

**CONTINENTAL HOLDINGS CORPORATION
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2022 and 2021**

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors
CONTINENTAL HOLDINGS CORPORATION:

Introduction

We have reviewed the accompanying consolidated balance sheets of CONTINENTAL HOLDINGS CORPORATION and its subsidiaries as of September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, as well as the changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$26,195,672 thousand and \$23,737,073 thousand, constituting 35.13% and 34.31% of consolidated total assets; and total liabilities amounting to \$19,238,630 thousand and \$16,949,685 thousand, constituting 42.67% and 40.03% of consolidated total liabilities as of September 30, 2022 and 2021, respectively; as well as the total comprehensive income amounting to \$200,395 thousand, \$134,976 thousand, \$583,243 thousand and \$555,074 thousand, constituting 35.75%, (44.31)%, 18.48% and 54.09% of consolidated total comprehensive income for the three months and nine months ended September 30, 2022 and 2021, respectively.

Furthermore, as stated in Note 6(h), the other equity accounted investments of the CONTINENTAL HOLDINGS CORPORATION and its subsidiaries in its investee companies of \$1,593,850 thousand and \$1,379,762 thousand as of September 30, 2022 and 2021, respectively, and its equity in net earnings on these investee companies of \$1,551 thousand, \$(8,604) thousand, \$5,783 thousand and \$(30,775) thousand for the three months and nine months ended September 30, 2022 and 2021, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of CONTINENTAL HOLDINGS CORPORATION and its subsidiaries as of September 30, 2022 and 2021, and of its consolidated financial performance for the three months and nine months ended September 30, 2022 and 2021, as well as its consolidated cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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)
November 1, 2022

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of September 30, 2022 and 2021

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2022, December 31, 2021, and September 30, 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets		September 30, 2022		December 31, 2021		September 30, 2021		Liabilities and Equity		September 30, 2022		December 31, 2021		September 30, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:		Current liabilities:													
1100	Cash and cash equivalents (Note 6(a))	\$ 9,175,112	13	5,206,556	7	4,130,765	6	2100	Short-term borrowings (Note 6(n))	\$ 14,395,442	19	9,398,912	13	11,244,887	16
1139	Current financial assets for hedging (Note 6(d))	268,237	-	230,228	-	225,465	-	2110	Short-term notes and bills payable (Note 6(o))	669,000	1	-	-	660,000	1
1140	Current contract assets (Notes 6(z) and 7)	5,510,006	7	4,344,055	6	4,041,534	6	2126	Current financial liabilities for hedging (Note 6(d))	-	-	64	-	-	-
1150	Notes receivable, net (Notes 6(e) and (z))	303,925	-	325,540	1	43,432	-	2130	Current contract liabilities (Note 6(z))	7,819,901	10	8,760,275	12	8,459,808	12
1170	Accounts receivable, net (Notes 6(e), (z) and 7)	1,572,145	2	3,153,462	4	2,238,778	3	2170	Notes and accounts payable (Note 7)	5,921,326	8	6,989,726	10	5,229,762	8
1200	Other receivables, net (Notes 6(f) and 7)	425,094	1	502,586	1	666,783	1	2200	Other payables (Note 7)	1,532,993	2	1,936,715	3	1,731,993	3
1220	Current tax assets	71,626	-	47,654	-	94,126	-	2230	Current tax liabilities	226,579	-	142,533	-	121,441	-
130X	Inventories (Notes 6(g) and 8)	28,477,065	38	28,517,085	41	28,899,322	42	2250	Current provisions (Note 6(s))	417,291	1	410,843	1	379,942	1
1410	Prepayments	980,696	1	902,225	1	855,961	1	2280	Current lease liabilities (Notes 6(r) and 7)	95,974	-	116,791	-	132,952	-
1479	Other current assets, others (Note 8)	2,653,790	4	2,625,312	4	2,325,996	3	2310	Advance receipts	2,485	-	55,460	-	95,212	-
1480	Current assets recognised as incremental costs to obtain contract with customers	333,963	1	438,216	1	435,623	1	2320	Long-term liabilities, current portion (Note 6(q))	1,012,497	1	1,980,000	3	995,500	1
		<u>49,771,659</u>	<u>67</u>	<u>46,292,919</u>	<u>66</u>	<u>43,957,785</u>	<u>63</u>	2399	Other current liabilities, others	53,861	-	65,125	-	87,480	-
										<u>32,147,349</u>	<u>42</u>	<u>29,856,444</u>	<u>42</u>	<u>29,138,977</u>	<u>42</u>
Non-current assets:		Non-Current liabilities:													
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	606,305	1	606,305	1	606,305	1	2530	Bonds payable (Note 6(p))	1,997,652	3	1,997,110	3	1,996,930	3
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	2,029,269	3	2,072,868	3	1,897,253	3	2540	Long-term borrowings (Note 6(q))	10,134,066	14	9,982,386	14	10,437,215	15
1550	Investments accounted for using equity method, net (Notes 6(h) and 7)	1,593,850	2	1,413,928	2	1,379,762	2	2570	Deferred tax liabilities	146,003	-	130,819	-	127,124	-
1600	Property, plant and equipment (Notes 6(j) and 8)	4,329,937	6	4,379,297	6	2,491,144	4	2580	Non-current lease liabilities (Notes 6(r) and 7)	15,119	-	14,304	-	17,121	-
1755	Right-of-use assets (Note 6(k))	109,783	-	128,017	-	146,868	-	2610	Long-term accounts payable (Note 6(u))	363,832	1	311,400	1	313,313	1
1760	Investment properties, net (Notes 6(l) and 8)	8,661,255	12	8,683,500	12	10,432,296	15	2640	Net defined benefit liability, non-current	160,776	-	176,153	-	179,691	-
1780	Intangible assets (Notes 6(m) and 8)	1,101,065	1	1,108,196	2	1,113,555	2	2645	Guarantee deposits received	120,813	-	142,738	-	136,725	-
1840	Deferred tax assets	25,172	-	38,470	-	39,317	-			<u>12,938,261</u>	<u>18</u>	<u>12,754,910</u>	<u>18</u>	<u>13,208,119</u>	<u>19</u>
1932	Long-term accounts receivable (Notes 6(e) and (z))	5,871,126	8	5,443,311	8	7,017,111	10		Total liabilities	<u>45,085,610</u>	<u>60</u>	<u>42,611,354</u>	<u>60</u>	<u>42,347,096</u>	<u>61</u>
1990	Other non-current assets, others (Note 6(f))	466,991	-	222,836	-	92,943	-		Equity attributable to owners of parent (Note 6(x)):						
		<u>24,794,753</u>	<u>33</u>	<u>24,096,728</u>	<u>34</u>	<u>25,216,554</u>	<u>37</u>	3100	Capital stock	8,232,160	11	8,232,160	12	8,232,160	12
								3200	Capital surplus	6,817,198	9	6,817,198	10	6,817,198	10
								3300	Retained earnings	10,543,641	14	9,281,503	13	8,468,069	12
								3400	Other equity	616,880	1	243,303	-	88,137	-
										<u>26,209,879</u>	<u>35</u>	<u>24,574,164</u>	<u>35</u>	<u>23,605,564</u>	<u>34</u>
								36XX	Non-controlling interests (Note 6(i))	3,270,923	5	3,204,129	5	3,221,679	5
									Total equity	<u>29,480,802</u>	<u>40</u>	<u>27,778,293</u>	<u>40</u>	<u>26,827,243</u>	<u>39</u>
Total assets		<u>\$ 74,566,412</u>	<u>100</u>	<u>70,389,647</u>	<u>100</u>	<u>69,174,339</u>	<u>100</u>	Total liabilities and equity		<u>\$ 74,566,412</u>	<u>100</u>	<u>70,389,647</u>	<u>100</u>	<u>69,174,339</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the nine months ended September 30, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	For the three months ended September 30				For the nine months ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating Revenue (Notes 6(z) and 7)	\$ 6,213,216	100	5,351,926	100	24,477,392	100	17,296,624	100
5000 Operating costs (Notes 6(g), (r), (v), 7 and 12)	<u>5,388,073</u>	<u>87</u>	<u>4,746,860</u>	<u>89</u>	<u>20,331,425</u>	<u>83</u>	<u>14,941,908</u>	<u>86</u>
Gross profit from operations	<u>825,143</u>	<u>13</u>	<u>605,066</u>	<u>11</u>	<u>4,145,967</u>	<u>17</u>	<u>2,354,716</u>	<u>14</u>
Operating expenses (Notes 6(r), (v), (aa), 7 and 12):								
6100 Selling expenses	25,419	-	37,042	1	355,786	1	180,164	1
6200 Administrative expenses	<u>300,950</u>	<u>5</u>	<u>280,119</u>	<u>5</u>	<u>879,838</u>	<u>4</u>	<u>825,706</u>	<u>5</u>
	<u>326,369</u>	<u>5</u>	<u>317,161</u>	<u>6</u>	<u>1,235,624</u>	<u>5</u>	<u>1,005,870</u>	<u>6</u>
Net operating income	<u>498,774</u>	<u>8</u>	<u>287,905</u>	<u>5</u>	<u>2,910,343</u>	<u>12</u>	<u>1,348,846</u>	<u>8</u>
Non-operating income and expenses (Notes 6(ab) and 7):								
7100 Interest income	13,011	-	8,067	-	24,931	-	30,221	-
7010 Other income (Note 6(c))	82,503	1	60,539	1	146,016	-	138,626	1
7020 Other gains and losses, net	3,110	-	(8,273)	-	16,485	-	(80,381)	(1)
7050 Finance costs, net (Notes 6(g) and (r))	(129,431)	(1)	(52,646)	(1)	(318,465)	(1)	(156,699)	(1)
7060 Share of profit (losses) of associates and joint ventures accounted for using equity method (Note 6(h))	<u>1,551</u>	<u>-</u>	<u>(8,604)</u>	<u>-</u>	<u>5,783</u>	<u>-</u>	<u>(30,775)</u>	<u>-</u>
	<u>(29,256)</u>	<u>-</u>	<u>(917)</u>	<u>-</u>	<u>(125,250)</u>	<u>(1)</u>	<u>(99,008)</u>	<u>(1)</u>
7900 Income before tax	469,518	8	286,988	5	2,785,093	11	1,249,838	7
7950 Less: Income tax expenses (Note 6(w))	<u>55,561</u>	<u>1</u>	<u>89,817</u>	<u>1</u>	<u>238,174</u>	<u>1</u>	<u>210,542</u>	<u>1</u>
Net income	<u>413,957</u>	<u>7</u>	<u>197,171</u>	<u>4</u>	<u>2,546,919</u>	<u>10</u>	<u>1,039,296</u>	<u>6</u>
8300 Other comprehensive income:								
8310 Items that will not be reclassified to profit or loss								
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(179,522)	(3)	(500,095)	(9)	(43,599)	-	106,174	1
8317 Gains (losses) on hedging instrument	15,110	-	756	-	34,173	-	2,328	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
Components of other comprehensive income that will not be reclassified to profit or loss	<u>(164,412)</u>	<u>(3)</u>	<u>(499,339)</u>	<u>(9)</u>	<u>(9,426)</u>	<u>-</u>	<u>108,502</u>	<u>1</u>
8360 Items that will be reclassified to profit or loss								
8361 Exchange differences on translation of foreign financial statements	311,072	5	(2,468)	-	618,062	3	(121,635)	(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	<u>311,072</u>	<u>5</u>	<u>(2,468)</u>	<u>-</u>	<u>618,062</u>	<u>3</u>	<u>(121,635)</u>	<u>(1)</u>
8300 Other comprehensive income	<u>146,660</u>	<u>2</u>	<u>(501,807)</u>	<u>(9)</u>	<u>608,636</u>	<u>3</u>	<u>(13,133)</u>	<u>-</u>
Total comprehensive income	<u>\$ 560,617</u>	<u>9</u>	<u>(304,636)</u>	<u>(5)</u>	<u>3,155,555</u>	<u>13</u>	<u>1,026,163</u>	<u>6</u>
Net income, attributable to:								
8610 Owners of parent	\$ 465,389	8	187,892	4	2,645,141	10	990,844	6
8620 Non-controlling interests	<u>(51,432)</u>	<u>(1)</u>	<u>9,279</u>	<u>-</u>	<u>(98,222)</u>	<u>-</u>	<u>48,452</u>	<u>-</u>
	<u>\$ 413,957</u>	<u>7</u>	<u>197,171</u>	<u>4</u>	<u>2,546,919</u>	<u>10</u>	<u>1,039,296</u>	<u>6</u>
Total comprehensive income attributable to:								
8710 Owners of parent	\$ 497,045	8	(313,605)	(5)	3,018,718	12	1,014,772	6
8720 Non-controlling interests	<u>63,572</u>	<u>1</u>	<u>8,969</u>	<u>-</u>	<u>136,837</u>	<u>1</u>	<u>11,391</u>	<u>-</u>
	<u>\$ 560,617</u>	<u>9</u>	<u>(304,636)</u>	<u>(5)</u>	<u>3,155,555</u>	<u>13</u>	<u>1,026,163</u>	<u>6</u>
Earnings per share (Note 6(y))								
9750 Basic earnings per share (NT dollars)	<u>\$ 0.57</u>		<u>0.23</u>		<u>3.21</u>		<u>1.20</u>	
9850 Diluted earnings per share (NT dollars)	<u>\$ 0.57</u>		<u>0.23</u>		<u>3.21</u>		<u>1.20</u>	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Capital stock						Total other equity						
							Retained earnings					Exchange differences on translation of foreign financial statements	
Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Total	Total equity 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	-	-	-	-	990,844	990,844	-	-	-	-	990,844	48,452	1,039,296
Other comprehensive income (loss)	-	-	-	-	-	-	(84,574)	106,174	2,328	23,928	23,928	(37,061)	(13,133)
Total comprehensive income (loss)	-	-	-	-	990,844	990,844	(84,574)	106,174	2,328	23,928	1,014,772	11,391	1,026,163
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 September 30, 2021	\$ 8,232,160	6,817,198	946,139	2,262,233	5,259,697	8,468,069	(949,965)	1,053,063	(14,961)	88,137	23,605,564	3,221,679	26,827,243
Balance at January 1, 2022	\$ 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 (loss)	-	-	-	-	2,645,141	2,645,141	-	-	-	-	2,645,141	(98,222)	2,546,919
Other comprehensive income	-	-	-	-	-	-	383,003	(43,599)	34,173	373,577	373,577	235,059	608,636
Total comprehensive income	-	-	-	-	2,645,141	2,645,141	383,003	(43,599)	34,173	373,577	3,018,718	136,837	3,155,555
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	-	-	-	-	-	-	-	-	-	-	-	(70,043)	(70,043)
Balance at September 30, 2022	\$ 8,232,160	6,817,198	1,126,567	2,262,233	7,154,841	10,543,641	(586,248)	1,185,079	18,049	616,880	26,209,879	3,270,923	29,480,802

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
**REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING
STANDARDS**

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2022	2021
Cash flows from operating activities:		
Income before tax	\$ 2,785,093	1,249,838
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation expense	318,813	215,557
Amortization expense	49,180	47,713
Interest expense	317,923	156,157
Interest income	(24,931)	(30,221)
Dividend income	(126,094)	(115,045)
Amortization of issuance costs on bonds payable	542	542
Share of (gain) loss of associates and joint ventures accounted for using equity method	(5,783)	30,775
Loss (gain) on disposal of property, plant and equipment	620	(3,850)
Loss (gain) on disposal of property, plant and equipment (under construction costs)	(33)	(462)
Gain on disposal of investment properties	-	(2,783)
Warranty provisions recognition (write-off)	19,600	(85,717)
Gain on reversal of estimated account payable	(3,359)	-
Total adjustments to reconcile profit and loss	546,478	212,666
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	(1,050,519)	197,149
Notes receivable	21,615	809,794
Accounts receivable	1,157,074	(1,780,055)
Other receivables	(14,076)	69,622
Inventories	(733,524)	(1,143,318)
Prepayments	(75,120)	(104,730)
Other current assets	356,819	(347,655)
Current assets recognised as incremental costs to obtain contract with customers	104,253	(33,021)
Total changes in operating assets	(233,478)	(2,332,214)
Changes in operating liabilities:		
Contract liabilities	1,309,958	1,019,268
Notes and accounts payable	(1,208,863)	(543,405)
Other payables	(603,796)	(416,631)
Provisions	(14,264)	(14,054)
Receipts in advance	(52,979)	73,539
Other current liabilities	(11,305)	(44,528)
Net defined benefit liability	(15,377)	3,204
Total changes in operating liabilities	(596,626)	77,393
Total changes in operating assets and liabilities	(830,104)	(2,254,821)
Total adjustments	(283,626)	(2,042,155)
Cash inflow (outflow) generated from operations	2,501,467	(792,317)
Interest received	19,042	29,173
Interest paid	(306,224)	(286,406)
Income taxes paid	(147,210)	(69,462)
Net cash flows from (used in) operating activities	2,067,075	(1,119,012)

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
**REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING
STANDARDS**

CONTINENTAL HOLDINGS CORPORATION AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows(CONT'D)

For the nine months ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2022	2021
Cash flows from investing activities:		
Acquisition of financial assets for hedging	(268,224)	(266,460)
Disposal of financial assets for hedging	264,324	491,173
Price of associates acquisition	(174,304)	(665,000)
Acquisition of property, plant and equipment	(119,179)	(70,847)
Disposal of property, plant and equipment	7,812	5,405
Decrease in other receivables	102,895	-
Increase in other receivables	-	(46,034)
Increase in non-current other receivables	(227,959)	-
Acquisition of intangible assets	(42,049)	(25,464)
Acquisition of investment properties	-	(342,553)
Disposal of investment properties	-	2,783
Other financial assets-current	(378,583)	-
Other non-current assets	(13,625)	-
Prepayments for business facilities	(2,571)	(51,259)
Dividends received	126,259	115,045
Long-term payments	6,129	-
Net cash flows used in investing activities	(719,075)	(853,211)
Cash flows from financing activities:		
Increase in short-term borrowings	17,714,937	12,776,216
Decrease in short-term borrowings	(13,487,233)	(11,497,817)
Increase in short-term notes and bills payable	1,599,000	2,430,000
Decrease in short-term notes and bills payable	(930,000)	(2,590,000)
Proceeds from issuing bonds	-	1,996,388
Increase in long-term borrowings	2,308,372	4,961,667
Decrease in long-term borrowings	(3,144,650)	(5,391,817)
Decrease in guarantee deposits received	(21,925)	(4,780)
Payment of lease liabilities	(79,940)	(75,223)
Cash dividends paid	(1,453,046)	(1,231,780)
Increase in other payables	43,971	124,321
Change in non-controlling interests	-	112,500
Net cash flows from financing activities	2,549,486	1,609,675
Effect of exchange rate changes on cash and cash equivalents	71,070	(19,055)
Net increase (decrease) in cash and cash equivalents	3,968,556	(381,603)
Cash and cash equivalents at beginning of year	5,206,556	4,512,368
Cash and cash equivalents at end of year	\$ 9,175,112	4,130,765

See accompanying notes to financial statements.

**(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards**

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the nine months ended September 30, 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 September 30, 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 November 1, 2022.

(3) New standards, amendments and interpretations adopted

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

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

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (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 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 the Regulations), and IAS 34 “Interim Financial Reporting” which was endorsed and issued into effect by FSC. These consolidated financial statements do not include all of the information required by the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to IFRS endorsed by the FSC) for the year-end consolidated financial statements.

Except for the following, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2021.

- (b) Basis of consolidation

- (i) Subsidiaries included in the consolidated financial statements

Investor Company	Subsidiary	Main Business	Percentage of ownership			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
The Company and CCLC	Continental Engineering Corp. (CEC)	Civil, Building and M&E engineering	100.00 %	100.00 %	100.00 %	Note G
The Company and CCLC	Continental Development Corp. (CDC)	Real estate development on residential, commercial, hotels and communities	100.00 %	100.00 %	100.00 %	Note G
The Company and CCLC	HDEC Corp. (HDEC)	Environmental project development & Water treatment	100.00 %	100.00 %	100.00 %	Note G and H
The Company	Continental Consulting Limited Company (CCLC)	Management Consulting	100.00 %	100.00 %	-	% Note F and H
CEC	CEC International Corp. (CIC)	Investment and holding	100.00 %	100.00 %	100.00 %	Note H

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor Company	Subsidiary	Main Business	Percentage of ownership			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
CEC	CEC International Corp. (India) Private Limited (CICI)	Civil and Building engineering	100.00 %	100.00 %	100.00 %	Note H
CEC	CEC International Malaysia Sdn. Bhd. (CIMY)	Civil and Building engineering	85.14 %	85.14 %	85.14 %	Note H
CEC	Continental Engineering Corporation(Hong Kong) Limited (CEC HK)	Civil and Building engineering	100.00 %	100.00 %	100.00 %	Note H
CDC	CDC Commercial Development Corp. (CCD)	Real estate lease	80.65 %	80.65 %	80.65 %	Note H
CDC	MEGA Capital Development Sdn. Bhd. (MEGA)	Real estate development on hotels	55.00 %	55.00 %	55.00 %	Note H
CDC	Bangsar Rising Sdn. Bhd. (BANGSAR)	Real estate development on residential	60.00 %	60.00 %	60.00 %	Note H
CDC	CDC Asset Management Malaysia Sdn. Bhd. (CDCAM)	Management consulting	100.00 %	100.00 %	100.00 %	Note H
CDC	CDC US Corp.	Investment and holding	100.00 %	100.00 %	100.00 %	Note H
CDC US Corp.	CDC Investment Management LLC	Engineering management	100.00 %	100.00 %	100.00 %	Note H
CDC US Corp.	Trimosa Holdings LLC	Investment and holding	70.65 %	70.65 %	70.65 %	Note H
Trimosa Holdings LLC	950 Investment LLC	Investment and holding	76.55 %	76.55 %	76.55 %	Note H
950 Investment LLC	950 Property LLC (950P)	Real estate development on residential	100.00 %	100.00 %	100.00 %	Note H
950 Investment LLC	950 Hotel Property LLC (950H)	Hotel industry	100.00 %	100.00 %	100.00 %	Note H
950 Investment LLC	950 Retail Property LLC (950R)	Real estate lease and management	100.00 %	100.00 %	100.00 %	Note H
HDEC	HDEC Construction Corp. (SDC)	Construction of underground pipeline and environmental protection project, plumbing	100.00 %	100.00 %	100.00 %	Note H
HDEC	North Shore Environment Corp. (NSC)	Sewer system design and construction in Danshui area, New Taipei City	100.00 %	100.00 %	100.00 %	Note A and H
HDEC	Blue Whale Water Technologies Corp. (BWC)	Feng Shan River wastewater reclamation and reuse BTO project in Kaohsiung City	51.00 %	51.00 %	51.00 %	Note B and H
HDEC	HDEC (Puding) Environment Corp. (PDC)	Pu Ding area sewerage construction in Taoyuan City	100.00 %	100.00 %	100.00 %	Note C and H
HDEC	HDEC-CTCI (Linhai) Corp. (LHC)	Linhai wastewater reclamation and reuse BTO project in Kaohsiung City	55.00 %	55.00 %	55.00 %	Note D and H
HDEC	HDEC(Ciaotou) Corp. (CTC)	Ciaotou wastewater reclamation and reuse BTO project in Kaohsiung City	100.00 %	- %	- %	Note E and H

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

Note H: The Company is a non-significant subsidiary, and its financial statements have not been reviewed.

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

(c) Income Taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) 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.

(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 IAS 34 “Interim Financial Reporting” 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 preparation of the consolidated financial statements, estimates and underlying assumptions are consistent with the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2021.

(6) Explanation of significant accounts

Except for the following disclosures, there were no significant differences in the disclosures of significant accounts between the consolidated financial statements for the consolidated financial statements for the year ended December 31, 2021. Please refer to Note 6 for the related information of the consolidated financial statements for the year ended December 31, 2021.

(a) Cash and cash equivalents

	September 30, 2022	December 31, 2021	September 30, 2021
Cash	\$ 19,317	19,180	18,604
Cash in banks	4,785,709	3,224,135	3,110,916
Cash in transit	63	-	-
Time deposits	1,014,146	794,111	821,293
Cash equivalents	<u>3,355,877</u>	<u>1,169,130</u>	<u>179,952</u>
	<u>\$ 9,175,112</u>	<u>5,206,556</u>	<u>4,130,765</u>

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

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Stocks of unlisted company	\$ <u>606,305</u>	<u>606,305</u>	<u>606,305</u>

- (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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Equity investments at fair value through other comprehensive income:			
Listed common share—Evergreen Steel Corp.	\$ 1,366,926	1,410,525	1,287,424
Unlisted common share—Xinrong Enterprise	659,980	659,980	607,523
Unlisted common share—Metro Consulting Service Ltd.	<u>2,363</u>	<u>2,363</u>	<u>2,306</u>
Total	\$ <u>2,029,269</u>	<u>2,072,868</u>	<u>1,897,253</u>

- (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 nine months ended September 30, 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 nine months ended September 30, 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.

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Financial instruments used for hedging

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Cash flow hedge:			
Financial assets used for hedging	\$ 268,237	230,228	225,465
Financial liabilities used for hedging	<u>-</u>	<u>(64)</u>	<u>-</u>
Total	<u>\$ 268,237</u>	<u>230,164</u>	<u>225,465</u>

(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:

<u>Item Hedged</u>	<u>Hedge instrument</u>	<u>Hedge instrument designated to be hedge and fair value</u>			<u>Expected Cash flow Period</u>
		<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>	
Expected foreign assets	Foreign deposits	<u>\$ 131,382</u>	<u>135,434</u>	<u>240,426</u>	2022
	Foreign billings	<u>\$ 118,806</u>	<u>110,854</u>	<u>-</u>	2022
	Change in value of Foreign currency	<u>\$ 18,049</u>	<u>(16,060)</u>	<u>(14,963)</u>	

<u>Item Hedged</u>	<u>Hedge instrument</u>	<u>Hedge instrument designated to be hedge and fair value</u>			<u>Contract amount (in thousand)</u>	<u>Delivery date</u>
		<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>		
Expected foreign liabilities	Forward exchange	<u>\$ -</u>	<u>(64)</u>	<u>2</u>	-	-

(iii) The transactions of cash flow hedges for the nine months ended September 30, 2022 and 2021, were all effective.

(e) Notes and accounts receivable

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Notes receivable	\$ 303,925	325,540	43,432
Accounts receivable	1,572,145	3,153,462	2,238,778
Long-term accounts receivable	5,871,126	5,443,311	7,017,111
Less: Allowance for bad debts	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,747,196</u>	<u>8,922,313</u>	<u>9,299,321</u>

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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:

	September 30, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Not overdue	\$ 7,682,403	0.15%	-
Pass due less than one year	6,761	0%	-
Pass due over one year	58,032	0%	-
Pass due over two years	-	100%	-
	<u>\$ 7,747,196</u>		<u>-</u>
	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%	-
	<u>\$ 8,922,313</u>		<u>-</u>
	September 30, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Not overdue	\$ 9,239,080	0.19%	-
Pass due less than one year	38,220	0%	-
Pass due over one year	22,021	0%	-
Pass due over two years	-	100%	-
	<u>\$ 9,299,321</u>		<u>-</u>

The notes and accounts receivable were not pledged as collateral.

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Other receivables

	September 30, 2022	December 31, 2021	September 30, 2021
Other receivables – lending of capital (including other non-current assets)	\$ 505,070	380,006	364,562
Other receivables – lawsuit	150,630	150,630	150,630
Other receivables – related parties	1,219	1,926	1
Other (including other non-current assets)	197,534	158,540	151,590
Less: Allowance for bad debts	-	-	-
	<u>\$ 854,453</u>	<u>691,102</u>	<u>666,783</u>

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

(g) Inventories

	September 30, 2022	December 31, 2021	September 30, 2021
Construction:			
Material on hand	\$ -	11	11
Hotel:			
Catering	461	14	-
Real estate:			
Real estate held for sale	12,668,784	17,526,652	6,281,738
Land held for development	2,249,018	-	-
Building construction in progress	12,710,017	10,990,072	22,636,664
Prepayment for land	<u>944,367</u>	<u>95,918</u>	<u>76,491</u>
Subtotal	28,572,186	28,612,642	28,994,893
Less: Allowance for impairment loss	<u>(95,582)</u>	<u>(95,582)</u>	<u>(95,582)</u>
	<u>\$ 28,477,065</u>	<u>28,517,085</u>	<u>28,899,322</u>

(i) For the three months and nine months ended September 30, 2022 and 2021, the cost of inventory was \$479,889 thousand, \$623,124 thousand, \$5,633,661 thousand and \$2,703,287 thousand, respectively.

(ii) Due to the sales of the remaining real estates for the three months and nine months ended September 30, 2021, the allowance for impairment loss was reversed, and the costs of goods sold were decreased by \$0, \$0, \$0 and \$667 thousand, respectively.

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Capitalizing interest costs were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Interest costs	\$ <u>192,106</u>	<u>135,454</u>	<u>434,111</u>	<u>392,065</u>
Capitalized interests	\$ <u>62,675</u>	<u>82,808</u>	<u>115,646</u>	<u>235,366</u>
Capitalization interest rate	<u>1.6415%~7.15%</u>	<u>0.9605%~6.40%</u>	<u>1.5%~7.15%</u>	<u>1.344%~6.40%</u>

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

(h) Investments accounted for using equity method

	September 30, 2022	December 31, 2021	September 30, 2021
Associates	\$ <u>1,593,850</u>	<u>1,413,928</u>	<u>1,379,762</u>

(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		
			September 30, 2022	December 31, 2021	September 30, 2021
CTCI - HDEC (Chungli) Corp. (CTCI - HDEC)	SPC, mainly responsible for the sewerage system BOT project in Chung-Li area, Taoyuan City.	Taiwan	49 %	49 %	49 %
Fanlu Construction Industry Co., Ltd. (Fanlu)	Real estate	Taiwan	35 %	35 %	35 %

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

1) Summary of CTCI - HDEC's financial figures

	September 30, 2022	December 31, 2021	September 30, 2021
Current assets	\$ 481,325	997,420	1,144,752
Non-current assets	1,355,087	695,046	351,931
Current liabilities	(204,319)	(118,519)	(27,789)
Non-current liabilities	(33,668)	(20,240)	-
Net assets	\$ <u>1,598,425</u>	<u>1,553,707</u>	<u>1,468,894</u>

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Revenues	\$ <u>234,758</u>	<u>2,418</u>	<u>657,383</u>	<u>9,936</u>
Net income (loss)/ Total comprehensive income	\$ <u>15,654</u>	<u>(2,563)</u>	<u>45,054</u>	<u>(5,294)</u>
Net assets attributable to the Group, January 1	\$ 775,723	721,014	761,317	232,352
Additions	-	-	-	490,000
Dividend	(165)	-	(165)	-
Total comprehensive income attributable to the Group	7,670	(1,256)	22,076	(2,594)
Net assets attributable to the Group, September 30	\$ <u>783,228</u>	<u>719,758</u>	<u>783,228</u>	<u>719,758</u>

2) Summary of Fanlu's financial figures

	September 30, 2022	December 31, 2021	September 30, 2021
Current assets	\$ 5,012,705	4,493,011	4,470,794
Non-current assets	3,649	11,850	4,647
Current liabilities	(495,238)	(435,205)	(384,663)
Non-current liabilities	(2,205,000)	(2,205,000)	(2,205,000)
Net assets	\$ <u>2,316,116</u>	<u>1,864,656</u>	<u>1,885,778</u>

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Revenues	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net loss/ Total comprehensive income	\$ <u>(17,484)</u>	<u>(20,993)</u>	<u>(46,553)</u>	<u>(80,516)</u>

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2022	2021	2022	2021
Net assets attributable to the Group, January 1	\$ 642,437	667,352	652,611	513,185
Additions	174,304	-	174,304	175,000
Total Comprehensive income attributable to the Group	(6,119)	(7,348)	(16,293)	(28,181)
Net assets attributable to the Group, September 30	<u>\$ 810,622</u>	<u>660,004</u>	<u>810,622</u>	<u>660,004</u>

- (ii) The aforementioned investments accounted for using equity method were not pledged as collateral.
- (iii) The investments accounted for using equity method, net income (losses) and other comprehensive income attributable to the Group were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.
- (i) Material non-controlling interest of subsidiaries

Subsidiaries	Country of registration	Equity ownership of non-controlling interest		
		September 30, 2022	December 31, 2021	September 30, 2021
CDC US Corp. and subsidiaries	The United States	29.35 %	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

	September 30, 2022	December 31, 2021	September 30, 2021
Current assets	\$ 11,363,658	10,023,214	9,633,863
Non-current assets	2,057	1,794	1,805
Current liabilities	(7,199,505)	(6,234,934)	(5,767,770)
Non-current liabilities	(363,832)	(311,400)	(313,313)
Net assets	<u>\$ 3,802,378</u>	<u>3,478,674</u>	<u>3,554,585</u>
Non-controlling interest	<u>\$ 1,818,790</u>	<u>1,659,733</u>	<u>1,694,745</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Revenues	\$ <u>46,978</u>	<u>-</u>	<u>239,829</u>	<u>-</u>
Net loss	\$ (74,045)	(1,355)	(173,209)	(6,309)
Other comprehensive income	-	-	-	-
Total comprehensive income	\$ <u>(74,045)</u>	<u>(1,355)</u>	<u>(173,209)</u>	<u>(6,309)</u>
Net income (loss) attributable to non-controlling interest	\$ <u>(33,658)</u>	<u>197</u>	<u>(78,387)</u>	<u>134</u>
Total comprehensive income attributable to non-controlling interest	\$ <u>(33,658)</u>	<u>197</u>	<u>(78,387)</u>	<u>134</u>

(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	-	15,750	66,900	16,170	3,388	2,522	14,449	119,179
Disposals	-	-	(1,290)	(19,492)	(7,647)	(12,081)	-	(40,510)
Effect of exchange rate changes	10,276	47,201	16	818	727	990	1,343	61,371
Balance at September 30, 2022	\$ <u>1,964,528</u>	<u>2,164,839</u>	<u>998,401</u>	<u>156,721</u>	<u>82,894</u>	<u>135,595</u>	<u>51,200</u>	<u>5,554,178</u>
Balance at January 1, 2021	\$ 1,625,650	600,831	617,990	167,028	70,200	133,550	-	3,215,249
Additions	-	-	57,001	11,942	238	1,666	-	70,847
Reclassification	-	-	180,963	-	5,211	8,696	-	194,870
Disposals	-	-	(3,980)	(18,100)	(5,097)	(1,067)	-	(28,244)
Effect of exchange rate changes	-	-	(16)	(462)	(317)	(430)	-	(1,225)
Balance at September 30, 2021	\$ <u>1,625,650</u>	<u>600,831</u>	<u>851,958</u>	<u>160,408</u>	<u>70,235</u>	<u>142,415</u>	<u>-</u>	<u>3,451,497</u>
Depreciation and impairment loss:								
Balance at January 1, 2022	\$ -	247,468	491,109	122,272	54,776	118,615	601	1,034,841
Depreciation	-	32,387	158,445	8,296	6,725	5,349	7,459	218,661
Disposals	-	-	(1,290)	(12,764)	(6,351)	(11,706)	-	(32,111)
Effect of exchange rate changes	-	376	15	784	589	946	140	2,850
Balance at September 30, 2022	\$ <u>-</u>	<u>280,231</u>	<u>648,279</u>	<u>118,588</u>	<u>55,739</u>	<u>113,204</u>	<u>8,200</u>	<u>1,224,241</u>
Balance at January 1, 2021	\$ -	234,902	336,951	129,491	52,465	115,722	-	869,531
Depreciation	-	9,423	90,843	8,711	5,996	4,034	-	119,007
Disposals	-	-	(3,962)	(17,025)	(5,097)	(1,067)	-	(27,151)
Effect of exchange rate changes	-	-	(17)	(390)	(216)	(411)	-	(1,034)
Balance at September 30, 2021	\$ <u>-</u>	<u>244,325</u>	<u>423,815</u>	<u>120,787</u>	<u>53,148</u>	<u>118,278</u>	<u>-</u>	<u>960,353</u>
Carrying amounts:								
Balance, at January 1, 2022	\$ <u>1,954,252</u>	<u>1,854,420</u>	<u>441,666</u>	<u>36,953</u>	<u>31,650</u>	<u>25,549</u>	<u>34,807</u>	<u>4,379,297</u>
Balance at September 30, 2022	\$ <u>1,964,528</u>	<u>1,884,608</u>	<u>350,122</u>	<u>38,133</u>	<u>27,155</u>	<u>22,391</u>	<u>43,000</u>	<u>4,329,937</u>
Balance at September 30, 2021	\$ <u>1,625,650</u>	<u>356,506</u>	<u>428,143</u>	<u>39,621</u>	<u>17,087</u>	<u>24,137</u>	<u>-</u>	<u>2,491,144</u>

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

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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(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

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2022	\$ 95,125	197,729	6,050	298,904
Additions	23,152	40,763	1,805	65,720
Disposals	(27,904)	(30,953)	-	(58,857)
Effect of exchange rate changes	-	7,235	-	7,235
Balance at September 30, 2022	<u>\$ 90,373</u>	<u>214,774</u>	<u>7,855</u>	<u>313,002</u>
Balance at January 1, 2021	\$ 78,861	191,058	5,533	275,452
Additions	27,117	34,956	-	62,073
Disposals	(4,920)	(18,510)	-	(23,430)
Effect of exchange rate changes	-	(1,927)	-	(1,927)
Balance at September 30, 2021	<u>\$ 101,058</u>	<u>205,577</u>	<u>5,533</u>	<u>312,168</u>
Depreciation and impairment losses:				
Balance at January 1, 2022	\$ 46,637	120,032	4,218	170,887
Depreciation	24,879	51,415	1,613	77,907
Disposals	(27,373)	(24,832)	-	(52,205)
Effect of exchange rate changes	-	6,630	-	6,630
Balance at September 30, 2022	<u>\$ 44,143</u>	<u>153,245</u>	<u>5,831</u>	<u>203,219</u>
Balance at January 1, 2021	\$ 29,053	83,462	2,143	114,658
Depreciation	20,886	51,895	1,524	74,305
Disposals	(4,903)	(17,729)	-	(22,632)
Effect of exchange rate changes	-	(1,031)	-	(1,031)
Balance at September 30, 2021	<u>\$ 45,036</u>	<u>116,597</u>	<u>3,667</u>	<u>165,300</u>
Carrying amounts:				
Balance at January 1, 2022	<u>\$ 48,488</u>	<u>77,697</u>	<u>1,832</u>	<u>128,017</u>
Balance at September 30, 2022	<u>\$ 46,230</u>	<u>61,529</u>	<u>2,024</u>	<u>109,783</u>
Balance at September 30, 2021	<u>\$ 56,022</u>	<u>88,980</u>	<u>1,866</u>	<u>146,868</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Investment properties

	Owned		Total
	Land and improvements	Buildings	
Carrying amounts:			
Balance at January 1, 2022	\$ <u>7,613,769</u>	<u>1,069,731</u>	<u>8,683,500</u>
Balance at September 30, 2022	\$ <u>7,613,769</u>	<u>1,047,486</u>	<u>8,661,255</u>
Balance at September 30, 2021	\$ <u>7,942,480</u>	<u>2,489,816</u>	<u>10,432,296</u>

- (i) There were no significant disposal, and recognition or reversal of impairment losses of investment properties for the nine months ended September 30, 2022 and 2021. Please refer to Note 12 for the depreciation for the period. Please refer to Note 6(l) for the other related information of the consolidated financial statements for the year ended December 31, 2021.
- (ii) There were no significant differences in the disclosures of the fair value of investment properties attributable to the Group between Note 6(l) of the consolidated financial statements for the year ended December 31, 2021.
- (iii) 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	Total
Carrying amounts:			
Balance at January 1, 2022	\$ <u>30,249</u>	<u>1,077,947</u>	<u>1,108,196</u>
Balance at September 30, 2022	\$ <u>30,249</u>	<u>1,070,816</u>	<u>1,101,065</u>
Balance at September 30, 2021	\$ <u>30,249</u>	<u>1,083,306</u>	<u>1,113,555</u>

- (i) There were no significant additions, disposal, and recognition or reversal of impairment losses of intangible assets for the nine months ended September 30, 2022 and 2021. Please refer to Note 12 for the amortization for the period. Please refer to Note 6(m) for the other related information of the consolidated financial statements for the year ended December 31, 2021.
- (ii) The intangible assets were not pledged as collateral.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Short-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured loans	\$ 4,698,098	263,473	1,544,293
Secured loans	9,697,344	9,135,439	9,700,594
	<u>\$ 14,395,442</u>	<u>9,398,912</u>	<u>11,244,887</u>
Unused credit limit	<u>\$ 16,501,852</u>	<u>18,495,877</u>	<u>15,545,371</u>
Range of interest rate	<u>1.475%~5.75%</u>	<u>1.08%~3.75%</u>	<u>0.98%~3.75%</u>

(i) Borrowing and repayment

For the nine months ended September 30, 2022 and 2021, the Group additions borrowings amounted to \$17,714,937 thousand and \$12,776,216 thousand, with interest rates of 1.00%~5.75% and 0.95%~3.75%, maturing ranging from February 2022 to March 2027 and February 2021 to January 2022, respectively; while the repayments amounted to \$13,487,233 thousand and \$11,497,817 thousand, respectively.

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

(o) Short-term notes and bills payable

	September 30, 2022	December 31, 2021	September 30, 2021
Bills payable	<u>\$ 669,000</u>	<u>-</u>	<u>660,000</u>

For the nine months ended September 30, 2022 and 2021, the Group additions bills payable amounted to \$1,599,000 thousand and \$2,430,000 thousand, with interest rates of 1.20%~2.246% and 0.98%~1.49%, maturing ranging from March 2022 to December 2022 and February 2021 to October 2021, respectively; while the repayments amounted to \$930,000 thousand and \$2,590,000 thousand, respectively.

(p) Bonds payable

	September 30, 2022	December 31, 2021	September 30, 2021
Secured ordinary bonds issued	\$ 2,000,000	2,000,000	2,000,000
Unamortized discount on bonds payable	(2,348)	(2,890)	(3,070)
	<u>\$ 1,997,652</u>	<u>1,997,110</u>	<u>1,996,930</u>

(i) There were no issued, repurchased or redeemed of bonds payable for the nine months ended September 30, 2022. Please refer to Note 6(p) for the related information of the consolidated financial statements for the year ended December 31, 2021.

(ii) Please refer to Note 6(ab) for the interest expenses.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Long-term borrowings

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Unsecured loans	\$ 3,879,000	4,809,000	4,209,000
Secured loans	7,267,563	7,153,386	7,223,715
Less: current portion	<u>(1,012,497)</u>	<u>(1,980,000)</u>	<u>(995,500)</u>
Total	<u>\$ 10,134,066</u>	<u>9,982,386</u>	<u>10,437,215</u>
Unused credit limit	<u>\$ 7,545,587</u>	<u>7,179,123</u>	<u>7,133,625</u>
Range of interest rate	<u>1.2479%~6.35214%</u>	<u>1.19%~5.42925%</u>	<u>1.19%~5.42925%</u>

(i) Borrowing and repayment

For the nine months ended September 30, 2022 and 2021, the Group additions borrowings amounted to \$2,308,372 thousand and \$4,961,667 thousand, with interest rates of 1.20%~6.35214% and 1.15%~2.8345%, maturing ranging from August 2022 to October 2029 and February 2021 to January 2027, respectively; while the repayments amounted to \$3,144,650 thousand and \$5,391,817 thousand, respectively.

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

(iii) The loan agreement requires the Group to maintain certain financial ratios; please refer to Note 6(q) of the consolidated financial statements for the year ended December 31, 2021. The Group did not violate any terms in its loan agreements as of September 30, 2022, December 31 and September 30, 2021.

(r) Lease liabilities

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current	<u>\$ 95,974</u>	<u>116,791</u>	<u>132,952</u>
Non-current	<u>\$ 15,119</u>	<u>14,304</u>	<u>17,121</u>

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

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Interest on lease liabilities	\$ <u>490</u>	<u>816</u>	<u>1,685</u>	<u>2,546</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>2,452</u>	<u>3,414</u>	<u>9,032</u>	<u>7,421</u>
Expenses relating to short-term leases	\$ <u>2,866</u>	<u>5,218</u>	<u>7,317</u>	<u>18,699</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	\$ <u>1,018</u>	<u>214</u>	<u>1,370</u>	<u>1,000</u>

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

	For the nine months ended September 30	
	2022	2021
Total cash outflow for leases	\$ <u>99,344</u>	<u>104,889</u>

(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 eight 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 five years.

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

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Provision

	September 30, 2022	December 31, 2021	September 30, 2021
Warranties	\$ 155,025	132,662	100,931
After-sales service	154,042	155,822	144,620
Onerous contract	108,224	122,359	134,391
	<u>\$ 417,291</u>	<u>410,843</u>	<u>379,942</u>

There were no significant changes of provision for the nine months ended September 30, 2022 and 2021. Please refer to Note 6(s) for the related information of the consolidated financial statements for the year ended December 31, 2021.

(t) Operating leases

There were no significant additions of operating leases for the nine months ended September 30, 2022 and 2021. Please refer to Note 6(t) for the related information of the consolidated financial statements for the year ended December 31, 2021.

(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 September 30, 2022, December 31, 2021 and September 30, 2021, are \$363,832 thousand, \$311,400 thousand and \$313,313 thousand, respectively.

(v) Employee benefits

(i) Defined benefit plans

There were no material market volatility, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2021 and 2020.

Expenses recognized in profit or loss :

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Operating costs	\$ 250	565	714	1,687
Operating expenses	659	733	2,064	2,193
	<u>\$ 909</u>	<u>1,298</u>	<u>2,778</u>	<u>3,880</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Defined contribution plans

According to the defined contribution plans, the contributions of the Group to the Bureau of Labor Insurance for the employees' pension benefits were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Operating costs	\$ 10,168	8,787	29,700	25,681
Operating expenses	6,569	5,930	18,987	17,545
	\$ 16,737	14,717	48,687	43,226

(w) Income Tax

(i) Income tax expenses

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Current income tax expenses				
Current period	\$ 48,186	68,503	259,399	130,336
Land value increment tax	7,566	21,314	89,216	73,763
Surtax on unappropriated earnings	-	-	-	12,027
Adjustment for prior periods	(191)	-	(110,441)	(5,584)
Income tax expenses	\$ 55,561	89,817	238,174	210,542

(ii) 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:

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

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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(x) Capital and other equity

Except for the following disclosure, there were no significant changes for capital and other equity for the nine months ended September 30, 2022 and 2021. For the related information, please refer to Note 6(x) of the consolidated financial statements for the year ended December 31, 2021.

(i) 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 September 30, 2022, December 31, 2021 and September 30, 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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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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

(ii) 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	383,003	-	-	383,003
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	(43,599)	-	(43,599)
Change in fair value of hedging instrument	-	-	34,173	34,173
Balance at September 30, 2022	\$ (586,248)	1,185,079	18,049	616,880
Balance at January 1, 2021	\$ (865,391)	946,889	(17,289)	64,209
Exchange differences on foreign operations	(84,574)	-	-	(84,574)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	106,174	-	106,174
Change in fair value of hedging instrument	-	-	2,328	2,328
Balance at September 30, 2021	\$ (949,965)	1,053,063	(14,961)	88,137

(y) Earnings per share

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Basic earnings per share				
Net income attributable to ordinary shareholders	\$ 465,389	187,892	2,645,141	990,844
Weighted average number of ordinary shares (Basic)	823,216	823,216	823,216	823,216
Basic earnings per share (NT dollars)	\$ 0.57	0.23	3.21	1.20

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	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Diluted earnings per share				
Net income attributable to ordinary shareholders (after adjusting the effects of all dilutive potential ordinary shares)	\$ <u>465,389</u>	<u>187,892</u>	<u>2,645,141</u>	<u>990,844</u>
Weighted average number of ordinary shares (Basic)	823,216	823,216	823,216	823,216
Effect of the employee share bonuses				
Employee stock bonus	<u>452</u>	<u>223</u>	<u>565</u>	<u>309</u>
Weighted average number of ordinary shares (after adjusting the effects of all dilutive potential ordinary shares)	<u>823,668</u>	<u>823,439</u>	<u>823,781</u>	<u>823,525</u>
Diluted earnings per share (NT dollars)	\$ <u>0.57</u>	<u>0.23</u>	<u>3.21</u>	<u>1.20</u>

(z) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30, 2022			
	Construction Engineering	Real Estate Development	Environmental Project Development & Water Treatment	Total
Primary geographical markets:				
Taiwan	\$ 3,974,781	703,572	1,311,739	5,990,092
Other	<u>141,309</u>	<u>81,815</u>	<u>-</u>	<u>223,124</u>
	<u>\$ 4,116,090</u>	<u>785,387</u>	<u>1,311,739</u>	<u>6,213,216</u>
Main products:				
Construction engineering	\$ 4,031,450	-	-	4,031,450
Environmental project development & water treatment	-	-	1,311,739	1,311,739
Real estate revenue	-	679,354	-	679,354
Rental revenue	7,963	47,927	-	55,890
Other	<u>76,677</u>	<u>58,106</u>	<u>-</u>	<u>134,783</u>
	<u>\$ 4,116,090</u>	<u>785,387</u>	<u>1,311,739</u>	<u>6,213,216</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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For the three months ended September 30, 2021				
	Construction Engineering	Real Estate Development	Environmental Project Development & Water Treatment	Total
Primary geographical markets:				
Taiwan	\$ 3,769,993	858,908	642,626	5,271,527
Other	<u>80,399</u>	<u>-</u>	<u>-</u>	<u>80,399</u>
	<u>\$ 3,850,392</u>	<u>858,908</u>	<u>642,626</u>	<u>5,351,926</u>
Main products:				
Construction engineering	\$ 3,836,113	-	-	3,836,113
Environmental project development & water treatment	-	-	642,626	642,626
Real estate revenue	-	800,649	-	800,649
Rental revenue	7,876	37,973	-	45,849
Other	<u>6,403</u>	<u>20,286</u>	<u>-</u>	<u>26,689</u>
	<u>\$ 3,850,392</u>	<u>858,908</u>	<u>642,626</u>	<u>5,351,926</u>
For the nine months ended September 30, 2022				
	Construction Engineering	Real Estate Development	Environmental Project Development & Water Treatment	Total
Primary geographical markets:				
Taiwan	\$ 12,251,050	8,166,793	3,560,436	23,978,279
Other	<u>203,641</u>	<u>295,472</u>	<u>-</u>	<u>499,113</u>
	<u>\$ 12,454,691</u>	<u>8,462,265</u>	<u>3,560,436</u>	<u>24,477,392</u>
Main products:				
Construction engineering	\$ 12,342,539	-	-	12,342,539
Environmental project development & water treatment	-	-	3,560,436	3,560,436
Real estate revenue	-	8,208,040	-	8,208,040
Rental revenue	22,443	125,478	-	147,921
Other	<u>89,709</u>	<u>128,747</u>	<u>-</u>	<u>218,456</u>
	<u>\$ 12,454,691</u>	<u>8,462,265</u>	<u>3,560,436</u>	<u>24,477,392</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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	For the nine months ended September 30, 2021			
	Construction Engineering	Real Estate Development	Environmental Project Development & Water Treatment	Total
Primary geographical markets:				
Taiwan	\$ 10,534,114	3,863,634	2,501,973	16,899,721
Other	396,719	184	-	396,903
	\$ 10,930,833	3,863,818	2,501,973	17,296,624
Main products:				
Construction engineering	\$ 10,898,455	-	-	10,898,455
Environmental project development & water treatment	-	-	2,501,973	2,501,973
Real estate revenue	-	3,670,648	-	3,670,648
Rental revenue	23,330	115,257	-	138,587
Other	9,048	77,913	-	86,961
	\$ 10,930,833	3,863,818	2,501,973	17,296,624

(ii) Contract balances

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable	\$ 303,925	325,540	43,432
Accounts receivable (including long-term accounts receivable)	7,443,271	8,596,773	9,255,889
Less: Allowance for impairment	-	-	-
Total	\$ 7,747,196	8,922,313	9,299,321
Contract assets-construction engineering	\$ 2,129,047	1,481,752	1,256,735
Contract assets-retention receivables	3,380,959	2,862,303	2,784,799
Total	\$ 5,510,006	4,344,055	4,041,534
Contract liabilities-construction engineering	\$ 4,756,183	4,581,006	4,096,581
Contract liabilities-environment project development & water treatment	211,599	113,145	140,240
Contract liabilities-advance real estate receipts	2,838,502	4,061,925	4,218,408
Contract liabilities-advance rent receipts	13,617	4,199	4,579
Total	\$ 7,819,901	8,760,275	8,459,808

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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- 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 three months and nine months ended September 30, 2022 and 2021 that were included in the contract liability balance at the beginning of the year were \$53,068 thousand, \$12,000 thousand, \$2,253,736 thousand and \$679,129 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 three months and nine months ended September 30, 2022 and 2021, the Company amounted its employee remuneration to be \$2,443 thousand, \$1,164 thousand, \$13,641 thousand and \$5,259 thousand and its director's remuneration to be \$0. The estimated amounts mentioned above are calculated based on the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating expenses in the respective periods. If the distribution in the following year is different from the estimate, the difference will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the year ended December 31, 2021 and 2020, the Company amounted its employee remuneration to be \$9,774 thousand and \$7,372 thousand and its director's remuneration to be \$0, there were no differences between the actual distribution. Related information would be available at the Market Observation Post System website.

(ab) Non-operating income and expenses

(i) Interest income

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Interest income from bank deposits	\$ 9,089	6,650	17,875	23,864
Other interest income	3,922	1,417	7,056	6,357
	<u>\$ 13,011</u>	<u>8,067</u>	<u>24,931</u>	<u>30,221</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other income

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Dividend income	\$ 77,069	53,763	126,094	115,045
Other income-other	5,424	6,288	16,020	23,093
Income from counter-party default	10	488	543	488
Technical service income	-	-	3,359	-
	<u>\$ 82,503</u>	<u>60,539</u>	<u>146,016</u>	<u>138,626</u>

(iii) Other gains and losses

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Net gains (losses) on disposals of property, plant and equipment	\$ (392)	3,727	(620)	3,850
Net gains on disposals of investment properties	-	-	-	2,783
Net foreign exchange (losses) gains	3,502	(12,000)	18,579	(86,958)
Other	-	-	(1,474)	(56)
	<u>\$ 3,110</u>	<u>(8,273)</u>	<u>16,485</u>	<u>(80,381)</u>

(iv) Financial costs

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Interest expenses- borrowings	\$ 185,518	128,540	414,132	371,521
Interest expenses-bonds payables (including amortization expenses)	6,098	6,098	18,294	17,998
Interest lease liabilities	490	816	1,685	2,546
Less: capitalized interest	(62,675)	(82,808)	(115,646)	(235,366)
	<u>\$ 129,431</u>	<u>52,646</u>	<u>318,465</u>	<u>156,699</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ac) Financial instruments

(i) Credit risk

1) Credit risk exposure

As of September 30, 2022, December 31, 2021 and September 30, 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, \$1,900,000 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 nine months ended September 30, 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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
September 30, 2022					
Non-derivative financial liabilities					
Secured loans	\$ 16,964,907	19,569,278	2,910,005	11,641,921	5,017,352
Unsecured loans	8,577,098	8,809,034	5,063,513	3,745,521	-
Short-term notes and bills payable	669,000	669,000	669,000	-	-
Bonds payable	1,997,652	2,044,000	11,000	2,033,000	-
Accounts and notes payable	5,921,326	5,921,326	3,554,222	2,133,716	233,388
Other payables	1,532,993	1,532,993	569,144	963,849	-
Guarantee deposit received	120,813	120,813	-	55,740	65,073
Long-term accounts payable	363,832	363,832	-	363,832	-
Lease liabilities	111,093	154,294	66,101	84,848	3,345
	<u>\$ 36,258,714</u>	<u>39,184,570</u>	<u>12,842,985</u>	<u>21,022,427</u>	<u>5,319,158</u>
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
	<u>\$ 32,870,082</u>	<u>34,423,758</u>	<u>14,121,495</u>	<u>16,319,004</u>	<u>3,983,259</u>
September 30, 2021					
Non-derivative financial liabilities					
Secured loans	\$ 16,924,309	18,039,854	10,617,330	5,986,858	1,435,666
Unsecured loans	5,753,293	5,948,716	1,840,167	4,108,549	-
Short-term notes and bills payable	660,000	660,000	660,000	-	-
Bonds payable	1,996,930	2,055,000	11,000	2,044,000	-
Accounts and notes payable	5,229,762	5,229,762	3,060,980	1,993,355	175,427
Other payables	1,731,993	1,731,993	590,895	1,139,836	1,262
Guarantee deposit received	136,725	136,725	-	76,355	60,370
Long-term accounts payable	313,313	313,313	-	313,313	-
Lease liabilities	150,073	153,701	87,814	60,630	5,257
	<u>\$ 32,896,398</u>	<u>34,269,064</u>	<u>16,868,186</u>	<u>15,722,896</u>	<u>1,677,982</u>

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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(iii) Currency risk

1) Exposure to currency risk

The Group's significant exposures to foreign currency risk were those from its foreign currency denominated financial assets and liabilities as follows:

	September 30, 2022			December 31, 2021			September 30, 2021			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
<u>Financial Assets</u>										
<u>Monetary items</u>										
USD : NTD	\$	72,634	31.7500	2,306,136	87,201	27.6800	2,413,721	71,476	27.8500	1,990,618
HKD : NTD		15,662	4.0440	63,336	32,469	3.5490	115,234	18,290	3.5760	65,406
MYR : NTD		119,817	6.8492	820,649	111,842	6.6415	742,797	111,842	6.6437	743,043
JPY : NTD		78,466	0.2201	17,270	3,666	0.2405	881	3,666	0.2490	912
USD : MYR		2,021	4.6340	64,155	1,125	4.1650	31,151	1,130	4.1870	31,473
<u>Financial Liabilities</u>										
<u>Monetary items</u>										
USD : MYR		22,650	4.6340	719,138	21,950	4.1650	607,576	18,890	4.1870	526,087

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 nine months ended September 30, 2022 and 2021 would have increased or decreased the income before tax by \$24,183 thousand and by \$20,812 thousand, and the equity by \$1,341 thousand and \$2,242 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 nine months ended September 30, 2022 and 2021, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$18,579 thousand and \$(86,958) thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management for Group's interest rate exposure to its financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure in interest rates on the derivative and non-derivative financial instruments on the reporting date.

Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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If the interest rate increases or decreases by 1%, the Group's income before tax will decrease or increase by \$143,148 thousand and \$141,982 thousand for the nine months ended September 30, 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:

<u>Price of securities at the reporting date</u>	<u>For the nine months ended September 30</u>			
	<u>2022</u>		<u>2021</u>	
	<u>Other comprehensive Income after tax</u>	<u>Net Income</u>	<u>Other comprehensive Income after tax</u>	<u>Net Income</u>
Increase 1%	\$ <u>20,293</u>	<u>4,850</u>	<u>18,973</u>	<u>4,850</u>
Decrease 1%	\$ <u>(20,293)</u>	<u>(4,850)</u>	<u>(18,973)</u>	<u>(4,850)</u>

(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 :

	<u>September 30, 2022</u>				
	<u>Carrying amount</u>	<u>Fair Value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss					
Unlisted common shares	\$ 606,305	-	-	606,305	606,305
Financial assets for hedging	\$ 268,237	268,237	-	-	268,237
Financial assets at fair value through other comprehensive income					
Listed common shares	\$ 1,366,926	1,366,926	-	-	1,366,926
Unlisted common shares	662,343	-	-	662,343	662,343
Subtotal	\$ 2,029,269	1,366,926	-	662,343	2,029,269
Total	\$ <u>2,903,811</u>	<u>1,635,163</u>	<u>-</u>	<u>1,268,648</u>	<u>2,903,811</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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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 nine months ended September 30, 2022 and 2021.

4) The movement of Level 3

	Financial assets at fair value through 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 September 30, 2022 (the beginning of the year)	\$ 606,305	\$ 662,343
Balance at September 30, 2021 (the beginning of the year)	\$ 606,305	\$ 609,829

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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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<u>Item</u>	<u>Valuation Technique</u>	<u>Significant unobservable input</u>	<u>Relationship between input and fair value</u>
Financial assets at fair value through profit or loss-equity investments without an active market	Discounted cash flow method	<ul style="list-style-type: none"> · Return on equity (September 30, 2022, December 31, 2021 and September 30, 2021 were 8.4014%, 8.4014% and 13.5153%, respectively) 	<ul style="list-style-type: none"> · 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	<ul style="list-style-type: none"> · The multiplier of price-to-earnings ratio (September 30, 2022, December 31, 2021 and September 30, 2021 were 15.80, 15.80 and 15.10, respectively) · Market illiquidity discount (September 30, 2022, December 31, 2021 and September 30, 2021 were 80%.) 	<ul style="list-style-type: none"> · The higher multiplier is, the higher the fair value · The higher market illiquidity discount is, the lower the fair value
Financial assets at fair value through other comprehensive income-equity investments without an active market	Income Method	<ul style="list-style-type: none"> · The growth rate of earnings per share (September 30, 2022, December 31, 2021 and September 30, 2021 were 0%) · Weighted average cost of capital (September 30, 2022, December 31, 2021 and September 30, 2021 were 5%) 	<ul style="list-style-type: none"> · 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

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- 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:

	<u>Input</u>	<u>Change up or down</u>	<u>Profit or loss</u>		<u>Other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
September 30, 2022						
Financial assets at fair value through profit or loss						
Equity instruments without an active market	Return on equity	1%	\$ 1,165	(1,160)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market liquidity discount	5%	\$ -	-	41,249	(41,249)
Equity instruments without an active market	Weighted average cost of capital	1%	\$ -	-	105	(99)
December 31, 2021						
Financial assets at fair value through profit or loss						
Equity instruments without an active market	Market liquidity discount	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)
September 30, 2021						
Financial assets at fair value through profit or loss						
Equity instruments without an active market	Return on equity	1%	\$ 2,036	(2,023)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market liquidity discount	5%	\$ -	-	37,970	(37,970)
Equity instruments without an active market	Weighted average cost of capital	1%	\$ -	-	102	(97)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using the valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ad) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(ad) of the consolidated financial statements for the year ended December 31, 2021.

(ae) Capital Management

The objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2021. Also, there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2021. Please refer to Note 6(ae) for the further details of the consolidated financial statements for the year ended December 31, 2021.

(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.

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
	Prepayments for business facilities reclassified to property, plant and equipment	\$ -	99,648	-

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

	January 1, 2022	Cash flows	Non-cash changes			September 30, 2022
			Foreign exchange movement	Other	Changes in lease payments	
Short-term borrowings	\$ 9,398,912	4,227,704	768,826	-	-	14,395,442
Short-term notes and bills payable	-	669,000	-	-	-	669,000
Long-term borrowings (including due within one year)	11,962,386	(836,278)	20,455	-	-	11,146,563
Lease liabilities	131,095	(79,940)	870	-	59,068	111,093
Bonds payable	1,997,110	-	-	542	-	1,997,652
Total liabilities from financing activities	\$ 23,489,503	3,980,486	790,151	542	59,068	28,319,750

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	January 1, 2021	Cash flows	Non-cash changes		Changes in lease payment	September 30, 2021
			Foreign exchange movement	Other		
Short-term borrowings	\$ 10,024,080	1,278,399	(57,592)	-	-	11,244,887
Short-term notes and bills payable	820,000	(160,000)	-	-	-	660,000
Long-term borrowings (including due within one year)	11,886,454	(430,150)	(23,589)	-	-	11,432,715
Lease liabilities	164,536	(75,223)	(516)	-	61,276	150,073
Bonds payable	-	1,996,388	-	542	-	1,996,930
Total liabilities from financing activities	<u>\$ 22,895,070</u>	<u>2,609,414</u>	<u>(81,697)</u>	<u>542</u>	<u>61,276</u>	<u>25,484,605</u>

(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

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Other related party transactions

(i) Contracted construction

For the nine months ended September 30, 2022	Total Contract Amount (Before tax)	Current Amount	Accumulated Amount
Associate (CTCI-HDEC)	\$ <u>6,607,731</u>	<u>297,460</u>	<u>430,922</u>
Associate (Fanlu)	\$ <u>1,544,284</u>	<u>213,828</u>	<u>524,328</u>
For the nine months ended September 30, 2021			
Associate (CTCI-HDEC)	\$ <u>6,115,200</u>	<u>-</u>	<u>133,462</u>
Associate (Fanlu)	\$ <u>1,544,284</u>	<u>136,970</u>	<u>252,217</u>

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

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Associates	\$ -	-	3,300	16,500
Other related parties	<u>1,440</u>	<u>900</u>	<u>4,110</u>	<u>2,700</u>
	<u>\$ 1,440</u>	<u>900</u>	<u>7,410</u>	<u>19,200</u>

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

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Other related parties	\$ <u>1,022</u>	<u>2,508</u>	<u>3,068</u>	<u>8,280</u>

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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Contract Assets

	September 30, 2022	December 31, 2021	September 30, 2021
Associates	<u>\$ 27,288</u>	<u>15,675</u>	<u>12,645</u>

(v) Receivables from related parties

	September 30, 2022	December 31, 2021	September 30, 2021
Accounts receivable-Other related parties	\$ 210	3	2,443
Other receivables-Other related parties	-	1,342	1
Other receivables-Associates	<u>1,219</u>	<u>584</u>	<u>-</u>
	<u>\$ 1,429</u>	<u>1,929</u>	<u>2,444</u>

(vi) Payables to related parties

	September 30, 2022	December 31, 2021	September 30, 2021
Accounts payable-Other related parties	\$ 337	337	337
Other payables-Other related parties	<u>137</u>	<u>1,441</u>	<u>890</u>
	<u>\$ 474</u>	<u>1,778</u>	<u>1,227</u>

(vii) Rental

1) Rental revenues

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Other related parties	<u>\$ 792</u>	<u>652</u>	<u>2,190</u>	<u>1,957</u>

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 three months and nine months ended September 30, 2022 and 2021, the Group recognized the amount of \$24 thousand and \$71 thousand as interest expenses, respectively. As of September 30, 2022, December 31, 2021 and September 30, 2021, the balance of lease liabilities amounted to \$471 thousand, \$3,835 thousand and \$4,952 thousand, respectively.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(viii) Transaction of properties

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

(ix) Endorsements and Guarantees

	<u>Guarantee classification</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Associate (CTCI-HDEC)	Guarantee for bank loans	\$ 2,060,675	343,000	343,000
Associate (Fanlu)	Guarantee for bank loans	1,557,000	1,557,000	1,557,000
		<u>\$ 3,617,675</u>	<u>1,900,000</u>	<u>1,900,000</u>

(x) Other

1) Interest revenues

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Associates	\$ 1,161	(583)	1,732	571
Other related parties	3	2	7	7
	<u>\$ 1,164</u>	<u>(581)</u>	<u>1,739</u>	<u>578</u>

2) Other expenses

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Other related parties	\$ 9,662	6,071	25,198	19,566

3) Other income

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Associates	\$ 2,328	2,091	6,208	3,926
Other related parties	21	4	61	12
	<u>\$ 2,349</u>	<u>2,095</u>	<u>6,269</u>	<u>3,938</u>

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

5) 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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Key Management Personnel Transaction

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 31,059	34,527	120,940	121,043

As of September 30, 2022 and 2021, the Group provides eleven and fourteen vehicles for key management personnel at a cost of \$16,237 thousand and \$21,457 thousand, respectively.

(8) Pledged assets

The carrying values of pledged assets are as follows:

Asset	Purpose of pledge	September 30, 2022	December 31, 2021	September 30, 2021
Inventories (development corp.)	Loan collateral	\$ 19,202,988	20,247,154	20,071,412
Restricted deposits (other current assets)	Time deposits collateral	287,335	290,317	291,696
Property, plant and equipment	Loan collateral and construction guarantee	2,947,110	2,899,951	1,071,200
Investment properties, net	Loan collateral and construction guarantee	8,114,496	8,135,580	9,883,989
Total		\$ 30,551,929	31,573,002	31,318,297

(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:

	September 30, 2022	December 31, 2021	September 30, 2021
Total sales of completed construction and real estate	\$ 13,567,428	17,617,431	18,045,048
Receipts based on the contracts	\$ 2,838,502	4,061,925	4,218,408

(ii) As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group has entered into contracts for the purchase of land but for which it has not received the legal title amounted to \$2,905,873 thousand, \$959,177 thousand and \$78,870 thousand, within which, \$943,396 thousand, \$95,918 thousand and \$78,870 thousand had been paid.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (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:

	September 30, 2022	December 31, 2021	September 30, 2021
Total contract amount—NTD	162,541,134	157,199,612	141,194,701
—INR	34,943,780	35,161,269	34,983,959
—HKD	4,613,534	4,549,552	4,543,771
—MOP	982,544	982,544	982,544
—MYR	394,926	394,926	394,926
Accumulated billing amount	138,587,996	119,597,504	123,658,278

- (iv) As of September 30, 2022, December 31, 2021 and September 30, 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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 7) The Group's construction and operation contracts with the government were as follows:

<u>The subsidiary as an operator</u>	<u>Location</u>	<u>Grantor</u>	<u>Agreement type</u>	<u>Concession period</u>
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

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Outstanding stand by letter of credit	<u>\$ 4,890</u>	<u>227,209</u>	<u>10,187</u>

- (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 September 30, 2022, the remaining amount of USD450 thousand had yet to be.

- (b) Contingent liability:

- (i) As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group provided promissory notes for contract performance, issuance of commercial paper, and construction warranty, amounted to \$49,135,093 thousand, \$46,993,134 thousand and \$46,691,859 thousand, respectively.
- (ii) As of September 30, 2022, December 31, 2021 and September 30, 2021, promissory notes receivable for construction contracts amounted to \$13,649,057 thousand, \$12,734,765 thousand and \$12,123,576 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

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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:

	For the three months ended September 30, 2022			For the three months ended September 30, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	324,783	171,061	495,844	258,207	163,735	421,942
Labor and health	24,116	11,621	35,737	22,803	11,078	33,881
Pension	11,838	7,387	19,225	9,868	7,078	16,946
Others	38,659	31,531	70,190	38,516	32,283	70,799
Depreciation	63,278	24,969	88,247	58,367	16,503	74,870
Amortization	16,393	-	16,393	15,904	-	15,904

	For the nine months ended September 30, 2022			For the nine months ended September 30, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	913,638	492,905	1,406,543	781,486	479,173	1,260,659
Labor and health	74,772	36,804	111,576	69,190	35,268	104,458
Pension	34,221	21,745	55,966	29,080	21,094	50,174
Others	106,579	99,769	206,348	102,889	92,778	195,667
Depreciation	247,561	71,252	318,813	165,851	49,706	215,557
Amortization	49,180	-	49,180	47,713	-	47,713

(b) Seasonal operation :

The Group's operation do not affect by seasonal or periodicity reason.

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(English Translation of Financial Report Originally Issued in Chinese)

CONTINENTAL HOLDINGS CORPORATION
Notes to Consolidated Financial Statements

(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 period	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 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 (Note 2)	1.3%	2	-	Replenish working capital	-	-	-	5,241,976	10,483,952
0	CHC	HDEC	Other receivables	Yes	500,000	500,000	500,000 (Note 2)	1.3%	2	-	Replenish working capital	-	-	-	5,241,976	10,483,952
1	CDC	BANGSAR	Other receivables	Yes	203,421	203,421	170,545 (Note 2)	BLR+1%	2	-	Land purchases and operation requirements	-	-	-	6,912,179	6,912,179
1	CDC	MEGA	Other receivables	Yes	814,672	814,672	650,071 (Note 2)	BLR+1%	2	-	Land purchases and operation requirements	-	-	-	6,912,179	6,912,179
1	CDC	Grand River D. Limited	Other receivables	No	688,953	581,595	505,070	1.90%	2	-	Land purchases and operation requirements	-	-	-	6,912,179	6,912,179

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: \$26,209,879 thousand \times 40% = 10,483,952 thousand

Maximum amount of loans provided to a single business enterprise is limited to 20% of net equity value: \$26,209,879 thousand \times 20% = 5,241,976 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: \$17,280,448 thousand \times 40% = 6,912,179 thousand

Maximum amount of loans provided to a single business enterprise is limited to 40% of net equity value: \$17,280,448 thousand \times 40% = 6,912,179 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

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CONTINENTAL HOLDINGS CORPORATION
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(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	104,839,516	488,031	488,031	488,031	-	1.86 %	104,839,516	Y	N	N
0	CHC	HDEC	2	104,839,516	2,747,269	2,483,269	1,892,540	-	9.47 %	104,839,516	Y	N	N
0	CHC	CEC	2	104,839,516	18,435,382	17,555,734	8,200,828	-	66.98 %	104,839,516	Y	N	N
1	CEC	CIC	2	11,038,262	44,213	-	-	-	- %	11,038,262	N	N	N
1	CEC	CICI	2 and 5	16,557,393	3,889,773	3,889,773	3,889,773	-	70.48 %	33,114,786	N	N	N
1	CEC	CDC	4 and 7	11,038,262	1,071,000	1,071,000	927,100	-	19.41 %	11,038,262	N	N	N
1	CEC	Fu Tsu Construction Co., Ltd.	5	16,557,393	9,358,000	9,358,000	9,358,000	-	169.56 %	33,114,786	N	N	N
2	CDC	CDC US.	2	34,560,896	158,750	158,750	153,099	-	0.92 %	34,560,896	N	N	N
2	CDC	CCD	2	34,560,896	1,415,000	1,160,000	1,160,000	-	6.71 %	34,560,896	N	N	N
2	CDC	BANGSAR	2 and 6	34,560,896	172,600	172,600	12,940	-	1.00 %	34,560,896	N	N	N
2	CDC	MEGA	2 and 6	34,560,896	471,488	471,488	395,526	-	2.73 %	34,560,896	N	N	N
2	CDC	950P	2 and 6	34,560,896	5,304,658	2,026,205	1,956,316	-	11.73 %	34,560,896	N	N	N
2	CDC	950H & 950R	2 and 6	34,560,896	1,699,951	1,699,951	1,517,044	-	9.84 %	34,560,896	N	N	N
2	CDC	Fanlu	6	34,560,896	1,557,000	1,557,000	771,750	-	9.01 %	34,560,896	N	N	N
3	CCD	CDC	3	13,572,668	982,200	982,200	798,500	982,200	28.95 %	13,572,668	N	N	N
4	HDEC	NSC	2	29,889,928	2,520,000	2,520,000	1,995,000	-	67.45 %	29,889,928	N	N	N
4	HDEC	PDC	2	29,889,928	1,295,000	1,295,000	409,000	-	34.66 %	29,889,928	N	N	N
4	HDEC	LHC	2 and 6	29,889,928	1,485,000	1,485,000	841,500	-	39.75 %	29,889,928	N	N	N
4	HDEC	LHC	2	29,889,928	5,071	-	-	-	- %	29,889,928	N	N	N
4	HDEC	BWC	2 and 6	29,889,928	902,700	902,700	336,090	-	24.16 %	29,889,928	N	N	N
4	HDEC	CTCI-HDEC	6	29,889,928	2,060,675	2,060,675	343,000	-	55.15 %	29,889,928	N	N	N
4	HDEC	CEC	4 and 5	29,889,928	3,995,629	3,995,629	3,995,629	-	106.94 %	29,889,928	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: \$26,209,879 thousand \times 4 = \$104,839,516 thousand

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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: \$26,209,879 thousand $\times 4 =$ \$104,839,516 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: \$5,519,131 thousand $\times 6 =$ \$33,114,786 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: \$5,519,131 thousand $\times 3 =$ \$16,557,393 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: \$5,519,131 thousand $\times 2 =$ \$11,038,262 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: \$5,519,131 thousand $\times 2 =$ \$11,038,262 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: \$17,280,448 thousand $\times 2 =$ \$34,560,896 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: \$17,280,448 thousand $\times 2 =$ \$34,560,896 thousand

According to the policy of CCD the total amount of endorsements/guarantees is limited to four times the net equity value in accordance with the Company's most recent financial statements: \$3,393,167 thousand $\times 4 =$ \$13,572,668 thousand

The total amount of endorsements/guarantees provided to a single business is limited to four times the net equity value in accordance with the Company's most recent financial statements: \$3,393,167 thousand $\times 4 =$ \$13,572,668 thousand

According to the policy of HDEC, the total amount of endorsements/guarantees is limited to eight times the net equity value in accordance with the Company's most recent financial statements: \$3,736,241 thousand $\times 8 =$ \$29,889,928 thousand

The total amount of endorsements/guarantees provided to a single business is limited to eight times the net equity value in accordance with the Company's most recent financial statements: \$3,736,241 thousand $\times 8 =$ \$29,889,928 thousand

Note 2: Seven categories between relationship with the endorser/guarantor:

- 1) Having business relationship.
- 2) The endorser / guarantor parent company directly and indirectly holds more than 50% of voting shares of the endorsed / guaranteed subsidiary.
- 3) The endorser / guarantor subsidiary which directly and indirectly be held more than 50% voting shares by the endorsed / guaranteed parent company.
- 4) The endorser / guarantor company and the endorsed / guaranteed party both be held more than 90% by the parent company.
- 5) Company that is mutually protected under contractual requirements based on the needs of the contractor.
- 6) Company that is endorsed by its shareholders in accordance with its shareholding ratio because of the joint investment relationship.
- 7) Performance guarantees for presale contracts under the Consumer Protection Act.

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(iii) Securities held as of September 30, 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	1,366,926	6.15 %	1,366,926	
CEC	Xinrong Enterprise	-	Non-current financial assets at fair value through other comprehensive income	12,256,347	659,980	8.45 %	659,980	
CEC	Metro Consulting Service Ltd.	-	Non-current financial assets at fair value through other comprehensive income	300,000	2,363	6.00 %	2,363	
CEC	International Property & Finance Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	26,301	-	1.64 %	-	
CEC	Shin Yu Energy Development Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	22,405,297	-	9.00 %	-	
CDC	Grand River D. Limited	-	Non-current financial assets at fair value through profit or loss	51,436,803	606,305	10.00 %	606,305	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:None

(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	Relationship with the Company	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	140,437	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	-

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(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 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	(1,052,076) (Note 3)	7.77%	Same as those in general transactions	-	-	507,249 (Note 3)	11.16%	Note 1
CDC	CEC	Related party of the Company	Construction project	1,052,076 (Note 3)	19.34%	Same as those in general transactions	-	-	(507,249) (Note 3)	35.77%	
CEC	Fanlu	Related party of the Company	Construction contract	(230,383)	1.70%	Same as those in general transactions	-	-	27,288	0.60%	Note 1
Fanlu	CEC	Related party of the Company	Construction project	230,383	50.29%	Same as those in general transactions	-	-	(27,288)	99.03%	
HDEC	LHC	Parent and subsidiary	Construction contract	(107,029) (Note 3)	3.76%	Same as those in general transactions	-	-	18,112 (Note 3)	7.15%	Note 1
LHC	HDEC	Parent and subsidiary	Construction project	107,029 (Note 3)	55.00%	Same as those in general transactions	-	-	(18,112) (Note 3)	47.38%	
HDEC	NSC	Parent and subsidiary	Construction contract	(128,099) (Note 3)	4.49%	Same as those in general transactions	-	-	35,516 (Note 3)	14.02%	
NSC	HDEC	Parent and subsidiary	Construction project	128,099 (Note 3)	52.88%	Same as those in general transactions	-	-	(35,516) (Note 3)	76.05%	
HDEC	PDC	Parent and subsidiary	Construction contract	(248,395) (Note 3)	8.72%	Same as those in general transactions	-	-	66,142 (Note 3)	26.10%	
PDC	HDEC	Parent and subsidiary	Construction project	248,395 (Note 3)	94.54%	Same as those in general transactions	-	-	(66,142) (Note 3)	94.54%	
SDC	HDEC	Parent and subsidiary	Construction contract	(106,395) (Note 3)	98.41%	Same as those in general transactions	-	-	29,687 (Note 3)	96.62%	
HDEC	SDC	Parent and subsidiary	Construction project	106,395 (Note 3)	4.07%	Same as those in general transactions	-	-	(29,687) (Note 3)	7.43%	

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.

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(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 507,249	2.04	-	-	1,151	-

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 September 30, 2022, the Group's hedging instruments in amounts of USD8,331 thousand, JPY3,218 thousand and EUR96 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	1.34%
1	CEC	CDC	3	Construction revenues	1,052,076	Same as those in normal transactions	4.30%
		CDC	3	Accounts receivable	221,730	Same as those in normal transactions	0.30%
2	CDC	CDC	3	Contract assets	285,519	Same as those in normal transactions	0.38%
		CCLC	3	Administrative expenses	48,941	Same as those in normal transactions	0.07%
		CEC	3	Operating costs	1,052,076	Same as those in normal transactions	4.30%
		CEC	3	Accounts payable	507,249	Same as those in normal transactions	0.68%
3	HDEC	MEGA	3	Other receivables	831,661	Same as those in normal transactions	1.12%
		BANGSAR	3	Other receivables	207,547	Same as those in normal transactions	0.28%
		CCLC	3	Administrative expenses	13,580	Same as those in normal transactions	0.02%
		CHC	2	Non-current other liabilities other	1,000,000	Same as those in normal transactions	1.34%
		NSC	3	Operating revenues	128,099	Same as those in normal transactions	0.52%
		NSC	3	Accounts receivable	24,553	Same as those in normal transactions	0.03%
		NSC	3	Contract assets	10,963	Same as those in normal transactions	0.01%
		SDC	3	Operating costs	106,395	Same as those in normal transactions	0.43%
		SDC	3	Accounts payable	29,687	Same as those in normal transactions	0.04%
		LHC	3	Operating revenues	107,029	Same as those in normal transactions	0.44%
3	PDC	LHC	3	Contract assets	18,112	Same as those in normal transactions	0.02%
		LHC	3	Operating revenues	248,395	Same as those in normal transactions	1.01%
		PDC	3	Accounts receivable	38,994	Same as those in normal transactions	0.05%
		PDC	3	Contract assets	27,148	Same as those in normal transactions	0.04%
		CCLC	3	Administrative expenses	12,035	Same as those in normal transactions	0.02%

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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
4	NSC	HDEC	3	Operating costs	128,099	Same as those in normal transactions	0.52%
		HDEC	3	Accounts payable	35,516	Same as those in normal transactions	0.04%
5	SDC	HDEC	3	Operating revenues	106,395	Same as those in normal transactions	0.43%
		HDEC	3	Accounts receivable	15,220	Same as those in normal transactions	0.02%
6	LHC	HDEC	3	Contract assets	14,467	Same as those in normal transactions	0.02%
		HDEC	3	Operating costs	107,029	Same as those in normal transactions	0.44%
7	PDC	HDEC	3	Accounts payable	18,112	Same as those in normal transactions	0.02%
		HDEC	3	Operating costs	248,395	Same as those in normal transactions	1.01%
8	MEGA	HDEC	3	Accounts payable	66,142	Same as those in normal transactions	0.09%
		CDC	3	Other payables	831,661	Same as those in normal transactions	1.12%
9	BANGSAR	CDC	3	Other payables	207,547	Same as those in normal transactions	0.28%
10	CCLC	CEC	3	Operating revenues	48,941	Same as those in normal transactions	0.07%
		CDC	3	Operating revenues	13,580	Same as those in normal transactions	0.02%
		HDEC	3	Operating revenues	12,035	Same as those in normal transactions	0.02%

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 September 30, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
CHC	CEC	Taiwan	Civil, Building and M&E engineering	6,884,583	6,884,583	440,061,971	99.99 % (Note 2)	5,408,663	564,206	510,106	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)	17,280,445	1,927,784	1,927,784	Note 1
CHC	HDEC	Taiwan	Environmental project development & Water treatment	2,360,365	2,360,365	271,999,882	99.99 % (Note 3)	4,116,798	380,558	380,558	-
CHC	CCLC	Taiwan	Management consulting	20,000	10,000	-	100.00 %	19,313	(687)	(687)	-
CEC	CICI	India	Civil and Building engineering	497,839	497,839	73,981,492	100.00 %	(2,602)	673	Disclosure not required	-

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
CEC	CIC	British Virgin Islands	Investment and holding	2,035,897	2,035,897	63,980,940	100.00 %	3,772	(9,462)	Disclosure not required	-
CEC	CIMY	Malaysia	Civil and Building engineering	179,257	179,257	22,340,476	85.14 %	6,234	54	"	-
CEC	CEC HK	Hong Kong	Civil and Building engineering	10,815	10,815	3,000,000	100.00 %	962	(28)	"	-
CIC	NCC	British Virgin Islands	Investment and holding	1,640,006	1,640,006	10,353	45.47 %	-	(1,314)	"	-
CDC	BANGSAR	Malaysia	Real estate development on residential	4,444	4,444	600,000	60.00 %	(3,262)	(9,418)	"	-
CDC	CCD	Taiwan	Real estate lease	976,539	976,539	48,198,292	80.65 %	2,744,880	10,279	"	-
CDC	Fanlu	Taiwan	Real estate development on residential and hotels	915,950	741,646	91,595,000	35.00 %	810,622	(46,553)	"	-
CDC	MEGA	Malaysia	Real estate development on hotels	7,375	7,375	825,000	55.00 %	(111,351)	(170,123)	"	-
CDC	CDC US.	The U.S.	Investment and holding	2,075,837	2,075,837	5,500,000	100.00 %	1,983,589	(94,822)	"	-
CDC	CDCAM	Malaysia	Management consulting	7,524	7,524	1,000,000	100.00 %	8,645	840	"	-
HDEC	SDC	Taiwan	Construction of underground pipeline and environmental protection project, plumbing	49,600	49,600	3,000,000	100.00 %	38,221	1,720	"	-
HDEC	NSC	Taiwan	Environmental project	1,112,000	1,112,000	166,000,000	100.00 %	2,779,417	139,244	"	-
HDEC	BWC	Taiwan	Environmental project	362,100	362,100	37,740,000	51.00 %	416,026	31,786	"	-
HDEC	PDC	Taiwan	Environmental project	340,000	340,000	36,489,000	100.00 %	395,336	27,678	"	-
HDEC	CTCI - HDEC	Taiwan	Environmental project	735,000	735,000	73,500,000	49.00 %	783,228	45,054	"	-
HDEC	LHC	Taiwan	Environmental project	550,000	550,000	56,100,000	55.00 %	624,308	95,369	"	-
HDEC	CTC	Taiwan	Environmental project	450,000	-	45,000,000	100.00 %	450,000	-	"	-
CCLC	CEC	Taiwan	Civil, Building and M&E engineering	1	1	100	- % (Note 4)	1	564,206	"	-
CCLC	CDC	Taiwan	Real estate development on residential, commercial, hotels and communities	3	3	100	- % (Note 4)	3	1,927,784	"	-
CCLC	HDEC	Taiwan	Environmental project development & Water treatment	1	1	118	- % (Note 5)	2	380,558	"	-

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 ratio is 99.99998% at the end of the period.

Note 3: The shareholding ratio is 99.99996% at the end of the period.

Note 4: The shareholding ratio is 0.00002% at the end of the period.

Note 5: The shareholding ratio is 0.00004% at the end of the period.

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(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

For the three months ended September 30, 2022						
	Construction Engineering	Real Estate Development	Environmental project Development & Water Treatment	Investment	Adjustment and write-off	Total
Revenue:						
Segment revenues from external customers	\$ 4,116,090	785,387	1,311,739	-	-	6,213,216
Intersegment revenues	416,505	-	-	567,093	(983,598)	-
Total revenues	<u>\$ 4,532,595</u>	<u>785,387</u>	<u>1,311,739</u>	<u>567,093</u>	<u>(983,598)</u>	<u>6,213,216</u>
Reportable segment profit or loss	<u>\$ 313,769</u>	<u>43,748</u>	<u>167,109</u>	<u>486,433</u>	<u>(541,541)</u>	<u>469,518</u>
For the three months ended September 30, 2021						
	Construction Engineering	Real Estate Development	Environmental project Development & Water Treatment	Investment	Adjustment and write-off	Total
Revenue:						
Segment revenues from external customers	\$ 3,850,392	858,908	642,626	-	-	5,351,926
Intersegment revenues	518,782	-	-	257,409	(776,191)	-
Total revenues	<u>\$ 4,369,174</u>	<u>858,908</u>	<u>642,626</u>	<u>257,409</u>	<u>(776,191)</u>	<u>5,351,926</u>
Reportable segment profit or loss	<u>\$ 156,644</u>	<u>78,095</u>	<u>104,896</u>	<u>231,565</u>	<u>(284,212)</u>	<u>286,988</u>
For the nine months ended September 30, 2022						
	Construction Engineering	Real Estate Development	Environmental project Development & Water Treatment	Investment	Adjustment and write-off	Total
Revenue:						
Segment revenues from external customers	12,454,691	8,462,265	3,560,436	-	-	24,477,392
Intersegment revenues	1,095,386	-	-	2,892,317	(3,987,703)	-
Total revenues	<u>\$ 13,550,077</u>	<u>8,462,265</u>	<u>3,560,436</u>	<u>2,892,317</u>	<u>(3,987,703)</u>	<u>24,477,392</u>
Reportable segment profit or loss	<u>\$ 567,947</u>	<u>1,863,031</u>	<u>512,066</u>	<u>2,713,910</u>	<u>(2,871,861)</u>	<u>2,785,093</u>

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	For the nine months ended September 30, 2021					
	<u>Construction Engineering</u>	<u>Real Estate Development</u>	<u>Environmental project Development & Water Treatment</u>	<u>Investment</u>	<u>Adjustment and write-off</u>	<u>Total</u>
Revenue:						
Segment revenues from external customers	\$ 10,930,833	3,863,818	2,501,973	-	-	17,296,624
Intersegment revenues	<u>1,355,191</u>	<u>-</u>	<u>-</u>	<u>1,123,306</u>	<u>(2,478,497)</u>	<u>-</u>
Total revenues	<u>\$ 12,286,024</u>	<u>3,863,818</u>	<u>2,501,973</u>	<u>1,123,306</u>	<u>(2,478,497)</u>	<u>17,296,624</u>
Reportable segment profit or loss	<u>\$ 371,223</u>	<u>591,670</u>	<u>433,082</u>	<u>1,046,544</u>	<u>(1,192,681)</u>	<u>1,249,838</u>