



**CONTINENTAL 欣陸投控**  
**HOLDINGS CORPORATION**

# **Continental Holdings Corporation**

**3703.TT**

**2022 Fourth Quarter Earnings Conference**

**March 13<sup>th</sup>, 2023**

# Disclaimer Statement

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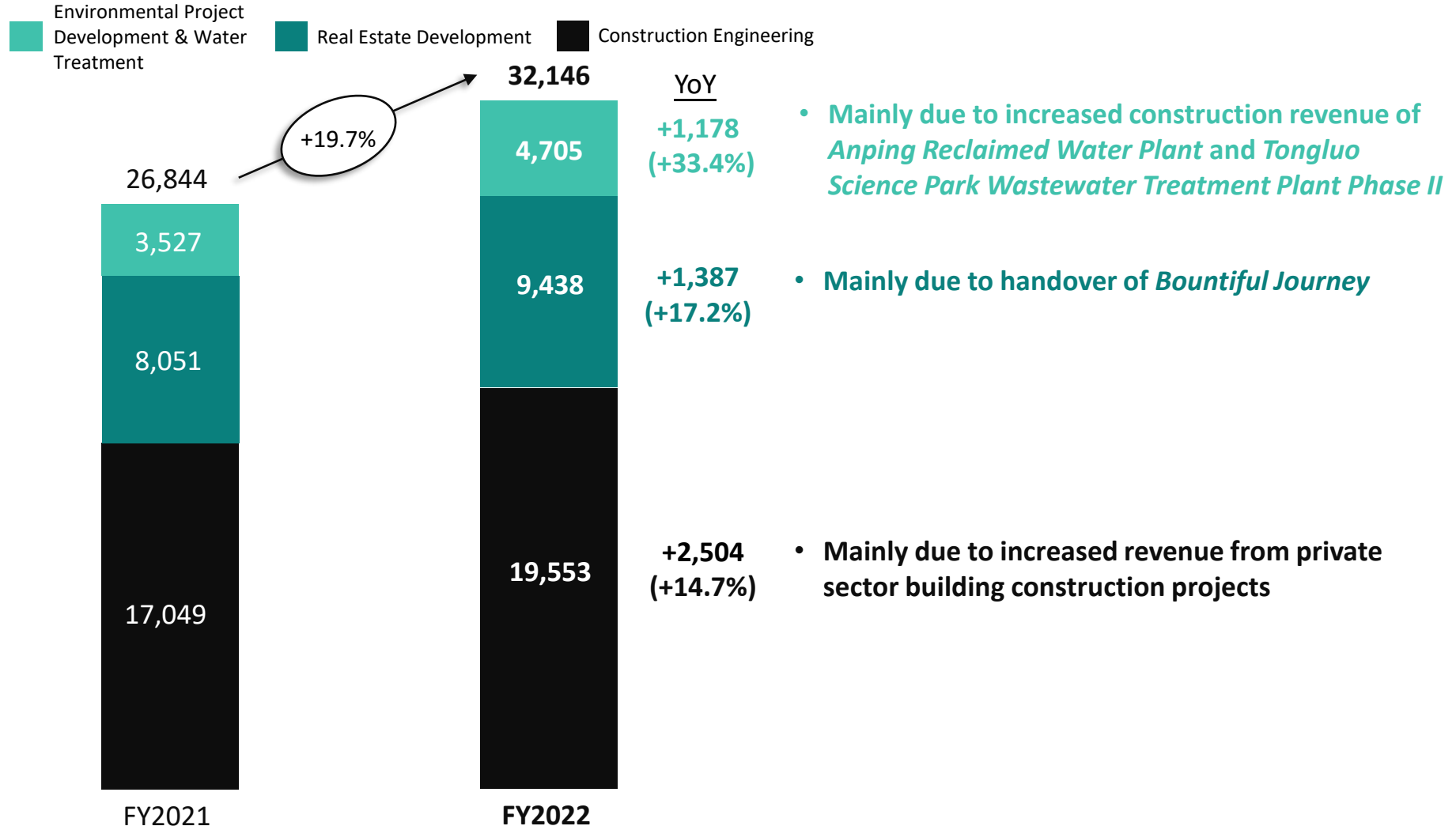
- This presentation and release contain “forward-looking statements” which may include projections of future results of operations, financial condition or business prospects based on our own information and other sources.
- Our actual results of operations, financial condition or business prospects may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

# FY2022 Revenue and Net Profit Reached a Record High

<i>Selected Items from Income Statement</i> <i>(In NT\$ millions unless otherwise noted)</i>	FY2022	FY2021	YoY
<b>Total Revenue</b>	<b>32,146</b>	<b>26,844</b>	<b>+19.7%</b>
Gross Profit	5,052	3,890	+29.9%
<b>Gross Margin</b>	<b>15.7%</b>	<b>14.5%</b>	<b>+1.2 ppt</b>
Operating Expense	1,794	1,586	+13.1%
<b>Operating Profit</b>	<b>3,258</b>	<b>2,303</b>	<b>+41.4%</b>
Operating Profit Margin	10.1%	8.6%	+1.5 ppt
Non-Ops	(440)	(117)	+275.2%
<b>Net Income, attributable to owners of parent</b>	<b>2,888</b>	<b>1,826</b>	<b>+58.2%</b>
Net Margin	9.0%	6.8%	+2.2 ppt
EPS (NT\$)	3.51	2.22	+58.2%

# All Three Business Segments Reported Revenue Growth in FY2022

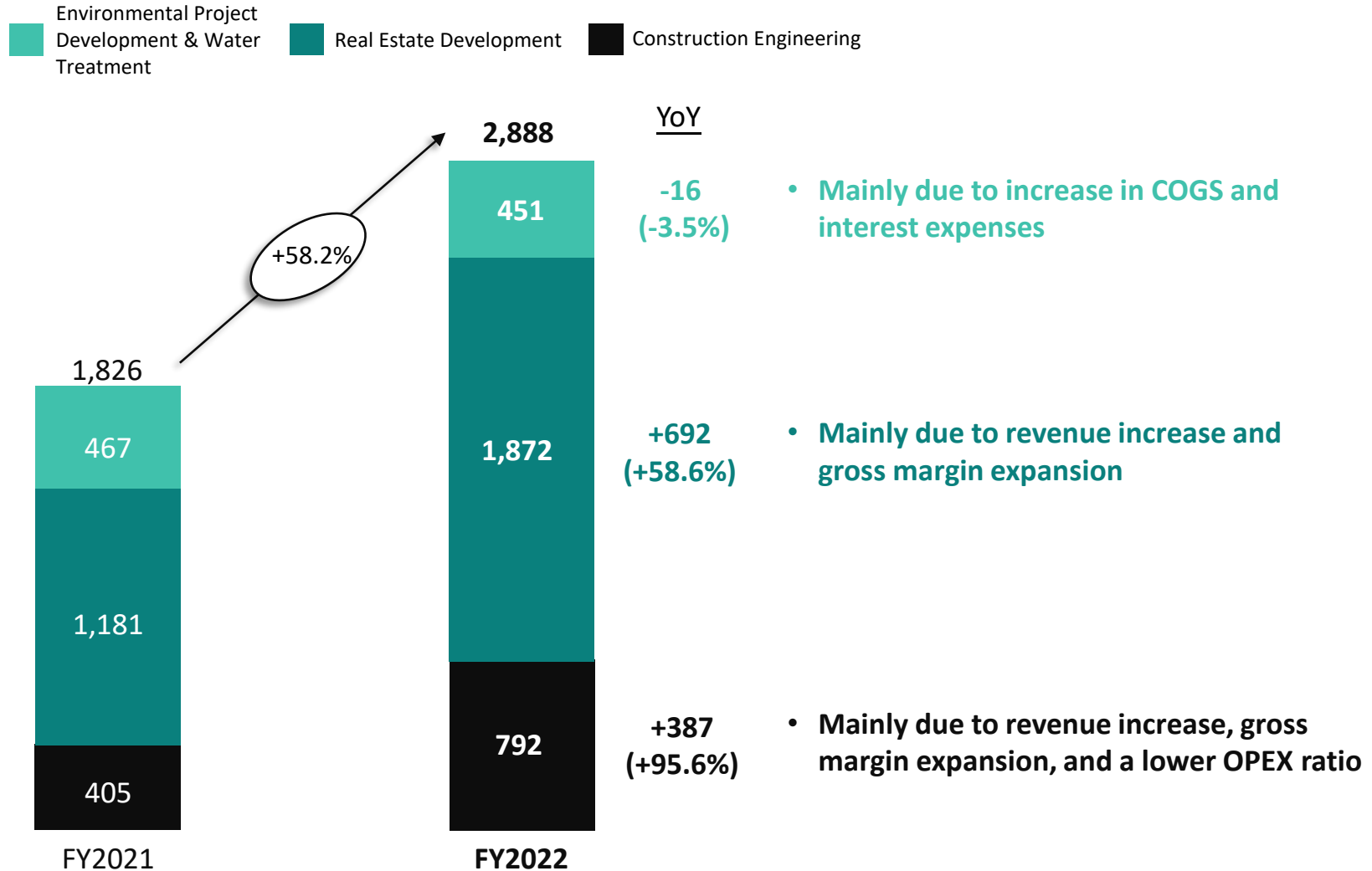
## Consolidated Revenues of CHC and each Business Segment (NT\$ M)



\*Consolidated revenue of three business segments do not add up to CHC's consolidated revenue because of eliminations

# Net Profit Growth Mainly Came from Real Estate Development Business and Construction Engineering Business in FY2022

## Net Profit of CHC and each Business Segment (NT\$ M)



\* Net profit denotes net profit attributable to owners of parent. Net profit of three business segments do not add up to CHC's net profit because of eliminations, OPEX, non-op, and tax for CHC standalone.

# Strong Balance Sheet

<i>Selected Items from Balance Sheet (NT\$ M)</i>	2022.12.31		2022.9.30		2021.12.31	
	Amount	%	Amount	%	Amount	%
Cash and Cash Equivalents	5,822	7.8	9,175	12.3	5,207	7.4
Current Contract Assets	5,915	7.9	5,510	7.4	4,344	6.2
Account Receivable, Net	2,277	3.0	1,572	2.1	3,153	4.5
Inventories	24,855	33.1	28,477	38.2	28,517	40.5
Property, Plant and Equipment	9,551	12.7	4,330	5.8	4,379	6.2
Investment Property, Net	8,031	10.7	8,661	11.6	8,684	12.3
Long-term Accounts Receivables	5,483	7.3	5,871	7.9	5,443	7.7
<b>Total Assets</b>	<b>75,050</b>	<b>100</b>	<b>74,566</b>	<b>100</b>	<b>70,390</b>	<b>100</b>
Short-term Interest-bearing Loans	16,775	22.4	15,408	20.7	11,379	16.2
Current Contract Liabilities	7,508	10.0	7,820	10.5	8,760	12.4
Accounts and Notes Payable	6,093	8.1	5,921	7.9	6,990	9.9
Long-term Interest-bearing Loans	11,482	15.3	12,132	16.3	11,979	17.0
<b>Total Liabilities</b>	<b>45,669</b>	<b>60.9</b>	<b>45,086</b>	<b>60.5</b>	<b>42,611</b>	<b>60.5</b>
<b>Total Equity</b>	<b>29,381</b>	<b>39.1</b>	<b>29,481</b>	<b>39.5</b>	<b>27,778</b>	<b>39.5</b>

# Recap of Recent Business Development and Major Events

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- **Business Development**

- Completed signing of *The Build-Operate-Transfer Project of Renewing Cheng-Xi Incineration Plant in Tainan City*, which marked Environmental Project Development & Water Treatment Business' entry into waste treatment and renewable energy business (2023/2)

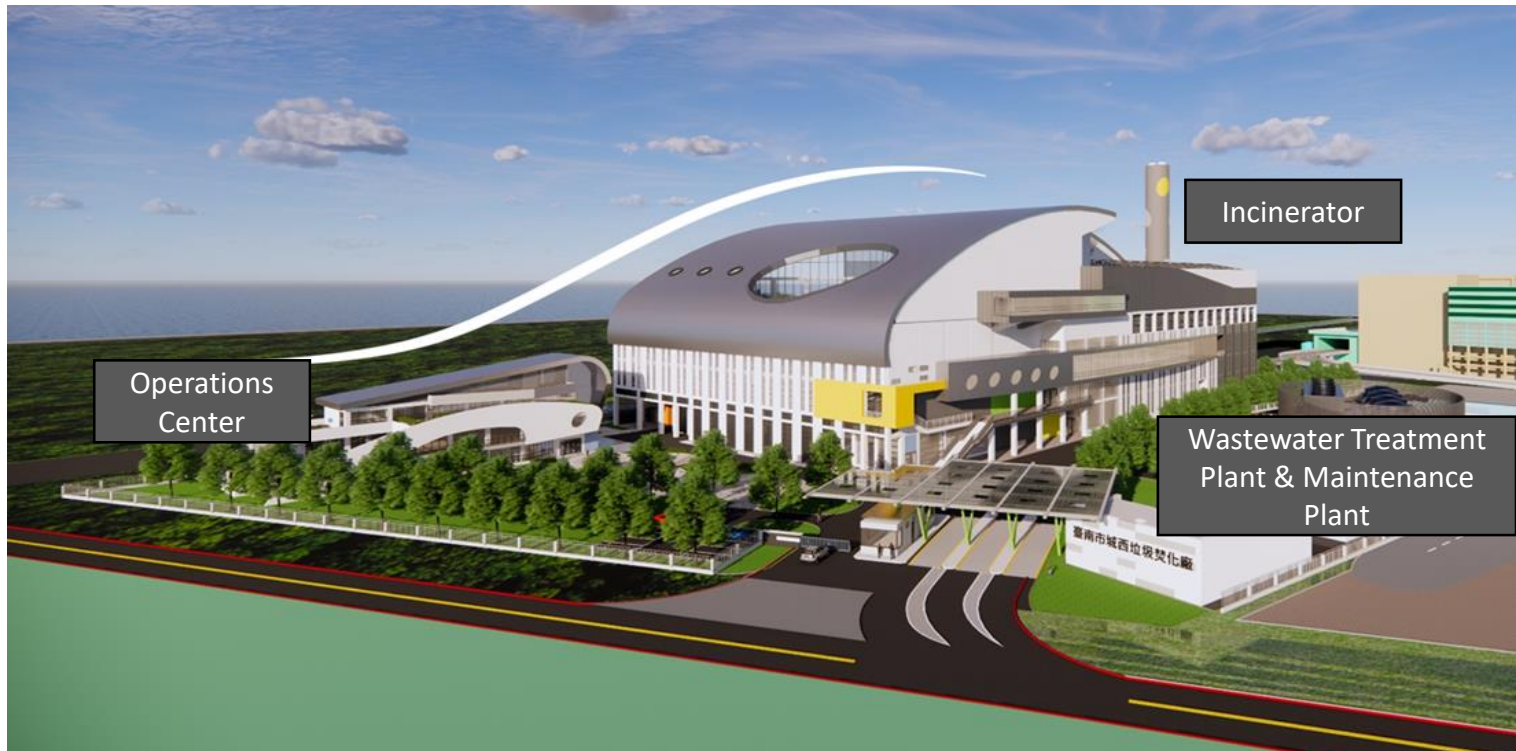
- **Board Resolutions (2023/3/10)**

- Declared FY2022 cash dividend of NT\$2.50 per share
- To convene 2023 AGM on May 30<sup>th</sup>, with major agenda items of Adoption of 2022 Business Report and Financial Statements and Adoption of the Proposal for Appropriation of 2022 Earnings

# Introduction of Chengxi Incineration Plant Renewal Project

*The Build-Operate-Transfer Project of Renewing Cheng-Xi Incineration Plant in Tainan City*

- Contract on hand\*: NT\$26.5-27.5B
- Construction period of 3 years (2023-2026) for incinerator renewal with capacity of 900 tons/day; Operation concession period of 22 years (2026-2048)
- Source of revenue
  - During construction period: construction revenue
  - During operation period: electric sale to grid (Taipower) and revenue from waste treatment

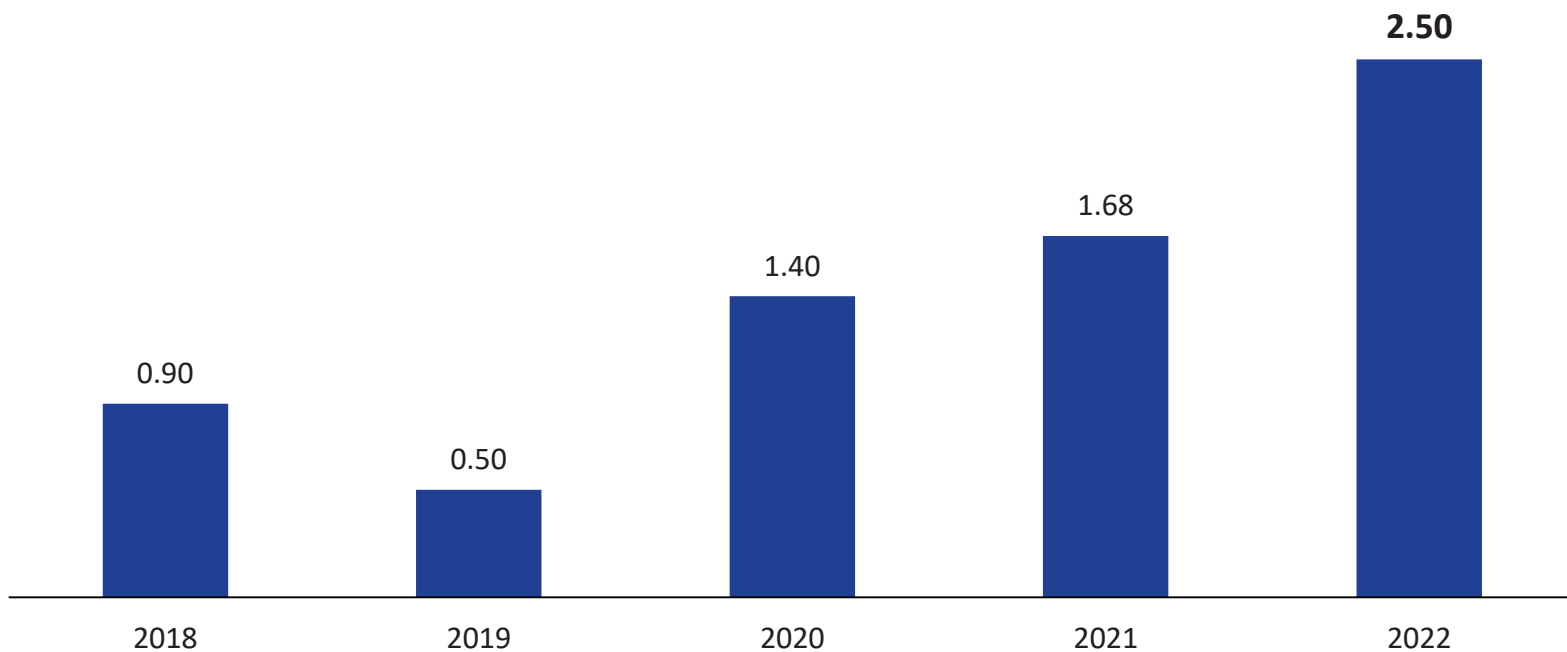


\*Contract on hand value is calculated based on contract terms and project status. Actual recognized revenue amount may vary based on final execution of the project.



# Cash Dividend of NT\$2.50/Share for FY2022, Implying Yield Rate of 8.1%

## CHC Cash Dividend (NT\$/Share) over Last 5 Years



	2018	2019	2020	2021	2022
Net Profit (NT\$ M)	1,942	97	1,539	1,826	2,888
Payout Ratio	38%	424%	75%	76%	71%
Dividend Yield*	5.2%	3.7%	5.1%	5.9%	8.1%

\* Calculated based on the closing prices of ex-div days, except for 2022 which is calculated based on closing price on March 10<sup>th</sup>, 2023.

# Solid Backlog of Three Business Segments

## Construction Engineering

Backlog

**NT\$74.5B**

**3.8x of 2022 Revenues**

- **-NT\$1.5B** QoQ, mainly due to completion amount greater than newly acquired projects

## Real Estate Development

Revenue backlog

**NT\$14.6B**

**1.5x of 2022 Revenues**

- **+NT\$0.1B** QoQ, mainly due to new sales from pre-sell projects

## Environmental Project Development & Water Treatment

Contracts on hand

**NT\$45.0B**

**9.6x of 2022 Revenues**

- **+NT\$8.9B** QoQ, mainly due to newly acquired *Kaohsiung City Qiaotou Reclaimed Water BTO Project*

### Note:

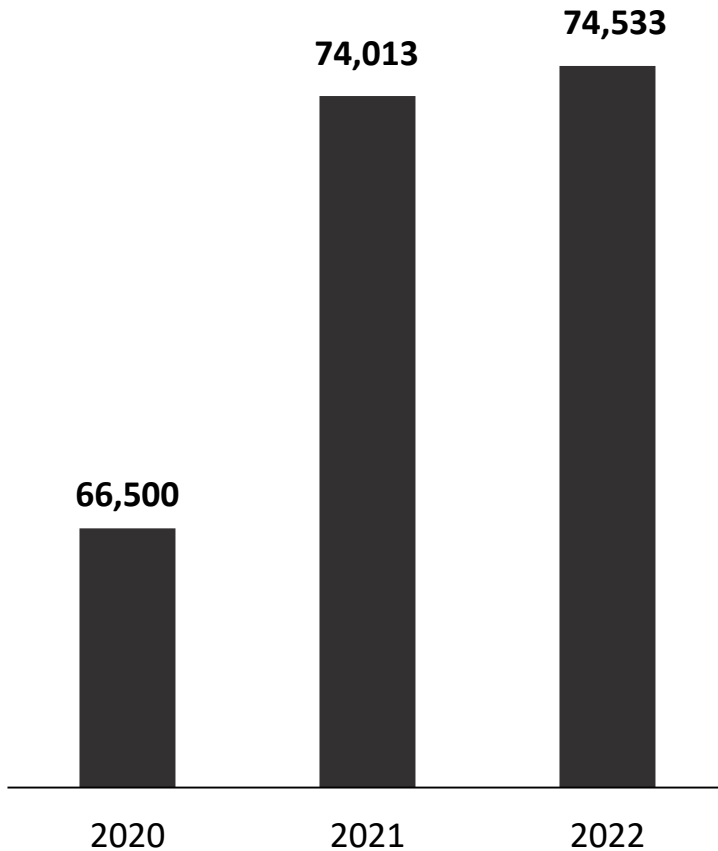
1. Backlog and contract numbers are as of end of December, 2022; Revenues denotes each business segment's 2022 consolidated revenues
2. Revenue backlog for Real Estate Development Business includes signed contracts to close and revenues to be recognized under percentage of completion method
3. Contracts on hand amount for Environmental Project Development & Water Treatment Business excludes *The Build-Operate-Transfer Project of Renewing Cheng-Xi Incineration Plant in Tainan City* which completed signing in Feb, 2023. The contracts on hand value is calculated based on contract terms and project status. Actual recognized revenue amount may vary based on final execution for each project.

# Construction Engineering Business – Newly Acquired Projects Drives Backlog and Revenue Growth

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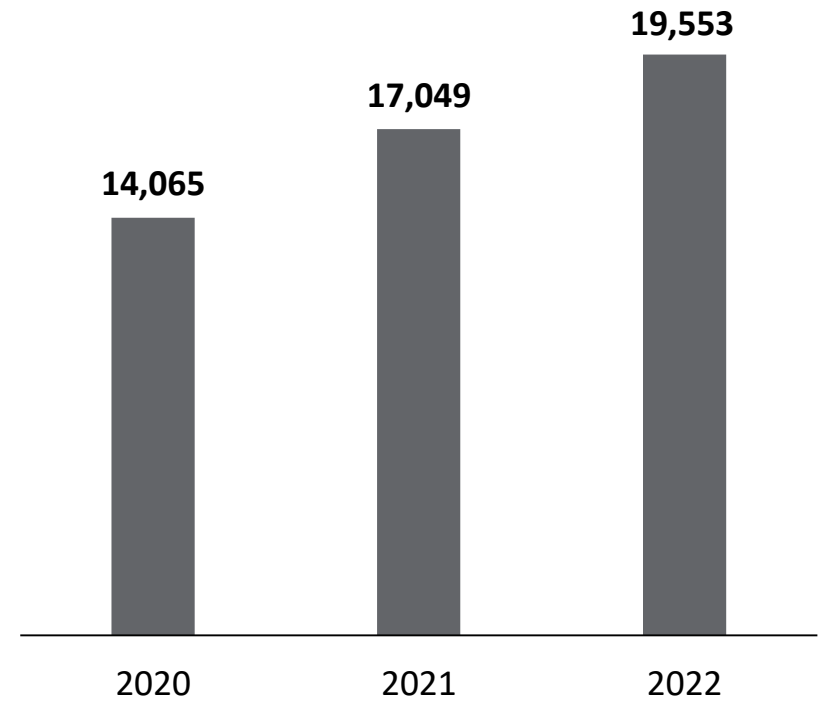
## Backlog at end of 2020 through 2022

(NT\$ M)



## Revenue for 2020 through 2022

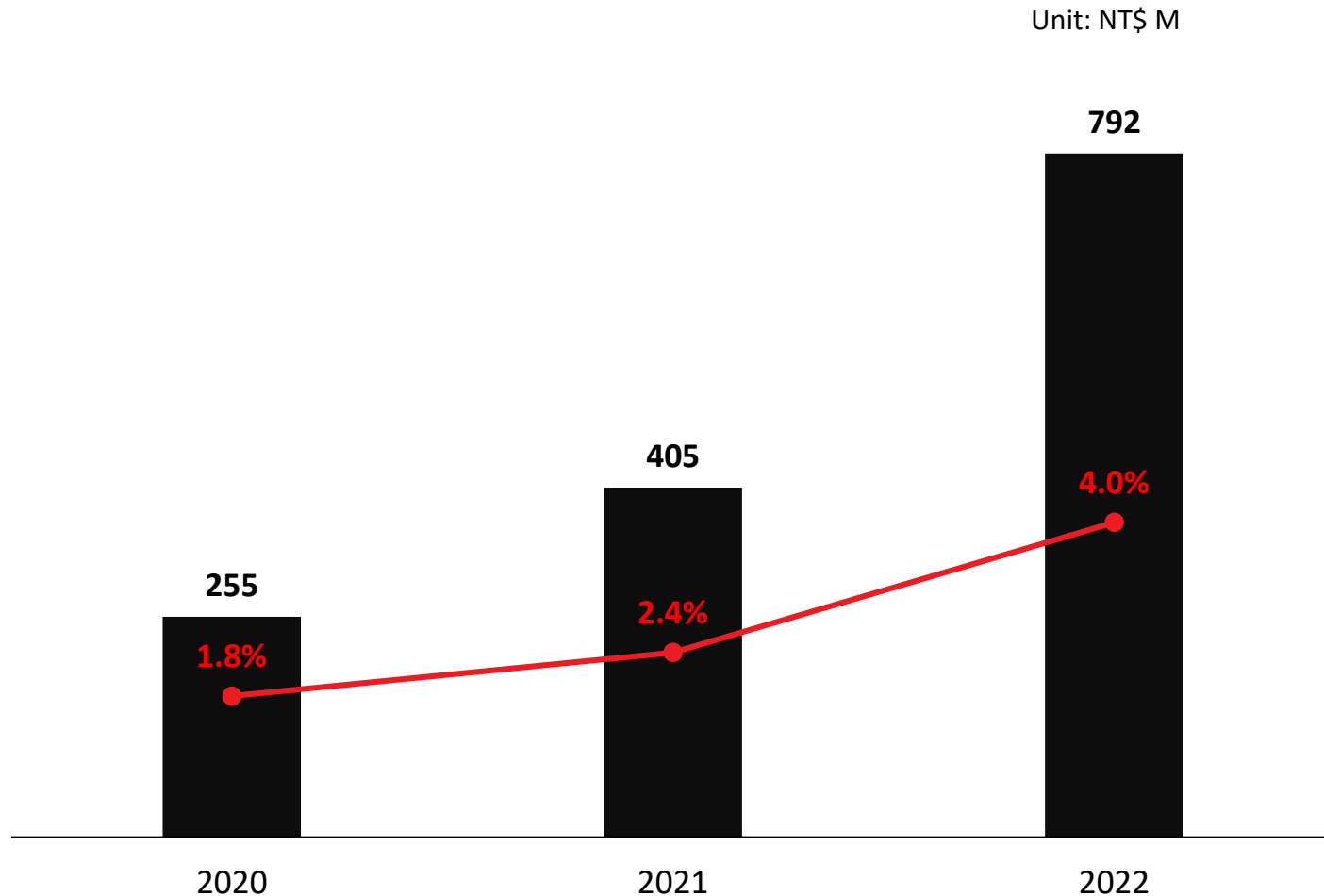
(NT\$ M)



# Construction Engineering Business – Net Profit and Net Margin Grew Significantly over Last 3 Years

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## NPAT and Net Margin for Construction Engineering Business for 2020 through 2022



# Construction Engineering Business – Major Projects in 2023



## Civil Construction - MRT

Taipei MRT Wanda Line (CQ840)

Taipei MRT Wanda Line (CQ850A)

Taipei MRT Circular Line (CF680C)

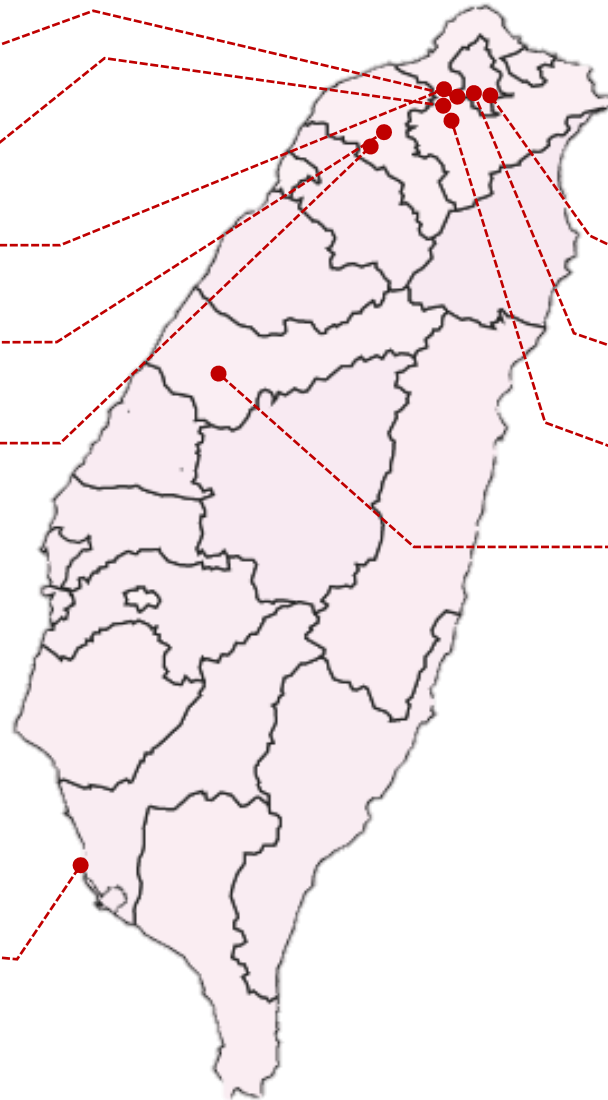
Taoyuan MRT Green Line (GC03)

Taoyuan MRT Green Line (GC01)



## Civil Construction – Harbour/Marine

Ministry of National Defense – Cross Harbor Tunnel (N-WH Project)



## Building Construction

Nangang Depot (Public Housing)

Xinyi A7 Project (Hotel and Retail)

NexGen (Residence)

CMP Midtown (Residence)

# Residential Project Pipeline – Completion

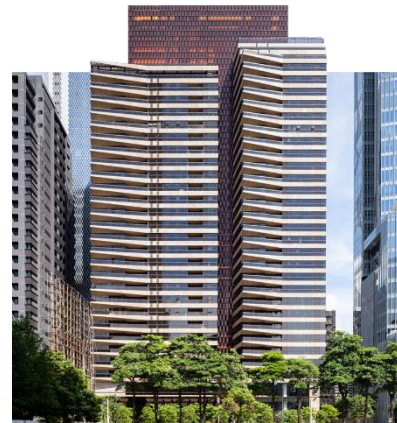
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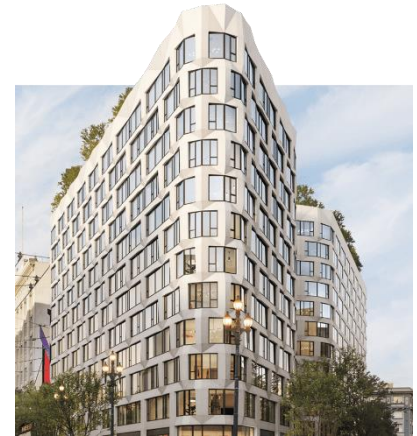
**55 Timeless**  
Taipei City



**Treasure Garden**  
Taichung City



**La Bella Vita**  
Taichung City



**SERIF\***  
San Francisco, CA, USA

\*The complex building consists of residential housing on the east side (SERIF) and a hotel on the west side, with retail spaces on the ground level. The project is owned by CDC subsidiary which CDC holds 54.08% stake.

# Residential Project Pipeline – 2023-2025

Project Name	Location	Type	Residence Value <sup>1</sup> (NT\$)	Estimated Timeline <sup>2</sup>		
				2023	2024	2025
<b>Sold out</b> Drawing the Dream Life	New Taipei	Residence	2.84B	Handover in progress		
<b>Sold out</b> Timeless and Modern Expression	Taipei	Residence	2.39B	V		
<b>Sold out</b> Tianjin Street Project	Taipei	Residence	2.23B		V	
<b>Sold out</b> Arranging New Asia Bay <sup>3</sup>	Kaohsiung	Residence/Hotel (Hotel Nikko)	3.51B		V	
Sensuous Garden	Taipei	Residence/Hotel (Hyatt Centric)	4.62B			V
Prologue Eternal	Taipei	Residence	4.50B			V
Belle Époque	Taichung	Residence/Office	4.70B			V

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

# Residential Project Pipeline – beyond 2026

Location	Land Lot	Geographical Location
Taipei City	Tonghua Section, Daan District	Near <i>MRT Xinyi Anhe Station</i>
	Yaxiang Section, Xinyi District	Current site for Taipei Children Welfare Center
New Taipei City	Jiangzicui Section, Banqiao District	Across <i>Siwei Park</i>
	Xinya Section, Banqiao District	Near <i>MRT Far Eastern Hospital Station</i>
Taichung City	Dagui Section, Beitun District	Located in <i>Dakeng Scenic Area</i>
	Intercontinental Section, Beitun District (14 <sup>th</sup> Redevelopment Zone)	Across <i>Ssu Chang Li Park</i>
Kaohsiung City	Houjin Section, Qianjin District	Current site of Ambassador Hotel Kaohsiung
Malaysia*	Bangsar District, Kuala Lumpur	Near <i>KL Sentral Station</i>

\*Owned by CDC subsidiary which CDC holds 60% stake. This project is scheduled to launch pre-sell in 2023, with total value of MYR170 million, and is expected to begin recognition in 2026.



# Commercial Project Pipeline of Real Estate Development Business



**Humble Boutique  
Hotel<sup>1</sup>**  
Taipei, Taiwan  
In operation



**The LINE Hotel<sup>2</sup>**  
San Francisco,  
CA, USA  
In operation



**Capri by Fraser<sup>2</sup>**  
Kuala Lumpur,  
Malaysia  
In operation




















**Hotel Nikko<sup>3</sup>**  
Kaohsiung, Taiwan  
Scheduled opening in 2024



**Dazhi Commercial Building<sup>4</sup>**  
Taipei, Taiwan  
Planning for reconstruction  
into office building

1. Leased to My Humble House Group for rental income.
2. Owned by CDC subsidiaries and managed by THE LINE Hotel and Capri by Fraser respectively.  
CDC owns 54.08% and 55% stake in each project company respectively.
3. Owned by JV between Daiwa House Group (65%) and CDC (35%) and managed by Hotel Nikko.
4. Dazhi Commercial Building is owned by CDC Commercial Development Corporation (CCD), a subsidiary of CDC which CDC owns 80.65% stake.  
CDC and CCD has signed joint development contract to reconstruct the building for office purpose.

# Environmental Project Development & Water Treatment Business – Currently 9 Projects on Hand

Category	Project	Location	Contract Type	Duration	Current Status	
					Under Construction	In Operation
Water Treatment	Danshui Area Wastewater Treatment Plant and Sewerage System	New Taipei	BOT	2005 – 40		
	Fengshan River Reclaimed Water Plant	Kaohsiung	BTO	2016 – 33		
	Puding Area Wastewater Treatment Plant and Sewerage System	Taoyuan	BOT	2016 – 56		
	Chungli Area Wastewater Treatment Plant and Sewerage System	Taoyuan	BOT	2016 – 56		
	Linhai Wastewater Treatment Plant and Reclaimed Water Plant	Kaohsiung	BTO	2018 – 36		
	Tongluo Science Park Wastewater Treatment Plant Phase II	Miaoli	EPC	2020 – 23		
	Anping Reclaimed Water Plant	Tainan	DBO	2020 – 37	 (Reclaimed Water)	 (Wastewater)
	Qiaotou Reclaimed Water Plant	Kaohsiung	BTO	2022 – 40	 (Reclaimed Water)	 (Wastewater)
Waste Treatment	Chengxi Incineration Plant Renewal	Tainan	BOT	2023 – 48		

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