net equity value in accordance with the Company's most recent financial statements: $16,448,903 thousand × 2 = $32,897,806 thousand

According to the policy of CCD the total amount of endorsements/guarantees is limited to four times the net equity value in accordance with the Company's most recent financial statements: $3,393,167 thousand × 4 = $13,572,668 thousand

The total amount of endorsements/guarantees provided to a single business is limited to four times the net equity value in accordance with the Company's most recent financial statements: $3,393,167 thousand × 4 = $13,572,668 thousand

According to the policy of HDEC, the total amount of endorsements/guarantees is limited to eight times the net equity value in accordance with the Company's most recent financial statements: $3,736,241 thousand × 8 = $29,889,928 thousand

The total amount of endorsements/guarantees provided to a single business is limited to eight times the net equity value in accordance with the Company's most recent financial statements: $3,736,241 thousand × 8 = $29,889,928 thousand

Note 2: Seven categories between relationship with the endorser/guarantor:

1) Having business relationship.
2) The endorser / guarantor parent company directly and indirectly holds more than 50% of voting shares of the endorsed / guaranteed subsidiary.
3) The endorser / guarantor subsidiary which directly and indirectly be held more than 50% voting shares by the endorsed / guaranteed parent company.
4) The endorser / guarantor company and the endorsed / guaranteed party both be held more than 90% by the parent company.
5) Company that is mutually protected under contractual requirements based on the needs of the contractor.
6) Company that is endorsed by its shareholders in accordance with its shareholding ratio because of the joint investment relationship.
7) Performance guarantees for presale contracts under the Consumer Protection Act.

Property pledged for guarantees and en-dorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements over net worth in the latest financial statements	Maximum amount of guarantees and endorsements	Parent company's endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary's en-dorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of compa-nies in Mainland China
-	0.84%	32,897,806	N	N	N
-	8.60%	32,897,806	N	N	N
-	1.02%	32,897,806	N	N	N
-	2.50%	32,897,806	N	N	N
-	21.11%	32,897,806	N	N	N
-	9.47%	32,897,806	N	N	N
-	-%	13,572,668	N	N	N
982,200	28.95%	13,572,668	N	N	N
-	34.66%	29,889,928	N	N	N
-	67.45%	29,889,928	N	N	N
-	0.14%	29,889,928	N	N	N
-	39.75%	29,889,928	N	N	N
-	24.16%	29,889,928	N	N	N
-	9.18%	29,889,928	N	N	N
-	106.94%	29,889,928	N	N	N

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
CEC	Evergreen Steel Corp.	-	Non current financial assets at fair value through other comprehensive income	25,645,907	1,410,525	6.11%	1,410,525	6.42%	
CEC	Xinrong Enterprise	-	Non current financial assets at fair value through other comprehensive income	12,256,347	659,980	8.45%	659,980	8.45%	
CEC	Metro Consulting Service Ltd.	-	Non current financial assets at fair value through other comprehensive income	300,000	2,363	6.00%	2,363	6.00%	
CEC	International Property & Finance Co., Ltd.	-	Non current financial assets at fair value through other comprehensive income	26,301	-	1.64%	-	1.64%	
CEC	Shin Yu Energy Development Co., Ltd.	-	Non current financial assets at fair value through other comprehensive income	22,405,297	-	9.00%	-	9.00%	
CDC	Grand River D. Limited	-	Non current financial assets at fair value through profit or loss	51,436,803	606,305	10.00%	606,305	10.00%	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter party	Relationship with the com-pany	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
CEC	CIC	Investment for using equity method		Subsidiary	52,780,940	(294,723)	11,200,000	309,568	-	-	-	-	63,980,940	12,232
HDEC	CTCI-HDEC	Investment for using equity method		Associate	24,500,000	232,352	49,000,000	490,000	-	-	-	-	73,500,000	761,316

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter party	Relationship with the Company	If the counter party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relation-ship with the Com-pany	Date of transfer	Amount			
CDC	Land	110.11.15	959,177	95,918	The Ambassador Hotel Co., Ltd.	Not related party	-	-	-	-	Evaluation report	Real estate development	-

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually receivable	Gain from disposal	Counter party	Nature of relationship	Purpose of disposal	Price reference	Other terms
CDC	Bountiful Journey	2021.01.19	N/A	Inventory held for sale, not applicable	688,000	688,000	Inventory held for sale, not applicable	Kai Tay Co., Ltd.	Not related party	Profit	Evaluation report	
CDC	55 Timeless Inventory	2021.02.24	N/A	Inventory held for sale, not applicable	342,000	342,000	Inventory held for sale, not applicable	Natural person	Not related party	Profit	Evaluation report	
CDC	55 Timeless Inventory	2021.07.29	N/A	Inventory held for sale, not applicable	348,396	348,396	Inventory held for sale, not applicable	Natural person	Not related party	Profit	Evaluation report	
CDC	55 Timeless Inventory	2021.11.05	N/A	Inventory held for sale, not applicable	343,008	68,628	Inventory held for sale, not applicable	Natural person	Not related party	Profit	Evaluation report	

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchas-es/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (paya-ble)	
CEC	CDC	Related party of the Company	Construction contract	(1,740,781)	10.22%	Same as those in general transactions	-	-	525,400	11.91%	Note 1
CDC	CEC	Related party of the Company	Construction project	1,740,781	33.19%	Same as those in general transactions	-	-	(525,400)	30.35%	
HDEC	LHC	Parent and subsidiary	Construction contract	(605,432)	27.10%	Same as those in general transactions	-	-	110,451	33.29%	Note 1
LHC	HDEC	Parent and subsidiary	Construction project	605,432	58.18%	Same as those in general transactions	-	-	(110,451)	54.72%	
SDC	HDEC	Parent and subsidiary	Construction contract	(132,705)	98.19%	Same as those in general transactions	-	-	15,101	92.97%	Note 1
HDEC	SDC	Parent and subsidiary	Construction project	132,705	7.14%	Same as those in general transactions	-	-	(15,101)	4.79%	
HDEC	NSC	Parent and subsidiary	Construction contract	(275,028)	12.31%	Same as those in general transactions	-	-	103,965	31.34%	Note 1
NSC	HDEC	Parent and subsidiary	Construction project	275,028	52.23%	Same as those in general transactions	-	-	(103,965)	92.44%	
HDEC	PDC	Parent and subsidiary	Construction contract	(159,174)	7.12%	Same as those in general transactions	-	-	26,536	8.00%	Note 1
PDC	HDEC	Parent and subsidiary	Construction project	159,174	77.98%	Same as those in general transactions	-	-	(26,536)	97.54%	

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
CEC	CDC	Related party of the Company	Accounts receivable 525,400	2.88	-	-	200,463	-
HDEC	LHC	Parent and subsidiary	Accounts receivable 110,451	2.83	-	-	11,184	-
HDEC	NSC	Parent and subsidiary	Accounts receivable 103,965	4.37	-	-	95,416	-

Note 1: Aforesaid notes and accounts receivable are including contract assets.
Note 2: The above transactions were eliminated when compiling the consolidated financial statements.

(ix) Derivatives transactions:

As of December 31, 2021, the Group entered into forward exchange agreement with an amount of USD399 thousand, and hedging instruments in amounts of USD8,183 thousand, JPY3,218 thousand and EUR94 thousand.

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter party	Relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	CHC	HDEC	1	Non-current other assets other	1,000,000	Same as those in normal transactions	1.42%
1	CEC	CDC	3	Construction revenues	1,740,781	Same as those in normal transactions	6.48%
		CDC	3	Accounts receivable	200,463	Same as those in normal transactions	0.28%
		CDC	3	Contract assets	324,937	Same as those in normal transactions	0.46%
2	CDC	CEC	3	Construction costs	1,740,781	Same as those in normal transactions	6.48%
		CEC	3	Accounts payable	525,400	Same as those in normal transactions	0.74%
		MEGA	3	Other receivables	730,463	Same as those in normal transactions	1.04%
		BANGSAR	3	Other receivables	194,064	Same as those in normal transactions	0.28%
3	HDEC	CHC	2	Non-current other liabilities-other	1,000,000	Same as those in normal transactions	1.42%
		NSC	3	Operating revenues	275,028	Same as those in normal transactions	1.02%
		NSC	3	Accounts receivable	95,426	Same as those in normal transactions	0.14%
		NSC	3	Contract assets	8,539	Same as those in normal transactions	0.01%
		SDC	3	Operating costs	132,705	Same as those in normal transactions	0.49%
		SDC	3	Accounts payable	15,101	Same as those in normal transactions	0.02%
		LHC	3	Operating revenues	605,432	Same as those in normal transactions	2.26%
		LHC	3	Accounts receivable	10,252	Same as those in normal transactions	0.01%
		LHC	3	Contract assets	100,199	Same as those in normal transactions	0.14%
		PDC	3	Operating revenues	159,174	Same as those in normal transactions	0.59%
		PDC	3	Accounts receivable	12,059	Same as those in normal transactions	0.02%
		PDC	3	Contract assets	14,477	Same as those in normal transactions	0.02%
4	NSC	HDEC	3	Operating costs	275,028	Same as those in normal transactions	1.02%
		HDEC	3	Accounts payable	103,966	Same as those in normal transactions	0.15%
5	SDC	HDEC	3	Operating revenues	132,705	Same as those in normal transactions	0.49%
		HDEC	3	Accounts receivable	4,476	Same as those in normal transactions	0.01%
		HDEC	3	Contract assets	10,625	Same as those in normal transactions	0.02%

No.	Name of company	Name of counter party	Relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
6	LHC	HDEC	3	Operating costs	605,432	Same as those in normal transactions	2.26%
		HDEC	3	Accounts payable	110,451	Same as those in normal transactions	0.15%
7	PDC	HDEC	3	Operating costs	159,174	Same as those in normal transactions	0.59%
		HDEC	3	Accounts payable	26,536	Same as those in normal transactions	0.04%
8	MEGA	CDC	3	Other payables	730,463	Same as those in normal transactions	1.04%
9	BANGSAR	CDC	3	Other payables	194,064	Same as those in normal transactions	0.28%

Note 1: For transactions between the Company and its subsidiaries, numbers are assigned as follows:
1) 0 represents the Company.
2) 1~9 represent subsidiaries.

Note 2: Relationships are as follows:
1) 1. the Company to subsidiary.
2) 2. subsidiary to the Company.
3) 3. subsidiary to other subsidiary.

(b) Information on investees:

The following table provides investees' information as of December 31, 2021:

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thou-sands)	Percentage of ownership	Carrying value				
CHC	CEC	Taiwan	Comprehensive construction	6,884,583	6,884,584	44,061,971	99.99% (Note 2)	4,813,900	100.00%	404,821	402,928	Note 1
CHC	CDC	Taiwan	Housing and building development and lease	6,220,745	6,220,748	591,948,387	99.99% (Note 2)	16,448,900	100.00%	1,180,660	1,180,660	Note 1
CHC	HDEC	Taiwan	Construction of underground pipeline	2,360,365	2,360,366	229,999,900	99.99% (Note 3)	3,736,240	100.00%	466,838	466,838	Note 1
CHC	CCLC	Taiwan	Management consulting	10,000	-	-	100.00%	10,000	100.00%	-	-	-
CEC	CICI	India	Construction projects	497,839	497,839	73,981,492	100.00%	(3,155)	100.00%	(3,364)	Disclosure not required	-
CEC	CIC	British Virgin Islands	Investment and holding	2,035,897	1,726,329	63,980,940	100.00%	12,232	100.00%	(11,474)	〃	-
CEC	CIMY	Malaysia	Construction projects	179,257	207,177	22,340,476	85.14%	5,999	87.10%	(182)	Disclosure not required	-
CEC	CEC HK	Hong Kong	Construction projects	10,815	384	3,000,000	100.00%	871	100.00%	(2,158)	〃	-
CIC	NCC	British Virgin Islands	Investment and holding	1,640,006	1,640,006	10,353	45.47%	-	45.47%	(5,238)	〃	-
CDC	BANGSAR	Malaysia	Real estate development	4,444	4,444	600,000	60.00%	2,406	60.00%	(3,124)	〃	-

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thou-sands)	Percentage of ownership	Carrying value				
CDC	CCD	Taiwan	Housing and building development and lease	976,539	976,539	47,114,655	80.65%	2,736,590	80.65%	14,782	〃	-
CDC	Fanlu	Taiwan	Housing and building development and lease	741,646	566,646	74,164,562	35.00%	652,611	35.00%	(101,638)	〃	-
CDC	MEGA	Malaysia	Real estate development	7,375	7,375	825,000	55.00%	(14,842)	55.00%	(30,248)	〃	-
CDC	CDC US.	The U.S.	Investment	2,075,837	2,061,080	5,500,000	100.00%	1,818,941	100.00%	(36,326)	〃	-
CDC	CDCAM	Malaysia	Management consulting	7,524	7,524	1,000,000	100.00%	7,555	100.00%	386	〃	-
HDEC	SDC	Taiwan	Construction projects	49,600	49,600	3,000,000	100.00%	39,015	100.00%	2,794	〃	-
HDEC	NSC	Taiwan	Pollution protection and other environmental sanitation	1,112,000	1,112,000	166,000,000	100.00%	2,814,668	100.00%	193,883	〃	-
HDEC	BWC	Taiwan	Pollution protection and other environmental sanitation	362,100	362,100	37,740,000	51.00%	433,769	51.00%	73,972	〃	-
HDEC	PDC	Taiwan	Pollution protection and other environmental sanitation	340,000	340,000	34,000,000	100.00%	367,658	100.00%	28,527	〃	-
HDEC	CTCI-HDEC	Taiwan	Pollution protection and other environmental sanitation	735,000	245,000	73,500,000	49.00%	761,317	49.00%	79,519	〃	-
HDEC	LHC	Taiwan	Pollution protection and other environmental sanitation	550,000	412,500	56,100,000	55.00%	617,593	55.00%	92,400	〃	-
CCLC	CEC	Taiwan	Comprehensive construction	1	-	100	-% (Note 4)	1	-%	404,821	〃	-
CCLC	CDC	Taiwan	Housing and building development and lease	3	-	100	-% (Note 4)	3	-%	1,180,660	〃	-
CCLC	HDEC	Taiwan	Construction of underground pipeline	1	-	100	-% (Note 5)	1	-%	466,838	〃	-

Note 1: The information on investment income/loss was derived from the investees' financial statements audited by the auditors for the same period.
Note 2: The shareholding ration is 99.99998% at the end of the period.
Note 3: The shareholding ration is 99.99996% at the end of the period.
Note 4: The shareholding ration is 0.00002% at the end of the period.
Note 5: The shareholding ration is 0.00004% at the end of the period.

(c)Information on investment in mainland China: None

(d)Major shareholders:

Shareholder's Name \ Shareholding	Shares	Percentage
Wei Dar Development Co., Ltd.	206,025,200	25.02%
Tamerton Group Limited	85,672,300	10.40%
Han De Construction Co., Ltd.	63,755,667	7.74%

(14) Segment information Operating segments required to be disclosed are categorized as Construction Engineering, Real Estate Development, Environmental Project Development & Water Treatment, and Investment. The Group assessed performance of the segments based on the segments' income before tax, and report the amount of revenues based on the financial information used to prepare the consolidated financial report.

1. Construction Engineering: civil construction and building construction.
2. Real Estate Development: real estate development and lease.
3. Environmental Project Development & Water Treatment: expertise in processing sewage, industrial wastewater, solid waste, etc..
4. Investment: to integrate operating strategy, supervising and monitoring each operating segments'operation, and control and allocate each operating segments'operating resources.

The reconciliation statements of all operating departments:

	For the year ended December 31, 2021					
	Construction Engineering	**Real Estate Development**	**Environmental project Development & Water Treatment**	**Investment**	**Adjustment and write off**	**Total**
Revenue:						
Segment revenues from external customers	$ 15,265,418	8,051,395	3,527,495	-	-	26,844,308
Intersegment revenues	1,783,571	-	-	2,050,426	(3,833,997)	-
Total revenues	**$ 17,048,989**	**8,051,395**	**3,527,495**	**2,050,426**	**(3,833,997)**	**26,844,308**
Reportable segment profit or loss	**$ 404,999**	**1,255,807**	**632,535**	**1,945,052**	**(2,052,320)**	**2,186,073**
Assets:						
Investments accounted for using equity method	$ -	652,611	761,317	25,009,045	(25,009,045)	1,413,928
Capital expenditure	3,667,094	9,357,526	35,679	2,498	-	13,062,797
Reportable segment assets	**$ 15,612,374**	**42,154,481**	**12,534,948**	**26,783,193**	**(26,695,349)**	**70,389,647**
Reportable segment liabilities	**$ 10,741,060**	**23,424,556**	**7,876,646**	**2,199,029**	**(1,629,937)**	**42,611,354**

	For the year ended December 31, 2020					
	Construction Engineering	**Real Estate Development**	**Environmental project Development & Water Treatment**	**Investment**	**Adjustment and write off**	**Total**
Revenue:						
Segment revenues from external customers	$ 12,752,415	5,830,426	3,105,808	-	-	21,688,649
Intersegment revenues	1,319,152	-	-	1,555,241	(2,874,393)	-
Total revenues	**$ 14,071,567**	**5,830,426**	**3,105,808**	**1,555,241**	**(2,874,393)**	**21,688,649**
Reportable segment profit or loss	**$ 255,229**	**967,092**	**531,845**	**1,467,060**	**(1,500,614)**	**1,720,612**
Assets:						
Investments accounted for using equity method	$ -	513,185	232,352	23,575,217	(23,575,217)	745,537
Capital expenditure	3,488,497	8,993,879	53,982	1,944	-	12,538,302
Reportable segment assets	**$ 15,214,436**	**42,021,044**	**10,596,339**	**23,822,758**	**(24,499,487)**	**67,155,090**
Reportable segment liabilities	**$ 10,960,748**	**23,544,940**	**6,515,923**	**82,917**	**(869,798)**	**40,234,730**

(a) Geographic information

The revenues from external customers are categorized by the geographical location of customers and the non-current assets are categorized based on the region of where the assets are located:

Area	**2021**	**2020**
Revenue from external customers:		
Taiwan	$ 25,506,003	20,463,092
Others	1,338,305	1,225,557
	$ 26,844,308	**21,688,649**
Non current assets		
Taiwan	$ 18,048,122	18,353,980
Others	1,917,035	1,525,491
Total	**$ 19,965,157**	**19,879,471**

Non-current assets include property, plant and equipment, right-of-use assets, investment properties, intangible assets and other assets, but excluding financial instruments and deferred tax assets of non-current assets.

(b) Information on major customers

	2021	**2020**
Governments	$ 13,591,036	12,055,482
Construction corporations	5,088,311	3,589,687
Others	8,164,961	6,043,480
Total	**$ 26,844,308**	**21,688,649**

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, 2021 and 2020, 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 of December 31, 2021 and 2020, 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 the 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 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 6.79% of the total assets at December 31, 2021. The related share of gain of subsidiaries accounted for using equity method constituted 1.87% of the income before tax for the year ended December 31, 2021.

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.

Auditors' 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 the 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 Shu-Ying Chang.

KPMG
Taipei, Taiwan (Republic of China)
March 15, 2022

CONTINENTAL HOLDINGS CORPORATION

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 724,893	3	204,159	1
1200	Other receivables (note 6(b) and 7)	19,038	-	10,893	-
1220	Current tax assets	750	-	289	-
1410	Prepayments	112	-	74	-
		744,793	3	215,415	1
	Non-current assets:				
1550	Investments accounted for using equity method (note 6(c) and(d))	25,009,040	93	23,575,217	99
1600	Property, plant and equipment (note 6(e))	2,498	-	1,944	-
1755	Right-of-use assets (note 6(f))	16,861	-	30,181	-
1920	Guarantee deposits paid	1	-	1	-
1990	Other non-current assets, others (note 6(b) and 7)	1,000,000	4	-	-
		26,028,400	97	23,607,343	99
	Total assets	**$ 26,773,193**	**100**	**23,822,758**	**100**

	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities:				
2200	Other payables (note 7)	$ 39,108	-	24,093	-
2230	Current tax liabilities	118,625	-	-	-
2280	Current lease liabilities (note 6(h))	14,039	-	13,885	-
2399	Other current liabilities, others	413	-	138	-
		172,185	-	38,116	-
	Non-Current liabilities:				
2530	Bonds payable (note 6(g))	1,997,110	8	-	-
2580	Non-current lease liabilities (note 6(h))	3,747	-	17,786	-
2640	Net defined benefit liability, non-current (note 6(i))	25,987	-	27,015	-
		2,026,844	8	44,801	-
	Total liabilities	2,199,029	8	82,917	-
	Equity attributable to owners of parent (note 6(k)):				
3100	Capital stock	8,232,160	31	8,232,160	35
3200	Capital surplus	6,817,198	25	6,813,745	29
3300	Retained earnings	9,281,503	35	8,629,727	36
3400	Other equity	243,303	1	64,209	-
	Total equity	24,574,164	92	23,739,841	100
	Total liabilities and equity	**$ 26,773,193**	**100**	**23,822,758**	**100**

(See accompanying notes to financial statements.)

Chairman：Nita Ing　　Manager：Cindy Chang　　Chief Accountant：Eva Lin

CONTINENTAL HOLDINGS CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
4000	Operating revenues (note 6(m))	$ 2,050,426	100	1,555,241	100
5000	Operating costs	-	-	-	-
	Gross profit from operations	2,050,426	100	1,555,241	100
	Operating expenses (note 6(h),(i),(n) and 7):				
6200	Administrative expenses	111,564	5	104,646	7
	Net operating income	1,938,862	95	1,450,595	93
	Non-operating income and expenses (note 6(o)):				
7100	Interest income (note 7)	18,133	1	8,202	1
7020	Other gains and losses, net	12,433	-	8,790	1
7050	Finance costs, net (note 6(g),(h) and 7)	(24,377)	(1)	(527)	-
		6,189	-	16,465	2
	Income before tax	1,945,051	95	1,467,060	95
7950	Less: Income tax expenses (income) (note 6(j))	118,753	6	(71,483)	(5)
	Net income	1,826,298	89	1,538,543	100
8300	Other comprehensive income (loss):				
8310	Item that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans	1,756	-	(1,632)	-
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	253,673	13	218,568	14
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	5,505	-	(2,942)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	260,934	13	213,994	14
8360	Item that will be reclassified to profit or loss				
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	(103,860)	(5)	(220,350)	(14)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(103,860)	(5)	(220,350)	(14)
8300	Other comprehensive income (loss)	157,074	8	(6,356)	-
8500	Total comprehensive income	**$ 1,983,372**	**97**	**1,532,187**	**100**
	Earnings per share (note 6(l))				
9750	Basic earnings per share (NT dollars)	**$ 2.22**		**1.87**	
9850	Diluted earnings per share (NT dollars)	**$ 2.22**		**1.87**	

(See accompanying notes to financial statements.)

Chairman：Nita Ing Manager：Cindy Chang Chief Accountant：Eva Lin

CONTINENTAL HOLDINGS CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Total other equity				
	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**	**Total equity**
Balance at January 1, 2020	$ 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
Balance at December 31, 2020	8,232,160	6,813,745	791,108	2,262,233	5,576,386	8,629,727	(865,391)	946,889	(17,289)	64,209	23,739,841
Net income	-	-	-	-	1,826,298	1,826,298	-	-	-	-	1,826,298
Other comprehensive income (loss)	-	-	-	-	(22,020)	(22,020)	(103,860)	281,789	1,165	179,094	157,074
Total comprehensive income (loss)	-	-	-	-	1,804,278	1,804,278	(103,860)	281,789	1,165	179,094	1,983,372
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	155,031	-	(155,031)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,152,502)	(1,152,502)	-	-	-	-	(1,152,502)
Changes in equity of subsidiaries accounted for using equity method	-	3,453	-	-	-	-	-	-	-	-	3,453
Balance at December 31, 2021	**$ 8,232,160**	**6,817,198**	**946,139**	**2,262,233**	**6,073,131**	**9,281,503**	**(969,251)**	**1,228,678**	**(16,124)**	**243,303**	**24,574,164**

(See accompanying notes to financial statements.)

CONTINENTAL HOLDINGS CORPORATION

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		2021	2020
Cash flows from operating activities:			
Income before tax	$	1,945,051	1,467,060
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		13,906	13,289
Interest expense		23,655	527
Interest income		(18,133)	(8,202)
Amortization of issuance costs on bonds payable		722	-
Loss on disposal of property, plant and equipment		-	73
Gain on reversal of estimated accounts payable		(7)	-
Investment revenues		(2,050,426)	(1,555,241)
Total adjustments to reconcile profit		(2,030,283)	(1,549,554)
Changes in operating assets and liabilities:			
Changes in operating assets:			
Other receivables		(772)	(917)
Prepayments		(38)	8
Total changes in operating assets		(810)	(909)
Changes in operating liabilities:			
Other payables		4,319	6,260
Other current liabilities		275	7
Net defined benefit liability		377	421
Total changes in operating liabilities		4,971	6,688
Total changes in operating assets and liabilities		4,161	5,779
Total adjustments		(2,026,122)	(1,543,775)
Cash outflow generated from operations		(81,071)	(76,715)
Interest received		10,275	9,264
Dividends received		785,720	719,973
Interest paid		(12,950)	(527)
Income taxes paid		(106)	(199,867)
Net cash flows from operating activities		701,868	452,128
Cash flows from investing activities:			
Acquisition of investments accounted for using equity method		(10,000)	(400,000)
Effect from disposal of subsidiaries		5	-
Proceeds from capital reduction of investments accounted for using equity method		-	400,000
Acquisition of property, plant and equipment		(1,140)	(1,140)
Disposal of property, plant and equipment		-	640
Increase in other non-current assets		(1,000,000)	-
Net cash flows used in investing activities		(1,011,135)	(500)
Cash flows from financing activities:			
Proceeds from issuing bonds		1,996,388	-
Payment of lease liabilities		(13,885)	(12,749)
Cash dividends paid		(1,152,502)	(411,608)
Net cash flows from (used in) financing activities		830,001	(424,357)
Net increase in cash and cash equivalents		520,734	27,271
Cash and cash equivalents at beginning of year		204,159	176,888
Cash and cash equivalents at end of year	**$**	**724,893**	**204,159**

(See accompanying notes to financial statements.)

Chairman：Nita Ing　　Manager：Cindy Chang　　Chief Accountant：Eva Lin

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

CONTINENTAL HOLDINGS CORPORATION (the " Company") was established through shares exchange with Continental Engineering Corp. ("CEC") on April 8, 2010 and CEC became 100% - owned by the Company. On the same day, the Company was approved to be a listed Company by the FSC.

(2) Approval date and procedures of the financial statements:

The financial statements were approved and authorized for issue by the Board of Directors on March 15, 2022.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform— Phase 2"

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from April 1, 2021:

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment － Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts － Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(4) Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized follows. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

1) The defined benefit liabilities are measured at the present value of the defined benefit obligation less fair value of the plan assets.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The Company' s financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It helds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting period; or

(iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It expects to settle the liability in its normal operating cycle;

(ii) It helds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(d) Cash and cash equivalents

Cash comprises cash on hand, time deposit and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes that should be recognized as cash equivalents.

(e) Financial instruments

Account receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

A financial asset is classified as measured at amortized cost. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non- recourse features)

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents and other non-current assets-others).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward- looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial asset carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities

1) Financial liabilities

Financial liabilities are classified as measured at amortized cost.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations has been discharged, cancelled, or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(f) Subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the financial statements. Under equity method, the net income, other comprehensive income and equity in the financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

The changes of equity not losing controlling are regarded as the trading of equity between the Company and the owners.

(g) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The estimated useful lives of property, plant and equipment are as follows:

(1) Transportation equipment	5 years
(2) Computer equipment	3 years
(3) Office equipment	3~5 years

(h) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company has elected not to recognize right-of-use assets and lease liabilities for variable lease payments of parking lot and office facilities. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(i) Impairment of non financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGUs is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognized if the carrying amount of an asset or CGUs exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

For non financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(j) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(k) Income Taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Although the adoption of consolidated tax return system by the Company, calculation for income tax still abide by the abovementioned accounting principles. Based on the consolidated income tax reported by the Company, it needs to adjust the current tax assets or liabilities for the Company.

(l) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Company. The basic earnings per share are calculated based on the profit attributable to the ordinary shareholders of the Company divided by weighted-average number of ordinary shares outstanding. The diluted earnings per share are calculated based on the profit attributable to the ordinary shareholders of the Company, divided by weighted-average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares, such as employee remuneration.

(m) Operating Segments

Please refer to the consolidated financial report.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2021	December 31, 2020
Cash	$	20	20
Cash in banks		99,873	204,139
Time deposits		625,000	-
Cash and cash equivalents	**$**	**724,893**	**204,159**

(i) The cash and cash equivalents were not pledged as collateral.

(ii) Please refer to Note 6(p) for sensitivity analysis and interest rate risk of financial assets and liabilities.

(b) Other receivables

		December 31, 2021	December 31, 2020
Other receivables-loans to subsidiary (recognized as other non-current assets - others)	$	1,000,000	-
Other receivables-related parties		18,885	10,893
Others		153	-
Less: Allowance for impairment		-	-
	$	**1,019,038**	**10,893**

Please refer to Note 6(p) for other credit risk information.

(c) Investments accounted for using equity method

		December 31, 2021	December 31, 2020
Subsidiaries	**$**	**25,009,040**	**23,575,217**

(i) Subsidiaries

Please refer to the consolidated financial statement.

(ii) Guarantee

The investments accounted for using equity method were not pledged as collateral.

(d) Changes in a parent's ownership interest in a subsidiary

Disposal of part of equity ownership of subsidiaries without losing control

The Company disposed 100 stocks of CEC, CDC and HDEC's equity ownership in December 2021 for $1 thousand, $3 thousand and $1 thousand, respectively. All payments had been received.

The following summarizes the effect of changes in equity of the parent due to changes in the ownership interest of subsidiaries:

	For the years ended December 31, 2021			
		CEC	CDC	HDEC
Book value of the equity ownership of subsidiaries	$	1	3	1
Consideration transferred from the equity ownership of subsidiaries		(1)	(3)	(1)
Capital surplus – differences between consideration and carrying amount of subsidiaries disposed	**$**	**-**	**-**	**-**

(e) Property, plant and equipment

		Transportation equipment	Office equipment	Computer equipment	Total
Cost or deemed cost:					
Balance at January 1, 2021	$	2,252	233	-	2,485
Additions		1,140	-	-	1,140
Balance at December 31, 2021	**$**	**3,392**	**233**	**-**	**3,625**
Balance at January 1, 2020	$	2,252	233	167	2,652
Additions		1,140	-	-	1,140
Disposals		(1,140)	-	(167)	(1,307)
Balance at December 31, 2020	**$**	**2,252**	**233**	**-**	**2,485**
Depreciation and impairment losses:					
Balance at January 1, 2021	$	465	76	-	541
Depreciation		534	52	-	586
Balance at December 31, 2021	**$**	**999**	**128**	**-**	**1,127**
Balance at January 1, 2020	$	517	25	167	709
Depreciation		375	51	-	426
Disposals		(427)	-	(167)	(594)
Balance at December 31, 2020	**$**	**465**	**76**	**-**	**541**
Carrying amount					
Balance at December 31, 2021	**$**	**2,393**	**105**	**-**	**2,498**
Balance at December 31, 2020	**$**	**1,787**	**157**	**-**	**1,944**

The property, plant and equipment were not pledged as collateral.

(f) Right-of-use assets

	Buildings	Transportation equipment	Total
Cost:			
Balance at January 1, 2021	**$ 52,904**	**1,514**	**54,418**
Balance at December 31, 2021	$ 50,672	1,372	52,044
Balance at of January 1, 2020	2,232	1,514	3,746
Additions	-	(1,372)	(1,372)
Disposals	**$ 52,904**	**1,514**	**54,418**
Balance at December 31, 2020			
Depreciation and impairment losses:			
Balance at January 1, 2021	$ 24,069	168	24,237
Depreciation	12,815	505	13,320
Balance at December 31, 2021	**$ 36,884**	**673**	**37,557**
Balance at of January 1, 2020	$ 11,923	823	12,746
Depreciation	12,146	717	12,863
Disposals	-	(1,372)	(1,372)
Balance at December 31, 2020	**$ 24,069**	**168**	**24,237**
Carrying amounts:			
Balance at December 31, 2021	**$ 16,020**	**841**	**16,861**
Balance at December 31, 2020	**$ 28,835**	**1,346**	**30,181**

(g) Bonds payable

	December 31, 2021
Secured ordinary bonds issued	$ 2,000,000
Unamortized discounted on bonds payable	(2,890)
	$ 1,997,110

(i) On November 5, 2020, the Company's Board of Directors approved to issue the secured ordinary corporate bonds amounted to no more than $2 billion, which had been approved by the Taipei Exchange (TPEx) on December 31, 2020. The offering information and main rights and obligations were as follows:

Item	1st secured ordinary corporate bond issued in 2020
Issued amount	The bond was issued at $2 billion.
Par value	Each unit was valued at $1 million.
Issued price	The bond was issued at par value on the issued date.
Tenor	The bond issued with maturities of 5 years. The tenor was from January 11, 2021 to January 11, 2026.
Coupon rate	Fixed rate 0.55%.
Repayment	The principal of the bond will be repaid on the maturity.
Interest Payment	Interests was paid once a year at coupon rate since the issued date.
Guarantee	The corporate bond was guaranteed by Mega International Commercial Bank in accordance with the guaranty deed of appointment.

(ii) Please refer to Note 6(o) for the amounts of interest expenses.

(h) Lease liabilities

	December 31, 2021	December 31, 2020
Current	**$ 14,039**	**13,885**
Non-current	**$ 3,747**	**17,786**

Please refer to Note 6(p) for the maturity analysis.

The amounts recognized in profit or loss were as follows:

	2021	2020
Interest on lease liabilities	**$ 265**	**377**
Variable lease payments not included in the measurement of lease liabilities	**$ 687**	**836**

The amounts recognized in the statement of cash flows were as follows:

	2021	2020
Total cash outflow for leases	**$ 14,837**	**13,962**

(i) Real estate leases

The Company leases buildings for its office space, with lease terms of five years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Company leases transportation equipment, with lease terms of three years.

In addition, the Company leases office equipment and parking lots, with lease terms of one to three years which are variable lease payments. The Company has elected not to recognize right-of-use assets and leases liabilities for these leases.

(i) Employee benefits

(i) Defined benefit plan

The present value of the defined benefit obligations and fair value of plan assets were as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$ 25,987	27,015
Fair value of plan assets	-	-
Net defined benefit liability	**$ 25,987**	**27,015**

1) Composition of plan asset

The Company failed to comply with the Labor Standards Act. to compensate retirement funds.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Defined benefit obligation, January 1	$ 27,015	25,288
Current service costs and interest	430	421
Remeasurement of the net defined benefit liability (asset)		
— Actuarial gains arose from changes in demographic assumption	74	-
— Actuarial gains arose from changes in financial assumption	513	131
— Experience adjustments	(1,992)	1,175
Benefits paid by the plan	(53)	-
Defined benefit obligation, December 31	**$ 25,987**	**27,015**

3) Movements of defined benefit plan assets in fair value

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2021 and 2020 were $0.

4) Expenses recognized in profit or loss

	2021	2020
Current service costs	$ 160	155
Net interest on net defined benefit liability	270	266
	$ 430	**421**
Administrative expenses	**$ 430**	**421**

5) Remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income

		2021	2020
Accumulated amount, January 1	$	(1,286)	(2,592)
Recognized during the period		(1,405)	1,306
Accumulated amount, December 31	**$**	**(2,691)**	**(1,286)**

6) Actuarial assumptions

	December 31, 2021	December 31, 2020
Discount rate	0.55%	1.00%
Future salary increase rate	3.25%	3.00%

The Company is expected to make a contribution payment of $26 to the defined benefit plans for the one year period after reporting date.

The weighted-average lifetime of the defined benefit plan is 12.42 years.

7) Sensitivity Analysis

When calculating the present value of the defined benefit obligations, the Company uses judgments and estimations to determine the actuarial assumptions, including discount rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

As of December 31, 2021 and 2020, the changes in the principal actuarial assumptions will impact the present value of the defined benefit obligation as follows:

	Impact on the defined benefit obligations	
	Increase	Decrease
December 31, 2021		
Discount (change in 0.25%)	(3.03)%	3.15%
Future salary increase (change in 1.00%)	20.27%	(17.91)%
December 31, 2020		
Discount (change in 0.25%)	(0.25)%~(2.19)%	0.25%~2.29%
Future salary increase (change in 1.00%)	2.16%~14.86%	(2.09)%~(12.93)%

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets. The analysis is performed on the same basis for prior year.

(ii) Defined contribution plan

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations. The Company's pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $2,019 thousand and $1,797 thousand for the years ended December 31, 2021 and 2020, respectively.

(j) Income Tax

(i) Income tax expenses

Income tax expenses were as follows:

		2021	2020
Current income tax expenses	$	106,726	-
Additional surtax on unappropriated earnings		12,027	-
Adjustment for prior periods		-	(71,483)
Income tax expenses	**$**	**118,753**	**(71,483)**

Income tax recognized in other comprehensive income (expense) benefit were as follows:

		2021	2020
Items that will not be reclassified to profit or loss			
Remeasurement from defined benefit plans	**$**	**5,505**	**(2,942)**

The reconciliation of income tax expense (income) and income before tax were as follows:

		2021	2020
Income before tax	$	1,945,051	1,467,060
Income tax expense at domestic statutory tax rate	$	389,010	293,412
Investment gain accounted for using equity method		(410,085)	(311,048)
Dividend revenues		22,632	20,510
Consolidated tax		105,014	-
Additional surtax on unappropriated earnings		12,027	-
Others		155	(2,874)
Adjustment for prior periods		-	(71,483)
Total	**$**	**118,753**	**(71,483)**

(ii) Status of approval of income tax

The Company's income tax returns for the year up to 2016 have been assessed by the tax authorities.

(k) Capital and other equity

As of December 31, 2021 and 2020, the total value of nominal authorized ordinary shares amounted to $10,000,000 thousand. Face value of each share is $10, which means in total there were 1,000,000 thousand ordinary shares, of which 823,216 thousand shares, were issued and paid upon issuance.

(i) Capital surplus

		December 31, 2021	December 31, 2020
Premiums from issuance of share capital	$	6,397,913	6,397,913
Treasury stock transactions		406,518	406,518
Change on subsidiaries equity		12,767	9,314
	$	**6,817,198**	**6,813,745**

1) The Company was established on April 8, 2010, it became the holding company of CEC via a share swap. The net equity of CEC's stock in excess of par value of the Company's stock was $7,368,919 thousand, this amount was credited to capital surplus. In 2011, the Company used capital surplus to distribute Year 2010 cash dividends for an amount of $504,695 thousand.

2) In accordance with the R.O.C. Company Act, the realized capital surplus can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to increase share capital shall not exceed 10% of the actual share capital amount.

(ii) Retained earnings

In accordance with the Company's articles of incorporation, net income of the current period should firstly be offset against losses in the previous years and income tax, then with 10% of which be appropriated as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. In addition, special reserve will be appropriated base on operating requirements and regulations. The remaining net income plus the undistributed earnings shall be distributed according to the distribution plan. If the Company incurs no accumulated deficit, a minimum of 30% of the amount of shareholders' dividends shall be distributed based on the net earnings, and at least 30% of the total dividends shall be distributed in cash.

The distribution plan shall issue new shares, which should be proposed by the Board of Directors and submitted to the shareholders' meeting for approval, and pay cash dividends which should be adopted by a majority votes of the directors present at the board meeting attended by two-thirds of the directors, thereafter, to be reported at the shareholders' meeting.

1) Legal Reserve

When the Company incurs no loss, it may, pursuant to a resolution by the shareholders' meeting, as required, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of the paid in capital.

2) Special Reserve

The Company applied the exemptions at the first-time adoption of IFRSs and increased its retained earnings by $4,448,666 thousand, which were resulted from unrealized revaluation increments, exchange differences on translation of foreign financial statements, and the fair value of investment properties being used as the cost on initial recognitions at the transition date, as well as the amount of $2,592,640 thousand being appropriated to special reserve according to the Ruling issued by the FSC. The aforementioned special reserve may be reversed in proportion with the usage, disposal, or reclassification of the related assets, and then, be distributed afterwards. As of December 31, 2021 and 2020, the special reserve related to all IFRSs adjustments amounted to $2,262,233 thousand.

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earning distribution. The amount to be reclassified should equal the current-period total net reduction of other stockholders' equity. Similarly, a portion of unappropriated prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other stockholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other stockholders' equity shall qualify for additional distributions.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2020 and 2019 had been approved during the board meeting on March 16, 2021 and April 30, 2020, respectively. The other distributions of the appropriations of earnings had been approved during the shareholders' meeting on July 30, 2021 and June 12, 2020, respectively. The relevant dividend distributions to shareholders were as follows:

	2020		2019	
	Amount per share	**Total Amount**	**Amount per share**	**Total Amount**
Dividends distributed to common shareholders:				
Cash	**$ 1.4**	**1,152,502**	**0.5**	**411,608**

(iii) Other equity

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance at January 1, 2021	$ (865,391)	946,889	(17,289)	64,209
Exchange differences on subsidiaries accounted for using equity method	(103,860)	-	-	(103,860)
Unrealized gains from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	281,789	-	281,789
Gains from hedging instrument measured at other comprehensive income, subsidiaries accounted	-	-	1,165	1,165
for using equity method	**$ (969,251)**	**1,228,678**	**(16,124)**	**243,303**
Balance at December 31, 2021				
Balance at January 1, 2020	$ (645,041)	728,286	(911)	82,334
Exchange differences on subsidiaries accounted for using equity method	(220,350)	-	-	(220,350)
Unrealized gains from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	218,603	-	218,603
Gains from hedging instrument measured at other comprehensive income, subsidiaries accounted for using equity method	-	-	(16,378)	(16,378)
Balance at December 31, 2020	**$ (865,391)**	**946,889**	**(17,289)**	**64,209**

(l) Earnings per share

(i) Basic earnings per share

The basic earnings per share that are calculated based on net income attributable to ordinary shareholders of the Company for the years ended December 31, 2021 and 2020 are $1,826,298 thousand and $1,538,543 thousand, respectively; the weighted average number of ordinary shares outstanding are 823,216 thousand. The related calculations are as follows:

1) Net income attributable to ordinary shareholders

	2021	2020
Net income attributable to ordinary shareholders	**$ 1,826,298**	**1,538,543**

2) Weighted average number of ordinary shares

	2021	2020
Weighted average number of ordinary shares at	**823,216**	**823,216**

(ii) Diluted earnings per share

The diluted earnings per share that are calculated based on net income attributable to ordinary shareholders of the Company for the years ended December 31, 2021 and 2020 are $1,826,298 thousand and $1,538,543 thousand, respectively. After adjusting the effect of dilution of ordinary share, the weighted average number of ordinary shares outstanding for the years ended December 31, 2021 and 2020 are 823,669 thousand and 823,617 thousand, respectively. The related calculations are as follows:

1) Net income attributable to ordinary shareholders

		2021	2020
Net income attributable to ordinary shareholders	$	**1,826,298**	**1,538,543**

2) Weighted average number of ordinary shares (Diluted)

	2021	2020
Weighted average number of ordinary shares	823,216	823,216
Effect of employee bonuses	453	401
Weighted average number of ordinary shares (Diluted) at December 31	**823,669**	**823,617**

(m) Revenue from contracts with customers

		2021	2020
Investment revenues	$	**2,050,426**	**1,555,241**

(n) Remuneration for employees and directors

Based on the Company's articles of incorporation, remuneration for employees and directors is appropriated at the rate of 0.5% and a rate no more than 0.5%, respectively, of the income before tax. The Company should make up its prior years' accumulated deficit before any appropriation of profits. Employees of subsidiaries may also be entitled to the employee remuneration of the Company, which can be settled in the form of cash or stock.

For the years ended December 31, 2021 and 2020, the Company estimated its employee remuneration to be $9,774 thousand and $7,372 thousand and its director's remuneration to be $0. The estimated amounts mentioned above are calculated based on income before tax, excluding the remuneration to employees and directors of each period, multiplied it by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating expenses during 2021 and 2020. The amounts, as stated in the parent company only financial statements, are identical to those of the actual distributions for the years ended December 31, 2021 and 2020. Related information would be available at the Market Observation Post System website.

(o) Non-operating income and expenses

(i) Interest income

		2021	2020
Bank deposits	$	2,585	358
Loans of funds		11,060	-
Endorsement		4,488	7,844
	$	**18,133**	**8,202**

(ii) Other gains and losses

		2021	2020
Gains on overdue payables written off	$	7	-
Losses on disposals of property, plant and equipment		-	(73)
Other		12,426	8,863
	$	**12,433**	**8,790**

(iii) Financial costs

		2021	2020
Interest expenses			
Bank borrowings			150
Lease liabilities		265	377
Bonds payables (including amortization expenses)		24,096	-
	$	**24,377**	**527**

(p) Financial instruments

(i) Credit risk

1) Credit risk exposure

As of December 31, 2021 and 2020, the Company's maximum credit risk exposure resulting from un-collectability of accounts receivable from transaction parties and financial losses from offering financial guarantee was as follows:

- The book value of financial assets recognized on the balance sheet; and
- The financial guarantee provided by the Company amounted to $20,095,555 thousand and $19,178,990 thousand, respectively.

2) Credit risk concentrations: None.

3) Other receivables of credit risk

Other receivables are considered to have low risk, and thus the impairment provision recognized during the period was limited to 12 months expected losses.

(ii) Liquidity risk

The following tables show the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	More than 5 years
December 31, 2021					
Non-derivative financial liabilities					
Other payables	$ 39,108	39,108	39,108	-	-
Lease liabilities	17,786	17,902	14,151	3,751	-
Bonds payable	1,997,110	2,055,000	11,000	2,044,000	-
	$ 2,054,004	**2,112,010**	**64,259**	**2,047,751**	**-**
December 31, 2020					
Non-derivative financial liabilities					
Other payables	$ 24,093	24,093	24,093	-	-
Lease liabilities	31,671	32,052	14,150	17,902	-
	$ 55,764	**56,145**	**38,243**	**17,902**	**-**

The Company is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Fair value of financial instruments

1) Categories and fair value of financial instruments

The fair value of financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2021				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost					
Cash and cash equivalents	$ 724,893	-	-	-	-
Other receivables	19,038	-	-	-	-
Guarantee deposits paid	1	-	-	-	-
Other non-current assets, others	1,000,000	-	-	-	-
Subtotal	**$ 1,743,932**	**-**	**-**	**-**	**-**
Financial liabilities measured at amortized cost					
Other payables	$ 39,108	-	-	-	-
Lease liabilities	17,786	-	-	-	-
Bonds payable	1,997,110	-	-	-	-
Subtotal	**$ 2,054,004**	**-**	**-**	**-**	**-**

	December 31, 2020				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost					
Cash and cash equivalents	$ 204,159	-	-	-	-
Other receivables	10,893	-	-	-	-
Guarantee deposits paid	1	-	-	-	-
Subtotal	**$ 215,053**	**-**	**-**	**-**	**-**
Financial liabilities measured at amortized cost					
Other payables	$ 24,093	-	-	-	-
Lease liabilities	31,671	-	-	-	-
Subtotal	**$ 55,764**	**-**	**-**	**-**	**-**

2) Transfer between Level 1 and Level 2

There were no level transfers in 2021 and 2020.

(q) Financial risk management

(i) Overview

The Company is exposed to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

According to the exposed risks stated above, the following notes are the objectives, policies and procedures of the risk measurement and management of the Company.

(ii) Risk management framework

1) The daily operation of the Company is affected by multiple financial risks, including credit risk, liquidity risk and market risk. The overall risk control policy focuses on unpredictable events in financial market and seeks reduction of potential adverse impact on financial status and financial performance.

2) The Company's finance department implements risk management in accordance with the policy approved by the Board of Directors. The Company's financial department work to identify, assess and minimize various financial risks.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from other receivables.

1) Investment

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Company's finance department. Since the Company's transactions are with the banks, financial institutions, corporate organizations and government agencies, with good credit ratings there are no non- compliance issues and therefore no significant credit risk.

2) Guarantee

As of December 31, 2021 and 2020, the Company's guarantee for project construction and bank loans for related parties amounted to $21,652,303 thousand and $20,803,676 thousand, respectively.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to manage liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company' s reputation.

The Company is an investment holding company established on the basis of share conversion. The assets are long-term investments and the working capital requirements are very low. Therefore, there is no liquidity risk due to the inability to raise funds to meet contractual obligations.

As of December 31, 2021 and 2020, the Company has unused credit limit for $150,000 thousand and $2,100,000 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(r) Capital Management

The Company meets its objectives of managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

The Company uses the debt-to-equity ratio to manage capital. This ratio is using the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities, less, cash and cash equivalents. The total capital and equity includes capital stock, capital surplus, retained earnings and other equity, plus, net debt.

The Company's ratio as of December 31, 2021 and 2020 is as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 2,199,029	82,917
Less: cash and cash equivalents	(724,893)	(204,159)
Net debt	1,474,136	(121,242)
Total equity	24,574,164	23,739,841
Adjusted capital	**$ 26,048,300**	**23,618,599**
	5.66%	**-%**

(s) Non-cash financing activities

Reconciliation of liabilities arising from financing activities were as follow:

	January 1, 2021	Cash flows	Changes in lease payment	Other	December 31, 2021
Lease liabilities	$ 31,671	(13,885)	-	-	17,786
Bonds payable	-	1,996,388	-	722	1,997,110
Total liabilities from financing activities	**$ 31,671**	**1,982,503**	**-**	**722**	**2,014,896**

	January 1, 2020	Cash flows	Changes in lease payment	December 31, 2020
Lease liabilities	**$ 40,675**	**(12,749)**	**3,745**	**31,671**

(7) Related-party transactions:

(a) Parent Group and Ultimate Controlling Party

Montrion Corporation is the parent company of the Company.

(b) Names and relationship with related parties

Name of related party	Relationship with the Company
Continental engineering Corp.(CEC)	Subsidiary
Continental Development Corp.(CDC)	Subsidiary
HDEC Corp.(HDEC)	Subsidiary
Continental Consulting Limited Company (CCLC)	Subsidiary
CEC International Corp.	Subsidiary
CEC International Corp.(India) Private Limited(CICI)	Subsidiary
CEC International Malaysia Sdn. Bhd.	Subsidiary
Continental Engineering Corp. (Hong Kong) Limited	Subsidiary
CDC Commercial Development Corp. (CCD)	Subsidiary
MEGA Capital Development Sdn. Bhd.	Subsidiary
Bangsar Rising Sdn. Bhd.	Subsidiary
CDC Asset Management Malaysia Sdn. Bhd.	Subsidiary
CDC US Corp.	Subsidiary
CDC Investment Management LLC	Subsidiary
Trimosa Holdings LLC	Subsidiary

Name of related party	Relationship with the Company
950 Investment LLC	Subsidiary
950 Property LLC	Subsidiary
950 Hotel Property LLC	Subsidiary
950 Retail Property LLC	Subsidiary
HDEC Construction Corp.	Subsidiary
North Shore Environment Corp.	Subsidiary
Blue Whale Water Technologies Corp.	Subsidiary
HDEC (Puding) Environment Corp.	Subsidiary
HDEC-CTCI (Linhai) Corp.	Subsidiary
Metropolis Property Management Corporation	Other related party
WFV Corporation	Other related party
Tsai ◯◯	Other related party

(c) Other related party transactions

(i) Other receivables - related parties

		December 31, 2021	December 31, 2020
Subsidiary — CEC	$	5,526	7,599
Subsidiary — HDEC		12,945	2,994
Subsidiary — CDC		414	300
	$	**18,885**	**10,893**

(ii) Other payables - related parties

		December 31, 2021	December 31, 2020
Subsidiaries	$	9	15
Other related parties		-	86
	$	**9**	**101**

(iii) Loans to related parties

		110.12.31
Subsidiary — HDEC	**$**	**1,000,000**

The rates of unsecured loans to related parties is similar to the market rates. After assessment, no provisions for bad debt expenses were accrued.

(iv) Rental

In April 2018, the Company leased an office building from other related party. A five-year lease contract were signed. The Company applied IFRS 16, with a date of initial application on January 1, 2019. This lease transaction recognized the additional amount of $50,672 thousand of right-of-use assets and lease liabilities.

For the years ended December 31, 2021 and 2020, the Company recognized the amounts of $254 thousand and $370 thousand as interest expenses, and the balance of lease liabilities amounted to $16,939 thousand and $30,323 thousand.

(v) Endorsements and Guarantees

	Guarantee classification		December 31, 2021	December 31, 2020
Subsidiary — CICI	Project construction guarantee	$	467,024	487,406
Subsidiary — CEC	Project construction guarantee		1,089,724	1,137,280
Subsidiary — CEC	Guarantee for bank loans		17,348,286	17,251,721
Subsidiary — HDEC	Guarantee for bank loans		2,747,269	1,927,269
		$	**21,652,303**	**20,803,676**

(vi) Other income

1) Deduction of administrative expenses

		2021	2020
Subsidiary — CEC	**$**	**14,045**	**13,384**

(2) Interest revenues

		2021	2020
Subsidiary － CEC	$	2,969	5,178
Subsidiary － HDEC		12,579	2,666
	$	**15,548**	**7,844**

3) Other non-operating income

		2021	2020
Subsidiary － CEC	$	6,592	4,787
Subsidiary － CDC		3,861	2,563
Subsidiary － HDEC		1,973	1,360
	$	**12,426**	**8,710**

(vii) Other expenses

		2021	2020
Other related parties	**$**	**7,225**	**6,397**

(viii) Other transactions

1) Disposal of properties

In 2020, the Company sold its transportation equipment to other related party for $640 thousand (excluding tax), and recognized the loss of disposal for $73 thousand. All the payments had been received.

2) Disposal of investments accounted for using equity method

In 2021, the Company sold its investments accounted for using equity method to CCLC, please refer to Note6(d).

(d) Key Management Personnel Transaction

Key Management Personnel Compensation

		2021	2020
Short-term employee benefits	**$**	**28,921**	**22,986**

The Company provides three vehicles and two vehicles for key management personnel at a cost of $3,393 thousand and $2,252 thousand in 2021 and 2020, respectively.

(8) Pledged assets: None

(9) Commitments and contingencies:

As of December 31, 2021 and 2020, the Company provided promissory notes for performance guarantee amounted to $52,760 thousand.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

(a) Personnel expenses, depreciation, depletion and amortization are summarized as follows:

	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits (Note)						
Salary	-	44,252	44,252	-	42,605	42,605
Labor and health insurance	-	3,858	3,858	-	3,188	3,188
Pension	-	2,449	2,449	-	2,218	2,218
Remuneration of directors	-	13,488	13,488	-	13,480	13,480
Others	-	11,519	11,519	-	9,000	9,000
Depreciation	-	13,906	13,906	-	13,289	13,289
Depletion	-	-	-	-	-	-
Amortization	-	-	-	-	-	-

Note: The salary expenses at the company's request to its subsidiaries were accounted under the employee benefits.

For the years ended December 31, 2021 and 2020, the information on the number of employees and employee benefit expenses of the Company are as follows:

	2021	2020
Number of employees	37	33
Number of directors (non-employee)	7	7
Average employee benefit expense	$ 2,069	2,193
Average employee salary expense	$ 1,475	1,639
Percentage of average employee salary expense	(10.01)%	
Supervisor's Remuneration	$ -	-

The Company's remuneration policy (including directors, managers and employees) are as follow:

(i) Directors' remuneration policy:

If the Company turns a profit during the year then 0.5% should be allocated as employee remuneration and no more than 0.5% as directors' remuneration. After taking the level of directors' involvement in the Company operations as well as domestic/overseas trends in the structure of directors' compensation into account, the 10th meeting of the 3rd Board of Directors session resolved that directors' remuneration will be paid as fixed compensation instead. A distinction shall also be made between Independent Directors and ordinary Directors.

All Independent Directors are members of the Company's Audit Committee and Compensation Committee. Reasonable compensation is paid to Independent Directors based on their level of engagement, the business performance of the Company, linkage to future risks, as well as prevailing industry standards.

(ii) Managers' and employees' remuneration policy:

The Company strives to provide competitive total reward packages. To ensure internal fairness and external competitiveness, salary surveys are conducted each year to serve as a reference for adjustments to compensation and to respond to changes in the external salary market in a timely manner. To ensure equal working rights regardless of gender, there is no gender-based difference in compensation at every level. Gender equality in the workplace is enforced by basing compensation purely on the qualifications required for each position, individual ability and performance. To encourage the continued pursuit of excellence among employees, the Company has drawn up regulations governing performance bonuses. Employees that make a contribution to the Company's development are rewarded with performance bonuses based on the Company's and their individual performance for the year. The performance-based bonuses establish a fair and reasonable reward system for encouraging greater employee initiative.

Management and employee remuneration at the Company consist of fixed compensation and variable bonuses. Fixed compensation is the monthly salary based mainly on factors such as roles, skills, market rates, and company operations. Variable bonuses are based on the Company's operating performance for the year, the contributions made by managers and employees during the year, as well as the Company's operating risks. The procedure for determining remuneration requires approval through the internal the Level of Authority Table. Management compensation should be submitted to the Remuneration Committee for review before being presented to the Board for approval.

(b) Condensed balance sheet and income statement of significant subsidiaries

(i) CONTINENTAL ENGINEERING CORPRATION.

CONTINENTAL ENGINEERING CORPRATION.

Balance Sheets

December 31, 2021 and 2020

Assets	December 31, 2021	December 31, 2020
Current assets	$ 9,657,341	9,750,998
Fund and long-term investments	2,091,970	1,822,239
Property, plant and equipment	1,578,049	1,390,188
Right-of-use assets	110,324	152,328
Investment properties and other assets	2,123,345	2,334,819
Total assets	**$ 15,561,029**	**15,450,572**
Liabilities and equity		
Current liabilities	$ 9,048,317	8,798,704
Long-term liabilities	1,420,000	1,850,000
Other liabilities	222,446	552,770
Total liabilities	10,690,763	11,201,474
Capital stock	4,400,621	4,400,621
Capital surplus	1,258,535	1,255,082
Retained earnings	(1,232,572)	(1,620,572)
Other equity	443,682	213,967
Total equity	4,870,266	4,249,098
Total liabilities and equity	**$ 15,561,029**	**15,450,572**

CONTINENTAL ENGINEERING CORPRATION.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

Subject		2021	2020
Operating revenues	$	17,036,861	14,019,428
Operating costs		(16,037,661)	(13,179,911)
Gross profit from operations		999,200	839,517
Operating expenses		(678,968)	(674,460)
Net operating income		320,232	165,057
Non-operating income and expenses		85,297	90,144
Income before tax		405,529	255,201
Income tax expenses		(708)	-
Net income		404,821	255,201
Other comprehensive income		212,894	103,174
Total comprehensive income	**$**	**617,715**	**358,375**

(ii) CONTINENTAL DEVELOPMENT CORPORATION

CONTINENTAL DEVELOPMENT CORPORATION

Balance Sheets

December 31, 2021 and 2020

Assets	December 31, 2021	December 31, 2020
Current assets	$ 21,757,063	23,903,965
Fund and long-term investments	5,824,408	5,750,421
Property, plant and equipment	4,654	758
Right-of-use assets	37,781	38,626
Investment properties	2,305,800	2,126,422
Total assets	**$ 29,929,706**	**31,820,192**
Liabilities and equity		
Current liabilities	$ 10,728,629	14,425,109
Long-term liabilities	2,688,500	1,233,000
Other liabilities	63,674	50,895
Total liabilities	13,480,803	15,709,004
Capital stock	5,919,485	5,907,670
Capital surplus	3,253,687	3,253,687
Retained earnings	7,476,111	7,099,590
Other equity	(200,380)	(149,759)
Total equity	16,448,903	16,111,188
Total liabilities and equity	**$ 29,929,706**	**31,820,192**

CONTINENTAL DEVELOPMENT CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

Subject		2021	2020
Operating revenues	$	6,975,571	5,723,216
Operating costs		(4,963,271)	(4,142,678)
Gross profit from operations		2,012,300	1,580,538
Operating expenses		(612,952)	(602,855)
Net operating income		1,399,348	977,683
Non-operating income and expenses		(111,282)	(22,784)
Income before tax		1,288,066	954,899
Income tax expenses		(107,406)	(68,624)
Net income		1,180,660	886,275
Other comprehensive loss		(57,225)	(108,225)
Total comprehensive income	**$**	**1,123,435**	**778,050**

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

(i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period
0	CHC	HDEC	Other receivables	Yes	1,000,000	1,000,000	1,000,000	1.30%
1	CEC	CEC HK	Other receivables	Yes	9,850	-	-	5%
1	CEC	CIC	Other receivables	Yes	428,025	-	-	Taifx3+ 1%
2	CDC	BANGSAR	Other receivables	Yes	205,316	197,253	165,373	7.90%
2	CDC	MEGA	Other receivables	Yes	822,261	789,968	577,932	7.65%~ 7.90%
2	CDC	Grand River D. Limited	Other receivables	No	586,058	586,058	380,006	1.90%~ 2.50%

Note 1: The total amount of loans provided to others is limited to 40% of net equity value. The amount of loans to a single business enterprise is limited to 20% of net equity value. Relevant calculation are as follows:

CHC:

Maximum amount of loans is limited to 40% of net equity value: $24,574,164 thousand ×40%=9,829,666 thousand

Maximum amount of loans provided to a single business enterprise is limited to 20% of net equity value:$24,574,164 thousand ×20%=4,914,833 thousand

The total amount of loans provided to others is limited to 40% of net equity value. The amount of loans to a single business enterprise is limited to 40% of net equity value. Relevant calculation are as follows:

1) CEC:

Maximum amount of loans is limited to 40% of net equity value: $4,870,266 thousand × 40% = 1,948,106 thousand

Maximum amount of loans provided to a single business enterprise is limited to 40% of net equity value: $4,870,266 thousand × 40% = 1,948,106 thousand

2) CDC:

Maximum amount of loans is limited to 40% of net equity value: $16,448,903 thousand × 40% = 6,579,561 thousand

Maximum amount of loans provided to a single business enterprise is limited to 40% of net equity value: $16,448,903 thousand × 40% = 6,579,561 thousand

Note 2: Financing purposes:

1) Business dealings: 1

2) Short-term financing needs: 2

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Maximum amount of guarantees and endorsements for a specific enterprise	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period
		Name	Relationship with the Company				
0	CHC	CICI	2	98,296,656	487,281	467,024	467,024
0	CHC	CEC	2	98,296,656	18,532,047	18,438,010	8,181,137
0	CHC	HDEC	2	98,296,656	2,747,269	2,747,269	1,242,540
1	CEC	CIC	2	9,740,532	42,802	41,520	-
1	CEC	CICI	2 and 5	14,610,798	3,883,794	3,722,343	3,722,343
1	CEC	CEC HK	2	9,740,532	293,600	-	-
1	CEC	CDC	4 and 7	9,740,532	1,071,000	1,071,000	964,979
1	CEC	Fu Tsu Construction Co., Ltd.	5	14,610,798	9,358,000	9,358,000	9,358,000

(In Thousands of New Taiwan Dollars)

	Purposes of fund financing for the borrower	Transaction amount for businesses between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Maximum amount of loans provided to a single enterprise （Note 1）	Maximum amount of loans （Note 1）
					Item	Value		
	2	-	Operation requirements	-	-	-	4,914,833	9,829,666
	2	-	Operation requirements	-	-	-	1,948,106	1,948,106
	2	-	Operation requirements	-	-	-	1,948,106	1,948,106
	2	-	Land purchases and operation requirements	-	-	-	6,579,561	6,579,561
	2	-	Land purchases and operation requirements	-	-	-	6,579,561	6,579,561
	2	-	Land purchases and operation requirements	-	-	-	6,579,561	6,579,561

(In Thousands of New Taiwan Dollars)

	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements over net worth in the latest financial statements	Maximum amount of guarantees and endorsements	Parent company's endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary's endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
	-	1.90%	98,296,656	Y	N	N
	-	75.03%	98,296,656	Y	N	N
	-	11.18%	98,296,656	Y	N	N
	-	0.85%	9,740,532	N	N	N
	-	76.43%	29,221,596	N	N	N
	-	-%	9,740,532	N	N	N
	-	21.99%	9,740,532	N	N	N
	-	192.15%	29,221,596	N	N	N

No.	Name of guarantor	Counter-party of guarantee and endorsement		Maximum amount of guarantees and endorsements for a specific enterprise	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	
		Name	Relationship with the Company					
2	CDC	CDC US	2	32,897,806	142,675	138,400	133,473	
2	CDC	CCD	2	32,897,806	1,415,000	1,415,000	1,180,000	
2	CDC	BANGSAR	2 and 6	32,897,806	174,208	167,366	-	
2	CDC	MEGA	2 and 6	32,897,806	423,745	411,048	334,167	
2	CDC	950P	2 and 6	32,897,806	3,580,161	3,472,888	2,258,177	
2	CDC	Fanlu	6	32,897,806	1,557,000	1,557,000	771,750	
3	CCD	CDC	3	13,572,668	1,258,200	982,200	808,500	
3	CCD	CDC	3 and 7	13,572,668	1,215,000	-	-	
4	HDEC	NSC	2	29,889,928	2,520,000	2,520,000	1,970,000	
4	HDEC	PDC	2	29,889,928	1,327,000	1,295,000	163,000	
4	HDEC	LHC	2 and 6	29,889,928	1,485,000	1,485,000	1,463,000	
4	HDEC	LHC	2	29,889,928	5,071	5,071	5,071	
4	HDEC	BWC	2 and 6	29,889,928	902,700	902,700	394,740	
4	HDEC	CTCI-HDEC	6	29,889,928	343,000	343,000	343,000	
4	HDEC	CEC	4 and 5	29,889,928	6,108,379	3,995,629	3,995,629	

Note 1: According to the policy of CHC, the total amount of endorsements/guarantees is limited to four times the net equity value in accordance with the Company's most recent financial statements: $24,574,164 thousand × 4 = $98,296,656 thousand

The total amount of endorsements/guarantees provided to a single business is limited to four times the net equity value in accordance with the Company' s most recent financial statements: $24,574,164 thousand × 4 = $98,296,656 thousand

According to the policy of CEC, the total amount of endorsements/guarantees is limited to six times the net equity value in accordance with the Company' s most recent financial statements in the event of joint liability in joint ventures with other companies in the same industry: $4,870,266 thousand × 6 = $29,221,596 thousand

The total amount of endorsements/guarantees provided to a single business is limited to three times the net equity value in accordance with the Company' s most recent financial statements: $4,870,266 thousand × 3 = $14,610,798 thousand

According to the policy of CEC, the total amount of endorsements/guarantees is limited to two times the net equity value in accordance with the Company' s most recent financial statements except in the event of joint liability in joint ventures with other companies in the same industry: $4,870,266 thousand × 2 = $9,740,532 thousand

The total amount of endorsements/guarantees provided to a single business is limited to two times the net equity value in accordance with the Company' s most recent financial statements: $4,870,266 thousand × 2 = $9,740,532 thousand

According to the policy of CDC, the total amount of endorsements/guarantees is limited to two times the net equity value in accordance with the Company' s most recent financial statements: $16,448,903 thousand × 2 = $32,897,806 thousand

The total amount of endorsements/guarantees provided to a single business is limited to two times the net equity value in accordance with the Company' s most recent financial statements: $16,448,903 thousand × 2 = $32,897,806 thousand

According to the policy of CCD the total amount of endorsements/guarantees is limited to four times the net equity value in accordance with the Company' s most recent financial statements: $3,393,167 thousand × 4 = $13,572,668 thousand

The total amount of endorsements/guarantees provided to a single business is limited to four times the net equity value in accordance with the Company' s most recent financial statements: $3,393,167 thousand × 4 = $13,572,668 thousand

According to the policy of HDEC, the total amount of endorsements/guarantees is limited to eight times the net equity value in accordance with the Company's most recent financial statements: $3,736,241 thousand × 8 = $29,889,928 thousand

The total amount of endorsements/guarantees provided to a single business is limited to eight times the net equity value in accordance with the Company' s most recent financial statements: $3,736,241 thousand × 8 = $29,889,928 thousand

Note 2: Seven categories between relationship with the endorser/guarantor:

1) Having business relationship.
2) The endorser / guarantor parent company directly and indirectly holds more than 50% of voting shares of the endorsed / guaranteed subsidiary.
3) The endorser / guarantor subsidiary which directly and indirectly be held more than 50% voting shares by the endorsed / guaranteed parent company.
4) The endorser / guarantor company and the endorsed / guaranteed party both be held more than 90% by the parent company.
5) Company that is mutually protected under contractual requirements based on the needs of the contractor.
6) Company that is endorsed by its shareholders in accordance with its shareholding ratio because of the joint investment relationship.
7) Performance guarantees for presale contracts under the Consumer Protection Act.

	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements over net worth in the latest financial statements	Maximum amount of guarantees and endorsements	Parent company's endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary's endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
	-	0.84%	32,897,806	N	N	N
	-	8.60%	32,897,806	N	N	N
	-	1.02%	32,897,806	N	N	N
	-	2.50%	32,897,806	N	N	N
	-	21.11%	32,897,806	N	N	N
	-	9.47%	32,897,806	N	N	N
	982,200	28.95%	13,572,668	N	N	N
	-	-%	13,572,668	N	N	N
	-	67.45%	29,889,928	N	N	N
	-	34.66%	29,889,928	N	N	N
	-	39.75%	29,889,928	N	N	N
	-	0.14%	29,889,928	N	N	N
	-	24.16%	29,889,928	N	N	N
	-	9.18%	29,889,928	N	N	N
	-	106.94%	29,889,928	N	N	N

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
CEC	Evergreen Steel Corp.	-	Non-current financial assets at fair value through other comprehensive income	25,645,907	1,410,525	6.11%	1,410,525	
CEC	Xinrong Enterprise	-	Non-current financial assets at fair value through other comprehensive income	12,256,347	659,980	8.45%	659,980	
CEC	Metro Consulting Service Ltd.	-	Non-current financial assets at fair value through other comprehensive income	300,000	2,363	6.00%	2,363	
CEC	International Property & Finance Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	26,301	-	1.64%	-	
CEC	Shin Yu Energy Development Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	22,405,297	-	9.00%	-	
CDC	Grand River D. Limited	-	Non-current financial assets at fair value through profit or loss	51,436,803	606,305	10.00%	606,305	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
HDEC	CTCI HDEC	Investment for using equity method	-	Associate	24,500,000	232,352	49,000,000	490,000	-	-	-	-	73,500,000	761,316
CEC	CIC	Investment for using equity method	-	Subsidiary	52,780,940	(294,723)	11,200,000	309,568	-	-	-	-	63,980,940	12,232

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				Factors for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
CDC	Land held for development	2021.11.15	959,177	95,918	THE AMBASSADOR HOTEL CO., LTD.	Non related party	-	-	-	-	Evaluation report	Real estate development	-

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually receivable	Gain from disposal	Counter-party	Nature of relationship	Purpose of disposal	Price reference	Other terms
CDC	Bountiful Journey	2021.01.19	N/A	Inventory held-for- sale, not applicable	688,000	688,000	Inventory held-for- sale, not applicable	Kai Tay Co., Ltd.	Not related party	Profit	Evaluation report	-
CDC	55 Timeless-Inventory	2021.02.24	N/A	Inventory held-for- sale, not applicable	342,000	342,000	Inventory held-for- sale, not applicable	Natural person	Not related party	Profit	Evaluation report	-
CDC	55 Timeless-Inventory	2021.07.29	N/A	Inventory held-for- sale, not applicable	348,396	348,396	Inventory held-for- sale, not applicable	Natural person	Not related party	Profit	Evaluation report	-
CDC	55 Timeless-Inventory	2021.11.05	N/A	Inventory held-for- sale, not applicable	343,008	68,628	Inventory held-for- sale, not applicable	Natural person	Not related party	Profit	Evaluation report	-

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
CEC	CDC	Related party of the Company	Construction contract	(1,740,781)	10.22%	Same as those in general transactions	-	-	525,400	11.91%	Note 1
CDC	CEC	Related party of the Company	Construction project	1,740,781	33.19%	Same as those in general transactions	-	-	(525,400)	30.35%	
HDEC	LHC	Parent and subsidiary	Construction contract	(605,432)	27.10%	Same as those in general transactions	-	-	110,451	33.29%	Note 1

Name of company	Related party	Relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
LHC	HDEC	Parent and subsidiary	Construction project	605,432	58.18%	Same as those in general transactions	-	-	(110,451)	54.72%	
HDEC	NSC	Parent and subsidiary	Construction contract	(275,028)	12.31%	Same as those in general transactions	-	-	103,965	31.34%	Note 1
NSC	HDEC	Parent and subsidiary	Construction project	275,028	52.23%	Same as those in general transactions	-	-	(103,965)	92.44%	
SDC	HDEC	Parent and subsidiary	Construction contract	(132,705)	98.19%	Same as those in general transactions	-	-	15,101	92.97%	Note 1
HDEC	SDC	Parent and subsidiary	Construction project	132,705	7.14%	Same as those in general transactions	-	-	(15,101)	4.79%	
HDEC	PDC	Parent and subsidiary	Construction contract	(159,174)	7.12%	Same as those in general transactions	-	-	26,536	8.00%	Note 1
PDC	HDEC	Parent and subsidiary	Construction project	159,174	77.98%	Same as those in general transactions	-	-	(26,536)	97.54%	

Note 1: The Company recognized its construction contract income using the percentage-of-completion method.
Note 2: Aforesaid notes and accounts receivable are including contract assets.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Relationship	Ending balance		Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
						Amount	Action taken		
CEC	CDC	Related party of the Company	Accounts receivable	525,400	2.88	-	-	200,463	-
HDEC	LHC	Parent and subsidiary	Accounts receivable	110,451	2.83	-	-	11,184	-
HDEC	NSC	Parent and subsidiary	Accounts receivable	103,965	4.37	-	-	95,416	-

Note : Aforesaid notes and accounts receivable are including contract assets.

(ix) Trading in derivative instruments:

As of December 31, 2021, subsidiaries of the Company entered into forward exchange agreement with an amount of USD399 thousand and hedging instruments in amounts of USD8,183 thousand, JPY3,218 thousand, and EUR94 thousand.

(b) Information on investees:

The following table provides investee' information as of December 31, 2021:

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original invest ment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
CHC	CEC	Taiwan	Comprehensive construction	6,884,583	6,884,584	440,061,971	99.99% (Note 2)	4,813,900	404,821	402,928	Note 1
CHC	CDC	Taiwan	Housing and building development and lease	6,220,745	6,220,748	591,948,387	99.99% (Note 2)	16,448,900	1,180,660	1,180,660	Note 1
CHC	HDEC	Taiwan	Construction of underground pipeline	2,360,365	2,360,366	229,999,900	99.99% (Note 3)	3,736,240	466,838	466,838	Note 1
CHC	CCLC	Taiwan	Management consulting	10,000	-	1,000,000	100.00%	10,000	-	-	-
CEC	CICI	India	Construction projects	497,839	497,839	73,981,492	100.00%	(3,155)	(3,364)	Disclosure not required	-
CEC	CIC	British Virgin Islands	Investment and holding	2,035,897	1,726,329	63,980,940	100.00%	12,232	(11,474)	〃	-
CEC	CIMY	Malaysia	Construction projects	179,257	207,177	22,340,476	85.14%	5,999	(182)	〃	-
CEC	CEC HK	Hong Kong	Construction projects	10,815	384	3,000,000	100.00%	871	(2,158)	〃	-
CIC	NCC	British Virgin Islands	Investment and holding	1,640,006	1,640,006	10,353	45.47%	-	(5,238)	〃	-
CDC	BANGSAR	Malaysia	Real estate development	4,444	4,444	600,000	60.00%	2,406	(3,124)	〃	-
CDC	CCD	Taiwan	Housing and building development and lease	976,539	976,539	47,114,655	80.65%	2,736,590	14,782	〃	-
CDC	Fanlu	Taiwan	Housing and building development and lease	741,646	566,646	74,164,562	35.00%	652,611	(101,638)	〃	-
CDC	MEGA	Malaysia	Real estate development	7,375	7,375	825,000	55.00%	(14,842)	(30,248)	〃	-
CDC	CDC US	The U.S.	Investment	2,075,837	2,061,080	5,500,000	100.00%	1,818,941	(36,326)	〃	-
CDC	CDCAM	Malaysia	Management consulting	7,524	7,524	1,000,000	100.00%	7,555	386	〃	-
HDEC	SDC	Taiwan	Construction projects	49,600	49,600	3,000,000	100.00%	39,015	2,794	〃	-
HDEC	NSC	Taiwan	Pollution protection and other environmental sanitation	1,112,000	1,112,000	166,000,000	100.00%	2,814,668	193,883	〃	-
HDEC	BWC	Taiwan	Pollution protection and other environmental sanitation	362,100	362,100	37,740,000	51.00%	433,769	73,972	〃	-

Name of investor	Name of investee	Location	Main businesses and products	Original invest ment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
HDEC	PDC	Taiwan	Pollution protection and other environmental sanitation	340,000	340,000	34,000,000	100.00%	367,658	28,527	〃	-
HDEC	CTCI-HDEC	Taiwan	Pollution protection and other environmental sanitation	735,000	245,000	73,500,000	49.00%	761,317	79,519	〃	-
HDEC	LHC	Taiwan	Pollution protection and other environmental sanitation	550,000	412,500	56,100,000	55.00%	617,593	92,400	〃	-
CCLC	CEC	Taiwan	Comprehensive construction	1	-	100	-% (Note 4)	1	404,821	〃	-
CCLC	CDC	Taiwan	Housing and building development and lease	3	-	100	-% (Note 4)	3	1,180,660	Disclosure not required	-
CCLC	HDEC	Taiwan	Construction of underground pipeline	1	-	100	-% (Note 4)	1	466,838	〃	-

Note 1: The information on investment income/loss was derived from the investees' financial statements audited by the auditors for the same period.
Note 2: The shareholding ration is 99.99998% at the end of the period.
Note 3: The shareholding ration is 99.99996% at the end of the period. Note 4: The shareholding ration is 0.00002% at the end of the period.
Note 4: The shareholding ration is 0.00002% at the end of the period.
Note 5: The shareholding ration is 0.00004% at the end of the period.

(c) Information on investment in mainland China: None

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Wei-Dar Development Co., Ltd.	206,025,200	25.02%
Tamerton Group Limited	85,672,300	10.40%
Han-De Construction Co., Ltd.	63,755,667	7.74%

(14) Segment information:

Please refer to the consolidated financial statements.

The Impact of financial difficulties in the Company and its affiliates on the Company's financial situation: None

Review of Financial Conditions, Financial Performance

I. Financial Status

Unit: NT$ thousands

Item \ Year	2021	2020	Difference	%
Current Assets	46,292,919	44,097,632	2,195,287	4.98
Property, plant and equipment	4,379,297	2,345,718	2,033,579	86.69
Intangible assets	1,108,196	1,135,804	(27,608)	(2.43)
Other Assets	18,609,235	19,575,936	(966,701)	(4.94)
Total Assets	70,389,647	67,155,090	3,234,557	4.82
Current liabilities	29,856,444	30,359,556	(503,112)	(1.66)
Non-current liabilities	12,754,910	9,875,174	2,879,736	29.16
Total liabilities	42,611,354	40,234,730	2,376,624	5.91
Equity attributable to owners of parent	24,574,164	23,739,841	834,323	3.51
Ordinary shares	8,232,160	8,232,160	0	0.00
Capital surplus	6,817,198	6,813,745	3,453	0.05
Retained earnings	9,281,503	8,629,727	651,776	7.55
Other equity interest	243,303	64,209	179,094	278.92
Non-controlling interest	3,204,129	3,180,519	23,610	0.74
Total equity	27,778,293	26,920,360	857,933	3.19

(I) Analysis of differences over 20%:

1. The increase in property, plant and equipment was mainly due to hotel construction completed and carried forward .
2. The increase in non-current liabilities was mainly due to increase of bonds payable .
3. The increase in other equity interest was mainly due to exchange differences on translation of foreign financial statements and unrealized gains on financial assets measured at fair value through other comprehensive income.

(II) Effect of changes on the Group's financial condition: The Group's financial condition has not changed significantly.

(III) Future response actions: Not applicable.

II. Financial Performance

Unit: NT$ thousands

Item \ Year	2021	2020	Difference	%
Operating revenues	26,844,308	21,688,649	5,155,659	23.77
Operating costs	22,954,778	18,396,746	4,558,032	24.78
Gross profit from operations	3,889,530	3,291,903	597,627	18.15
Operating expenses	1,586,173	1,530,218	55,955	3.66
Net operating income	2,303,357	1,761,685	541,672	30.75
Non-operating income and expenses	(117,284)	(41,073)	(76,211)	185.55
Income before tax	2,186,073	1,720,612	465,461	27.05
Income tax expenses	318,803	87,675	231,128	263.62
Net income	1,867,270	1,632,937	234,333	14.35

(I) Analysis of differences over 20%:

1. The increase in gross profit from operations was mainly due to decrease of construction costs.
2. The increase in non-operating income and expenses was mainly due to increase of Foreign exchange losses .
3. The increase in income tax expenses was mainly due to subsidiary's unused tax loss has been used up .

(II) Sales Volume Forecast and Related Information: Please refer to “1. Letter to Shareholders”.

(III) Effect of changes on the Group’s future business: The Group’s business scope has not changed significantly.

(VI) Future response actions: Not applicable

III. Cash Flow, and Impact of Recent Years Major Capital Expenditures

(I) Analysis on Changes in the Most Recent Years

Unit: NT$ thousands

Balance of Cash, Beginning (1)	Net Cash Inflow from Operating Activities for the Year (2)	Net Cash Outflow from Non-operating Activities for the Year (3)	Cash Balance (Deficit) (1)+(2)+(3)	Leverage of Cash Deficit	
				Investment Plan	Financing Plan
4,512,368	2,600,260	(1,906,072)	5,206,556	N/A	N/A

Analysis of change in cash flow in 2021:

Net cash inflow from operating activities: NT$2.6 billion.

Net cash outflow from investing activities (mainly for investment-based real estate and capital increase in reinvestment): NT$1.542 billion.

Net cash outflow from financing activities (mainly for repayment of loans and distribution of cash dividends): NT$341 million.

The effect of exchange rate fluctuations on cash and cash equivalents: NT$23 million.

(II) Analysis on Liquidity for the Coming Year

Unit: NT$ thousands

Balance of Cash, Beginning (2021/12/31) (1)	Expected Net Cash Inflow from Operating Activities for the Year (2)	Expected Net Cash Outflow from Non- Operating Activities for the Year (3)	Expected Cash Balance (Deficit) (2022/12/31) (1) + (2) + (3)	Leverage of Expected Cash Deficit	
				Investment Plan	Financing Plan
5,206,556	6,828,356	(5,936,033)	6,098,879	N/A	N/A

Net cash inflow from operating activities is projected as a result of payment for construction (including advance payment) and house sales in 2022.

IV. Impact Posed by Material Capital Expenditure to Finance/Business in the Most Recent Year: N/A.

V. The investment policy for the most recent year, major causes for profits or losses thereof, corrective measures, and investment plans in the next year:

(I) Investment policy

As a professional investment holding company, the Company's main investees include Continental Engineering Corp., Continental Development Corporation and HDEC Corporation, which focus their business on construction, real estate development and environmental project development & water treatment respectively. The Company's investment policy aims to strengthen the core competitiveness of existing business or expand its market primarily.

(II) Major causes for profits or losses

Unit: NT$ thousands

Item / Investee	Profits (Losses) in 2021	Major Causes for Profits or Losses
Continental Engineering Corp.	404,821	Profits generated from its main business, construction and engineering
Continental Development Corporation	1,180,660	Profits generated from its main business, real estate development
HDEC Corporation	466,838	Profits generated from its main business, environmental project development & water treatment

(III) Corrective measures

The Company will continue to focus on management of the investees, plan the Group's business strategies and work on consolidation of the Group's resources.

(IV) Investment plans in the next year

Continental Engineering Corporation will continue to strive for engineering projects about railway, high-quality residential buildings, and commercial buildings while evaluating the development of new services.

Continental Development Corporation will continue to develop new domestic markets and bid on public housing projects to increase the source of development projects.

HDEC Corporation will continue to improve its competency in water resource-related operations and also carefully evaluate a launch into environmental engineering areas, including biomass energy, disposal of waste, etc.

VI. Risk Management and Assessment

(I) Impacts of interest rates, foreign exchange rate fluctuation and inflation on the Company's earnings, and future responsive measures:

As a professional investment holding company, the Company is primarily engaged in construction, development and environmental engineering businesses. In the most recent year until the date of publication of the annual report, no material impact has been posed by interest rates, foreign exchange rate fluctuations and inflation to the Company's and its subsidiaries' earnings.

The Company and its subsidiaries will keep noting any changes in the domestic and foreign laws & regulations and financial markets, maintain fair relationships with financial institutions, and use the best effort to seek the most favorable financing rates, hoping to control capital costs effectively. Meanwhile, the Company will engage in transactions for hedge by virtue of adequate financial instruments to mitigate the risk over foreign exchange rate fluctuations, and also continue to observe the fluctuations in commodity prices and prices of raw materials & supplies, maintain fair interactive relations with customers and suppliers, and adopt adequate procurement strategies to mitigate the risk over inflation.

(II) Policies on high-risk and highly leveraged investments, loans to third parties, endorsements/guarantees, and derivatives trading, major causes for profits or losses thereof, and future responsive measures:

The Company and its subsidiaries all are used to focusing on the development of their main business. Therefore, in the most recent year until the date of publication of the annual report, none of them has engaged in any high-risk and highly leveraged investments.

The Company and its subsidiaries will loan funds or make endorsements/guarantees for any of the Group's members, only in order to satisfy business needs. The derivative trading that they may engage in is limited to trading for hedges, and the trading for any purpose other than hedges is excluded. Therefore, no material impact was found posed to the earnings of the Company and subsidiaries.

The Company's and its subsidiaries' loaning of funds to third parties, making of endorsements/guarantees, and engagement in financial derivatives trading shall be handled in accordance with the related operating procedures. The Company is responsible for supervising said operations executed by each subsidiary.

(III) Future R&D plans and expected R&D expenditure:

As an investment holding company, the Company has no R&D needs. The Company's subsidiaries also have no needs for material and current R&D expenditure, in consideration of their industrial characteristics.

(IV) Risk associated with changes in the political and regulatory environment:

No material impact was found posed by changes in policies and laws to the Company's finance in the most recent year until the date of publication of the annual report.

(V) Impact of New Technology and Industry Changes (Including Cybersecurity Risk) and Response Strategies:

The Company pays close attention to the technological changes and developments in the industry and keeps abreast of market trends and industry players at any time. In the face of various cyberattacks, the Company will, in addition to EDR (endpoint detection and response), introduce machine learning and self-defense hardware to identify unknown attack patterns with big data analytics and AI modeling, so as to strengthen the organization's cybersecurity.

(VI) Changes in corporate image and impact on Company's crisis management: N/A.

(VII) Risks associated with merger and acquisition: N/A.

(VIII) Risks associated with facility expansion: N/A.

(IX) Risks associated with purchase concentration and sales concentration: N/A.

(X) Risks associated with sales of significant number of shares by the Company's directors and major shareholders who own 10% or more the Company's total outstanding shares: N/A.

(XI) Risk associated with the change in management:N/A.

(XII) Major litigations and non-contentious cases: The Company: N/A.

Important Subsidiary – Continental Engineering Corp.:

1. Continental Engineering had undertaken Project E802~E806 East-West Expressway Kaohsiung-Chaozhou Line 0K+500~8K+950 Wuchia-Sunliao Section Project (hereinafter referred to as the “major engineering”) from the East-West Expressway Kaohsiung-Tainan District Engineering Office of the Directorate General of Highways, MOTC (hereinafter referred to as the “project owner”), and Project E802~E806 East-West Expressway Kaohsiung-Chaozhou Line 0K+500~8K+950 Wuchia-Sunliao Section Project (entrusted with telecommunications, Taipower pipelines, Taipower power transmission and transformation, Guopi Road water pipelines, water pipelines, etc., hereinafter collectively referred to as “entrusted works”) for a total of six contracts. Continental Engineering sued the project owner on September 8, 2006, to have the major engineering contract and entrusted engineering contract adjusted for an amount of NT$466,670,704 (same currency hereinafter) plus 5% per annum deferred interest for the period starting from April 6, 2005, due to the price increase of sand and gravel, the extension of the construction period, the design change, the development of the situation, etc., which were not attributable to Continental Engineering. Taiwan High Court - Kaohsiung Court had ruled in the 2nd instance that the project owner was obliged to pay NT$169,247,213 (same currency hereinafter) to Continental Engineering plus deferred interest calculated at 5% per annum. Continental Engineering and the project owner had an appeal filed in January 2014, which was ruled by the court in the 3rd instance with the ruling of the 2nd instance overturned on June 3, 2014, and had it remanded to the 2nd instance court of Taiwan High Court - Kaohsiung Court for re-trial. Taiwan High Court - Kaohsiung Court ruled on September 26, 2018, that the project owner should pay NT$318,498,306 to Continental Engineering plus deferred interest incurred at 5% per annum on the principal of NT$238,863,790 for the period starting from April 6, 2005; and deferred interest incurred at 5% per annum on the principal of NT$79,634,516 for the period starting from the day when the judgment was determined. Both parties of this lawsuit appealed to the court for the 3rd instance. The Supreme Court ruled on March 19, 2020. The principal of NT$85,833,083 (interest not included) out of the total amount claimed was ruled for the Company by the court with the rest of the claims remanded for retrial. The lawsuit is currently in the process of the 2nd instance by Taiwan High Court - Kaohsiung Court.
2. Continental Engineering and Huayi Construction Co., Ltd. (hereinafter referred to as “Huayi Company”) signed a construction contract in December 2011 to undertake the new project of Banqiao Yuandi (Building No. 99 Ban-Jen-Tzi No. 0491 Construction Project). This construction project was originally jointly built by Huayi Company and the landowner. The said project was suspended in August 2012 due to the failure of Huayi Company in making payment on time. East Asia Construction Co., Ltd. (hereinafter referred to as “East Asia Company”) then replaced Huayi Company to continue this construction project, and signed a construction contract with Continental Engineering in August 2014 to have the construction resumed. East Asia Company and Continental Engineering successively signed a tripartite agreement with the original home buyers and agreed to the construction completion date on May 30, 2017. However, East Asia Company had the said construction completion date postponed due to the reasons of reinforcing structural safety, a design change in response to regulatory requirements, etc. The project was awarded the use license on April 28, 2019, the inspection, acceptance, and transfer of the project were also completed. East Asia Company had confirmed to Continental Engineering the completion of inspection, acceptance, and transfer of assets on time. However, 18 homebuyers filed a lawsuit to Taiwan Taipei District Court in January 2020 with claims made as follows: (1) the landlord and Huayi Company should pay deferred interest, (2) East Asia Company and Continental Engineering should pay deferred interest for an amount over NT$80 million. The home buyers claimed that East Asia Company and Continental Engineering should be liable for the breach of contract due to a delay of 697 days in completing the construction project. The said deferred interest was calculated in accordance with the aforementioned tripartite agreement, the “Real Estate Pre-Sale Matters” published by the Ministry of the Interior, and a 0.05% interest rate on the buying price paid. The Company had retained an external lawyer to actively defend the lawsuit. Taiwan Taipei District Court had ruled for the Company in the first instance. However, the plaintiff had filed an appeal. The lawsuit is currently in the process of the 2nd instance by Taiwan High Court - Kaohsiung Court.

(XIII) Other material risks and responsive measures:

In response to COVID-19, the Company established the Group's emergency response team pursuant to the emergency management guidelines at the beginning of 2020. The team is responsible for implementing the relevant epidemic prevention measures (including inventory-checking and preparation of prevention equipment, environmental cleaning and access control, epidemic prevention leave, travel log, travel history, notification mechanism, provision of information and health guidance, and enterprise's group insurance) and business contingency programs (online meetings, work in rotation by groups, inventory-checking of computer equipment and assurance of cyber security, and work from home drill and feedback review), and provide COVID-19 rapid test kits, respirator masks and related epidemic prevention supplies for our employees. There are two major goals for company to achieve. One is to protect employees physically and mentally and another one is to maintain business continuity.

VII. Other important Matters: None

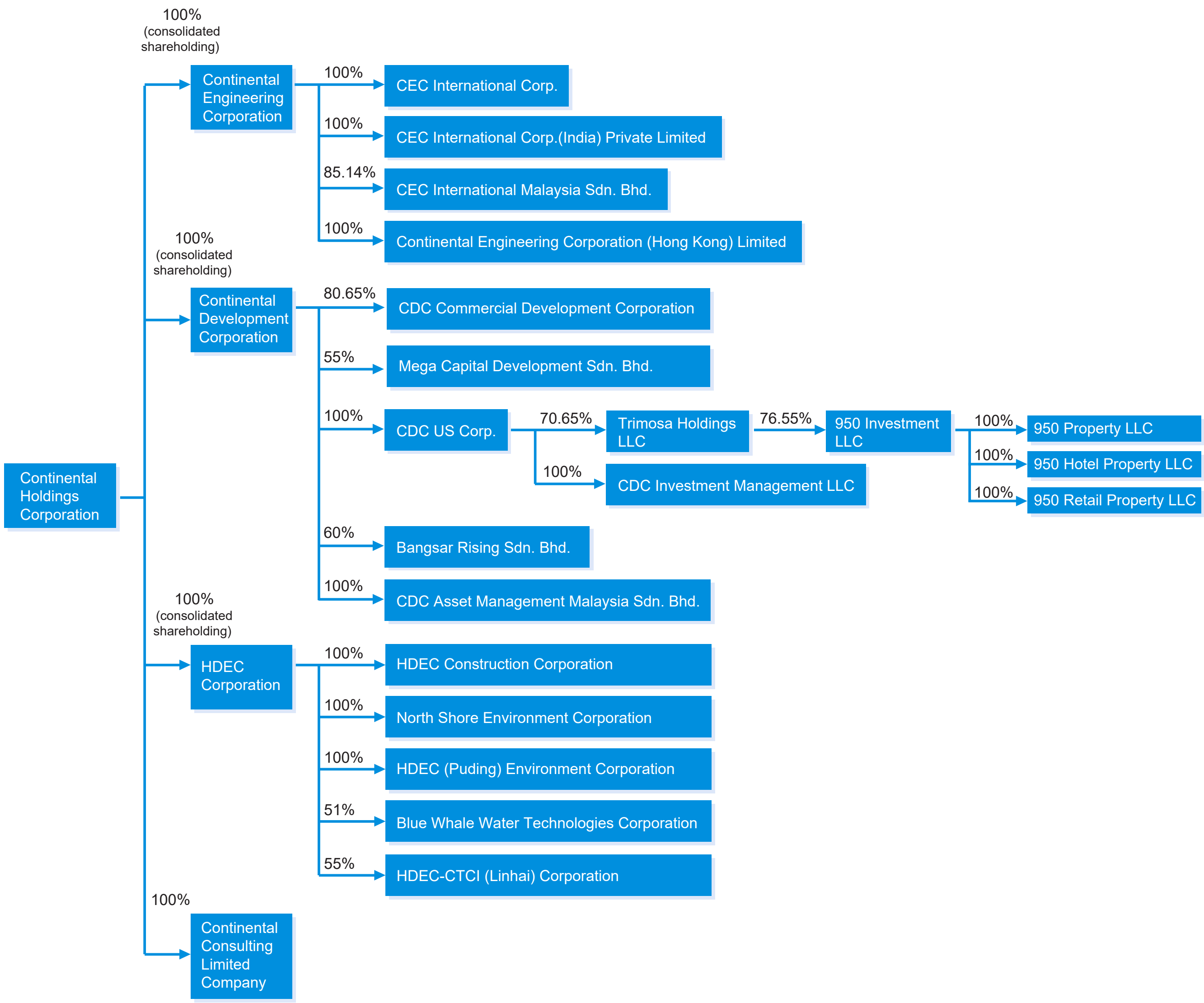
Special items to be included

I. Summary of affiliated companies

(I) Consolidated business report of affiliates

1. Organizational chart of the affiliates

(1) Organizational chart of the affiliates



(2) Profiles of the affiliates

December 31, 2021

Company	Date of incorporation	Address	Paid-in capital	Major business
Continental Engineering Corporation	1945.12	No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	NTD 4,400,621 thousands	Civil engineering, public infrastructure and private sector construction
CEC International Corp.	2003.12	BVI	USD 63,981 thousands	Investment in and control of overseas corporations
CEC International Corp. (India) Private Limited	2005.12	INDIA	INR 739,815 thousands	Real estate development and civil engineering, construction
CEC International Malaysia Sdn. Bhd.	2012.05	Malaysia	MYR 26,240 thousands	Civil engineering, construction

Company	Date of incorporation	Address	Paid-in capital	Major business
Continental Engineering Corp. (Hong Kong) Limited	2018.02	Hong Kong	HKD 3,000 thousands	Contract civil engineering construction and invest in real estate
Continental Development Corporation	2010.06	12F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	NTD 5,919,485 thousands	Real estate and development specifically on residential housing and office building
CDC Commercial Development Corporation	2003.10	No. 218, Legun 3rd Road, Taipei 104, Taiwan	NTD 584,239 thousands	Real estate development, sales and leasing of building
MEGA Capital Development Sdn. Bhd.	2013.09	Malaysia	MYR 1,500 thousands	Real estate development
Bangsar Rising Sdn. Bhd.	2018.11	Malaysia	MYR 1,000 thousands	Real estate development
CDC Asset Management Malaysia Sdn. Bhd.	2019.09	Malaysia	MYR 1,000 thousands	Management consulting
CDC US Corp.	2017.09	U.S.A.	USD 500	Investment in and control of overseas corporations
CDC Investment Management LLC	2017.10	U.S.A.	USD 10 thousands	Engineering management
Trimosa Holdings LLC	2017.10	U.S.A.	USD 101,980 thousands	Investment in and control of overseas corporations
950 Investment LLC	2017.09	U.S.A.	USD 132,618 thousands	Investment in and control of overseas corporations
950 Property LLC	2017.09	U.S.A.	USD 132,618 thousands	Real estate development
950 Hotel Property LLC	2019.11	U.S.A.	USD 645 thousands	Hotel
950 Retail Property LLC	2020.03	U.S.A.	USD 13 thousands	Real estate management
HDEC Corporation	2006.05	15F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	NTD2,300,000 thousands	Construction of underground pipeline and environmental protection project, plumbing, sale of pollution prevention equipment
HDEC Construction Corporation	2006.07	15F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	NTD 30,000 thousands	Construction of underground pipeline and environmental protection project, plumbing
North Shore Environment Corporation	2005.05	15F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	NTD 1,660,000 thousands	Sewer system design and construction in Danshui area, New Taipei City
Blue Whale Water Technologies Corporation	2016.08	13F., No.366, Bo'ai 1st Rd., Sanmin Dist., Kaohsiung City 807373, Taiwan	NTD 740,000 thousands	Feng Shan River wastewater reclamation and reuse BTO project in Kaohsiung City
HDEC (Puding) Environment Corporation	2016.09	15F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	NTD 340,000 thousands	Pu Ding area sewerage construction in Taoyuan City
HDEC-CTCI (Linhai) Corporation	2018.10	13F., No.366, Bo'ai 1st Rd., Sanmin Dist., Kaohsiung City 807373, Taiwan	NTD1,020,000 thousands	Feng Shan River wastewater reclamation and reuse BTO project in Kaohsiung City
Continental Consulting Limited Company	2021.11	23F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	NTD 10,000 thousands	Management consulting

(3) Companies presumed to have a relationship of control and subordination: None.

(4) Industries covered by Affiliates' Business Operation
The Company is the holding company to integrate Construction Engineering, Real Estate Development, and Environmental Project Development & Water Treatment businesses.

(5) Profiles of Directors, Supervisors and Presidents of the affiliates

March 31, 2022

Company	Title	Name or Representative	Shareholding	
			Shares	%
Continental Engineering Corporation	Chairman Supervisor CEO	Continental Holdings Corporation Continental Consulting Limited Company Simon Buttery	440,061,971 100	99.99998% 0.00002%
CEC International Corp.	 Director Director Director	Continental Engineering Corporation Simon Buttery Mark Smith Hsiung Chiang	63,980,940	100.00%
CEC International Corp.(India) Private Limited	 Director Director Director Director	Continental Engineering Corporation Hsiung Chiang Simon Buttery Rajiv Kumar Michael Richard Shaw	73,981,492	100.00%
CEC International Malaysia Sdn. Bhd.	 Director Director Director Director	Continental Engineering Corporation Hsiung Chiang Saridah Binti Ismail Marlina Binti Budin Simon Buttery	22,340,476	85.14%
Continental Engineering Corp. (Hong Kong) Limited	 Director Director Director	Continental Engineering Corporation John Edward Porter Hsiung Chiang Simon Buttery	3,000,000	100.00%
Continental Development Corporation	Chairman Supervisor CEO	Continental Holdings Corporation Continental Consulting Limited Company Tsun-Sen Liao	591,948,387 100	99.99998% 0.00002%
CDC Commercial Development Corporation	 Chairman Director Director Supervisor	Continental Development Corporation Representative: Tsun-Sen Liao Representative: Cindy Chang Representative: John Huang Wei-Dar Development Co., Ltd. Representative: Richard Huang	47,114,655 4,096,824	80.65% 7.01%
MEGA Capital Development Sdn. Bhd.	 Executive Director Director Director	Continental Development Corporation Tsun-Sen Liao Cindy Chang Moderate Investment Chao-Chien Chang	825,000 675,000	55.00% 45.00%
Bangsar Rising Sdn. Bhd.	 Executive Director Director Director	Continental Development Corporation Tsun-Sen Liao Cindy Chang Foremost Asset Co., Ltd. Chao-Chien Chang	600,000 400,000	60.00% 40.00%
CDC Asset Management Malaysia Sdn. Bhd.	 Director Director Director	Continental Development Corporation Tsun-Sen Liao Cindy Chang Chao-Chien Chang	1,000,000	100.00%
CDC US Corp.	 Director and CEO Director	Continental Development Corporation Tsun-Sen Liao Cindy Chang	5,000,000	100.00%
CDC Investment Management LLC	Manager	Tsun-Sen Liao	CDC US Corp. investment USD 10 thousands	100.00%
Trimosa Holdings LLC	Manager	Tsun-Sen Liao	CDC US Corp. investment USD 72,052 thousands	70.65%

Company	Title	Name or Representative	Shareholding	
			Shares	%
950 Investment LLC	Manager	Tsun-Sen Liao	Trimosa Holdings LLC investment USD 101,525 thousands	76.55%
950 Property LLC	Manager	Tsun-Sen Liao	950 Investment LLC investment USD 132,618 thousands	100.00%
950 Hotel Property LLC	Manager	Tsun-Sen Liao	950 Investment LLC investment USD 645 thousands	100.00%
950 Retail Property LLC	Manager	Tsun-Sen Liao	950 Investment LLC investment USD 13 thousands	100.00%
HDEC Corporation	Chairman Supervisor CEO	Continental Consulting Limited Company Continental Holdings Corporation Jerry Chou	100 229,999,900	0.00004% 99.99996%
HDEC Construction Corporation	 Chairman and President Director	HDEC Corporation Representative: Jerry Chou Representative: Joe Yang	3,000,000	100.00%
North Shore Environment Corporation	 Chairman and President Director	HDEC Corporation Representative: Jerry Chou Representative: De-Chuan Chen	166,000,000	100.00%
Blue Whale Water Technologies Corporation	 Chairman Director Director Director Director Supervisor Supervisor President	HDEC Corporation Representative: Jerry Chou Representative: De-Chuan Chen Representative: Joe Yang CTCI Corporation Representative: Jeffrey Hsu Representative: William Chung Vicky Yang Nicole Ku Wen-Chang Hsieh	37,740,000 36,260,000 - -	51.00% 49.00% - -
HDEC (Puding) Environment Corporation	 Chairman and President Director	HDEC Corporation Representative: Jerry Chou Representative: De-Chuan Chen	34,000,000	100.00%
HDEC-CTCI (Linhai) Corporation	 Chairman Director Director Director Director Supervisor Supervisor President	HDEC Corporation Representative: Jerry Chou Representative: De-Chuan Chen Representative: Joe Yang CTCI Corporation Representative: Ting-Kuo Lee Representative: William Chung Vicky Yang Nicole Ku Wen-Chang Hsieh	56,100,000 45,900,000 - -	55.00% 45.00% - -
Continental Consulting Limited Company	Director	Continental Holdings Corporation	Investment NTD 10,000 thousands	100.00%

(6) Overview of the operations of the affiliates

Unit: NT$ thousands ; December 31, 2021

Company	Ordinary Stock	Total assets	Total liabilities	Total equity	Operating revenues	Net operating income (loss)	Net income (loss)	Earnings per share (NT$)
Continental Engineering Corporation	4,400,621	15,561,030	10,690,764	4,870,266	17,036,861	999,200	404,821	0.92
CEC International Corp.	1,770,992	12,294	62	12,232	-	-	(11,474)	(0.18)
CEC International Corp. (India) Private Limited	276,321	49,504	52,619	(3,115)	12,128	(482)	(3,364)	(0.05)
CEC International Malaysia Sdn. Bhd.	10,647	938	66	872	-	-	(2,158)	(0.72)
Continental Engineering Corp. (Hong Kong) Limited	174,276	7,710	665	7,045	-	-	(182)	(0.01)
Continental Development Corporation	5,919,485	29,931,938	13,483,035	16,448,903	6,975,571	2,012,300	1,180,660	1.99
CDC Commercial Development Corporation	584,239	5,427,244	2,034,077	3,393,167	97,319	53,127	14,782	0.25
MEGA Capital Development Sdn. Bhd.	9,962	1,906,181	1,988,165	(81,984)	346	(11,814)	(30,248)	(20.17)
Bangsar Rising Sdn. Bhd.	6,642	326,110	322,101	4,009	181	181	(3,124)	(3.12)
CDC Investment Management LLC	6,642	9,170	1,615	7,555	11,802	2,745	386	0.39
CDC US Corp.	14	1,953,244	134,303	1,818,941	-	(27,644)	(36,326)	(7.27)
CDC Investment Management LLC	277	4,712	-	4,712	6,447	6,447	4,503	-
Trimosa Holdings LLC	2,822,806	2,771,117	498	2,770,619	-	(41,132)	(41,668)	-
950 Investment LLC	3,670,878	3,612,167	1,126	3,611,042	-	(53,704)	(53,729)	-
950 Property LLC	3,670,878	10,005,745	6,411,532	3,594,213	977,978	35,759	(53,582)	-
950 Hotel Property LLC	17,866	17,652	-	17,652	-	-	(84)	-
950 Retail Property LLC	356	286	-	286	-	-	(38)	-
HDEC Corporation	2,300,000	6,718,268	2,982,027	3,736,241	2,234,229	96,847	466,838	2.03
HDEC Construction Corporation	30,000	76,531	37,516	39,015	135,153	(355)	2,794	0.93
North Shore Environment Corporation	1,660,000	4,953,810	2,139,142	2,814,668	666,403	271,935	193,883	1.17
Blue Whale Water Technologies Corporation	740,000	1,452,742	602,216	850,526	300,396	89,003	73,972	1.00

Company	Ordinary Stock	Total assets	Total liabilities	Total equity	Operating revenues	Net operating income (loss)	Net income (loss)	Earnings per share (NT$)
HDEC (Puding) Environment Corporation	340,000	473,796	106,138	367,658	182,887	35,604	28,527	0.84
HDEC-CTCI (Linhai) Corporation	1,020,000	3,595,187	2,472,291	1,122,896	1,185,900	129,697	92,400	0.91
Continental Consulting Limited Company	10,000	10,000	-	10,000	-	-	-	-

(II) Consolidated Financial Statements of the Affiliates:

Please refer to Consolidated Financial Statement with Independent Auditor's Report

(III) Affiliation Report

Statement

This is to state that the Company's Related Company Report in 2021 (from January 1, 2021 to December 31, 2021) was prepared in accordance with Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises, and information disclosed and the related information disclosed in the Notes to Financial Statements in the aforementioned period do not contain material discrepancies.

Hereby declare by

Company : CONTINENTAL HOLDINGS CORPORATION

Chairman: Nita Ing

Date: March 15, 2022

安侯建業聯合會計師事務所
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CPA' Review Opinion on the Affiliation Report

To the Board of Directors of CONTINENTAL HOLDINGS CORPORATION:

The 2021 Affiliation Report of CONTINENTAL HOLDINGS CORPORATION was prepared in accordance with “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises“. The relevant financial information was reviewed according to the information disclosed in the notes of the consolidated financial statements during the aforementioned period by the accountants.

Our review result shows that no significant inconsistencies between the information disclosed in the 2021 Affiliation Report of CONTINENTAL HOLDINGS CORPORATION and the supplementary information disclosed in the notes to financial statements for the above period. And no violation of the "Criteria Governing Preparation of Affiliation Reports, Affiliated Business Consolidated Business Report and Consolidated Financial Statements of Affiliated Enterprises".

KPMG Taiwan
CPA: Chung-Che Chen and Shu-Ying Chang
Date: March 15, 2022

1. Relation between the controlling company and its subordinates:

Name of controlling company	Controlled reason	Shareholdings and pledges of the controlling company			Employees sent by controlling company as directors, supervisors or managers	
		Shareholdings	Shareholding ratio	Pledged shares	Position	Name
Wei-Dar Development Co., Ltd.	Jointly control subordinate company with over half of the board	206,025,200	25.02%	74,300,000	Chairman Director	Nita Ing Helena Kuo
Han-De Construction Co., Ltd.		63,755,667	7.74%	31,877,000	Director	John Huang Christopher Chang
Maoshi Corporation	Controlling company of Wei Dah Development Co., Ltd. and Han-De Construction Co., Ltd.					
Jade Fortune Enterprises Inc.	Controlling company of Maoshi Corporation					
Palmy Corporation	Controlling company of Jade Fortune Enterprises Inc.					
Pan Asia Corporation	Controlling company of Palmy Corporation					
Vanteva Corporation	Controlling company of Pan Asia Corporation					
Montrion Corporation	Controlling company of Vanteva Corporation					

2. Purchase and sale of goods: None.
3. Property transaction: None.
4. Capital financing: None.
5. Asset leasing: None.
6. Other significant transactions: None.
7. Endorsement and guarantee: None.

II. Private Placement Securities in 2021 and as of the Date of this Annual Report: None.

III. Information on Shares Held or Sold by Subsidiaries in 2021 and the Date of this Annual Report: None

IV. the Necessary Supplement: None

Any Events in 2021 and as of the Date of this Annual Report that Had Material Impacts on Shareholders' Interests or Securities Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None

CONTINENTAL HOLDINGS CORPORATION

Chairman: Nita Ing

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