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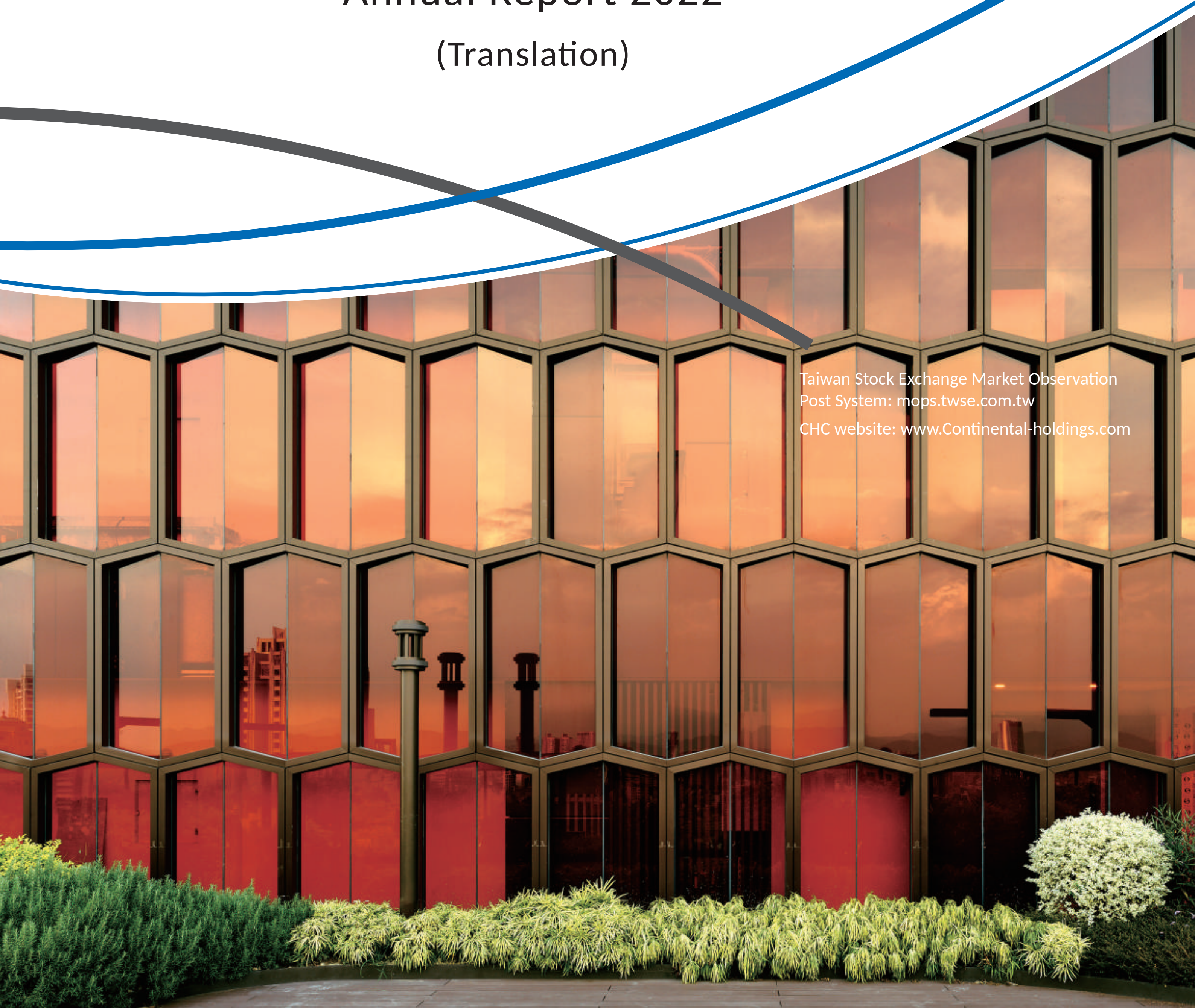
CONTINENTAL 欣陸投控
HOLDINGS CORPORATION

CONTINENTAL HOLDINGS CORPORATION

Annual Report 2022

(Translation)



Taiwan Stock Exchange Market Observation Post System: mops.twse.com.tw

CHC website: www.Continental-holdings.com

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Auditors Company: KPMG
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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

Letter to shareholders

In 2022, concerted efforts of all our employees and support from our customers and business partners allowed all three major business units of Continental Holdings Corporation record revenue growth over the previous year.

Consolidated revenue increased 20% to NT$32.146 billion from NT$26.844 billion compared to the previous year; operating profit increased 41% to NT$3.258 billion from NT$2.303 billion. After-tax net income and earnings per share increased by 58% to NT$2.888 billion and NT$3.51 respectively in 2022.

Construction business was awarded Kaohsiung Tsoying Naval Base Cross Harbor Tunnel Project, the Group's first harbor-related civil engineering project in 2022, adding diversity to the existing portfolio of construction projects. By the end of 2022, Continental Engineering Corporation accumulated a total of NT$74.5 billion, laying a solid foundation for its revenue goals in the coming years.

Currently, our major projects under construction include government and private building backlog construction projects, as well as civil engineering projects such as Taoyuan MRT Green Line, Taipei MRT Circle Line, Wanda Line, and Tainan Urban District Railway Underground Project. We continue to compete for rail projects, high-quality residential and commercial buildings construction projects, and are carefully evaluating new business expansion.

Real estate development business is continuing to develop with housing project at various stages. In 2022, the Company was awarded the “Public Urban Renewal Project of Hsinyi Child Welfare Center”, the Group's first participation in a public urban renewal project, further increasing potential sources of land acquisition.

We are also planning to convert our own building in Taipei City’s Zhongshan District into an office building and modify our current product mix of high-quality residential properties. In 2023, the Company will recognize revenue from sold-out "Juan Hua" and "Juan Yue" pre-sale housing projects and other completed house projects, and will continue to search for new building projects.

In 2022, our environmental engineering and wastewater treatment business was awarded the best applicant for the "Tainan City Chengxi Waste Incineration Plant Renewal Furnace New Construction and Operation Transfer Public-Private-Partnership Project," with the contract executed in February 2023, the Group’s official entry into waste treatment and renewable energy business.

The awarding of "Kaohsiung City Qiaotou Water Reclamation Plant Construction and Operation Transfer Project," in 2022 expands our existing waste water treatment business. Thanks to the contribution of new projects, environmental engineering and waste water treatment business has over NT$70 billion contract on hand, with promising future growth.

Continental Holdings Corporation embraces ESG principles such as environmental protection, social responsibility, workplace safety, corporate governance, and integrity. Looking ahead, we will continue to strengthen operational resilience, and develop core businesses to enhance long-term corporate value.

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

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

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

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., CTCI-HDEC (Chungli) Corp., HDEC (Ciaotou) Corp. and HDEC (Chengxi) Corp.

Continental Consulting Limited Company

Established: November 17, 2021

Continental Consulting Limited Company (CCLC) is responsible for providing corporate function services including General Affairs, Human Resources, Information Technology, Legal and Quality Management to CHC as well as three other member companies. CCLC professionals have solid expertise in the abovementioned areas, uphold the Group's core values and strives to serve with excellence and create maximum value.

Recent Milestones

2022 CEC was awarded the Department of Defense's "N-WH Program" cross-harbor tunnel project.

CEC and Chung-Lu Construction Co., Ltd. jointly undertook the reconstruction project of the Taipei Ambassador Hotels.

CEC was awarded the urban renewal project of the Qingcheng Fuhua Building.

CDC was awarded the "public urban renewal project for the B1-2 and B3-2 bases of Hsinyi Child Welfare Center" of the National Housing and Urban Regeneration Center.

CDC successfully completed the residential project "Juan Hua" in Xindian District, New Taipei City

HDEC was awarded the "Tainan City Chengxi Waste Incineration Plant Renewal Furnace New Construction and Operation Transfer Project".

HDEC was awarded the "Kaohsiung City Ciaotou Water Reclamation Plant Construction and Operation Transfer Project".

HDEC's "New Taipei City Tamsui Waste Water Treatment Plant Phase III Plant Expansion Project" was successfully completed.

CHC's three subsidiaries, including CEC, CDC, and HDEC, ceased to have a board of directors separately and replaced them with a single legal person director and supervisor, and changed to closed joint stock companies.

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.

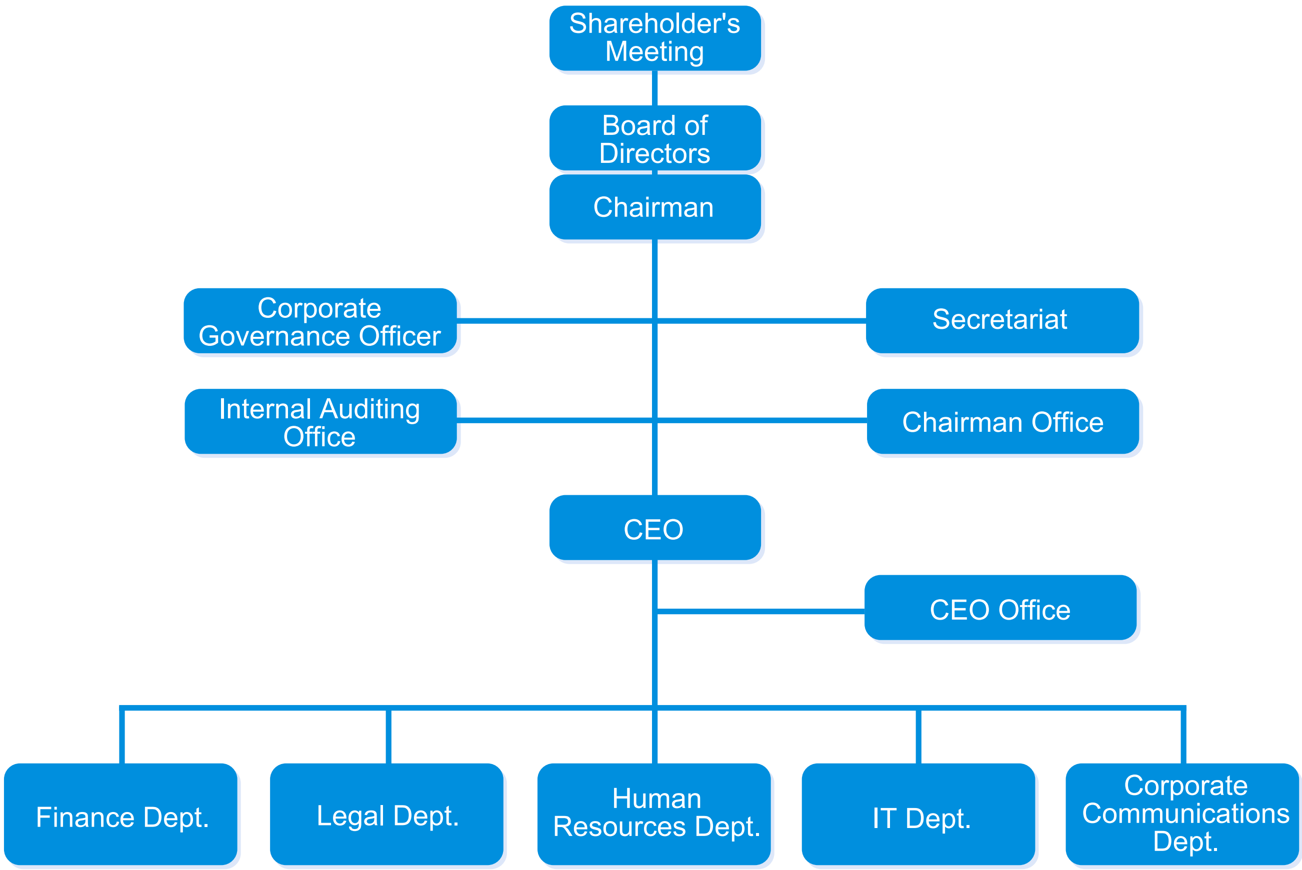
2011 HDEC was awarded EPC contract for Chinchu Water Treatment Plant by Taiwan Water Corporation.
CEC was awarded contract for Stonecutter Island Sewage Treatment Works Effluent Tunnel and Disinfection Facilities, Hong Kong.

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. Chairman Office

   The administrative staff of the Chairman.

2. Corporate Governance Officer

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

3. 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 the affairs of directors.
   (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.

4. Internal Auditing Office

   To provide independent and objective assurance services to assist the Board of Directors and management in identifying and reviewing deficiencies in the internal control system and measuring the effectiveness and efficiency of operations, and to provide timely improvement suggestions to reasonably ensure the continued and effective implementation of the internal control system and serving as a basis for reviewing and amending the internal control system, thereby adding value and improve the Company's operations.

5. CEO Office

   The administrative staff of the CEO.

6. Finance Department

   (1) Planning and implementing the Group's financial strategies to enhance shareholders' returns with proper control of the Group's financial and tax risks.
   (2) Providing the Group's financial information in a timely and accurate manner, and consolidating and tracking the execution of the budget to facilitate business decisions and operational management.
   (3) Completing financial and tax returns in accordance with the law and complying with the relevant laws and regulations for listed companies.
   (4) Operating Investor Relations
   (5) Served as the executive secretary of the ESG Committee to assist the group in ESG initiatives.

   Finance Section:

   (1) Planning and implementing the Group's financial strategies.
   (2) Managing and controlling the Group's financial risks.
   (3) Managing the Company's assets and liabilities.
   (4) Assisting in the implementation of compliance with relevant laws and regulations for listed companies and maintaining investor relations.

   Accounting Section:

   (1) Planning and formulating the Group's accounting policies and systems.
   (2) Managing and controlling the Group's tax risks.
   (3) Managing the budgets of the Company and the Group.
   (4) Completing financial and tax returns in accordance with the law.
   (5) Implementing compliance with relevant laws and regulations for listed companies.

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	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 5)	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	-	-	-	-	
Director (Note5)	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: Christopher Chang	Male 71~80	2009.11.2	3	2021.7.30	N/A	N/A	N/A	N/A	

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 2023.4.1 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: Mr. Hsiung Chiang was replaced Mr. Christopher Chang on Jan. 9, 2022 as the representative of Han-De Construction Co.,Ltd

2023.4.1

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 Director, CEC International Corporation	None			None
6,000	0.00	-	-						
-	-	-	-	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 Vice President, Bankers Trust Company, Taipei Branch Vice President, H&Q Asia Pacific Administration, Tamkuang University Administration, Shih Chien University	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 Independent Director, Advance Biopharma Co., Ltd. Director, Taiwan Sugar Corporation Adjunct Lecture, 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, Lecture, Fu-Jen University	Chairman, Taiwan Accounting Education Foundation. Chairman, Careerjust Co., Ltd. Chairman, Careerjust publishing Co., Ltd. Chairman, Careerjust management service Co., Ltd. Chairman, Happy Homeland 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
N/A	N/A	N/A	N/A	N/A	N/A	N/A			N/A
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%)

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	• 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 Director of Taiwan Opportunities Fund Ltd. He once acted as Independent Director of Listed Company, Chairman of Young Optics Inc.,and Chairman, CEO, or Director for a number of high-tech companies and also worked as a lectured at 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. (During the term of office) • 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.	0
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 Chairman of Taiwan Accounting Education Foundation, Chairman of Careerjust Co., Ltd., Chairman of Careerjust publishing Co., Ltd., Chairman of Careerjust management service Co., Ltd., Cairman of Happy Homeland Co., Ltd. While Lee was Independent Director of Advagene Biopharma Co., Ltd., and 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. (During the term of office) • 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.	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
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. (During the term of office) • 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

Note 1: For more information on directors' education and work experience, please refer to page 12-13 of the annual report.

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.

2. 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.

3. Board Diversity Policy Specific Objectives

   (1) Ability to make

   The Board of Directors is composed of experts with backgrounds in industry, accounting, management; The Board of Directors has 60% of the seats in various professional fields such as investment holding, commerce, construction and construction, financial accounting, etc., and has set specific objects as follows:

   • At least 2 independent directors shall serve for a term not exceeding 3 terms.

   • Increase the number of female directors to three, one of whom is an independent director.

   In the future, the Diversity policy of board members will be extended based on the existing structure, in addition to the original professional background, and expertise in the business planning and business, but also consider the company's strategic development requires, and select suitable candidates.

4. Achievement of Board Diversity Policy

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 2022 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	Gender	Independent Directors' Tenure		Professional Background and Ability											
		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	✓				✓		✓		✓	✓	✓	✓	✓	✓

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 President, Vice President, Assistant Vice President, and all Department Heads

Title	Nationality	Name	Gender	On Board Date	Shares Held		Shares Held by Spouse & Minors	
					Shares	%	Shares	%
CEO	R.O.C	Cindy Chang	Female	2018.10.8	-	-	-	-
Corporate Governance Officer	R.O.C	Calvin Tsai	Male	2021.3.17	100,000	0.01%	-	-
Chief Auditor	R.O.C	Charleen Chang	Female	2020.10.15	-	-	-	-
Legal Department Vice President	R.O.C	Weifan Wang	Male	2020.7.1	-	-	-	-
Human Resources Department Vice President	R.O.C	Anthony Lien (Note:3)	Male	2018.7.16	-	-	-	-
Corporate Communication Department Vice President	R.O.C	Emily Liu	Female	2010.10.18	-	-	-	-
IT Department Vice President	R.O.C	Erwin Fei	Male	2022.6.1	7,000	0.00%	-	-
Principal Financial Officer	R.O.C	Kris Lin	Male	2018.11.13				
Principal Accounting Officer	R.O.C	Eva Lin	Female	2019.5.7				
Chairman office Asst. Vice President	R.O.C	Nanchyi Shieh	Male	2022.1.1				
Secretariat Chief Secretary	R.O.C	Peggy Lin	Female	2021.1.21	-	-	-	-
CEO office Asst. Vice President	R.O.C	Tuan Jen Wang	Male	2022.1.1	-	-	-	-
CEO office Asst. Vice President	R. O. C.	David Wang	Male	2022.5.1	1,000	0.00%	-	-
CEO office Asst. Vice President	R. O. C.	Jason Lin	Male	2022.8.8	-	-	-	-
IT Department Vice President	R.O.C	Kevin Chung (Note:4)	Male	2018.10.8	N/A	N/A	N/A	N/A

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: Anthony Lien was resingned on March 31, 2023.
Note 4: Kevin Chung was resigned on Jan. 31, 2022.

As of 2023.4.1

	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	Chief Executive Officer, Continental Consulting Limited Company 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	Vice President, TSRC Corporation	None	None	None	None
	-	-	Master of Business Administration, National Chengchi University	None	None	None	None	None
	-	-	LL. M., University of California, Davis	Vice President, Continental Engineering Corporation Vice President, HDEC Corporation Vice President, Continental Development Corporation Vice president, Continental Consulting Limited Company	None	None	None	None
	-	-	Master of Business Administration, National Cheng Kung University	Vice President, Continental Consulting Limited Company	None	None	None	None
	-	-	M.S. in Public Relations ,Boston University	None	None	None	None	None
	-	-	Master of Science in Electrical Engineering, National Tsing Hua University	Asst. President, Continental Consulting Limited Company	None	None	None	None
			M.S. in Finance, University of Illinois	Director, Grand River D. Limited	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
	-	-	Master of Laws, Soochow University	None	None	None	None	None
	-	-	BA. in Public Administration Tamkang University	Asst. Vice President, Continental Consulting Limited Company	None	None	None	None
	-	-	MS. in Advanced Architecture Studies, University of Sheffeld	Asst. Vice President, Continental Consulting Limited Company	None	None	None	None
	-	-	MBA, University of Wisconsin	None	None	None	None	None
	N/A	N/A	Foardham University MBA	N/A	N/A	N/A	N/A	N/A

(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	
		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
Wei-Dar Development Co., Ltd		1,050	1,050	-	-	-	-	-	-	0.04%	0.04%
Chairman	Representative: Nita Ing	13,050	13,050	-	-	-	-	-	5	0.45%	0.45%
Director	Representative: Helena Kuo	-	-	-	-	-	-	-	-	-	-
Han-De Construction Co., Ltd		1,350	1,350	-	-	-	-	-	-	0.05%	0.05%
Director	Representative: John Huang	-	-	-	-	-	-	-	10	-	0.00%
Director	Representative: Hsiung Chiang (Note 3)	-	350	-	-	-	-	-	10	-	0.01%
Director	Representative: Christopher Chang (Note 3)	-	-	-	-	-	-	-	5	-	0.00%
Independent Director	Frank Juang	1,450	1,450	-	-	-		345	345	0.06%	0.06%
Independent Director	Allen Lee	1,450	1,450	-	-	-		362.5	362.5	0.06%	0.06%
Independent Director	Jolien Hsu	1,450	1,450	-	-	-		262.5	262.5	0.06%	0.06%

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 remuneration of the directors is authorized by the board of directors based on the level of participation and contribution of the directors to the company's operations, and with reference to industry standards. CHC's Articles of Incorporation also stipulate that if the company makes a profit in a year, 0.5% shall be allocated for employee compensation and no more than 0.5% for director remuneration. In addition, according to the CHC's Remuneration Committee Charter, the committee regularly reviews the performance targets and compensation policies, systems, standards, and structures for the directors, and regularly evaluates the achievement of their individual performance targets to set the content and amount of their individual compensation.

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	19,515	30,219	-	-	3,196	6,042
Corporate Governance Officer	Calvin Tsai						
Chief Auditor	Charleen Chang						
Vice President	Weifan Wang						
Vice President	Anthony Lien (Note 3)						
Vice President	Emily Liu						
Vice President	Erwin Fei						
Vice President	Kevin Chueh (Note 4)						

Note 1: For business execution, three vehicles are provided with one driver. two vehicles were purchased outright for NT$2,280 thousands while one vehicle was leased at a cost of NT$512 thousands for the whole year.

Note 2: Net income for 2022 was NT$2,888,392 thousands.

Note 3: Anthony Lien was resingned on March 31, 2023.

Note 4: 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		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)						
					From CHC		From All Consolidated Entities				
	Cash	From All Consolidated Entities	Cash	From All Consolidated Entities	Cash	Stock	Cash	Stock	From CHC	From All Consolidated Entities	
	-	-	-	-	-	-	-	-	0.04%	0.04%	None
	-	-	-	-	-	-	-	-	0.45%	0.45%	None
	-	-	-	-	-	-	-	-	-	-	None
	-	-	-	-	-	-	-	-	0.05%	0.05%	None
	-	-	-	-	-	-	-	-	-	0.00%	None
	-	-	-	-	-	-	-	-	-	0.01%	None
	-	-	-	-	-	-	-	-	-	0.00%	None
	-	-	-	-	-	-	-	-	0.06%	0.06%	None
	-	-	-	-	-	-	-	-	0.06%	0.06%	None
	-	-	-	-	-	-	-	-	0.06%	0.06%	None

2. The policy, system, standards, and structure for the payment of director remuneration in CHC are handled in accordance with the principles of the company's Articles of Incorporation and the Remuneration committee charter. The system for director remuneration is reviewed regularly by the compensation committee and the board of directors, taking into account the level of participation of the directors in the company's operations, the results of their performance evaluations, and references to domestic and foreign director remuneration structures and trends. In the 5th session of the 5th board of directors, the company has approved a fixed remuneration payment for directors, distinguishing between independent directors and general directors.

Note 2: No directors' compensation was allocated in 2022.

Note 3: Mr. Hsiung Chiang was replaced Mr. Christopher Chang on Jan. 9, 2022 as the representative of Han-De Construction Co., Ltd

Note 4: Two company vehicles were allocated for business purchases. Two vehicle was purchased outright for NT$3,094 thousands.

Note 5: Net income for 2022 was NT$2,888,392 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			
	2,312	-	4,034	-	0.87%	1.40%	None

3. Compensation range table

Range of Compensation	Name	
	From CHC	From All consolidated Entities
NT$0~ NT$1,000,000	Kevin Chung	Kevin Chung
NT$1,000,000 ～ NT$ 2,000,000	Anthony Lien, Weifan Wang, Calvin Tsai, Erwin Fei	Calvin Tsai
NT$2,000,000 ～ NT$3,500,000		Erwin Fei
NT$3,500,000 ～ NT$5,000,000	Emily Liu , Charleen Chang	Emily Liu, 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	8	8

Note: Mr. Kevin Chng was resigned on Jan. 31, 2022, Anthony Lien was resigned on March 31,2023.

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	11,208	11,208	0.39%
Corporate Governance Officer	Calvin Tsai				
Chief Auditor	Charleen Chang				
Vice President	Weifan Wang				
Vice President	Emily Liu				
Vice President	Erwin Fei				
Principal Financial Officer	Kris Lin				
Principal Accounting Officer	Eva Lin				
Asst. President	Nanchyi Shieh				
Asst. President	Tuan Jen Wan				
Asst. President	Jason Lin				
Asst. President	David Wang				

Note: The aforementioned Employees' Compensation for 2022 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	2022				2021			
	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	20,775	21,150	0.72%	0.73%	13,488	32,797	0.73%	1.80%
CEO and Vice President	25,023	40,295	0.87%	1.40%	24,490	38,459	1.34%	2.11%

(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 Managers' 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 6 times (A) in 2022. Attendance of the 5th term of the Board of Directors is as follows:

Term of office (5th): July 30, 2021~July 29, 2024 (Note 1)

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	6	0	100%	
Director	Wei-Dar Development Co., Ltd. Representative: Helena Kuo	6	0	100%	
Director	Han-De Construction Co., Ltd. Representative: Hsiung Chiang	6	0	100%	Reassigned on January 9, 2021 Number of times should attend: 6 times (Note 1)
Director	Han-De Construction Co., Ltd. Representative: John Huang	6	0	100%	
Independent Director	Frank Juang	6	0	100%	
Independent Director	Allen Lee	6	0	100%	
Independent Director	Jolien Shu	6	0	100%	

Note 1: The legal entity as director reassigned Hsiung Chiang as its representative on January 9, 2021.
Other matters that require reporting:
The Board of Directors convened 6 times in 2022. The meetings were attended by all independent directors in person and their attendance rate was 100%.
As of the publication date of the annual report, the Board of Directors meeting was held once in 2023, and all independent directors attended the meeting in person, and the attendance rate of independent directors was 100%

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

Date	Session	Proposal	Independent Directors' Opinion	Resolution
March 15, 2022	5-5	1. Amendments to the "Procedures for the Acquisition or Disposal of Assets" of the Company	Approved by All Independent Directors present	All directors present resolved to approve.
		2. Amendments to the "Group Internal Control System"	Amended and approved by all Independent Directors present	All directors present agreed to the amendment of the Audit Committee and the amendments were passed.
		3. Amendments to Directors' Remuneration	1. Reviewed the general director's remuneration and approved it as proposed 2. Reviewed the independent directors' remuneration and submitted it to the board of directors for approval due to the recusal of their own interests	The amendments to Directors' remuneration were passed as proposed.

(2) Except for the preceding matters, resolutions of the Board of Directors' meetings in which the independent directors oppose or have reservations and which are recorded or stated in writing: There are no such matters in the Company.

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 in the meeting.
3. The cycle, period, scope, method, and aspect of self-evaluation or peer evaluation of the Board of Directors: For details of the evaluation of the Board of Directors' performance in 2022, please refer to page X regarding the operation of corporate governance and its differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof.

Cycle	Period	Scope	Method	Aspect
External evaluation (Ernst & Young Business Advisory Services Inc.) Implemented once every three years	September 1, 2021 to August 31, 2022	1. Performance of Board of Directors 2. Performance of Individual board members 3. Performance of Functional Committees	1. Individual interview of directors 2. Board performance evaluation questionnaire analysis 3. Board members' self-assessment questionnaire analysis 4. Self-assessment questionnaire analysis of Audit Committee and Compensation Committee performance evaluation 5. Review of documentation	1. Structure and procedures of the Board of Directors 2. Composition of the Board of Directors 3. Legal and organizational structure 4. Roles and Responsibilities 5. Behavior and culture 6. Training and development of directors 7. Supervision of risk control 8. Supervision of reporting/disclosure and performance
Internal evaluation Implemented once a year	January 1, 2022 to December 31, 2022	1. Performance of Board of Directors 2. Performance of Individual Board Members 3. Performance of functional committees	Board members' self-assessment	Board of Directors' Performance Evaluation: ・Involvement in the Company's operation ・Enhancement of the quality of the Board's decision-makeing ・Make up and structure of the board ・Election of board members and continuing knowledge development ・Internal Control Board Members' Performance Evaluation: ・Managing the Company's goals and tasks ・Awareness of directors' duties and responsibilities ・Involvement in the Company's operations ・Internal relationship management and communication ・Director's Professional and continuing knowledge ・Internal Control Functional Committees' Performance Evaluation: ・Involvement in the Company's operations ・Enhancement of the quality of functional committee decision-making ・Awareness of the functional committee's duties and responsibilities ・Election of functional committee members and continuing knowledge development

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 2022

Name	Date	Organizer	Course/Seminar	Number of Hours
Nita Ing	September 8, 2022	Securities and Futures Institute	Post Pandemic New Normal	3
	November 22, 2022	Securities and Futures Institute	Directors' Duties and Trends in Corporate Governance	3
Helena Kuo	April 22, 2022	Taiwan Institute for Sustainable Energy	Transform to Net Zero	3
	September 8, 2022	Securities and Futures Institute	Post Pandemic New Normal	3
	November 22, 2022	Securities and Futures Institute	Directors' Duties and Trends in Corporate Governance	3
John Huang	September 8, 2022	Securities and Futures Institute	Post Pandemic New Normal	3
	November 22, 2022	Securities and Futures Institute	Directors' Duties and Trends in Corporate Governance	3
Hsiung Chiang	August 19, 2022	Securities and Futures Institute	Early Warning and Model analysis for Company Financial Crisis	3
	September 8, 2022	Securities and Futures Institute	Post Pandemic New Normal	3
	September 22, 2021	Securities and Futures Institute	Case Analysis of company insider short-term trading	3
	November 22, 2022	Securities and Futures Institute	Directors' Duties and Trends in Corporate Governance	3
Allen Lee	September 8, 2022	Securities and Futures Institute	Post Pandemic New Normal	3
	December 2, 2022	Securities and Futures Institute	From Court Cases to review the roles of Independent Director and Audit Committee	3
Frank Juang	September 8, 2022	Securities and Futures Institute	Post Pandemic New Normal	3
	December 15, 2022	Securities and Futures Institute	Directors and Supervisors' roles of supervision and promoting a complete risk management system	3
Jolien Shu	September 8, 2022	Securities and Futures Institute	Post Pandemic New Normal	3
	November 22, 2022	Securities and Futures Institute	Directors' Duties and Trends in Corporate Governance	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 according 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. The main issues to be reviewed in 2022 are as follows:
(1) 2021 Business report and financial statements and issuance of the statement of internal control
(2) Distribution of 2021 Earnings and cash dividends
(3) Financial reports for the first to third quarters of 2022
(4) Lifting of the restrictions on non-competition of the Company's managers
(5) Review of 2023 annual budget
(6) Review of amendments to the audit plan for 2022
(7) Review of audit plan for 2023
(8) Review of amendments to regulations: Procedures for the Acquisition or Disposal of Assets, Group Internal Control System, Internal Audit Procedures, Internal Audit Implementation Rules, Group Risk Management Policy, etc.
(9) Capital increase of subsidiaries and subscription for capital increase of subsidiaries
(10) Capital reduction of subsidiaries

The Audit Committee convened 5 times (A) in 2022. Attendance of the 5th term of the Independent Directors is as follows:
Term of office (5th): July 30, 2021~July 29, 2024

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (B/A)	Remark
Convener and Member	Allen Lee Independent Director	5	0	100%	
Member	Frank Juang Independent Director	5	0	100%	
Member	Jolien Shu Independent Director	5	0	100%	

Other matters that require reporting:
1. (1) The Meeting Status in 2022 and the 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
March 14, 2022	5-4	1. Business report and financial statements proposal for 2021	✓	Approved by All independent present
		2. Earnings distribution proposal for 2021		
		3. Cash dividends from earnings distribution proposal for 2021		
		4. Amendments to the "Procedures for the Acquisition or Disposal of Assets" of the Company	✓	
		5. Evaluation of the independence and suitability of the CPAs for 2021		
		6. The Statement of Internal Control System for 2021	✓	Amended and approved by All Independent present
		7. Amendments to the "Group Internal Control System"	✓	
		8. Amendments to the Company's "Internal Audit Procedures", "Internal Audit Implementation Rules" and "Audit Office Job Descriptions"		
		9. Lifting of the restrictions on non-competition of the Company's managers	✓	

Date	Session	Proposal	Items Listed in Article 14-5 of the Securities and Exchange Act	Status of Implemention
May 3, 2022	5-5	1. The Company's financial report for the first quarter of 2022	✓	Approved by All independent present
		2. Increase in capital of the Company's subsidiary "Continental Consulting Limited Company"		
		3. Amendments to the Group Risk Management Policy		
August 1, 2022	5-6	1. The Company's financial report for the second quarter of 2022	✓	Approved by All independent present
		2. Amendments to the Company's audit plan for 2022		
October 31, 2022	5-7	1. The Company's financial report for the third quarter of 2022	✓	Approved by All independent present
		2. The Company's subsidiary, Continental Engineering Corporation, made a capital reduction to cover its losses		
December 13, 2022	5-8	1. US$61 million cash capital increase for CDC US Corporation by the subsidiary Continental Development Corporation	✓	Approved by All independent present
		2. The Company's budget proposal for 2023		
		3. Cash capital increase of the subsidiary Hsin-Dar Environment Corp		
		4. The Company's subscription for the cash capital increase of its subsidiary Hsin-Dar Environment Corp		
		5. The Company's audit plan for 2023		
March 10, 2023	5-9	1. Business report and financial statements proposal for 2022	✓	Approved by All independent present
		2. Earnings distribution proposal for 2022		
		3. Cash dividends from earnings distribution proposal for 2022		
		4. Evaluation of the Independence and suitability of the CPAs		
		5. To approve the procedure of non-assurance services		
		6. The Statement of Internal Control System for 2022.	✓	

(2) Any matter that has not been approved 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 interests in the Audit Committee in 2022.

3. Communication between Independent Directors, Chief Internal Auditor, and CPAs:

(1) The Chief of internal audit attends the Audit Committee and the Board of Directors' meeting and reports to the Audit Committee and the Board of Directors on the execution of the audit. In addition to the audit office main activities and tracking report on a regular basis, the Chief of internal audit also delivers audit reports to the members of the Audit Committee immediately after each audit report has been approved, so that they can keep track of the internal controls of the Company and its subsidiaries. Members of the Audit Committee are free to contact the Chief of internal audit by e-mail and telephone if they have any inquiries. The communication is excellent.

(2) The Company regularly holds separate meetings between the independent directors and the head of internal audit each year, and the head of internal audit reports to the independent directors on the execution of the audit and the annual audit plan.
The main communication situation in 2022 is as follows

Date	Method of Communication	Communication matters with Chief of internal audit	Communication situation and results
January~ December 2022	Direct reporting to Independent Director by Chief Auditor	1. Audit report 2. Tracking report	1. The Chief auditor communicates with the independent directors once or twice a month, without the presence of the general directors or management. 2. The Chief auditor responds in a timely manner to inquiries from the independent directors regarding deficiencies in internal controls and reports issued by the audit office.
March 14, 2022	5-4 Audit Committee	1. Audit report 2. Statement of Internal Control System for the 2021 3. Internal Audit Procedures, Internal Audit Implementation Rules and Audit Office Job Descriptions	1. The Audit report was approved by all Audit Committee members present and submitted to the Board of Directors. 2. The Statement of Internal Control System for the year 2021 has been discussed and approved by the Audit Committee and submitted to the Board of Directors for approval, and then reported with the assistance of the Audit Office. 3. The Internal Audit Procedures, Internal Audit Implementation Rules and Audit Office Job Descriptions was discussed and approved by the Audit Committee and submitted to the Board of Directors for approval.
May 3, 2022	5-5 Audit Committee	Audit report	The Audit report was approved by all Audit Committee members present and submitted to the Board of Directors.

Date	Method of Communication	Communication matters with Chief of internal audit	Communication situation and results
August 1, 2022	5-6 Audit Committee	1. Audit report 2. Amendments to the audit plan for 2022	1. The Audit report was approved by all Audit Committee members present and submitted to the Board of Directors 2. The amendments to the audit plan for 2022 have been discussed and approved by the Audit Committee and submitted to the Board of Directors for approval.
October 31, 2022	5-7 Audit Committee post-session Committee	1. summary of the implementation of Audit plan in 2022 2. Audit personnel management in 2022 3. Procedures for issuing audit reports 4. Report on the planning of the 2023 Audit plan	1. The Chief Auditor reported separately to Independent Directors. Ordinary directors or managerial officers were not present during the post-session. 2. No comments were made at the post-session.
October 31, 2022	5-7 Audit Committee	Audit report	The Audit report was approved by all the Audit Committee members present and submitted to the Board of Directors.
December 13, 2022	5-8 Audit Committee	1. Audit report 2. Review of audit plan for 2023	1. The Audit report was approved by all the Audit Committee members present and submitted to the Board of Directors. 2. The audit plan for 2023was 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 2022are as follows:

Date	Method of Communication	Subject of Communication with CPAs	Communication Status and Outcome
2022/3/14	CPAs' audit report (Separately reporting by CPAs to independent directors)	1. Audit outcomes of financial statements 2. Explanation of regulatory updates	Acknowledged by independent directors
2022/3/14	5-4 Audit Committee	1. Discussion of the audit of the business report and financial statements for 2021 2. Financial performance and operating results 3. Explanation of Key Audit Matters 4. Description of auditing issues and regulation updates	Approved by all the Audit Committee members present and submitted to the Board for approval
2022/5/3	5-5 Audit Committee	1. Discussion of the review of 2022 Q1financial statements 2. Financial performance 3. Explanation of regulatiory updates.	Approved by all the Audit Committee members present and submitted to the Board for approval
2022/8/1	5-6 Audit Committee	1. Discussion of the review of 2022 Q2 financial statements 2. Explanation of Key accounting principles and regulation updates 3. Communication and clarification of issues raised by the Audit Committee	Approved by all the Audit Committee members present and submitted to the Board for approval
2022/10/31	5-7 Audit Committee	1. Discussion of the review of 2022 Q3 financial statements 2. Explanation of regulatiory updates. 3. Communication and clarification of issues raised by the Audit Committee	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.

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

Assessment items	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Description	
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?"	✓		The Corporate Governance Principles were approved at the 19th meeting of the 4th Board of Directors to Strengthen the functions of Board, protect shareholder rights, and respect the rights of stake holders. The principles enhance the intergrity of the Company's corporate governance system as disclosed on the Company's website and Market Observation Post System (MOPS).	None
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?	✓		(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 watches the Company's stock transactions constantly and requests relevant information from the stock agency, when necessary, in order to control changes. (III) The Company and the member companies have established an internal control system and have regularly conducted self-inspection operations. The Company has also formulated the "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", "Code of Group Ethics and Business Conduct", "Group Guidelines for Handlings Whistleblowing case" and "Group Guideline for Anti- Insider Trading Management" to prevent insiders from taking advantage of the undisclosed information to trade securities and to cooperate with the propaganda of the competent authorities.	None
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? (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?	✓		(I) The Company's board director diversity policy is stated in Article 21 of the "Corporate Governance Best Practice Principles," which clearly stipulates that the composition of the board of directors should be diversified, and to have a diversity policy drafted up by taking into account the Company's operation, business type, and development needs. Please refer to page X of the annual report for the specific management objectives and implementation of the board director diversity policy in detail. (II) The Company has Compensation 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 conducted the external and content performance evaluation for 2022 in accordance with the established Rules for Performance Evaluation of Board of Directors, and the evaluation results were reported to the 10th and 11th Board of Directors' Meeting of the 5th session as the basis for review and improvement. Please refer to page X of the Annual Report for the scope, method and period of the internal and external performance evaluation of the Board of Directors for the year 2022, and the summary of the evaluation results is as follows: Internal Performance Evaluation The evaluation result of "Overall Performance of the Board of Directors" is "consistent with expectations".	None

Assessment items	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Description	
(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?	✓		The Board of Directors has been operating well and the Directors have highly recognized the overall performance of the Board of Directors. All directors highly recognized the Board of Directors' dedication to improving the quality of decision making, and that they have fully discussed and exchanged opinions on all resolutions, and that they have provided the management team with appropriate and timely directions for improvement and the risks to be noted. All directors also affirmed that the independent directors are free to express their opinions and exercise their powers independently without undue interference or influence and without potential pressure and concern. All directors also highly approve of the recommendations and supervision on internal control. In general, the Company's Board of Directors has a sound system, transparent information and compliance with laws and regulations, and diverse and complementary composition, which is conducive to the performance of the Board of Directors, and the overall performance of the Board of Directors is consistent with the expectations of the Directors. The functional committees of the Company are operating well, and the performance of the Audit Committee and the Compensation Committee is consistent with the expectations of the functional committee members. All members highly recognized that the functional committees operate independently and transparently, and that the composition of members and the awareness of their duties and responsibilities are conducive to the performance of the functional committees, and that the establishment of functional committees and their preliminary review function are conducive to the quality and efficiency of the Board of Directors' decision-making. The evaluation result of "Performance of Individual Board Members" is "consistent with expectations." All directors affirmed that the Board of Directors has a sound operating system and transparent information, and that the members of the Board of Directors have fully complied with relevant rules and regulations in exercising their duties and responsibilities. The members of the Company's Board of Directors cover a wide range of professions and are able to provide different viewpoints and opinions on various professional fields in the Board of Directors' discussions and decisions as appropriate. In addition, the Directors also affirm that the Company's management team upholds the principle of openness and transparency of information and provides the Directors with sufficient information to understand the Company's operations. The Directors highly recognize the duties and responsibilities they shall exercise as Directors and the regulations they shall pay attention to. They also attach great importance to the supervision and implementation of the internal control system, and place high emphasis on the continuous development of their professional knowledge and skills. External Performance Evaluation. The latest external evaluation of the performance of the Company's Board of Directors was conducted in September 2022 by Ernst & Young Business Advisory Services Inc. (hereinafter referred to as Ernst & Young) to evaluate the performance of the Company's Board of Directors. Ernst & Young's experts, who have no business dealings with the Company and are independent, issued a board performance evaluation report in November 2022, which provides a summary of the performance and recommendations for improvement to the Company's Board of Directors, as described below:	None

Assessment items	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Description	
(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?	✓		Evaluation result: The overall performance of the Company's Board of Directors was evaluated by Ernst & Young as "benchmark", based on a comprehensive evaluation of the Board of Directors' performance in terms of structure, composition, processes and information. Recommendations for improvement 1. It is recommended that the Company increase the number of independent directors to one-half of the Board of Directors or increase the number of Directors to nine to twelve by making reference to the average size of the Board of Directors of medium-sized listed companies overseas, in order to continuously strengthen the supervisory function of the Board of Directors and enhance the duties and responsibilities of the Board of Directors. 2. To improve the functions of the Board of Directors and strengthen the management function, the Company is encouraged to establish non-statutory functional committees, such as the Sustainable Development Committee, the Nominating Committee, and the Risk Management Committee, depending on the size and business nature of the Company, so as to enhance the governance effectiveness and quality of the Board of Directors for the Company. 3. The Company is recommended to establish a talent pool of directors to ensure that the composition and expertise of the Directors will continue to meet the needs of the Company's strategic development at different stages, and continue to invite professional directors with practical experience or specific expertise in the industry, such as ESG sustainability development, information digitalization, and other related professionals. 4. It is recommended that the Company shall formulate an intellectual property management plan that is linked to its operational objectives and disclose the implementation status on the Company's website or in its annual report, and report to the Board of Directors at least once a year. By integrating the intellectual property management plan with the company's operational objectives, the company will continue to innovate and develop to enhance its competitiveness in order to achieve the Company's operational objectives of sustainable management. The Company’s Response and Future Implementation Plan 1. The Company shall consider the needs of the Company, and shall plan for the number of independent directors and increase the number of non-statutory functional committees in the future. 2. The composition of the Company's Board of Directors is diversified and in compliance with laws and regulations. Meanwhile, based on the Company's strategic development needs, ESG or information security professionals shall be included in the future. 3. The Company has formulated an intellectual property management plan that is linked to its operational objectives, the operation of which has been reported to the Board of Directors on November 1 and disclosed on the official website.	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>(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?
(IV) Does the company regularly evaluate the independence of the independent auditors?</td><td>✓</td><td></td><td>Conclusion: Based on this board performance evaluation, Ernst & Young believes that the Company has a sound culture of board interaction, which is one of the fundamental elements of a high performance Board of Directors. With this foundation, Ernst & Young expects that the observations and recommendations provided by this evaluation in terms of board members, operational practices, risk management and performance monitoring shall help the Company and the Board of Directors to continuously improve and enhance their performance and become the industry benchmark for corporate governance and board performance.

(IV) The Company’s Audit Committee and the board of directors regularly evaluate the 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 independent auditor’s evaluation results were reviewed and approved in the 9th Audit Committee meeting of the 5th term and the 11th board meeting of the 5th term on March 10, 2023. Please refer to Note 1 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; therefore, they are qualified to serve as the Company’s independent auditors.</td><td>None</td></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 supervisor appointed to be responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with the information necessary for business operation, assisting directors and supervisors in complying with law and regulations, handling matters related to the board meetings and shareholders meetings lawfully, preparing the 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 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 director of the legal affairs department of a public company for more than 3 years. 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>Analysis of key information and responsibilities of the annual report</td><td>3</td></tr>
<tr><td>Taiwan Corporate Governance Association</td><td>Case analysis of business right disputes</td><td>3</td></tr>
<tr><td>Securities & Futures Institute</td><td>Post Pandemic New Normal</td><td>3</td></tr>
<tr><td>Securities & Futures Institute</td><td>2022 Insider Equity Transaction Legal Compliance Briefing Meeting</td><td>3</td></tr>
<tr><td>Taiwan Corporate Governance Association</td><td>Analysis of business right competition and prevention strategy</td><td>3</td></tr>
<tr><td>Securities & Futures Institute</td><td>Directors’ Duties and Trends in Corporate Governance</td><td>3</td></tr>
</table></td><td>None</td></tr>
</table>

Assessment items	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Description	
V. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.), set up a page, especially for stakeholders on the company's website, and appropriately responded to the important corporate social responsibility issues of concern to stakeholders?	✓		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 each and all stakeholders. The Company strives to maintain a good interactive relationship with each and 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 the situation of communication with each and all stakeholders to the board of directors. The communication situation with each and all stakeholders in 2021 was reported to the board of directors on December 16, 2022. 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 ESG report for detailed communication in this regard.	None
VI. Does the company contract a professional stock affairs agency to handle the affairs of the shareholders meeting?	✓		The Company has appointed the Stock Affair Department of Taishin Securities Co., Limited as the Company's stock affair agency to assist the Company handle shareholders meetings related matters.	None
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?	✓		(I) There are "Finance," "Investor" and "Corporate Governance" pages on the Company's website to disclose the information of the Company's finance, corporate governance, and others with the website updated regularly. (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.For more information on the Investor Conference, please refer to the "Shareholder Services" page on the Company's website. (III) The Company has the annual financial report announced and reported before the end of March each year lawfully; also, has the 1st, 2nd, and 3rd quarter financial reports announced and reported within 45 days at the end of each quarter of the fiscal year that was 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.	None
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.)?	✓		(I) Employee interests and employee care: The Company and the 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 the member companies employ indigenous peoples and persons with disabilities for a percentage higher than the mandatory ratio.	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>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>(II) Investor relations: The Company discloses material messages and reports corporate governance and related financial information on the Market Observation Post System lawfully that allows investors to acquire information at any time; also, there is the "Investors" page on the website for a smooth communication channel available to investors.
(III) Supplier relationship: The Company is an investment holding company without any raw material supplier retained. The 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 the suppliers for their confirmation and signatures.
(IV) Stakeholders' rights: Please refer to the "Stakeholder" page on the Company's website for details.
(V) Training for the Directors: All directors of the Company regularly participate in more than 6 hours every year. Please refer to Page 25 for the director's training in 2022.
(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 2022 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.</td><td>None</td></tr>
<tr><td colspan="5">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.
(1) The company conducted a self-assessment on corporate governance and did not find any significant deficiencies that need to be improved.
(2) The results of the 2022 corporate governance assessment indicate that the company ranks in the 6% to 20% tier among listed companies.</td></tr>
</table>

Note: It is necessary to state the operation status in the "Description" column regardless the answer to each question is "Yes" or "No."

Note 1: Letter of declaration from KPMG

安侯建業聯合會計師事務所
KPMG
台北市11049信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 11049, Taiwan (R.O.C.)
Telephone 電話 + 886 2 8101 6666
Fax 傳真 + 886 2 8101 6667
Internet 網址 kpmg.com/tw

Addressee: CONTINENTAL HOLDINGS CORP.

Subject: To declare that we are appointed to audit and certify your financial statements for 2022 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) All auditors shall sign the declaration of independence when they are assigned to participate in the respective cases, and shall confirm their compliance again using the online annual declaration of independence.

(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 sample the rotation status of CPAs for their respective cases and the suitability of providing non-audit services, including the verification period of CPAs and the prior approval for non-audit services provided, etc.

(4) The staff for the case concerned have signed the independent statement and are aware of the laws and regulations of insider trading. After accepting the assignment, they shall not use the information that the client has not disclosed to the public to buy or sell the client's securities or disclose the client's material information that has not been made public to any third parties for trading of securities.

(5) 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 2022 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 21, 2023

Note2: Independence assessment indicators of CPA

Continental Holdings Corp.
Evaluation Sheet for Independence and Suitability

(I) Evaluation CPAs: CPA Chung-Che Chen and Shu-Ying Chang

(II) Evaluation using audit quality index (AQI):

Item No.	Evaluation Items	Comments
1	If the CPAs and the firm they affiliate to have the professional and management capabilities to perform auditing works? Engagement	Although the number of years the lead Auditor being a partner is slightly shorter than the one for firm-level and the average number among the industry, the 25-year audit experience and the training hours are higher than the average number among the industry, and hence the CPAs have sufficient audit expertise.

Sub-items	Case-level	Firm-level	Industrial Average
(1-1-1) Audit experience of CPA (lead accountants)	11 years	12.5 years	11.7 years
(1-1-1) Audit experience of CPA (cosigning accountants)	17 years	12.5 years	11.7 years
(1-1-2) Audit experience of Engagement Quality Control Review (EQCR) accountants	17 years	14.1 years	13.2 years
(1-1-3) Audit experience of audit staff of managerial level or above (excluding CPAs)	14 years	9.8 years	11.1 years

Sub-items	Firm-level	Industrial Average
(1-2-1) Training hours of CPAs	101.7 hours	93.4 hours
(1-2-2) Training hours of audit staff of managerial level or above (excluding CPAs)	84.1 hours	89.1 hours
(1-3-1) Turnover rate of audit staff of managerial level or above (excluding CPAs)	17%	17.4%
(1-4-1) Proportion of number of professional staff supporting audit units	7.1%	5.4%
(1-4-2) Proportion of hours of professional staff dedicating to cases of listed/OTC companies	9.9%	6.5%

Item No.	Evaluation Items	Comments
2	Is the CPAs' workload excessive and the audit team's investment in each audit stage appropriate?	In 2021, the proportion of available working hours of the cosigning accountants is too high, and the number of hours for the accountants to inspect the Company is relatively shorter. The firm stated that it has reduced the number of companies that the two accountants are responsible for auditing from 2022. At present the number of companies for lead auditor has been reduced to 12, while the one for Engagement Auditor to 13, and these numbers will continue to be lowered.

Section	Sub-items	Case-level	Firm-level	Industrial Average
(2-1-1)	Number of public companies in which the CPAs serve as lead accountants- Lead accountants	16 Companies	6.4 companies	7.0 companies
	Number of public companies in which the CPAs serve as cosigning accountants- Cosigning accountants	15 companies	6.4 companies	7.0 companies
(2-1-2)	Proportion of available working hours of lead accountants	137.3%	60.4%	54.7%
	Proportion of available working hours of cosigning accountants	118.2%	60.4%	54.7%

Proportion of audit hours	2021 Audit- Case-level			
	CPA	Managerial-level	Audit Staff	Total
Arrangement Stage	2.1%	6.2%	25.7%	34.0%
Execution Stage	2.8%	12.6%	50.6%	66.0%
Total	4.9%	18.8%	76.3%	100.0%

Proportion of audit hours	2021 Audit- Firm-level			
	CPA	Managerial-level	Audit Staff	Total
Arrangement Stage	2.3%	5.0%	23.5%	30.8%
Execution Stage	4.8%	12.7%	51.7%	69.2%
Total	7.1%	17.7%	75.2%	100.0%

Proportion of audit hours	2021 Audit- Industrial Average			
	CPA	Managerial-level	Audit Staff	Total
Arrangement Stage	2.3%	5.0%	33.9%	41.2%
Execution Stage	3.7%	8.0%	47.1%	58.8%
Total	6.0%	13.0%	81.0%	100.0%

<table>
<tr><th>Item No.</th><th>Evaluation Items</th><th>Comments</th></tr>
<tr><td>3</td><td>Do the EQCR CPAs devote enough time to the review of audit cases and does the firm has sufficient quality control manpower to support the inspection team?
<table>
<tr><th>Sub-items</th><th>Case-level</th><th>Firm-level</th><th>Industrial Average</th></tr>
<tr><td>(2-3-1) Proportion of review hours of EQCR CPAs</td><td>2.6%</td><td>1.4%</td><td>1.26%</td></tr>
</table>
<table>
<tr><th>Sub-items</th><th>Firm-level</th><th>Industrial Average</th></tr>
<tr><td>(2-4-1) Full-time equivalent personnel of QC staff</td><td>35.1</td><td>47.4</td></tr>
<tr><td>(2-4-2) Proportion of QC staff supporting audit units</td><td>2.5%</td><td>3.0%</td></tr>
</table>
</td><td>Both the number of quality control personnel and the proportion of the supporting audit department are lower than the average number among the industry, but the proportion of EQCR CPAs' hours devoted to the review for the Company is significantly higher than the average number of the firm and among the industry, and hence the audit quality of the Company can be sustained.</td></tr>
<tr><td>4</td><td>Is the proportion of non-audit service fees charged by the firm and its affiliates to the Group too high and has the firm provided the financial report audit services to the Company for too long?
<table>
<tr><th>Sub-items</th><th>2021</th><th>2020</th></tr>
<tr><td>(3-1) Proportion of non-audit service fees</td><td>34.2%</td><td>30.4%</td></tr>
</table>
<table>
<tr><th>Sub-items</th><th>2021</th></tr>
<tr><td>(3-2) The audit case's accumulated years in the firm's verified annual financial statement</td><td>11 years</td></tr>
</table>
</td><td>Although the firm has provided the Company with audit services for 11 years, none of the previous CPAs have provided audit services for the Company for 7 consecutive years, and the proportion of non-audit fees has not exceeded 40%. Hence, when the CPAs and the firm they affiliate to perform audit works, both are able to maintain independence and provide their opinions in an impartial manner.</td></tr>
</table>

(III) Independence assessment Indications of CPA

<table>
<tr><th rowspan="2">No.</th><th rowspan="2">Evaluation Items</th><th colspan="2">Evaluation Results</th></tr>
<tr><th>Y/Meet</th><th>N/Not Meet</th></tr>
<tr><td colspan="4">Evaluation to Independence</td></tr>
<tr><td>1</td><td>The CPAs themselves and their family members (including spouses, cohabitants and minor children) have no direct or significant indirect financial interest relationship with the Company.</td><td>✓</td><td></td></tr>
<tr><td>2</td><td>The CPAs are not serving as directors or managers of the Company or any other positions that have a significant impact on the audit cases at present or in the past two years.</td><td>✓</td><td></td></tr>
<tr><td>3</td><td>The CPA has no relationship with the Company's directors, managers, or personnel with positions that have a significant impact on audit cases, including spouses, direct blood relatives, direct relatives by marriage, or collateral blood relatives within the second degree of kinship.</td><td>✓</td><td></td></tr>
<tr><td>4</td><td>The CPAs and firm they affiliate to and affiliates of the firm do not provide the Company with non-audit services that may affect the absolute independence.</td><td>✓</td><td></td></tr>
<tr><td>5</td><td>The CPAs have not provided audit services to the Company for seven consecutive years.</td><td>✓</td><td></td></tr>
<tr><td>6</td><td>The CPAs have not served as directors or managers of the Company or any positions that have a significant impact on audit works within one year after resignation.</td><td>✓</td><td></td></tr>
<tr><td>7</td><td>Do CPAs maintain an unbiased and objective standpoint when performing professional services, and avoid prejudice, conflicts of interest or interests that affect professional judgment?</td><td>✓</td><td></td></tr>
<tr><td colspan="4">Evaluation to Suitability</td></tr>
<tr><td>8</td><td>The CPAs and the firm they affiliate to have the required professional and management capabilities to perform auditing business.</td><td>✓</td><td></td></tr>
<tr><td>9</td><td>The CPAs and the firm they affiliate to have sufficient audit quality control capabilities.</td><td>✓</td><td></td></tr>
<tr><td>10</td><td>The CPAs have no record of punishment by the CPA Discipline Committee in the last two years.</td><td>✓</td><td></td></tr>
<tr><td>14</td><td>The CPAs are able to complete the review or inspection of the Company's quarterly financial reports in a timely manner.</td><td>✓</td><td></td></tr>
</table>

(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 12-16 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"	0
Member	Allen Lee Independent Director			0
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:
   - Regularly review the Compensation Committee Charter and propose recommendations for improvement.
   - 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.
   - 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 4 meetings (A) in 2022. 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%.

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (B/A)	Remark (Note)
Convener	Frank Juang Independent Director	4	0	100%	
Member	Allen Lee Independent Director	4	0	100%	
Member	Jolien Shu Independent Director	4	0	100%	

Other matters that require reporting:
1. The Compensation Committee's meetings Status from 2022 to March 2023
   The Compensation Committee has met twice in 2023 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
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	Approved by all Independent Directors present

Date	Session	Key Resolutions	Status of Implementation
May 3, 2022	5-3	1. Appointment of IT Head 2. Adjustment to executives' compensation in 2022.	Approved by all Independent Directors present
August 1, 2022	5-4	Appointment of CEO Office's Asst.President	
December 13, 2022	5-5	1. Report on the External Board evaluation 2. Executives' performance evaluation and bonus for 2022 3. 2023 performance targets for executives	
March 10, 2023	5-2	1. Report on the internal Board evaluation in 2022 2. Distribution of employees' compensation and Directors' remuneration for 2022	

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.

(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 a governance structure for sustainable development and a full-time (or concurrent) sustainable development promotion unit, which is managed by senior management on the authorization of the Board? How is the unit being supervised by the Board?	✓		CHC established the ESG Committee, the full-time unit in charge of promoting sustainable development, in 2020. The ESG Committee is chaired by the CEO of CHC and comprises senior management at CHC's three business sectors and the heads of CHC's functional units. It 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. Aimed at promoting ESG-related work for the Group, the ESG Committee identifies risks and opportunities on the three aspects of environmental (E), social (S), and governance (G), based on the principle of materiality, convenes regular meetings to formulate sustainable development strategies, review short-term, medium-term and long-term ESG initiatives and targets, and evaluate the implementation of the annual plan. Supervised by the Board of Directors, the ESG Committee regularly reports the implementation of the Group's ESG inititatives and future annual plans to the Board. In 2022, the ESG Committee reported the ESG performance, latest regulatory trends, as well as response plans to the Board on March 15, May 3, August 2, and November 1, respectively.	None
II. Does the company conduct risk assessments of environmental, social, and corporate governance issues related to its operations according to the principle of materiality, and establish the relevant risk management policies or strategies?	✓		In keeping with the principle of materiality, CHC identifies annual material topics based on four steps, namely "identification, analysis, validation, and review". By selecting key sustainability topics for the current year, analyzing the degree of concern about key ESG issues among peers in Taiwan and abroad, such as construction engineering, real estate development, and environmental engineering and water treatment, CHC conducts risk assessments on the positive and negative impacts of these issues, determines the priority and sets corresponding risk management strategies and action plans. The boundary of risk assessment encompasses CHC and its three business sectors, namely Continental Engineering Corporation (CEC), Continental Development Corporation (CDC), and HDEC Corporation (HDEC). Further information on risk assessment results and risk management strategies can be found on CHC's official website or Sustainability Report.	None

Promotion tasks	Implementation Status			Non-implementation Summary and Its Reason(s)
	Yes	No	Summary	
III. Environmental Issues (I) Does the company establish proper environmental management systems in line with its industry characteristics? (II) Is the company committed to improving resource utilization efficiency and using recycled materials with a low environmental footprint? (III) Does the company evaluate the impact of climate change on its current and future potential risks and opportunities, and adopt corresponding response measures? (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, greenhouse gas reduction, water consumption reduction, or other waste management policies?	✓		(I) CHC has established appropriate environmental management systems based on the attributes of its three business sectors, including energy conservation and environmental protection measures for office buildings, environmental technology management for construction engineering, and the introduction of ISO 14001 and ISO 50001 at its operating plants, while making continuous efforts to maintain ISO verification. Furthermore, CHC carries out greenhouse gas inventories annually according to ISO 14064-1 to continuously monitor the performance in environmental management, and publicly discloses the relevant results on its official website and Sustainability Report. (II) CHC promotes green procurement to reduce its environmental impact, and engages in energy management through its efforts to adopt eco-friendly and energy-saving materials, high-efficiency equipment, and renewable energy. Meanwhile, CHC improves construction methods to create opportunities for resource recycling and reuse so that resource utilization efficiency can be optimized. In 2022, the Group's green procurement amounted to NT$809,871,000, which included the purchase of materials for construction projects and supplies for clerical work. CHC also achieved the goal of resource recycling and reuse thanks to the increasing adoption of formwork systems in civil construction projects. CHC uses electricity consumption per ton of wastewater treated as the management indicator for energy utilization efficiency. In 2022, the water treatment plants operated by the Group consumed 0.32 kWh of electricity per ton of wastewater treated, an 11% improvement compared to its previously set target. At the same time, CHC recycled and reused 685,369M^3 of biogas, with renewable energy accounting for 3.1% of its overall energy consumption. (III) CHC's ESG Committee not only reviews the Group's ESG plan and targets annually, which include management and action plans for risks and opportunities arising from climate change, but also inspects their implementation status and holds discussions to draw up future development strategies. CHC evaluates potential risks and opportunities arising from climate change for the Group's current and future operations based on TCFD recommendations, and draws up corresponding measures such as climate change mitigation and adaptation actions according to the evaluation results. These risks and opportunities are reviewed and updated annually. The key climate risk factors identified by CHC are environmental costs and compliance risks, increased costs of raw material, rising average temperatures, etc. For more details, please refer to “VII. Other important information to facilitate a better understanding of the Company's sustainable development implementation practices” and CHC's Sustainability Report. (IV) CHC has progressively and systematically collected and calculated greenhouse gas emissions, water consumption, and total weight of waste since 2016 in order to establish energy saving, water reduction, and waste management measures accordingly. CHC has also been optimizing its greenhouse gas measurement mechanism stage by stage in accordance with ISO 14064-1 since 2021. In 2022, CHC completed not only the third-party verification of greenhouse gas emissions for the Group's headquarter building and one of its wastewater treatment plants, but also the self-verification of two of its wastewater treatment plants. In 2023, CHC expects to complete the third-party verification of greenhouse gas emissions for itself (Standalone) and one of its wastewater treatment plants as well as the self-verification of three of its wastewater treatment plants. CHC's environmental information for the past two years is summarized as follows. For more details on CHC's environmental management measures and performance, please refer to CHC's Sustainability Report.	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>(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, greenhouse gas reduction, water consumption reduction, or other waste management policies?</td><td>✓</td><td></td><td>
<table>
<tr><th>GHG emissions (tCO_2e)</th><th>2021</th><th>2022</th></tr>
<tr><td>Scope 1</td><td>1,167</td><td>1,598</td></tr>
<tr><td>Scope 2</td><td>30,811</td><td>38,123</td></tr>
<tr><td>Scope 3</td><td>11,775</td><td>-</td></tr>
<tr><td>GHG emissions per NT$1 million in revenue
(Sum of Scope 1 and Scope 2 GHG emissions)</td><td>1.19</td><td>1.24</td></tr>
</table>
The figures for Scope 1 and 2 listed above encompass CHC and its three business sectors, while Scope 3 covers the Group's headquarter building and the wastewater treatment plants operated by the Group. For 2021, the emissions data reported in Scope 1, 2, and 3 were partially verified by a third party body (15%, 22%, and 26% respectively). The emissions data for 2022 is currently being verified by a third party body, and the results will be disclosed on CHC's official website and Sustainability Report once available. The majority of the Group’s greenhouse gas emissions comes from electricity emissions within Scope 2, which are mainly resulted from wastewater treatment processing. Therefore, electricity consumption per ton of wastewater treated is used as the quantitative management indicator. Through the optimization of energy conservation in high energy-consuming equipment, implementation of smart energy management systems, and enhanced modes of operation, CHC recorded an actual electricity consumption of 0.32 kWh per ton of wastewater treated with 0.16kg CO_2e in carbon emissions in 2022, an 11% improvement compared to its target.
<table>
<tr><th>Water Resources (M^3)</th><th>2021</th><th>2022</th></tr>
<tr><td>Water consumption</td><td>223,453</td><td>229,723</td></tr>
<tr><td>Water consumption per NT$1 million in revenue</td><td>8.32</td><td>7.15</td></tr>
</table>
The Group continues to implement water resources management and improves water utilization efficiency through water-saving equipment, water supply adjustment, water recycling and reuse, and water-saving awareness campaigns. In 2022, CHC recycled and reused 34% of its reclaimed water, representing a 100% target achievement rate.
<table>
<tr><th>Waste (ton)</th><th>2021</th><th>2022</th></tr>
<tr><td>Total weight of waste produced</td><td>32,483</td><td>33,513</td></tr>
<tr><td>Weight of waste produced per NT$1 million in revenue</td><td>1.21</td><td>1.04</td></tr>
</table>
The types of waste generated by the Group in its operating activities are classified into office waste and commercial waste, including construction waste, as well as sludge and liquid acid waste resulted from wastewater treatment. Aside from developing operation modes with low consumption and high resource efficiency using technologies on an ongoing basis, CHC is also committed to reducing resource consumption at source with the aim of lowering the volume of downstream waste. Moreover, CHC strictly implements waste classification, reuse, and recycling. In 2022, CHC reduced 3,492 tons of sludge in total, representing a 94% target achievement rate.
</td><td>None</td></tr>
</table>

Promotion tasks	Implementation Status			Non-implementation Summary and Its Reason(s)
	Yes	No	Summary	
IV. Social Issues (I) Does the company formulate appropriate management policies and procedures in accordance with the relevant laws and regulations, as well as international human rights conventions?			(I) CHC has developed the Group's Human Rights Policy in accordance with the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labor Organization Declaration on Fundamental Principles and Rights at Work to safeguard employees' basic rights. 1. CHC complies with local labor laws and regulations in its operating locations, and continuously strives to improve the working environment with the intention of helping employees maintain good physical and mental health and ensuring their safety. 2. With a commitment to creating a diverse and inclusive working environment where discrimination and harassment are not tolerated, CHC has formulated the Group's "Guidelines for Sexual Harassment Prevention, Grievance, and Punishment" to set out the procedures for handling sexual harassment incidents. 3. CHC provides a working environment that respects migrant workers' religions and cultures, and uses staffing companies that treat migrant workers fairly. In order to deepen employees' knowledge and understanding of human rights-related issues, CHC not only conducts human rights training for new employees regularly, but also offers nearly 130 courses related to "diversity, equality, and inclusion" on its e-learning platform, covering topics such as gender equality, sexual harassment prevention, employment discrimination, workplace bullying, and intergenerational communication. Additionally, CHC invites guest speakers to share their experience and expertise on various topics, such as intergenerational communication and friendly workplace. In 2022, CHC conducted 1,434 hours of human rights-related training in total with 2,006 participants.	
(II) Does the company formulate and implement reasonable employee benefits (including compensation, vacation, and other benefits), and appropriately reflect its business performance or achievements in employee compensation?	✓		(II) CHC has formulated a comprehensive employee benefits plan, where the remuneration, benefits, and time-off policies comply with the relevant laws and regulations and are competitive in the market. Furthermore, CHC closely integrates the personal goals of employees with the objectives of the organization, and continues to reflect its business achievements and financial performance in employee compensation according to CHC's procedures for performance evaluation and annual performance bonuses. As of 2022, CHC has implemented annual salary adjustments for five consecutive years, with the average salary adjustment rate being higher than the inflation rate and the average salary adjustment rate in the market. CHC makes contributions equivalent to 6% of employees' salaries to their individual labor pension accounts every month for those who are covered under defined contribution plan, and 2% of employees' salaries to the pension reserve fund account, which is supervised by its Workers' Retirement Fund Supervisory Committee, in order to ensure a stable post-retirement life for employees. As regards employee benefits, in addition to paid time off, labor insurance, health insurance, and pension that are provided in accordance with the relevant laws and regulations, CHC also implements flexible work hours and puts in place shift work schedules for construction workers that are better than the market. Diverse group insurance policies, health check packages, and reimbursements for club activities are also available for employees to choose from. In 2022, CHC provided an average of NT$2,212,000 in employee benefits. In 2022, female employees accounted for 19% of the total employees at CHC, while female managers accounted for 9.6%. The Group offers equal pay regardless of gender across all levels. Salaries are determined based solely on job requirements, individual capabilities, and job performance.	None

Promotion tasks	Implementation Status			Non-implementation Summary and Its Reason(s)
	Yes	No	Summary	
(III) Does the company provide a safe and healthy working environment, and conduct training on health and safety for its employees on a regular basis? (IV) Does the Company establish effective career development programs for its employees?	✓		(III) CHC arranges health examinations and consultation and organizes health talks for employees on a regular basis. Furthermore, in 2022, CHC launched a series of initiatives to help employees balance their mind and body, including employee recognition and encouragement programs, work-life coaching services, physical and mental health courses, as well as work shift scheduling equivalent to a five-day work week for construction workers. On the subject of health care, CHC purchased pandemic and vaccine insurance policies for employees, conducted regular health questionnaires, provided them with COVID-19 test kits, and implemented segregated operations during the pandemic in order to prevent COVID-19 infection among employees. Moreover, CHC has adopted a number of safety management measures, such as safety and hygiene audits for construction site, publications on occupational injury prevention, pre-work OHS education, construction site inspections, and reporting of high-risk operations, thereby demonstrating its commitment to protecting employees' health and safety in the workplace. CHC's Occupational Health and Safety Committee regularly reviews its OHS management measures. The OHS Management Platform has also been established to bolster its planning of contingency measures in relation to OHS risk management. The Group has been awarded the ISO/ CNS 45001 Occupational Health and Safety Management Systems certification, which in turn elevates the level of OHS management at CHC. CHC conducts occupational safety training on a regular basis in order for employees to understand the nature of their work, potential hazards in the environment, and the way to prevent occupational hazards. In 2022, a total of 60 related training sessions were organized, with 2,238 participants. CHC is committed to instilling a safety mindset among front-line workers, in order to enhance their familiarity with operations and their adaptability at work. The most common types of occupational injuries in the Group's industry are falls, tumbles, and strikes by sliding or flying objects. In 2022, only one occupational accident was reported, which accounted for 0.05% of the total number of 2,136 employees at CHC. In response to the cause of the accident, CHC not only drew up preventive and corrective measures and added the relevant OHS management regulations immediately, but also adjusted its operational procedures and developed OHS management equipment and technologies to reduce the risk of injury. In 2022, CHC successfully developed automatic sensor-linked warning lights for enclosed construction areas. When workers go near an enclosed construction area, the warning lights will set off an alarm in order to alert them and thus reduce the risk of accidents. (IV) CHC attaches great importance to the development of employees' competencies and potential, and encourages employees to enhance their job competencies through education and training sessions. In addition, CHC conducts a talent inventory on an annual basis to not only determine key internal positions, the essential functions and personality traits required of the position in accordance with the Group's future development strategies, but also identify potential internal and external successors, with a view to ensuring the sustainability of the organization. In 2022, the Group invested a total of NT$5,787,903 in internal and external training programs, a 32% increase from the previous year, and conducted 32,533 hours of training for all employees, a 28% increase from the previous year.	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>(IV) Does the Company establish effective career development programs for its employees?</td><td rowspan="2">✓</td><td rowspan="2"></td><td>CHC's talent cultivation in 2022 included:
• General training: Internal/external, offline/online training and certificate programs 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. Despite the cancellation or postponement of offline programs due to the COVID-19 pandemic, the Group still managed to implement over 90% of its annual training plan in 2022.
• Mechanical and electrical technical courses: To prepare for future market trends in areas such as IPD and design-build contract, a series of mechanical and electrical technical courses were developed in 2022. In order to nurture all-round talents in engineering, the Group invites experts in various fields to impart basic to advanced knowledge on various themes, such as electric power, plumbing, and fire safety, as well as share their insights based on case studies and improvement measures for common deficiencies.
• Group mentorship program: Training courses on mentoring skills were provided to a group of mentors within the Group, empowering senior staff to provide psychological support and career assistance to junior staff. In 2022, 15 mentors were paired with 15 juniors in a one-year mentorship program where they could exchange experiences and skills.
• Successor program: In addition to seeking potential talents both internally and externally, CHC also arranged for the management level to attend a training program titled "How to Help Subordinates Develop Personal Development Plans," so that managers could effectively assist each potential talent in developing his/her personal development plan. CHC reported a 63% training completion rate throughout this program in 2022. The Group also digitized personal development plans, enabling managers to follow up on each key talent's individual development plan and its implementation in a more effective manner. Moreover, CHC continued the talent cultivation program launched in late 2021 to develop key talents for the Group, with a total of 8 required courses completed in 2022.
• External coaching program: In 2022, the Group continued to establish an external coaching pool, aimed at helping senior managers pursue excellence on an ongoing basis.</td><td rowspan="2">None</td></tr>
<tr><td>(V) On the subject of customer health and safety, customer privacy, marketing, and labeling with respect to products and services, does the company comply with the relevant laws and regulations and international standards, and formulate related consumer protection policies and grievance procedures?</td><td>(V) Owing to its emphasis on customers' health and safety with respect to products and services, CHC not only designs and builds products that ensure customer health and safety in compliance with the relevant laws and regulations, but also continues to implement quality management in line with international standards after successfully obtaining the ISO 9001:2015 Quality Management Systems certification. In 2022, CHC did not receive any complaint or penalty related to the health and safety of customers.
CHC attaches great importance to protecting customer privacy and personal data. In addition to complying with the Personal Data Protection Act and the rules and regulations for information processing, CHC also requires its suppliers to comply with these laws and regulations, so as to protect customer privacy and personal information. In 2022, CHC did not receive any complaint or commit any violation in regard to customer privacy.</td></tr>
</table>

Promotion tasks	Implementation Status			Non-implementation Summary and Its Reason(s)
	Yes	No	Summary	
(V) On the subject of customer health and safety, customer privacy, marketing, and labeling with respect to products and services, does the company comply with the relevant laws and regulations and international standards, and formulate related consumer protection policies and grievance procedures? (VI) Does the company formulate a supplier management policy that requires suppliers to comply with and implement the relevant regulations on issues such as environmental protection, occupational safety and health or labor rights?	✓		CHC's marketing materials and labeling have all been 100% double-checked and audited by various departments before being used to ensure compliance. In 2022, CHC did not receive any complaint or penalty related to marketing and labeling. CHC has set up an after-sales service department to deal with customer complaints and product maintenance requests. CHC also takes the initiative to conduct customer satisfaction surveys before, during, and after sales activities to protect customers' rights and interests. CHC ensures that its customer complaint channels are available and convenient to use. These channels include the contact form on CHC's official website, customer service hotline, and community app. CHC also strictly implements timely response management. (VI) CHC has established the CHC Group Procurement Policy and Supplier Management Regulations, which rule out suppliers with high environmental and OHS risks and set out the implementation standards on labor management, prohibition of child labor, basic labor rights, code of ethical conduct, and ethical corporate management. CHC also requires all the suppliers to comply with the Group's code of ethics and procurement regulations. CHC controls supply chain risks through supplier selection standards and supplier evaluation, as well as actively manages and counsels suppliers with high levels of risk. CHC conducts an annual selection of excellent suppliers based on their performance in various areas such as occupational safety, environmental management, project quality, and project schedule management. In 2022, CHC added a new category of award for suppliers with outstanding performance in the safety and health area, which was given to one supplier. A total of 27 suppliers were honored with the Excellent Supplier Award in recognition of their concrete and proactive actions.	None
V. Does the company publish reports that disclose its non-financial information, such as sustainability reports, in accordance with international reporting standards or guidelines? Does the company obtain third-party assurance for these reports?		✓	CHC published the 2022 Sustainability Report according to the GRI Standards. However, CHC has yet to obtain third-party assurance for this report.	CHC will obtain the relevant third-party assurance where necessary.
VI. If the company has established its own sustainable development principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," please describe any discrepancy between the Principles and their implementation:Not applicable.				

VII. Other important information to facilitate a better understanding of the Company's sustainable development implementation practices:

(I) Please refer to the Sustainability section on CHC's website.

(II) HDEC Corporation (HDEC), a member of CHC Group, was named the most favored bidder for The Build-Operate-Transfer Project of Renewing Cheng-Xi Incineration Plant in Tainan City in 2022. HDEC completed signing of the project with the Environmental Protection Bureau of Tainan City Government in February 2023. The total investment amount of the project is NT$7.215 billion. HDEC will build and run a waste incinerator with a daily treatment capacity of 900 tons. The heat generated during the incineration process will be used for electricity generation. The incinerator will serve as a renewable-energy power plant with a waste-to-energy efficiency of over 25%.

(III) The climate -related risks and opportunities identified by CHC are listed below:

Type	Climate-Related Risks	Financial Impact	Management Strategy	Opportunities
Transition Risks	Increase in costs of raw materials	• Increase in operating costs	• Improve research and advance planning related to raw material procurement, enhance raw material identification, management, and contingency plans, as well as optimize procurement and business strategies	• Value engineering

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

Type	Climate-Related Risks	Financial Impact	Management Strategy	Opportunities
Transition Risks	Increase in costs arising from GHG emissions Costs and expenses arising from transition to low-carbon technologies	• Increase in operating expenses • Increase in capital expenditures	• Step up efforts to integrate technology into construction operations and develop digital tools, adjust product design and service models, as well as increase energy and resource utilization efficiency • Continue to develop products and service solutions in compliance with the principles of circular economy • Carry out R&D of innovative technologies and construction methods • Strengthen industry-government-academia collaboration to share technology, knowledge, and best practices	• Value engineering • Workforce evolution • Increased use of reclaimed water and renewable energy • Development of new sustainable services and products
	Enhancement of GHG emission reporting obligations	• Increase in operating expenses	• Continue to carry out GHG inventories according to ISO 14064-1 and regularly disclose information on greenhouse gas emissions	• Increase in positive feedback and recognition from stakeholders • Enhance monitoring of climate and energy risks and strengthen operational resilience
	Concerns or negative feedback from stakeholders	• Decrease in operating revenue • Increase in costs of capital	• Continue to integrate ESG issues into decision-making processes and business models to create sustainable value • Regularly disclose ESG management efforts and results, as well as reinforce communication and interaction with stakeholders on an ongoing basis	• Increase brand value and enhance company reputation • Increase positive feedback and recognition from stakeholders • Expansion of corporate influence
Physical Risks	Rising average temperatures	• Decrease in operating revenue • Increase in operating costs • Increase in operating expenses	• Continue to improve and implement heat hazard prevention measures and equipment investment, as well as enhance heat hazard awareness and response training among employees • Step up assessments of climate trends in CHC's operating locations and refine resource allocation and response planning • Bolster research on emerging building materials, as well as enhance performance verification and assessment	• Design and construction of green buildings • Construction of resilient infrastructure • Increase use of reclaimed water and renewable energy

(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 Company's Board of Directors approved the establishment of the "Code of Group Ethics and Business Conduct" on November 5, 2020, to explain and facilitate the philosophy and principles of ethical corporate management. (II) The Company established the "Code of Conduct", the "Code of Group Ethics and Business Conduct", the "Group Guidelines for Handlings Whistleblowing case", the "Group Guideline for Anti- Insider Trading Management", and other related operating procedures or guidelines for compliance. Specific regulations include prohibition of offering or accepting improper benefits and the criteria for their recognition, the supervision and management of the approval of donations and sponsorships, the vesting of intellectual property rights and the promise of confidentiality, and the prevention, reporting, investigation, treatment of unethical conduct, confirmation of the degree of ethical corporate management of business partners and avoidance and investigation of potential conflicts of interest, etc. The aforementioned relevant regulations have covered the preventive measures stipulated in Paragraph 2 of 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) In accordance with foregoing internal procedures and regulations, the procedures, guidelines, complaint system, and subsequent investigation and treatment to prevent unethical conduct have been expressly stated, and are implemented and reviewed whenever cases occur.	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 ethical trading and measures to prevent unethical conduct, the Group's suppliers are required to sign an ethical corporate management statement and cooperate with the execution of ethical corporate management compliance and conflict-of-interest surveys. In 2022, a total of 1,744 supplier surveys were sent out. In addition, the Company has incorporated the terms of ethical corporate management into the relevant contract template; the Company has also revised procurement regulations to include a commitment to ethical corporate management as one of the evaluation items for supplier management. (II) In accordance with Article 17 of the Code of Group Ethics and Business Conduct, the Company has designated the ESG Promotion Committee's Management and Governance Section as the Company's dedicated ethical corporate management unit, which is convened by the Vice President of the Legal Department and is responsible for the promotion and supervision of the Company's ethical corporate management policies and reports regularly to the Board of Directors. The dedicated ethical corporate management unit has reported on the implementation of ethical corporate management at the 9th meeting of the 5th session of the Board of Directors on November 1, 2022. (III) The Code of Group Ethics and Business Conduct expressly stipulates regulations related to the prevention of conflict of interest, and in 2022, the dedicated ethical corporate management unit promoted all employees of the Group in Taiwan to sign the ethical corporate management compliance declaration. In addition, the ethical corporate management training course (topic: ethical corporate management and insider trading prevention and control, ethics and integrity) was conducted for approximately 1,625 employees, who learned through the course that if they are aware of potential conflicts of interest, they shall take the initiative to notify and recuse themselves. Through internal emails, the dedicated ethical corporate management unit also advocates and promotes ethical corporate management principles with the themes of "anti-corruption", "recusal of conflict of interest" and "prohibition of insider trading". (IV) The dedicated ethical corporate management unit shall be responsible for the promotion and supervision of ethical corporate management policies and prevention plans, and its main tasks shall be as follows: (1) Assisting in the integration of ethical and integrity values into the company's business strategy and the formulation of fraud prevention measures in accordance with the policy. (2) Assisting each unit to implement the unethical conduct prevention measures in all management mechanisms and procedures. (3) Planning the division of labor within the organization, and setting up relevant monitoring and checking mechanisms for business activities with higher risk of unethical conduct. (4) Promoting and coordinating ethical policy promotion and training activities.	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Causes for the Difference</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(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?</td><td></td><td></td><td>(5) Planning the whistle-blowing and reporting system to ensure the implementation of ethical corporate management policies.
(6) Assisting in evaluating the effectiveness of preventive measures, discussing improvement plans, and producing documentation on the effectiveness of policy implementation and compliance. The Company's audit unit shall conduct annual audits in accordance with the annual audit plan, and report audit results and improvement plan to the Board of Directors and management on a regular basis, and continuously track the status.</td><td></td></tr>
<tr><td>(V) Does the Company provide internal and external ethical conduct training programs on a regular basis?</td><td>✓</td><td></td><td>(V) The dedicated ethical corporate management unit has organized training courses on corporate ethical corporate management and insider trading prevention and control, ethics and integrity for the Group's employees in Taiwan in 2022, as well as an introduction to legal functions and training on ethics and integrity and important company SOPs for new employees. As of the end of December, a total of 2,172 participants have attended training courses. In addition, all employees have signed the ethical corporate management compliance declaration, stating that they shall comply with ethical corporate management-related regulations and shall not accept, offer, promise or demand improper benefits.</td><td>None</td></tr>
<tr><td>III. Implementaion of the Company's whistle-blowing system

(I) Does the Company establish specific whistle-blowing and reward system, set up conveniently channel for whistle-blowing, and assigned appropriate dedicated personnel to receive whistle-blowing reports?

(II) Has the Company established standard operating procedures for the investigation of reported cases, the follow-up measures to be taken after the completion of the investigation, and the related confidentiality mechanism?

(III) Has the Company taken measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing?</td><td>✓</td><td></td><td>The Company has established the following specific whistle-blowing system in accordance with the Code of Group Ethics and Business Conduct and the Group Guidelines for Handlings Whistleblowing case:
(I) A whistleblower mailbox WB.Box@continental-holdings.com has been set up on the Company's official website to enable employees and outsiders to report and file complaints about unlawful, unethical or dishonest conduct. The CEO's office is the dedicated unit of the mailbox, which is addressed to the President, CEO, and the heads of the Human Resources and Legal Departments of Continental Holdings Corporation
Depending on the level of each reported case, a committee shall be formed to investigate and discuss the relevant treatment measures, and the members of the committee shall be appointed by the CEO. If the case involves an important manager or director, it shall be handled by the Chairman of the Board of Directors or the Audit Committee.
(II) The reporting process has been expressly stipulated in the aforementioned rules and regulations, and the acceptance of cases shall be based on the named whistleblowers in principle, For the details of the handling process of whistleblowing cases, please refer to the Company's "Group Guidelines for Handlings Whistleblowing case" and the processing unit also includes confidentiality and protection measures.
(III) The Company has expressly stated in the Code of Group Ethics and Business Conduct that the identity and contents of the whistleblowers shall be kept confidential in order to prevent anyone from attempting to retaliate or obstruct the discovery of facts. The Company shall not impose any disciplinary action or make any arrangement against the whistleblowers due to their whistle-blowing, except that the content of the whistle-blowing is false and untrue.
The Company has received two reported cases in 2022, both of which have been investigated and disciplinary actions have been taken in accordance with the relevant regulations of the Company, and the cases have been reported to the Board of Directors.</td><td>None</td></tr>
</table>

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<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Causes for the Difference</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>IV. Enhancement of information disclosure
Has the Company disclosed the contents and effectiveness of its ethical corporate management best practice principles on its website and the Market Observation Post System?</td><td>✓</td><td></td><td>The Company has disclosed the Code of Group Ethics and Business Conduct and Code of Conduct on the Company's official website, and has set up an ethical corporate management section on the Company's website to disclose the specific operation and effectiveness of the implementation.</td><td>None</td></tr>
<tr><td colspan="5">V. If the Company has its own ethical corporate management best practice principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe the differences between the operations and the best practice principles.
The Company has established the "Group’s Ethical Corporate Management Best Practice Principles" and the operations are conducted accordingly without any differences.</td></tr>
<tr><td colspan="5">VI. Other important information for understanding the operation of the Company's ethical corporate management: (e.g., the Company reviews and amends its ethical corporate management best practice principles)
The Company upholds ethical corporate management and strives to manage all matters of concern to its stakeholders, and through the implementation of the Group’s Ethical Corporate Management Best Practice Principles and Code of Ethical Conduct, the Company ensures that all employees have consistent ethical standards from top to bottom and that the Company's stakeholders understand the Company's ethical standards.</td></tr>
</table>

(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, Code of Group Ethics and Business Conduct, Code of Conduct, Group Guidelines for Handlings Whistleblowing case, Group Guideline for Anti-Insider Trading Management 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 10, 2023

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 2022:

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, 2022, 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 10, 2023, 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: None

(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) Important Resolutions of the Shareholders' Meeting and the Implementation Status in 2022

The Company's 2022 Annual General Meeting of Shareholders was held on June 9, 2022 at B2, No. 108, Sec. 1, Dunhua South Road, Taipei City (Fubon International Conference Center). The important resolutions and the implementation status are as follows:

1. Approval Items
   1) 2021 Business Report and Financial Statements

      Voting result: 572,181,829 votes in favor, 214,866 votes against, 16,470,120 votes abstained/not voted for, with favorable votes accounting for 97.16% of the total voting rights of shareholders present.

      Implementation status: Resolution passed
   2) Distribution of 2022 earning

      Voting result: 572,471,839 votes in favor, 222,856 votes against, 16,172,120 votes abstained/not voted for, with favorable votes accounting for 97.21% of the total voting rights of shareholders present.

      Implementation status: Resolution passed. July 8, 2022 was set as the ex-dividend date and the cash dividend shall be paid on July 29, 2022.
2. Discussion Items
   1) Amendment to the Company's Articles of Incorporation

      Voting result: 568,288,209 votes in favor, 228,486 votes against, 20,363,120 votes abstained/not voted for, with favorable votes accounting for 96.50% of the total voting rights of shareholders present.

      Implementation status: Resolution passed. The Articles of Incorporation are to be implemented in accordance with the amendment.
   2) Amendment to the "Procedures for Acquisition or Disposal of Assets"

      Voting result: 568,270,031 votes in favor, 245,764 votes against, 20,364,020 votes abstained/not voted for, with favorable votes accounting for 96.50% of the total voting rights of shareholders present.

      Implementation status: Resolution passed.

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

Date	Session	Important Resolutions	Implementation Status
2022/3/15	5-5	1. Distribution of employees' compensation and Directors' remuneration for 2021 2. 2021 Business report and financial statements 3. Distribution of 2021earnings 4. Distribution of 2021 Cash dividends 5. Amendments to the Articles of Incorporation 6. Amendments to the "Procedures for the Acquisition or Disposal of Assets" of the Company 7. Convening of the 2022 Annual General Shareholders' meeting 8. Liability insurance for the directors and officers 9. Evaluation of the independence and suitability of the CPAs in 2021 10. Statement of internal Control for 2021 11. Amendments to the "Group Internal Control System" 12. Amendments to the Company's "Internal Audit Procedures", "Internal Audit Implementation Rules" and "Audit Office Terms of Reference" 13. Changes in the Company's designated Seals deputy.	1. Item 8, 10, 11and 12 amended and approved by all Directors present. 2. Other items approved by all Directors present.

Date	Session	Important Resolutions	Implementation Status
2022/3/15	5-5	14. Personnel Changes 15. Release of non-competetition restrictions on the manager 16. The performance targets set for 2022 for the Corporate Governance Officer, the Chief Auditor, the Secretariat, the Head of the Quality Management Function and the Head of the General Management Function of the Company 17. Revision of Directors' remuneration	1. Item 8, 10, 11and 12 amended and approved by all Directors present. 2. Other items approved by all Directors present.
2022/5/3	5-6	1. The Q1 financial report for the 2022 2. Approval for the capital increase of Continental Consulting Limited Company" 3. Amendments to the Company's Seal Management Regulations 4. Amendments to the Group Risk Management Policy 5. Appointment of the Company's Chief Information Officer 6. Salary adjustment proposal for managers for fiscal year 2022	Approved by all Director present
2022/8/2	5-7	1. The Q2 financial report for the 2022 2. Abolition of the Company's Strategy Committee Organizational Regulations 3. Amendments to the audit plan for 2022 4. Appointment of the assistant director of the CEO office	Approved by all Director present
2022/9/8	5-8	1. The subsidiary, Hsin-Dar Environment Corp, established a 100%-owned concession company, "Ciatou Corp." and proposed to invest NT$ 0.45 billion 2. The subsidiary, Hsin-Dar Environment Corp, established a 100% -owned concession company, "Chengxi Corp. " and proposed to invest NT$ 1 billion	Approved by all Director present
2022/11/1	5-9	1. The Q3 financial report for the 2022 2. Approval for the capital reduction of CEC 3. Amendments to the "Guidelines for Supervision and Management of the ubsidiaries" 4. Amendments to the "Rules and Procedures of the Board of Directors" 5. Amendments to the "Group guideline for Anti-Insider Trading Management"	Passed as proposed Approved by all Director present
2022/12/16	5-10	1. Report on the external board performance evaluation 2. Approval for CEC Annual Business Plan 3. Approval for HDEC Annual Business Plan 4. Approval for CDC Annual Business Plan 5. Approval for cash capital increase of CDC US by the subsidiary CDC 6. The Company's budget for 2023 7. Cash capital increase of the subsidiary HDEC Corp 8. The Company's subscription for the cash capital increase of its subsidiary HDEC Corp 9. Credit line from First Commercial Bank 10. Audit plan for 2023 11. Amendments to the "Procedures for Handling Material Inside Information" 12. Executives'performance evaluation and performance bonus for 2022 13. 2023 performance targets for Executives	Approved by all Director present
2023/3/10	5-11	1. Report on the Board performance evaluation in 2022. 2. Distribution of Employees' compensation and Directors' remuneration for 2022 3. 2022 Business report and financial statements 4. Distribution of 2022 Earnings 5. Distribution of 2022 Cash dividends 6. Convening of the Company's 2023 Annual General Shareholders' Meeting 7. Evaluation of the independence and suitability of the CPAs 8. To approve the procedure of non-assurance service 9. Issue of the Statement of Internal Control for 2022 10. Liability Insurance for the Company's Directors and Officers	Approved by all Director present

(XIII) Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors during 2022 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 2022 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	2022.01.01~ 2022.12.31	2,403	-	2,403	-

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

No CPA changed in 2022.

VI. CHC's Chairman, Chief Executive Officer, and Managers in Charge of Its Finance and Accounting Operations Did Not Hold Any Positions within CHC's 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	2022		As of Apr. 1, 2023	
		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	(10,000,000)	0	750,000
	Representative :Nita Ing	0	0	0	0
Director	Wei-Dar Development Co., Ltd.	0	(10,000,000)	0	750,000
	Representative :Helena Kuo	0	0	0	0
Director	Han-De Construction Co., Ltd.	0	(4,000,000)	0	800,000
	Representative :John Huang	0	0	0	0
Director	Han-De Construction Co., Ltd.	0	(4,000,000)	0	800,000
	Representative : Hsuing Chinag	0	0	0	0
	Representative: Christopher Chang (Relieved on 2022.1.9)	0	0	N/A	N/A
Independent Director	Allen Lee	0	0	0	0
Independent Director	Frank Juang	0	0	0	0
Independent Director	Jolien Shu	0	0	0	0
CEO	Cindy Chang	0	0	0	0
Corporate Governance Officer	Calvin Tsai	0	0	0	0
Chief Auditor	Charleen Chang	0	0	0	0
Vice President	Anthony Lien (Relieved on 2023.3.31)	0	0	0	0
Vice President	Weifan Wang	0	0	0	0
Vice President	Emily Liu	0	0	0	0
Finance Officer	Kris Lin	0	0	0	0
Accounting Officer	Eva Lin	0	0	0	0
Vice President	Erwin Fei	4,000	0	2,000	0
Asst. Vice President	David Wang	0	0	1,000	0
Asst. Vice President	Tuan Jen Wang	0	0	0	0
Asst. Vice President	Jason Lin	0	0	0	0
Asst. Vice President	Nanchyi Shieh	0	0	0	0
Major Shareholders	Wei-Dar Development Co., Ltd.	0	(10,000,000)	0	750,000
Major Shareholders	Tamerton Group Limited	0	0	0	0
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	10.41%	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	Oriens Corporation Wei-Dar Development Co., Ltd. Mirton Investment Cooperation Tamerton Group Limited Bunker Industry inc.	Substantive Related Party	
Chairman: Maoshi Corporation	0	0	0	0	0	0	Wei-Dar Development Co., Ltd	Chairman of Wei-Dar Development Co., Ltd.	
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. Oriens Corporation Tamerton Group Limited 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. Mirton Investment Corporation Tamerton Group Limited Bunker Industry Inc.	Substantive Related Party	
Chairman: Jade Fortune Enterprises Ins	0	0	0	0	0	0	Substantive Related Part	Substantive Related Party	
Fubon Life Insurance Co. Ltd	17,640,000	2.14%	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	Oriens Corporation Wei-Dar Development Co., Ltd. Han-De Construction Co., Ltd. Miriton Investment Corporation Tamerton Group Limited	Substantive Related Part	
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	6,550,000	0.80%	0	0	0	0	None	None	

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	372,061,987	99.99998%	84	0.00002%	372,062,071	100%
Continental Development Corporation	591,948,387	99.99998%	100	0.00002%	591,948,487	100%
HDEC Corporation	321,999,882	99.99996%	118	0.00004%	322,000,000	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 1 to 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 2023/4/1 (Record date)

Quantity / Shareholder Structure	Government	Financial Institutions	Other Juridical	Domestic Natural persons	Foreign institutions and Natural persons	Total
Number of Shareholders	1	16	105	33,742	194	34,058
Number of Shareholding	850,000	21,405,479	343,870,165	236,407,417	220,682,919	823,215,980
Shareholding Percentage	0.10%	2.60%	41.77%	28.72%	26.81%	100.00%

(III) Distribution Profile of Share ownership

As of 2023/4/1 (Record date)
The Parvalue for each share is NT$10

Class of Shareholdings	Number of Shareholders	Number of shares	Percentage
1 ～ 999	10,977	2,663,003	0.32%
1,000 ～ 5,000	16,241	34,790,573	4.23%
5,001 ～ 10,000	3,031	23,370,903	2.84%
10,001 ～ 15,000	1,150	14,286,686	1.74%
15,001 ～ 20,000	690	12,750,503	1.55%
20,001 ～ 30,000	645	16,326,041	1.98%
30,001 ～ 40,000	321	11,344,805	1.38%
40,001 ～ 50,000	204	9,369,155	1.14%
50,001 ～ 100,000	392	28,571,341	3.47%
100,001 ～ 200,000	202	27,567,055	3.35%
200,001 ～ 400,000	95	26,463,177	3.21%
400,001 ～ 600,000	36	17,401,362	2.11%
600,001 ～ 800,000	12	8,302,440	1.01%
800,001 ～ 1,000,000	12	10,769,848	1.31%
1,000,001 以上	50	579,239,088	70.36%
Total	34,058	823,215,980	100.00%

Perferred Shares: None

(IV) Major Shareholders

As of 2023/4/1 (Record date)

Shareholding / Shareholder's	Shares	Percentage
Wei-Dar Development Co., Ltd.	206,025,200	25.02%
Tamerton Group Limited	85,672,300	10.41%
Han-De Construction Co., Ltd.	63,755,667	7.74%
Hao Ran Foundation	40,474,902	4.92%
Miriton Investment Corporation	22,984,642	2.79%
Oriens Corporation	20,662,844	2.51%
Fubon Life Inusrance Co.,Ltd	17,640,000	2.14%
Tso-Ho , Ing	14,054,516	1.71%
Bunker Industry Inc	12,947,698	1.57%
Vanguard Emeoging Markets Stock Index Fund, a Series of Vanguard International Equity Index Fumds	6,550,000	0.80%

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			2021	2022	2023/01/01~2023/03/31
Market Price per Share (Note 1)	Highest Market Price		30.00	34.50	32.60
	Lowest Market Price		18.55	21.90	27.60
	Average Market Price		24.50	29.19	30.54
Net Worth per Share	Before Distribution		29.85	31.98	-
	After Distribution		28.17	29.48 (Note 2)	-
Earnings per Share	Weighted Average Shares		823,215,980	823,215,980	823,215,980
	Diluted Earnings Per Share		2.22	3.51	-
Dividends per Share	Cash Dividends		1.68	2.50	-
	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)		10.92	7.92	-
	Price / Dividend Ratio (Note 4)		14.43	11.12 (Note 2)	-
	Cash Dividend Yield Rate (Note 5)		6.93	8.99 (Note 2)	-

Note 1：Referred to TWSE website.
Note 2：The earnings distributions for 2022 have not yet been approved by the Shareholders' Meeting.
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 2023

Based on dividend policy, the proposed appropriation of 2022 earnings was approved by the Board of Directors on March 10, 2023. The distribution of cash dividend are NT$2,058,039,950 (NT$2.50 per share) this year.

		Distributed per share
Cash Dividend	Payout from Retained Earnings	NT$2.50
	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 2022 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: 2022 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 2022 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 2022 financial statements was NT$14,764 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$9,774 thousands and NTD$0, was distributed in cash in 2021. 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: N/A

Operational Highlights

I. Business activities

(I) Business Scope

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.

Main subsidiaries' business scope

Continental Engineering Corporation's Business Scope

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

Current ongoing projects:
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
Taipei Ambassador Hotel Co., Ltd. Renovation Project

Guoyang Jilin Urban Renewal Project
Qingcheng Fuhua Residential Building Construction Project
Huagu School New Mechanical and Electrical Engineering Project
Xindian Ankang Road Project

CDC:
Garden-Fullerton Hotel Renewal Project
Sensuous Drawing the Dream Life-Xindian Yangbei Residential Project
BELLE ÉPOQUE-Taichung Hui-Go 101 Residential Project
Timeless and Modern Expression-Dexing East Road Residential Project
Tianjin Street Commercial/Office/Residential Project
Prologue Eternal Residential Project
Duan Mei-Xinddian Ankang Residential Project
Taichung Zhouji Section Residential Project
Xinyi Tonghua Section 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

Continental Development Corporation's Business Scope

Continental Development Corporation is mainly responsible for land development, urban renewal, community development, and real estate leasing management.

Current ongoing products and services:

Taipei residential/commercial buildings	New Taipei City residential buildings
Malaysia residential/hotel	US residential/hotel
Taichung City residential	Kaohsiung City residential/hotel
Hotel/real estate leasing	

Products and services planned for development: residential and commercial building development projects in Taipei City, New Taipei City, Taoyuan City, Hsinchu City, Taichung City, Kaohsiung City and other areas.

Hsin-Dar Environment Corp.'s Business Scope

Hsin-Dar Environment Corp.'s business scope covers the construction, renovation and operation of water services, biomass energy and waste projects. Its main business is contracting and operating maintenance for water treatment engineering. Hsin-Dar Environment Corp. integrates upstream, midstream and downstream environmental businesses including planning, investment, engineering construction and operation to become a comprehensive environmental engineering company. Its core business and services currently include sewage treatment, recycled water treatment, industrial wastewater treatment, pipeline construction, user takeover, waste disposal as well as facility operation.

Current ongoing projects and services

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, design, construction, and operation of a new operation transfer project for the renovation furnace of Tainan City West District Waste Incineration Plant

Planning, design, construction, and operation of the construction and transfer operation of Qiaotou Reclaimed Water Plant in Kaohsiung City

New products and services under development

Developing the high-end water market.

Developing the biomass energy industry based on existing water services.

Continuously striving for waste treatment plant projects, establishing incineration engineering and operational capabilities.

(II) Industry Overview

Overview of the Construction Industry

In terms of demand for public works, the government continues to promote the "Forward-looking Infrastructure Development Program" to enhance private investment and stimulate economic growth through various infrastructure projects. Local governments are also expanding metro networks, roads, and multiple construction targets. Military units are also adding basic infrastructure.

Rising construction demand is only being offset by soaring construction costs and labor shortages. Government projects are typivally restricted by procedural and budget management and cannot respond to rising costs in a timely manner, resulting in multiple bid failures due to insufficient budgets. After two years of budget adjustments, budgets for most public tenders will reflect actual construction costs from 2023 onwards.

Our company holds a leading position in public works, specifically metro shield tunnels and mountain tunnels. We will carefully select projects to enhance profitability while at the same time, we will seek opportunities in areas such as power plants, transmission substation, oil tank farms, and harbor engineering, to further increase the company's competitiveness and market leadership.

The construction industry is affected by uncertain factors such as the implementation of the Equalization of Land Rights Act, tightening of loans, and interest rate hikes. This comes after the housing market boom, reconstruction of dangerous old buildings, and urban renewal plans in the past few years. The market downturn has little impact on the company's acquisition of construction projects as current construction order volume continues to grow steadily. The company will continue to pursue a steady and prudent growth, selecting cooperative building projects carefully to strengthen profitability, and deepen expertise in high-end residential, hotel, commercial office, and public building construction turnkey projects.

In mechanical and electrical engineering, synergies have been generated by integrating construction and civil engineering strategies with market recognition and achievements in mechanical and electrical engineering gradually established. In the future, the focus of mechanical and electrical engineering will still be on building the brand and seeking opportunities in the mechanical and electrical engineering in regards to hotels, shopping malls, commercial offices, factories, and other areas.

In terms of public works contracting, our company was awarded the contract for the Navy N-WH Cross-Port Tunnel Project (contract amount: NT$5.952 billion) in May 2022. In the private construction sector, we continue to build high-quality residential and commercial properties in Taipei and New Taipei City, including projects such as: Qingcheng Fuhua Residential Building, Xindian Ankang Road Project, Taichung Zhouji Residential Project, Xinyi Tonghua Residential Project, and Huagu Da'an new construction project (mechanical and electrical part).

We have also proactively participated in many urban renewal projects that meet our company's engineering scale. Government policies have also accelerated urban development and spurred renovation projects such as the Ambassador Hotel and Guoyang Jilin Urban Renewal Project with a total contract value of over NT$9.3 billion.

Overview of Overseas Market

The company’s overseas operations in Hong Kong, Macau, and India are focused on closing out final accounts on completed projects inclusive of formal recovery proceedings where necessary.

Business Growth Strategy

CEC continues to see strong growth in its core markets and a record year-end closing backlog equivalent to almost 4 years’ worth of turnover. This includes a number of public sector infrastructure projects together with a strong pipeline of iconic new building projects.

Much of our focus will be on new and emerging technologies and potential uses and impacts in both core and adjacent market sectors, with special regard to geo-political factors and industry trends. We expect to continue researching, refining, and distilling this work over the coming year.

A period of significant change is affecting the global construction industry as we continue to face post-pandemic challenges and disruption. We continue to strategize and reposition our business higher up the value chain by investing in new growth areas which will ensure that we remain ahead of market trends.

Overview of real estate development industry

In 2022, global borders opened though the COVID-19 pandemic continued to cause disruptions in the global supply chain and labor shortages. Additionally, factors such as the Russia-Ukraine war led to increases in prices of raw materials such as food and energy, with the US Federal Reserve's interest rate hike to curb inflation resulted in a recessionary shadow which loomed over the global economy.

According to an estimate by the Directorate-General of Budget, Accounting and Statistics, Taiwan's economic growth rate in 2022 was projected to be 4.15%. However, persistent inflation and interest rate pressure suppressed global demand with continuous inventory adjustments throughout the industry chain. Furthermore, the worsening COVID-19 situation in China affected consumption and production activities, with Taiwan's foreign trade momentum weakening.

The fourth-quarter economic growth rate for 2022 is expected to drop to 0.86%, marking a record low in nearly six years. The Directorate-General of Budget, Accounting and Statistics estimate the economic growth rate for 2022 will be reduced by about 2.43%, while growth is estimated to be around 2.75% for 2023, indicating a more optimistic outlook compared with previous years.

To control inflation and curb the overheated housing market, as well as avoid a large gap in interest rates between Taiwan and the United States, Taiwan’s Central Bank has gradually risen interest rates and lowered deposit reserve requirements in 2022. The Financial Supervisory Commission also increased risk weightings for banks' real estate mortgages. This policy will impact developers' funds and consumers' home purchase costs.

In addition, due to public expectations regarding amending the Equalization of Land Rights Act, the housing market began to slow down in mid-year. The number of national building transactions in 2022 declined by about 8.6% year-on-year to 318,000 units, reversing the upward trend since 2016.

On January 10, 2023, the Legislative Yuan passed amendments to the Equalization of Land Rights Act that restrict pre-sale housing contract transfers and established a permit system for private entities purchasing residential properties. Although it does not apply retroactively, it is expected to affect demand in the real estate market. On the other hand, after reaching a new high of 109.05 in May 2022, construction price index continued to fluctuate at a high level with an index of 107.92 in December 2022, compared to an index of 125.69 in December 2021, representing an increase of about 4.53%.

In addition, in line with the government's goal of achieving net-zero carbon emissions by 2050, building construction costs will also increase. Due to economic downturns and persistently high construction costs faced by real estate developers, a contraction in the real estate market is expected in 2023.

Overview of Environmental Engineering Industry

The service scope of Hsin-Dar Environment Corp. covers the water utilities market, biomass energy market, and waste market. The overall market size for the next three years from 2023 to 2025 is about NT$30-70 billion per year. Among these markets, the water market mainly focuses on seawater desalination and recycled water, with a total value of NT$84.7 billion from 2023 to 2025. Waste and biomass energy markets have a combined value of NT$22.6 billion from 2023 to 2025, with waste incineration plants being the main focus in the waste market. The environmental protection industry will be a key focus for future government policies, which will benefit the development of environmental engineering services.

The water utility market focuses on seawater desalination and recycled water. Recycled water projects are promoted by the Water Resources Agency based on Taiwan's water resources development plan which includes the promotion of diversified water resource development and recycled water projects. It is expected that from 2023 to 2024, recycled water plants will be established in Taipei Binjiang, Kaohsiung Nanzi, Hsinchu, and Taichung. Seawater desalination construction plans include Taoyuan, Hsinchu, Chiayi, Tainan, Kaohsiung, and Pingtung.

The waste market is still dominated by waste incineration plants. There are a total of 24 existing incinerators in Taiwan, with 80% of them operating for more than 20 years. The Environmental Protection Agency and county governments have allocated project budgets to update and replace these facilities. In 2021, renovation projects for Xizhou, Lucao, Renwu, Gangshan, Kanding, Bali, and Hsinchu City plants were completed through bidding or ROT investment.

In the next five years, eight large urban incineration plants will need to be updated or upgraded due to contract expiration or functional enhancement requirements. From 2023-2024 onwards, five of these plants are expected to be updated using BOT or ROT models under the Act for Promotion of Private Participation in Infrastructure Projects. In addition, factors such as domestic technological development and Taiwanese businesses returning home will lead the waste market to add industrial parks/science park waste treatment cases and soil pollution remediation projects from 2022-2024.

The biomass energy market is promoted by the Environmental Protection Agency which encourages counties and cities to establish food waste recycling facilities, and the development of resource utilization and energy facilities through turnkey or BOT/BOO methods based on diversified energy policies. In particular, to more effectively prevent African swine fever, it has been mandated since the second half of 2021 that kitchen waste cannot be used as pig feed. Therefore, Taipei City, New Taipei City, Kaohsiung City, and Pingtung County will continue to promote the construction of biomass power plants in 2022. The biomass energy market in 2023 will reach an expected value of NT$3.1 billion.

(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 spending in 2022 amounted to NT$ 13,911,141

Main Research Reports

- Research on Safe and Stable Construction Technology for Deep Excavation of Underground Structures.
- Applied Research on Design and Management Mode of Elevated Rail Transit Integrated Packages.
- Secondary Development of API Programs for Quantity Calculation in Building Engineering Using BIM.
- Research on Performance and Application of Engineering Steel Structures Materials.
- Secondary Development of API Programs to Improve the Execution Efficiency of BIM in Completion Phase.
- Research on Construction Technology of Embedded Pre-stressed Concrete Piles.
- Research on Grouting Construction Technology for Post-tensioning Systems.
- Secondary Development of API Programs for Drawing BIM Mechanical

(IV) Long and Short-term Business Development Plans

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

Development plans for major subsidiaries: Continental Engineering Corporation (CEC), Continental Development Corporation (CDC), and Hsin-Dar Environment Corp.

Long-term Development Strategy for the Construction Industry

Maintain high brand recognition.

Continuously improve the breadth and depth of products.

Continuously evaluate and develop other highly specialized projects, such as power plant engineering, telecom equipment rooms, and others.

Continuously improve the safety of production facilities and the physical and mental well-being of personnel.

Short-term Development Strategy for the Construction Industry

Direct business towards vertical integration (civil/mechanical and electrical, architecture/mechanical and electrical).

Train professional human resources in project management.

Avoid expanding project volume through low-priced bidding for civil engineering projects. Current development direction in the domestic market is to obtain high gross profit engineering projects through meticulous estimation.

Make good use of brand advantages and track record, and participate in the most favorable public works tender cases.

Improve the management efficiency of construction projects, focus on undertaking large-scale projects, and obtain optimal management by concentrating manpower and resources.

Long-term Development Strategy for the Real Estate Development

In terms of brand building, core values should focus on planning ability, construction quality, and after-sales service effectiveness, to become a benchmark enterprise for construction brands.

In terms of project development, urban renewal, government-led renewal, joint development, and land development are all long-term development directions aimed at expanding project development scale and accumulating land reserves.

In terms of product planning, focus should be placed on enhancing product innovation and R&D capabilities, with safety, health, and environmental protection primary concerns for residential and commercial buildings, and obtainment of green building certification in line with future development trends.

In terms of marketing, the use of a customer information knowledge management system should be utilized to effectively grasp sales channels, strengthen commercial facility planning capabilities, and create additional value for products.

Regarding customer service, responding to customer complaints and maintenance management information systems can provide customers with building records, integrating external information to expand customer service functions to establish customer trust in the brand.

Short-term Development Strategy for the Real Estate Development

In terms of brand building, the company will continue to promote projects in central metropolitan areas such as Taipei City, New Taipei City, Taichung City, and Kaohsiung City, integrating the advantages of product planning, engineering management, and after-sales service to create a high-quality brand image.

In terms of case development, in response to changes in the economy, the company will focus on developing prime locations in Taipei City, New Taipei City, Taichung City, and Kaohsiung City, and evaluate the development of Taoyuan and Hsinchu metropolitan areas, while the development mode adopts either joint construction or land acquisition.

In terms of marketing planning, the company will consider the characteristics of the location and target customer groups in the product planning process. We integrate resources, such as domestic and foreign renowned architects, interior designers, lighting designers, and landscape designers, applying them to product packaging planning, effectively grasping the needs of target customer groups.

In terms of customer service, the company will implement a feedback mechanism to improve product planning and construction quality. We will also enhance customer service efficiency to improve customer satisfaction.

Long-term Development Strategy for the Environmental Engineering Industry

Utilize experience gained from previous projects and expertise in anaerobic digestion technology and operational performance of sewage treatment plants.

Actively seek bids for county/city government biomass energy centers, including kitchen waste, organic sludge, food and agricultural waste.

Many large-scale garbage incineration plants in Taiwan have reached the end of their service life and are entering a period of renewal and replacement with the government gradually introducing renovation and operational integration projects for investment.

This closed market will be open up again due to engineering demand, providing a good opportunity to enter the market.

Three projects have completed bidding for private participation in 2022, but in the next five years, eight large-scale garbage incineration plants will either have their contracts expire or will need to upgrade their functions, releasing engineering projects worth over NT$20 billion and operational opportunities worth approximately NT$4.2 billion annually.

Industrial development businesses such as private participation in waste treatment facilities in industrial parks/ science parks, and soil pollution remediation projects, allow us to leverage the performance and management experience of partners with waste treatment related experience to grasp market development opportunities through alliances and other means.

Short-term Development Strategy for Environmental Engineering

Our existing water business continues to make achievements in sewage pipeline system, water purification, sewage treatment, recycled water treatment projects, and operation management.

At the same time, we cooperate with policy promotion to develop diversified water-related businesses such as seawater desalination to enhance our competitive advantage.

We continue to cultivate water treatment technology through collaboration with experienced industrial wastewater treatment companies.

Development of zero discharge technology for discharged water and high-tech water use technology.

Strive to upgrade and rebuild old factories through automated management to expand the scale of operations.

In terms of waste disposal business, we cooperate with incinerator manufacturers to jointly bid on projects, giving priority to participation in projects that fall under the "Act for Promotion of Private Participation in Infrastructure Projects".

II. Market, Production, and Sales Overview

(I) Market Analysis

Continental Holdings Corporation (CHC) primarily focuses on investment holdings.

Market analysis of major subsidiaries

Market analysis of Continental Engineering Corporation (CEC)

In recent years, public works projects have benefited from the government's continuous promotion and expansion of the metro system, with civil engineering project volume for Taipei, Taoyuan, Taichung, and Kaohsiung metro systems reaching a peak in recent years. However, in the past few years, factors such as the COVID-19 pandemic and the Russia-Ukraine war have led to a significant increase in raw material and labor costs, and most projects failed to attract businesses as the tendering units have insufficient funds due to budget constraints. However, this situation is expected to improve in the next one to two years. In the metro engineering market, CEC has a wealth of practical experience and a strong competitive advantage in bidding for aforementioned projects. It will actively participate in projects based on the most favorable bid to maximize profits.

The construction market has cooled down due to the government's anti-speculation policies and rising interest rates. However, CEC projects are still highly sought after by real estate developers due to excellent brand image, which ensures CEC project volume and profits remain unaffected.

Market Analysis of Continental Development: Corporation (CDC)

Supply and Demand of Real Estate

On the supply side, according to statistics from the Construction & Planning Agency, Ministry of the Interior, the total floor area of buildings approved for construction in 2022 was 28.71 million square meters, a 2% increase from the previous year. The total floor area of approved residential buildings was 16.6 million square meters, a 6% increase and the highest growth rate since 2019, indicating the real estate market has been gradually recovering in recent years and the number of completed units in 2022 has increased significantly. However, reflecting previous years' boom in the housing market, it is expected that most of these pre-sale houses have already been sold, so there should not be too many unsold units in the market.

If we look at the total floor area of newly started construction projects, it was 32.4 million square meters in 2020, surpassing the 2014 level, and further increasing to 35.44 million square meters in 2022, a 16% increase. The total floor area of newly started residential buildings was 20.78 million square meters, an 11% increase, fully reflecting a heated housing market in the first half of 2022. With the current housing market reversing, it is worth observing whether these newly started construction projects will result in a large number of unsold units in the market three years later.

On the demand side, although the real estate market is affected by economic conditions and inflation, it is facing headwinds and a downturn in the economy amid rising mortgage rates. Demand from investors has decreased though first-time homebuyers and owner-occupiers still exhibit demand for housing with current mortgage rates still within the range that homebuyers can afford, providing some support to the real estate market.

Main strategic directions

- Develop new markets and increase product diversity to consolidate core businesses and maintain growth momentum.
- Continue to develop products in the field of composite residential buildings and explore opportunities in smart and low-carbon energy-saving office products to create added value products.

Competitive advantages

- Utilizing brand image to expand land development on prime building sites.
- Combining product positioning with the integration ability of international design trends.
- Establishing customer trust in the brand through excellent planning and construction quality.
- Providing sustainable after-sales services through a professional service team.
- Ensuring financial capability to meet funding needs of development projects.

Construction Business

Development project status

The development focus of CDC is mainly in Taipei, New Taipei City, Taichung, and Kaohsiung. The company continues to evaluate potential for developing new regional markets. This year, the company will continue to sell completed properties such as Baoge, Lige, Zhuobai, San Francisco residential projects, and pre-sale properties such as Chuancui, Fengshi, Duansu, and Duanmei. In Taiwan, the company plans to launch the Xinyi Wenchang residential project in Taipei, the Jin Tai commercial project in the Dazhi district, and the Zouji section residential project in Taichung. Overseas projects include a residential project in Kuala Lumpur.

Positive and negative factors regarding the future of the real estate market and corresponding response strategies

Positive factors

- Increasing investments in Taiwan by returning Taiwanese businesses and foreign investment, leading to an increase in demand for commercial real estate, especially green buildings.
- Major transportation construction projects such as the MRT and high-speed rail, as well as the establishment of science parks, driving demand for homes used as primary residences.
- Over 70% of buildings in Taipei are over 30 years old, and incentives under the Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings continue, creating favorable conditions for the renovation of old buildings.

Negative factors

- Housing market control measures implemented by the Central Bank and related agencies have led to increased holding and transaction costs for real estate.
- Rising construction costs due to shortages of raw materials and labor are affecting the investment profits of developers.
- Increased housing prices and interest rates are impacting consumer willingness to purchase homes.

Corresponding response strategies

- Develop high-end and middle-class residential products for small-sized properties.
- Continuously manage markets in Taipei, New Taipei, Taichung, and Kaohsiung, with expansion to metropolitan areas in Taoyuan and Hsinchu.
- Plan composite residential products to enhance product value through commercial real estate operations.
- Implement light or high-end renovation plans for residential products to adapt to changes in product types and target customers.
- Develop top-tier green buildings and smart buildings for offices.

Market Analysis of Hsin-Dar Environment Corp.

Business Contracting Status

Hsin-Dar Environment Corp.'s core business includes engineering and operations contracting for sewage and drainage systems, sewage treatment plants, water recycling plants, and incinerators. The company has over 15 years of experience in large-scale project operations, particularly in sewage and drainage systems. It is an integrated environmental engineering company with proven achievements in construction planning, execution capability, and profitability.

Completed Contracted Projects

Linkou North District Sewage Treatment Plant Construction Project, 23,000 CMD.

Tamsui Sewage Treatment Plant Phase I and II Expansion Project, 42,000 CMD, with a sewage pipeline length of 56 kilometers.

Baoshan Water Treatment Plant Phase III Expansion Project, 340,000 CMD.

Ching-Jou Water Treatment Plant New Construction Project, 80,000 CMD.

Kaohsiung Fengshan Sewage Recycling Project, sewage recycling of 45,000 CMD.

Kaohsiung Linyuan Seafront Sewage Recycling Project, sewage recycling of 55,000 CMD.

Ongoing Contracted Projects

Chungli Sewage and Drainage BOT Project.

Putou Sewage and Drainage BOT Project.

Anping Water Recycling Plant Turnkey Project.

Tongluo Science Park Sewage Treatment Plant Conductivity Treatment Facility Turnkey Project.

Tamsui Sewage Treatment Plant Phase III Expansion Project.

Qiaotou Water Recycling BTO Project.

City West Incineration Plant Upgraded Furnace BOT Project.

(II) Important uses and production processes of main products

Continental Holdings Corporation (CHC) primarily focuses on investment and equity holding

Major subsidiaries

Main Products and Production Process of Continental Engineering Corporation (CEC)

Main Products and Applications

Civil Engineering: Civil engineering projects include roads, bridges, tunnels, ports, metro systems, oil tanks and liquefied natural gas storage tanks, power plant engineering, environmental engineering, and other civil engineering projects.

Construction Engineering: Construction projects include residential buildings, commercial office buildings, factories, hospitals, hotels, telecommunication equipment rooms, etc.

Mechanical and Electrical Engineering: Undertaking electrical, plumbing, fire protection, and air conditioning equipment projects for residential buildings, commercial office buildings, factories, hospitals, hotels, etc.

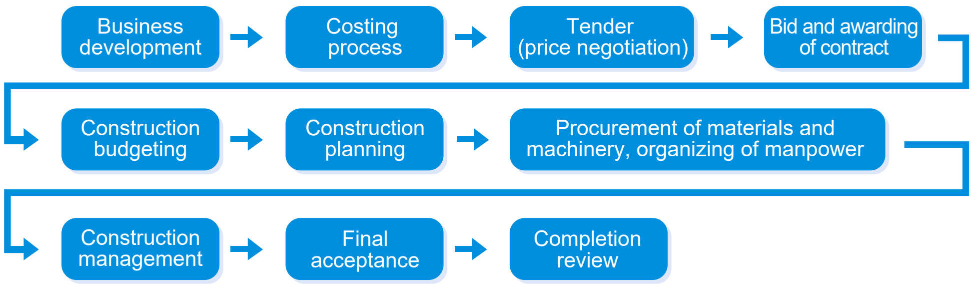
The important uses of Hsin-Dar Environment Corp.'s main products

Main Products and Uses

Environmental engineering: Construction and operation of environmental engineering projects such as sewage, clean water, recycled water, bioenergy, and waste management.

Product Production Procedure

Engineering contractor

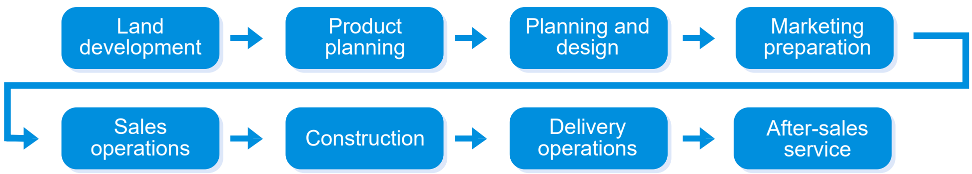


Major Products and their uses at CDC:

Development of residential buildings, commercial office buildings and communities.

Product Production Procedure:

Development process:

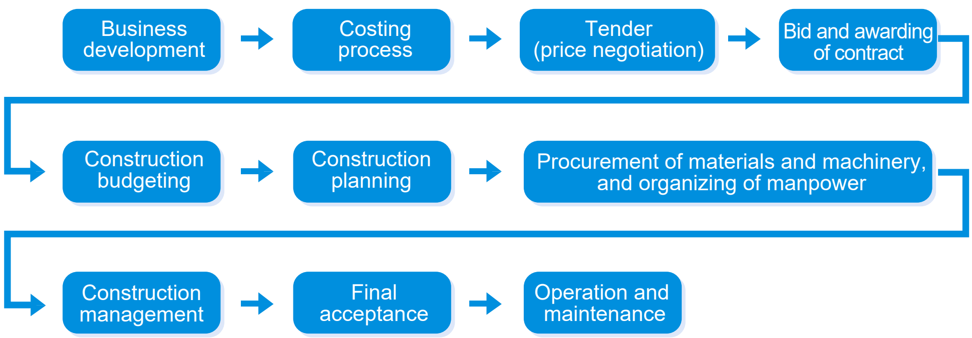


Major Products and their uses at HDEC

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 situation of main raw materials

CHC mainly engages in investment holding

Main raw materials and supply status of the major subsidiaries, Continental Engineering Corporation and Hsin-Dar Environment Corp.

The main bulk materials for construction, such as steel plate and rebar, are expected to have stable supply, but prices are susceptible to fluctuation due to prices of international raw materials such as: iron ore, coal, and scrap steel. The price of concrete is expected to rise in 2022 due to factors such as fluctuating cement and transportation costs, as well as increased demand for new construction projects and factories. The labor shortage in the domestic market has also led to an increase in wages. The pressure of rising prices and wages still exists and needs further observation.

(IV) Major customers in 2022 and 2021

CHC is a group holding focuses on investment

Major subsidiary - Continental Engineering Corporation

Unit：NT$ thousands

2021				2022			
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, Taoyuan	3,328,906	17.22	Not related parties
Pujen Land Development Co.,Ltd	2,254,617	13.30	Not related parties	Department of Rapid Transit Systems, Taipei City Government	3,043,464	15.75	Not related parties
Department of Rapid Transit Systems, Taipei City Government	2,202,841	13.00	Not related parties	Grand River D. Limited	1,990,282	10.30	Not related parties
Railway Bureau, MOTC	1,976,897	11.66	Not related parties				
Continental Development Corporation	1,721,853	10.16	Related parties				
Others	5,491,670	32.40		Others	10,963,976	56.73	
Net sales	16,949,110	100		Net sales	19,326,628	100	

Major subsidiary – Continental Development Corporation

Unit：NT$ thousands

2021				2022			
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	Not Relate parties	Others	8,821,832	100	Not Relate parties
Net sales	6,975,571			Net sales	8,821,832		

Major subsidiary – HDEC Corporation

Unit：NT$ thousand

2021				2022			
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	Tainan City Government	2,080,791	44.22	Not related parties
Tainan City Government	902,813	25.59	Not related parties	Taoyuan City Government	730,172	15.52	Not related parties
New Taipei City Government	666,403	18.89	Not related parties	Hsinchu Science Park Bureau	705,916	15	Not related parties
Taoyuan City Government	248,745	7.05	Not related parties	New Taipei City Government	603,459	12.83	Not related parties
Hsinchu Science Park Bureau	223,238	6.33	Not related parties	Kaohsiung City Government	584,723	12.43	Not related parties
Net sales	3,527,495	100		Net sales	4,705,061	100	

(V) Production in 2022 and 2021

CHC is a group holding focuses on investment

Major Subsidiary – Continental Engineering Corporation

Unit: NT$ thousands

Year / Production / Main Products (or Departments)	2021			2022		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Civil and MRT	-	18	7,109,724	-	20	7,662,762
Office Building	-	10	2,907,889	-	8	3,813,365
Residential Building	-	39	5,040,539	-	44	5,649,173
Mechanical and Electrical	-	7	487,823	-	9	618,072
Overseas	-	14	442,572	-	13	380,770
Total	-	89	15,988,547	-	94	18,124,142

(VI) Sales in 2022 and 2021

CHC is a group holding focuses on investment

Major Subsidiary – Continental Engineering Corporation

Unit: NT$ thousands

Main Products (or Department) \ Sales / Year	2021				2022			
	Domestic		Exports		Domestic		Exports	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Civil	18	7,581,072	18	347,487	18	8,325,518	13	174,388
Office Building	9	3,073,625	-	-	7	4,044,183	-	-
Residential Building	36	5,411,090	-	-	39	6,078,624	-	-
Mechanical and Electrical	5	535,837	-	-	11	703,915	-	-
Total	68	16,601,623	18	347,487	75	19,152,240	13	174,388

Major Subsidiary – HDEC Corporation

Unit: NT$ thousands

Main Products \ Sales / Year	2021		2022	
	Quantity	Amount	Quantity	Amount
Water Treatment Construction	8	2,561,849	8	3,554,022
Operation and Maintenance	4	576,972	4	773,468
Service Concession	4	388,674	6	377,571
Total	16	3,527,495	18	4,705,061

III. Employee Information

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

Year		2021	2022	As of 2023/4/1
Number of Employee		1,912	2,126	2,195
Average Age		44.87	43.92	43.78
Average Years of Service		5.36	5.14	4.72
Distribution of Education (%)	PhD	0.3%	0.4%	0.4%
	Master	17.5%	19.1%	15.3%
	Bachelor	34.1%	39.5%	33.8%
	College	15.6%	15.4%	13.4&
	Senior High School and Below	32.8%	36.8%	33.6%

Note: The above employee information includes indirect labor and direct labor

IV. Environmental Protection Expenditure

(I) Environmental protection expenditure information of major subsidiary Continental Engineering Corporation

Losses and disposal amounts due to environmental pollution in the latest fiscal year and up to April 1, 2023.

Reason	Number of Cases	Amount of Fines	Handling Status
The construction noise violated the 'Noise Control Act' according to on-site measurements by the Environmental Protection Bureau.	8	NT$ 270,000	Immediate improvement and maintenance
Using power machinery for construction during prohibited working hours or holidays, causing disturbance and violating the 'Noise Control Act'.	4	NT$ 12,000	Immediate improvement and maintenance
Failure to install noise prevention facilities (including sound insulation, sound-muffling room, shock-absorbing pads, soundproof covers or other equipment with noise reduction functions) at the construction site in accordance with regulations.	1	NT$ 3,000	Immediate improvement and maintenance
Construction machinery vehicles driving on road surfaces and not cleaning the pavement or gutters violates the 'Waste Disposal Act'.	6	NT$ 34,800	Immediate improvement and maintenance
Total	19	NT$ 319,800	

(II) Environmental protection expenditure information of major subsidiary Hsin-Dar Environment Corp

Losses and disposal amounts due to environmental pollution in the latest fiscal year and up to April 1, 2023.

Unit: NT$

Reason	Number of Cases	Amount of Fines	Disciplined Unit	Handling Status
The rainwater discharge outlet of the sewage treatment plant's embankment is a source of pollution (the wastewater from dryer maintenance is discharged with the rainwater drainage in the factory area, causing pollution).	1	NT$ 200,000	North Shore Corp.	A collection bucket has been set up under the dryer to collect wastewater generated during maintenance and upkeep, which will be recycled and treated at the sewage treatment plant.
Total	1	NT$ 200,000		

(III) Response Measures

Proposed implementation of improvement measures

(1) During non-construction hours, power machinery must be controlled and not operated.
(2) Use construction equipment with low pollution and low noise.
(3) The Construction Management Office will purchase noise detectors and send personnel to conduct fixed-point measurements in the construction area.
(4) Install noise reduction equipment at the noise source to reduce the noise level.
(5) Purchase washing equipment and require vehicles entering and leaving the construction site to clean their tires, and increase personnel to clean the road surface soil.
(6) Lay iron plates at the excavation location to reduce the mud content of construction vehicle tires.
(7) Increase the frequency of cleaning or washing of peripheral water channels or roads by the Construction Management Office.
(8) Implement the 5S clean-up movement (sort, set in order, shine, standardize, sustain) at the construction site to maintain the cleanliness of the surrounding environment.
(9) Construction runoff wastewater must be treated with sedimentation equipment before being discharged.
(10) Waste generation, storage, and cleaning must be reported online in accordance with regulations.
(11) Before waste is delisted, confirm that industrial waste has been properly disposed of.

(12) The mechanical equipment for sewage treatment must be properly maintained and inspected and calibrated.

V. Labor relations

<table>
<tr><th>No.</th><th>Continental Holdings Corporation and Its Major Subsidiaries</th></tr>
<tr><td>Labor Relations</td><td>A harmonious labor relation is one of the keys to the Company's growth. The Company upholds the attitude of integrity and responsibility to create the best well-being of employees. In addition to providing diversified on-job refinement channels, the Company also takes care of the life of employees always. The Company in response to the changes in the objective environment strives to promote various measures in order to achieve the objective of sustainable operation and create maximum benefits for employees and shareholders.</td></tr>
<tr><td>Remuneration</td><td>Continental Holdings Corporation strives to provide competitive overall remuneration. We value the importance of internal fairness and external competitiveness, and conduct salary market surveys every year regularly for reference in salary adjustment operations in order to respond to changes in the external salary market in a timely manner. In addition, for protecting gender equality in employment, the salary of employees at all levels of Continental Holdings Corporation is not affected by the factor of gender. The salary payment is determined according to the requirements of job position and personal work ability and performance so as to substantiate the concept of gender equality in employment truthfully.
For encouraging colleagues to pursue excellence continuously, the Company clearly stipulates the regulations governing performance bonus to have performance bonuses distributed based on the annual performance of the Company and individuals. The colleagues who have contributed to the Company's development will be rewarded in accordance with the performance-related reward system, which is a reasonable and fair reward system (reserve the basic salary ratio form).
<table>
<tr><th>2022</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>0.96</td><td>1.00</td></tr>
<tr><td>Salary ratio</td><td>0.77</td><td>1.00</td></tr>
<tr><td rowspan="2">Non-supervisor</td><td>Basic salary ratio</td><td>1.08</td><td>1.00</td></tr>
<tr><td>Salary ratio</td><td>1.05</td><td>1.00</td></tr>
</table>
Note1: The aforementioned statistics do not include the Chairman, working students, migrant workers, and direct workers.
Note 2: Supervisory positions: An employee who supervises at least on (inclusive)subordinate.
Note 3: Non-supervisory positions: An employee who is not holding a supervisory position.</td></tr>
<tr><td>Comprehensive management system</td><td>The relevant management regulations should be amended in a timely manner in accordance with the Labor Standards Act and other relevant laws and regulations, and should take into account the needs of business management and employees to ensure that the management system is in line with the actual practice.</td></tr>
<tr><td>Enhancement of employee communication channels</td><td>The Company advocates the Company's policies, systems, welfare measures, and various activities through the intranet, and designates a discussion section on the intranet for employees to fully express their opinions. The following channels are provided for a two-way communication with employees:
1. Hold labor-management meetings regularly.
2. Employee feedback platform and Idea Box on intranet.
3. Investigate employees' engagement, produce analysis reports, and propose corrective action plans and follow-up.
4. Sexual harassment complaint channel (including complaint hotline and mailbox).
5. Set up "Occupational Safety and Health Committee" and "Employee Welfare Committee."</td></tr>
<tr><td>Handling group insurance and employees physical check</td><td>In addition to labor insurance and national health insurance, the Company obtains group insurance for employees, such as life insurance, accident insurance, medical insurance, and cancer prevention insurance, and provides employees with a health check-up plan that is superior to the ones required by laws and regulations so to help employees enjoy multiple protections.</td></tr>
<tr><td>Enhancement of employee education and training</td><td>The Company has a budget appropriated every year to arrange employee education and training in order to refine employees' professional skills and help them with their career plans.</td></tr>
</table>

No.	Continental Holdings Corporation and Its Major Subsidiaries
Talent development and education & training	1. Continental Holdings Corporation appreciates the importance of talent cultivation, talent application, and talent retention; therefore, actively invests more resources in talent cultivation. In addition to focusing on the development of employees' occupational functions and potentials, the Company strives to plan complete education and training programs for each employee according to his/her job responsibilities and positions; also, continues to develop different learning resources and channels, such as on-job training, job rotation, construction site visits, classroom training, seminars, forums, workshops, mixed learning, external certificates and examinations, and other learning methods, and provides different job responsibilities learning channels and resources, including professional and occupational function courses, personal development and occupational function courses, and management leadership courses in order to activate the occupational function development of employees and attract outstanding talents to join. 2. In the era of digital transformation, Continental Group continues to construct diversified approaches and channels for the passing on of internal experience and knowledge. In addition to having some physical courses broadcasted live simultaneously, the online learning platform "iLearn" is also introduced to provide employees with diversified online learning resources in order to help them participate in learning remotely without the restriction of time and space. 3. The Group regularly reviews the succession plan every year to grasp the potential candidates for most key positions. It will not only help the colleagues with their career plans, but also help the Company with the succession plan step by step in order to prevent the problem of talent gaps in important management positions of the Company. The supervisors help each selected talent formulate a personal development plan by referring to the evaluation report with different learning approaches and resources provided, such as: job rotation, tasks or projects, domestic and foreign learning resources, English courses, certification courses, external coaching, etc., in order to enhance and follow up on the professional knowledge, skills, experience, certificates, English fluency, leadership, and management skills needed by each potential talent. 4. The selection and cultivation of young people is one of the key elements for the successful sustainable development of the Company. The Company reviews the young potential talents for each of its subsidiaries every year, formulates personal development plans, and provides the necessary resources to cultivate and assist them in developing their potential.
Sound retirement system	The pension system planned by Continental Holdings Corporation and its subsidiaries for employees includes the "Defined Benefit Plan" stipulated in accordance with the "Labor Standards Act" and the "Defined Contribution Plan" stipulated in accordance with the "Labor Pension Act." In addition to appropriating and depositing pension reserves in accordance with the governing laws and regulations, the actuarial calculations of pension reserves are also conducted through the help of professional actuarial consultants every year so as to ensure a sufficient appropriation for the protection of the colleagues' rights in collecting pensions in the future. Defined Benefit Plan: • It is applicable to employees who are subject to the old pension system of the "Labor Standards Act." The Company appropriates pension reserves for an amount equivalent to 2% of the total salary every month and has such amount deposited in the designated pension reserve account at the Bank of Taiwan to protect the rights and interests of workers. • For those who are subject to the old pension system of the "Labor Standards Act," the pension payment shall be calculated according to the applicable seniority and the average salary of the six months prior to the retirement. Defined Contribution Plan: • For those who are subject to the new pension system of the "Labor Pension Act," the Company will contribute 6% of the salary to the employee's personal pension account on a monthly basis.
Emphasis on employee welfare	In terms of welfare, in addition to the general benefits of vacation, labor insurance, health insurance, and pension appropriation, we also provide diversified and comprehensive welfare measures as follows: 1. Flexible working hours: Under the consideration of respecting diversity and job needs, formulate welfare measures, such as flexible working hours, leave without pay, etc. 2. Childcare and nurturer and pensions: In order to help employees take care of their families, in addition to general pension allowances of NT$3,000-NT$10,000 for weddings and funerals, we also provide emergency subsidies to help colleagues in need for an amount up to NT$60,000. 3. Festival gift money: For appreciating Taiwanese conventions and customs, the Company distributes gift money for an amount of NT$2,000 to celebrate the Lunar New Year and Mid-Autumn Festival, and NT$1,000 to celebrate Labor Day. 4. Life security: The Company provides free group hospitalization and cancer insurance to employees and their spouses/children. Employees may choose the insurance policy that suits them best according to their own plans. 5. Health promotion: Arrange regular health checkups, hold health lectures, and construct employee health management platforms to provide information on maternal protection, fatigue prevention, and health in order to help improve employees' independent health management conveniently. Continental Group has also introduced work and life coaching services since February 2021 so that the external professional consultants can help colleagues deal with multi-faceted work and life issues. 6. Flexible welfare design: The Company has 20,000 welfare programs designed with the considerations of employee's diversified needs and reducing employees' physical and mental stress taking into account, including children's education subsidies, personal continuing education, gymnastics subsidies, travel subsidies, etc. at the choice of employees discretionally.

No.	Continental Holdings Corporation and Its Major Subsidiaries
Emphasis on employee welfare	7. Club activities: The Company has various club activities offered to encourage colleagues to engage in legitimate and healthy leisure activities outside of work so to help them relax at work and at home. Currently, there are yoga club, art club, mountaineering club, golf club, badminton club, etc. available for participation. 8. Continental Holdings Corporation provides the benefits of leave without pay and assistance to employees who are in need and meet the legal conditions, which is specified in the regulations governing employee employment and dismissal. 9. Comfortable working environment: The Company provides the employees with a safe and comfortable working environment and rest facilities, as well as considerate and caring services, such as unlimited coffee and tea, convenient and inexpensive laundry service, meals ordering service, lounge arrangement, etc.
Employee Incentive Program	Continental Group offers various reward programs to encourages colleagues and teams to pursue innovation and excellence, and recognizes the contribution and dedication of colleagues/teams. ・Employee concurrence and incentive program: Encourage colleagues to act properly, perform outstandingly, and demonstrate company value. ・The Star of Continental Holdings Corporation: Commends teams with outstanding performance and teams with excellent workplace health, safety, and physical and mental balance. ・The Idea Box of Continental Holdings Corporation: In order to encourage innovation and employee participation, in addition to sharing the awarded proposals, the best idea of the year will be selected among all the proposals for recognition. ・Seniority Award: The Company appreciates senior colleagues for their continuing efforts in creating value for the Company.

(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. 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 Multi-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 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. SAP remote backup rehearsals annually.

(V) In 2022 and as of the date of the Annual Report, CHC has not suffered any losses due to material security incidents.

VII. Workplace safety

(I) Occupational Safety and Health Committee

The company has established an Occupational Safety and Health Committee, consisting of 12 members, with 5 labor representatives accounting for more than one-third of the total committee. Regular meetings are held every quarter to review occupational safety and health management issues and propose relevant safety topics. Decisions made in the meetings will be announced and promoted during supervisory meetings.

(II) Occupational Safety and Health Certification and Management System

The subsidiary, Continental Engineering Corporation, has established an occupational safety and health management system, and obtained dual certification of ISO45001:2018/CNS45001:2018 on September 17, 2019. The validity of the certificate has been continuously maintained until now. Every year, we conduct audits of the safety and health management system to ensure effectiveness of all units. In 2022, we completed audits for 43 units with a total of 2824 audit items.

We continue to apply and develop technology in safety and health management. In 2022, the company independently developed "Construction Elevator Floor Display System," which allows workers to know the location of construction elevators in real-time via their mobile phones, reducing waiting time for workers. We have also set up screens with our self-developed "Multimedia Player" to provide workers with more safety information. We received the Excellent Occupational Safety and Health Unit Award from the Occupational Safety and Health Administration in 2022, Silver Award for Healthy Construction Site Promotion from the Health Promotion Administration of the Ministry of Health and Welfare, Excellent Unit Award from Taipei City Labor Safety Awards, and Social Responsibility Award at the 11th New Taipei City Industrial Safety Awards.

(III) Occupational Safety and Health Policies and Education Training

The company continues to implement hazard identification and risk assessment for all subsidiaries and branches under the "Group Occupational Health and Safety Policy." By involving all employees in hazard identification and risk assessment, they can understand the potential hazards in their work environment as well as corresponding preventive measures. In 2022, a total of 40 units completed hazard identification and risk assessment operations.

Under the framework of the group's safety and health policy, performance in areas of of safety and health implementation has become one of the company's overall performance indicators. By 2022, 99.9% of colleagues have completed at least one annual safety and health goal. In addition, different evaluation criteria and standards are set for different roles to establish a tailored safety and health reward system, providing opportunities for frontline workers, contractors, and engineers to receive rewards.

In order to improve the leadership of engineering unit supervisors over their colleagues in safety and health, the "Occupational Safety and Health Leadership Training for Engineering Unit" was conducted for all ongoing construction projects. The training targeted colleagues in the engineering unit, who were led by supervisors to consider the hazards that current and future construction sites may encounter, and discuss methods to reduce the risks. The aim was to continuously improve and enhance the abilities of colleagues in hazard identification, risk management, and intelligence at the site.

In 2022, a total of 22 sessions and 671 colleagues participated in the training. To ensure that colleagues maintain their awareness of hazards and their ability to respond, emergency response drills were regularly conducted every year. In 2022, a total of 27 units completed emergency response drills. In addition to the above-mentioned education and training, a total of 591 sessions of routine occupational safety and health personnel training and internal safety and health education training were conducted in 2022. The company's "Virtual Reality" (VR) safety and health education training was completed by 80 people, and a total of 1172 people were trained in Taiwan's occupational safety card (self-organized).

In 2022, we actively promoted the Don't Walk By (DWB) safety and health system for all employees, workers on site to decrease the safety and health risk. Each month, we compiled statistics on proposals from various engineering units. Every quarter, we provided incentives and encouragement to engineering units that actively proposed improvements and addressed deficiencies. Submissions are considered to manage the risk of safety and health which decrease the potential hazards in their work environment effectively as well as preventing the incidents happened on site.

(IV) Employee Health Promotion and Work-Life Balance

In 2022, due to the impact of COVID-19, the company has been committed to workplace health management and promotion while adhering to national epidemic prevention requirements. We have implemented measures such as video conferencing, maintaining safe social distancing, and installing partitions. In October 2022, we launched a new long-haul COVID care program and received a total of seven reports by the end of December. We arranged for one-on-one symptom consultations and health guidance with occupational physicians. In addition, we sent out 26 health promotion notices via email in 2022.

We also organized four health seminars: "Workplace Health Services - Employee Briefing," two sessions of "Building a Friendly Workplace for Wellbeing," and "Promoting Physical and Mental Health with Wellbeing." The practicing physician provided on-site services at least once every two months (a total of six sessions) and conducted workplace and operational hazard assessments for maternal health protection.

As many workers and contracted laborers chew betel on site, making them a high-risk group for oral cancer, we prioritized prevention efforts by holding four “oral cancer screening events” at construction sites in the north, central, and south attracting 225 participants.

In 2022, the company's employee health checkup benefits were not only unaffected by the pandemic, but also included a more diverse health check option for employees based on their needs. In 2022, 98% of employees completed their health checks.

Employee health is an asset to the company. Based on the results of the 2022 health checkups, high-risk employees are identified and interviewed by occupational health nurses to understand their lifestyle habits and provide appropriate guidance to effectively improve their health. For higher-risk employees with higher rank, specialized occupational physicians are arranged for medical consultation and care. As of December 2022, a total of 24 high-risk employees have been jointly managed jointly with ongoing monitoring planned for 2023.

In April 2022, in conjunction with the government's safety and health promotion activities, a one-week Wellbeing Week event was held. By hanging banners, colleagues were made aware of World Day for Safety and Health at Work and National Workplace Safety and Health Week. The Don't Walk By system was used to invite colleagues to participate, and finally, a quiz offering prizes promoted colleagues' understanding of wellbeing, safety, and DWB.

Ⅷ. Important Contracts

Continental Engineering Corporation

Major domestic project contract

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
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

Item	Project	Client	Award Date
33	Prologue Eternal	Continental Development Corporation	2021.12.29
34	Cross-Harbor Tunnel contract for N-WH projects	Ministry of National Defense	2022.05.04
35	Kuo Yang Jinlin Urban Renewal Project	Kuo Yang Contraction Co. Ltd	2022.07.19
36	Taipei Ambassador Hotel reconstruction project	Taipei Ambassador Hotel	2022.08.22
37	Qingcheng Fuhua Urban Renewal Project	Pujen Land Development and 5 Owners	2022.09.10
38	Huaku Daan Tower Hydroelectric	HuaKu Development Co., Ltd	2022.10.31
39	Xiandian Ankang Road Residential Building Project	Continental Development Corporation	2022.12.02
40	Taichung Chouzhi Section Residential Building Project	Continental Development Corporation	2022.12.19
41	Xinyi Tonghua Section Residential Building Project	Continental Development Corporation	2022.12.19

Major overseas project contracts

Contract Type	Project Main Contents	Client	Contract Term
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	2015-2023
Construction	Liantang / Heung Yuen Wai Boundary Control Point Site Formation and Infrastructure Works – Contract 6	Civil Engineering and Development Department, The Government of the Hong Kong Special Administrative Region	2015-2023
Construction	Station Square at Kai Tak (Phase 1) in Hong Kong	Architectural Services Department, The Government of the Hong Kong Special Administration Region	2019-2023
Design & Construction	Mumbai MRT Line 3 UGC04 – Construction of Underground Sections	Mumbai Metro Rail Corporation	2016-2025

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

Contract Type	Counterparty	Term	Main Content	Restrictions
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
Joint Construction	62 natural persons	2022.03-	Land transaction and Joint Construction in Yunghe District, New Taipei City	None
Purchase Contract	3 natural persons	2022.05-	Land transaction and Joint Construction in Bangqiao District, New Taipei City	None
Purchase Contract	1 natural person	2022.06-	Land transaction and Joint Construction in Bangqiao District, New Taipei City	None
Collaboration Contract	1 natural person	2022.06-	Land transaction and Joint Construction in Bangqiao District, New Taipei City	None
Purchase Contract	3 natural persons	2022.01-	Land transaction and Joint Construction in Beitun District, Taichung City	None
Investment Contract	National Housing and Urban Regeneration Center	2022.11-	Urban renewal in Xinyi District, Taipei City	None
Purchase and Collaboration Contract	CNCK Ltd.	2023.03-	Land Development in Nangang District, and Taipei City	None

Bank facilities

Contract Type	Counterparty	Term	Main Content	Restrictions
Bank facility	Chang Hwa Bank	2022.06-2023.06	Secured loan, Due for Repayment	None
Bank facility	China Bills Finance Corporation	2022.09-2023.09	Secured loan, Due for Repayment	None
Bank facility	CTBC Bank	2022.12-2023.12	Secured loan, Amortization	
Bank facility	Taishin International Bank	2021.09-2025.03	Secured loan, Amortization	None
Bank facility	Bank of Taiwan	2020.04-2026.04	Secured loan, Amortization	None
Bank facility	First Commercial Bank	2021.08-2026.08	Secured loan, Amortization	None
Bank facility	Taiwan Cooperative Bank	2021.11-2026.11	Secured loan, Amortization	None
Bank facility	Taiwan Cooperative Bank	2016.12-2026.12	Secured loan, Amortization	None
Bank facility	CTBC Bank	2022.12-2027.12	Secured loan, Due for Repayment	None
Bank facility	Esun Bank	2023.02-2027.02	Secured loan, Due for Repayment	None
Bank facility	First Commercial Bank	2023.02-2027.11	Secured loan, Due for Repayment	None
Bank facility	Taishin International Bank	2022.08-2029.02	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
Construction	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
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	2021-2023	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
Construction	HDEC(Ciaotou) Corporation	2022-2025	Kaohsiung Ciaotou Wastewater Reclamation Plant (BTO) Turnkey Project	None
Operation and management	HDEC (Puding) Environment Corporation	2022-2027	Puding Area Sewerage System Project, operation and management, Taoyuan City	None
Construction	HDEC(Chengxi) Corporation	2023-2026	Tainan Chengxi Incineration Plant (BOT) 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
Investment (Note 5)	Kaohsiung City Government	2022-2040	Kaohsiung Ciaotou Wastewater Reclamation Plant BTO Project	None
Investment (Note 6)	Tainan City Government	2023-2048	Tainan Chengxi Incineration Plant BOT Project	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
Note 5: The contract of the subsidiary HDEC(Ciaotou)Corporation
Note 6: The contract of the subsidiary HDEC(Chengxi) 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	2022.04-2026.04	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	2022.10-2026.10	Long-term Loan, Amortization	Financial covenant
Bank facility	KGI Bank	2022.11-2026.11	Long-term Loan, Amortization	Financial covenant
Bank facility	Jih Sun International Bank	2022.06-2026.08	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 Sinopac	2022.10-2026.10	Long-term Loan, Due for Repayment	Financial covenant
Bank facility	Yuanta Commercial Bank	2022.05-2026.05	Long-term Loan, Due for Repayment	Financial covenant
Bank facility	Bank Of Kaohsiung	2022.06-2026.06	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	2022.09-2026.09	Long-term Loan, Due for Repayment	Financial covenant
Bank facility	The Bank of East Asia	2022.11-2026.11	Long-term Loan, Due for Repayment	Financial covenant
Bank facility	Bank of Tiawan	2022.12-2026.12	Long-term Loan, Due for Repayment	None

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				
		2018	2019	2020	2021	2022
Current assets		132,432	188,274	215,415	744,793	99,545
Property, plant and equipment		2,110	1,943	1,944	2,498	3,534
Other assets		23,588,260	22,774,989	23,605,399	26,025,902	28,455,505
Total assets		23,722,802	22,965,206	23,822,758	26,773,193	28,558,584
Current liabilities	Before distribution	30,639	301,881	38,116	172,185	212,610
	After distribution	771,533	713,489	1,190,618	1,555,188	2,270,650
Non-current liabilities		39,328	53,373	44,801	2,026,844	2,023,050
Total liabilities	Before distribution	69,967	355,254	82,917	2,199,029	2,235,660
	After distribution	810,861	766,862	1,235,419	3,582,032	4,293,700
Equity attributable to owners of parent		23,652,835	22,609,952	23,739,841	24,574,164	26,322,924
Ordinary shares		8,232,160	8,232,160	8,232,160	8,232,160	8,232,160
Capital surplus		6,804,435	6,804,435	6,813,745	6,817,198	6,817,198
Retained earnings	Before distribution	8,153,880	7,491,023	8,629,727	9,281,503	10,830,146
	After distribution	7,412,986	7,079,415	7,477,225	7,898,500	8,772,106
Other equity interest		462,360	82,334	64,209	243,303	443,420
Total equity	Before distribution	23,652,835	22,609,952	23,739,841	24,574,164	26,322,924
	After distribution	22,911,941	22,198,344	22,587,339	23,191,161	24,264,884

2. Consolidated Condensed Balance Sheet

Unit: NT$ thousands

Item		Financial Summary for The Last Five Years				
		2018	2019	2020	2021	2022
Current assets		42,820,746	42,622,252	44,097,632	46,292,919	45,575,133
Property, plant and equipment		1,836,333	2,286,634	2,345,718	4,379,297	9,551,304
Intangible assets		1,157,023	1,149,653	1,135,804	1,108,196	1,105,066
Other assets		21,191,732	17,489,492	19,575,936	18,609,235	18,818,739
Total assets		67,005,834	63,548,031	67,155,090	70,389,647	75,050,242
Current liabilities	Before distribution	27,626,992	26,617,661	30,359,556	29,856,444	33,604,335
	After distribution	28,367,886	27,029,269	31,512,058	31,239,447	35,662,375
Non-current liabilities		13,554,195	11,233,062	9,875,174	12,754,910	12,064,458
Total liabilities	Before distribution	41,181,187	37,850,723	40,234,730	42,611,354	45,668,793
	After distribution	41,922,081	38,262,331	41,387,232	43,994,357	47,726,833
Equity attributable to owners of parent		23,652,835	22,609,952	23,739,841	24,574,164	26,322,924
Ordinary shares		8,232,160	8,232,160	8,232,160	8,232,160	8,232,160
Capital surplus		6,804,435	6,804,435	6,813,745	6,817,198	6,817,198
Retained earnings	Before distribution	8,153,880	7,491,023	8,629,727	9,281,503	10,830,146
	After distribution	7,412,986	7,079,415	7,477,225	7,898,500	8,772,106
Other equity interest		462,360	82,334	64,209	243,303	443,420
Non-controlling interest		2,171,812	3,087,356	3,180,519	3,204,129	3,058,525
Total equity	Before distribution	25,824,647	25,697,308	26,920,360	27,778,293	29,381,449
	After distribution	25,083,753	25,285,700	25,767,858	26,395,290	27,323,409

3. Condensed Statement of Comprehensive Income

Unit: NT$ thousands

Item \ Year	Financial Summary for The Last Five Years				
	2018	2019	2020	2021	2022
Operating revenues	2,049,403	436,459	1,555,241	2,050,426	3,075,624
Gross profit from operations	2,049,403	436,459	1,555,241	2,050,426	3,075,624
Net operating income	1,946,917	361,187	1,450,595	1,938,862	2,929,567
Non-operating income and expenses	4,201	9,202	16,465	6,189	8,373
Income before tax	1,951,118	370,389	1,467,060	1,945,051	2,937,940
Net income	1,941,677	97,007	1,538,543	1,826,298	2,888,392
Other comprehensive income (loss) (income after tax)	37,530	(406,343)	(6,356)	157,074	243,371
Comprehensive income (loss)	1,979,207	(309,336)	1,532,187	1,983,372	3,131,763
Net income, attributable to owners of parent	1,941,677	97,007	1,538,543	1,826,298	2,888,392
Comprehensive income (loss), attributable to owners of parent	1,979,207	(309,336)	1,532,187	1,983,372	3,131,763
Earnings per share (NT$)	2.36	0.12	1.87	2.22	3.51

4. Consolidated Condensed Statement of Comprehensive Income

Unit: NT$ thousands

Item \ Year	Financial Summary for The Last Five Years				
	2018	2019	2020	2021	2022
Operating revenues	25,154,111	22,665,087	21,688,649	26,844,308	32,145,603
Gross profit from operations	3,724,145	2,732,555	3,291,903	3,889,530	5,051,989
Net operating income	2,350,154	1,324,943	1,761,685	2,303,357	3,257,564
Non-operating income and expenses	(188,361)	(702,011)	(41,073)	(117,284)	(439,993)
Income before tax	2,161,793	622,932	1,720,612	2,186,073	2,817,571
Net income	2,018,281	152,060	1,632,937	1,867,270	2,589,001
Other comprehensive income (loss) (income after tax)	61,728	(452,034)	(97,017)	109,943	416,535
Comprehensive income (loss)	2,080,009	(299,974)	1,535,920	1,977,213	3,005,536
Net income, attributable to owners of parent	1,941,677	97,007	1,538,543	1,826,298	2,888,392
Net income, attributable to non-controlling interests	76,604	55,053	94,394	40,972	(299,391)
Comprehensive income (loss), attributable to owners of parent	1,979,207	(309,336)	1,532,187	1,983,372	3,131,763
Comprehensive income (loss), attributable to non-controlling interests	100,802	9,362	3,733	(6,159)	(126,227)
Earnings per share (NT$)	2.36	0.12	1.87	2.22	3.51

5. Auditors' Opinions

Year	Accounting Firm	CPA	Audit Opinion
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
2022	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				
		2018	2019	2020	2021	2022
Financial structure	Debt ratio (％)	0.29	1.55	0.35	8.21	7.83
	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	802,093.21
Solvency	Current ratio (％)	432.23	62.37	565.16	432.55	46.82
	Quick ratio (％)	431.76	62.34	564.96	432.49	46.75
	Times interest earned (times)	16,125.94	720.20	2,784.80	152.08	124.55
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	1,019.77
	Total assets turnover (times)	0.09	0.02	0.07	0.08	0.11
Profitability	Return on total assets (％)	8.45	0.42	6.58	7.30	10.51
	Return on total equity (％)	8.48	0.42	6.64	7.56	11.35
	Pre-tax income to paid-in capital ratio (%)	23.70	4.50	17.82	23.63	35.69
	Profit ratio (%)	94.74	22.23	98.93	89.07	93.91
	Earnings per share (NT$)	2.36	0.12	1.87	2.22	3.51
Cash flow	Cash flow ratio (%)	1,621.33	282.35	1,186.19	407.62	594.81
	Cash flow adequacy ratio (%)	140.40	139.49	123.48	91.72	89.92
	Cash reinvestment ratio (%)	0.01	0.49	0.17	-0.17	-0.42
Leverage	Operating leverage	1.05	1.21	1.07	1.06	1.05
	Financial leverage	1.00	1.00	1.00	1.01	1.01

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

1. The increase in Ratio of long-term capital to property, plant and equipment were mainly due to increase of property, plant and equipment.
2. The decrease in current ratio and quick ratio were mainly due to the decrease in cash caused by the capital increase of subsidiaries.
3. The increase in total assets turnover, return on total assets, return on total equity, pre-tax income to paid-in capital ratio and earnings per share were mainly due to increase of operating revenues.
4. The increase in cash flow ratio were mainly due to increase of cash dividends received.
5. The decrease in cash reinvestment ratio were mainly due to increase of cash dividends paid.

2. Consolidated Financial Analysis

Item	Year	2018	2019	2020	2021	2022
		Financial Analysis for the Past Five Years				
Financial structure	Debt ratio (％)	61.46	59.56	59.91	60.54	60.85
	Ratio of long-term capital to property, plant and equipment (％)	2,144.43	1,615.05	1,568.63	925.56	433.93
Solvency	Current ratio (％)	155.00	160.13	145.25	155.05	135.62
	Quick ratio (％)	65.49	57.99	49.35	56.52	59.37
	Times interest earned (times)	5.34	2.19	5.55	16.87	5.28
Operating performance	Receivables turnover (times)	6.09	9.47	8.07	8.43	11.14
	Average collection days	59.93	38.54	45.22	43.29	32.76
	Inventory turnover (times)	0.91	0.79	0.67	0.8	1.01
	Payables turnover (times)	2.91	3.08	3.14	3.59	4.14
	Average days in sales	401.09	462.02	544.77	456.25	361.38
	Property, plant and equipment turnover (times)	13.12	10.99	9.36	7.98	4.62
	Total assets turnover (times)	0.38	0.35	0.33	0.39	0.44
Profitability	Return on total assets (％)	3.30	0.53	2.76	3.00	4.10
	Return on total equity (％)	8.17	0.59	6.21	6.83	9.06
	Pre-tax income to paid-in capital ratio (%)	26.26	7.57	20.90	26.56	34.23
	Profit ratio (%)	8.02	0.67	7.53	6.96	8.05
	Earnings per share (NT$)	2.36	0.12	1.87	2.22	3.51
Cash flow	Cash flow ratio (%)	3.38	4.32	(Note)	8.71	0.21
	Cash flow adequacy ratio (%)	47.73	18.22	15.58	33.25	36.79
	Cash reinvestment ratio (%)	2.17	1.64	(Note)	5.83	-5.55
Leverage	Operating leverage ratio	1.46	1.86	1.65	1.50	1.41
	Financial leverage ratio	1.09	1.23	1.14	1.12	1.18

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

1. The decrease in ratio of long-term capital to property, plant and equipment and property, plant and equipment turnover were mainly due to increase of property, plant and equipment.
2. The decrease in times interest earned were mainly due to increase of interest expenses.
3. The increase in receivables turnover, return on total assets, return on total equity, pre-tax income to paid-in capital ratio and earnings per share, the decrease in average collection days, were mainly due to increase of operating revenues.
4. The decrease in inventory turnover and average days in sales were mainly due to increase of operating costs.
5. The decrease in cash flow ratio and cash reinvestment ratio were mainly due to decrease 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 2022 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 10, 2023

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, 2022 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 10, 2023

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, 2022 and 2021, 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, 2022 and 2021, 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 audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of 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 Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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 20.39% and 14.24% of the consolidated total assets at December 31, 2022 and 2021, respectively；and the total revenues constituting 1.58% and 3.64% of the consolidated total revenues for the years ended December 31, 2022 and 2021, respectively.

Continental Holdings Corporation has prepared its parent-company-only financial report for the years ended December 31, 2022 and 2021, 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 Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 10, 2023

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 5,822,416	8	5,206,556	7
1139	Current financial assets for hedging (Note 6(d))	1,299,684	2	230,228	-
1140	Current contract assets (Notes 6(z) and 7)	5,914,931	8	4,344,055	6
1150	Notes receivable, net (Notes 6(e) and (z))	12,087	-	325,540	1
1170	Accounts receivable, net (Notes 6(e), (z) and 7)	2,277,357	3	3,153,462	4
1200	Other receivables, net (Notes 6(f) and 7)	383,816	1	502,586	1
1220	Current tax assets	46,749	-	47,654	-
130X	Inventories (Notes 6(g) and 8)	24,855,132	33	28,517,085	41
1410	Prepayments	767,530	1	902,225	1
1479	Other current assets, others (Note 8)	3,841,900	4	2,625,312	4
1480	Current assets recognised as incremental costs to obtain contract with customers	353,531	-	438,216	1
		45,575,133	60	46,292,919	66
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	1,068,858	1	606,305	1
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	1,984,309	3	2,072,868	3
1550	Investments accounted for using equity method, net (Notes 6(h) and 7)	1,594,138	2	1,413,928	2
1600	Property, plant and equipment (Notes 6(j) and 8)	9,551,304	13	4,379,297	6
1755	Right-of-use assets (Note 6(k))	146,895	-	128,017	-
1760	Investment properties, net (Notes 6(l) and 8)	8,031,029	11	8,683,500	12
1780	Intangible assets (Notes 6(m) and 8)	1,105,066	1	1,108,196	2
1840	Deferred tax assets	21,497	-	38,470	-
1932	Long-term accounts receivable (Notes 6(e) and (z))	5,482,701	8	5,443,311	8
1990	Other non-current assets, others (Note 6(f))	489,312	1	222,836	-
		29,475,109	40	24,096,728	34
	Total assets	**$ 75,050,242**	**100**	**70,389,647**	**100**

Code	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Note 6(n))	$ 14,790,012	20	9,398,912	13
2110	Short-term notes and bills payable (Note 6(o))	436,000	1	-	-
2126	Current financial liabilities for hedging (Note 6(d))	-	-	64	-
2130	Current contract liabilities (Note 6(z))	7,508,364	10	8,760,275	12
2170	Notes and accounts payable (Note 7)	6,093,149	8	6,989,726	10
2200	Other payables (Note 7)	1,759,356	2	1,936,715	3
2230	Current tax liabilities	184,516	-	142,533	-
2250	Current provisions (Note 6(s))	686,789	1	410,843	1
2280	Current lease liabilities (Notes 6(r) and 7)	93,795	-	116,791	-
2310	Advance receipts	8,731	-	55,460	-
2320	Long-term liabilities, current portion (Note 6(q))	1,985,405	3	1,980,000	3
2399	Other current liabilities, others	58,218	-	65,125	-
		33,604,335	45	29,856,444	42
	Non-Current liabilities:				
2530	Bonds payable (Note 6(p))	1,997,832	3	1,997,110	3
2540	Long-term borrowings (Note 6(q))	9,484,440	13	9,982,386	14
2570	Deferred tax liabilities	150,863	-	130,819	-
2580	Non-current lease liabilities (Notes 6(r) and 7)	54,623	-	14,304	-
2610	Long-term accounts payable (Note 6(u))	129,267	-	311,400	1
2640	Net defined benefit liability, non-current (Note 6(v))	117,427	-	176,153	-
2645	Guarantee deposits received	130,006	-	142,738	-
		12,064,458	16	12,754,910	18
	Total liabilities	45,668,793	61	42,611,354	60
	Equity attributable to owners of parent (Note 6(x)):				
3100	Capital stock	8,232,160	11	8,232,160	12
3200	Capital surplus	6,817,198	9	6,817,198	10
3300	Retained earnings	10,830,146	14	9,281,503	13
3400	Other equity	443,420	1	243,303	-
		26,322,924	35	24,574,164	35
36XX	Non-controlling interests (Note 6(i))	3,058,525	4	3,204,129	5
	Total equity	29,381,449	39	27,778,293	40
	Total liabilities and equity	**$ 75,050,242**	**100**	**70,389,647**	**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, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4000	Operating revenues (Notes 6(t), (z) and 7)	$ 32,145,603	100	26,844,308	100
5000	Operating costs (Notes 6(g), (r), (v), 7 and 12)	27,093,614	84	22,954,778	86
	Gross profit from operations	5,051,989	16	3,889,530	14
	Operating expenses (Notes 6(r), (v), (aa), 7 and 12):				
6100	Selling expenses	468,445	1	426,013	2
6200	Administrative expenses	1,325,980	4	1,160,160	4
		1,794,425	5	1,586,173	6
	Net operating income	3,257,564	11	2,303,357	8
	Non-operating income and expenses (Notes 6(ab) and 7):				
7100	Interest income	47,165	-	37,621	-
7010	Other income (Note 6(c))	160,517	-	165,998	1
7020	Other gains and losses, net	(164,268)	(1)	(81,422)	-
7050	Finance costs, net (Notes 6(g) and (q))	(489,478)	(2)	(242,872)	(1)
7060	Share of profit (losses) of associates and joint ventures accounted for using equity method (Note 6(h))	6,071	-	3,391	-
		(439,993)	(3)	(117,284)	-
7900	Income before tax	2,817,571	8	2,186,073	8
7950	Less: Income tax expenses (Note 6(w))	228,570	1	318,803	1
	Net income	2,589,001	7	1,867,270	7
8300	Other comprehensive income:				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans	54,068	-	(27,525)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(88,559)	-	281,789	1
8317	Gains on hedging instrument	14,575	-	1,165	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(10,814)	-	5,505	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(30,730)	-	260,934	1
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	447,265	1	(150,991)	(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	447,265	1	(150,991)	(1)
8300	Other comprehensive income	416,535	1	109,943	-
	Total comprehensive income	**$ 3,005,536**	**8**	**1,977,213**	**7**
	Net income, attributable to:				
8610	Owners of parent	$ 2,888,392	7	1,826,298	7
8620	Non-controlling interests	(299,391)	-	40,972	-
		$ 2,589,001	**7**	**1,867,270**	**7**
	Total comprehensive income attributable to:				
8710	Owners of parent	$ 3,131,763	9	1,983,372	7
8720	Non-controlling interests	(126,227)	(1)	(6,159)	-
		$ 3,005,536	**8**	**1,977,213**	**7**
	Earnings per share (Note 6(y))				
9750	Basic earnings per share (NT dollars)	**$**	**3.51**		**2.22**
9850	Diluted earnings per share (NT dollars)	**$**	**3.51**		**2.22**

(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, 2022 and 2021

(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, 2021	$ 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
Net income	-	-	-	-	2,888,392	2,888,392	-	-	-	-	2,888,392	(299,391)	2,589,001
Other comprehensive income (loss)	-	-	-	-	43,254	43,254	274,101	(88,559)	14,575	200,117	243,371	173,164	416,535
Total comprehensive income (loss)	-	-	-	-	2,931,646	2,931,646	274,101	(88,559)	14,575	200,117	3,131,763	(126,227)	3,005,536
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	180,428	-	(180,428)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,383,003)	(1,383,003)	-	-	-	-	(1,383,003)	-	(1,383,003)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(19,377)	(19,377)
Balance at December 31, 2022	**$ 8,232,160**	**6,817,198**	**1,126,567**	**2,262,233**	**7,441,346**	**10,830,146**	**(695,150)**	**1,140,119**	**(1,549)**	**443,420**	**26,322,924**	**3,058,525**	**29,381,449**

(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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Income before tax	$ 2,817,571	2,186,073
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation expense	480,741	331,091
Amortization expense	65,574	63,618
Net gain on financial assets or liabilities at fair value through profit or loss	(462,553)	-
Interest expense	488,756	242,150
Interest income	(47,165)	(37,621)
Dividend income	(126,094)	(115,045)
Amortization of issuance costs on bonds payable	722	722
Share of gain of associates and joint ventures accounted for using equity method	(6,071)	(3,391)
Loss (gain) on disposal of property, plant and equipment	634	(4,034)
Gain on disposal of property, plant and equipment (under construction costs)	(57)	(421)
Gain on disposal of investment properties	-	(2,783)
Impairment loss	622,889	-
Recognition (reversal) of provisions	300,315	(47,444)
Gain on reversal of estimated account payable	(5,000)	(4,856)
Total adjustments to reconcile profit and loss	1,312,691	421,986
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	(640,812)	(37,990)
Notes receivable	313,453	527,686
Accounts receivable	(20,102)	(1,202,283)
Other receivables	28,129	78,623
Inventories	(2,686,598)	7,973
Prepayments	136,723	(151,851)
Other current assets	(240,317)	(179,794)
Current assets recognised as incremental costs to obtain contract with customers	84,685	(35,614)
Total changes in operating assets	(3,024,839)	(993,250)
Changes in operating liabilities:		
Contract liabilities	1,021,973	1,713,537
Notes and accounts payable	(1,016,491)	50,990
Other payables	(209,401)	(487,658)
Provisions	(25,253)	(21,295)
Receipts in advance	(46,728)	33,795
Other current liabilities	(7,571)	(66,874)
Net defined benefit liability	(15,472)	(22,354)
Total changes in operating liabilities	(298,943)	1,200,141
Total changes in operating assets and liabilities	(3,323,782)	206,891
Total adjustments	(2,011,091)	628,877
Cash inflow generated from operations	806,480	2,814,950
Interest received	37,220	35,779
Interest paid	(625,745)	(144,000)
Income taxes paid	(147,856)	(106,469)
Net cash flows from operating activities	70,099	2,600,260

	2022	2021
Cash flows from investing activities:		
Acquisition of financial assets for hedging	(1,607,968)	(394,703)
Disposal of financial assets for hedging	553,023	613,554
Price of associates acquisition	(174,304)	(665,000)
Acquisition of property, plant and equipment	(336,472)	(150,122)
Disposal of property, plant and equipment	8,507	5,704
Decrease in other receivables	102,895	109,267
Increase in non-current other receivables	(248,403)	(170,744)
Acquisition of intangible assets	(62,306)	(36,010)
Acquisition of investment properties	-	(431,200)
Disposal of investment properties	-	2,783
Increase in other financial assets	(974,924)	(468,435)
Other non-current assets	(17,839)	(17,772)
Prepayments for business facilities	(235)	(54,787)
Dividends received	126,259	115,045
Long-term payments	(209,844)	-
Net cash flows used in investing activities	(2,841,611)	(1,542,420)
Cash flows from financing activities:		
Increase in short-term borrowings	22,459,611	16,178,895
Decrease in short-term borrowings	(17,586,614)	(16,701,028)
Increase in short-term notes and bills payable	1,905,000	2,965,000
Decrease in short-term notes and bills payable	(1,469,000)	(3,785,000)
Proceeds from issuing bonds	-	1,996,388
Increase in long-term borrowings	4,257,148	6,447,693
Decrease in long-term borrowings	(4,786,023)	(6,347,317)
Increase in guarantee deposits received	-	1,235
Decrease in guarantee deposits received	(12,732)	-
Payment of lease liabilities	(94,949)	(101,210)
Cash dividends paid	(1,453,046)	(1,231,780)
Increase in other payables	60,406	123,749
Change in non-controlling interests	50,666	112,500
Net cash flows from (used in) financing activities	3,330,467	(340,875)
Effect of exchange rate changes on cash and cash equivalents	56,905	(22,777)
Net increase in cash and cash equivalents	615,860	694,188
Cash and cash equivalents at beginning of year	5,206,556	4,512,368
Cash and cash equivalents at end of year	**$ 5,822,416**	**5,206,556**

(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, 2022 and 2021

(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, 2022 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 10, 2023.

(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, 2022:

・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”

(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, 2023, would not have a significant impact on its consolidated financial statements:

・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”

(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 “Non-current Liabilities with Covenants”
・Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
・IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies:

(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

			Percentage of ownership		
Investor Company	**Subsidiary**	**Main Business**	**December 31, 2022**	**December 31, 2021**	**Note**
The Company and CCLC	Continental Engineering Corp. (CEC)	Civil, Building and M&E engineering	100.00%	100.00%	Note H
The Company and CCLC	Continental Development Corp. (CDC)	Real estate development on residential, commercial, hotels and communities	100.00%	100.00%	Note H
The Company and CCLC	HDEC Corp. (HDEC)	Environmental project development & Water treatment	100.00%	100.00%	Note H
The Company	Continental Consulting Limited Company (CCLC)	Management Consulting	100.00%	100.00%	Note G
CEC	CEC International Corp. (CIC)	Investment and holding	100.00%	100.00%	
CEC	CEC International Corp. (India) Private Limited (CICI)	Civil and Building engineering	100.00%	100.00%	
CEC	CEC International Malaysia Sdn. Bhd. (CIMY)	Civil and Building engineering	85.14%	85.14%	
CEC	Continental Engineering Corporation(Hong Kong) Limited (CEC HK)	Civil and Building engineering	100.00%	100.00%	
CDC	CDC Commercial Development Corp. (CCD)	Real estate lease	80.65%	80.65%	
CDC	MEGA Capital Development Sdn. Bhd. (MEGA)	Real estate development on hotels	55.00%	55.00%	
CDC	Bangsar Rising Sdn. Bhd. (BANGSAR)	Real estate development on residential	60.00%	60.00%	
CDC	CDC Asset Management Malaysia Sdn. Bhd. (CDCAM)	Management consulting	100.00%	100.00%	

Investor Company	Subsidiary	Main Business	Percentage of ownership		Note
			December 31, 2022	December 31, 2021	
CDC	CDC US Corp.	Investment and holding	100.00%	100.00%	
CDC US Corp.	CDC Investment Management LLC	Investment management	100.00%	100.00%	
CDC US Corp.	Trimosa Holdings LLC	Investment and holding	70.65%	70.65%	
Trimosa Holdings LLC	950 Investment LLC	Investment and holding	76.55%	76.55%	
950 Investment LLC	950 Property LLC (950P)	Real estate development on residential	100.00%	100.00%	
950 Investment LLC	950 Hotel Property LLC (950H)	Hotel industry	100.00%	100.00%	
950 Investment LLC	950 Retail Property LLC (950R)	Real estate lease and 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)	Linhai wastewater reclamation and reuse BTO project in Kaohsiung City	55.00%	55.00%	Note D
HDEC	HDEC(Ciaotou) Corp. (CTC)	Ciaotou wastewater reclamation and reuse BTO project in Kaohsiung City	100.00%	-%	Note E
HDEC	HDEC(Chengxi) Corp. (CXC)	Aninan area incineration plant renewal in Tainan City	100.00%	-%	Note F

Note A: NSC was founded as a Special Purpose Company (SPC) 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: CTC was founded as a SPC to perform the contract for Kaohsiung Ciaotou water recycling, which is a BTO project in Kaohsiung City. Upon the completion of the water recycling plant, CTC will transfer all the operating assets to the authority and be engaged by the authority to operate the water recycling plant. CTC will transfer the operating rights to the authority without condition at the end of the operating period.

Note F: CXC was founded as a SPC in accordance with the investment contract for the BOT of the Tainan Chengxi area waste incineration plant. The Chengxi area waste incineration plant will be transferred to the authority at the end of the concession period without condition.

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

Note H: 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 property

A 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 lessor

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) 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 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.

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.

(u) Employee benefits

The pension cost for an interim period was calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off event.

(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.

(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, 2022	December 31, 2021
Cash	$	20,447	19,180
Cash in banks		4,306,848	3,224,135
Time deposits		1,106,424	794,111
Cash equivalents		388,697	1,169,130
	$	**5,822,416**	**5,206,556**

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

(ii) Please refer to Note 8 for the time deposits in pledge and restricted bank deposits reclassified to other current assets.

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

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

		December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Stocks of unlisted company	**$**	**1,068,858**	**606,305**

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

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

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

		December 31, 2022	December 31, 2021
Equity investments at fair value through other comprehensive income:			
Listed common share — Evergreen Steel Corp.	$	1,323,329	1,410,525
Unlisted common share — Xinrong Enterprise		657,982	659,980
Unlisted common share — Metro Consulting Service Ltd.		2,998	2,363
Total	**$**	**1,984,309**	**2,072,868**

(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) The Group recognized the dividends revenue of $126,094 thousand and $115,045 thousand related to equity investments designated at fair value through other comprehensive income for the years ended December 31, 2022 and 2021.

(iii) There 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, 2022 and 2021.

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

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

(d) Financial instruments used for hedging

		December 31, 2022	December 31, 2021
Cash flow hedge:			
Financial assets used for hedging	$	1,299,684	230,228
Financial liabilities used for hedging		-	(64)
Total	**$**	**1,299,684**	**230,164**

(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) The items hedged and the hedge instrument held by the Group were as follows:

Item Hedged	Hedge instrument	Hedge instrument designated to be hedge and fair value December 31, 2022	Hedge instrument designated to be hedge and fair value December 31, 2021	Expected Cash flow Period
Expected foreign assets	Foreign deposits	**$ 1,301,233**	**135,434**	2023
	Foreign billings	**$ -**	**110,854**	2023
	Change in value of Foreign currency	**$ (1,549)**	**(16,060)**	2023

Item Hedged	Hedge instrument	Hedge instrument designated to be hedge and fair value December 31, 2022	Hedge instrument designated to be hedge and fair value December 31, 2021	amount (in thousand)	Delivery date
Expected foreign liabilities	Forward exchange	**$ -**	**(64)**	-	-

(iii) The transactions of cash flow hedges for the years ended December 31, 2022 and 2021, were all effective.

(e) Notes and accounts receivable

		December 31, 2022	December 31, 2021
Notes receivable	$	12,087	325,540
Accounts receivable		2,277,357	3,153,462
Long-term accounts receivable		5,482,701	5,443,311
Less: Allowance for bad debts		-	-
	$	**7,772,145**	**8,922,313**

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, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not overdue	$ 7,713,995	0.15%	-
Pass due less than one year	3,380	0%	-
Pass due over one year	54,770	0%	-
Pass due over two years	-	100%	-
	$ 7,772,145		**-**

		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**		**-**

The notes and accounts receivable were not pledged as collateral.

(f) Other receivables

		December 31, 2022	December 31, 2021
Other receivables — lending of capital (including other non-current assets)	$	525,515	380,006
Other receivables — lawsuit		150,630	150,630
Other receivables — related parties		2,293	1,926
Other (including other non-current assets)		157,127	158,540
Less: Allowance for bad debts		-	-
	$	**835,565**	**691,102**

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

(g) Inventories

		December 31, 2022	December 31, 2021
Construction:			
Material on hand	$	-	11
Hotel:			
Catering		5,616	14
Real estate:			
Real estate held for sale		13,930,882	17,526,652
Land held for development		4,616,823	-
Building construction in progress		5,881,928	10,990,072
Prepayment for land		515,465	95,918
Subtotal		24,945,098	28,612,642
Less: Allowance for impairment loss		(95,582)	(95,582)
	$	**24,855,132**	**28,517,085**

(i) For the years ended December 31, 2022 and 2021, the cost of inventory was $6,129,200 thousand and $5,741,692 thousand, respectively.

(ii) Due to the sales of the remaining real estates for the years ended December 31, 2022 and 2021, the allowance for impairment loss was reversed, and the costs of goods sold were decreased by $0 and $667 thousand, respectively.

(iii) Capitalizing interest costs were as follows:

		2022	2021
Interest costs	**$**	**635,812**	**524,472**
Capitalized interests	**$**	**146,334**	**281,600**
Capitalization interest rate		**1.5888%~5.75%**	**1.35%~6.40%**

(iv) Please refer to Note 8 for the inventories of the Group had been pledged as collateral.

(h) Investments accounted for using equity method

		December 31, 2022	December 31, 2021
Associates	**$**	**1,594,138**	**1,413,928**

(i) Associates

The Group's significant associates were as follows:

Name of associates	Nature of Relationship with the Group	Main operating location/Registered Country of the Company	Percentage of ownership or voting power	
			December 31, 2022	December 31, 2021
CTCI - HDEC (Chungli) Corp. (CTCI - HDEC)	SPC, mainly responsible for the sewerage system BOT project in Chung-Li area, Taoyuan City.	Taiwan	49.00%	49.00%
Fanlu Construction Industry Co., Ltd. (Fanlu)	Real estate	Taiwan	35.00%	35.00%

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, 2022	December 31, 2021
Current assets	$	176,932	997,420
Non-current assets		1,611,626	695,046
Current liabilities		(135,061)	(118,519)
Non-current liabilities		(38,559)	(20,240)
Net assets	**$**	**1,614,938**	**1,553,707**

		2022	2021
Revenues	**$**	**913,127**	**348,196**
Net income / Total comprehensive income	**$**	**61,567**	**79,519**

Net assets attributable to the Group, January 1		761,317	232,352
Additions		-	490,000
Dividend		(165)	-
Total comprehensive income attributable to the Group		30,167	38,965
Net assets attributable to the Group, December 31	**$**	**791,319**	**761,317**

2) Summary of Fanlu's financial figures

		December 31, 2022	December 31, 2021
Current assets	$	5,013,047	4,493,011
Non-current assets		4,330	11,850
Current liabilities		(518,556)	(435,205)
Non-current liabilities		(2,205,000)	(2,205,000)
Net assets	**$**	**2,293,821**	**1,864,656**

		2022	2021
Revenues	**$**	**-**	**-**
Net loss/ Total comprehensive income	**$**	**(68,849)**	**(101,638)**

Net assets attributable to the Group, January 1	$	652,611	513,185
Additions		174,304	175,000
Total Comprehensive income attributable to the Group		(24,096)	(35,574)
Net assets attributable to the Group, December 31	**$**	**802,819**	**652,611**

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

(i) Material non-controlling interest of subsidiaries

Subsidiaries	Country of registration	Equity ownership of non-controlling interest	
		December 31, 2022	December 31, 2021
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, 2022	December 31, 2021
Current assets	$	5,352,228	10,023,214
Non-current assets		5,236,333	1,794
Current liabilities		(6,788,140)	(6,234,934)
Non-current liabilities		(129,267)	(311,400)
Net assets	**$**	**3,671,154**	**3,478,674**
Non-controlling interest	**$**	**1,689,764**	**1,659,733**

		2022	2021
Revenues	**$**	**409,955**	**977,978**
Net loss		(442,047)	(61,153)
Other comprehensive income		-	-
Total comprehensive income	**$**	**(442,047)**	**(61,153)**
Net loss attributable to non-controlling interest	**$**	**(197,730)**	**(24,827)**
Total comprehensive income attributable to non-controlling interest	**$**	**(197,730)**	**(24,827)**
Cash flows from operating activities	$	(1,779,821)	737,239
Cash flows from investing activities		(4,661)	(1,837,664)
Cash flows from financing activities		1,918,118	1,182,667
Net increase in cash and cash equivalents	**$**	**133,636**	**82,242**

(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, 2022	$ 1,954,252	2,101,888	932,775	159,225	86,426	144,164	35,408	5,414,138
Additions	-	15,819	150,003	27,972	7,129	41,860	93,689	336,472
Reclassification from inventory	373,921	4,572,526	-	-	-	-	-	4,946,447
Disposals	-	-	(67,152)	(22,165)	(7,908)	(12,462)	-	(109,687)
Effect of exchange rate changes	29,346	221,644	1,631	586	616	2,046	4,855	260,724
Balance at December 31, 2022	**$ 2,357,519**	**6,911,877**	**1,017,257**	**165,618**	**86,263**	**175,608**	**133,952**	**10,848,094**
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**
Depreciation and impairment loss:								
Balance at January 1, 2022	$ -	247,468	491,109	122,272	54,776	118,615	601	1,034,841
Depreciation	-	72,471	241,994	11,494	8,525	8,968	14,441	357,893
Disposals	-	-	(67,128)	(14,771)	(6,617)	(12,087)	-	(100,603)
Effect of exchange rate changes	-	1,960	48	564	493	1,074	520	4,659
Balance at December 31, 2022	**$ -**	**321,899**	**666,023**	**119,559**	**57,177**	**116,570**	**15,562**	**1,296,790**
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**
Carrying amounts:								
Balance at December 31, 2022	**$ 2,357,519**	**6,589,978**	**351,234**	**46,059**	**29,086**	**59,038**	**118,390**	**9,551,304**
Balance at December 31, 2021	**$ 1,954,252**	**1,854,420**	**441,666**	**36,953**	**31,650**	**25,549**	**34,807**	**4,379,297**

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

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

(k) Right-of-use assets

		Land	Buildings	Transportation equipment	Total
Cost:					
Balance at January 1, 2022	$	95,125	197,729	6,050	298,904
Additions		23,601	99,862	1,804	125,267
Disposals		(30,711)	(95,736)	(1,319)	(127,766)
Effect of exchange rate changes		-	5,432	-	5,432
Balance at December 31, 2022	**$**	**88,015**	**207,287**	**6,535**	**301,837**
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**
Depreciation and impairment losses:					
Balance at January 1, 2022	$	46,637	120,032	4,218	170,887
Depreciation		29,764	61,433	2,069	93,266
Disposals		(27,720)	(84,906)	(1,319)	(113,945)
Effect of exchange rate changes		-	4,734	-	4,734
Balance at December 31, 2022	**$**	**48,681**	**101,293**	**4,968**	**154,942**
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	**$**	**46,637**	**120,032**	**4,218**	**170,887**
Carrying amounts:					
Balance at December 31, 2022	**$**	**39,334**	**105,994**	**1,567**	**146,895**
Balance at December 31, 2021	**$**	**48,488**	**77,697**	**1,832**	**128,017**

(l) Investment properties

		Owned		
		Land and improvements	Buildings	Total
Cost or deemed cost:				
Balance at January 1, 2022	$	7,963,125	1,607,322	9,570,447
Balance at December 31, 2022	**$**	**7,963,125**	**1,607,322**	**9,570,447**
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**
Depreciation and impairment losses：				
Balance at January 1, 2022	$	349,356	537,591	886,947
Depreciation		-	29,582	29,582
Impairment		-	622,889	622,889
Balance at December 31, 2022	**$**	**349,356**	**1,190,062**	**1,539,418**
Balance at January 1, 2021	$	349,356	507,931	857,287
Depreciation		-	29,660	29,660
Balance at December 31, 2021	**$**	**349,356**	**537,591**	**886,947**
Carrying amounts:				
Balance at December 31, 2022	**$**	**7,613,769**	**417,260**	**8,031,029**
Balance at December 31, 2021	**$**	**7,613,769**	**1,069,731**	**8,683,500**
Fair value:				
Balance at December 31, 2022				**$ 11,982,620**
Balance at December 31, 2021				**$ 11,208,711**

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.

On November 15, 2022, CCD, a subsidiary of the Group, resolved to develop investment properties - land by the Board of Directors. As all of the existing investment properties - buildings will be demolished in March, 2023, the Group recognized impairment loss $622,889 thousand based on the recoverable amount.

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

(m) Intangible assets

		Goodwill	Service Concession Agreements	Other	Total
Cost:					
Balance at January 1, 2022	$	30,249	1,443,339	-	1,473,588
Additions		-	57,782	4,524	62,306
Effect of exchange rate changes		-	-	138	138
Balance at December 31, 2022	**$**	**30,249**	**1,501,121**	**4,662**	**1,536,032**
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**
Amortization and impairment loss:					
Balance at January 1, 2022	$	-	365,392	-	365,392
Amortization		-	65,574	-	65,574
Balance at December 31, 2022	**$**	**-**	**430,966**	**-**	**430,966**
Balance at January 1, 2021	$	-	301,774	-	301,774
Amortization		-	63,618	-	63,618
Balance at December 31, 2021	**$**	**-**	**365,392**	**-**	**365,392**
Carrying amounts:					
Balance at December 31, 2022	**$**	**30,249**	**1,070,155**	**4,662**	**1,105,066**
Balance at December 31, 2021	**$**	**30,249**	**1,077,947**	**-**	**1,108,196**

(i) For the years ended December 31, 2022 and 2021, the amortization of intangible assets were recognized as operating costs.

(ii) The intangible assets were not pledged as collateral.

(n) Short-term borrowings

		December 31, 2022	December 31, 2021
Unsecured loans	$	4,880,000	263,473
Secured loans		9,910,012	9,135,439
	$	**14,790,012**	**9,398,912**
Unused credit limit	**$**	**17,220,695**	**18,495,877**
Range of interest rate		**1.655%~7.75%**	**1.08%~3.75%**

Please refer to Note 8 for the details of the related assets pledged as collateral.

(o) Short-term notes and bills payable

	December 31, 2022			
	Guarantee or acceptance institutes	Range of interest rate		Amount
Bills payable	Financial institutions	1.938%~2.546%	**$**	**436,000**

Please refer to Note 8 for details of the related assets pledged as collateral.

(p) Bonds payable

		December 31, 2022	December 31, 2021
Secured ordinary bonds issued	$	2,000,000	2,000,000
Unamortized discount on bonds payable		(2,168)	(2,890)
	$	**1,997,832**	**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 interest expenses.

(q) Long-term borrowings

	December 31, 2022				
	Currency	**Range of interest rate**	**Matured Period**		**Amount**
Unsecured loans	NTD	1.53%~2.44209%	2023.01~2026.12	$	4,094,000
Secured loans	NTD	1.2479%~2.475%	2023.01~2029.10		6,643,500
	USD	2.64663%~7.75871%	2023.06		695,738
	MYR	5.42%~5.92%	2027.07		36,607
					11,469,845
Less: current portion					(1,985,405)
Total				**$**	**9,484,440**
Unused credit limit				**$**	**11,367,786**

	December 31, 2021				
	Currency	**Range of interest rate**	**Matured Period**		**Amount**
Unsecured loans	NTD	1.2000%~1.6913%	2023.03~2025.12	$	4,809,000
Secured loans	NTD	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**

(i) Please refer to Note 8 for the details of the related assets pledged as collateral.

(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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, NSC did not violate any terms in the loan agreement.

Financial ratio	2022 ～ 2027
Debt ratio ≦	150%
Financial ratio	**2022 ～ 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, 2022, LHC did not violate any terms in the loan agreement.

(r) Lease liabilities

		December 31, 2022	December 31, 2021
Current	$	**93,795**	**116,791**
Non-current	$	**54,623**	**14,304**

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

The amounts recognized in profit or loss were as follows:

		2022	2021
Interest on lease liabilities	$	**2,317**	**3,379**
Variable lease payments not included in the measurement of lease liabilities	$	**12,975**	**11,089**
Expenses relating to short-term leases	$	**11,343**	**20,626**
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	$	**2,943**	**1,305**

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

		2022	2021
Total cash outflow for leases	$	**124,527**	**137,609**

(i) Real estate leases

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 six 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 one to three 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

		Onerous contracts	Warranties	After-sales service	Total
Balance at January 1, 2022	$	122,359	132,662	155,822	410,843
Addition		32	348,840	4,210	353,082
Realized		-	(22,487)	(2,766)	(25,253)
Reversal		(14,963)	(37,804)	-	(52,767)
Effect of exchange rate changes		884	-	-	884
Balance at December 31, 2022	**$**	**108,312**	**421,211**	**157,266**	**686,789**
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**

(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, 2022 and 2021. 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 risk 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, 2022	December 31, 2021
Less than one year	$	203,837	197,549
Between one and five years		618,167	231,618
More than five years		1,605,440	62,655
Total undiscounted lease payments	**$**	**2,427,444**	**491,822**

For the years ended December 31, 2022 and 2021, the rental revenue of investment properties was $221,992 thousand and $184,748 thousand, respectively.

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

		2022	2021
Expenses that generated rental revenue	$	5,902	6,191
Expenses unrelated to the derivation of rental revenue		12	35
	$	**5,914**	**6,226**

(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 December 31, 2022 and 2021, are $129,267 thousand and $311,400 thousand, respectively.

(v) Employee benefits

(i) Defined benefit plan

		December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$	531,007	576,057
Fair value of plan assets		(413,566)	(374,083)
Recognized as other payables		(14)	(25,821)
Net defined benefit liability	**$**	**117,427**	**176,153**

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 $420,825 thousand. The fair value of labor pension reserve account was adjusted to $413,566 thousand because the Group claimed that the pension reserve account was expected to pay $7,259 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

		2022	2021
Defined benefit obligation, January 1	$	576,057	561,775
Current service costs and interest		6,010	8,413
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		(27,545)	32,591
— Experience adjustment		14,176	(17,135)
Benefits paid by the plan		(37,691)	(19,649)
Defined benefit obligation, December 31	**$**	**531,007**	**576,057**

3) Movements of defined benefit plan assets

		2022	2021
Fair value of plan assets, January 1	$	374,083	362,291
Interest revenues		2,025	2,899
Remeasurements of the net defined benefit liability (asset)			
— Return on plan assets (excluding interest)		29,885	3,498
Contributions made		32,216	24,991
Benefits paid by the plan		(24,643)	(19,596)
Fair value of plan assets, December 31	**$**	**413,566**	**374,083**

4) Expenses recognized in profit or loss

		2022	2021
Current service costs	$	3,040	3,882
Net interest on net defined benefit liability (asset)		945	1,632
	$	**3,985**	**5,514**
Operating costs	$	1,273	1,979
Administrative expenses		2,712	3,535
	$	**3,985**	**5,514**

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

		2022	2021
Accumulated amount, January 1	$	99,856	77,836
Recognized during the period		(43,254)	22,020
Accumulated amount, December 31	**$**	**56,602**	**99,856**

6) Actuarial assumptions

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

	2022.12.31	2021.12.31
Discount rate	1.4%	0.55%
Future salary increase rate	3.25%	3.25%

The Group is expected to make a contribution payment of $25,381 thousand to the defined benefit plans for the one year period after reporting date.

The weighted-average lifetime of the defined benefit plan is 1.92 to 10.59 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, 2022 and 2021, 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, 2022		
Discount (change by 0.25%)	(0.35)%~(1.54)%	0.36%~1.58%
Future salary increase (change by 1.00%)	1.63%~5.53%	(1.57)%~(5.09)%
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)%

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 $65,989 thousand and $57,932 thousand for the years ended December 31, 2022 and 2021, respectively.

(w) Income Tax

(i) Income tax expenses

		2022	2021
Current income tax expenses			
Current period	$	192,584	179,867
Land value increment tax		97,174	107,245
Surtax on unappropriated earnings		12,051	12,027
Adjustment for prior periods		(110,454)	(6,007)
		191,355	293,132
Deferred income tax expense			
Origination and reversal of temporary differences		37,215	25,671
Income tax expenses	**$**	**228,570**	**318,803**

(ii) Income tax recognized in other comprehensive (loss) income:

		2022	2021
Items that will not be reclassified to profit or loss			
Remeasurement from defined benefit plans	**$**	**(10,814)**	**5,505**

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

		2022	2021
Income before tax	$	2,817,571	2,186,073
Income tax gain at domestic statutory tax rate	$	563,514	437,214
Effect of difference tax rates on foreign countries		(5,297)	(920)
Tax-exempt income		(287,268)	(184,089)
Investment loss accounted for using equity method		(1,214)	(678)
Recognize taxable loss from prior period		(204,682)	(63,668)
Current tax loss from unrecognized deferred tax assets		6,121	10,093
Adjustment for prior periods		(110,454)	(6,007)
Surtax on unappropriated earnings		12,051	12,027
Land value increment tax		97,174	107,245
Income basic tax		5,620	3,813
Temporary deductible difference from unrealized deferred tax assets		170,002	(19,101)
Others		(16,997)	22,874
Total	**$**	**228,570**	**318,803**

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets:

		December 31, 2022	December 31, 2021
Deductible temporary difference	$	245,994	204,206
Tax loss		221,941	417,235
	$	**467,935**	**621,441**

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, 2022, the Group's estimated unused loss carry forwards was as follows:

Years of loss		Unused tax loss	Year of expiry
2015 (assessed)	$	988,882	2025
2016 (assessed)		11,423	2026
2017 (assessed)		54	2027
2018 (declared)		103	2028
2019 (assessed)		131	2029
2020 (declared)		44	2030
2021 (declared)		90	2031
2022 (estimated)		6,586	2032
	$	**1,007,313**	

2) Recognized deferred tax assets and liabilities:

Deferred tax assets:

		Others
Balance at January 1, 2022	$	38,470
Current tax expense		(17,171)
Effect of exchange rate changes		198
Balance at December 31, 2022	**$**	**21,497**
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**

Deferred tax liabilities:

		Others
Balance at January 1, 2022	$	130,819
Current tax expense		20,044
Balance at December 31, 2022	**$**	**150,863**
Balance at January 1, 2021	$	101,692
Current tax expense		29,127
Balance at December 31, 2021	**$**	**130,819**

(v) Status of approval of income tax

1) The Company's income tax returns for the year up to 2019 have been assessed by the tax authorities. (Not yet assessed for 2018)

2) The Group's income tax returns have been assessed by the tax authorities were as follows:

Year of assessed	Company
2019	CEC (Not yet assessed for 2018), CDC (Not yet assessed for 2018), and HDEC
2020	SDC, BWC, LHC, PDC, NSC, and CCD

(x) Capital and other equity

As of December 31, 2022 and 2021, 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, 2022	December 31, 2021
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	12,767
	$	**6,817,198**	**6,817,198**

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, 2022 and 2021, 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 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 2021 and 2020 had been approved during the board meeting on March 15, 2022, and March 16, 2021, respectively. The other distributions on the appropriations of earnings for 2021 and 2020 had been approved during the shareholders' meeting on June 9, 2022 and July 30, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	2021		2020	
	Amount per share	**Total Amount**	**Amount per share**	**Total Amount**
Dividends distributed to common shareholders:				
Cash	**$ 1.68**	**1,383,003**	**1.40**	**1,152,502**

(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, 2022	$ (969,251)	1,228,678	(16,124)	243,303
Exchange differences on foreign operations	274,101	-	-	274,101
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	(88,559)	-	(88,559)
Change in fair value of hedging instrument	-	-	14,575	14,575
Balance at December 31, 2022	**$ (695,150)**	**1,140,119**	**(1,549)**	**443,420**

	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**

(y) Earnings per share

(i) Basic earnings per share

The details on the calculation of basic earnings per share as of December 31, 2022 and 2021 was based on net income attributable to ordinary shareholders of the Company amounted to $2,888,392 thousand, and $1,826,298 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

	2022	2021
Net income attributable to ordinary shareholders	**$ 2,888,392**	**1,826,298**

2) Weighted average number of ordinary shares

	2022	2021
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, 2022 and 2021 was based on net income attributable to ordinary shareholders of the Company amounted to $2,888,392 thousand and $1,826,298 thousand, respectively; and the weighted average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares of 823,826 thousand and 823,669 thousand, respectively. The related calculations are as follows:

1) Net income attributable to ordinary shareholders

	2022	2021
Net income attributable to ordinary shareholders	**$ 2,888,392**	**1,826,298**

2) Weighted average number of ordinary shares (Diluted)

	2022	2021
Weighted average number of ordinary shares (Basic)	823,216	823,216
Effect of the employee share bonuses	610	453
Weighted average number of ordinary shares (Diluted) at December 31	**823,826**	**823,669**

(z) Revenue from contracts with customers

(i) Disaggregation of revenue

	2022			
	Construction Engineering	Real Estate Development	Environmental Project Development & Water Treatment	Total
Primary geographical markets:				
Taiwan	$ 17,715,925	8,921,110	4,705,061	31,342,096
Other	286,224	517,283	-	803,507
	$ 18,002,149	**9,438,393**	**4,705,061**	**32,145,603**
Main products:				
Construction engineering	$ 17,836,457	-	-	17,836,457
Environmental project development & water treatment	-	-	4,705,061	4,705,061

	2022			
	Construction Engineering	Real Estate Development	Environmental Project Development & Water Treatment	Total
Real estate revenue	-	8,986,911	-	8,986,911
Rental revenue	30,622	191,370	-	221,992
Other	135,070	260,112	-	395,182
	$ **18,002,149**	**9,438,393**	**4,705,061**	**32,145,603**

	2021			
	Construction Engineering	Real Estate Development	Environmental Project Development & Water 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 development & 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**

(ii) Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable	$ 12,087	325,540	853,226
Accounts receivable (including long-term accounts receivable)	7,760,058	8,596,773	7,843,707
Less: Allowance for impairment	-	-	-
Total	$ **7,772,145**	**8,922,313**	**8,696,933**
Contract assets-construction engineering	$ 2,174,604	1,481,752	1,468,720
Contract assets-retention receivables	3,740,327	2,862,303	2,423,379
Total	$ **5,914,931**	**4,344,055**	**3,892,099**
Contract liabilities-construction engineering	$ 4,495,600	4,581,006	3,858,104
Contract liabilities-environment project development & water treatment	212,529	113,145	254,880
Contract liabilities-advance real estate receipts	2,798,043	4,061,925	4,002,780
Contract liabilities-advance rent receipts	2,192	4,199	5,525
Total	$ **7,508,364**	**8,760,275**	**8,121,289**

1) Please refer to Note 6(e)for the accounts receivable and allowance for impairment.
2) Please refer to Note 6(s) for the onerous contracts.
3) The amounts of revenue recognized for the years ended December 31, 2022 and 2021 that were included in the contract liability balance at the beginning of the year were $2,277,254 thousand and $1,080,907 thousand, respectively.
4) Please refer to Note 9 for the amounts of the above contracts.

(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, 2022 and 2021, the Company estimated its employee remuneration to be $14,764 thousand and $9,774 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 2022 and 2021. 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, 2022 and 2021. Related information would be available at the Market Observation Post System website.

(ab) Non-operating income and expenses

(i) Interest income

		2022	2021
Interest income from bank deposits	$	37,060	27,478
Other interest income		10,105	10,143
	$	**47,165**	**37,621**

(ii) Other income

		2022	2021
Dividend income	$	126,094	115,045
Other income-other		29,423	45,610
Income from counter-party default		-	487
Gain on overdue payables written off		5,000	4,856
	$	**160,517**	**165,998**

(iii) Other gains and losses

		2022	2021
Net (losses) gains on disposals of property, plant and equipment	$	(634)	4,034
Net gains on disposals of investment properties		-	2,783
Net foreign exchange gains (losses)		65,528	(88,153)
Gains on financial assets at fair value through profit or loss		462,553	-
Impairment losses		(622,889)	-
Other		(68,826)	(86)
	$	**(164,268)**	**(81,422)**

(iv) Financial costs

		2022	2021
Interest expenses-borrowings	$	609,103	496,997
Interest expenses-bonds payables (including amortization expenses)		24,392	24,096
Interest expenses-lease liabilities		2,317	3,379
Less: capitalized interest		(146,334)	(281,600)
	$	**489,478**	**242,872**

(ac) Financial instruments

(i) Credit risk

1) Credit risk exposure

As of December 31, 2022 and 2021, 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 $3,617,675 thousand and $$1,900,000 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 the 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. There were no recognition or reversal of impairment losses for the years ended December 31, 2022 and 2021.

(ii) Liquidity risk

The 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.

	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	More than 5 years
December 31, 2022					
Non-derivative financial liabilities					
Secured loans	$ 17,285,857	20,578,024	3,030,037	14,733,052	2,814,935
Unsecured loans	8,974,000	9,286,837	5,314,810	3,972,027	-
Short-term notes and bills payable	436,000	436,000	436,000	-	-
Bonds payable	1,997,832	2,044,000	11,000	2,033,000	-
Accounts and notes payable	6,093,149	6,093,149	3,595,179	2,278,908	219,062
Other payables	1,759,356	1,759,356	745,502	1,013,853	1
Guarantee deposit received	130,006	130,006	30	64,903	65,073
Long-term accounts payable	129,267	129,267	-	129,267	-
Lease liabilities	148,418	154,173	93,983	55,411	4,779
	$ 36,953,885	**40,610,812**	**13,226,541**	**24,280,421**	**3,103,850**

	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	More than 5 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**

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

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial Assets						
Monetary items						
USD：NTD	$ 112,816	30.7100	3,464,577	87,201	27.6800	2,413,721
HKD：NTD	7,756	3.9380	30,542	32,469	3.5490	115,234
MYR：NTD	123,417	7.0050	864,533	111,842	6.6415	742,797
USD：MYR	2,464	4.3900	75,673	1,125	4.1650	31,151
EUR：NTD	431	32.7200	14,097	95	31.320	2,995
Financial Liabilities						
Monetary items						
USD： MYR	22,650	4.3900	695,582	21,950	4.1650	607,576

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, 2022 and 2021 would have increased or decreased the income before tax by $24,549 thousand and by $24,688 thousand, and the equity by $12,989 thousand and $2,295 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, 2022 and 2021, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $65,528 thousand and $(88,153) thousand, respectively.

(iv) Interest rate risk

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.

If the interest rate increases or decreases by 1%, the Group's income before tax will decrease or increase by $193,317 thousand and $191,334 thousand for the years ended December 31, 2022 and 2021, 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:

	2022		2021	
Price of securities at the reporting date	**Other comprehensive Income after tax**	**Net Income**	**Other comprehensive Income after tax**	**Net Income**
Increase 1%	**$ 19,843**	**8,551**	**20,729**	**4,850**
Decrease 1%	**$ (19,843)**	**(8,551)**	**(20,729)**	**(4,850)**

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

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, 2022				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Unlisted common shares	$ 1,068,858	-	-	1,068,858	1,068,858
Financial assets for hedging	$ 1,299,684	1,299,684	-	-	1,299,684
Financial assets at fair value through other comprehensive income					
Listed common shares	$ 1,323,329	1,323,329	-	-	1,323,329
Unlisted common shares	660,980	-	-	660,980	660,980
Subtotal	$ 1,984,309	1,323,329	-	660,980	1,984,309
Total	**$ 4,352,851**	**2,623,013**	**-**	**1,729,838**	**4,352,851**

	December 31, 2021				
		Fair Value			
	Carrying amount	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
Total	**$ 2,909,401**	**1,640,753**	**-**	**1,268,648**	**2,909,401**
Financial liabilities for hedging	**$ 64**	**64**	**-**	**-**	**64**

2) Valuation techniques for financial instruments measured at fair value

A 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.

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 Levels

There were no transfers of levels for the years ended December 31, 2022 and 2021.

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, 2022	$	606,305	662,343
In other comprehensive income		-	(1,363)
Recognized in income		462,553	-
Balance at December 31, 2022	**$**	**1,068,858**	**660,980**
Balance at January 1, 2021	$	606,305	609,829
In other comprehensive income		-	52,514
Balance at December 31, 2021	**$**	**606,305**	**662,343**

Total gains and losses were as follows:

		2022	2021
Total gains or losses			
Recognized in profit or loss (recognized as "other gains and losses")	$	462,553	-
Recognized in other comprehensive income (recognized as "unrealized gains or losses from financial assets at fair value through other comprehensive income")		(1,363)	52,514

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.

Item	Valuation Technique	Significant unobservable input	Relationship between input and fair 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, 2022 and 2021 were 12.4176% and 8.4014%, 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, 2022 and 2021 were 16.38 and 15.80, respectively) • Market illiquidity discount (December 31, 2022 and 2021 were 75% and 80%, respectively)	• The higher multiplier of price-to-earnings ratio, the higher the fair value. • The higher market illiquidity discount, 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, 2022 and 2021 were 0%) • Weighted average cost of capital (December 31, 2022 and 2021 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 assumptions

The 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, 2022							
Financial assets at fair value through profit or loss							
Equity instruments without an active market	Return on equity	1%	$	3,239	(3,221)	-	-
Financial assets at fair value through other comprehensive income							
Equity instruments without an active market	Market liquidity discount	5%	$	-	-	43,865	(43,865)
Equity instruments without an active market	Weighted average cost of capital	1%	$	-	-	133	(126)
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)

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, 2022 and 2021, 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, 2022 and 2021, the Group has unused credit limit for $28,588,481 thousand and $25,675,000 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 (NTD), 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 NTD, 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 NTD, USD, and MYR

The Group's investments in its subsidiaries and associates are not hedged.

2) Interest rate risk

As of December 31, 2022 and 2021, financial liabilities exposed to cash flow interest rate risk are amounted to $11,469,845 thousand and $11,962,386 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 December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 45,668,793	42,611,354
Less: cash and cash equivalents	(5,822,416)	(5,206,556)
Net debt	39,846,377	37,404,798
Total equity	29,381,449	27,778,293
Adjusted capital	**$ 69,227,826**	**65,183,091**
Debt to equity ratio	**57.56%**	**57.38%**

(af) Non-cash investing and financing activities

(i) Please refer to Note 6(k) for the acquisition right-of-use assets by leasing.

(ii) Reclassification of prepayments for business facilities to property, plant and equipment.

		2022	2021
Prepayments for business facilities reclassified to property, plant and equipment	$	-	257,021
Investment properties reclassified to property, plant and equipment		-	1,829,660
Inventories reclassified to property, plant and equipment		(4,946,447)	-
	$	**(4,946,447)**	**2,086,681**

(iii) Reconciliation of liabilities arising from financing activities were as follow:

				Non-cash changes			
		January 1, 2022	Cash flows	Foreign exchange movement	Other	Changes in lease payments	December 31, 2022
Short-term borrowings	$	9,398,912	4,872,997	518,103	-	-	14,790,012
Long-term borrowings (including due within one year)		11,962,386	(528,875)	36,334	-	-	11,469,845
Lease liabilities		131,095	(94,949)	826	-	111,446	148,418
Bonds payable		1,997,110	-	-	722	-	1,997,832
Total liabilities from financing activities	**$**	**23,489,503**	**4,249,173**	**555,263**	**722**	**111,446**	**28,406,107**

				Non-cash changes			
		January 1, 2021	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**

(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 (Excluded on January 9, 2022)
WFV Corporation	Other related party
Hao Ran Foundation	Other related party
La Mer Corporation	Other related party
Chang ○○	Other related party (Excluded on January 9, 2022)
Chung ○○	Other related party (Excluded on January 31, 2022)
Chiang ○	Other related party

(c) Other related party transactions

(i) Contracted construction

2022		Total Contract Amount (Before tax)	Current Amount	Accumulated Amount
Associate (CTCI-HDEC)	**$**	**6,607,731**	**401,097**	**534,559**
Associate (Fanlu)	**$**	**1,544,284**	**322,986**	**633,486**

2021		Total Contract Amount (Before tax)	Current Amount	Accumulated Amount
Associate (CTCI-HDEC)	**$**	**6,115,200**	**-**	**133,462**
Associate (Fanlu)	**$**	**1,544,284**	**195,253**	**310,500**

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

		2022	2021
Associates	$	6,600	19,800
Other related parties		5,795	3,600
	$	**12,395**	**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

		2022	2021
Other related parties	**$**	**4,085**	**10,902**

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) Contract Assets

		December 31, 2022	December 31, 2021
Associates	**$**	**34,621**	**15,675**

(v) Receivables from related parties

		December 31, 2022	December 31, 2021
Accounts receivable-Other related parties	$	32	3
Other receivables-Other related parties		79	1,342
Other receivables-Associates		2,214	584
	$	**2,325**	**1,929**

(vi) Payables to related parties

		December 31, 2022	December 31, 2021
Accounts payable-Other related parties	$	337	337
Other payables-Other related parties		92	1,441
	$	**429**	**1,778**

(vii) Rental

1) Rental revenues

		2022	2021
Other related parties	**$**	**3,025**	**2,605**

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, 2022 and 2021, the Group recognized the amount of $85 thousand and $87 thousand as interest expenses, respectively. As of December 31, 2022 and 2021, the balance of lease liabilities amounted to $18,981 thousand and $3,835 thousand, respectively.

(viii) Transaction of properties

In January and June, 2022, the Group sold its transportation equipments to other related parties for $4,238 thousand (before tax), and recognized the losses of disposal for $784 thousand. All the payments had been received.

(ix) Endorsements and Guarantees

	Guarantee classification	December 31, 2022	December 31, 2021
Associate (CTCI-HDEC)	Guarantee for bank loans	$ 2,060,675	343,000
Associate (Fanlu)	Guarantee for bank loans	1,557,000	1,557,000
		$ 3,617,675	**1,900,000**

(x) Other

1) Interest revenues

	2022	2021
Associates	$ 2,316	2,315
Other related parties	8	9
	$ 2,324	**2,324**

2) Other expenses

	2022	2021
Other related parties	**$ 35,030**	**26,579**

3) Other income

	2022	2021
Associates	$ 9,311	6,844
Other related parties	164	92
	$ 9,475	**6,936**

4) On August 31, 2022 and April 20, 2021, the Group purchased 17,430,438 and 17,500,000 shares of Fanlu, which amounted to $174,304 thousand and $175,000 thousand, respectively.

5) On January 5, 2021, the Group purchased 49,000,000 shares of CTCI-HDEC amounted to $490,000 thousand.

(d) Key Management Personnel Transaction

	2022	2021
Short-term employee benefits	**$ 151,512**	**153,880**

As of December 31, 2022 and 2021, the Group provided twelve vehicles at a cost of $17,789 thousand and fourteen vehicles at a cost of $21,457 thousand, respectively, for the key management personnel.

(8) Pledged assets

Asset	Purpose of pledge	December 31, 2022	December 31, 2021
Inventories (development corp.)	Loan collateral	$ 15,694,702	20,247,154
Restricted deposits (other current assets)	Time deposits collateral	583,676	290,317
Property, plant and equipment	Loan collateral and construction guarantee	8,047,783	2,899,951
Investment properties, net	Loan collateral and construction guarantee	7,484,579	8,135,580
Total		**$ 31,810,740**	**31,573,002**

(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, 2022	December 31, 2021
Total sales of completed construction and real estate	**$ 13,514,016**	**17,617,431**
Receipts based on the contracts	**$ 2,798,043**	**4,061,925**

(ii) As of December 31, 2022 and 2021, the Group has entered into contracts for the purchase of land but for which it has not received the legal title amounted to $542,322 thousand and $959,177 thousand, within which, $515,206 thousand and $95,918 thousand had been paid.

(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, 2022	December 31, 2021
Total contract amount － NTD	$	170,518,410	157,199,612
－ INR		35,182,380	35,161,269
－ HKD		4,635,044	4,549,552
－ MOP		982,544	982,544
－ MYR		394,926	394,926
Accumulated billing amount		117,310,051	119,597,504

(iv) As of December 31, 2022, and 2021, 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
CTC	Kaohsiung area	Kaohsiung City	BTO of wastewater reclamation and reuse	October 2022~October 2040
CXC	Tainan area	Tainan City	BOT of incineration plant	January 2023~January 2048

(vi) The Group's outstanding stand by letter of credit are as follows:

		December 31, 2022	December 31, 2021
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, 2022, the remaining amount of USD450 thousand had yet to be.

(b) Contingent liability:

(i) As of December 31, 2022 and 2021, the Group provided promissory notes for contract performance, issuance of commercial paper, and construction warranty, amounted to $48,896,899 thousand and $46,993,134 thousand, respectively.

(ii) As of December 31, 2022 and 2021, promissory notes receivable for construction contracts amounted to $13,626,523 thousand and $12,734,765 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

(a) Personnel expenses, depreciation, depletion and amortization are summarized as follows:

	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	1,254,939	720,647	1,975,586	1,063,051	665,448	1,728,499
Labor and health	100,964	47,896	148,860	92,547	46,404	138,951
Pension	45,118	30,971	76,089	40,114	28,147	68,261
Others	161,128	137,012	298,140	144,125	125,871	269,996
Depreciation	426,254	54,487	480,741	264,550	66,541	331,091
Amortization	65,574	-	65,574	63,618	-	63,618

(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:

(In Thousands of New Taiwan Dollars)

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	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		
0	CHC	HDEC	Other receivables	Yes	500,000	500,000	500,000 (Note 2)	1.3%	2	-	Replenish working capital	-	-	-	5,264,585	10,529,170
0	CHC	HDEC	Other receivables	Yes	500,000	500,000	500,000 (Note 2)	1.3%	2	-	Replenish working capital	-	-	-	5,264,585	10,529,170
1	CDC	BANGSAR	Other receivables	Yes	208,049	208,049	199,643 (Note 2)	BLR+1%	2	-	Land purchases and operation requirements	-	-	-	6,856,545	6,856,545
1	CDC	MEGA	Other receivables	Yes	833,204	833,204	664,858 (Note 2)	BLR+1%	2	-	Land purchases and operation requirements	-	-	-	6,856,545	6,856,545
1	CDC	Grand River D. Limited	Other receivables	No	688,953	581,595	525,515	1.90%	2	-	Land purchases and operation requirements	-	-	-	6,856,545	6,856,545

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: $26,322,924 thousand × 40% = 10,529,170 thousand

Maximum amount of loans provided to a single business enterprise is limited to 20% of net equity value: $26,322,924 thousand × 20% = 5,264,585 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:

CDC:

Maximum amount of loans is limited to 40% of net equity value: $17,141,362 thousand × 40% = 6,856,545 thousand

Maximum amount of loans provided to a single business enterprise is limited to 40% of net equity value: $17,141,362 thousand × 40% = 6,856,545 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:

(In Thousands of New Taiwan Dollars)

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	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
		Name	Relationship with the Company										
0	CHC	CICI	2	105,291,696	488,406	464,023	464,023	-	1.76%	105,291,696	Y	N	N
0	CHC	HDEC	2	105,291,696	4,083,269	4,083,269	2,675,520	-	15.51%	105,291,696	Y	N	N
0	CHC	CEC	2	105,291,696	18,435,382	16,096,781	7,290,956	-	61.15%	105,291,696	Y	N	N
1	CEC	CIC	2	11,398,102	44,213	-	-	-	-%	11,398,102	N	N	N
1	CEC	CICI	2 and 5	17,097,153	3,892,763	-	-	-	-%	34,194,306	N	N	N
1	CEC	CDC	4 and 7	11,398,102	1,071,000	1,071,000	884,329	-	18.79%	11,398,102	N	N	N
1	CEC	Fu Tsu Construction Co., Ltd.	5	17,097,153	9,358,000	9,358,000	9,358,000	-	164.20%	34,194,306	N	N	N
2	CDC	CDC US.	2	34,282,724	161,075	153,550	-	-	0.90%	34,282,724	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	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
		Name	Relationship with the Company										
2	CDC	CCD	2	34,282,724	1,885,000	1,885,000	1,160,000	-	11.00%	34,282,724	N	N	N
2	CDC	BANGSAR	2 and 6	34,282,724	176,526	176,526	21,964	-	1.03%	34,282,724	N	N	N
2	CDC	MEGA	2 and 6	34,282,724	478,393	456,044	382,570	-	2.66%	34,282,724	N	N	N
2	CDC	950P	2 and 6	34,282,724	5,304,658	1,959,834	1,847,946	-	11.43%	34,282,724	N	N	N
2	CDC	950H & 950R	2 and 6	34,282,724	1,724,848	1,644,268	1,596,797	-	9.59%	34,282,724	N	N	N
2	CDC	Fanlu	6	34,282,724	1,557,000	1,557,000	771,750	-	9.08%	34,282,724	N	N	N
3	CCD	CDC	3	11,123,624	982,200	982,200	788,500	982,200	35.32%	11,123,624	N	N	N
4	HDEC	NSC	2	37,494,856	2,520,000	2,495,000	1,960,000	-	53.23%	37,494,856	N	N	N
4	HDEC	PDC	2	37,494,856	1,295,000	1,295,000	534,000	-	27.63%	37,494,856	N	N	N
4	HDEC	CTC	2	37,494,856	3,100,000	3,100,000	400,000	-	66.14%	37,494,856	N	N	N
4	HDEC	LHC	2 and 6	37,494,856	1,485,000	1,485,000	841,500	-	31.68%	37,494,856	N	N	N
4	HDEC	LHC	2	37,494,856	5,071	-	-	-	-%	37,494,856	N	N	N
4	HDEC	BWC	2 and 6	37,494,856	902,700	902,700	272,340	-	19.26%	37,494,856	N	N	N
4	HDEC	CTCI-HDEC	6	37,494,856	2,060,675	2,060,675	345,675	-	43.97%	37,494,856	N	N	N
4	HDEC	CEC	4 and 5	37,494,856	3,995,629	3,995,629	3,995,629	-	85.25%	37,494,856	N	N	N

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: $26,322,924 thousand × 4 = $105,291,696 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: $26,322,924 thousand × 4 = $105,291,696 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: $5,699,051 thousand × 6 = $34,194,306 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: $5,699,051 thousand × 3 = $17,097,153 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: $5,699,051 thousand × 2 = $11,398,102 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: $5,699,051 thousand × 2 = $11,398,102 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: $17,141,362 thousand × 2 = $34,282,724 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: $17,141,362 thousand × 2 = $34,282,724 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: $2,780,906 thousand × 4 = $11,123,624 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: $2,780,906 thousand × 4 = $11,123,624 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: $4,686,857 thousand × 8 = $37,494,856 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: $4,686,857 thousand × 8 = $37,494,856 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.

(iii) Securities held as of December 31, 2022 (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	1,323,329	6.15%	1,323,329	6.15%	
CEC	Xinrong Enterprise	-	Non-current financial assets at fair value through other comprehensive income	12,256,347	657,982	8.45%	657,982	8.45%	
CEC	Metro Consulting Service Ltd.	-	Non-current financial assets at fair value through other comprehensive income	300,000	2,998	6.00%	2,998	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	1,068,858	10.00%	1,068,858	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
HDEC	CTC-common stock	Investment accounted for using equity method	CTC	Parent and subsidiary	-	-	45,000,000	450,000	-	-	-	-	45,000,000	447,849
HDEC	CXC-common stock	Investment accounted for using equity method	CXC	Parent and subsidiary	-	-	100,000,000	1,000,000	-	-	-	-	100,000,000	999,920

(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	2022.01.06	1,091,441	1,091,441	Natural person	Not related party	-	-	-	-	Evaluation report	Real estate development	-
CDC	Land	2022.01.21	542,322	515,206	Natural person	Not related party	-	-	-	-	Evaluation report	Real estate development	-
CDC	Land	2022.05.27	1,404,374	1,404,374	Natural person	Non related party	-	-	-	-	Evaluation report	Real estate development	-
CDC	Land	2022.06.17	690,517	690,517	Natural person	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	55 Timeless-Inventory	2022.04.21	Not applicable	Inventory held-for-sale, not applicable	336,012	336,012	Inventory held-for-sale, not applicable	Xin qiu corporation	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	(1,491,952) (Note 3)	7.63%	Same as those in general transactions	-	-	429,377 (Note 3)	8.82%	Note 1
CDC	CEC	Related party of the Company	Construction project	1,491,952 (Note 3)	25.25%	Same as those in general transactions	-	-	(429,377) (Note 3)	29.38%	
CEC	Fanlu	Associate	Construction contract	(339,245)	1.74%	Same as those in general transactions	-	-	34,621	0.71%	Note 1
Fanlu	CEC	Associate	Construction project	339,245	48.88%	Same as those in general transactions	-	-	(34,621)	99.23%	
HDEC	LHC	Parent and subsidiary	Construction contract	(137,827) (Note 3)	3.64%	Same as those in general transactions	-	-	18,112 (Note 3)	3.46%	Note 1
LHC	HDEC	Parent and subsidiary	Construction project	137,827 (Note 3)	98.83%	Same as those in general transactions	-	-	(18,112) (Note 3)	48.02%	
HDEC	NSC	Parent and subsidiary	Construction contract	(171,862) (Note 3)	4.54%	Same as those in general transactions	-	-	43,790 (Note 3)	8.36%	Note 1
NSC	HDEC	Parent and subsidiary	Construction project	171,862 (Note 3)	54.90%	Same as those in general transactions	-	-	(43,790) (Note 3)	80.65%	
HDEC	PDC	Parent and subsidiary	Construction contract	(408,389) (Note 3)	10.78%	Same as those in general transactions	-	-	84,371 (Note 3)	16.12%	Note 1
PDC	HDEC	Parent and subsidiary	Construction project	408,389 (Note 3)	100.00%	Same as those in general transactions	-	-	(84,371) (Note 3)	96.56%	
SDC	HDEC	Parent and subsidiary	Construction contract	(156,060) (Note 3)	98.33%	Same as those in general transactions	-	-	54,582 (Note 3)	97.99%	Note 1
HDEC	SDC	Parent and subsidiary	Construction project	156,060 (Note 3)	4.43%	Same as those in general transactions	-	-	(54,582) (Note 3)	14.65%	

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.
Note 3: The above transactions were eliminated when preparing the consolidated financial statements.

(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 429,377	3.13	-	-	117,828	-

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, 2022, the Group's hedging instruments in amounts of USD41,839 thousand, JPY3,218 thousand and EUR430 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	1.33%
1	CCLC	CEC	3	Construction revenues	91,954	Same as those in normal transactions	0.12%
		CDC	3	Construction revenues	21,942	Same as those in normal transactions	0.03%
		HDEC	3	Construction revenues	25,756	Same as those in normal transactions	0.03%
2	CEC	CDC	3	Construction revenues	1,491,952	Same as those in normal transactions	4.64%
		CDC	3	Accounts receivable	119,424	Same as those in normal transactions	0.16%
		CDC	3	Contract assets	309,953	Same as those in normal transactions	0.41%
		CCLC	3	Administrative expenses	91,954	Same as those in normal transactions	0.12%
3	CDC	CEC	3	Construction costs	1,491,952	Same as those in normal transactions	4.64%
		CEC	3	Accounts payable	429,377	Same as those in normal transactions	0.57%
		MEGA	3	Other receivables	831,115	Same as those in normal transactions	1.11%
		BANGSAR	3	Other receivables	234,712	Same as those in normal transactions	0.31%
		CCLC	3	Administrative expenses	21,942	Same as those in normal transactions	0.03%
4	MEGA	CDC	3	Other payables	831,115	Same as those in normal transactions	1.11%
5	BANGSAR	CDC	3	Other payables	234,712	Same as those in normal transactions	0.31%
6	HDEC	CHC	2	Non-current other liabilities-other	1,000,000	Same as those in normal transactions	1.33%
		NSC	3	Operating revenues	171,862	Same as those in normal transactions	0.53%
		NSC	3	Accounts receivable	32,827	Same as those in normal transactions	0.04%
		NSC	3	Contract assets	10,963	Same as those in normal transactions	0.01%
		SDC	3	Operating costs	156,060	Same as those in normal transactions	0.49%
		SDC	3	Accounts payable	54,582	Same as those in normal transactions	0.07%
		LHC	3	Operating revenues	137,827	Same as those in normal transactions	0.43%
		LHC	3	Contract assets	18,112	Same as those in normal transactions	0.02%
		PDC	3	Operating revenues	408,389	Same as those in normal transactions	1.27%
		PDC	3	Accounts receivable	50,447	Same as those in normal transactions	0.07%
		PDC	3	Contract assets	33,924	Same as those in normal transactions	0.05%
		CTC	3	Accounts receivable	200,348	Same as those in normal transactions	0.27%
		CCLC	3	Administrative expenses	25,756	Same as those in normal transactions	0.03%
7	NSC	HDEC	3	Operating costs	171,862	Same as those in normal transactions	0.53%
		HDEC	3	Accounts payable	43,790	Same as those in normal transactions	0.05%
8	SDC	HDEC	3	Operating revenues	156,060	Same as those in normal transactions	0.49%

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
		HDEC	3	Accounts receivable	37,130	Same as those in normal transactions	0.05%
		HDEC	3	Contract assets	17,452	Same as those in normal transactions	0.02%
9	LHC	HDEC	3	Operating costs	137,827	Same as those in normal transactions	0.43%
		HDEC	3	Accounts payable	18,112	Same as those in normal transactions	0.02%
10	PDC	HDEC	3	Operating costs	408,389	Same as those in normal transactions	1.27%
		HDEC	3	Accounts payable	84,371	Same as those in normal transactions	0.12%
11	CTC	HDEC	3	Accounts payable	200,348	Same as those in normal transactions	0.27%

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:

(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	Civil, Building and M&E engineering	6,884,583	6,884,583	372,061,987	99.99% (Note 2)	5,604,428	99.99% (Note 2)	791,649	753,393	Note 1
CHC	CDC	Taiwan	Real estate development on residential, commercial, hotels and communities	6,220,745	6,220,745	591,948,387	99.99% (Note 2)	17,141,359	99.99% (Note 2)	1,872,294	1,872,294	Note 1
CHC	HDEC	Taiwan	Environmental project development & Water treatment	2,860,365	2,360,365	321,999,882	99.99% (Note 3)	4,686,856	99.99% (Note 3)	450,616	450,616	Note 1
CHC	CCLC	Taiwan	Management consulting	20,000	10,000	-	100.00%	19,321	100.00%	(679)	(679)	-
CEC	CICI	India	Civil and Building engineering	497,839	497,839	73,981,492	100.00%	(9,602)	100.00%	748	Disclosure not required	-
CEC	CIC	British Virgin Islands	Investment and holding	2,048,252	2,035,897	64,380,940	100.00%	14,239	100.00%	(11,273)	〃	-
CEC	CIMY	Malaysia	Civil and Building engineering	179,257	179,257	22,340,476	85.14%	6,317	85.14%	(12)	〃	-
CEC	CEC HK	Hong Kong	Civil and Building engineering	10,815	10,815	3,000,000	100.00%	925	100.00%	(40)	〃	-
CIC	NCC	British Virgin Islands	Investment and holding	1,640,006	1,640,006	10,353	45.47%	-	45.47%	(1,883)	〃	-
CDC	BANGSAR	Malaysia	Real estate development on residential	4,444	4,444	600,000	60.00%	(9,892)	60.00%	(20,015)	〃	-

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	Real estate lease	976,539	976,539	48,198,292	80.65%	2,242,802	80.65%	(612,261)	Disclosure not required	-
CDC	Fanlu	Taiwan	Real estate development on residential and hotels	915,950	741,646	91,595,000	35.00%	802,819	35.00%	(68,849)	〃	-
CDC	MEGA	Malaysia	Real estate development on hotels	7,375	7,375	825,000	55.00%	(81,509)	55.00%	(112,780)	〃	-
CDC	CDC US.	The U.S.	Investment and holding	2,284,960	2,075,837	5,000,000	100.00%	1,981,290	100.00%	(244,317)	〃	-
CDC	CDCAM	Malaysia	Management consulting	7,524	7,524	1,000,000	100.00%	8,377	100.00%	395	〃	-
HDEC	SDC	Taiwan	Construction of underground pipeline and environmental protection project, plumbing	49,600	49,600	3,000,000	100.00%	40,399	100.00%	3,899	〃	-
HDEC	NSC	Taiwan	Environmental project	1,112,000	1,112,000	166,000,000	100.00%	2,840,096	100.00%	199,923	〃	-
HDEC	BWC	Taiwan	Environmental project	362,100	362,100	37,740,000	51.00%	417,614	51.00%	34,899	〃	-
HDEC	PDC	Taiwan	Environmental project	340,000	340,000	36,489,000	100.00%	403,629	100.00%	35,971	〃	-
HDEC	CTCI - HDEC	Taiwan	Environmental project	735,000	735,000	73,500,000	49.00%	791,319	49.00%	61,567	〃	-
HDEC	LHC	Taiwan	Environmental project	550,000	550,000	56,100,000	55.00%	643,317	55.00%	129,931	〃	-
HDEC	CTC	Taiwan	Environmental project	450,000	-	45,000,000	100.00%	447,849	100.00%	(2,151)	〃	-
HDEC	CXC	Taiwan	Environmental project	1,000,000	-	100,000,000	100.00%	999,920	100.00%	(80)	〃	-
CCLC	CEC	Taiwan	Civil, Building and M&E engineering	1	1	84	-% (Note 4)	1	-% (Note 4)	791,649	〃	-
CCLC	CDC	Taiwan	Real estate development on residential, commercial, hotels and communities	3	3	100	-% (Note 4)	3	-% (Note 4)	1,872,294	〃	-
CCLC	HDEC	Taiwan	Environmental project development & Water treatment	1	1	118	-% (Note 5)	1	-% (Note 5)	450,616	〃	-

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.

	2022					
	Construction Engineering	**Real Estate Development**	**Environmental project Development & Water Treatment**	**Investment**	**Adjustment and write off**	**Total**
Revenues:						
Segment revenues from external customers	18,002,149	9,438,393	4,705,061	-	-	32,145,603
Intersegment revenues	1,551,222	-	-	3,215,276	(4,766,498)	-
Total revenues	**$ 19,553,371**	**9,438,393**	**4,705,061**	**3,215,276**	**(4,766,498)**	**32,145,603**
Reportable segment profit or loss	**$ 797,241**	**1,597,679**	**599,439**	**2,937,092**	**(3,113,880)**	**2,817,571**
Assets:						
Investments accounted for using equity method	$ -	802,819	791,319	27,451,970	(27,451,970)	1,594,138
Capital expenditure	3,469,703	14,029,141	41,517	5,952	36,020	17,582,333
Reportable segment assets	**$ 16,308,819**	**45,030,880**	**14,198,726**	**28,701,242**	**(29,189,425)**	**75,050,242**
Reportable segment liabilities	**$ 10,608,666**	**25,759,683**	**8,584,282**	**2,358,997**	**(1,642,835)**	**45,668,793**

	2021					
	Construction Engineering	**Real Estate Development**	**Environmental project Development & Water Treatment**	**Investment**	**Adjustment and write off**	**Total**
Revenues:						
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**

	2021					
	Construction Engineering	Real Estate Development	Environmental project Development & Water Treatment	Investment	Adjustment and write off	Total
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**

(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	2022	2021
Revenues from external customers:		
Taiwan	$ 31,342,096	25,506,003
Others	803,507	1,338,305
	$ 32,145,603	**26,844,308**
Non-current assets		
Taiwan	$ 11,641,671	12,416,295
Others	7,230,186	1,917,035
	$ 18,871,857	**14,333,330**

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

	2022	2021
Governments	$ 13,991,862	13,591,036
Construction corporations	8,268,412	5,088,311
Others	9,885,329	8,164,961
Total	**$ 32,145,603**	**26,844,308**

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, 2022 and 2021, 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, 2022 and 2021, 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 accounted for 14.79% and 6.79%, of the total assets at December 31, 2022 and 2021, respectively. The related share of gain of subsidiaries accounted for using equity method represented (29.16)% and (1.87)% of the net income before tax for the year ended December 31, 2022 and 2021, respectively.

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 10, 2023

CONTINENTAL HOLDINGS CORPORATION

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022			December 31, 2021	
	Assets		**Amount**	**%**	**Amount**	**%**
	Current assets:					
1100	Cash and cash equivalents (note 6(a))	$	80,568	-	724,893	3
1200	Other receivables (notes (b)and 7)		18,067	-	19,038	-
1220	Current tax assets		750	-	750	-
1410	Prepayments		160	-	112	-
			99,545	-	744,793	3
	Non-current assets:					
1550	Investments accounted for using equity method (notes 6(c) and (d))		27,451,964	96	25,009,040	93
1600	Property, plant and equipment (note 6(e))		3,534	-	2,498	-
1755	Right-of-use assets (note 6(f))		3,540	-	16,861	-
1920	Guarantee deposits paid		1	-	1	-
1990	Other non-current assets, others (notes 6(b) and 7)		1,000,000	4	1,000,000	4
			28,459,039	100	26,028,400	97
	Total assets	**$**	**28,558,584**	**100**	**26,773,193**	**100**

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2200	Other payables (note 7)	$ 51,742	-	39,108	-
2230	Current tax liabilities	156,547	1	118,625	-
2280	Current lease liabilities (notes 6(h)and 7)	3,747	-	14,039	-
2399	Other current liabilities, others	574	-	413	-
		212,610	1	172,185	-
	Non-Current liabilities:				
2530	Bonds payable (note 6(g))	1,997,832	7	1,997,110	8
2580	Non-current lease liabilities (notes 6(h)and 7)	-	-	3,747	-
2640	Net defined benefit liability, non-current (note 6(i))	25,218	-	25,987	-
		2,023,050	7	2,026,844	8
	Total liabilities	2,235,660	8	2,199,029	8
	Equity attributable to owners of parent (note 6(k)):				
3100	Capital stock	8,232,160	29	8,232,160	31
3200	Capital surplus	6,817,198	24	6,817,198	25
3300	Retained earnings	10,830,146	38	9,281,503	35
3400	Other equity	443,420	1	243,303	1
	Total equity	26,322,924	92	24,574,164	92
	Total liabilities and equity	**$ 28,558,584**	**100**	**26,773,193**	**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, 2022 and 2021

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

		2022		2021	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenues (note 6(m))**	$ 3,075,624	100	2,050,426	100
5000	**Operating costs**	-	-	-	-
	Gross profit from operations	3,075,624	100	2,050,426	100
	Operating expensesd (notes 6(h), (i)and (n)):				
6200	Administrative expenses	146,057	5	111,564	5
	Net operating income	2,929,567	95	1,938,862	95
	Non-operating income and expenses (note 6(o)):				
7100	Interest income (note 7)	19,973	1	18,133	1
7020	Other gains and losses, net	12,907	-	12,433	-
7050	Finance costs, net (notes 6(g), (h)and 7)	(24,507)	(1)	(24,377)	(1)
		8,373	-	6,189	-
	Income before tax	2,937,940	95	1,945,051	95
7950	Less: Income tax expenses (note 6(j))	49,548	2	118,753	6
	Net income	2,888,392	93	1,826,298	89
8300	**Other comprehensive income (loss):**				
8310	**Item that will not be reclassified to profit or loss**				
8311	Remeasurements of defined benefit plans	1,141	-	1,756	-
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	(21,057)	(1)	253,673	13
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(10,814)	-	5,505	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(30,730)	(1)	260,934	13
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	274,101	9	(103,860)	(5)
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	274,101	9	(103,860)	(5)
8300	**Other comprehensive income (loss)**	243,371	8	157,074	8
8500	**Total comprehensive income**	**$ 3,131,763**	**101**	**1,983,372**	**97**
	Earnings per share (note 6(l))				
9750	Basic earnings per share (NT dollars)	**$**	**3.51**		**2.22**
9850	Diluted earnings per share (NT dollars)	**$**	**3.51**		**2.22**

(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, 2022 and 2021

(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, 2021	$ 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
Net income	-	-	-	-	2,888,392	2,888,392	-	-	-	-	2,888,392
Other comprehensive income (loss)	-	-	-	-	43,254	43,254	274,101	(88,559)	14,575	200,117	243,371
Total comprehensive income (loss)	-	-	-	-	2,931,646	2,931,646	274,101	(88,559)	14,575	200,117	3,131,763
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	180,428	-	(180,428)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,383,003)	(1,383,003)	-	-	-	-	(1,383,003)
Balance at December 31, 2022	**$ 8,232,160**	**6,817,198**	**1,126,567**	**2,262,233**	**7,441,346**	**10,830,146**	**(695,150)**	**1,140,119**	**(1,549)**	**443,420**	**26,322,924**

(See accompanying notes to financial statements.)

CONTINENTAL HOLDINGS CORPORATION

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Income before tax	$ 2,937,940	1,945,051
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	14,290	13,906
Interest expense	23,785	23,655
Interest income	(19,973)	(18,133)
Amortization of issuance costs on bonds payable	722	722
Loss on disposal of property, plant and equipment	(96)	-
Gain on reversal of estimated accounts payable	-	(7)
Investment revenues	(3,075,624)	(2,050,426)
Total adjustments to reconcile profit	(3,056,896)	(2,030,283)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Other receivables	(628)	(772)
Prepayments	(48)	(38)
Total changes in operating assets	(676)	(810)
Changes in operating liabilities:		
Other payables	12,353	4,319
Other current liabilities	160	275
Net defined benefit liability	143	377
Total changes in operating liabilities	12,656	4,971
Total changes in operating assets and liabilities	11,980	4,161
Total adjustments	(3,044,916)	(2,026,122)
Cash outflow generated from operations	(106,976)	(81,071)
Interest received	21,573	10,275
Dividends received	1,385,159	785,720
Interest paid	(23,785)	(12,950)
Income taxes paid	(11,345)	(106)
Net cash flows from operating activities	1,264,626	701,868
Cash flows from investing activities:		
Acquisition of investments accounted for using equity method	(510,000)	(10,000)
Effect from disposal of subsidiaries	-	5
Acquisition of property, plant and equipment	(3,384)	(1,140)
Disposal of property, plant and equipment	1,475	-
Increase in other non-current assets	-	(1,000,000)
Net cash flows used in investing activities	(511,909)	(1,011,135)
Cash flows from financing activities:		
Proceeds from issuing bonds	-	1,996,388
Payment of lease liabilities	(14,039)	(13,885)
Cash dividends paid	(1,383,003)	(1,152,502)
Net cash flows (used in) from financing activities	(1,397,042)	830,001
Net (decrease) increase in cash and cash equivalents	(644,325)	520,734
Cash and cash equivalents at beginning of year	724,893	204,159
Cash and cash equivalents at end of year	**$ 80,568**	**724,893**

(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, 2022 and 2021

(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 10, 2023.

(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 Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

- 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"

(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, 2023, would not have a significant impact on its financial statements:

- 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"

(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 "Non-current Liabilities with Covenants"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information "
- IFRS16 "Requirements for Sale and Leaseback Transactions"

(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:

Transportation equipment	5 years
Computer equipment	3 years
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, 2022	December 31, 2021
Cash	$	150	20
Cash in banks		80,418	99,873
Time deposits		-	625,000
	$	**80,568**	**724,893**

(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, 2022	December 31, 2021
Other receivables-loans to subsidiary (recognized as other non-current assets - others)	$	1,000,000	1,000,000
Other receivables-related parties		18,067	18,885
Others		-	153
Less: Allowance for impairment		-	-
	$	**1,018,067**	**1,019,038**

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

(c) Investments accounted for using equity method

	December 31, 2022	December 31, 2021
Subsidiaries	**$ 27,451,964**	**25,009,040**

(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, 2022	$ 3,392	233	-	3,625
Additions	3,294	90	-	3,384
Disposals	(2,453)	-	-	(2,453)
Balance at December 31, 2022	**$ 4,233**	**323**	**-**	**4,556**
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**
Depreciation and impairment losses:				
Balance at January 1, 2022	$ 999	128	-	1,127
Depreciation	899	70	-	969
Disposals	(1,074)	-	-	(1,074)
Balance at December 31, 2022	**$ 824**	**198**	**-**	**1,022**
Balance at January 1, 2021	$ 465	76	-	541
Depreciation	534	52	-	586
Balance at December 31, 2021	**$ 999**	**128**	**-**	**1,127**
Carrying amount				
Balance at December 31, 2022	**$ 3,409**	**125**	**-**	**3,534**
Balance at December 31, 2021	**$ 2,393**	**105**	**-**	**2,498**

The property, plant and equipment were not pledged as collateral.

(f) Right-of-use assets

	Buildings	Transportation equipment	Total
Cost:			
Balance at December 31, 2022	**$ 52,904**	**1,514**	**54,418**
Balance at December 31, 2021	**$ 52,904**	**1,514**	**54,418**
Depreciation and impairment losses:			
Balance at January 1, 2022	$ 36,884	673	37,557
Depreciation	12,816	505	13,321
Balance at December 31, 2022	**$ 49,700**	**1,178**	**50,878**
Balance at of January 1, 2021	$ 24,069	168	24,237
Depreciation	12,815	505	13,320
Balance at December 31, 2021	**$ 36,884**	**673**	**37,557**

		Buildings	Transportation equipment	Total
Carrying amounts:				
Balance at December 31, 2022	$	3,204	336	3,540
Balance at December 31, 2021	$	16,020	841	16,861

(g) Bonds payable

		December 31, 2022	December 31, 2021
Secured ordinary bonds issued	$	2,000,000	2,000,000
Unamortized discounted on bonds payable		(2,168)	(2,890)
	$	1,997,832	1,997,110

(i) On November 5, 2020, the Company's Board of Directors approved to issue the secured ordinary corporate bond 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, 2022	December 31, 2021
Current	$	3,747	14,039
Non-current	$	-	3,747

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

The amounts recognized in profit or loss were as follows:

		2022	2021
Interest on lease liabilities	$	112	265
Variable lease payments not included in the measurement of lease liabilities	$	1,331	687

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

		2022	2021
Total cash outflow for leases	$	15,482	14,837

(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, 2022	December 31, 2021
Present value of defined benefit obligations	$	25,218	25,987
Fair value of plan assets		-	-
Net defined benefit liability	$	25,218	25,987

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

		2022	2021
Defined benefit obligation, January 1	$	25,987	27,015
Current service costs and interest		143	430
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		(427)	513
— Experience adjustments		(485)	(1,992)
Benefits paid by the plan		-	(53)
Defined benefit obligation, December 31	**$**	**25,218**	**25,987**

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, 2022 and 2021 were $0.

4) Expenses recognized in profit or loss

		2022	2021
Current service costs	$	-	160
Net interest on net defined benefit liability		143	270
	$	**143**	**430**
Administrative expenses	**$**	**143**	**430**

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

		2022	2021
Accumulated amount, January 1	$	(2,691)	(1,286)
Recognized during the period		(912)	(1,405)
Accumulated amount, December 31	**$**	**(3,603)**	**(2,691)**

6) Actuarial assumptions

	December 31, 2022	December 31, 2021
Discount rate	1.40%	0.55%
Future salary increase rate	3.25%	3.25%

The Company is expected to make a contribution payment of $84 thousand to the defined benefit plans for the one year period after reporting date.

The weighted-average lifetime of the defined benefit plan is 10.59 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, 2022 and 2021, 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, 2022		
Discount (change in 0.25%)	(2.59)%	2.68%
Future salary increase (change in 1.00%)	16.85%	(15.12)%
December 31, 2021		
Discount (change in 0.25%)	(3.03)%	3.15%
Future salary increase (change in 1.00%)	20.27%	(17.91)%

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 $2,370 thousand and $2,019 thousand for the years ended December 31, 2022 and 2021, respectively.

(j) Income Tax

(i) Income tax expenses

		2022	2021
Current income tax expenses	$	147,788	106,726
Surtax on unappropriated earnings		12,042	12,027
Adjustment for prior periods		(110,282)	-
Income tax expenses	**$**	**49,548**	**118,753**

Income tax recognized in other comprehensive income (loss) benefit were as follows:

		2022	2021
Items that will not be reclassified to profit or loss			
Remeasurement from defined benefit plans	**$**	**(10,814)**	**5,505**

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

		2022	2021
Income before tax	$	2,937,940	1,945,051
Income tax expense at domestic statutory tax rate	$	587,588	389,010
Investment gain accounted for using equity method		(615,125)	(410,085)
Dividend revenues		29,416	22,632
Consolidated tax		145,743	105,014
Surtax on unappropriated earnings		12,042	12,027
Others		166	155
Adjustment for prior periods		(110,282)	-
Total	**$**	**49,548**	**118,753**

(ii) Status of approval of income tax

The Company's income tax returns for the year up to 2019 have been approved by the tax authorities, except for the year 2018 has yet to be approved.

(k) Capital and other equity

As of December 31, 2022 and 2021, 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, 2022	December 31, 2021
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	12,767
	$	**6,817,198**	**6,817,198**

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, 2022 and 2021, 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 2021 and 2020 had been approved during the board meeting on March 15, 2022 and March 16, 2021, respectively. The other distributions of the appropriations of earnings had been approved during the shareholders' meeting on June 9, 2022 and July 30, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	2021		2020	
	Amount per share	**Total Amount**	**Amount per share**	**Total Amount**
Dividends distributed to common shareholders:				
Cash	**$ 1.68**	**1,383,003**	**1.4**	**1,152,502**

(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, 2022	$ (969,251)	1,228,678	(16,124)	243,303
Exchange differences on subsidiaries accounted for using equity method	274,101	-	-	274,101
Unrealized gains from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	(88,559)	-	(88,559)
Gains from hedging instrument measured at other comprehensive income, subsidiaries accounted for using equity method	-	-	14,575	14,575
Balance at December 31, 2022	**$ (695,150)**	**1,140,119**	**(1,549)**	**443,420**

	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 for using equity method	-	-	1,165	1,165
Balance at December 31, 2021	**$ (969,251)**	**1,228,678**	**(16,124)**	**243,303**

(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, 2022 and 2021 are $2,888,392 thousand and $1,826,298 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

	2022	2021
Net income attributable to ordinary shareholders	**$ 2,888,392**	**1,826,298**

2) Weighted average number of ordinary shares

	2022	2021
Weighted average number of ordinary shares at December 31	**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, 2022 and 2021 are $2,888,392 thousand and $1,826,298 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, 2022 and 2021 are 823,826 thousand and 823,669 thousand, respectively. The related calculations are as follows:

1) Net income attributable to ordinary shareholders

	2022	2021
Net income attributable to ordinary shareholders	**$ 2,888,392**	**1,826,298**

2) Weighted average number of ordinary shares (Diluted)

	2022	2021
Weighted average number of ordinary shares (Basic)	823,216	823,216
Effect of employee bonuses	610	453
Weighted average number of ordinary shares (Diluted) at December 31	**823,826**	**823,669**

(m) Revenue from contracts with customers

	2022	2021
Investment revenues	**$ 3,075,624**	**2,050,426**

(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, 2022 and 2021, the Company estimated its employee remuneration to be $14,764 thousand and $9,774 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 2022 and 2021. 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, 2022 and 2021. Related information would be available at the Market Observation Post System website.

(o) Non-operating income and expenses

(i) Interest income

		2022	2021
Bank deposits	$	2,667	2,585
Loans of funds		13,000	11,060
Endorsement		4,306	4,488
	$	**19,973**	**18,133**

(ii) Other gains and losses

		2022	2021
Gains on overdue payables written off	$	-	7
Gains on disposals of property, plant and equipment		96	-
Other		12,811	12,426
	$	**12,907**	**12,433**

(iii) Financial costs

		2022	2021
Interest expenses			
Bank borrowings	$	3	16
Lease liabilities		112	265
Bonds payables (including amortization expenses)		24,392	24,096
	$	**24,507**	**24,377**

(p) Financial instruments

(i) Credit risk

1) Credit risk exposure

As of December 31, 2022 and 2021, 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 $19,097,329 thousand and $20,095,555 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, 2022						
Non-derivative financial liabilities						
Other payables	$	51,742	51,742	51,742	-	-
Lease liabilities		3,747	3,751	3,751	-	-
Bonds payable		1,997,832	2,044,000	11,000	2,033,000	-
	$	**2,053,321**	**2,099,493**	**66,493**	**2,033,000**	**-**
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**	**-**

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, 2022				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at amortized cost					
Cash and cash equivalents	$ 80,568	-	-	-	-
Other receivables	18,067	-	-	-	-
Guarantee deposits paid	1	-	-	-	-
Other non-current assets,others	1,000,000	-	-	-	-
	$ 1,098,636	**-**	**-**	**-**	**-**
Financial liabilities measured at amortized cost					
Other payables	$ 51,742	-	-	-	-
Lease liabilities	3,747	-	-	-	-
Bonds payable	1,997,832	-	-	-	-
	$ 2,053,321	**-**	**-**	**-**	**-**

	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	-	-	-	-
	$ 1,743,932	**-**	**-**	**-**	**-**
Financial liabilities measured at amortized cost					
Other payables	$ 39,108	-	-	-	-
Lease liabilities	17,786	-	-	-	-
Bonds payable	1,997,110	-	-	-	-
	$ 2,054,004	**-**	**-**	**-**	**-**

2) Transfer between Level 1 and Level 2

There were no level transfers in 2022 and 2021.

(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 and corporate organizations, with good credit ratings there are no non-compliance issues and therefore no significant credit risk.

2) Guarantee

As of December 31, 2022 and 2021, the Company's guarantee for project construction and bank loans for related parties amounted to $20,644,073 thousand and $21,652,303 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, 2022 and 2021, the Company has unused credit limit for $150,000 thousand.

(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, 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 2,235,660	2,199,029
Less: cash and cash equivalents	(80,568)	(724,893)
Net debt	2,155,092	1,474,136
Total equity	26,322,924	24,574,164
Adjusted capital	**$ 28,478,016**	**26,048,300**
	7.57%	**5.66%**

(s) Non-cash financing activities

Reconciliation of liabilities arising from financing activities were as follow:

	January 1, 2021	Cash flows	Other	December 31, 2022
Lease liabilities	$ 17,786	(14,039)	-	3,747
Bonds payable	1,997,110	-	722	1,997,832
Total liabilities from financing activities	**$ 2,014,896**	**(14,039)**	**722**	**2,001,579**

	January 1, 2020	Cash flows	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**

(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
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
HDEC (Chengxi) Corporation	Subsidiary
HDEC (Ciaotou) Corporation	Subsidiary
Metropolis Property Management Corporation	Other related party
WFV Corporation	Other related party
Wei-Dar Development Co., Ltd.	Other related party
Han-De Construction Co., Ltd.	Other related party
Tsai ○○	Other related party
Chiang ○	Other related party
Chung ○○	Other related party

(c) Other related party transactions

(i) Other receivables - related parties

	December 31, 2022	December 31, 2021
Subsidiary － CEC	$ 1,323	5,526
Subsidiary － HDEC	14,669	12,945
Subsidiary － CDC	500	414
Subsidiary － CCLC	1,575	-
	$ 18,067	**18,885**

(ii) Other payables - related parties

	December 31, 2022	December 31, 2021
Subsidiaries	**$ -**	**9**

(iii) Loans to related parties

	December 31, 2022	December 31, 2021
Subsidiary － HDEC	**$ 1,000,000**	**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, 2022 and 2021, the Company recognized the amounts of $106 thousand and $254 thousand as interest expenses, and the balance of lease liabilities amounted to $3,406 thousand and $16,939 thousand.

(v) Endorsements and Guarantees

	Guarantee classification	December 31, 2022	December 31, 2021
Subsidiary － CICI	Project construction guarantee	$ 464,023	467,024
Subsidiary － CEC	Project construction guarantee	1,082,721	1,089,724
Subsidiary － CEC	Guarantee for bank loans	15,014,060	17,348,286
Subsidiary － HDEC	Guarantee for bank loans	4,083,269	2,747,269
		$ 20,644,073	**21,652,303**

(vi) Other income

1) Deduction of administrative expenses

	2022	2021
Subsidiary － CEC	$ 5,412	14,045
Subsidiary － HDEC	777	-
Subsidiary － CDC	778	-
Subsidiary － CCLC	9,247	-
	$ 16,214	**14,045**

2) Interest revenues

	2022	2021
Subsidiary － CEC	$ 1,266	2,969
Subsidiary － HDEC	16,041	12,579
	$ 17,307	**15,548**

3) Other non-operating income

	2022	2021
Subsidiary － CEC	$ 5,657	6,592
Subsidiary － CDC	3,730	3,861
Subsidiary － HDEC	1,778	1,973
Subsidiary － CCLC	1,605	-
	$ 12,770	**12,426**

(vii) Other expenses

	2022	2021
Other related parties	**$ 13,774**	**7,225**

(viii) Other transactions

1) Purchase of properties

For the year, 2022, the Company purchased transportation equipment from subsidiary-CEC for a total amount of $190 thousand (before tax). As of December 31, 2022, all the payments had been made. For further information about property, plant and equipment, please see Note 6(e).

2) Disposal of properties

For the year, 2022, the Company sold transportation equipments to other related parties and subsidiaries for $810 thousand (before tax) and $665 thousand (before tax), respectively, and the gain on disposal of assets was $96 thousand, for which the Company received the full amount. For further information about property, plant and equipment, please see Note 6(e).

(d) Key Management Personnel Transaction

Key Management Personnel Compensation

	2022	2021
Short-term employee benefits	$ 31,717	28,921

As of December 31, 2022 and 2021, the Company provides three vehicles at a cost of $4,234 thousand and three vehicles at a cost of $3,393 thousand, respectively, for the key management personnel.

(8) Pledged assets: None

(9) Commitments and contingencies:

As of December 31, 2022 and 2021, 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:

	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits (Note)						
Salary	-	51,344	51,344	-	44,252	44,252
Labor and health insurance	-	4,577	4,577	-	3,858	3,858
Pension	-	2,513	2,513	-	2,449	2,449
Remuneration of directors	-	20,770	20,770	-	13,488	13,488
Others	-	16,771	16,771	-	11,519	11,519
Depreciation	-	14,290	14,290	-	13,906	13,906
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, 2022 and 2021, the information on the number of employees and employee benefit expenses of the Company are as follows:

	2022	2021
Number of employees	41	37
Number of directors (non-employee)	7	7
Average employee benefit expense	$2,212	2,069
Average employee salary expense	$1,510	1,475
Percentage of average employee salary expense	2.37%	

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, 2022 and 2021

Assets		December 31, 2022	December 31, 2021
Current assets	$	10,641,064	9,657,341
Fund and long-term investments		2,005,791	2,091,970
Property, plant and equipment		1,324,843	1,578,049
Right-of-use assets		91,343	110,324
Investment properties and other assets		2,207,762	2,123,345
Total assets	**$**	**16,270,803**	**15,561,029**

Liabilities and equity		December 31, 2022	December 31, 2021
Current liabilities	$	9,865,297	9,048,317
Long-term liabilities		536,000	1,420,000
Other liabilities		170,455	222,446
Total liabilities		10,571,752	10,690,763
Capital stock		3,720,621	4,400,621
Capital surplus		12,763	1,258,535
Retained earnings		1,528,439	(1,232,572)
Other equity		437,228	443,682
Total equity		5,699,051	4,870,266
Total liabilities and equity	**$**	**16,270,803**	**15,561,029**

CONTINENTAL ENGINEERING CORPRATION.

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

Subject		2022	2021
Operating revenues	$	19,551,589	17,036,861
Operating costs		(18,261,815)	(16,037,661)
Gross profit from operations		1,289,774	999,200
Operating expenses		(660,762)	(678,968)
Net operating income		629,012	320,232
Non-operating income and expenses		168,228	85,297
Income before tax		797,240	405,529
Income tax expenses		(5,592)	(708)
Net income		791,648	404,821
Other comprehensive income		37,136	212,894
Total comprehensive income	**$**	**828,784**	**617,715**

(ii) CONTINENTAL DEVELOPMENT CORPORATION

CONTINENTAL DEVELOPMENT CORPORATION

Balance Sheets

December 31, 2022 and 2021

Assets		December 31, 2022	December 31, 2021
Current assets	$	23,832,126	21,757,063
Fund and long-term investments		6,104,146	5,824,408
Property, plant and equipment		3,408	4,654
Right-of-use assets		16,984	37,781
Investment properties		2,559,894	2,305,800
Total assets	**$**	**32,516,558**	**29,929,706**
Liabilities and equity			
Current liabilities	$	12,744,166	10,728,629
Long-term liabilities		2,501,833	2,688,500
Other liabilities		129,197	63,674
Total liabilities		15,375,196	13,480,803
Capital stock		5,919,485	5,919,485
Capital surplus		3,253,687	3,253,687
Retained earnings		7,961,998	7,476,111
Other equity		6,192	(200,380)
Total equity		17,141,362	16,448,903
Total liabilities and equity	**$**	**32,516,558**	**29,929,706**

CONTINENTAL DEVELOPMENT CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

Subject		2022	2021
Operating revenues	$	8,821,832	6,975,571
Operating costs		(5,908,412)	(4,963,271)
Gross profit from operations		2,913,420	2,012,300
Operating expenses		(606,800)	(612,952)
Net operating income		2,306,620	1,399,348
Non-operating income and expenses		(337,152)	(111,282)
Income before tax		1,969,468	1,288,066
Income tax expenses		(97,174)	(107,406)
Net income		1,872,294	1,180,660
Other comprehensive income (loss)		205,323	(57,225)
Total comprehensive income	**$**	**2,077,617**	**1,123,435**

(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:

(In Thousands of New Taiwan Dollars)

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	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		
0	CHC	HDEC	Other receivables	Yes	500,000	500,000	500,000	1.3%	2	-	Operation requirements	-	-	-	5,264,585	10,529,170
0	CHC	HDEC	Other receivables	Yes	500,000	500,000	500,000	1.3%	2	-	Operation requirements	-	-	-	5,264,585	10,529,170
1	CDC	BANGSAR	Other receivables	Yes	208,049	208,049	199,643	BLR+1%	2	-	Land purchases and operation requirements	-	-	-	6,856,545	6,856,545
1	CDC	MEGA	Other receivables	Yes	833,204	833,204	664,858	BLR+1%	2	-	Land purchases and operation requirements	-	-	-	6,856,545	6,856,545
1	CDC	Grand River D. Limited	Other receivables	No	688,953	581,595	525,515	1.90%	2	-	Land purchases and operation requirements	-	-	-	6,856,545	6,856,545

Note 1: According to the policy of CHC, 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:

Maximum amount of loans is limited to 40% of net equity value: $26,322,924 thousand ×40%=10,529,170 thousand

Maximum amount of loans provided to a single business enterprise is limited to 20% of net equity value:$26,322,924 thousand ×20%=5,264,585 thousand

According to the policy of CDC, 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:

Maximum amount of loans is limited to 40% of net equity value: $17,141,362 thousand × 40% = 6,856,545 thousand

Maximum amount of loans provided to a single business enterprise is limited to 40% of net equity value: $17,141,362 thousand × 40% = 6,856,545 thousand

Note 2: Financing purposes:

1) Business dealings: 1
2) Short-term financing needs: 2

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

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	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
		Name	Relationship with the Company										
0	CHC	CICI	2	105,291,696	488,406	464,023	464,023	-	1.76%	105,291,696	Y	N	N
0	CHC	HDEC	2	105,291,696	4,083,269	4,083,269	2,675,520	-	15.51%	105,291,696	Y	N	N
0	CHC	CEC	2	105,291,696	18,435,382	16,096,781	7,290,956	-	61.15%	105,291,696	Y	N	N
1	CEC	CIC	2	11,398,102	44,213	-	-	-	-%	11,398,102	N	N	N
1	CEC	CICI	2 and 5	17,097,153	3,892,763	-	-	-	-%	34,194,306	N	N	N
1	CEC	CDC	4 and 7	11,398,102	1,071,000	1,071,000	884,329	-	18.79%	11,398,102	N	N	N
1	CEC	Fu Tsu Construction Co., Ltd.	5	17,097,153	9,358,000	9,358,000	9,358,000	-	164.20%	34,194,306	N	N	N
2	CDC	CDC US.	2	34,282,724	161,075	153,550	-	-	0.90%	34,282,724	N	N	N
2	CDC	CCD	2	34,282,724	1,885,000	1,885,000	1,160,000	-	11.00%	34,282,724	N	N	N
2	CDC	BANGSAR	2 and 6	34,282,724	176,526	176,526	21,964	-	1.03%	34,282,724	N	N	N
2	CDC	MEGA	2 and 6	34,282,724	478,393	456,044	382,570	-	2.66%	34,282,724	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	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
		Name	Relationship with the Company										
2	CDC	950P	2 and 6	34,282,724	5,304,658	1,959,834	1,847,946	-	11.43%	34,282,724	N	N	N
2	CDC	950H & 950R	2and 6	34,282,724	1,724,848	1,644,268	1,596,797	-	9.59%	34,282,724	N	N	N
2	CDC	Fanlu	6	34,282,724	1,557,000	1,557,000	771,750	-	9.08%	34,282,724	N	N	N
3	CCD	CDC	3	11,123,624	982,200	982,200	788,500	982,200	35.32%	11,123,624	N	N	N
4	HDEC	NSC	2	37,494,856	2,520,000	2,495,000	1,960,000	-	53.23%	37,494,856	N	N	N
4	HDEC	PDC	2	37,494,856	1,295,000	1,295,000	534,000	-	27.63%	37,494,856	N	N	N
4	HDEC	CTC	2	37,494,856	3,100,000	3,100,000	400,000	-	66.14%	37,494,856	N	N	N
4	HDEC	LHC	2 and 6	37,494,856	1,485,000	1,485,000	841,500	-	31.68%	37,494,856	N	N	N
4	HDEC	LHC	2	37,494,856	5,071	-	-	-	-%	37,494,856	N	N	N
4	HDEC	BWC	2 and 6	37,494,856	902,700	902,700	272,340	-	19.26%	37,494,856	N	N	N
4	HDEC	CTCI-HDEC	6	37,494,856	2,060,675	2,060,675	345,675	-	43.97%	37,494,856	N	N	N
4	HDEC	CEC	4 and 5	37,494,856	3,995,629	3,995,629	3,995,629	-	85.25%	37,494,856	N	N	N

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: $26,322,924 thousand × 4 = $105,291,696 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: $26,322,924 thousand × 4 = $105,291,696 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: $5,699,051 thousand × 6 = $34,194,306 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: $5,699,051 thousand × 3 = $17,097,153 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: $5,699,051 thousand × 2 = $11,398,102 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: $5,699,051 thousand × 2 = $11,398,102 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: $17,141,362 thousand × 2 = $34,282,724 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: $17,141,362 thousand × 2 = $34,282,724 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: $2,780,906 thousand × 4 = $11,123,624 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: $2,780,906 thousand × 4 = $11,123,624 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: $4,686,857 thousand × 8 = $37,494,856 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: $4,686,857 thousand × 8 = $37,494,856 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.

(iii) Securities held as of December 31, 2022 (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	1,323,329	6.15%	1,323,329	
CEC	Xinrong Enterprise	-	Non-current financial assets at fair value through other comprehensive income	12,256,347	657,982	8.45%	657,982	
CEC	Metro Consulting Service Ltd.	-	Non-current financial assets at fair value through other comprehensive income	300,000	2,998	6.00%	2,998	
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	1,068,858	10.00%	1,068,858	

(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	CTC-common stock	Investment accounted for using equity method	CTC	Parent and subsidiary	-	-	45,000,000	450,000	-	-	-	-	45,000,000	447,849
HDEC	CXC-common stock	Investment accounted for using equity method	CXC	Parent and subsidiary	-	-	100,000,000	1,000,000	-	-	-	-	100,000,000	999,920

(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	2022.01.06	1,091,441	1,091,441	Natural person	Non related party	-	-	-	-	Evaluation report	Real estate development	-
CDC	Land	2022.01.21	542,322	515,206	Natural person	Non related party	-	-	-	-	Evaluation report	Real estate development	-
CDC	Land	2022.05.27	1,404,374	1,404,374	Natural person	Non related party	-	-	-	-	Evaluation report	Real estate development	-
CDC	Land	2022.06.17	690,517	690,517	Natural person	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	55 Timeless-Inventory	2022.04.21	Not applicable	Inventory held-for-sale, not applicable	336,012	336,012	Inventory held-for-sale, not applicable	Xin qiu corporation	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	(1,491,952)	7.63%	Same as those in general transactions	-	-	429,377	8.82%	Note 1
CDC	CEC	Related party of the Company	Construction project	1,491,952	25.25%	Same as those in general transactions	-	-	(429,377)	29.38%	
CEC	Fanlu	Associate	Construction contract	(339,245)	1.74%	Same as those in general transactions	-	-	34,621	0.71%	Note 1
Fanlu	CEC	Associate	Construction project	339,245	48.88%	Same as those in general transactions	-	-	(34,621)	99.23%	
HDEC	LHC	Parent and subsidiary	Construction contract	(137,827)	3.64%	Same as those in general transactions	-	-	18,112	3.46%	Note 1
LHC	HDEC	Parent and subsidiary	Construction project	137,827	98.83%	Same as those in general transactions	-	-	(18,112)	48.02%	
HDEC	NSC	Parent and subsidiary	Construction contract	(171,862)	4.54%	Same as those in general transactions	-	-	43,790	8.36%	Note 1
NSC	HDEC	Parent and subsidiary	Construction project	171,862	54.90%	Same as those in general transactions	-	-	(43,790)	80.65%	
HDEC	PDC	Parent and subsidiary	Construction contract	(408,389)	10.78%	Same as those in general transactions	-	-	84,371	16.12%	Note 1
PDC	HDEC	Parent and subsidiary	Construction project	408,389	100.00%	Same as those in general transactions	-	-	(84,371)	96.56%	
SDC	HDEC	Parent and subsidiary	Construction contract	(156,060)	98.33%	Same as those in general transactions	-	-	54,582	97.99%	Note 1
HDEC	SDC	Parent and subsidiary	Construction project	156,060	4.43%	Same as those in general transactions	-	-	(54,582)	14.65%	

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 429,377	3.13	-	-	117,828	-

Note 1: Aforesaid notes and accounts receivable are including contract assets.

(ix) Trading in derivative instruments:

As of December 31, 2022, subsidiaries of the Company entered into forward exchange agreement with an amount of USD41,839 thousand, JPY3,218 thousand, and EUR430 thousand.

(b) Information on investees:

The following table provides investee' information as of December 31, 2022:

(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	Civil, Building and M&E engineering	6,884,583	6,884,583	372,061,987	99.99% (Note 2)	5,604,428	791,649	753,393	Note 1
CHC	CDC	Taiwan	Real estate development on residential, commercial, hotels and communities	6,220,745	6,220,745	591,948,387	99.99% (Note 2)	17,141,359	1,872,294	1,872,294	Note 1
CHC	HDEC	Taiwan	Environmemtal project development & Water treatment	2,860,365	2,360,365	321,999,882	99.99% (Note 3)	4,686,856	450,616	450,616	Note 1
CHC	CCLC	Taiwan	Management consulting	20,000	10,000	-	100.00%	19,321	(679)	(679)	-
CEC	CICI	India	Civil and Building engineering	497,839	497,839	73,981,492	100.00%	(9,602)	748	Disclosure not required	-
CEC	CIC	British Virgin Islands	Investment and holding	2,048,252	2,035,897	64,380,940	100.00%	14,239	(11,273)	〃	-
CEC	CIMY	Malaysia	Civil and Building engineering	179,257	179,257	22,340,476	85.14%	6,317	(12)	〃	-
CEC	CEC HK	Hong Kong	Civil and Building engineering	10,815	10,815	3,000,000	100.00%	925	(40)	〃	-
CIC	NCC	British Virgin Islands	Investment and holding	1,640,006	1,640,006	10,353	45.47%	-	(1,883)	〃	-
CDC	BANGSAR	Malaysia	Real estate development on residential	4,444	4,444	600,000	60.00%	(9,892)	(20,015)	〃	-
CDC	CCD	Taiwan	Real estate lease	976,539	976,539	48,198,292	80.65%	2,242,802	(612,261)	〃	-
CDC	Fanlu	Taiwan	Real estate development on residential and hotels	915,950	741,646	91,595,000	35.00%	802,819	(68,849)	〃	-
CDC	MEGA	Malaysia	Real estate development on hotels	7,375	7,375	825,000	55.00%	(81,509)	(112,780)	〃	-
CDC	CDC US.	The U.S.	Investment and holding	2,284,960	2,075,837	5,000,000	100.00%	1,981,290	(244,317)	〃	-
CDC	CDCAM	Malaysia	Management consulting	7,524	7,524	1,000,000	100.00%	8,377	395	〃	-
HDEC	SDC	Taiwan	Construction of underground pipeline and environmental protection project, plumbing	49,600	49,600	3,000,000	100.00%	40,399	3,899	〃	-
HDEC	NSC	Taiwan	Environmental project	1,112,000	1,112,000	166,000,000	100.00%	2,840,096	199,923	〃	-

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	BWC	Taiwan	Environmental project	362,100	362,100	37,740,000	51.00%	417,614	34,899	Disclosure not required	-
HDEC	PDC	Taiwan	Environmental project	340,000	340,000	36,489,000	100.00%	403,629	35,971	〃	-
HDEC	CTCI-HDEC	Taiwan	Environmental project	735,000	735,000	73,500,000	49.00%	791,319	61,567	〃	-
HDEC	LHC	Taiwan	Environmental project	550,000	550,000	56,100,000	55.00%	643,317	129,931	〃	-
HDEC	CTC	Taiwan	Environmental project	450,000	-	45,000,000	100.00%	447,849	(2,151)	〃	-
HDEC	CXC	Taiwan	Environmental project	1,000,000	-	100,000,000	100.00%	999,920	(80)	〃	-
CCLC	CEC	Taiwan	Civil, Building and M&E engineering	1	1	84	-%(Note 4)	1	791,649	〃	-
CCLC	CDC	Taiwan	Real estate development on residential, commercial, hotels and communities	3	3	100	-%(Note 4)	3	1,872,294	〃	-
CCLC	HDEC	Taiwan	Environmemtal project development & Water treatment	1	1	118	-%(Note 5)	1	450,616	〃	-

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:

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.

Review of Financial Conditions, Financial Performance

I. Financial Status

Unit: NT$ thousands

Item \ Year	2022	2021	Difference	%
Current Assets	45,575,133	46,292,919	(717,786)	(1.55)
Property, plant and equipment	9,551,304	4,379,297	5,172,007	118.10
Intangible assets	1,105,066	1,108,196	(3,130)	(0.28)
Other Assets	18,818,739	18,609,235	209,504	1.13
Total Assets	75,050,242	70,389,647	4,660,595	6.62
Current liabilities	33,604,335	29,856,444	3,747,891	12.55
Non-current liabilities	12,064,458	12,754,910	(690,452)	(5.41)
Total liabilities	45,668,793	42,611,354	3,057,439	7.18
Equity attributable to owners of parent	26,322,924	24,574,164	1,748,760	7.12
Ordinary shares	8,232,160	8,232,160	0	0.00
Capital surplus	6,817,198	6,817,198	0	0.00
Retained earnings	10,830,146	9,281,503	1,548,643	16.69
Other equity interest	443,420	243,303	200,117	82.25
Non-controlling interest	3,058,525	3,204,129	(145,604)	(4.54)
Total equity	29,381,449	27,778,293	1,603,156	5.77

(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 other equity interest was mainly due to the increase in exchange differences on translation of foreign financial statements.

(II) Effect of changes on the Group’s financial condition: The Groups financial condition has not changed significantly.

(III) Future response actions: Not applicable.

II. Financial Performance

Unit: NT$ thousands

Item / Year	2022	2021	Difference	%
Operating revenues	32,145,603	26,844,308	5,301,295	19.75
Operating costs	27,093,614	22,954,778	4,138,836	18.03
Gross profit from operations	5,051,989	3,889,530	1,162,459	29.89
Operating expenses	1,794,425	1,586,173	208,252	13.13
Net operating income	3,257,564	2,303,357	954,207	41.43
Non-operating income and expenses	(439,993)	(117,284)	(322,709)	275.15
Income before tax	2,817,571	2,186,073	631,498	28.89
Income tax expenses	228,570	318,803	(90,233)	(28.30)
Net income	2,589,001	1,867,270	721,731	38.65

(I) Analysis of differences over 20%:

1. The increase in gross profit from operations 、net operating income、income before tax and net income was mainly due to increase of operating revenues.
2. The increase in non-operating income and expenses was mainly due to recognition of impairment losses on investment properties .
3. The decrease in income tax expenses was mainly due to adjustment for prior periods.

(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

Cash balance - beginning (1)	Annual net cash inflow from operating activities (2)	Annual net cash inflow from non-operating activities (3)	Cash balance (deficit) amount (1)+(2)+(3)	Remedial measures for cash insufficiency	
				Investment plan	Financial plan
$5,206,556	$70,099	$545,761	$5,822,416	NA	NA

The analysis of changes in the 2022 cash flow is as follows:

The net cash inflow from operating activities is approximately NT$70 million, mainly due to the cash inflow from operations exceeding the interest and income tax paid.

The net cash outflow from investing activities is approximately NT$2.84 billion, mainly due to the purchase of hedging foreign currencies and underwriting time deposits.

The net cash inflow from financing activities is approximately NT$3.33 billion, mainly due to the use of bank loans.

The net cash inflow due to the impact of exchange rate changes on cash and cash equivalents is approximately NT$57 million.

(II) Analysis on Liquidity for the Coming Year

Unit: NT$ thousands

Cash balance - beginning (2022/12/31) (1)	Estimated annual net cash inflow from operating activities (2)	Estimated annual net cash outflow from non-operating activities (3)	Estimated cash balance (deficit) Amount (2023/12/31) (1) + (2) + (3)	Remedial measures for cash insufficiency	
				Investment plan	Financial plan
$5,822,416	($2,859,114)	$381,737	$3,345,039	NA	NA

A net cash outflow from operating activities will be resulted due to the construction cost, land purchase expenses, etc. expected to take place in 2023.

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 2022	Major Causes for Profits or Losses
Continental Engineering Corp.	761,649	Profits generated from its main business, construction and engineering
Continental Development Corporation	1,872,294	Profits generated from its main business, real estate development
HDEC Corporation	450,616	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, 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 constantly observes the technological changes and technological development and evolution of the industry in which it operates, and grasps the market development and industry information. The Company while facing diversified information security attacks adopts a deep defense structure to have multiple security areas distinguished. Firewalls are installed between security zones; also, intrusion prevention system (IPS), web application firewall (WAF), and other information security equipment are constructed to prevent attacks from hackers. In addition, the Company regularly arranges core information system disaster recovery drills, external website penetration tests, and company-wide social engineering drills to substantiate the security of information infrastructure, to protect network security, and to protect the Companys sensitive data and personal data.

(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) Litigation or non-litigation event: the Company: None

Major 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.

3. In October 2014, the company signed an engineering contract with Senda Development Co., Ltd. (hereinafter referred to as "Senda") for the construction of the "Sunland 41 Residential Building" in Linkou District, New Taipei City. The project was jointly subcontracted to Chuang Kuan Curtain Wall Engineering Co., Ltd. (hereinafter referred to as "Chuang Kuan") designated by Senda for the tower project. During the final settlement of the project payment, due to delays in completion by Chuang Kuan, Senda requested a penalty and deducted it from the project payment. Chuang Kuan then sued the company and Senda for payment of engineering fees. The claim amount after addition is NT$325,897,324. The case is currently being heard at first instance by Taiwan Taipei District Court.

Major Subsidiary - Continental Dovelopment Corporation

1. Continental Development Corporation signed a pre-sale and purchase agreement for a house and land with a consumer surnamed Chen (hereinafter referred to as "Chen") on January 25, 2018, to purchase one house. However, Chen subsequently filed a lawsuit requesting the cancellation of the contract, restoration of the original state, and compensation for damages, with a total claim amount of NT$ 56,126, 978.
The case is currently being heard in the first instance by the Taiwan Taipei District 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

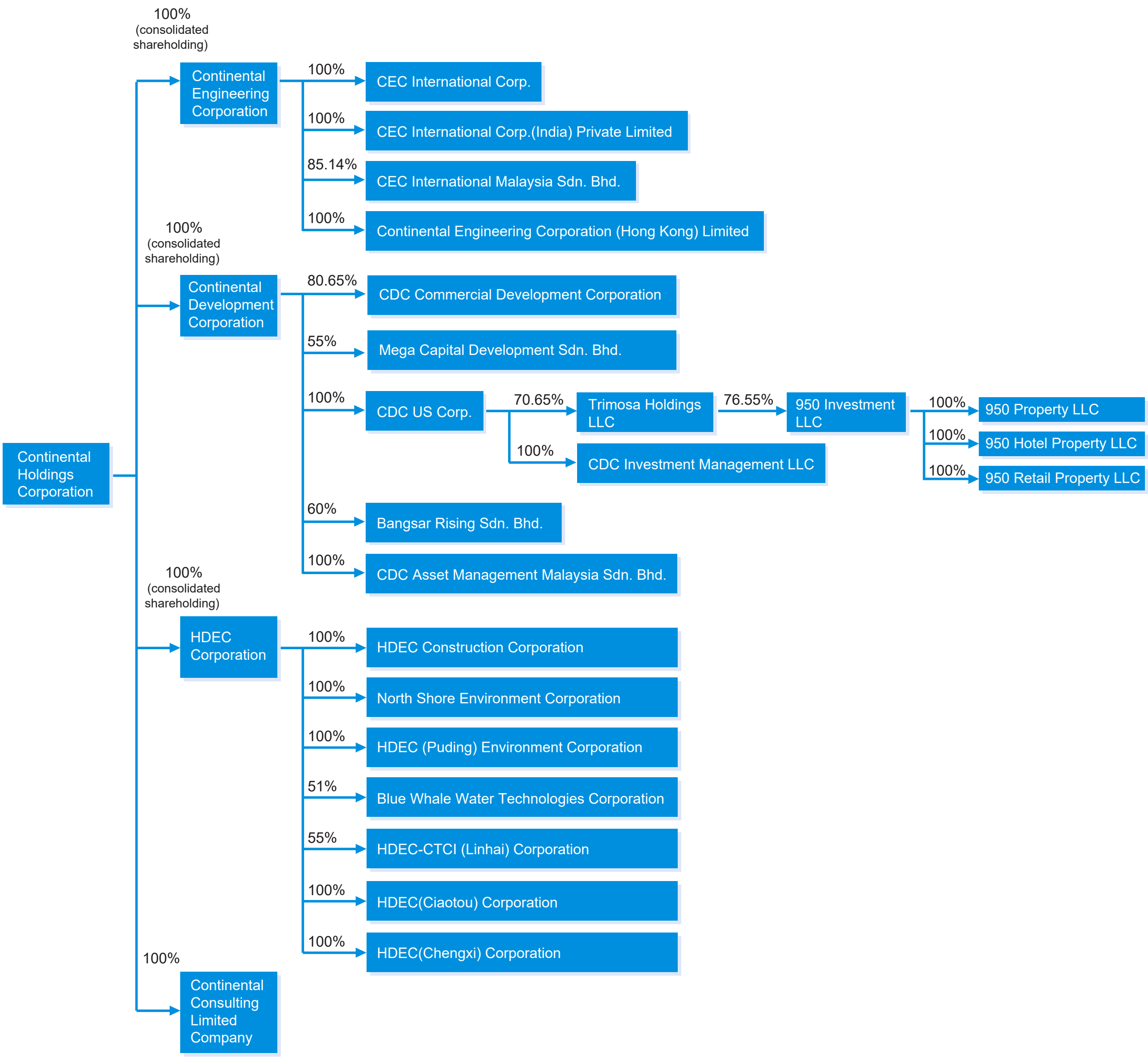
Special items to be included

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, 2022

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	TWD 3,720,621 thousands	Civil, Building and M&E engineering
CEC International Corp.	2003.12	BVI	USD 64,381 thousands	Investment and holding
CEC International Corp. (India) Private Limited	2005.12	INDIA	INR 739,815 thousands	Civil and Building engineering

Company	Date of incorporation	Address	Paid-in capital	Major business
CEC International Malaysia Sdn. Bhd.	2012.05	Malaysia	MYR 26,240 thousands	Civil and Building engineering
Continental Engineering Corp. (Hong Kong) Limited	2018.02	Hong Kong	HKD 3,000 thousands	Civil and Building engineering
Continental Development Corporation	2010.06	12F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	TWD 5,919,485 thousands	Real estate development on residential, commercial, hotels and communities
CDC Commercial Development Corporation	2003.10	No. 218, Legun 3rd Road, Taipei 104, Taiwan	TWD 597,676 thousands	Real estate lease
MEGA Capital Development Sdn. Bhd.	2013.09	Malaysia	MYR 1,500 thousands	Real estate development on hotels
Bangsar Rising Sdn. Bhd.	2018.11	Malaysia	MYR 1,000 thousands	Real estate development on residential
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 and holding
CDC Investment Management LLC	2017.10	U.S.A.	USD 10 thousands	Investment management
Trimosa Holdings LLC	2017.10	U.S.A.	USD 104,780 thousands	Investment and holding
950 Investment LLC	2017.09	U.S.A.	USD 136,348 thousands	Investment and holding
950 Property LLC	2017.09	U.S.A.	USD 136,348 thousands	Real estate development on residential
950 Hotel Property LLC	2019.11	U.S.A.	USD 75,542 thousands	Hotel industry
950 Retail Property LLC	2020.03	U.S.A.	USD 3,733 thousands	Real estate lease and management
HDEC Corporation	2006.05	15F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	TWD 3,220,000 thousands	Environmental project development & Water treatment
North Shore Environment Corporation	2005.05	15F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	TWD 1,660,000 thousands	Sewer system design and construction in Danshui area, New Taipei City
HDEC Construction Corporation	2006.07	15F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	TWD 30,000 thousands	Construction of underground pipeline and environmental protection project, plumbing
Blue Whale Water Technologies Corporation	2016.08	13F., No.366, Bo'ai 1st Rd., Sanmin Dist., Kaohsiung City 807373, Taiwan	TWD 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	TWD 364,890 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	TWD 1,020,000 thousands	Feng Shan River wastewater reclamation and reuse BTO project in Kaohsiung City
HDEC (Ciaotou) Corporation	2022.09	6F.-1, No. 80, Minzu 1st Rd., Sanmin Dist., Kaohsiung City 807413, Taiwan	TWD 450,000 thousands	Ciaotou wastewater reclamation and reuse BTO project in Kaohsiung City
HDEC (Chengxi) Corporation	2022.11	15F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	TWD 1,000,000 thousands	Aninan area incineration plant construction in Tainan City
Continental Consulting Limited Company	2021.11	23F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	TWD 20,000 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

December 31, 2022

Company	Title	Name or Representative	Shareholding	
			Shares	%
Continental Engineering Corporation	Chairman Supervisor CEO	Continental Holdings Corporation Continental Consulting Limited Company Simon Buttery	372,061,987 84	99.99998% 0.00002%
CEC International Corp.	 Director Director Director	Continental Engineering Corporation Simon Buttery Mark Smith Hsiung Chiang	64,380,940	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	Continental Engineering Corporation Hsiung Chiang Simon Buttery Marlina Binti Budin	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 Richard Huang	48,198,292 -	80.65% -
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 74,030 thousands	70.65%

Company	Title	Name or Representative	Shareholding	
			Shares	%
950 Investment LLC	Manager	Tsun-Sen Liao	Trimosa Holdings LLC investment USD 104,380 thousands	76.55%
950 Property LLC	Manager	Tsun-Sen Liao	950 Investment LLC investment USD 136,348 thousands	100.00%
950 Hotel Property LLC	Manager	Tsun-Sen Liao	950 Investment LLC investment USD 75,542 thousands	100.00%
950 Retail Property LLC	Manager	Tsun-Sen Liao	950 Investment LLC investment USD 3,733 thousands	100.00%
HDEC Corporation	Chairman Supervisor CEO	Continental Consulting Limited Company Continental Holdings Corporation Jerry Chou	118 321,999,882	0.00004% 99.99996%
North Shore Environment Corporation	 Chairman and President Director	HDEC Corporation Representative: Jerry Chou Representative: De-Chuan Chen	166,000,000	100.00%
HDEC Construction Corporation	 Chairman and President Director	HDEC Corporation Representative: Jerry Chou Representative: De-Chuan Chen	3,000,000	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: Ray Huang CTCI Corporation Representative: Jeffrey Hsu Representative: Chih-Chun Liu 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	36,489,000	100.00%
HDEC-CTCI (Linhai) Corporation	 Chairman Director Director Director Director Supervisor Supervisor President	HDEC Corporation Representative: Jerry Chou Representative: De-Chuan Chen Representative: Ray Huang CTCI Corporation Representative: Ming-Shyan Lee Representative: Chih-Chun Liu Vicky Yang Nicole Ku Wen-Chang Hsieh	56,100,000 45,900,000 - - 	55.00% 45.00% - -
HDEC (Ciaotou) Corporation	 Chairman Director President	HDEC Corporation Representative: Jerry Chou Representative: De-Chuan Chen Wen-Chang Hsieh	45,000,000	100.00%
HDEC (Chengxi) Corporation	 Chairman Director President	HDEC Corporation Representative: Jerry Chou Representative: Ray Huang Gordon Chiu	100,000,000	100.00%
Continental Consulting Limited Company	Director	Continental Holdings Corporation	Investment TWD 20,000 thousands	100.00%

(6) Overview of the operations of the affiliates

Unit: NT$ thousands

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	3,720,621	16,270,803	10,571,752	5,699,051	19,551,589	629,012	791,648	2.13
CEC International Corp.	1,977,139	14,309	69	14,240	-	(11,291)	(11,273)	(0.18)
CEC International Corp. (India) Private Limited	274,545	47,824	50,226	(2,402)	3,723	(71)	748	0.01
Continental Engineering Corp. (Hong Kong) Limited	11,814	988	63	925	-	(46)	(40)	(0.01)
CEC International Malaysia Sdn. Bhd.	183,815	7,544	125	7,419	-	(506)	(12)	-
Continental Development Corporation	5,919,485	32,516,558	15,375,196	17,141,362	8,821,832	2,306,620	1,872,294	3.16
CDC Commercial Development Corporation	597,676	4,808,568	2,027,662	2,780,906	99,277	44,620	(612,261)	(10.24)
MEGA Capital Development Sdn. Bhd.	10,508	2,047,489	2,250,686	(203,197)	107,328	(23,022)	(112,780)	(75.19)
Bangsar Rising Sdn. Bhd.	7,005	420,293	436,780	(16,487)	-	(19,917)	(20,015)	(20.02)
CDC Investment Management LLC	7,005	9,516	1,139	8,377	14,980	463	395	0.39
CDC US Corp.	15	1,981,290	-	1,981,290	-	(240,822)	(244,317)	(48.86)
CDC Investment Management LLC	307	1,437	4	1,433	4,371	2,302	2,278	-
Trimosa Holdings LLC	3,217,794	2,820,184	4	2,820,180	-	(329,673)	(329,696)	-
950 Investment LLC	4,187,235	3,678,385	1,250	3,677,135	-	(430,604)	(430,628)	-
950 Property LLC	4,187,235	5,194,828	3,808,646	1,386,182	357,396	(61,040)	(293,260)	-
950 Hotel Property LLC	2,319,881	5,171,484	2,990,687	2,180,797	52,559	(91,817)	(134,257)	-
950 Retail Property LLC	114,646	230,813	119,423	111,390	-	(1,295)	(3,084)	-
HDEC Corporation	3,220,000	9,514,219	4,827,362	4,686,857	3,789,397	101,278	450,616	1.40
North Shore Environment Corporation	1,660,000	4,908,467	2,068,371	2,840,096	603,459	264,585	199,923	1.20
HDEC Construction Corporation	30,000	112,599	72,199	40,400	158,711	3,515	3,899	1.30
Blue Whale Water Technologies Corporation	740,000	1,177,422	358,571	818,851	260,496	41,868	34,899	0.47
HDEC (Puding) Environment Corporation	364,890	948,303	544,674	403,629	448,928	50,120	35,971	0.99
HDEC-CTCI (Linhai) Corporation	1,020,000	2,344,679	1,175,012	1,169,667	323,262	177,025	129,930	1.27
HDEC (Ciaotou) Corporation	450,000	649,504	201,655	447,849	965	(2,482)	(2,151)	(0.05)
HDEC (Chengxi) Corporation	1,000,000	1,000,000	80	999,920	-	(389)	(80)	-
Continental Consulting Limited Company	20,000	142,659	123,337	19,322	139,652	(366)	(679)	-

(II) Consolidated Financial Statements of the Affiliates

Please refer to Consolidated Financial Statements with Independent Auditors' Report.

(III) Affiliation Report

Statement

This is to state that the Company's Related Company Report in 2022 (from January 1, 2022 to December 31, 2022) 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 10, 2023

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 2022 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 2022 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 10, 2023

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%	64,300,000	Chairman Director	Nita Ing Helena Kuo
Han-De Construction Co., Ltd.		63,755,667	7.74%	27,877,000	Director	John Huang Hsiung Chiang
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 2022 and as of the Date of this Annual Report: None.

III. Information on Shares Held or Sold by Subsidiaries in 2022 and the Date of this Annual Report: None

IV. the Necessary Supplement: None

Any Events in 2022 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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