

**CONTINENTAL HOLDINGS CORPORATION
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2023 and 2022**

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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 June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022, as well as the changes in equity and cash flows for the six months ended June 30, 2023 and 2022, 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 the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. 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 Standards on Auditing of the Republic of China 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 \$24,553,855 thousand and \$24,907,035 thousand, constituting 33.39% and 35.62% of consolidated total assets; and total liabilities amounting to \$16,045,198 thousand and \$17,668,679 thousand, constituting 36.13% and 43.13% of consolidated total liabilities as of June 30, 2023 and 2022, respectively; as well as the total comprehensive income amounting to \$11,250 thousand, \$178,642 thousand, \$(45,152) thousand and \$382,848 thousand, constituting 1.20%, 17.14%, (4.02)% and 14.75% of consolidated total comprehensive income for the three months and six months ended June 30, 2023 and 2022, 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 \$1,591,703 thousand and \$1,418,160 thousand as of June 30, 2023 and 2022, respectively, and its equity in net earnings on these investee companies of \$7,263 thousand, \$2,598 thousand, \$24,716 thousand and \$4,232 thousand for the three months and six months ended June 30, 2023 and 2022, 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 June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022, as well as its consolidated cash flows for the six months ended June 30, 2023 and 2022 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)
August 1, 2023

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)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2023, December 31, 2022, and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2023		December 31, 2022		June 30, 2022		Liabilities and Equity		June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note 6(a))	\$ 6,229,706	8	5,822,416	8	5,920,832	9	2100	Short-term borrowings (Note 6(n))	\$ 12,051,543	17	14,790,012	20	9,829,065	14
1139	Current financial assets for hedging (Note 6(d))	30,880	-	1,299,684	2	247,399	-	2110	Short-term notes and bills payable (Note 6(o))	736,000	1	436,000	1	130,000	-
1140	Current contract assets (Notes 6(z) and 7)	5,137,491	7	5,914,931	8	5,081,378	7	2126	Current financial liabilities for hedging (Note 6(d))	9,769	-	-	-	-	-
1150	Notes receivable, net (Notes 6(e) and (z))	1,691	-	12,087	-	45,188	-	2130	Current contract liabilities (Note 6(z))	6,815,521	9	7,508,364	10	7,656,832	11
1170	Accounts receivable, net (Notes 6(e), (z) and 7)	2,206,784	3	2,277,357	3	2,074,649	3	2170	Notes and accounts payable (Note 7)	5,899,945	8	6,093,149	8	5,985,370	9
1200	Other receivables, net (Notes 6(f) and 7)	473,252	1	383,816	1	438,416	1	2200	Other payables (Note 7)	3,700,112	5	1,759,356	2	3,248,307	5
1220	Current tax assets	52,756	-	46,749	-	48,053	-	2230	Current tax liabilities	216,773	-	184,516	-	192,284	-
130X	Inventories (Notes 6(g) and 8)	24,615,998	33	24,855,132	33	27,194,820	39	2250	Current provisions (Note 6(s))	536,235	1	686,789	1	426,969	1
1410	Prepayments	1,113,838	2	767,530	1	900,519	1	2280	Current lease liabilities (Notes 6(r) and 7)	88,011	-	93,795	-	100,024	-
1479	Other current assets, others (Note 8)	2,825,876	4	3,841,900	4	3,000,052	4	2310	Advance receipts	50,095	-	8,731	-	75,044	-
1480	Current assets recognised as incremental costs to obtain contract with customers	319,806	-	353,531	-	333,759	1	2320	Long-term liabilities, current portion (Note 6(q))	1,431,333	2	1,985,405	3	1,453,053	2
		<u>43,008,078</u>	<u>58</u>	<u>45,575,133</u>	<u>60</u>	<u>45,285,065</u>	<u>65</u>	2399	Other current liabilities, others	<u>75,063</u>	<u>-</u>	<u>58,218</u>	<u>-</u>	<u>77,573</u>	<u>-</u>
										<u>31,610,400</u>	<u>43</u>	<u>33,604,335</u>	<u>45</u>	<u>29,174,521</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))	1,068,858	2	1,068,858	1	606,305	1	2530	Bonds payable (Note 6(p))	1,998,194	3	1,997,832	3	1,997,472	3
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	2,379,255	3	1,984,309	3	2,208,791	3	2540	Long-term borrowings (Note 6(q))	10,256,364	14	9,484,440	13	9,007,500	13
1550	Investments accounted for using equity method, net (Notes 6(h) and 7)	1,591,703	2	1,594,138	2	1,418,160	2	2570	Deferred tax liabilities	162,679	-	150,863	-	140,421	-
1600	Property, plant and equipment (Notes 6(j) and 8)	9,409,344	13	9,551,304	13	4,294,245	6	2580	Non-current lease liabilities (Notes 6(r) and 7)	55,741	-	54,623	-	10,883	-
1755	Right-of-use assets (Note 6(k))	142,842	-	146,895	-	109,853	-	2610	Long-term accounts payable (Note 6(u))	131,077	-	129,267	-	340,570	1
1760	Investment properties, net (Notes 6(l) and 8)	8,021,953	11	8,031,029	11	8,668,670	12	2640	Net defined benefit liability, non-current	112,722	-	117,427	-	160,861	-
1780	Intangible assets (Note 6(m))	1,112,394	2	1,105,066	1	1,101,397	2	2645	Guarantee deposits received	80,449	-	130,006	-	133,789	-
1840	Deferred tax assets	17,024	-	21,497	-	29,647	-			<u>12,797,226</u>	<u>17</u>	<u>12,064,458</u>	<u>16</u>	<u>11,791,496</u>	<u>17</u>
1932	Long-term accounts receivable (Notes 6(e) and (z))	6,119,905	8	5,482,701	8	5,718,587	8			<u>44,407,626</u>	<u>60</u>	<u>45,668,793</u>	<u>61</u>	<u>40,966,017</u>	<u>59</u>
1990	Other non-current assets, others (Note 6(f))	656,177	1	489,312	1	482,903	1	Equity attributable to owners of parent (Note 6(x)):							
		<u>30,519,455</u>	<u>42</u>	<u>29,475,109</u>	<u>40</u>	<u>24,638,558</u>	<u>35</u>	3100	Capital stock	8,232,160	11	8,232,160	11	8,232,160	12
								3200	Capital surplus	6,817,198	10	6,817,198	9	6,817,198	10
								3300	Retained earnings	9,562,203	13	10,830,146	14	10,078,252	14
								3400	Other equity	914,823	1	443,420	1	585,224	1
										<u>25,526,384</u>	<u>35</u>	<u>26,322,924</u>	<u>35</u>	<u>25,712,834</u>	<u>37</u>
								36XX	Non-controlling interests (Note 6(i))	3,593,523	5	3,058,525	4	3,244,772	4
										<u>29,119,907</u>	<u>40</u>	<u>29,381,449</u>	<u>39</u>	<u>28,957,606</u>	<u>41</u>
								Total equity							
Total assets		<u>\$ 73,527,533</u>	<u>100</u>	<u>75,050,242</u>	<u>100</u>	<u>69,923,623</u>	<u>100</u>	Total liabilities and equity		<u>\$ 73,527,533</u>	<u>100</u>	<u>75,050,242</u>	<u>100</u>	<u>69,923,623</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the six months ended June 30, 2023 and 2022

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

	For the three months ended June 30				For the six months ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenues (Notes (z) and 7)	\$ 8,100,104	100	8,241,130	100	14,769,387	100	18,264,176	100
5000 Operating costs (Notes 6(g), (r), (v), 7 and 12)	6,860,490	85	6,788,396	82	12,679,648	86	14,943,352	82
Gross profit from operations	1,239,614	15	1,452,734	18	2,089,739	14	3,320,824	18
Operating expenses (Notes 6(r), (v), (aa), 7 and 12):								
6100 Selling expenses	105,369	1	167,367	2	192,617	1	330,367	1
6200 Administrative expenses	415,995	5	279,232	4	777,595	5	578,888	3
	521,364	6	446,599	6	970,212	6	909,255	4
Net operating income	718,250	9	1,006,135	12	1,119,527	8	2,411,569	14
Non-operating income and expenses (Notes 6(ab) and 7):								
7100 Interest income	27,145	-	4,963	-	48,821	-	11,920	-
7010 Other income (Note 6(c))	70,384	1	58,393	1	96,264	1	63,513	-
7020 Other gains and losses, net	(63,440)	(1)	(16,268)	-	(96,742)	(1)	13,375	-
7050 Finance costs, net(Notes 6(g) and 6(r))	(187,054)	(2)	(93,159)	(1)	(419,570)	(3)	(189,034)	(1)
7060 Share of profit (losses) of associates and joint ventures accounted for using equity method (Note 6(h))	7,263	-	2,598	-	24,716	-	4,232	-
	(145,702)	(2)	(43,473)	-	(346,511)	(3)	(95,994)	(1)
7900 Income before tax	572,548	7	962,662	12	773,016	5	2,315,575	13
7950 Less: Income tax expenses (Note 6(w))	85,024	1	52,226	1	162,405	1	182,613	1
Net income	487,524	6	910,436	11	610,611	4	2,132,962	12
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	287,234	4	(35,904)	-	394,946	3	135,923	1
8317 Gains on hedging instrument	(9,161)	-	7,911	-	(7,410)	-	19,063	-
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	278,073	4	(27,993)	-	387,536	3	154,986	1
8360 Items that will be reclassified to profit or loss								
8361 Exchange differences on translation of foreign financial statements	168,782	2	160,106	1	125,394	1	306,990	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	168,782	2	160,106	1	125,394	1	306,990	1
8300 Other comprehensive income	446,855	6	132,113	1	512,930	4	461,976	2
Total comprehensive income	\$ 934,379	12	1,042,549	12	1,123,541	8	2,594,938	14
Net income, attributable to:								
8610 Owners of parent	\$ 576,157	7	940,928	11	790,097	5	2,179,752	12
8620 Non-controlling interests	(88,633)	(1)	(30,492)	-	(179,486)	(1)	(46,790)	-
	\$ 487,524	6	910,436	11	610,611	4	2,132,962	12
Total comprehensive income attributable to:								
8710 Owners of parent	\$ 967,239	12	1,007,856	12	1,261,500	9	2,521,673	14
8720 Non-controlling interests	(32,860)	-	34,693	-	(137,959)	(1)	73,265	-
	\$ 934,379	12	1,042,549	12	1,123,541	8	2,594,938	14
Earnings per share (Note 6(y))								
9750 Basic earnings per share (NT dollars)	\$ 0.70		1.14		0.96		2.65	
9850 Diluted earnings per share (NT dollars)	\$ 0.70		1.14		0.96		2.65	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent						Total other equity						
	Capital stock		Retained earnings				Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total other equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total							
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	-	-	-	-	2,179,752	2,179,752	-	-	-	-	2,179,752	(46,790)	2,132,962
Other comprehensive income (loss)	-	-	-	-	-	-	186,935	135,923	19,063	341,921	341,921	120,055	461,976
Total comprehensive income (loss)	-	-	-	-	2,179,752	2,179,752	186,935	135,923	19,063	341,921	2,521,673	73,265	2,594,938
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	-	-	-	-	-	-	-	-	-	-	-	(32,622)	(32,622)
Balance at June 30, 2022	<u>\$ 8,232,160</u>	<u>6,817,198</u>	<u>1,126,567</u>	<u>2,262,233</u>	<u>6,689,452</u>	<u>10,078,252</u>	<u>(782,316)</u>	<u>1,364,601</u>	<u>2,939</u>	<u>585,224</u>	<u>25,712,834</u>	<u>3,244,772</u>	<u>28,957,606</u>
Balance at January 1, 2023	\$ 8,232,160	6,817,198	1,126,567	2,262,233	7,441,346	10,830,146	(695,150)	1,140,119	(1,549)	443,420	26,322,924	3,058,525	29,381,449
Net income	-	-	-	-	790,097	790,097	-	-	-	-	790,097	(179,486)	610,611
Other comprehensive income (loss)	-	-	-	-	-	-	83,867	394,946	(7,410)	471,403	471,403	41,527	512,930
Total comprehensive income (loss)	-	-	-	-	790,097	790,097	83,867	394,946	(7,410)	471,403	1,261,500	(137,959)	1,123,541
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	293,164	-	(293,164)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,058,040)	(2,058,040)	-	-	-	-	(2,058,040)	-	(2,058,040)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	672,957	672,957
Balance at June 30, 2023	<u>\$ 8,232,160</u>	<u>6,817,198</u>	<u>1,419,731</u>	<u>2,262,233</u>	<u>5,880,239</u>	<u>9,562,203</u>	<u>(611,283)</u>	<u>1,535,065</u>	<u>(8,959)</u>	<u>914,823</u>	<u>25,526,384</u>	<u>3,593,523</u>	<u>29,119,907</u>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2023	2022
Cash flows from operating activities:		
Income before tax	\$ 773,016	2,315,575
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation expense	238,855	230,566
Amortization expense	34,374	32,787
Interest expense	419,208	188,672
Interest income	(48,821)	(11,920)
Dividend income	(49,025)	(49,025)
Amortization of issuance costs on bonds payable	362	362
Share of gain of associates and joint ventures accounted for using equity method	(24,716)	(4,232)
Loss on disposal of property, plant and equipment	-	228
Gain on disposal of property, plant and equipment (under construction costs)	70	204
Warranty provisions recognition (write-off)	(143,042)	23,775
Gain on reversal of estimated account payable	-	3,359
Total adjustments to reconcile profit and loss	<u>427,265</u>	<u>414,776</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	612,867	(224,060)
Notes receivable	10,396	280,352
Accounts receivable	(385,409)	343,819
Other receivables	(77,650)	(35,650)
Inventories	(380,454)	(138,614)
Prepayments	(383,106)	3,019
Other current assets	(203,118)	59,271
Current assets recognised as incremental costs to obtain contract with customers	33,725	104,457
Total changes in operating assets	<u>(772,749)</u>	<u>392,594</u>
Changes in operating liabilities:		
Contract liabilities	(126,993)	1,095,208
Notes and accounts payable	26,503	(1,094,204)
Other payables	(219,577)	(168,180)
Provisions	(7,547)	(8,271)
Receipts in advance	41,364	19,584
Other current liabilities	14,631	12,437
Net defined benefit liability	(4,705)	(15,292)
Total changes in operating liabilities	<u>(276,324)</u>	<u>(158,718)</u>
Total changes in operating assets and liabilities	<u>(1,049,073)</u>	<u>233,876</u>
Total adjustments	<u>(621,808)</u>	<u>648,652</u>
Cash inflow generated from operations	151,208	2,964,227
Interest received	44,542	10,870
Interest paid	(444,272)	(218,913)
Income taxes paid	(118,965)	(113,685)
Net cash flows (used in) from operating activities	<u>(367,487)</u>	<u>2,642,499</u>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

CONTINENTAL HOLDINGS CORPORATION AND ITS SUBSIDIARIES**Consolidated Statements of Cash Flows(CONT'D)****For the six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2023	2022
Cash flows from investing activities:		
Acquisition of financial assets for hedging	(83,743)	(189,771)
Disposal of financial assets for hedging	1,354,906	191,599
Acquisition of property, plant and equipment	(68,153)	(57,605)
Disposal of property, plant and equipment	4	6,613
Decrease (increase) in other receivables	(5,431)	102,895
Increase in non-current other receivables	(31,753)	(219,932)
Acquisition of intangible assets	(41,636)	(25,988)
Decrease (increase) in other financial assets	1,262,652	(431,947)
Other non-current assets	(5,776)	(11,475)
Prepayments for business facilities	(129,336)	(28,660)
Dividends received	76,176	49,025
Long-term payments	-	6,012
Net cash flows from (used in) investing activities	2,327,910	(609,234)
Cash flows from financing activities:		
Increase in short-term borrowings	19,227,425	10,519,761
Decrease in short-term borrowings	(22,008,997)	(10,437,363)
Increase in short-term notes and bills payable	2,108,000	730,000
Decrease in short-term notes and bills payable	(1,808,000)	(600,000)
Increase in long-term borrowings	2,693,813	748,512
Decrease in long-term borrowings	(2,442,029)	(2,259,948)
Decrease in guarantee deposits received	(49,557)	(8,949)
Other payables	22,735	43,843
Payment of lease liabilities	(38,135)	(53,210)
Cash dividends paid	-	(32,622)
Change in non-controlling interests	740,969	-
Net cash used in financing activities	(1,553,776)	(1,349,976)
Effect of exchange rate changes on cash and cash equivalents	643	30,987
Net increase in cash and cash equivalents	407,290	714,276
Cash and cash equivalents at beginning of year	5,822,416	5,206,556
Cash and cash equivalents at end of year	\$ 6,229,706	5,920,832

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 and 2022

(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 June 30, 2023 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 August 1, 2023.

(3) New standards, amendments and interpretations adopted

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

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

- Amendments to IAS 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”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- IFRS16 “Requirements for Sale and Leaseback Transactions”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IAS12 “International Tax Reform – Pillar Two Model Rules”

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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, 2022. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

(i) Subsidiaries included in the consolidated financial statements

Investor Company	Subsidiary	Main Business	Percentage of ownership			Note
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company and CCLC	Continental Engineering Corp. (CEC)	Civil, Building and M&E engineering	100.00 %	100.00 %	100.00 %	
The Company and CCLC	Continental Development Corp. (CDC)	Real estate development on residential, commercial, hotels and communities	100.00 %	100.00 %	100.00 %	
The Company and CCLC	HDEC Corp. (HDEC)	Environmental project development & Water treatment	100.00 %	100.00 %	100.00 %	Note H
The Company	Continental Consulting Limited Company (CCLC)	Management Consulting	100.00 %	100.00 %	100.00 %	Note H
CEC	CEC International Corp. (CIC)	Investment and holding	100.00 %	100.00 %	100.00 %	Note H
CEC	CEC International Corp. (India) Private Limited (CIC)	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

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor Company	Subsidiary	Main Business	Percentage of ownership			Note
			June 30, 2023	December 31, 2022	June 30, 2022	
CDC	CDC US Corp.	Investment and holding	100.00 %	100.00 %	100.00 %	Note H
CDC US Corp.	CDC Investment Management LLC	Investment 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	Real estate lease and management	100.00 %	100.00 %	100.00 %	Note H
950 Hotel Property LLC	950 F&B LLC	Liquor sale	100.00 %	- %	- %	Note G and 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 %	100.00 %	- %	Note E and H
HDEC	HDEC(Chengxi) Corp. (CXC)	Aninan area incineration plant renewal in Tainan City	100.00 %	100.00 %	- %	Note F and H

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.

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

Note G: The Company acquired the subsidiary on March 9, 2023.

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) 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.

(d) 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.

(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, 2022. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2022.

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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, 2022. Please refer to Note 6 for the related information of the consolidated financial statements for the year ended December 31, 2022.

(a) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash	\$ 21,874	20,447	18,219
Cash in banks	4,159,608	4,306,848	3,657,914
Cash in transit	42	-	3,035
Time deposits	1,748,509	1,106,424	1,022,520
Cash equivalents	<u>299,673</u>	<u>388,697</u>	<u>1,219,144</u>
	<u>\$ 6,229,706</u>	<u>5,822,416</u>	<u>5,920,832</u>

- (i) The cash and cash equivalents were not pledged as collateral.
- (ii) Please refer to Note 8 for the time deposits in pledge and restricted bank deposits reclassified to other current assets.
- (iii) Please refer to Note 6(ac) for the sensitivity analysis and interest rate risk of financial assets and liabilities.

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

	June 30, 2023	December 31, 2022	June 30, 2022
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Stocks of unlisted company	<u>\$ 1,068,858</u>	<u>1,068,858</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.

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30,</u> <u>2022</u>
Equity investments at fair value through other comprehensive income:			
Listed common share – Evergreen Steel Corp.	\$ 1,718,275	1,323,329	1,546,448
Unlisted common share – Xinrong Enterprise	657,982	657,982	659,980
Unlisted common share – Metro Consulting Service Ltd.	<u>2,998</u>	<u>2,998</u>	<u>2,363</u>
Total	<u>\$ 2,379,255</u>	<u>1,984,309</u>	<u>2,208,791</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 \$49,025 thousand related to equity investments designated at fair value through other comprehensive income for the six months ended June 30, 2023 and 2022.
- (iii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the six months ended June 30, 2023 and 2022.
- (iv) The aforementioned financial assets were not pledged as collateral.
- (v) Please refer to note 6(ac) for the credit risk and market risk.

(d) Financial instruments used for hedging

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30,</u> <u>2022</u>
Cash flow hedge:			
Financial assets used for hedging	\$ 30,880	1,299,684	247,399
Financial liabilities used for hedging	<u>(9,769)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 21,111</u>	<u>1,299,684</u>	<u>247,399</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.

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>	
Expected foreign assets	Foreign deposits	\$ <u>30,070</u>	<u>1,301,233</u>	<u>122,990</u>	2023~2024
	Foreign billings	\$ -	-	<u>121,470</u>	
	Change in value of Foreign currency	\$ <u>810</u>	<u>(1,549)</u>	<u>2,939</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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>		
Expected foreign liabilities	Forward exchange	\$ <u>(9,769)</u>	-	-	1,280,625	2024.03~2024.11

(iii) The transactions of cash flow hedges for the six months ended June 30, 2023 and 2022, were all effective.

(e) Notes and accounts receivable

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Notes receivable	\$ 1,691	12,087	45,188
Accounts receivable	2,206,784	2,277,357	2,074,649
Long-term accounts receivable	6,119,905	5,482,701	5,718,587
Less: Allowance for bad debts	-	-	-
	<u>\$ 8,328,380</u>	<u>7,772,145</u>	<u>7,838,424</u>

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:

	<u>June 30, 2023</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Not overdue	\$ 8,167,233	0.15%	-
Pass due less than one year	105,338	0%	-
Pass due over one year	55,809	0%	-
Pass due over two years	-	100%	-
	<u>\$ 8,328,380</u>		<u>-</u>

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Not overdue	\$ 7,713,995	0.15%	-
Pass due less than one year	3,380	0%	-
Pass due over one year	54,770	0%	-
Pass due over two years	-	100%	-
	\$ 7,772,145		-
	June 30, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Not overdue	\$ 7,782,459	0.15%	-
Pass due less than one year	-	0%	-
Pass due over one year	55,965	0%	-
Pass due over two years	-	100%	-
	\$ 7,838,424		-

The notes and accounts receivable were not pledged as collateral.

(f) Other receivables

	June 30, 2023	December 31, 2022	June 30, 2022
Other receivables – lending of capital (including other non-current assets)	\$ 562,699	525,515	497,044
Other receivables – lawsuit	150,630	150,630	150,630
Other receivables – related parties	28,089	2,293	-
Other (including other non-current assets)	220,705	157,127	209,924
Less: Allowance for bad debts	-	-	-
	\$ 962,123	835,565	857,598

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

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Inventories

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Hotel:			
Catering	\$ 6,284	5,616	431
Real estate:			
Real estate held for sale	11,211,673	13,930,882	12,759,955
Land held for development	6,017,923	4,616,823	1,372,836
Building construction in progress	7,475,700	5,881,928	11,936,766
Prepayment for land	<u>-</u>	<u>515,465</u>	<u>1,220,414</u>
Subtotal	24,705,296	24,945,098	27,289,971
Less: Allowance for impairment loss	<u>(95,582)</u>	<u>(95,582)</u>	<u>(95,582)</u>
	<u>\$ 24,615,998</u>	<u>24,855,132</u>	<u>27,194,820</u>

For the three months and six months ended June 30, 2023 and 2022, the cost of inventory was \$1,419,598 thousand, \$1,981,999 thousand, \$2,587,110 thousand and \$5,153,772 thousand, respectively.

(i) Capitalizing interest costs were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest costs	<u>\$ 208,969</u>	<u>119,484</u>	<u>461,219</u>	<u>242,005</u>
Capitalized interests	<u>\$ 21,915</u>	<u>26,325</u>	<u>41,649</u>	<u>52,971</u>
Capitalization interest rate	<u>1.9597%~6.24%</u>	<u>1.4921%~6.65%</u>	<u>2.0052%~6.24%</u>	<u>1.34%~6.65%</u>

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

(iii) According to the agreement on investment, the Group subsidiary in the United States used its inventory to offset \$225,765 thousand of the accounts payable of the joint development investor as of June 30, 2023.

(h) Investments accounted for using equity method

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Associates	<u>\$ 1,591,703</u>	<u>1,594,138</u>	<u>1,418,160</u>

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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		
			June 30, 2023	December 31, 2022	June 30, 2022
CTCI - HDEC (Chungli) Corp. (CTCI - HDEC)	SPC, mainly responsible for the sewerage system BOT project in Chung-Li area, Taoyuan City.	Taiwan	49.00 %	49.00 %	49.00 %
Fanlu Construction Industry Co., Ltd. (Fanlu)	Real estate	Taiwan	35.00 %	35.00 %	35.00 %

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

1) Summary of CTCI - HDEC's financial figures

	June 30,	December 31,	June 30,	
	2023	2022	2022	
Current assets	\$ 359,178	176,932	853,704	
Non-current assets	2,485,910	1,611,626	1,119,143	
Current liabilities	(933,744)	(135,061)	(361,062)	
Non-current liabilities	(278,567)	(38,559)	(29,015)	
Net assets	<u>\$ 1,632,777</u>	<u>1,614,938</u>	<u>1,582,770</u>	
	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Revenues	<u>\$ 246,049</u>	<u>198,996</u>	<u>872,596</u>	<u>422,625</u>
Net income / Total comprehensive income	<u>\$ 27,758</u>	<u>14,252</u>	<u>73,250</u>	<u>29,400</u>

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Net assets attributable to the Group, beginning balance	\$ 813,610	768,739	791,319	761,317
Dividend	(27,151)	-	(27,151)	-
Total comprehensive income attributable to the Group	13,602	6,984	35,893	14,406
Net assets attributable to the Group, ending balance	<u>\$ 800,061</u>	<u>775,723</u>	<u>800,061</u>	<u>775,723</u>

2) Summary of Fanlu's financial figures

	June 30, 2023	December 31, 2022	June 30, 2022
Current assets	\$ 6,119,664	5,013,047	4,503,839
Non-current assets	3,027	4,330	3,899
Current liabilities	(630,805)	(518,556)	(467,151)
Non-current liabilities	(3,230,000)	(2,205,000)	(2,205,000)
Net assets	<u>\$ 2,261,886</u>	<u>2,293,821</u>	<u>1,835,587</u>

	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Revenues	\$ -	-	-	-
Net loss/ Total comprehensive income	<u>\$ (18,110)</u>	<u>(12,530)</u>	<u>(31,934)</u>	<u>(29,069)</u>
Net assets attributable to the Group, beginning balance	\$ 797,981	646,823	802,819	652,611
Total Comprehensive income attributable to the Group	(6,339)	(4,386)	(11,177)	(10,174)
Net assets attributable to the Group, ending balance	<u>\$ 791,642</u>	<u>642,437</u>	<u>791,642</u>	<u>642,437</u>

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

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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

<u>Subsidiaries</u>	<u>Country of registration</u>	<u>Equity ownership of non-controlling interest</u>		
		<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Current assets	\$ 5,076,259	5,352,228	10,589,056
Non-current assets	5,249,244	5,236,333	1,926
Current liabilities	(4,200,155)	(6,788,140)	(6,617,961)
Non-current liabilities	(131,077)	(129,267)	(340,570)
Net assets	<u>\$ 5,994,271</u>	<u>3,671,154</u>	<u>3,632,451</u>
Non-controlling interest	<u>\$ 2,300,620</u>	<u>1,689,764</u>	<u>1,735,775</u>

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues	<u>\$ 204,648</u>	<u>47,217</u>	<u>269,916</u>	<u>192,851</u>
Net loss	\$ (157,012)	(50,641)	(364,512)	(99,164)
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ (157,012)</u>	<u>(50,641)</u>	<u>(364,512)</u>	<u>(99,164)</u>
Net loss attributable to non-controlling interest	<u>\$ (71,567)</u>	<u>(23,063)</u>	<u>(166,183)</u>	<u>(44,729)</u>
Total comprehensive income attributable to non-controlling interest	<u>\$ (71,567)</u>	<u>(23,063)</u>	<u>(166,183)</u>	<u>(44,729)</u>

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Transportation equipment</u>	<u>Computer equipment</u>	<u>Office equipment</u>	<u>Operating equipment</u>	<u>Total</u>
Cost or deemed cost:								
Balance at January 1, 2023	\$ 2,357,519	6,911,877	1,017,257	165,618	86,263	175,608	133,952	10,848,094
Additions	-	15,857	32,075	11,559	4,070	2,256	2,336	68,153
Disposals	-	-	(2,497)	(2,764)	(305)	(1,023)	-	(6,589)
Effect of exchange rate changes	(10,581)	(7,480)	775	38	44	509	(1,392)	(18,087)
Balance at June 30, 2023	<u>\$ 2,346,938</u>	<u>6,920,254</u>	<u>1,047,610</u>	<u>174,451</u>	<u>90,072</u>	<u>177,350</u>	<u>134,896</u>	<u>10,891,571</u>
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	-	4,924	28,541	11,993	2,636	674	8,837	57,605
Disposals	-	-	(1,290)	(16,360)	(1,501)	(1,703)	-	(20,854)
Effect of exchange rate changes	5,086	23,253	6	374	557	861	581	30,718
Balance at June 30, 2022	<u>\$ 1,959,338</u>	<u>2,130,065</u>	<u>960,032</u>	<u>155,232</u>	<u>88,118</u>	<u>143,996</u>	<u>44,826</u>	<u>5,481,607</u>
Depreciation and impairment loss:								
Balance at January 1, 2023	\$ -	321,899	666,023	119,559	57,177	116,570	15,562	1,296,790
Depreciation	-	82,369	76,924	6,879	4,126	7,574	14,560	192,432
Disposals	-	-	(2,497)	(2,764)	(302)	(952)	-	(6,515)
Effect of exchange rate changes	-	(282)	77	36	52	124	(487)	(480)
Balance at June 30, 2023	<u>\$ -</u>	<u>403,986</u>	<u>740,527</u>	<u>123,710</u>	<u>61,053</u>	<u>123,316</u>	<u>29,635</u>	<u>1,482,227</u>
Balance at January 1, 2022	\$ -	247,468	491,109	122,272	54,776	118,615	601	1,034,841
Depreciation	-	21,506	124,485	5,471	5,010	3,548	4,579	164,599
Disposals	-	-	(1,290)	(9,632)	(1,477)	(1,410)	-	(13,809)
Effect of exchange rate changes	-	56	5	360	431	853	26	1,731
Balance at June 30, 2022	<u>\$ -</u>	<u>269,030</u>	<u>614,309</u>	<u>118,471</u>	<u>58,740</u>	<u>121,606</u>	<u>5,206</u>	<u>1,187,362</u>
Carrying amounts:								
Balance, at January 1, 2023	<u>\$ 2,357,519</u>	<u>6,589,978</u>	<u>351,234</u>	<u>46,059</u>	<u>29,086</u>	<u>59,038</u>	<u>118,390</u>	<u>9,551,304</u>
Balance at June 30, 2023	<u>\$ 2,346,938</u>	<u>6,516,268</u>	<u>307,083</u>	<u>50,741</u>	<u>29,019</u>	<u>54,034</u>	<u>105,261</u>	<u>9,409,344</u>
Balance at June 30, 2022	<u>\$ 1,959,338</u>	<u>1,861,035</u>	<u>345,723</u>	<u>36,761</u>	<u>29,378</u>	<u>22,390</u>	<u>39,620</u>	<u>4,294,245</u>

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

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

(k) Right-of-use assets

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2023	\$ 88,015	207,287	6,535	301,837
Additions	8,264	23,642	2,660	34,566
Disposals	(29,167)	(71,556)	-	(100,723)
Effect of exchange rate changes	-	(553)	-	(553)
Balance at June 30, 2023	<u>\$ 67,112</u>	<u>158,820</u>	<u>9,195</u>	<u>235,127</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Balance at January 1, 2022	\$ 95,125	197,729	6,050	298,904
Additions	6,007	24,946	1,805	32,758
Disposals	(25,278)	(17,695)	-	(42,973)
Effect of exchange rate changes	-	3,337	-	3,337
Balance at June 30, 2022	<u>\$ 75,854</u>	<u>208,317</u>	<u>7,855</u>	<u>292,026</u>
Depreciation and impairment losses:				
Balance at January 1, 2023	\$ 48,681	101,293	4,968	154,942
Depreciation	13,079	23,490	778	37,347
Disposals	(29,167)	(70,187)	-	(99,354)
Effect of exchange rate changes	-	(650)	-	(650)
Balance at June 30, 2023	<u>\$ 32,593</u>	<u>53,946</u>	<u>5,746</u>	<u>92,285</u>
Balance at January 1, 2022	\$ 46,637	120,032	4,218	170,887
Depreciation	12,503	37,526	1,108	51,137
Disposals	(24,914)	(17,695)	-	(42,609)
Effect of exchange rate changes	-	2,758	-	2,758
Balance at June 30, 2022	<u>\$ 34,226</u>	<u>142,621</u>	<u>5,326</u>	<u>182,173</u>
Carrying amounts:				
Balance at January 1, 2023	<u>\$ 39,334</u>	<u>105,994</u>	<u>1,567</u>	<u>146,895</u>
Balance at June 30, 2023	<u>\$ 34,519</u>	<u>104,874</u>	<u>3,449</u>	<u>142,842</u>
Balance at June 30, 2022	<u>\$ 41,628</u>	<u>65,696</u>	<u>2,529</u>	<u>109,853</u>

(l) Investment properties

	<u>Owned</u>		
	<u>Land and improvements</u>	<u>Buildings</u>	<u>Total</u>
Carrying amounts:			
Balance at January 1, 2023	<u>\$ 7,613,769</u>	<u>417,260</u>	<u>8,031,029</u>
Balance at June 30, 2023	<u>\$ 7,613,769</u>	<u>408,184</u>	<u>8,021,953</u>
Balance at June 30, 2022	<u>\$ 7,613,769</u>	<u>1,054,901</u>	<u>8,668,670</u>

- (i) There were no significant disposal, and recognition or reversal of impairment losses of investment properties for the six months ended June 30, 2023 and 2022. Please refer to Note 12 for the depreciation for the period. Please refer to Note6(l) for the other related information of the consolidated financial statements for the year ended December 31, 2022.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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(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, 2022.

(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	Other	Total
Carrying amounts:				
Balance at January 1, 2023	\$ <u>30,249</u>	<u>1,070,155</u>	<u>4,662</u>	<u>1,105,066</u>
Balance at June 30, 2023	\$ <u>30,249</u>	<u>1,077,363</u>	<u>4,782</u>	<u>1,112,394</u>
Balance at June 30, 2022	\$ <u>30,249</u>	<u>1,071,148</u>	<u>-</u>	<u>1,101,397</u>

(i) There were no significant additions, disposal, and recognition or reversal of impairment losses of intangible assets for the six months ended June 30, 2023 and 2022. 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, 2022.

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

(n) Short-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured loans	\$ 4,985,783	4,880,000	1,255,310
Secured loans	<u>7,065,760</u>	<u>9,910,012</u>	<u>8,573,755</u>
	<u>\$ 12,051,543</u>	<u>14,790,012</u>	<u>9,829,065</u>
Unused credit limit	<u>\$ 21,280,071</u>	<u>17,220,695</u>	<u>14,236,841</u>
Range of interest rate	<u>1.80%~8.25%</u>	<u>1.655%~7.75%</u>	<u>1.18%~5.00%</u>

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

(o) Short-term notes and bills payable

	June 30, 2023	December 31, 2022	June 30, 2022
Bills payable	\$ <u>736,000</u>	<u>436,000</u>	<u>130,000</u>

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

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Bonds payable

	June 30, 2023	December 31, 2022	June 30, 2022
Secured ordinary bonds issued	\$ 2,000,000	2,000,000	2,000,000
Unamortized discount on bonds payable	(1,806)	(2,168)	(2,528)
	<u>\$ 1,998,194</u>	<u>1,997,832</u>	<u>1,997,472</u>

(i) There were no issued, repurchased or redeemed of bonds payable for the six months ended June 30, 2023. Please refer to Note 6(p) for the related information of the consolidated financial statements for the year ended December 31, 2022.

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

(q) Long-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured loans	\$ 4,113,000	4,094,000	3,324,000
Secured loans	7,574,697	7,375,845	7,136,553
Less: current portion	(1,431,333)	(1,985,405)	(1,453,053)
Total	<u>\$ 10,256,364</u>	<u>9,484,440</u>	<u>9,007,500</u>
Unused credit limit	<u>\$ 18,122,362</u>	<u>11,367,786</u>	<u>7,863,179</u>
Range of interest rate	<u>1.878%~7.60059%</u>	<u>1.2479%~7.75871%</u>	<u>1.20%~5.42925%</u>

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

(ii) 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, 2022. The Group did not violate any terms in its loan agreements as of June 30, 2023, December 31 and June 30, 2022.

(r) Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Current	\$ <u>88,011</u>	<u>93,795</u>	<u>100,024</u>
Non-current	<u>\$ 55,741</u>	<u>54,623</u>	<u>10,883</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 June 30		For the six months ended June 30	
	2023	2022	2023	2022
Interest on lease liabilities	\$ <u>717</u>	<u>551</u>	<u>1,427</u>	<u>1,195</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>2,093</u>	<u>3,803</u>	<u>5,011</u>	<u>6,580</u>
Expenses relating to short-term leases	\$ <u>12,191</u>	<u>2,237</u>	<u>16,596</u>	<u>4,451</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	\$ <u>3,487</u>	<u>162</u>	<u>4,888</u>	<u>352</u>

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

	For the six months ended June 30	
	2023	2022
Total cash outflow for leases	\$ <u>66,057</u>	<u>65,788</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 six years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices.

(ii) Other leases

The Group leases transportation equipment, with lease terms of one to three years.

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

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Provision

	June 30, 2023	December 31, 2022	June 30, 2022
Warranties	\$ 309,530	421,211	155,146
After-sales service	153,049	157,266	154,915
Onerous contract	73,656	108,312	116,908
	<u>\$ 536,235</u>	<u>686,789</u>	<u>426,969</u>

There were no significant changes of provision for the six months ended June 30, 2023 and 2022. Please refer to Note 6(s) for the related information of the consolidated financial statements for the year ended December 31, 2022.

(t) Operating leases

There were no significant additions of operating leases for the six months ended June 30, 2023 and 2022. Please refer to Note 6(t) for the related information of the consolidated financial statements for the year ended December 31, 2022.

(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 June 30, 2023, December 31, 2022 and June 30, 2022, are \$131,077 thousand, \$129,267 thousand and \$340,570 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, 2022 and 2021.

Expenses recognized in profit or loss :

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Operating costs	\$ 277	236	601	464
Operating expenses	737	665	1,426	1,405
	<u>\$ 1,014</u>	<u>901</u>	<u>2,027</u>	<u>1,869</u>

(Continued)

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		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Operating costs	\$ 12,675	9,994	24,215	19,532
Operating expenses	7,360	6,293	14,311	12,418
	<u>\$ 20,035</u>	<u>16,287</u>	<u>38,526</u>	<u>31,950</u>

(w) Income Tax

(i) Income tax expenses

	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Current income tax expenses				
Current period	\$ 70,353	133,785	147,415	211,213
Land value increment tax	12,061	28,693	12,380	81,650
Surtax on unappropriated earnings	29,022	-	29,022	-
Adjustment for prior periods	(26,412)	(110,252)	(26,412)	(110,250)
	<u>\$ 85,024</u>	<u>52,226</u>	<u>162,405</u>	<u>182,613</u>

(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), and CDC (Not yet assessed for 2018)
2020	HDEC and CCD
2021	SDC, BWC, LHC, PDC, NSC and CCLC

(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 six months ended June 30, 2023 and 2022. For the related information, please refer to Note 6(x) of the consolidated financial statements for the year ended December 31, 2022.

(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 June 30, 2023, December 31, 2022 and June 30, 2022, 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.

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2022 and 2021 had been approved during the board meeting on March 10, 2023, and March 15, 2022, respectively. The other distributions on the appropriations of earnings for 2022 and 2021 had been approved during the shareholders' meeting on May 30, 2023 and June 9, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Amount per share	Total Amount	Amount per share	Total Amount
Dividends distributed to common shareholders:				
Cash	\$ 2.50	2,058,040	1.68	1,383,003

(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, 2023	\$ (695,150)	1,140,119	(1,549)	443,420
Exchange differences on foreign operations	83,867	-	-	83,867
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	394,946	-	394,946
Change in fair value of hedging instrument	-	-	(7,410)	(7,410)
Balance at June 30, 2023	\$ (611,283)	1,535,065	(8,959)	914,823
Balance at January 1, 2022	\$ (969,251)	1,228,678	(16,124)	243,303
Exchange differences on foreign operations	186,935	-	-	186,935
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	135,923	-	135,923
Change in fair value of hedging instrument	-	-	19,063	19,063
Balance at June 30, 2022	\$ (782,316)	1,364,601	2,939	585,224

(y) Earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Basic earnings per share				
Net income attributable to ordinary shareholders	\$ 576,157	940,928	790,097	2,179,752
Weighted average number of ordinary shares (Basic)	823,216	823,216	823,216	823,216
Basic earnings per share (NT dollars)	\$ 0.70	1.14	0.96	2.65

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Diluted earnings per share				
Net income attributable to ordinary shareholders (after adjusting the effects of all dilutive potential ordinary shares)	\$ <u>576,157</u>	<u>940,928</u>	<u>790,097</u>	<u>2,179,752</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>156</u>	<u>429</u>	<u>332</u>	<u>599</u>
Weighted average number of ordinary shares (after adjusting the effects of all dilutive potential ordinary shares)	<u>823,372</u>	<u>823,645</u>	<u>823,548</u>	<u>823,815</u>
Diluted earnings per share (NT dollars)	\$ <u>0.70</u>	<u>1.14</u>	<u>0.96</u>	<u>2.65</u>

(z) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30, 2023			
	Construction Engineering	Real Estate Development	Environmental Project Development & Water Treatment	Total
Primary geographical markets:				
Taiwan	\$ 4,746,792	1,877,251	1,047,124	7,671,167
Other	<u>172,384</u>	<u>256,553</u>	<u>-</u>	<u>428,937</u>
	<u>\$ 4,919,176</u>	<u>2,133,804</u>	<u>1,047,124</u>	<u>8,100,104</u>
Main products:				
Construction engineering	\$ 4,790,281	-	-	4,790,281
Environmental project development & water treatment	-	-	1,047,124	1,047,124
Real estate revenue	-	1,879,342	-	1,879,342
Rental revenue	6,995	24,262	-	31,257
Other	<u>121,900</u>	<u>230,200</u>	<u>-</u>	<u>352,100</u>
	<u>\$ 4,919,176</u>	<u>2,133,804</u>	<u>1,047,124</u>	<u>8,100,104</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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For the three months ended June 30, 2022				
	Construction Engineering	Real Estate Development	Environmental Project Development & Water Treatment	Total
Primary geographical markets:				
Taiwan	\$ 4,097,823	2,989,762	1,077,868	8,165,453
Other	<u>10,041</u>	<u>65,636</u>	<u>-</u>	<u>75,677</u>
	<u>\$ 4,107,864</u>	<u>3,055,398</u>	<u>1,077,868</u>	<u>8,241,130</u>
Main products:				
Construction engineering	\$ 4,093,727	-	-	4,093,727
Environmental project development & water treatment	-	-	1,077,868	1,077,868
Real estate revenue	-	2,972,423	-	2,972,423
Rental revenue	7,878	39,014	-	46,892
Other	<u>6,259</u>	<u>43,961</u>	<u>-</u>	<u>50,220</u>
	<u>\$ 4,107,864</u>	<u>3,055,398</u>	<u>1,077,868</u>	<u>8,241,130</u>
For the six months ended June 30, 2023				
	Construction Engineering	Real Estate Development	Environmental Project Development & Water Treatment	Total
Primary geographical markets:				
Taiwan	\$ 8,797,438	3,464,884	1,894,964	14,157,286
Other	<u>244,672</u>	<u>367,429</u>	<u>-</u>	<u>612,101</u>
	<u>\$ 9,042,110</u>	<u>3,832,313</u>	<u>1,894,964</u>	<u>14,769,387</u>
Main products:				
Construction engineering	\$ 8,898,522	-	-	8,898,522
Environmental project development & water treatment	-	-	1,894,964	1,894,964
Real estate revenue	-	3,413,634	-	3,413,634
Rental revenue	14,687	57,042	-	71,729
Other	<u>128,901</u>	<u>361,637</u>	<u>-</u>	<u>490,538</u>
	<u>\$ 9,042,110</u>	<u>3,832,313</u>	<u>1,894,964</u>	<u>14,769,387</u>

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the six months ended June 30, 2022			
	Construction Engineering	Real Estate Development	Environmental Project Development & Water Treatment	Total
Primary geographical markets:				
Taiwan	\$ 8,276,269	7,463,221	2,248,697	17,988,187
Other	62,332	213,657	-	275,989
	\$ 8,338,601	7,676,878	2,248,697	18,264,176
Main products:				
Construction engineering	\$ 8,311,089	-	-	8,311,089
Environmental project development & water treatment	-	-	2,248,697	2,248,697
Real estate revenue	-	7,528,686	-	7,528,686
Rental revenue	14,480	77,551	-	92,031
Other	13,032	70,641	-	83,673
	\$ 8,338,601	7,676,878	2,248,697	18,264,176

(ii) Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ 1,691	12,087	45,188
Accounts receivable (including long-term accounts receivable)	8,326,689	7,760,058	7,793,236
Less: Allowance for impairment	-	-	-
Total	\$ 8,328,380	7,772,145	7,838,424
Contract assets-construction engineering	\$ 1,563,926	2,174,604	1,742,559
Contract assets-retention receivables	3,573,565	3,740,327	3,338,819
Total	\$ 5,137,491	5,914,931	5,081,378
Contract liabilities-construction engineering	\$ 3,983,827	4,495,600	5,015,390
Contract liabilities-environment project development & water treatment	6,498	212,529	147,290
Contract liabilities-advance real estate receipts	2,812,522	2,798,043	2,490,052
Contract liabilities-advance rent receipts	12,674	2,192	4,100
Total	\$ 6,815,521	7,508,364	7,656,832

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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 six months ended June 30, 2023 and 2022 that were included in the contract liability balance at the beginning of the year were \$286,734 thousand, \$792,921 thousand, \$567,540 thousand and \$2,200,668 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 six months ended June 30, 2023 and 2022, the Company estimated its employee remuneration to be \$3,153 thousand, \$4,724 thousand, \$4,486 thousand and \$11,198 thousand and its director's remuneration to be \$0. The estimated amounts mentioned above are calculated based on income before tax, excluding the remuneration to employees and directors of each period, multiplied it by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating expenses 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, 2022 and 2021, the Company amounted its employee remuneration to be \$14,764 thousand and \$9,774 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		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Interest income from bank deposits	\$ 22,285	4,579	41,440	8,786
Other interest income	4,860	384	7,381	3,134
	<u>\$ 27,145</u>	<u>4,963</u>	<u>48,821</u>	<u>11,920</u>

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other income

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Dividend income	\$ 49,025	49,025	49,025	49,025
Other income-other	21,359	5,996	38,592	10,596
Income from counter-party default	-	13	8,647	533
Gain on overdue payables written off	-	3,359	-	3,359
	<u>\$ 70,384</u>	<u>58,393</u>	<u>96,264</u>	<u>63,513</u>

(iii) Other gains and losses

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Net losses on disposals of property, plant and equipment	\$ -	373	-	(228)
Net foreign exchange (losses) gains	(63,837)	(15,167)	(87,625)	15,077
Other	397	(1,474)	(9,117)	(1,474)
	<u>\$ (63,440)</u>	<u>(16,268)</u>	<u>(96,742)</u>	<u>13,375</u>

(iv) Financial costs

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Interest expenses-borrowings	\$ 202,154	112,835	447,596	228,614
Interest expenses-bonds payables (including amortization expenses)	6,098	6,098	12,196	12,196
Interest expenses-lease liabilities	717	551	1,427	1,195
Less: capitalized interest	(21,915)	(26,325)	(41,649)	(52,971)
	<u>\$ 187,054</u>	<u>93,159</u>	<u>419,570</u>	<u>189,034</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 June 30, 2023, December 31, 2022 and June 30, 2022, 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, \$3,617,675 thousand and \$1,900,000 thousand, respectively.

2) Credit risk concentrations

Clients of the Group are concentrated in the real estate development industry and government entities. To minimize credit risks, the Group assesses the financial positions of the clients periodically and requests collateral or guarantees if necessary. The Group also evaluates the collectability of receivables and the provision for doubtful accounts on a regular basis. The relevant losses on bad debts are generally under the Group's expectation.

3) Receivables of credit risk

Please refer to note 6(e) for the credit risk exposure of notes receivable, accounts receivable and long-term accounts receivable.

Other financial assets at amortized cost includes other receivables.

All of these financial assets are considered to have low risk, and thus the impairment provision recognized during the period was limited to 12 months expected losses. There were no recognition or reversal of impairment losses for the six months ended June 30, 2023 and 2022.

(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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The followings table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<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>
June 30, 2023					
Non-derivative financial liabilities					
Secured loans	\$ 14,640,457	17,242,019	2,391,372	11,473,898	3,376,749
Unsecured loans	9,098,783	9,368,864	4,686,509	4,089,033	593,322
Short-term notes and bills payable	736,000	736,000	736,000	-	-
Bonds payable	1,998,194	2,033,000	11,000	2,022,000	-
Accounts and notes payable	5,899,945	5,899,945	3,247,352	2,397,224	255,369
Other payables	3,700,112	3,700,112	2,066,342	1,633,757	13
Guarantee deposit received	80,449	80,449	4,926	9,191	66,332
Long-term accounts payable	131,077	131,077	-	131,077	-
Lease liabilities	<u>143,752</u>	<u>149,396</u>	<u>56,134</u>	<u>93,262</u>	<u>-</u>
	<u>\$ 36,428,769</u>	<u>39,340,862</u>	<u>13,199,635</u>	<u>21,849,442</u>	<u>4,291,785</u>
December 31, 2022					
Non-derivative financial liabilities					
Secured loans	\$ 17,285,857	20,578,024	3,030,037	14,733,052	2,814,935
Unsecured loans	8,974,000	9,286,837	5,314,810	3,972,027	-
Short-term notes and bills payable	436,000	436,000	436,000	-	-
Bonds payable	1,997,832	2,044,000	11,000	2,033,000	-
Accounts and notes payable	6,093,149	6,093,149	3,595,179	2,278,908	219,062
Other payables	1,759,356	1,759,356	745,502	1,013,853	1
Guarantee deposit received	130,006	130,006	30	64,903	65,073
Long-term accounts payable	129,267	129,267	-	129,267	-
Lease liabilities	<u>148,418</u>	<u>154,173</u>	<u>93,983</u>	<u>55,411</u>	<u>4,779</u>
	<u>\$ 36,953,885</u>	<u>40,610,812</u>	<u>13,226,541</u>	<u>24,280,421</u>	<u>3,103,850</u>
June 30, 2022					
Non-derivative financial liabilities					
Secured loans	\$ 15,710,308	17,566,590	3,155,215	12,702,651	1,708,724
Unsecured loans	4,579,310	4,701,261	2,141,922	2,559,339	-
Short-term notes and bills payable	130,000	130,000	130,000	-	-
Bonds payable	1,997,472	2,044,000	11,000	2,033,000	-
Accounts and notes payable	5,985,370	5,985,370	3,800,465	2,152,116	32,789
Other payables	3,248,307	3,248,307	1,941,328	1,306,979	-
Guarantee deposit received	133,789	133,789	-	54,176	79,613
Long-term accounts payable	340,570	340,570	-	340,570	-
Lease liabilities	<u>110,907</u>	<u>113,212</u>	<u>61,920</u>	<u>47,469</u>	<u>3,823</u>
	<u>\$ 32,236,033</u>	<u>34,263,099</u>	<u>11,241,850</u>	<u>21,196,300</u>	<u>1,824,949</u>

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

(iii) Currency risk

1) Exposure to currency risk

	June 30, 2023			December 31, 2022			June 30, 2022			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
Financial Assets										
<u>Monetary items</u>										
USD : NTD	\$	7,589	31.1400	236,309	50,687	30.7100	1,556,607	13,226	29.7200	393,066
HKD : NTD		2,966	3.9740	11,787	4,756	3.9380	18,728	27,711	3.7880	104,969
USD : MYR		1,562	4.6650	48,636	2,464	4.3900	75,673	2,726	4.4080	81,004
Financial Liabilities										
<u>Monetary items</u>										
USD : MYR		21,450	4.6650	667,953	22,650	4.3900	695,582	22,650	4.4080	673,158

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 six months ended June 30, 2023 and 2022 would have increased or decreased the income before tax by \$3,990 thousand and by \$2,117 thousand, and the equity by \$278 thousand and \$1,176 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 six months ended June 30, 2023 and 2022, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$87,625 thousand and \$15,077 thousand, respectively.

(iv) Interest rate risk

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

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

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

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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 \$89,636 thousand and \$88,092 thousand for the six months ended June 30, 2023 and 2022, 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:

Price of securities at the reporting date	For the six months ended June 30			
	2023		2022	
	Other comprehensive Income after tax	Net Income	Other comprehensive Income after tax	Net Income
Increase 1%	\$ 23,793	10,689	22,088	6,063
Decrease 1%	\$ (23,793)	(10,689)	(22,088)	(6,063)

(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 :

	June 30, 2023				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Unlisted common shares	\$ 1,068,858	-	-	1,068,858	1,068,858
Financial assets for hedging	\$ 30,880	30,880	-	-	30,880
Financial assets at fair value through other comprehensive income					
Listed common shares	\$ 1,718,275	1,718,275	-	-	1,718,275
Unlisted common shares	660,980	-	-	660,980	660,980
Subtotal	\$ 2,379,255	1,718,275	-	660,980	2,379,255
Total	\$ 3,478,993	1,749,155	-	1,729,838	3,478,993
Financial liabilities for hedging	\$ 9,769	9,769	-	-	9,769

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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 six months ended June 30, 2023 and 2022.

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 June 30, 2023 (the beginning of the year)	\$ 1,068,858	660,980
Balance at June 30, 2022 (the beginning of the year)	\$ 606,305	662,343

5) Quantified information for significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets at fair value through profit or loss – equity investments" and "financial assets at fair value through other comprehensive income– equity investments".

The fair value measurement was categorized as Level 3 in the hierarchy of equity instruments without active market has several significant unobservable inputs. The significant unobservable inputs of equity instruments without an active market are not related because they are independent from each other.

Item	Valuation Technique	Significant unobservable input	Relationship between input and fair value
Financial assets at fair value through profit or loss-equity investments without an active market	Discounted cash flow method	Return on equity (June 30, 2023, December 31, 2022 and June 30, 2022 were 12.4176%, 12.4176% and 8.4014%, respectively)	The higher return of equity, the lower the fair value.

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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 other comprehensive income-equity investments without an active market	Market Method	<ul style="list-style-type: none"> · The multiplier of price-to-earnings ratio (June 30, 2023, December 31, 2022 and June 30, 2022 were 16.38, 16.38 and 15.80, respectively) · Market illiquidity discount (June 30, 2023, December 31, 2022 and June 30, 2022 were 75%, 75% and 80%, respectively) 	<ul style="list-style-type: none"> · The higher multiplier of price-to-earnings ratio, the higher the fair value. · The higher market illiquidity discount, the lower the fair value.
Financial assets at fair value through other comprehensive income-equity investments without an active market	Income Method	<ul style="list-style-type: none"> · The growth rate of earnings-per-share (June 30, 2023, December 31, 2022 and June 30, 2022 were 0%) · Weighted average cost of capital (June 30, 2023, December 31, 2022 and June 30, 2022 were 5%) 	<ul style="list-style-type: none"> · The higher the growth rate of earnings-per-share, the higher the fair value. · The higher weighted average cost of capital, the lower the fair value.

6) Fair value measurements in level 3 - sensitivity analysis of reasonable possible alternative assumptions

The valuation for Level 3 financial instruments is reasonable. However, the result may change if applying different evaluation model or parameter. For fair value measurements in level 3, changing one or more assumptions would have the following effects:

	<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>
June 30, 2023						
Financial assets at fair value through profit or loss						
Equity instruments without an active market	Return on equity	1%	\$ 3,239	(3,221)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market liquidity discount	5%	-	-	43,865	(43,865)
Equity instruments without an active market	Weighted average cost of capital	1%	-	-	133	(126)

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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	Input	Change up or down	Profit or loss		Other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
December 31, 2022						
Financial assets at fair value through profit or loss						
Equity instruments without an active market	Market liquidity discount	1%	\$ 3,239	(3,221)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market liquidity discount	5%	\$ -	-	43,865	(43,865)
Equity instruments without an active market	Weighted average cost of capital	1%	\$ -	-	133	(126)
June 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)

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

(ad) Financial risk management

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, 2022.

(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, 2022. Also, there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2022. Please refer to Note 6(ae) for the further details of the consolidated financial statements for the year ended December 31, 2022.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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(af) Non-cash investing and financing activities

- (i) Please refer to Note 6(k) for the acquisition right-of-use assets by leasing.
- (ii) Please refer to Note 6(g) for offsetting accounts payable by inventories.
- (iii) Reconciliation of liabilities arising from financing activities were as follow:

	January 1, 2023	Cash flows	Non-cash changes		Changes in lease payments	June 30, 2023
			Foreign exchange movement	Other		
Short-term borrowings	\$ 14,790,012	(2,781,572)	43,103	-	-	12,051,543
Long-term borrowings (including due within one year)	11,469,845	251,784	(33,932)	-	-	11,687,697
Lease liabilities	148,418	(38,135)	272	-	33,197	143,752
Bonds payable	1,997,832	-	-	362	-	1,998,194
Total liabilities from financing activities	<u>\$ 28,406,107</u>	<u>(2,567,923)</u>	<u>9,443</u>	<u>362</u>	<u>33,197</u>	<u>25,881,186</u>

	January 1, 2022	Cash flows	Non-cash changes		Changes in lease payment	June 30, 2022
			Foreign exchange movement	Other		
Short-term borrowings	\$ 9,398,912	82,398	347,755	-	-	9,829,065
Long-term borrowings (including due within one year)	11,962,386	(1,511,436)	9,603	-	-	10,460,553
Lease liabilities	131,095	(53,210)	628	-	32,394	110,907
Bonds payable	1,997,110	-	-	362	-	1,997,472
Total liabilities from financing activities	<u>\$ 23,489,503</u>	<u>(1,482,248)</u>	<u>357,986</u>	<u>362</u>	<u>32,394</u>	<u>22,397,997</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

<u>Name of related party</u>	<u>Relationship with the Group</u>
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
WFV Corporation	Other related party

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Group</u>
Hao Ran Foundation	Other related party
La Mer Corporation	Other related party
Chang ○○	Other related party (Excluded on January 9, 2022)
Chung ○○	Other related party (Excluded on January 31, 2022)
Chiang ○	Other related party

(c) Other related party transactions

(i) Contracted construction

<u>For the six months ended June 30, 2023</u>	<u>Total Contract Amount (Before tax)</u>	<u>Current Amount</u>	<u>Accumulated Amount</u>
Associate (CTCI-HDEC)	\$ <u>6,607,731</u>	<u>60,323</u>	<u>594,882</u>
Associate (Fanlu)	\$ <u>1,544,284</u>	<u>232,968</u>	<u>866,545</u>
<u>For the six months ended June 30, 2022</u>			
Associate (CTCI-HDEC)	\$ <u>6,607,731</u>	<u>208,101</u>	<u>341,563</u>
Associate (Fanlu)	\$ <u>1,544,284</u>	<u>134,170</u>	<u>446,670</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

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Associates	\$ 7,380	3,300	7,380	3,300
Other related parties	<u>2,640</u>	<u>1,230</u>	<u>4,862</u>	<u>2,670</u>
	<u>\$ 10,020</u>	<u>4,530</u>	<u>12,242</u>	<u>5,970</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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Purchases

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Other related parties	\$ 42	1,010	721	2,046

The price and the payment term concluded with related parties are not significantly different to the price and payment term concluded with external third parties.

(iv) Contract Assets

	June 30, 2023	December 31, 2022	June 30, 2022
Associates	\$ 49,327	34,621	22,460

(v) Receivables from related parties

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable-Other related parties	\$ 924	32	210
Other receivables-Other related parties	-	79	-
Other receivables-Associates	28,089	2,214	-
	\$ 29,013	2,325	210

(vi) Payables to related parties

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts payable-Other related parties	\$ -	337	337
Other payables-Other related parties	433	92	4,276
	\$ 433	429	4,613

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Rental

1) Rental revenues

	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Other related parties	<u>\$ 835</u>	<u>768</u>	<u>1,639</u>	<u>1,398</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 six months ended June 30, 2023 and 2022, the Group recognized the amount of \$93 thousand, \$8 thousand, \$191 thousand and \$20 thousand as interest expenses, respectively. As of June 30, 2023, December 31, 2022 and June 30, 2022, the balance of lease liabilities amounted to \$19,998 thousand, \$18,981 thousand and \$1,586 thousand, respectively.

(viii) Transaction of properties

In January and June, 2022, the Group sold transportation equipment to other related parties for \$4,238 thousand (before tax), and the losses on disposal of assets was \$784 thousand, for which the Group received the full amount.

(ix) Endorsements and Guarantees

	Guarantee classification	June 30, 2023	December 31, 2022	June 30, 2022
Associate (CTCI-HDEC)	Guarantee for bank loans	\$ 2,060,675	2,060,675	343,000
Associate (Fanlu)	Guarantee for bank loans	1,557,000	1,557,000	1,557,000
		<u>\$ 3,617,675</u>	<u>3,617,675</u>	<u>1,900,000</u>

(x) Other

1) Interest revenues

	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Associates	\$ 598	-	598	571
Other related parties	-	2	-	4
	<u>\$ 598</u>	<u>2</u>	<u>598</u>	<u>575</u>

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Other expenses

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
	Other related parties	\$ 7,897	8,421	23,029

3) Other income

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
	Associates	\$ 2,629	2,328	4,381
Other related parties	27	19	54	40
	\$ 2,656	2,347	4,435	3,920

(d) Key Management Personnel Transaction

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
	Short-term employee benefits	\$ 27,180	30,033	92,056

As of June 30, 2023 and 2022, the Group provides fourteen vehicles at a cost of \$20,187 thousand and eleven vehicles at a cost of \$15,677 thousand, respectively, for the key management personnel.

(8) Pledged assets

Asset	Purpose of pledge	June 30, 2023	December 31, 2022	June 30, 2022
Inventories (development corp.)	Loan collateral	\$ 13,129,448	15,694,702	17,566,954
Restricted deposits (other current assets)	Time deposits collateral	471,024	583,676	283,879
Property, plant and equipment	Loan collateral and construction guarantee	7,967,955	8,047,783	2,916,115
Investment properties, net	Loan collateral and construction guarantee	7,476,278	7,484,579	8,121,524
Total		\$ 29,044,705	31,810,740	28,888,472

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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:

	June 30, 2023	December 31, 2022	June 30, 2022
Total sales of completed construction and real estate	<u>\$ 12,937,394</u>	<u>13,514,016</u>	<u>13,562,838</u>
Receipts based on the contracts	<u>\$ 2,812,522</u>	<u>2,798,043</u>	<u>2,490,052</u>

(ii) As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group has entered into contracts for the purchase of land but for which it has not received the legal title amounted to \$0 thousand, \$542,322 thousand and \$3,596,390 thousand, within which, \$0 thousand, \$515,206 thousand and \$1,219,603 thousand had been paid.

(iii) Total price of the construction contracts entered into by the Group and the total collected/billed amounts according to the contract are listed below:

	June 30, 2023	December 31, 2022	June 30, 2022
Total contract amount – NTD	153,267,865	170,518,410	160,242,720
– INR	35,063,078	35,182,380	34,943,780
– HKD	4,582,986	4,635,044	4,613,534
– MOP	982,544	982,544	982,544
– MYR	-	394,926	394,926
Accumulated billing amount	121,713,014	117,310,051	132,120,379

(iv) As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group provided the guarantees for contract performance and construction warranties to other construction companies, including jointly liable contracts amounted to \$0, \$9,358,000 thousand and \$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.

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 2) The Group has the right to use the aforesaid facilities and land to provide related sewage treatment services during the concession period, and obtains interest based on the price in the construction contract and price index.
- 3) The government will control and supervise the Group's service scope leveraged from the use of the facilities.
- 4) When there is significant violation to the clause in the service concession agreement, both the Group and the government will be able to terminate the agreement.
- 5) During the concession period, the Group is the nominal registrant entitled to the ownership of the land and sewage treatment facilities. After the concession period, in accordance with the construction and operation agreement, the plants and facilities shall be restored back to their normal operating conditions and reverted to the government without conditions.
- 6) Three years before the expiration date, the Group is entitled to submit an application for extending the contract; if the Group's operating performance is qualified to apply for a renewal of contract, it is given a preferential right to submit the renewal application to the authority.
- 7) The Group's construction and operation contracts with the government were as follows:

<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
CXC	Tainan area	Tainan City	BOT of incineration plant	January 2023~January 2048

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

	June 30, 2023	December 31, 2022	June 30, 2022
Outstanding stand by letter of credit	<u>\$ -</u>	<u>-</u>	<u>13,754</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 June 30, 2023, the remaining amount of USD450 thousand had yet to be.

(b) Contingent liability:

(i) As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group provided promissory notes for contract performance, issuance of commercial paper, and construction warranty, amounted to \$50,369,769 thousand, \$48,896,899 thousand and \$48,752,933 thousand, respectively.

(ii) As of June 30, 2023, December 31, 2022 and June 30, 2022, promissory notes receivable for construction contracts amounted to \$14,272,011 thousand, \$13,626,523 thousand and \$13,361,582 thousand, respectively.

(c) Other

In April 2005, the Group filed a lawsuit against Kao Nan Region Construction Office for the East West Expressway (Kao Nan), demanding for the compensation fee of \$444,579 thousand for the dispute concerning the extension of the construction of the highway between Wujia and Shangliao. During the 2nd verdict in February 2014, Taiwan High Court Kaohsiung Branch decided that Kao Nan should pay the amount of \$243,206 thousand to the Group (including interest). However, the Group disagreed with the Court’s decision and appealed to the Supreme Court regarding the matter. On the other hand, Kao Nan also appealed to the Supreme Court stating that the compensation amount decided by the High Court was unreasonable. In June 2014, the Supreme Court overturned the decision made by the High Court during the 2nd verdict and handed over this case back to the High Court for another decision. In September 2018, Taiwan High Court Kaohsiung Branch decided that Kao Nan should pay the amount of \$318,498 thousand to the Group (excluding interest). Both the Group and Kao Nan Region Construction Office appeal against the decision. In March 19,2020, the Supreme Court decided the Group won partially in this case and the Kao Nan Construction Office should pay the amount of \$91,411 thousand (excluding interest) to the Group, who had received the amounts of \$86,667 thousand and \$5,909 thousand (both including interest) in May and July of 2020, respectively. The remaining amount of \$238,295 thousand (excluding interest) has been handed back to the High Court for reconsideration. The case is still in progress as of the reporting date.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 June 30,2023			For the three months ended June 30,2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	392,342	184,723	577,065	306,279	162,243	468,522
Labor and health	30,693	13,028	43,721	24,193	11,105	35,298
Pension	14,137	8,793	22,930	11,492	6,895	18,387
Others	40,763	33,378	74,141	32,405	29,746	62,151
Depreciation	109,645	12,150	121,795	74,975	21,923	96,898
Amortization	17,187	-	17,187	16,393	-	16,393

	For the six months ended June 30,2023			For the six months ended June 30,2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	806,780	363,905	1,170,685	588,855	321,844	910,699
Labor and health	63,149	29,309	92,458	50,656	25,183	75,839
Pension	27,079	17,153	44,232	22,383	14,358	36,741
Others	80,883	61,983	142,866	67,920	68,238	136,158
Depreciation	212,580	26,275	238,855	184,283	46,283	230,566
Amortization	34,374	-	34,374	32,787	-	32,787

(b) Seasonal operation :

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

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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	-	-	-	5,105,277	10,210,554
0	CHC	HDEC	Other receivables	Yes	500,000	500,000	500,000 (Note 2)	1.3%	2	-	Replenish working capital	-	-	-	5,105,277	10,210,554
1	CDC	BANGSAR	Other receivables	Yes	209,534	198,458	190,440 (Note 2)	2.5%	2	-	Land purchases and operation requirements	-	-	-	6,365,637	6,365,637
1	CDC	MEGA	Other receivables	Yes	839,151	794,797	661,290 (Note 2)	2.5%	2	-	Land purchases and operation requirements	-	-	-	6,365,637	6,365,637
1	CDC	Grand River D. Limited	Other receivables	No	751,595	751,595	562,699	2.525%	2	-	Land purchases and operation requirements	-	-	-	6,365,637	6,365,637

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: \$25,526,384 thousand \times 40% = 10,210,554 thousand

Maximum amount of loans provided to a single business enterprise is limited to 20% of net equity value: \$25,526,384 thousand \times 20% = 5,105,277 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: \$15,914,093 thousand \times 40% = 6,365,637 thousand

Maximum amount of loans provided to a single business enterprise is limited to 40% of net equity value: \$15,914,093 thousand \times 40% = 6,365,637 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	102,105,536	474,652	474,652	474,652	-	1.86 %	102,105,536	Y	N	N
0	CHC	HDEC	2	102,105,536	4,679,302	4,679,302	2,728,020	-	18.33 %	102,105,536	Y	N	N
0	CHC	CEC	2	102,105,536	16,122,580	16,122,580	6,600,418	-	63.16 %	102,105,536	Y	N	N
1	CEC	CDC	4,7	11,936,372	1,071,000	1,071,000	662,275	-	17.95 %	11,936,372	N	N	N
2	CDC	CDC US.	2	31,828,186	155,700	155,700	-	-	0.98 %	31,828,186	N	N	N
2	CDC	CCD	2	31,828,186	1,885,000	1,885,000	1,885,000	-	11.84 %	31,828,186	N	N	N
2	CDC	BANGSAR	2,6	31,828,186	177,786	168,389	22,193	-	1.06 %	31,828,186	N	N	N
2	CDC	MEGA	2,6	31,828,186	839,706	387,927	367,374	-	2.44 %	31,828,186	N	N	N
2	CDC	950P	2,6	31,828,186	1,945,156	168,467	33,402	-	1.06 %	31,828,186	N	N	N
2	CDC	950H & 950R	2,6	31,828,186	1,667,291	1,667,291	1,667,291	-	10.48 %	31,828,186	N	N	N
2	CDC	Fanlu	6	31,828,186	1,557,000	1,557,000	1,130,500	-	9.78 %	31,828,186	N	N	N
3	CCD	CDC	3	11,123,624	982,200	982,200	778,500	982,200	35.32 %	11,123,624	N	N	N
4	HDEC	NSC	2	37,494,856	2,495,000	2,495,000	1,820,000	-	53.23 %	37,494,856	N	N	N
4	HDEC	PDC	2	37,494,856	1,295,000	1,295,000	684,000	-	27.63 %	37,494,856	N	N	N
4	HDEC	CTC	2	37,494,856	3,100,000	3,100,000	400,000	-	66.14 %	37,494,856	N	N	N
4	HDEC	LHC	2,6	37,494,856	1,485,000	1,100,000	841,500	-	23.47 %	37,494,856	N	N	N
4	HDEC	BWC	2,6	37,494,856	1,004,700	1,004,700	262,140	-	21.44 %	37,494,856	N	N	N
4	HDEC	CTCI-HDEC	6	37,494,856	2,060,675	2,060,675	453,475	-	43.97 %	37,494,856	N	N	N
4	HDEC	CEC	4,5	37,494,856	3,995,629	528,215	528,215	-	11.27 %	37,494,856	N	N	N
4	HDEC	CXC	2	37,494,856	4,900,000	4,900,000	300,000	-	104.55 %	37,494,856	N	N	N

Note 1: According to the policy of CHC, the total amount of endorsements/guarantees is limited to four times the net equity value in accordance with the Company's most recent financial statements: \$25,526,384 thousand \times 4 = \$102,105,536 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: \$25,526,384 thousand \times 4 = \$102,105,536 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: \$5,968,186 thousand \times 2 = \$11,936,372 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: \$5,968,186 thousand \times 2 = \$11,936,372 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: \$15,914,093 thousand \times 2 = \$31,828,186 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: \$15,914,093 thousand \times 2 = \$31,828,186 thousand

According to the policy of CCD the total amount of endorsements/guarantees is limited to four times the net equity value in accordance with the Company's most recent financial statements: \$2,780,906 thousand \times 4 = \$11,123,624 thousand

The total amount of endorsements/guarantees provided to a single business is limited to four times the net equity value in accordance with the Company's most recent financial statements: \$2,780,906 thousand \times 4 = \$11,123,624 thousand

According to the policy of HDEC, the total amount of endorsements/guarantees is limited to eight times the net equity value in accordance with the Company's most recent financial statements: \$4,686,857 thousand \times 8 = \$37,494,856 thousand

The total amount of endorsements/guarantees provided to a single business is limited to eight times the net equity value in accordance with the Company's most recent financial statements: \$4,686,857 thousand \times 8 = \$37,494,856 thousand

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

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

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(iii) Securities held as of June 30, 2023 (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	1,718,275	6.15 %	1,718,275	
CEC	Xinrong Enterprise	-	Non-current financial assets at fair value through other comprehensive income	12,256,347	657,982	8.45 %	657,982	
CEC	Metro Consulting Service Ltd.	-	Non-current financial assets at fair value through other comprehensive income	300,000	2,998	6.00 %	2,998	
CEC	International Property & Finance Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	26,301	-	1.64 %	-	
CEC	Shin Yu Energy Development Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	22,405,297	-	9.00 %	-	
CDC	Grand River D. Limited	-	Non-current financial assets at fair value through profit or loss	51,436,803	1,068,858	10.00 %	1,068,858	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
CDC	CDC US	Investment accounted for using equity method	CDC US	Parent and subsidiary	5,000,000	1,981,290	-	1,847,822	-	-	-	-	5,000,000	3,693,650

(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	2023.03.31	1,393,960	1,393,960	CNCK Ltd.	Not related party	-	-	-	-	Evaluation report	Real estate development	-

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(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	2023.05.09	Not applicable	-	333,420	333,420	-	Mojoy Co., Ltd.	Not related party	Profit	Evaluation report	-
CDC	Dazhi Jintai Building	2023.06.30	Not applicable	-	533,190	53,319	-	Taiwan Given Co., Ltd.	Not related party	Profit	Evaluation report	-
CCD	Dazhi Jintai Building	2023.06.30	Not applicable	-	767,274	76,727	-	Taiwan Given Co., Ltd.	Not related party	Profit	Evaluation report	-

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Relationship	Transaction details			Transactions with terms different from others		Notes/Accounts receivable (payable)		Note	
			Purchase/Sale	Amount	Percentage of total 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	(1,016,908) (Note 3)	10.09%	Same as those in general transactions	-	-	576,307 (Note 3)	11.52%	Note 1
CDC	CEC	Related party of the Company	Construction project	1,016,908 (Note 3)	39.87%	Same as those in general transactions	-	-	(576,307) (Note 3)	42.27%	
CEC	Fanlu	Associate	Construction contract	(239,998)	2.38%	Same as those in general transactions	-	-	49,327	0.99%	Note 1
Fanlu	CEC	Associate	Construction project	239,998	49.05%	Same as those in general transactions	-	-	(49,327)	99.46%	
HDEC	CXC	Parent and subsidiary	Construction contract	(232,795) (Note 3)	14.31%	Same as those in general transactions	-	-	-	-%	Note 1
CXC	HDEC	Parent and subsidiary	Construction project	232,795 (Note 3)	100.00%	Same as those in general transactions	-	-	-	-%	
HDEC	PDC	Parent and subsidiary	Construction contract	(238,078) (Note 3)	14.63%	Same as those in general transactions	-	-	114,218 (Note 3)	23.21%	Note 1
PDC	HDEC	Parent and subsidiary	Construction project	238,078 (Note 3)	94.61%	Same as those in general transactions	-	-	(114,218) (Note 3)	98.83%	
HDEC	CTC	Parent and subsidiary	Construction contract	(145,034) (Note 3)	8.91%	Same as those in general transactions	-	-	62,869 (Note 3)	12.78%	Note 1
CTC	HDEC	Parent and subsidiary	Construction project	145,034 (Note 3)	100.00%	Same as those in general transactions	-	-	(62,869) (Note 3)	97.27%	

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.

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

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
CEC	CDC	Related party of the Company	Accounts receivable 576,307	4.04	-	-	222,400	-
HDEC	PDC	Parent and subsidiary	Accounts receivable 114,218	4.80	-	-	67,566	-

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 June 30, 2023, the Group's hedging instruments in amounts of USD893 thousand, JPY1,283,843 thousand and EUR71 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	1.36%
1	CCLC	CEC	3	Operating revenues	77,370	Same as those in normal transactions	0.11%
		CDC	3	Operating revenues	14,555	Same as those in normal transactions	0.02%
		HDEC	3	Operating revenues	20,629	Same as those in normal transactions	0.03%
		CEC	3	Accounts receivable	11,989	Same as those in normal transactions	0.02%
2	CEC	CDC	3	Operating revenues	1,016,908	Same as those in normal transactions	6.89%
		CDC	3	Accounts receivable	227,345	Same as those in normal transactions	0.31%
		CDC	3	Contract assets	348,962	Same as those in normal transactions	0.47%
		CCLC	3	Administrative expenses	77,370	Same as those in normal transactions	0.11%
3	CDC	CEC	3	Operating costs	1,016,908	Same as those in normal transactions	6.89%
		CEC	3	Accounts payable	576,307	Same as those in normal transactions	0.78%
		MEGA	3	Other receivables	825,307	Same as those in normal transactions	1.12%
		BANGSAR	3	Other receivables	226,845	Same as those in normal transactions	0.31%
		CCLC	3	Administrative expenses	14,555	Same as those in normal transactions	0.02%
4	MEGA	CDC	3	Non-current other assets-other	165,000	Same as those in normal transactions	0.22%
		CDC	3	Other payables	825,307	Same as those in normal transactions	1.12%
		CDC	3	Other payables	226,845	Same as those in normal transactions	0.31%
6	HDEC	CHC	2	Non-current other liabilities other	1,000,000	Same as those in normal transactions	1.36%

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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
		NSC	3	Operating revenues	83,347	Same as those in normal transactions	0.56%
		NSC	3	Accounts receivable	27,610	Same as those in normal transactions	0.04%
		SDC	3	Operating costs	62,127	Same as those in normal transactions	0.42%
		SDC	3	Accounts payable	28,852	Same as those in normal transactions	0.04%
		PDC	3	Operating revenues	238,078	Same as those in normal transactions	1.61%
		PDC	3	Accounts receivable	68,975	Same as those in normal transactions	0.09%
		PDC	3	Contract assets	45,243	Same as those in normal transactions	0.06%
		CTC	3	Operating revenues	145,034	Same as those in normal transactions	0.98%
		CTC	3	Accounts receivable	57,219	Same as those in normal transactions	0.08%
		CTC	3	Contract assets	5,650	Same as those in normal transactions	0.01%
		CXC	3	Operating revenues	232,795	Same as those in normal transactions	1.58%
		HDEC	3	Administrative expenses	20,629	Same as those in normal transactions	0.03%
7	NSC	HDEC	3	Operating costs	83,347	Same as those in normal transactions	0.56%
		HDEC	3	Accounts payable	27,610	Same as those in normal transactions	0.04%
8	SDC	HDEC	3	Operating revenues	62,127	Same as those in normal transactions	0.42%
		HDEC	3	Contract assets	19,886	Same as those in normal transactions	0.03%
		HDEC	3	Accounts receivable	8,965	Same as those in normal transactions	0.01%
9	PDC	HDEC	3	Operating costs	238,078	Same as those in normal transactions	1.61%
		HDEC	3	Accounts payable	114,218	Same as those in normal transactions	0.15%
10	CTC	HDEC	3	Operating costs	145,034	Same as those in normal transactions	0.98%
		HDEC	3	Accounts payable	62,869	Same as those in normal transactions	0.09%
11	CXC	HDEC	3	Operating costs	232,795	Same as those in normal transactions	1.58%

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.

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CONTINENTAL HOLDINGS CORPORATION
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(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 June 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
CHC	CEC	Taiwan	Civil, Building and M&E engineering	6,884,583	6,884,583	372,061,987	99.99 % (Note 2)	5,821,239	508,117	455,792	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)	15,914,090	293,437	293,437	Note 1
CHC	HDEC	Taiwan	Environmental project development & Water treatment	2,860,365	2,860,365	362,499,866	99.99 % (Note 3)	4,893,090	216,003	216,003	-
CHC	CCLC	Taiwan	Management consulting	20,000	20,000	-	100.00 %	22,043	2,722	2,722	-
CEC	CICI	India	Civil and Building engineering	497,839	497,839	73,981,492	100.00 %	(6,689)	(2,640)	Disclosure not required	-
CEC	CIC	British Virgin Islands	Investment and holding	2,048,252	2,048,252	64,380,940	100.00 %	9,323	(5,019)	"	-
CEC	CIMY	Malaysia	Civil and Building engineering	179,257	179,257	22,340,476	85.14 %	5,839	(224)	"	-
CEC	CEC HK	Hong Kong	Civil and Building engineering	10,815	10,815	3,000,000	100.00 %	910	(23)	"	-
CIC	NCC	British Virgin Islands	Investment and holding	1,640,006	1,640,006	10,353	45.47 %	-	(89)	"	-
CDC	BANGSAR	Malaysia	Real estate development on residential	4,444	4,444	600,000	60.00 %	(13,075)	(6,223)	"	-
CDC	CCD	Taiwan	Real estate lease	976,539	976,539	48,198,292	80.65 %	2,224,725	(22,413)	"	-
CDC	Fanlu	Taiwan	Real estate development on residential and hotels	915,950	915,950	91,595,000	35.00 %	791,642	(31,934)	"	-
CDC	MEGA	Malaysia	Real estate development on hotels	7,375	7,375	825,000	55.00 %	(119,578)	(80,640)	"	-
CDC	CDC US.	The U.S.	Investment and holding	4,132,782	2,284,960	5,000,000	100.00 %	3,693,650	(198,328)	"	-
CDC	CDCAM	Malaysia	Management consulting	7,524	7,524	1,000,000	100.00 %	8,856	888	"	-
HDEC	SDC	Taiwan	Construction of underground pipeline and environmental protection project, plumbing	49,600	49,600	3,000,000	100.00 %	37,487	597	"	-
HDEC	NSC	Taiwan	Environmental project	1,112,000	1,112,000	166,000,000	100.00 %	2,745,433	85,268	"	-
HDEC	BWC	Taiwan	Environmental project	362,100	362,100	37,740,000	51.00 %	413,594	23,527	"	-
HDEC	PDC	Taiwan	Environmental project	540,000	340,000	59,726,000	100.00 %	624,007	20,378	"	-
HDEC	CTCI - HDEC	Taiwan	Environmental project	735,000	735,000	73,500,000	49.00 %	800,061	73,250	"	-
HDEC	LHC	Taiwan	Environmental project	550,000	550,000	56,100,000	55.00 %	601,387	40,702	"	-
HDEC	CTC	Taiwan	Environmental project	450,000	450,000	45,000,000	100.00 %	448,279	431	"	-
HDEC	CXC	Taiwan	Environmental project	1,000,000	1,000,000	100,000,000	100.00 %	1,000,473	554	"	-
CCLC	CEC	Taiwan	Civil, Building and M&E engineering	1	1	84	- % (Note 4)	1	508,117	"	-
CCLC	CDC	Taiwan	Real estate development on residential, commercial, hotels and communities	3	3	100	- % (Note 4)	3	293,437	"	-

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
CCLC	HDEC	Taiwan	Environmental project development & Water treatment	1	1	134	- % (Note 5)	2	216,003	Disclosure not required	-

Note 1: The information on investment income/loss was derived from the investees' financial statements audited by the auditors for the same period.

Note 2: The shareholding ration is 99.99998% at the end of the period.

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

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

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

(c) Information on investment in Mainland China: None

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Wei-Dar Development Co., Ltd.		206,025,200	25.02 %
Tamerton Group Limited		85,672,300	10.40 %
Han-De Construction Co., Ltd.		63,755,667	7.74 %

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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(14) Segment information

For the three months ended June 30, 2023						
	<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	\$ 4,919,176	2,133,804	1,047,124	-	-	8,100,104
Intersegment revenues	<u>639,370</u>	<u>-</u>	<u>-</u>	<u>715,186</u>	<u>(1,354,556)</u>	<u>-</u>
Total revenues	<u>\$ 5,558,546</u>	<u>2,133,804</u>	<u>1,047,124</u>	<u>715,186</u>	<u>(1,354,556)</u>	<u>8,100,104</u>
Reportable segment profit or loss	<u>\$ 427,991</u>	<u>80,725</u>	<u>130,226</u>	<u>628,436</u>	<u>(694,830)</u>	<u>572,548</u>
For the three months ended June 30, 2022						
	<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	\$ 4,107,864	3,055,398	1,077,868	-	-	8,241,130
Intersegment revenues	<u>305,092</u>	<u>-</u>	<u>-</u>	<u>1,000,836</u>	<u>(1,305,928)</u>	<u>-</u>
Total revenues	<u>\$ 4,412,956</u>	<u>3,055,398</u>	<u>1,077,868</u>	<u>1,000,836</u>	<u>(1,305,928)</u>	<u>8,241,130</u>
Reportable segment profit or loss	<u>\$ 154,904</u>	<u>691,812</u>	<u>166,458</u>	<u>939,132</u>	<u>(989,644)</u>	<u>962,662</u>
For the six months ended June 30, 2023						
	<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>
Revenues:						
Segment revenues from external customers	\$ 9,042,110	3,832,313	1,894,964	-	-	14,769,387
Intersegment revenues	<u>1,046,731</u>	<u>-</u>	<u>-</u>	<u>1,080,507</u>	<u>(2,127,238)</u>	<u>-</u>
Total revenues	<u>\$ 10,088,841</u>	<u>3,832,313</u>	<u>1,894,964</u>	<u>1,080,507</u>	<u>(2,127,238)</u>	<u>14,769,387</u>
Reportable segment profit or loss	<u>\$ 508,096</u>	<u>96,898</u>	<u>292,785</u>	<u>895,516</u>	<u>(1,020,279)</u>	<u>773,016</u>
For the six months ended June 30, 2022						
	<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>
Revenues:						
Segment revenues from external customers	\$ 8,338,601	7,676,878	2,248,697	-	-	18,264,176
Intersegment revenues	<u>678,881</u>	<u>-</u>	<u>-</u>	<u>2,325,224</u>	<u>(3,004,105)</u>	<u>-</u>
Total revenues	<u>\$ 9,017,482</u>	<u>7,676,878</u>	<u>2,248,697</u>	<u>2,325,224</u>	<u>(3,004,105)</u>	<u>18,264,176</u>
Reportable segment profit or loss	<u>\$ 254,178</u>	<u>1,819,283</u>	<u>344,957</u>	<u>2,227,477</u>	<u>(2,330,320)</u>	<u>2,315,575</u>