

Continental Holdings Corporation
2023 Annual Shareholders' Meeting Minutes
(Translation)

Date and Time: 9:00 a.m., May 30, 2023

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

The Number of Shares of Attendance:

Attending shareholders and proxy represented 577,704,480 shares (including 560,532,201 shares which attended through electronic voting) accounting for 70.17% of the Company's 823,215,980 issued and outstanding shares.

Directors Present: Chairman Nita Ing (Rep. of Wei-Dar development Co., Ltd), Ms. Helena Kuo (Rep. of Wei-Dar development Co., Ltd), Independent Director Mr. Frank Juang, Independent Director Mr. Allen Lee, Independent Director Ms. Jolien Shu

In Attendance:

Lotus international Law Office: Mr. Edward Hwa-Inn Kai

KPMG: Mr. Chung-Che Chen

Chairperson: Ms. Nita Ing, Chairman of the Board of Directors

Minute taker: Mr. Calvin Tsai

I. Call Meeting to Order: The aggregate shareholding of shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

II. Chairperson Remarks: (omitted)

III. Report Items

1. To report the distribution of 2022 employees' compensation and Directors' remuneration (Proposed by the Board of Directors)

Explanatory Notes:

The Company's employees compensation and Directors remuneration for 2022 was approved

at the 11th Meeting of the 5th Board of Directors in accordance with the Company Act and Article 29-1 of the CHC Articles of Incorporation. NT\$14,763,520 in cash was to be distributed as employee compensation while no Director's remuneration was to be issued.
Acknowledged

2. To report the distribution of 2022 cash dividend

(Proposed by the Board of Directors)

Explanatory Notes:

- (1) According to Article 31 of the Articles of Incorporation of the Company. The Board of Directors is authorized to distribute some or all of dividends and bonuses in cash. The distribution shall be reported to the shareholders' meeting.
- (2) The Company will distribute cash dividends of NT\$2,058,039,950 from 2022 earnings available for distribution at NT\$2.5 per share.
- (3) The cash dividends will be calculated based on the distribution ratio and rounded to NT\$ dollar. For the remainder less than NT\$1 will be distributed according the decimal number of the original distributed amount in descending order until the total distribution amount of cash dividends is met.
- (4) The Board of Directors has approved the distribution and authorized the Chairman to determine enact ex-dividend date, dividend payment date and handle all the matters related to the allocation of dividends based on the actual situation.

Acknowledged

IV. Approval Items

1. 2022 Business Report and Financial Statements

(Proposed by the Board of Directors)

Explanatory Notes:

The Company's 2022 Financial Statements (see Attachment I) were audited by independent auditors, Mr. Chung-Che Chen and Ms. Shu-Ying Chang of KPMG Taiwan. After reviewing these financial statements and 2022 Business Report (see Attachment I), the Company's Audit Committee found no inconsistencies, and then issued Audit Committee's Review Report (see Attachment I).

Resolved: Voting results for this proposal was as follows:

Total number of shareholder votes present during vote (including electronic votes):
577,698,623

Voting results	Number of shareholder votes	% of the total represented share present
Votes in favor	554,423,703 (Including 539,290,519 electronic votes)	95.97%
Vote against	73,112 (Including 73,112 electronic votes)	0.01%
Votes invalid	0	0.00%
Votes abstention /not votes	23,201,808 (Including 21,168,570 electronic votes)	4.02%

RESOLVED, that the above proposal be and hereby was approved as proposed.

Statement Summary:

There being no questions raised by the shareholders.

2. The proposal for appropriation of 2022 earnings

(Proposed by the Board of Directors)

Explanatory Notes:

- (1) The proposed appropriation of 2022 earnings was approved by the Audit Committee and the Board of Directors of the Company.
- (2) The proposed 2022 earnings distribution table is as below.

Continental Holdings Corporation
2022 Earnings Distribution Table

Unit: NTD

Unappropriated Retained Earnings of Previous Years	4,509,700,726
Plus (Less)	
Remeasurement of Defined Benefit Obligation	43,254,211
Net Income of 2022	2,888,392,073
Earnings Available for Distribution	7,441,347,010
Less: Legal Reserve	(293,164,628)
Distribution Item:	
Cash Dividend to Common Shareholders@2.5	(2,058,039,950)
Unappropriated Retained Earnings	5,090,142,432

Chairman: Nita Ing

Manager: Cindy Chang

Chief Accountant: Eva Lin

Resolved: Voting results for this proposal was as follows:

Total number of shareholder votes present during vote (including electronic votes):
577,698,623

Voting results	Number of shareholder votes	% of the total represented share present
Votes in favor	558,912,704 (Including 543,779,520 electronic votes)	96.75%
Vote against	95,112 (Including 95,112 electronic votes)	0.01%
Votes invalid	0	0.00%
Votes abstention /not votes	18,690,807 (Including 16,657,569 electronic votes)	3.24%

RESOLVED, that the above proposal be and hereby was approved as proposed.

Statement Summary:

Shareholder (Account Number 1952) expressed appreciation for the chairman and management team never settling for compromised quality, a welcoming relief in the construction industry.

The chairman on behalf of the management responded to the above remark.

There being no questions raised by the shareholders.

V. Other Business and Extempore Motion: None

VI. Adjourned: Meeting adjourned at 9:19 a.m., May 30, 2023

Note: The minutes of this shareholders' meeting shall record the essentials of the proceedings and their results in accordance with the of Article 183, Paragraph 4 of the Company Law, for the content and procedures of the meeting, meeting video and audio shall prevail.

Attachment I

2022 Business Report, Financial Statements and Audit Committee's Review Report

1. 2022 Business Report

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 backlog, laying a solid foundation for its revenue goals in the coming years.

Currently, our major projects under construction include government and private building 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 building construction projects, and are carefully evaluating new business expansion.

Real estate development business is continuing to develop with housing projects 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.

2. Continental Holdings Corporation Financial Statements

CONTINENTAL HOLDINGS CORPORATION

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021		
	Amount	%	Amount	%	
Assets					
Current assets:					
1100	Cash and cash equivalents	\$ 80,568	-	724,893	3
1200	Other receivables	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	27,451,964	96	25,009,040	93
1600	Property, plant and equipment	3,534	-	2,498	-
1755	Right-of-use assets	3,540	-	16,861	-
1920	Guarantee deposits paid	1	-	1	-
1990	Other non-current assets, others	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	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
2200	Other payables	\$ 51,742	-	39,108	-
2230	Current tax liabilities	156,547	1	118,625	-
2280	Current lease liabilities	3,747	-	14,039	-
2399	Other current liabilities, others	574	-	413	-
		212,610	1	172,185	-
Non-Current liabilities:					
2530	Bonds payable	1,997,832	7	1,997,110	8
2580	Non-current lease liabilities	-	-	3,747	-
2640	Net defined benefit liability, non current	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:					
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

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	\$ 3,075,624	100	2,050,426	100
5000 Operating costs	-	-	-	-
Gross profit from operations	<u>3,075,624</u>	<u>100</u>	<u>2,050,426</u>	<u>100</u>
Operating expenses:				
6200 Administrative expenses	146,057	5	111,564	5
Net operating income	<u>2,929,567</u>	<u>95</u>	<u>1,938,862</u>	<u>95</u>
Non-operating income and expenses:				
7100 Interest income	19,973	1	18,133	1
7020 Other gains and losses, net	12,907	-	12,433	-
7050 Finance costs, net	(24,507)	(1)	(24,377)	(1)
	<u>8,373</u>	<u>-</u>	<u>6,189</u>	<u>-</u>
Income before tax	<u>2,937,940</u>	<u>95</u>	<u>1,945,051</u>	<u>95</u>
7950 Less: Income tax expenses	49,548	2	118,753	6
Net income	<u>2,888,392</u>	<u>93</u>	<u>1,826,298</u>	<u>89</u>
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	<u>(30,730)</u>	<u>(1)</u>	<u>260,934</u>	<u>13</u>
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	<u>274,101</u>	<u>9</u>	<u>(103,860)</u>	<u>(5)</u>
8300 Other comprehensive income (loss)	<u>243,371</u>	<u>8</u>	<u>157,074</u>	<u>8</u>
8500 Total comprehensive income	<u>\$ 3,131,763</u>	<u>101</u>	<u>1,983,372</u>	<u>97</u>
Earnings per share				
9750 Basic earnings per share (NT dollars)	<u>\$ 3.51</u>		<u>2.22</u>	
9850 Diluted earnings per share (NT dollars)	<u>\$ 3.51</u>		<u>2.22</u>	

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					Total 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	
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

Chairman : Nita Ing

Manager : Cindy Chang

Chief Accountant : Eva Lin

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

Chairman : Nita Ing

Manager : Cindy Chang

Chief Accountant : Eva Lin

Independent Auditors' Report

To the Board of Directors of CONTINENTAL HOLDINGS CORPORATION:

Opinion

We have audited the financial statements of CONTINENTAL HOLDINGS CORPORATION("the Company"), which comprise the balance sheets as of December 31, 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 there are no key audit matters to be communicated in our report.

Other Matter

We did not audit the financial statements of investments measured by equity method of the Company. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for investments measured by equity method, are based solely on the reports of the other auditors. The financial statements of investments measured by equity method 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

Chung-Che Chen and Shu-Ying Chang

3. Continental Holdings Corporation and Subsidiaries Consolidated Financial Statements

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

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

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	\$ 32,145,603	100	26,844,308	100
5000 Operating costs	27,093,614	84	22,954,778	86
Gross profit from operations	5,051,989	16	3,889,530	14
Operating expenses				
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:				
7100 Interest income	47,165	-	37,621	-
7010 Other income	160,517	-	165,998	1
7020 Other gains and losses, net	(164,268)	(1)	(81,422)	-
7050 Finance costs, net	(489,478)	(2)	(242,872)	(1)
7060 Share of profit (losses) of associates and joint ventures accounted for using equity method	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	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				
9750 Basic earnings per share (NT dollars)	\$ 3.51		2.22	
9850 Diluted earnings per share (NT dollars)	\$ 3.51		2.22	

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

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

Chairman : Nita Ing

Manager : Cindy Chang

Chief Accountant : Eva Lin

Independent Auditors' Report

To the Board of Directors of CONTINENTAL HOLDINGS CORPORATION:

Opinion

We have audited the consolidated financial statements of Continental Holdings Corporation and its subsidiaries ("the Group"), which comprise the statement of consolidated financial position as of December 31, 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 requirements. 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 for 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 subjective 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

Chung-Che Chen and Shu-Ying Chang

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

Continental Holdings Corporation

Chairman of the Audit Committee: Tzong li, Lee

March 10, 2023