

**CONTINENTAL HOLDINGS CORPORATION
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For the Nine Months Ended September 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 September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, as well as the changes in equity and cash flows for the nine months ended September 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 \$25,169,471 thousand and \$26,195,672 thousand, constituting 33.23% and 35.13% of consolidated total assets; and total liabilities amounting to \$16,480,930 thousand and \$19,238,630 thousand, constituting 36.01% and 42.67% of consolidated total liabilities as of September 30, 2023 and 2022, respectively; as well as the total comprehensive income amounting to \$66,383 thousand, \$200,395 thousand, \$21,231 thousand and \$583,243 thousand, constituting 8.75%, 35.75%, 1.13% and 18.48% of consolidated total comprehensive income for the three months and nine months ended September 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 \$1,595,504 thousand and \$1,593,850 thousand as of September 30, 2023 and 2022, respectively, and its equity in net earnings on these investee companies of \$3,801 thousand, \$1,551 thousand, \$28,517 thousand and \$5,783 thousand for the three months and nine months ended September 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 September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022, as well as its consolidated cash flows for the nine months ended September 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)

November 10, 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

September 30, 2023, December 31, 2022, and September 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		September 30, 2023		December 31, 2022		September 30, 2022		Liabilities and Equity		September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note 6(a))	\$ 6,105,790	8	5,822,416	8	9,175,112	13	2100	Short-term borrowings (Note 6(n))	\$ 15,446,085	20	14,790,012	20	14,395,442	19
1139	Current financial assets for hedging (Note 6(d))	25,310	-	1,299,684	2	268,237	-	2110	Short-term notes and bills payable (Note 6(o))	525,000	1	436,000	1	669,000	1
1140	Current contract assets (Notes 6(z) and 7)	5,496,982	7	5,914,931	8	5,510,006	7	2126	Current financial liabilities for hedging (Note 6(d))	22,990	-	-	-	-	-
1150	Notes receivable, net (Notes 6(e) and (z))	11,927	-	12,087	-	303,925	-	2130	Current contract liabilities (Note 6(z))	7,090,116	9	7,508,364	10	7,819,901	10
1170	Accounts receivable, net (Notes 6(e), (z) and 7)	2,168,448	3	2,277,357	3	1,572,145	2	2170	Notes and accounts payable (Note 7)	5,938,137	8	6,093,149	8	5,921,326	8
1200	Other receivables, net (Notes 6(f) and 7)	373,550	1	383,816	1	425,094	1	2200	Other payables (Note 7)	1,741,312	2	1,759,356	2	1,532,993	2
1220	Current tax assets	71,803	-	46,749	-	71,626	-	2230	Current tax liabilities	266,257	-	184,516	-	226,579	-
130X	Inventories (Notes 6(g) and 8)	24,996,219	33	24,855,132	33	28,477,065	38	2250	Current provisions (Note 6(s))	440,610	1	686,789	1	417,291	1
1410	Prepayments	1,197,644	2	767,530	1	980,696	1	2280	Current lease liabilities (Notes 6(r) and 7)	87,204	-	93,795	-	95,974	-
1479	Other current assets, others (Note 8)	3,571,981	5	3,841,900	4	2,653,790	4	2310	Advance receipts	34,632	-	8,731	-	2,485	-
1480	Current assets recognised as incremental costs to obtain contract with customers	294,187	-	353,531	-	333,963	1	2320	Long-term liabilities, current portion (Note 6(q))	1,396,333	2	1,985,405	3	1,012,497	1
		<u>44,313,841</u>	<u>59</u>	<u>45,575,133</u>	<u>60</u>	<u>49,771,659</u>	<u>67</u>	2399	Other current liabilities, others	<u>62,361</u>	<u>-</u>	<u>58,218</u>	<u>-</u>	<u>53,861</u>	<u>-</u>
										<u>33,051,037</u>	<u>43</u>	<u>33,604,335</u>	<u>45</u>	<u>32,147,349</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	1	1,068,858	1	606,305	1	2530	Bonds payable (Note 6(p))	1,998,375	3	1,997,832	3	1,997,652	3
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	2,481,839	3	1,984,309	3	2,029,269	3	2540	Long-term borrowings (Note 6(q))	10,166,524	14	9,484,440	13	10,134,066	14
1550	Investments accounted for using equity method, net (Notes 6(h) and 7)	1,595,504	2	1,594,138	2	1,593,850	2	2570	Deferred tax liabilities	172,075	-	150,863	-	146,003	-
1600	Property, plant and equipment (Notes 6(j) and 8)	9,654,138	13	9,551,304	13	4,329,937	6	2580	Non-current lease liabilities (Notes 6(r) and 7)	53,232	-	54,623	-	15,119	-
1755	Right-of-use assets (Note 6(k))	138,968	-	146,895	-	109,783	-	2610	Long-term accounts payable (Note 6(u))	135,833	-	129,267	-	363,832	1
1760	Investment properties, net (Notes 6(l) and 8)	8,018,595	11	8,031,029	11	8,661,255	12	2640	Net defined benefit liability, non-current	112,669	-	117,427	-	160,776	-
1780	Intangible assets (Note 6(m))	1,428,919	2	1,105,066	1	1,101,065	1	2645	Guarantee deposits received	83,220	-	130,006	-	120,813	-
1840	Deferred tax assets	15,966	-	21,497	-	25,172	-			<u>12,721,928</u>	<u>17</u>	<u>12,064,458</u>	<u>16</u>	<u>12,938,261</u>	<u>18</u>
1932	Long-term accounts receivable (Notes 6(e) and (z))	6,284,470	8	5,482,701	8	5,871,126	8		Total liabilities	<u>45,772,965</u>	<u>60</u>	<u>45,668,793</u>	<u>61</u>	<u>45,085,610</u>	<u>60</u>
1990	Other non-current assets, others (Note 6(f))	748,308	1	489,312	1	466,991	-	Equity attributable to owners of parent (Note 6(x)):							
		<u>31,435,565</u>	<u>41</u>	<u>29,475,109</u>	<u>40</u>	<u>24,794,753</u>	<u>33</u>	3100	Capital stock	8,232,160	11	8,232,160	11	8,232,160	11
								3200	Capital surplus	6,817,198	9	6,817,198	9	6,817,198	9
								3300	Retained earnings	10,036,215	13	10,830,146	14	10,543,641	14
								3400	Other equity	<u>1,162,665</u>	<u>2</u>	<u>443,420</u>	<u>1</u>	<u>616,880</u>	<u>1</u>
										<u>26,248,238</u>	<u>35</u>	<u>26,322,924</u>	<u>35</u>	<u>26,209,879</u>	<u>35</u>
								36XX	Non-controlling interests (Note 6(i))	<u>3,728,203</u>	<u>5</u>	<u>3,058,525</u>	<u>4</u>	<u>3,270,923</u>	<u>5</u>
										<u>29,976,441</u>	<u>40</u>	<u>29,381,449</u>	<u>39</u>	<u>29,480,802</u>	<u>40</u>
									Total equity	<u>29,976,441</u>	<u>40</u>	<u>29,381,449</u>	<u>39</u>	<u>29,480,802</u>	<u>40</u>
									Total liabilities and equity	<u>\$ 75,749,406</u>	<u>100</u>	<u>75,050,242</u>	<u>100</u>	<u>74,566,412</u>	<u>100</u>
	Total assets	<u>\$ 75,749,406</u>	<u>100</u>	<u>75,050,242</u>	<u>100</u>	<u>74,566,412</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 nine months ended September 30, 2023 and 2022

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

	For the three months ended September 30				For the nine months ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenues (Notes (z) and 7)	\$ 7,793,911	100	6,213,216	100	22,563,298	100	24,477,392	100
5000 Operating costs (Notes 6(g), (r), (v), 7 and 12)	6,758,907	87	5,388,073	87	19,438,555	86	20,331,425	83
Gross profit from operations	1,035,004	13	825,143	13	3,124,743	14	4,145,967	17
Operating expenses (Notes 6(r), (v), (aa), 7 and 12):								
6100 Selling expenses	114,922	1	25,419	-	307,539	1	355,786	1
6200 Administrative expenses	414,865	5	300,950	5	1,192,460	5	879,838	4
	529,787	6	326,369	5	1,499,999	6	1,235,624	5
Net operating income	505,217	7	498,774	8	1,624,744	8	2,910,343	12
Non-operating income and expenses (Notes 6(ab) and 7):								
7100 Interest income	23,371	-	13,011	-	72,192	-	24,931	-
7010 Other income (Note 6(c))	138,271	2	82,503	1	234,535	1	146,016	-
7020 Other gains and losses, net	28,793	-	3,110	-	(67,949)	-	16,485	-
7050 Finance costs, net(Notes 6(g) and 6(r))	(199,392)	(3)	(129,431)	(1)	(618,962)	(3)	(318,465)	(1)
7060 Share of profit (losses) of associates and joint ventures accounted for using equity method (Note 6(h))	3,801	-	1,551	-	28,517	-	5,783	-
	(5,156)	(1)	(29,256)	-	(351,667)	(2)	(125,250)	(1)
7900 Income before tax	500,061	6	469,518	8	1,273,077	6	2,785,093	11
7950 Less: Income tax expenses (Note 6(w))	107,365	1	55,561	1	269,770	1	238,174	1
Net income	392,696	5	413,957	7	1,003,307	5	2,546,919	10
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	102,584	1	(179,522)	(3)	497,530	2	(43,599)	-
8317 Gains on hedging instrument	(13,617)	-	15,110	-	(21,027)	-	34,173	-
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	88,967	1	(164,412)	(3)	476,503	2	(9,426)	-
8360 Items that will be reclassified to profit or loss								
8361 Exchange differences on translation of foreign financial statements	277,088	4	311,072	5	402,482	2	618,062	3
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	277,088	4	311,072	5	402,482	2	618,062	3
8300 Other comprehensive income	366,055	5	146,660	2	878,985	4	608,636	3
Total comprehensive income	\$ 758,751	10	560,617	9	1,882,292	9	3,155,555	13
Net income, attributable to:								
8610 Owners of parent	\$ 474,012	6	465,389	8	1,264,109	6	2,645,141	10
8620 Non-controlling interests	(81,316)	(1)	(51,432)	(1)	(260,802)	(1)	(98,222)	-
	\$ 392,696	5	413,957	7	1,003,307	5	2,546,919	10
Total comprehensive income attributable to:								
8710 Owners of parent	\$ 721,854	10	497,045	8	1,983,354	9	3,018,718	12
8720 Non-controlling interests	36,897	-	63,572	1	(101,062)	-	136,837	1
	\$ 758,751	10	560,617	9	1,882,292	9	3,155,555	13
Earnings per share (Note 6(y))								
9750 Basic earnings per share (NT dollars)	\$ 0.58		0.57		1.54		3.21	
9850 Diluted earnings per share (NT dollars)	\$ 0.58		0.57		1.53		3.21	

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 nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent											Non-controlling interests	Total equity		
	Capital stock						Retained earnings							Total other equity	
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total other equity	Total equity attributable to owners of parent				
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	-	-	-	-	2,645,141	2,645,141	-	-	-	-	2,645,141	(98,222)	2,546,919		
Other comprehensive income (loss)	-	-	-	-	-	-	383,003	(43,599)	34,173	373,577	373,577	235,059	608,636		
Total comprehensive income (loss)	-	-	-	-	2,645,141	2,645,141	383,003	(43,599)	34,173	373,577	3,018,718	136,837	3,155,555		
Legal reserve appropriated	-	-	180,428	-	(180,428)	-	-	-	-	-	-	-	-		
Cash dividends	-	-	-	-	(1,383,003)	(1,383,003)	-	-	-	-	(1,383,003)	-	(1,383,003)		
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(70,043)	(70,043)		
Balance at September 30, 2022	<u>\$ 8,232,160</u>	<u>6,817,198</u>	<u>1,126,567</u>	<u>2,262,233</u>	<u>7,154,841</u>	<u>10,543,641</u>	<u>(586,248)</u>	<u>1,185,079</u>	<u>18,049</u>	<u>616,880</u>	<u>26,209,879</u>	<u>3,270,923</u>	<u>29,480,802</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	-	-	-	-	1,264,109	1,264,109	-	-	-	-	1,264,109	(260,802)	1,003,307		
Other comprehensive income (loss)	-	-	-	-	-	-	242,742	497,530	(21,027)	719,245	719,245	159,740	878,985		
Total comprehensive income (loss)	-	-	-	-	1,264,109	1,264,109	242,742	497,530	(21,027)	719,245	1,983,354	(101,062)	1,882,292		
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	-	-	-	-	-	-	-	-	-	-	-	770,740	770,740		
Balance at September 30, 2023	<u>\$ 8,232,160</u>	<u>6,817,198</u>	<u>1,419,731</u>	<u>2,262,233</u>	<u>6,354,251</u>	<u>10,036,215</u>	<u>(452,408)</u>	<u>1,637,649</u>	<u>(22,576)</u>	<u>1,162,665</u>	<u>26,248,238</u>	<u>3,728,203</u>	<u>29,976,441</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 nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30	
	2023	2022
Cash flows from operating activities:		
Income before tax	\$ 1,273,077	2,785,093
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation expense	358,362	318,813
Amortization expense	51,562	49,180
Interest expense	618,419	317,923
Interest income	(72,192)	(24,931)
Dividend income	(177,422)	(126,094)
Amortization of issuance costs on bonds payable	543	542
Share of gain of associates and joint ventures accounted for using equity method	(28,517)	(5,783)
Loss on disposal of property, plant and equipment	(126)	620
Gain on disposal of property, plant and equipment (under construction costs)	69	(33)
Warranty provisions recognition (write-off)	(233,868)	19,600
Gain on reversal of estimated account payable	-	(3,359)
Total adjustments to reconcile profit and loss	<u>516,830</u>	<u>546,478</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	571,209	(1,050,519)
Notes receivable	160	21,615
Accounts receivable	(791,922)	1,157,074
Other receivables	31,614	(14,076)
Inventories	(817,670)	(733,524)
Prepayments	(427,789)	(75,120)
Other current assets	(1,284,820)	356,819
Current assets recognised as incremental costs to obtain contract with customers	59,344	104,253
Total changes in operating assets	<u>(2,659,874)</u>	<u>(233,478)</u>
Changes in operating liabilities:		
Contract liabilities	470,136	1,309,958
Notes and accounts payable	54,764	(1,208,863)
Other payables	(116,032)	(603,796)
Provisions	(12,441)	(14,264)
Receipts in advance	25,900	(52,979)
Other current liabilities	(251)	(11,305)
Net defined benefit liability	(4,758)	(15,377)
Total changes in operating liabilities	<u>417,318</u>	<u>(596,626)</u>
Total changes in operating assets and liabilities	<u>(2,242,556)</u>	<u>(830,104)</u>
Total adjustments	<u>(1,725,726)</u>	<u>(283,626)</u>
Cash inflow generated from operations	(452,649)	2,501,467
Interest received	58,547	19,042
Interest paid	(696,615)	(306,224)
Income taxes paid	(184,361)	(147,210)
Net cash flows (used in) from operating activities	<u>(1,275,078)</u>	<u>2,067,075</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 nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30	
	2023	2022
Cash flows from investing activities:		
Acquisition of financial assets for hedging	(171,244)	(268,224)
Disposal of financial assets for hedging	1,447,581	264,324
Price of associates acquisition	-	(174,304)
Acquisition of property, plant and equipment	(177,020)	(119,179)
Disposal of property, plant and equipment	152	7,812
Decrease (increase) in other receivables	(5,431)	102,895
Increase in non-current other receivables	(86,344)	(227,959)
Acquisition of intangible assets	(375,176)	(42,049)
Decrease (increase) in other financial assets	1,561,094	(378,583)
Other non-current assets	(8,755)	(13,625)
Prepayments for business facilities	(163,897)	(2,571)
Dividends received	204,573	126,259
Long-term payments	-	6,129
Net cash flows from (used in) investing activities	2,225,533	(719,075)
Cash flows from financing activities:		
Increase in short-term borrowings	30,124,293	17,714,937
Decrease in short-term borrowings	(29,686,370)	(13,487,233)
Increase in short-term notes and bills payable	4,362,000	1,599,000
Decrease in short-term notes and bills payable	(4,273,000)	(930,000)
Increase in long-term borrowings	3,071,236	2,308,372
Decrease in long-term borrowings	(3,009,855)	(3,144,650)
Decrease in guarantee deposits received	(46,786)	(21,925)
Other payables	56,993	43,971
Payment of lease liabilities	(53,406)	(79,940)
Cash dividends paid	(2,073,431)	(1,453,046)
Change in non-controlling interests	838,753	-
Net cash used in financing activities	(689,573)	2,549,486
Effect of exchange rate changes on cash and cash equivalents	22,492	71,070
Net increase in cash and cash equivalents	283,374	3,968,556
Cash and cash equivalents at beginning of year	5,822,416	5,206,556
Cash and cash equivalents at end of year	\$ 6,105,790	9,175,112

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 nine months ended September 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 September 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 November 10, 2023.

(3) New standards, amendments and interpretations adopted

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023: financial statements, from January 1,

- 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”

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(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
			September 30, 2023	December 31, 2022	September 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 (CICI)	Civil and Building engineering	100.00 %	100.00 %	100.00 %	Note H

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor Company	Subsidiary	Main Business	Percentage of ownership			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
CEC	CEC International Malaysia Sdn. Bhd. (CIMY)	Civil and Building engineering	85.14 %	85.14 %	85.14 %	Note H
CEC	Continental Engineering Corporation(Hong Kong) Limited (CEC HK)	Civil and Building engineering	100.00 %	100.00 %	100.00 %	Note H
CDC	CDC Commercial Development Corp. (CCD)	Real estate lease	80.65 %	80.65 %	80.65 %	Note H
CDC	MEGA Capital Development Sdn. Bhd. (MEGA)	Real estate development on hotels	55.00 %	55.00 %	55.00 %	Note H
CDC	Bangsar Rising Sdn. Bhd. (BANGSAR)	Real estate development on residential	60.00 %	60.00 %	60.00 %	Note H
CDC	CDC Asset Management Malaysia Sdn. Bhd. (CDCAM)	Management consulting	100.00 %	100.00 %	100.00 %	Note H
CDC	CDC US Corp.	Investment and holding	100.00 %	100.00 %	100.00 %	Note H
CDC US Corp.	CDC Investment Management LLC	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 %	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

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note A: NSC was founded as a Special Purpose Company (SPC) to build then operate Danshui Area Sewer System BOT project in New Taipei City. The sewer system construction and facility will be transferred to the authority at the end of the concession period without condition.

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

Note C: PDC was founded as a SPC to build then operate Pu Ding area sewer system, which is a BOT project in Taoyuan City. The Pu Ding area sewer system will be transferred to the authority at the end of the concession period without condition.

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

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

Note F: 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.

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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.

(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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash	\$ 23,988	20,447	19,317
Cash in banks	3,341,214	4,306,848	4,785,709
Cash in transit	3,246	-	63
Time deposits	2,317,594	1,106,424	1,014,146
Cash equivalents	<u>419,748</u>	<u>388,697</u>	<u>3,355,877</u>
	<u>\$ 6,105,790</u>	<u>5,822,416</u>	<u>9,175,112</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.

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
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.

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Equity investments at fair value through other comprehensive income:			
Listed common share – Evergreen Steel Corp.	\$ 1,820,859	1,323,329	1,366,926
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>\$ 2,481,839</u>	<u>1,984,309</u>	<u>2,029,269</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 \$177,422 thousand and \$126,094 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 nine months ended September 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.

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Financial instruments used for hedging

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash flow hedge:			
Financial assets used for hedging	\$ 25,310	1,299,684	268,237
Financial liabilities used for hedging	(22,990)	-	-
Total	<u>\$ 2,320</u>	<u>1,299,684</u>	<u>268,237</u>

(i) The Group is exposed to certain foreign exchange risk arising from the payments made to overseas companies for the purchase of facilities, preparation of overseas related investment and some construction projects involving foreign consultant design fees, etc. The foreign exchange risk is estimated to be high, therefore, the Group decided to use derivative financial instruments for hedging purposes.

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

<u>Item Hedged</u>	<u>Hedge instrument</u>	<u>Hedge instrument designated to be hedge and fair value</u>			<u>Expected Cash flow Period</u>
		<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>	
Expected foreign assets	Foreign deposits	\$ <u>24,896</u>	<u>1,301,233</u>	<u>131,382</u>	2023~2024
	Foreign billings	\$ -	-	<u>118,806</u>	2023
	Change in value of Foreign currency	\$ <u>414</u>	<u>(1,549)</u>	<u>18,049</u>	2023~2024

<u>Item Hedged</u>	<u>Hedge instrument</u>	<u>Hedge instrument designated to be hedge and fair value</u>			<u>Contract amount (National principal)</u>	<u>Delivery date</u>
		<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>		
Expected foreign liabilities	Forward exchange	\$ <u>(22,990)</u>	-	-	JPY3,761,625 thousand	2024.03~ 2024.11

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

(e) Notes and accounts receivable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes receivable	\$ 11,927	12,087	303,925
Accounts receivable	2,168,448	2,277,357	1,572,145
Long-term accounts receivable	6,284,470	5,482,701	5,871,126
Less: Allowance for bad debts	-	-	-
	<u>\$ 8,464,845</u>	<u>7,772,145</u>	<u>7,747,196</u>

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes receivable, accounts receivable and long-term accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The expected credit losses of the notes receivable, accounts receivable and long-term accounts receivable were as follows:

	September 30, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Not overdue	\$ 8,302,404	-	-
Pass due less than one year	105,338	-	-
Pass due over one year	57,103	-	-
	\$ 8,464,845		-
	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Not overdue	\$ 7,713,995	-	-
Pass due less than one year	3,380	-	-
Pass due over one year	54,770	-	-
	\$ 7,772,145		-
	September 30, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Not overdue	\$ 7,682,403	-	-
Pass due less than one year	6,761	-	-
Pass due over one year	58,032	-	-
	\$ 7,747,196		-

The notes and accounts receivable were not pledged as collateral.

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Other receivables

	September 30, 2023	December 31, 2022	September 30, 2022
Other receivables – lending of capital (including other non-current assets)	\$ 751,595	525,515	505,070
Other receivables – lawsuit	150,630	150,630	150,630
Other receivables – related parties	2,782	2,293	1,219
Other (including other non-current assets)	14,985	157,127	197,534
Less: Allowance for bad debts	-	-	-
	<u>\$ 919,992</u>	<u>835,565</u>	<u>854,453</u>

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

(g) Inventories

	September 30, 2023	December 31, 2022	September 30, 2022
Hotel:			
Catering	\$ 6,419	5,616	461
Real estate:			
Real estate held for sale	12,202,010	13,930,882	12,668,784
Land held for development	6,340,278	4,616,823	2,249,018
Building construction in progress	6,443,185	5,881,928	12,710,017
Prepayment for land	99,909	515,465	944,367
Subtotal	25,085,382	24,945,098	28,572,186
Less: Allowance for impairment loss	(95,582)	(95,582)	(95,582)
	<u>\$ 24,996,219</u>	<u>24,855,132</u>	<u>28,477,065</u>

For the three months and nine months ended September 30, 2023 and 2022, the cost of inventory was \$993,147 thousand, \$479,889 thousand, \$3,580,257 thousand and \$5,633,661 thousand, respectively.

(i) Capitalizing interest costs were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Interest costs	\$ 223,755	192,106	684,974	434,111
Capitalized interests	\$ 24,363	62,675	66,012	115,646
Capitalization interest rate	<u>2.1458%~6.36%</u>	<u>1.6415%~7.15%</u>	<u>2.058%~6.36%</u>	<u>1.5%~7.15%</u>

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

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) According to the agreement on investment, the Group subsidiary in the United States used its inventory to offset \$7,250 thousand of the accounts payable of the joint development investor as of February.

(h) Investments accounted for using equity method

	September 30, 2023	December 31, 2022	September 30, 2022
Associates	<u>\$ 1,595,504</u>	<u>1,594,138</u>	<u>1,593,850</u>

(i) Associates

The Group's significant associates were as follows:

Name of associates	Nature of Relationship with the Group	Main operating location/Registered Country of the Company	Percentage of ownership or voting power		
			September 30, 2023	December 31, 2022	September 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

	September 30, 2023	December 31, 2022	September 30, 2022	
Current assets	\$ 333,175	176,932	481,325	
Non-current assets	2,549,589	1,611,626	1,355,087	
Current liabilities	(697,302)	(135,061)	(204,319)	
Non-current liabilities	(534,339)	(38,559)	(33,668)	
Net assets	<u>\$ 1,651,123</u>	<u>1,614,938</u>	<u>1,598,425</u>	
	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Revenues	<u>\$ 62,446</u>	<u>234,758</u>	<u>935,042</u>	<u>657,383</u>
Net income / Total comprehensive income	<u>\$ 18,346</u>	<u>15,654</u>	<u>91,596</u>	<u>45,054</u>

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Net assets attributable to the Group, beginning balance	\$ 800,061	775,723	791,319	761,317
Dividend	-	(165)	(27,151)	(165)
Total comprehensive income attributable to the Group	8,989	7,670	44,882	22,076
Net assets attributable to the Group, ending balance	<u>\$ 809,050</u>	<u>783,228</u>	<u>809,050</u>	<u>783,228</u>

2) Summary of Fanlu's financial figures

	September 30,	December 31,	September 30,
	2023	2022	2022
Current assets	\$ 6,612,200	5,013,047	5,012,705
Non-current assets	2,772	4,330	3,649
Current liabilities	(633,910)	(518,556)	(495,238)
Non-current liabilities	(3,734,000)	(2,205,000)	(2,205,000)
Net assets	<u>\$ 2,247,062</u>	<u>2,293,821</u>	<u>2,316,116</u>

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Revenues	\$ -	-	-	-
Net loss/ Total comprehensive income	<u>\$ (14,825)</u>	<u>(17,484)</u>	<u>(46,759)</u>	<u>(46,553)</u>
Net assets attributable to the Group, beginning balance	\$ 791,642	642,437	802,819	652,611
Additions	-	174,304	-	174,304
Total Comprehensive income attributable to the Group	(5,188)	(6,119)	(16,365)	(16,293)
Net assets attributable to the Group, ending balance	<u>\$ 786,454</u>	<u>810,622</u>	<u>786,454</u>	<u>810,622</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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current assets	\$ 5,250,918	5,352,228	11,363,658
Non-current assets	5,400,334	5,236,333	2,057
Current liabilities	(4,343,860)	(6,788,140)	(7,199,505)
Non-current liabilities	(135,833)	(129,267)	(363,832)
Net assets	<u>\$ 6,171,559</u>	<u>3,671,154</u>	<u>3,802,378</u>
Non-controlling interest	<u>\$ 2,440,102</u>	<u>1,689,764</u>	<u>1,818,790</u>

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues	<u>\$ 124,162</u>	<u>46,978</u>	<u>394,078</u>	<u>239,829</u>
Net loss	\$ (174,517)	(74,045)	(539,029)	(173,209)
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ (174,517)</u>	<u>(74,045)</u>	<u>(539,029)</u>	<u>(173,209)</u>
Net loss attributable to non-controlling interest	<u>\$ (79,838)</u>	<u>(33,658)</u>	<u>(246,021)</u>	<u>(78,387)</u>
Total comprehensive income attributable to non-controlling interest	<u>\$ (79,838)</u>	<u>(33,658)</u>	<u>(246,021)</u>	<u>(78,387)</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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(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	-	16,194	134,345	16,427	5,204	2,346	2,504	177,020
Disposals	-	-	(2,558)	(5,602)	(306)	(1,091)	-	(9,557)
Effect of exchange rate changes	<u>11,992</u>	<u>205,024</u>	<u>2,807</u>	<u>163</u>	<u>207</u>	<u>1,912</u>	<u>2,925</u>	<u>225,030</u>
Balance at September 30, 2023	<u>\$ 2,369,511</u>	<u>7,133,095</u>	<u>1,151,851</u>	<u>176,606</u>	<u>91,368</u>	<u>178,775</u>	<u>139,381</u>	<u>11,240,587</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	-	15,750	66,900	16,170	3,388	2,522	14,449	119,179
Disposals	-	-	(1,290)	(19,492)	(7,647)	(12,081)	-	(40,510)
Effect of exchange rate changes	<u>10,276</u>	<u>47,201</u>	<u>16</u>	<u>818</u>	<u>727</u>	<u>990</u>	<u>1,343</u>	<u>61,371</u>
Balance at September 30, 2022	<u>\$ 1,964,528</u>	<u>2,164,839</u>	<u>998,401</u>	<u>156,721</u>	<u>82,894</u>	<u>135,595</u>	<u>51,200</u>	<u>5,554,178</u>
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	-	124,667	117,860	10,469	6,266	11,433	22,054	292,749
Disposals	-	-	(2,559)	(5,580)	(303)	(1,020)	-	(9,462)
Effect of exchange rate changes	<u>-</u>	<u>4,797</u>	<u>260</u>	<u>157</u>	<u>202</u>	<u>479</u>	<u>477</u>	<u>6,372</u>
Balance at September 30, 2023	<u>\$ -</u>	<u>451,363</u>	<u>781,584</u>	<u>124,605</u>	<u>63,342</u>	<u>127,462</u>	<u>38,093</u>	<u>1,586,449</u>
Balance at January 1, 2022	\$ -	247,468	491,109	122,272	54,776	118,615	601	1,034,841
Depreciation	-	32,387	158,445	8,296	6,725	5,349	7,459	218,661
Disposals	-	-	(1,290)	(12,764)	(6,351)	(11,706)	-	(32,111)
Effect of exchange rate changes	<u>-</u>	<u>376</u>	<u>15</u>	<u>784</u>	<u>589</u>	<u>946</u>	<u>140</u>	<u>2,850</u>
Balance at September 30, 2022	<u>\$ -</u>	<u>280,231</u>	<u>648,279</u>	<u>118,588</u>	<u>55,739</u>	<u>113,204</u>	<u>8,200</u>	<u>1,224,241</u>
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 September 30, 2023	<u>\$ 2,369,511</u>	<u>6,681,732</u>	<u>370,267</u>	<u>52,001</u>	<u>28,026</u>	<u>51,313</u>	<u>101,288</u>	<u>9,654,138</u>
Balance at September 30, 2022	<u>\$ 1,964,528</u>	<u>1,884,608</u>	<u>350,122</u>	<u>38,133</u>	<u>27,155</u>	<u>22,391</u>	<u>43,000</u>	<u>4,329,937</u>

(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	14,545	27,740	4,335	46,620
Disposals	(29,616)	(73,405)	(1,514)	(104,535)
Effect of exchange rate changes	<u>-</u>	<u>412</u>	<u>-</u>	<u>412</u>
Balance at September 30, 2023	<u>\$ 72,944</u>	<u>162,034</u>	<u>9,356</u>	<u>244,334</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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	<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	23,152	40,763	1,805	65,720
Disposals	(27,904)	(30,953)	-	(58,857)
Effect of exchange rate changes	-	7,235	-	7,235
Balance at September 30, 2022	<u>\$ 90,373</u>	<u>214,774</u>	<u>7,855</u>	<u>313,002</u>
Depreciation and impairment losses:				
Balance at January 1, 2023	\$ 48,681	101,293	4,968	154,942
Depreciation	17,464	34,397	1,318	53,179
Disposals	(29,616)	(71,784)	(1,514)	(102,914)
Effect of exchange rate changes	-	159	-	159
Balance at September 30, 2023	<u>\$ 36,529</u>	<u>64,065</u>	<u>4,772</u>	<u>105,366</u>
Balance at January 1, 2022	\$ 46,637	120,032	4,218	170,887
Depreciation	24,879	51,415	1,613	77,907
Disposals	(27,373)	(24,832)	-	(52,205)
Effect of exchange rate changes	-	6,630	-	6,630
Balance at September 30, 2022	<u>\$ 44,143</u>	<u>153,245</u>	<u>5,831</u>	<u>203,219</u>
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 September 30, 2023	<u>\$ 36,415</u>	<u>97,969</u>	<u>4,584</u>	<u>138,968</u>
Balance at September 30, 2022	<u>\$ 46,230</u>	<u>61,529</u>	<u>2,024</u>	<u>109,783</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 September 30, 2023	<u>\$ 7,613,769</u>	<u>404,826</u>	<u>8,018,595</u>
Balance at September 30, 2022	<u>\$ 7,613,769</u>	<u>1,047,486</u>	<u>8,661,255</u>

- (i) There were no significant disposal, and recognition or reversal of impairment losses of investment properties for the nine months ended September 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
Notes to the Consolidated Financial Statements

- (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

	<u>Goodwill</u>	<u>Service Concession Agreements</u>	<u>Other</u>	<u>Total</u>
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 September 30, 2023	\$ <u>30,249</u>	<u>1,393,714</u>	<u>4,956</u>	<u>1,428,919</u>
Balance at September 30, 2022	\$ <u>30,249</u>	<u>1,070,816</u>	<u>-</u>	<u>1,101,065</u>

- (i) There were no significant additions, disposal, and recognition or reversal of impairment losses of intangible assets for the nine months ended September 30, 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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Unsecured loans	\$ 7,382,330	4,880,000	4,698,098
Secured loans	<u>8,063,755</u>	<u>9,910,012</u>	<u>9,697,344</u>
	<u>\$ 15,446,085</u>	<u>14,790,012</u>	<u>14,395,442</u>
Unused credit limit	<u>\$ 19,145,356</u>	<u>17,220,695</u>	<u>16,501,852</u>
Range of interest rate	<u>1.78%~8.5%</u>	<u>1.655%~7.75%</u>	<u>1.475%~5.75%</u>

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

(o) Short-term notes and bills payable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Bills payable	\$ <u>525,000</u>	<u>436,000</u>	<u>669,000</u>

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

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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(p) Bonds payable

	September 30, 2023	December 31, 2022	September 30, 2022
Secured ordinary bonds issued	\$ 2,000,000	2,000,000	2,000,000
Unamortized discount on bonds payable	(1,625)	(2,168)	(2,348)
	<u>\$ 1,998,375</u>	<u>1,997,832</u>	<u>1,997,652</u>

(i) There were no issued, repurchased or redeemed of bonds payable for the nine months ended September 30, 2023 and 2022. 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

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured loans	\$ 4,095,000	4,094,000	3,879,000
Secured loans	7,467,857	7,375,845	7,267,563
Less: current portion	(1,396,333)	(1,985,405)	(1,012,497)
Total	<u>\$ 10,166,524</u>	<u>9,484,440</u>	<u>10,134,066</u>
Unused credit limit	<u>\$ 16,834,930</u>	<u>11,367,786</u>	<u>7,545,587</u>
Range of interest rate	<u>1.878%~7.76047%</u>	<u>1.2479%~7.75871%</u>	<u>1.2479%~6.35214%</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 September 30, 2023, December 31, 2022 and September 30, 2022.

(r) Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Current	\$ <u>87,204</u>	<u>93,795</u>	<u>95,974</u>
Non-current	<u>\$ 53,232</u>	<u>54,623</u>	<u>15,119</u>

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

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Interest on lease liabilities	\$ <u>668</u>	<u>490</u>	<u>2,095</u>	<u>1,685</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>2,258</u>	<u>2,452</u>	<u>7,269</u>	<u>9,032</u>
Expenses relating to short-term leases	\$ <u>11,493</u>	<u>2,866</u>	<u>28,089</u>	<u>7,317</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	\$ <u>3,012</u>	<u>1,018</u>	<u>7,900</u>	<u>1,370</u>

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

	For the nine months ended September 30	
	2023	2022
Total cash outflow for leases	\$ <u>98,759</u>	<u>99,344</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

	September 30, 2023	December 31, 2022	September 30, 2022
Warranties	\$ 306,289	421,211	155,025
After-sales service	68,805	157,266	154,042
Onerous contract	65,516	108,312	108,224
	<u>\$ 440,610</u>	<u>686,789</u>	<u>417,291</u>

There were no significant changes of provision for the nine months ended September 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 nine months ended September 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 September 30, 2023, December 31, 2022 and September 30, 2022, are \$135,833 thousand, \$129,267 thousand and \$363,832 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 September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Operating costs	\$ 282	250	883	714
Operating expenses	731	659	2,157	2,064
	<u>\$ 1,013</u>	<u>909</u>	<u>3,040</u>	<u>2,778</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Defined contribution plans

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

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Operating costs	\$ 12,858	10,168	37,073	29,700
Operating expenses	7,458	6,569	21,769	18,987
	\$ 20,316	16,737	58,842	48,687

(w) Income Tax

(i) Income tax expenses

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Current income tax expenses				
Current period	\$ 103,274	48,186	250,689	259,399
Land value increment tax	4,091	7,566	16,471	89,216
Surtax on unappropriated earnings	-	-	29,022	-
Adjustment for prior periods	-	(191)	(26,412)	(110,441)
	\$ 107,365	55,561	269,770	238,174

(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:

Year of assessed	Company
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

(x) Capital and other equity

Except for the following disclosure, there were no significant changes for capital and other equity for the nine months ended September 30, 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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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(i) Retained earnings

In accordance with the Company's articles of incorporation, net income of the current period should firstly be offset against losses in the previous years and income tax, then with 10% of which be appropriated as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. In addition, special reserve will be appropriated base on operating requirements and regulations. The remaining net income plus the undistributed earnings shall be distributed according to the distribution plan. If the Company incurs no accumulated deficit, a minimum of 30% of the amount of shareholders' dividends shall be distributed based on the net earnings, and at least 30% of the total dividends shall be distributed in cash.

The distribution plan shall issue new shares, which should be proposed by the Board of Directors and submitted to the shareholders' meeting for approval, and pay cash dividends which should be adopted by a majority votes of the directors present at the board meeting attended by two-thirds of the directors, thereafter, to be reported at the shareholders' meeting.

1) Legal Reserve

When the Company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, as required, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of paid in capital.

2) Special Reserve

The Company applied the exemptions at the first-time adoption of IFRSs and increased its retained earnings by \$4,448,666 thousand, which were resulted from unrealized revaluation increments, exchange differences on translation of foreign financial statements, and the fair value of investment properties being used as the cost on initial recognitions at the transition date, as well as the amount of \$2,592,640 thousand being appropriated to special reserve according to Ruling issued by the FSC. The aforementioned special reserve may be reversed in proportion with the usage, disposal, or reclassification of the related assets, and then, be distributed afterwards. As of September 30, 2023, December 31, 2022 and September 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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 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)
Exchange differences on foreign operations	242,742	-	-	242,742
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	497,530	-	497,530
Change in fair value of hedging instrument	-	-	(21,027)	(21,027)
Balance at September 30, 2023	\$ (452,408)	1,637,649	(22,576)	1,162,665
Balance at January 1, 2022	\$ (969,251)	1,228,678	(16,124)	243,303
Exchange differences on foreign operations	383,003	-	-	383,003
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	(43,599)	-	(43,599)
Change in fair value of hedging instrument	-	-	34,173	34,173
Balance at September 30, 2022	\$ (586,248)	1,185,079	18,049	616,880

(y) Earnings per share

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Basic earnings per share				
Net income attributable to ordinary shareholders	\$ 474,102	465,389	1,264,109	2,645,141
Weighted average number of ordinary shares (Basic)	823,216	823,216	823,216	823,216
Basic earnings per share (NT dollars)	\$ 0.58	0.57	1.54	3.21

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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	For the three months ended September 30		For the nine months ended September 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>474,102</u>	<u>465,389</u>	<u>1,264,109</u>	<u>2,645,141</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>272</u>	<u>452</u>	<u>388</u>	<u>565</u>
Weighted average number of ordinary shares (after adjusting the effects of all dilutive potential ordinary shares)	<u>823,488</u>	<u>823,668</u>	<u>823,604</u>	<u>823,781</u>
Diluted earnings per share (NT dollars)	\$ <u>0.58</u>	<u>0.57</u>	<u>1.53</u>	<u>3.21</u>

(z) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30, 2023			
	Construction Engineering	Real Estate Development	Environmental Project Development & Water Treatment	Total
Primary geographical markets:				
Taiwan	\$ 4,502,721	1,620,968	1,448,088	7,571,777
Other	<u>37,255</u>	<u>184,879</u>	<u>-</u>	<u>222,134</u>
	<u>\$ 4,539,976</u>	<u>1,805,847</u>	<u>1,448,088</u>	<u>7,793,911</u>
Main products:				
Construction engineering	\$ 4,523,095	-	-	4,523,095
Environmental project development & water treatment	-	-	1,448,088	1,448,088
Real estate revenue	-	1,555,005	-	1,555,005
Rental revenue	8,059	42,200	-	50,259
Other	<u>8,822</u>	<u>208,642</u>	<u>-</u>	<u>217,464</u>
	<u>\$ 4,539,976</u>	<u>1,805,847</u>	<u>1,448,088</u>	<u>7,793,911</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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For the three months ended September 30, 2022				
	Construction Engineering	Real Estate Development	Environmental Project Development & Water Treatment	Total
Primary geographical markets:				
Taiwan	\$ 3,974,781	703,572	1,311,739	5,990,092
Other	<u>141,309</u>	<u>81,815</u>	<u>-</u>	<u>223,124</u>
	<u>\$ 4,116,090</u>	<u>785,387</u>	<u>1,311,739</u>	<u>6,213,216</u>
Main products:				
Construction engineering	\$ 4,031,450	-	-	4,031,450
Environmental project development & water treatment	-	-	1,311,739	1,311,739
Real estate revenue	-	679,354	-	679,354
Rental revenue	7,963	47,927	-	55,890
Other	<u>76,677</u>	<u>58,106</u>	<u>-</u>	<u>134,783</u>
	<u>\$ 4,116,090</u>	<u>785,387</u>	<u>1,311,739</u>	<u>6,213,216</u>
For the nine months ended September 30, 2023				
	Construction Engineering	Real Estate Development	Environmental Project Development & Water Treatment	Total
Primary geographical markets:				
Taiwan	\$ 13,300,159	5,085,852	3,343,052	21,729,063
Other	<u>281,927</u>	<u>552,308</u>	<u>-</u>	<u>834,235</u>
	<u>\$ 13,582,086</u>	<u>5,638,160</u>	<u>3,343,052</u>	<u>22,563,298</u>
Main products:				
Construction engineering	\$ 13,421,617	-	-	13,421,617
Environmental project development & water treatment	-	-	3,343,052	3,343,052
Real estate revenue	-	4,968,639	-	4,968,639
Rental revenue	22,746	99,242	-	121,988
Other	<u>137,723</u>	<u>570,279</u>	<u>-</u>	<u>708,002</u>
	<u>\$ 13,582,086</u>	<u>5,638,160</u>	<u>3,343,052</u>	<u>22,563,298</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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For the nine months ended September 30, 2022				
	Construction Engineering	Real Estate Development	Environmental Project Development & Water Treatment	Total
Primary geographical markets:				
Taiwan	\$ 12,251,050	8,166,793	3,560,436	23,978,279
Other	<u>203,641</u>	<u>295,472</u>	<u>-</u>	<u>499,113</u>
	<u>\$ 12,454,691</u>	<u>8,462,265</u>	<u>3,560,436</u>	<u>24,477,392</u>
Main products:				
Construction engineering	\$ 12,342,539	-	-	12,342,539
Environmental project development & water treatment	-	-	3,560,436	3,560,436
Real estate revenue	-	8,208,040	-	8,208,040
Rental revenue	22,443	125,478	-	147,921
Other	<u>89,709</u>	<u>128,747</u>	<u>-</u>	<u>218,456</u>
	<u>\$ 12,454,691</u>	<u>8,462,265</u>	<u>3,560,436</u>	<u>24,477,392</u>

(ii) Contract balances

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ 11,927	12,087	303,925
Accounts receivable (including long-term accounts receivable)	8,452,918	7,760,058	7,443,271
Less: Allowance for impairment	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,464,845</u>	<u>7,772,145</u>	<u>7,747,196</u>
Contract assets-construction engineering	\$ 1,627,625	2,174,604	2,129,047
Contract assets-retention receivables	<u>3,869,357</u>	<u>3,740,327</u>	<u>3,380,959</u>
Total	<u>\$ 5,496,982</u>	<u>5,914,931</u>	<u>5,510,006</u>
Contract liabilities-construction engineering	\$ 4,494,322	4,495,600	4,756,183
Contract liabilities-environment project development & water treatment	-	212,529	211,599
Contract liabilities-advance real estate receipts	2,582,154	2,798,043	2,838,502
Contract liabilities-advance rent receipts	<u>13,640</u>	<u>2,192</u>	<u>13,617</u>
Total	<u>\$ 7,090,116</u>	<u>7,508,364</u>	<u>7,819,901</u>

1) Please refer to Note 6(e) for the accounts receivable and allowance for impairment.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 2) Please refer to Note 6(s) for the onerous contracts.
- 3) The amounts of revenue recognized for the nine months ended September 30, 2023 and 2022 that were included in the contract liability balance at the beginning of the year were \$323,499 thousand, \$53,068 thousand, \$891,039 thousand and \$2,253,736 thousand, respectively.
- 4) Please refer to Note 9 for the amounts of the above contracts.

(aa) Remuneration for employees and directors

Based on the Company's articles of incorporation, remuneration for employees and directors is appropriated at the rate of 0.5% and a rate no more than 0.5%, respectively, of the income before tax. The Company should make up its prior years' accumulated deficit before any appropriation of profits. Employees of subsidiaries may also be entitled to the employee remuneration of the Company, which can be settled in the form of cash or stock.

For the three months and nine months ended September 30, 2023 and 2022, the Company estimated its employee remuneration to be \$2,792 thousand, \$2,443 thousand, \$7,278 thousand and \$13,641 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 nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Interest income from bank deposits	\$ 14,206	9,089	55,646	17,875
Other interest income	9,165	3,922	16,546	7,056
	\$ 23,371	13,011	72,192	24,931

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other income

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Dividend income	\$ 128,397	77,069	177,422	126,094
Income from counter-party default	-	10	8,647	543
Gain on overdue payables written off	-	-	-	3,359
Other income-other	9,874	5,424	48,466	16,020
	<u>\$ 138,271</u>	<u>82,503</u>	<u>234,535</u>	<u>146,016</u>

(iii) Other gains and losses

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Net gains (losses) on disposals of property, plant and equipment	\$ 126	(392)	126	(620)
Net foreign exchange (losses) gains	28,780	3,502	(58,845)	18,579
Other	(113)	-	(9,230)	(1,474)
	<u>\$ 28,793</u>	<u>3,110</u>	<u>(67,949)</u>	<u>16,485</u>

(iv) Financial costs

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Interest expenses-borrowings	\$ 216,989	185,518	664,585	414,132
Interest expenses-bonds payables (including amortization expenses)	6,098	6,098	18,294	18,294
Interest expenses-lease liabilities	668	490	2,095	1,685
Less: capitalized interest	(24,363)	(62,675)	(66,012)	(115,646)
	<u>\$ 199,392</u>	<u>129,431</u>	<u>618,962</u>	<u>318,465</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ac) Financial instruments

(i) Credit risk

1) Credit risk exposure

As of September 30, 2023, December 31, 2022 and September 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, 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 September 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
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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>
September 30, 2023					
Non-derivative financial liabilities					
Secured loans	\$ 15,531,612	18,332,780	2,854,734	11,690,513	3,787,533
Unsecured loans	11,477,330	12,173,873	6,999,072	4,547,310	627,491
Short-term notes and bills payable	525,000	525,008	525,008	-	-
Bonds payable	1,998,375	2,033,000	11,000	2,022,000	-
Accounts and notes payable	5,938,137	5,938,137	3,139,282	2,544,567	254,288
Other payables	1,741,312	1,741,312	657,425	1,083,887	-
Guarantee deposit received	83,220	83,220	553	15,291	67,376
Long-term accounts payable	135,833	135,833	-	135,833	-
Lease liabilities	140,436	143,819	59,190	84,629	-
	<u>\$ 37,571,255</u>	<u>41,106,982</u>	<u>14,246,264</u>	<u>22,124,030</u>	<u>4,736,688</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	148,418	154,173	93,983	55,411	4,779
	<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>
September 30, 2022					
Non-derivative financial liabilities					
Secured loans	\$ 16,964,907	19,569,278	2,910,005	11,641,921	5,017,352
Unsecured loans	8,577,098	8,809,034	5,063,513	3,745,521	-
Short-term notes and bills payable	669,000	669,000	669,000	-	-
Bonds payable	1,997,652	2,044,000	11,000	2,033,000	-
Accounts and notes payable	5,921,326	5,921,326	3,554,222	2,133,716	233,388
Other payables	1,532,993	1,532,993	569,144	963,849	-
Guarantee deposit received	120,813	120,813	-	55,740	65,073
Long-term accounts payable	363,832	363,832	-	363,832	-
Lease liabilities	111,093	154,294	66,101	84,848	3,345
	<u>\$ 36,258,714</u>	<u>39,184,570</u>	<u>12,842,985</u>	<u>21,022,427</u>	<u>5,319,158</u>

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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

	September 30, 2023			December 31, 2022			September 30, 2022			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
<u>Financial Assets</u>										
<u>Monetary items</u>										
USD : NTD	\$	3,341	32.2700	107,799	50,687	30.7100	1,556,607	10,906	31.7500	346,253
HKD : NTD		12,181	4.1230	50,223	4,756	3.9380	18,728	12,662	4.0440	51,204
JPY : NTD		88,983	0.2162	19,238	6,914	0.2324	1,607	78,466	0.2201	17,270
USD : MYR		3,027	4.6920	97,675	2,464	4.3900	75,673	2,021	4.6340	64,155
<u>Financial Liabilities</u>										
<u>Monetary items</u>										
USD : MYR		21,450	4.6920	692,192	22,650	4.3900	695,582	22,650	4.6340	719,138

2) Sensitivity analysis

The Group's exchange rate risk comes mainly from currency exchange gains and losses on the translation of the foreign cash and cash equivalents, accounts receivable, other receivables, borrowings, accounts payable, other payables, etc. A strengthening (weakening) of 1% of the NTD against foreign currencies for the nine months ended September 30, 2023 and 2022 would have increased or decreased the income before tax by \$4,409 thousand and by \$3,744 thousand, and the equity by \$236 thousand and \$1,341 thousand due to cash flow hedges, respectively. The analysis assumes that all other variables remain constant and is performed on the same basis for prior year.

3) Foreign exchange gains or losses of monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the nine months ended September 30, 2023 and 2022, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$58,845 thousand and \$18,579 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 \$144,052 thousand and \$143,148 thousand for the nine months ended September 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:

<u>Price of securities at the reporting date</u>	<u>For the nine months ended September 30</u>			
	<u>2023</u>		<u>2022</u>	
	<u>Other comprehensive Income after tax</u>	<u>Net Income</u>	<u>Other comprehensive Income after tax</u>	<u>Net Income</u>
Increase 1%	\$ <u>24,818</u>	<u>10,689</u>	<u>20,293</u>	<u>4,850</u>
Decrease 1%	\$ <u>(24,818)</u>	<u>(10,689)</u>	<u>(20,293)</u>	<u>(4,850)</u>

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

	<u>September 30, 2023</u>				
	<u>Carrying amount</u>	<u>Fair Value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss					
Unlisted common shares	\$ <u>1,068,858</u>	<u>-</u>	<u>-</u>	<u>1,068,858</u>	<u>1,068,858</u>
Financial assets for hedging	\$ <u>25,310</u>	<u>25,310</u>	<u>-</u>	<u>-</u>	<u>25,310</u>
Financial assets at fair value through other comprehensive income					
Listed common shares	\$ <u>1,820,859</u>	<u>1,820,859</u>	<u>-</u>	<u>-</u>	<u>1,820,859</u>
Unlisted common shares	<u>660,980</u>	<u>-</u>	<u>-</u>	<u>660,980</u>	<u>660,980</u>
Subtotal	\$ <u>2,481,839</u>	<u>1,820,859</u>	<u>-</u>	<u>660,980</u>	<u>2,481,839</u>
Total	\$ <u>3,576,007</u>	<u>1,846,169</u>	<u>-</u>	<u>1,729,838</u>	<u>3,576,007</u>
Financial liabilities for hedging	\$ <u>22,990</u>	<u>22,990</u>	<u>-</u>	<u>-</u>	<u>22,990</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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Measurements of financial instrument without an active market are as follows:

- Equity instruments without quoted price: The Group extrapolated fair value by present earning value method. The main assumption is cash flow from future earnings based on investors' expectation, and the cash flow is discounted by rate of return which is based on the time value of currency and investment risk.
- Equity instruments without quoted price: The Group extrapolated fair value by market approach. The main assumption is surplus multiplier based on comparable quoted market price. The estimates include adjustments of lack of market liquidity.

3) Transfer between Levels

There were no transfers of levels for the nine months ended September 30, 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 September 30, 2023 (the beginning of the year)	\$ 1,068,858	660,980
Balance at September 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".

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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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.

<u>Item</u>	<u>Valuation Technique</u>	<u>Significant unobservable input</u>	<u>Relationship between input and fair value</u>
Financial assets at fair value through profit or loss-equity investments without an active market	Discounted cash flow method	· Return on equity (September 30, 2023, December 31, 2022 and September 30, 2022 were 12.4176%, 12.4176% and 8.4014%, respectively)	· The higher return of equity, the lower the fair value.
Financial assets at fair value through other comprehensive income-equity investments without an active market	Market Method	· The multiplier of price-to-earnings ratio (September 30, 2023, December 31, 2022 and September 30, 2022 were 16.38, 16.38 and 15.80, respectively) · Market illiquidity discount (September 30, 2023, December 31, 2022 and September 30, 2022 were 75%, 75% and 80%, respectively)	· The higher multiplier of price-to-earnings ratio, the higher the fair value. · The higher market illiquidity discount, the lower the fair value.
Financial assets at fair value through other comprehensive income-equity investments without an active market	Income Method	· The growth rate of earnings-per-share (September 30, 2023, December 31, 2022 and September 30, 2022 were 0%) · Weighted average cost of capital (September 30, 2023, December 31, 2022 and September 30, 2022 were 5%)	· 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:

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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
September 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)
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)
September 30, 2022						
Financial assets at fair value through profit or loss						
Equity instruments without an active market	Return on equity	1%	\$ 1,165	(1,160)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market liquidity discount	5%	\$ -	-	41,249	(41,249)
Equity instruments without an active market	Weighted average cost of capital	1%	\$ -	-	105	(99)

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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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(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.

(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	September 30, 2023
			Foreign exchange movement	Other		
Short-term borrowings	\$ 14,790,012	437,923	218,150	-	-	15,446,085
Short-term notes and bills payable	436,000	89,000	-	-	-	525,000
Long-term borrowings (including due within one year)	11,469,845	61,381	31,631	-	-	11,562,857
Lease liabilities	148,418	(53,406)	425	-	44,999	140,436
Bonds payable	1,997,832	-	-	543	-	1,998,375
Total liabilities from financing activities	<u>\$ 28,842,107</u>	<u>534,898</u>	<u>250,206</u>	<u>543</u>	<u>44,999</u>	<u>29,672,753</u>

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

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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
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 nine months ended September 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>204,853</u>	<u>739,412</u>
Associate (Fanlu)	\$ <u>1,544,284</u>	<u>411,773</u>	<u>1,045,258</u>
<u>For the nine months ended September 30, 2022</u>			
Associate (CTCI-HDEC)	\$ <u>6,607,731</u>	<u>297,460</u>	<u>430,922</u>
Associate (Fanlu)	\$ <u>1,544,284</u>	<u>213,828</u>	<u>524,328</u>

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.

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other operating revenues

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Associates	\$ -	-	7,380	3,300
Other related parties	<u>2,640</u>	<u>1,440</u>	<u>7,502</u>	<u>4,110</u>
	<u>\$ 2,640</u>	<u>1,440</u>	<u>14,882</u>	<u>7,410</u>

The Group provides engineering and project management consulting services to the related parties. The terms and pricing of transactions are not significantly difference from general transactions.

(iii) Purchases

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Other related parties	<u>\$ 29</u>	<u>1,022</u>	<u>750</u>	<u>3,068</u>

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

(iv) Contract Assets

	September 30, 2023	December 31, 2022	September 30, 2022
Associates	<u>\$ 65,679</u>	<u>34,621</u>	<u>27,288</u>

(v) Receivables from related parties

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable-Other related parties	\$ 924	32	210
Other receivables-Other related parties	142	79	-
Other receivables-Associates	<u>2,640</u>	<u>2,214</u>	<u>1,219</u>
	<u>\$ 3,706</u>	<u>2,325</u>	<u>1,429</u>

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Payables to related parties

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts payable-Other related parties	\$ -	337	337
Other payables-Other related parties	416	92	137
	<u>\$ 416</u>	<u>429</u>	<u>474</u>

(vii) Rental

1) Rental revenues

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Other related parties	<u>\$ 835</u>	<u>792</u>	<u>2,474</u>	<u>2,190</u>

The rental is in reference to the nearby rental market value for parking spaces, and is paid on a monthly basis.

2) Rental costs

The Group leased an office building and a warehouse from other related parties. For the three months and nine months ended September 30, 2023 and 2022, the Group recognized the amount of \$88 thousand, \$4 thousand, \$279 thousand and \$24 thousand as interest expenses, respectively. As of September 30, 2023, December 31, 2022 and September 30, 2022, the balance of lease liabilities amounted to \$18,930 thousand, \$18,981 thousand and \$471 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	September 30, 2023	December 31, 2022	September 30, 2022
Associate (CTCI-HDEC)	Guarantee for bank loans	\$ 2,060,675	2,060,675	2,060,675
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>3,617,675</u>

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Other

1) Interest revenues

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Associates	\$ 1,624	1,161	2,222	1,732
Other related parties	-	3	-	7
	<u>\$ 1,624</u>	<u>1,164</u>	<u>2,222</u>	<u>1,739</u>

2) Other expenses

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Other related parties	\$ <u>7,955</u>	<u>9,662</u>	<u>30,984</u>	<u>25,198</u>

3) Other income

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Associates	\$ 2,628	2,328	7,009	6,208
Other related parties	27	21	81	61
	<u>\$ 2,655</u>	<u>2,349</u>	<u>7,090</u>	<u>6,269</u>

- 4) On August 31, 2023, the Group purchased 17,430,438 shares of Fanlu amounting to \$174,304 thousand.

(d) Key Management Personnel Transaction

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ <u>28,469</u>	<u>31,059</u>	<u>120,525</u>	<u>120,940</u>

As of September 30, 2023 and 2022, the Group provides fourteen vehicles at a cost of \$20,339 thousand and eleven vehicles at a cost of \$16,237 thousand, respectively, for the key management personnel.

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets

<u>Asset</u>	<u>Purpose of pledge</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Inventories (development corp.)	Loan collateral	\$ 15,324,557	15,694,702	19,202,988
Restricted deposits (other current assets)	Time deposits collateral	172,582	583,676	287,335
Property, plant and equipment	Loan collateral and construction guarantee	8,158,223	8,047,783	2,947,110
Investment properties, net	Loan collateral and construction guarantee	7,473,307	7,484,579	8,114,496
Total		<u>\$ 31,128,669</u>	<u>31,810,740</u>	<u>30,551,929</u>

(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:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Total sales of completed construction and real estate	<u>\$ 11,742,579</u>	<u>13,514,016</u>	<u>13,567,428</u>
Receipts based on the contracts	<u>\$ 2,582,154</u>	<u>2,798,043</u>	<u>2,838,502</u>

(ii) As of September 30, 2023, December 31, 2022 and September 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 \$282,550 thousand, \$542,322 thousand and \$2,905,873 thousand, within which, \$97,915 thousand, \$515,206 thousand and \$943,396 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:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Total contract amount—NTD	155,279,513	170,518,410	162,541,134
—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	128,045,487	117,310,051	138,587,996

(iv) As of September 30, 2023, December 31, 2022 and September 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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Service Concession agreements

The Group has entered into a service concession plan on sewage treatment with the government in the form of either a BOT project (Build–operate–transfer) or a wastewater reclamation and reuse BTO project (Build–transfer–operate). The primary terms of the contracts are summarized as follows:

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

The subsidiary as an operator	Location	Grantor	Agreement type	Concession period
NSC	Danshui area	New Taipei City	BOT of wastewater	May 2005~ May 2040
PDC	Pu Ding area	Taoyuan City	BOT of wastewater	January 2021~January 2056
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	February 2023~February 2048

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	September 30, 2023	December 31, 2022	September 30, 2022
Outstanding stand by letter of credit	\$ 1,274,180	-	4,890

(vii) The Group engaged Sydell Hotels LLC ("Sydell"), a third party professional hotel management company, for providing architects, consultants, and engineers in the planning, design, and equipping of its hotel, as well as pre-opening services necessary for the opening the hotel, at the total contract price of USD1,177 thousand. As of September 30, 2023, the remaining amount of USD450 thousand had yet to be.

(b) Contingent liability:

(i) As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group provided promissory notes for contract performance, issuance of commercial paper, and construction warranty, amounted to \$50,310,343 thousand, \$48,896,899 thousand and \$49,135,093 thousand, respectively.

(ii) As of September 30, 2023, December 31, 2022 and September 30, 2022, promissory notes receivable for construction contracts amounted to \$14,701,818 thousand, \$13,626,523 thousand and \$13,649,057 thousand, respectively.

(c) Other

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

(10) Losses due to major disasters: None

(11) Subsequent events: None

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other

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

	For the three months ended September 30, 2023			For the three months ended September 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	409,406	197,160	606,566	324,783	171,061	495,844
Labor and health	31,292	13,177	44,469	24,116	11,621	35,737
Pension	14,463	8,446	22,909	11,838	7,387	19,225
Others	50,329	33,877	84,206	38,659	31,531	70,190
Depreciation	106,699	12,808	119,507	63,278	24,969	88,247
Amortization	17,188	-	17,188	16,393	-	16,393

	For the nine months ended September 30, 2023			For the nine months ended September 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	1,216,186	561,065	1,777,251	913,638	492,905	1,406,543
Labor and health	94,441	42,486	136,927	74,772	36,804	111,576
Pension	41,542	25,599	67,141	34,221	21,745	55,966
Others	131,212	95,860	227,072	106,579	99,769	206,348
Depreciation	319,279	39,083	358,362	247,561	71,252	318,813
Amortization	51,562	-	51,562	49,180	-	49,180

(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	-	-	-	5,249,648	10,499,295
0	CHC	HDEC	Other receivables	Yes	500,000	500,000	500,000 (Note 2)	1.3%	2	-	Replenish working capital	-	-	-	5,249,648	10,499,295
1	CDC	BANGSAR	Other receivables	Yes	296,317	295,998	246,665 (Note 2)	2.5%	2	-	Land purchases and operation requirements	-	-	-	6,539,332	6,539,332
1	CDC	MEGA	Other receivables	Yes	839,151	814,981	678,084 (Note 2)	2.5%	2	-	Land purchases and operation requirements	-	-	-	6,539,332	6,539,332
1	CDC	Grand River D. Limited	Other receivables	No	751,595	751,595	617,290	2.525%	2	-	Land purchases and operation requirements	-	-	-	6,539,332	6,539,332

Note 1: The total amount of loans provided to others is limited to 40% of net equity value. The amount of loans to a single business enterprise is limited to 20% of net equity value. Relevant calculation are as follows:

CHC:

Maximum amount of loans is limited to 40% of net equity value: \$26,248,238 thousand \times 40% = 10,499,295 thousand

Maximum amount of loans provided to a single business enterprise is limited to 20% of net equity value: \$26,248,238 thousand \times 20% = 5,249,648 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: \$16,348,330 thousand \times 40% = 6,539,332 thousand

Maximum amount of loans provided to a single business enterprise is limited to 40% of net equity value: \$16,348,330 thousand \times 40% = 6,539,332 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
Notes to Consolidated Financial Statements

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Maximum amount of guarantees and endorsements for a specific enterprise	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements over net worth in the latest financial statements	Maximum amount of guarantees and endorsements	Parent company' s endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary' s endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	CHC	CICI	2	104,992,952	485,655	485,655	485,655	-	1.85 %	104,992,952	Y	N	N
0	CHC	HDEC	2	104,992,952	4,679,302	4,312,282	2,570,613	-	16.43 %	104,992,952	Y	N	N
0	CHC	CEC	2	104,992,952	16,131,048	15,937,379	6,779,600	-	60.72 %	104,992,952	Y	N	N
1	CEC	CDC	4,7	12,628,668	1,071,000	1,071,000	662,275	-	16.96 %	12,628,668	N	N	N
2	CDC	CDC US.	2	32,696,660	161,350	161,350	-	-	0.99 %	32,696,660	N	N	N
2	CDC	CCD	2	32,696,660	1,885,000	1,885,000	1,885,000	-	11.53 %	32,696,660	N	N	N
2	CDC	BANGSAR	2,6	32,696,660	177,786	172,665	42,200	-	1.06 %	32,696,660	N	N	N
2	CDC	MEGA	2,6	32,696,660	839,706	402,004	380,705	-	2.46 %	32,696,660	N	N	N
2	CDC	950P	2,6	32,696,660	1,945,156	174,581	77,284	-	1.07 %	32,696,660	N	N	N
2	CDC	950H & 950R	2,6	32,696,660	1,727,793	1,727,793	1,727,793	-	10.57 %	32,696,660	N	N	N
2	CDC	Fanlu	6	32,696,660	1,557,000	1,557,000	1,306,900	-	9.52 %	32,696,660	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	1,865,000	-	53.23 %	37,494,856	N	N	N
4	HDEC	PDC	2	37,494,856	1,295,000	1,295,000	722,000	-	27.63 %	37,494,856	N	N	N
4	HDEC	CTC	2	37,494,856	3,100,000	3,100,000	419,000	-	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	1,004,705	1,004,705	295,290	-	21.44 %	37,494,856	N	N	N
4	HDEC	CTCI-HDEC	6	37,494,856	2,060,675	2,060,675	575,975	-	43.97 %	37,494,856	N	N	N
4	HDEC	CEC	4,5	37,494,856	3,995,629	528,215	515,715	-	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: \$26,248,238 thousand \times 4 = \$104,992,952 thousand

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The total amount of endorsements/guarantees provided to a single business is limited to four times the net equity value in accordance with the Company's most recent financial statements: \$26,248,238 thousand \times 4 = \$104,992,952 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: \$6,314,334 thousand \times 2 = \$12,628,668 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: \$6,314,334 thousand \times 2 = \$12,628,668 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: \$16,348,330 thousand \times 2 = \$32,696,660 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: \$16,348,330 thousand \times 2 = \$32,696,660 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 September 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	1,820,859	6.15 %	1,820,859	
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	3,731,458

(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	(1,554,416) (Note 3)	10.24%	Same as those in general transactions	-	-	547,033 (Note 3)	9.51%	Note 1
CDC	CEC	Related party of the Company	Construction project	1,554,416 (Note 3)	43.37%	Same as those in general transactions	-	-	(547,033) (Note 3)	39.88%	
CEC	Fanlu	Associate	Construction contract	(392,457)	2.59%	Same as those in general transactions	-	-	65,679	1.14%	Note 1
Fanlu	CEC	Associate	Construction project	392,457	46.07%	Same as those in general transactions	-	-	(65,679)	98.45%	
HDEC	NSC	Parent and subsidiary	Construction contract	(123,757) (Note 3)	5.16%	Same as those in general transactions	-	-	28,153 (Note 3)	4.46%	Note 1
NSC	HDEC	Parent and subsidiary	Construction project	123,757 (Note 3)	61.32%	Same as those in general transactions	-	-	(28,153) (Note 3)	81.55%	
HDEC	CXC	Parent and subsidiary	Construction contract	(294,426) (Note 3)	12.26%	Same as those in general transactions	-	-	76,692 (Note 3)	12.15%	Note 1
CXC	HDEC	Parent and subsidiary	Construction project	294,426 (Note 3)	95.59%	Same as those in general transactions	-	-	(76,692) (Note 3)	60.00%	
HDEC	PDC	Parent and subsidiary	Construction contract	(336,875) (Note 3)	14.03%	Same as those in general transactions	-	-	81,484 (Note 3)	12.91%	Note 1
PDC	HDEC	Parent and subsidiary	Construction project	336,875 (Note 3)	84.43%	Same as those in general transactions	-	-	(81,484) (Note 3)	72.66%	
HDEC	CTC	Parent and subsidiary	Construction contract	(217,748) (Note 3)	9.07%	Same as those in general transactions	-	-	34,194 (Note 3)	5.92%	Note 1

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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)	
CTC	HDEC	Parent and subsidiary	Construction project	217,748 (Note 3)	75.62%	Same as those in general transactions	-	-	(34,194) (Note 3)	94.10%	
SDC	HDEC	Parent and subsidiary	Construction contract	(108,242) (Note 3)	82.65%	Same as those in general transactions	-	-	14,160 (Note 3)	12.35%	Note 1
HDEC	SDC	Parent and subsidiary	Construction project	108,242 (Note 3)	4.79%	Same as those in general transactions	-	-	(14,160) (Note 3)	3.79%	

Note 1: The Company recognized its construction contract income using the percentage-of-completion method.

Note 2: Aforesaid notes and accounts receivable are including contract assets.

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

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

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
CEC	CDC	Related party of the Company	Accounts receivable 547,033	4.25	-	-	13,517	-

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

Note 2: The above transactions were eliminated when compiling the consolidated financial statements.

(ix) Derivatives transactions:

As of September 30, 2023, the Group's Forward Exchange Agreement JPY3,761,625 thousand hedging instruments in amounts of USD671 thousand, JPY3,218 thousand and EUR42 thousand, GBP7 thousand and HKD302 thousand.

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(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	1.32%
		HDEC	1	Other receivables	13,267	Same as those in normal transactions	0.02%
		HDEC	1	Interest revenues	14,939	Same as those in normal transactions	0.07%
1	CCLC	CEC	3	Operating revenues	112,928	Same as those in normal transactions	0.50%
		CDC	3	Operating revenues	21,488	Same as those in normal transactions	0.10%
		HDEC	3	Operating revenues	29,902	Same as those in normal transactions	0.13%
		CEC	3	Accounts receivable	12,170	Same as those in normal transactions	0.02%
2	CEC	CDC	3	Operating revenues	1,554,416	Same as those in normal transactions	6.89%
		CDC	3	Accounts receivable	240,719	Same as those in normal transactions	0.32%
		CDC	3	Contract assets	306,314	Same as those in normal transactions	0.40%
		CCLC	3	Administrative expenses	112,928	Same as those in normal transactions	0.50%
		CCLC	3	Other payables	12,170	Same as those in normal transactions	0.02%
3	CDC	CEC	3	Operating costs	1,554,416	Same as those in normal transactions	6.89%
		CEC	3	Accounts payable	547,033	Same as those in normal transactions	0.72%
		MEGA	3	Other receivables	850,524	Same as those in normal transactions	1.12%
		BANGSAR	3	Other receivables	282,729	Same as those in normal transactions	0.37%
		CCLC	3	Administrative expenses	21,488	Same as those in normal transactions	0.10%
		CCD	3	Non-current other assets-other	165,000	Same as those in normal transactions	0.22%
4	MEGA	CDC	3	Other payables	850,524	Same as those in normal transactions	1.12%
5	BANGSAR	CDC	3	Other payables	282,729	Same as those in normal transactions	0.37%
6	HDEC	CHC	2	Non-current other liabilities-other	1,000,000	Same as those in normal transactions	1.32%
		CHC	2	Other payables	13,267	Same as those in normal transactions	0.02%
		CHC	2	Interest expenses	14,939	Same as those in normal transactions	0.07%
		NSC	2	Operating revenues	123,757	Same as those in normal transactions	0.55%
		NSC	3	Accounts receivable	28,153	Same as those in normal transactions	0.04%
		SDC	3	Operating costs	108,242	Same as those in normal transactions	0.48%
		SDC	3	Accounts payable	14,160	Same as those in normal transactions	0.02%
		PDC	3	Operating revenues	336,875	Same as those in normal transactions	1.49%
		PDC	3	Accounts receivable	30,587	Same as those in normal transactions	0.04%
		PDC	3	Contract assets	50,897	Same as those in normal transactions	0.07%
		CTC	3	Operating revenues	217,748	Same as those in normal transactions	0.97%
		CTC	3	Accounts receivable	20,771	Same as those in normal transactions	0.03%
		CTC	3	Contract assets	13,423	Same as those in normal transactions	0.02%
		7	NSC	CXC	3	Operating revenues	294,426
CXC	3			Accounts receivable	67,694	Same as those in normal transactions	0.09%
CXC	3			Contract assets	8,998	Same as those in normal transactions	0.01%
CCLC	3			Administrative expenses	29,902	Same as those in normal transactions	0.13%
HDEC	3			Operating costs	123,757	Same as those in normal transactions	0.55%
HDEC	3			Accounts payable	28,153	Same as those in normal transactions	0.04%

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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
8	SDC	HDEC	3	Operating revenue	108,242	Same as those in normal transactions	0.48%
		HDEC	3	Contract assets	14,160	Same as those in normal transactions	0.02%
		PDC	3	Operating revenue	17,237	Same as those in normal transactions	0.08%
		PDC	3	Accounts receivable	27,904	Same as those in normal transactions	0.04%
9	PDC	HDEC	3	Operating costs	336,875	Same as those in normal transactions	1.49%
		HDEC	3	Accounts payable	81,484	Same as those in normal transactions	0.11%
		SDC	3	Operating costs	17,237	Same as those in normal transactions	0.08%
		SDC	3	Accounts payable	27,904	Same as those in normal transactions	0.04%
10	CTC	HDEC	3	Operating costs	217,748	Same as those in normal transactions	0.97%
		HDEC	3	Accounts payable	34,194	Same as those in normal transactions	0.05%
11	CXC	HDEC	3	Operating costs	294,426	Same as those in normal transactions	1.30%
		HDEC	3	Accounts payable	76,692	Same as those in normal transactions	0.10%

Note 1: For transactions between the Company and its subsidiaries, numbers are assigned as follows:

- 1) 0 represents the Company.
- 2) 1~9 represent subsidiaries

Note 2: Relationships are as follows:

- 1) 1. the Company to subsidiary.
- 2) 2. subsidiary to the Company.
- 3) 3. subsidiary to other subsidiary.

(b) Information on investees:

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2023	December 31, 2022	Shares	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)	6,174,791	721,844	676,923	Note 1
CHC	CDC	Taiwan	Real estate development on residential, commercial, hotels and communities	6,220,745	6,220,745	601,419,561	99.99 % (Note 2)	16,348,328	599,033	599,033	Note 1
CHC	HDEC	Taiwan	Environmental project development & Water treatment	2,860,365	2,860,365	362,499,866	99.99 % (Note 3)	4,938,723	274,857	274,857	-
CHC	CCLC	Taiwan	Management consulting	20,000	20,000	-	100.00 %	21,613	2,291	2,291	-
CEC	CICI	India	Civil and Building engineering	497,839	497,839	73,981,492	100.00 %	(8,922)	(4,675)	Disclosure not required	-
CEC	CIC	British Virgin Islands	Investment and holding	2,048,252	2,048,252	64,380,940	100.00 %	8,233	(6,450)	"	-
CEC	CIMY	Malaysia	Civil and Building engineering	179,257	179,257	22,340,476	85.14 %	5,896	(331)	"	-

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
CEC	CEC HK	Hong Kong	Civil and Building engineering	10,815	10,815	3,000,000	100.00 %	950	(18)	Disclosure not required	-
CIC	NCC	British Virgin Islands	Investment and holding	1,640,006	1,640,006	10,353	45.47 %	-	4,546	"	-
CDC	BANGSAR	Malaysia	Real estate development on residential	4,444	4,444	600,000	60.00 %	(16,905)	(12,051)	"	-
CDC	CCD	Taiwan	Real estate lease	976,539	976,539	48,198,292	80.65 %	2,212,527	(37,538)	"	-
CDC	Fanlu	Taiwan	Real estate development on residential and hotels	915,950	915,950	91,595,000	35.00 %	786,454	(46,759)	"	-
CDC	MEGA	Malaysia	Real estate development on hotels	7,375	7,375	825,000	55.00 %	(131,962)	(96,205)	"	-
CDC	CDC US.	The U.S.	Investment and holding	4,132,782	2,284,960	5,000,000	100.00 %	3,731,458	(293,009)	"	-
CDC	CDCAM	Malaysia	Management consulting	7,524	7,524	1,000,000	100.00 %	8,945	752	"	-
HDEC	SDC	Taiwan	Construction of underground pipeline and environmental protection project, plumbing	49,600	49,600	3,000,000	100.00 %	38,544	1,653	"	-
HDEC	NSC	Taiwan	Environmental project	1,112,000	1,112,000	166,000,000	100.00 %	2,791,643	131,478	"	-
HDEC	BWC	Taiwan	Environmental project	362,100	362,100	37,740,000	51.00 %	416,691	29,599	"	-
HDEC	PDC	Taiwan	Environmental project	540,000	340,000	59,726,000	100.00 %	634,955	31,326	"	-
HDEC	CTCI - HDEC	Taiwan	Environmental project	735,000	735,000	73,500,000	49.00 %	809,050	91,596	"	-
HDEC	LHC	Taiwan	Environmental project	550,000	550,000	56,100,000	55.00 %	610,951	58,090	"	-
HDEC	CTC	Taiwan	Environmental project	450,000	450,000	45,000,000	100.00 %	450,153	2,305	"	-
HDEC	CXC	Taiwan	Environmental project	1,000,000	1,000,000	100,000,000	100.00 %	1,015,657	15,737	"	-
CCLC	CEC	Taiwan	Civil, Building and M&E engineering	1	1	84	- % (Note 4)	1	721,844	"	-
CCLC	CDC	Taiwan	Real estate development on residential, commercial, hotels and communities	3	3	102	- % (Note 4)	2	599,033	"	-
CCLC	HDEC	Taiwan	Environmental project development & Water treatment	1	1	134	- % (Note 5)	2	274,857	"	-

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

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

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

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

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

(c) Information on investment in Mainland China: None

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(d) Major shareholders:

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

(14) Segment information

For the three months ended September 30, 2023						
	Construction Engineering	Real Estate Development	Environmental project Development & Water Treatment	Investment	Adjustment and write-off	Total
Revenue:						
Segment revenues from external customers	\$ 4,539,976	1,805,847	1,448,088	-	-	7,793,911
Intersegment revenues	552,729	-	-	636,915	(1,189,644)	-
Total revenues	<u>\$ 5,092,705</u>	<u>1,805,847</u>	<u>1,448,088</u>	<u>636,915</u>	<u>(1,189,644)</u>	<u>7,793,911</u>
Reportable segment profit or loss	<u>\$ 213,719</u>	<u>218,136</u>	<u>90,894</u>	<u>555,058</u>	<u>(577,746)</u>	<u>500,061</u>
For the three months ended September 30, 2022						
	Construction Engineering	Real Estate Development	Environmental project Development & Water Treatment	Investment	Adjustment and write-off	Total
Revenue:						
Segment revenues from external customers	\$ 4,116,090	785,387	1,311,739	-	-	6,213,216
Intersegment revenues	416,505	-	-	567,093	(983,598)	-
Total revenues	<u>\$ 4,532,595</u>	<u>785,387</u>	<u>1,311,739</u>	<u>567,093</u>	<u>(983,598)</u>	<u>6,213,216</u>
Reportable segment profit or loss	<u>\$ 313,769</u>	<u>43,748</u>	<u>167,109</u>	<u>486,433</u>	<u>(541,541)</u>	<u>469,518</u>
For the nine months ended September 30, 2023						
	Construction Engineering	Real Estate Development	Environmental project Development & Water Treatment	Investment	Adjustment and write-off	Total
Revenues:						
Segment revenues from external customers	\$ 13,582,086	5,638,160	3,343,052	-	-	22,563,298
Intersegment revenues	1,599,460	-	-	1,717,422	(3,316,882)	-
Total revenues	<u>\$ 15,181,546</u>	<u>5,638,160</u>	<u>3,343,052</u>	<u>1,717,422</u>	<u>(3,316,882)</u>	<u>22,563,298</u>
Reportable segment profit or loss	<u>\$ 721,815</u>	<u>315,034</u>	<u>383,679</u>	<u>1,450,574</u>	<u>(1,598,025)</u>	<u>1,273,077</u>

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	For the nine months ended September 30, 2022					
	Construction Engineering	Real Estate Development	Environmental project Development & Water Treatment	Investment	Adjustment and write-off	Total
Revenues:						
Segment revenues from external customers	\$ 12,454,691	8,462,265	3,560,436	-	-	24,477,392
Intersegment revenues	<u>1,095,386</u>	<u>-</u>	<u>-</u>	<u>2,892,317</u>	<u>(3,987,703)</u>	<u>-</u>
Total revenues	<u>\$ 13,550,077</u>	<u>8,462,265</u>	<u>3,560,436</u>	<u>2,892,317</u>	<u>(3,987,703)</u>	<u>24,477,392</u>
Reportable segment profit or loss	<u>\$ 567,947</u>	<u>1,863,031</u>	<u>512,066</u>	<u>2,713,910</u>	<u>(2,871,861)</u>	<u>2,785,093</u>