

Continental Holdings Corporation
2024 Annual Shareholders' Meeting Minutes
(Translation)

Date and Time: 9:00 a.m., June 3, 2024

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

The Number of Shares of Attendance:

Attending shareholders and proxy represented 557,709,513 shares (including 546,619,673 shares which attended through electronic voting) accounting for 67.74% of the Company's 823,215,980 issued and outstanding shares.

Directors Present: Chairman Nita Ing (Rep. of Wei-Dar development Co., Ltd), Ms. Helena Kuo (Rep. of Wei-Dar Development Co., Ltd), Mr. John Huang (Rep. of Han-De Construction Co., Ltd), Mr. Hsiung Chiang (Rep. of Han-De Construction Co., Ltd), Independent Director Mr. Frank Juang, Independent Director Mr. Allen Lee, and Independent Director Ms. Jolien Shu.

In Attendance:

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

KPMG: Mr. Chung-Che Chen

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

Minute taker: Mr. Calvin Tsai

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

II. Chairman Remarks: (omitted)

III. Report Items

1. To report the distribution of 2023 employees' compensation and Directors' remuneration
(Proposed by the Board of Directors)

Explanatory Notes:

The Company's employees compensation and Directors remuneration for 2023 was approved at the 16th Meeting of the 5th Board of Directors in accordance with the Company Act and Article 29-1 of the CHC Articles of Incorporation. NT\$9,961,243 in cash was to be distributed as employee compensation while no Director's remuneration was to be issued. Acknowledged.

2. To report the distribution of 2023 cash dividend
(Proposed by the Board of Directors)

Explanatory Notes:

- (1) According to Article 31 of the CHC Articles of Incorporation. The Board of Directors is authorized to distribute some or all of dividends and bonuses in cash. The distribution shall be reported to the shareholders' meeting.
- (2) The Company will distribute cash dividends of NT\$1,234,823,970 from 2023 earnings available for distribution at NT\$1.5 per share.
- (3) The cash dividends will be calculated based on the distribution ratio and rounded to NT\$ dollar. For the remainder less than NT\$1 will be distributed according the decimal number of the original distributed amount in descending order until the total distribution amount of cash dividends is met.
- (4) The Board of Directors has approved the distribution and authorized the Chairman to determine enact ex-dividend date, dividend payment date and handle all the matters related to the allocation of dividends based on the actual situation.

Acknowledged.

Statement Summary:

Shareholder (Account Number 71160) inquired the arrangement of Audit Committee's Review Report at the shareholders' meeting and the committee's communication with the Company's Chief Auditor. The Chairman responded that the Audit Committee frequently communicates with the Company's Chief Auditor, and the Audit Committee Review Report is listed as the first

approval item of today's meeting.

IV. Approval Items

1. 2023 Business Report and Financial Statements

(Proposed by the Board of Directors)

Explanatory Notes:

The Company's 2023 Financial Statements (see Attachment I) were audited by independent auditors, Mr. Chung-Che Chen and Ms. Shu-Ying Chang of KPMG Taiwan. After reviewing these financial statements and 2023 Business Report (see Attachment I), the Company's Audit Committee found no inconsistencies, and then issued Audit Committee's Review Report (see Attachment I).

Resolved: Voting results for this proposal was as follows:

Total number of shareholder votes present during vote (including electronic votes):
557,709,513

Voting results	Number of shareholder votes	% of the total represented share present
Votes in favor	531,727,983 (Including 528,864,079 electronic votes)	95.34%
Vote against	138,657 (Including 138,657 electronic votes)	0.02%
Votes invalid	0	0.00%
Votes abstention /not votes	25,842,873 (Including 17,616,937 electronic votes)	4.63%

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

Statement Summary:

Shareholder (Account Number 17764) inquired the Company's action in response to public construction raw material inflation, opportunities on unsafe and old buildings projects, and

loss on overseas investment. The Chairman designated the Company's Chief Executive Officer to explain to the shareholders that public construction agreements rendered to the Company all include responsive mechanisms to raw material inflation, Continental Development Corporation has a dedicated department responsible for unsafe and old buildings projects, and the management team will continue to improve overseas investment loss.

Shareholder (Account Number 45279) expressed appreciation to the Company's management for stable profits and suggested the Company's business strategy should include strengthening the real estate business. The Chairman on behalf of management expressed appreciation to the shareholder for his encouragement and explained the Company's business strategy.

Shareholder (Account Number 71160) inquired the 2% decrease of gross margin, 1% increase of marketing and management expenses, the Company's Corporate Governance Officer's reason of resignation, and asset impairment loss of CDC Commercial Development Corporation. The Chairman responded that the Corporate Governance Officer resigned due to personal reasons and designated the Company's Chief Executive Officer to explain that gross margin decreased due to product mix of the Company's three subsidiaries, the marketing expense increase is a result of Continental Development Corporation's promotion campaigns for real estate properties, which in turn indicates a positive message that the selling of real estate properties is ongoing. The asset impairment of CDC Development Corporation shopping mall demolition is in line with accounting standards and it is expected that future returns of the project will be exceedingly higher than the impairment amount, which will in turn boost the Company's return on assets.

Shareholder (Account Number 17764) inquired the Company's financial reports and provided suggestions regarding cash flow and unsafe and old buildings construction projects. The Chairman expressed appreciation for the shareholder's suggestions.

Shareholder (Account Number 71160) inquired CDC Commercial Development Corporation asset impairment and Evergreen Steel Corporation investment. The Chairman designated the Company's Chief Executive Officer to respond to the query. CDC Commercial Development Corporation collaborated with Continental Development Corporation to jointly develop a commercial building located in Dazhi and the accounting treatment of the commercial

building is in accordance with accounting standards. The Evergreen Steel Corporation investment gain is purely investment return and CHC Group will continue to focus on its core businesses to increase cash returns.

2. The proposal for appropriation of 2023 earnings

(Proposed by the Board of Directors)

Explanatory Notes:

- (1) The proposed appropriation of 2023 earnings was approved by the Audit Committee and the Board of Directors of the Company.
- (2) The proposed 2023 earnings distribution table is as below.

**Continental Holdings Corporation
2023 Earnings Distribution Table**

Unit: NTD

Unappropriated Retained Earnings of Previous Years	5,090,142,432
Plus (Less)	
Remeasurement of Defined Benefit Obligation	(19,612,400)
Net Income of 2023	1,716,735,802
Earnings Available for Distribution	6,787,265,834
Less: Legal Reserve	(169,712,340)
Distribution Item:	
Cash Dividend to Common Shareholders@1.5	(1,234,823,970)
Unappropriated Retained Earnings	5,382,729,524

Chairman: Nita Ing

Manager: Cindy Chang

Chief Accountant: Eva Lin

Resolved: Voting results for this proposal was as follows:

Total number of shareholder votes present during vote (including electronic votes):

557,709,513

Voting results	Number of shareholder votes	% of the total represented share present
Votes in favor	534,185,723 (Including 531,321,819 electronic votes)	95.78%
Vote against	703,657 (Including 703,657 electronic votes)	0.13%
Votes invalid	0	0.00%
Votes abstention /not votes	22,820,133 (Including 14,594,197 electronic votes)	4.09%

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

Statement Summary:

There being no questions raised by the shareholders.

V. Directors Election

1. Election of the 6th CHC Board of Directors.

(Proposed by the Board of Directors)

Explanatory Notes:

- (1) The 6th CHC Board of Directors will be elected at this Shareholders' Meeting. The number of Directors to be elected has been determined by the Board of Directors as 7 (including 3 independent Directors). The tenure of newly elected directors shall be 3 years starting from the date of election, commencing on June 3, 2024 and expiring on June 2, 2027. The tenure of the 5th Directors will expire at the completion of 2024 annual shareholders' meeting.
- (2) The Directors shall be elected by adopting candidates nomination system as provided under in Article 192-1 of the Company Law, and Article 17 and 18 of the CHC Articles of Incorporation. The Directors shall be elected from the list of Director candidates, whose Academic Qualifications, Past and Current Positions, and relevant information, reasons for nominating as independent director and relevant information are provided in Attachment II.

(3) The election shall be proceeded in accordance with the CHC Rules for Election of Directors.

Voting results: The 6th CHC Board of Directors elected are as below.

Title	Name	Votes Received
Director	Ms. Nita Ing Representative of Wei-Dar Development Co., Ltd	701,590,134
Director	Ms. Helena Kuo Representative of Wei-Dar Development Co., Ltd	470,133,072
Director	Mr. John Huang Representative of Han-De Construction Co., Ltd.	457,258,767
Director	Mr. Hsiung Chiang Representative of Han-De Construction Co., Ltd.	441,027,235
Independent Director	Mr. Frank Juang	537,940,597
Independent Director	Ms. Jolien Shu	527,788,299
Independent Director	Ms. Wilma Wei	510,000,852

VI. Discussion Items

1. To release non-competition restrictions on the members of the 6th Board of Directors.
(Proposed by the Board of Directors)

Explanatory Notes:

- (1) Article 209, Paragraph 1 of the Company Act provides “A Director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”
- (2) Details on the release of the non-competition restrictions for new Directors (Including Independent Directors) are provided in Attachment III. This Item will be resolved to

release the non-competition restrictions on new Directors to the extent without prejudice to the Company.

Resolved: Voting results for this proposal was as follows:

Total number of shareholder votes present during vote (including electronic votes) excluding recused shares in accordance with Article 178 of the Company Act:

287,025,348

Voting results	Number of shareholder votes	% of the total represented share present (excluding recused shares)
Votes in favor	259,187,057 (Including 257,226,451 electronic votes)	90.30%
Vote against	4,789,024 (Including 4,789,024 electronic votes)	1.67%
Votes invalid	0	0.00%
Votes abstention /not votes	23,049,267 (Including 14,823,331 electronic votes)	8.03%

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

Statement Summary:

There being no questions raised by the shareholders.

VII. Other Business and Extempore Motion: None

Statement Summary:

Shareholder (Account Number 17764) remarked on the Company's business development, bargaining power on public construction, investments, cash flow and unsafe and old building construction projects. The Chairman appreciated the shareholder's suggestions.

VIII. Adjourned: Meeting adjourned at 10:13 a.m., June 3, 2024.

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

Attachment I

2023 Business Report, Financial Statements and Audit Committee's Review Report

1. 2023 Business Report

In 2023, Taiwan's market prosperity was affected by the slowdown of global economic growth, compounded by monetary tightening and interest rate hike policies. Real estate transactions experienced a wait-and-see contraction in the first half of the year, gradually recovering after interest rate hikes ceased in the second half of the year. To boost economic growth, the government increased large-scale public construction expenditures and strengthened project contracting execution, which had a positive impact on the construction industry.

All colleagues within Continental Holdings Corporation's three major business entities – Construction Engineering, Real Estate Development, and Environmental Project Development & Water Treatment - demonstrated unwavering determination to exhibit business resilience amidst the challenging market environment. However, due to the deceleration in transactions within the residential real estate market and the real estate delivery cycle, consolidated revenues for 2023 totaled NT\$30.607 billion, a decrease of 5% from the previous year. Net operating profits were NT\$2.173 billion, 33% lower than the previous year. After-tax net profits amounted to NT\$1.717 billion and earnings per share was NT\$2.09, down 41% from the previous year.

In 2023, the Construction Engineering Business continued to enhance its core capabilities and prioritize financial discipline, thereby setting a new record profit since the incorporation of Continental Holdings Corporation. During the year, the Construction Engineering Business secured new projects, including the CF670A section standard project of the South Ring section of the Taipei Metro Circular Line and the transfer facility project of Taipei Metro Jiantan Station. As a result, backlog reached a record high of NT\$80 billion by the end of 2023, laying a solid foundation for the revenue target of the Construction Engineering Business in the coming years. Major projects slated for construction in 2024 include civil works and residential construction projects, such as Taoyuan Metro Green Line and Taipei Metro Circular Line.

In 2023, the Real Estate Development Business secured the Public-led urban regeneration project in Da 'An District of Taipei City and expanded its presence in the residential market in Hsinchu. Throughout the year, it primarily realized profits from the " Drawing the Dream Life " and " Timeless and Modern Expression " residential building projects, while commencing sales of residential projects in Kuala Lumpur, Malaysia. Looking ahead to 2024, it anticipates recognizing profits from " Tianjin Street " residential project and other existing housing projects and plans to launch new projects in Taipei, New Taipei, and Taichung.

In 2023, the Environmental Project Development & Water Treatment Business completed the first phase of the Taoyuan Puding Water Resources Recycling Center and the second phase of the Miaoli Tongluo Science Park Sewage Treatment Plant. Moreover, the Tainan Anping Reclaimed Water Plant was officially initiated and achieved its target of supplying 37,500 tons of reclaimed water per day ahead of schedule. Additionally, both the Tainan Chengxi Incineration Plant and the Kaohsiung Qiaotou Reclaimed Water Plant commenced construction in 2023 and will enter their construction peak in 2024.

Continental Holdings Corporation adheres to the ESG concept and is committed to improving energy efficiency, investing in the utilization of water resources and renewable energy, focusing on talent cultivation, and implementing integrity in operations. Looking ahead, we will continue to strengthen operational resilience and develop core businesses to enhance the long-term value of Continental Holdings Corporation.

2. Continental Holdings Corporation Financial Statements

CONTINENTAL HOLDINGS CORPORATION

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022		
	Amount	%	Amount	%	
Assets					
Current assets:					
1100	Cash and cash equivalents	\$ 19,207	-	80,568	-
1200	Other receivables	21,734	-	18,067	-
1220	Current tax assets	750	-	750	-
1410	Prepayments	21	-	160	-
		41,712	-	99,545	-
Non-current assets:					
1550	Investments accounted for using equity method	28,703,084	96	27,451,964	96
1600	Property, plant and equipment	2,699	-	3,534	-
1755	Right-of-use assets	48,638	-	3,540	-
1920	Guarantee deposits paid	1	-	1	-
1990	Other non-current assets, others	1,000,000	4	1,000,000	4
		29,754,422	100	28,459,039	100
	Total assets	\$ 29,796,134	100	28,558,584	100

		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
2100	Short-term loans	\$ 65,000	-	-	-
2200	Other payables	51,239	-	51,742	-
2230	Current tax liabilities	253,877	1	156,547	1
2280	Current lease liabilities	11,738	-	3,747	-
2399	Other current liabilities, others	594	-	574	-
		<u>382,448</u>	<u>1</u>	<u>212,610</u>	<u>1</u>
Non-Current liabilities:					
2530	Bonds payable	1,998,555	7	1,997,832	7
2580	Non-current lease liabilities	37,631	-	-	-
2640	Net defined benefit liability, non-current	25,363	-	25,218	-
		<u>2,061,549</u>	<u>7</u>	<u>2,023,050</u>	<u>7</u>
	Total liabilities	<u>2,443,997</u>	<u>8</u>	<u>2,235,660</u>	<u>8</u>
Equity attributable to owners of parent:					
3100	Capital stock	8,232,160	28	8,232,160	29
3200	Capital surplus	6,817,198	23	6,817,198	24
3300	Retained earnings	10,469,230	35	10,830,146	38
3400	Other equity	1,833,549	6	443,420	1
	Total equity	<u>27,352,137</u>	<u>92</u>	<u>26,322,924</u>	<u>92</u>
	Total liabilities and equity	<u>\$ 29,796,134</u>	<u>100</u>	<u>28,558,584</u>	<u>100</u>

CONTINENTAL HOLDINGS CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

	2023		2022	
	Amount	%	Amount	%
4000 Operating revenues	\$ 2,121,624	100	3,075,624	100
5000 Operating costs	-	-	-	-
Gross profit from operations	2,121,624	100	3,075,624	100
Operating expenses:				
6200 Administrative expenses	146,771	7	146,057	5
Net operating income	1,974,853	93	2,929,567	95
Non-operating income and expenses:				
7100 Interest income	20,157	1	19,973	1
7020 Other gains and losses, net	13,521	1	12,907	-
7050 Finance costs, net	(26,243)	(1)	(24,507)	(1)
	7,435	1	8,373	-
Income before tax	1,982,288	94	2,937,940	95
7950 Less: Income tax expenses	265,552	13	49,548	2
Net income	1,716,736	81	2,888,392	93
8300 Other comprehensive income (loss):				
8310 Item that will not be reclassified to profit or loss				
8311 Remeasurements of defined benefit plans	204	-	1,141	-
8330 Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	1,343,612	63	(21,057)	(1)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	4,903	-	(10,814)	-
Components of other comprehensive income that will not be reclassified to profit or loss	1,348,719	63	(30,730)	(1)
8360 Item that will be reclassified to profit or loss				
8380 Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	21,798	1	274,101	9
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	21,798	1	274,101	9
8300 Other comprehensive income (loss)	1,370,517	64	243,371	8
8500 Total comprehensive income	\$ 3,087,253	145	3,131,763	101
Earnings per share				
9750 Basic earnings per share (NT dollars)	\$ 2.09		3.51	
9850 Diluted earnings per share (NT dollars)	\$ 2.08		3.51	

Chairman : Nita Ing

Manager : Cindy Chang

Chief Accountant : Eva Lin

CONTINENTAL HOLDINGS CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Total other equity				Total equity
	Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total	
Balance at January 1, 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
Net income	-	-	-	-	2,888,392	2,888,392	-	-	-	-	2,888,392
Other comprehensive income (loss)	-	-	-	-	43,254	43,254	274,101	(88,559)	14,575	200,117	243,371
Total comprehensive income (loss)	-	-	-	-	2,931,646	2,931,646	274,101	(88,559)	14,575	200,117	3,131,763
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	180,428	-	(180,428)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,383,003)	(1,383,003)	-	-	-	-	(1,383,003)
Balance at December 31, 2022	8,232,160	6,817,198	1,126,567	2,262,233	7,441,346	10,830,146	(695,150)	1,140,119	(1,549)	443,420	26,322,924
Net income	-	-	-	-	1,716,736	1,716,736	-	-	-	-	1,716,736
Other comprehensive income (loss)	-	-	-	-	(19,612)	(19,612)	21,798	1,387,325	(18,994)	1,390,129	1,370,517
Total comprehensive income (loss)	-	-	-	-	1,697,124	1,697,124	21,798	1,387,325	(18,994)	1,390,129	3,087,253
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	293,164	-	(293,164)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,058,040)	(2,058,040)	-	-	-	-	(2,058,040)
Balance at December 31, 2023	\$ 8,232,160	6,817,198	1,419,731	2,262,233	6,787,266	10,469,230	(673,352)	2,527,444	(20,543)	1,833,549	27,352,137

Chairman : Nita Ing

Manager : Cindy Chang

Chief Accountant : Eva Lin

CONTINENTAL HOLDINGS CORPORATION

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Income before tax	\$ 1,982,288	2,937,940
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	13,604	14,290
Interest expense	25,520	23,785
Interest income	(20,157)	(19,973)
Amortization of issuance costs on bonds payable	723	722
Loss on disposal of property, plant and equipment	-	(96)
Investment revenues	(2,121,624)	(3,075,624)
Total adjustments to reconcile profit	(2,101,934)	(3,056,896)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Other receivables	558	(628)
Prepayments	139	(48)
Total changes in operating assets	697	(676)
Changes in operating liabilities:		
Other payables	(523)	12,353
Other current liabilities	20	160
Net defined benefit liability	308	143
Total changes in operating liabilities	(195)	12,656
Total changes in operating assets and liabilities	502	11,980
Total adjustments	(2,101,432)	(3,044,916)
Cash outflow generated from operations	(119,144)	(106,976)
Interest received	15,932	21,573
Dividends received	2,240,858	1,385,159
Interest paid	(25,500)	(23,785)
Income taxes paid	(168,222)	(11,345)
Net cash flows from operating activities	1,943,924	1,264,626
Cash flows from investing activities:		
Acquisition of investments accounted for using equity method	-	(510,000)
Acquisition of property, plant and equipment	(110)	(3,384)
Disposal of property, plant and equipment	-	1,475
Net cash flows used in investing activities	(110)	(511,909)
Cash flows from financing activities:		
Increase in short-term borrowings	365,000	-
Decrease in short-term borrowings	(300,000)	-
Payment of lease liabilities	(12,135)	(14,039)
Cash dividends paid	(2,058,040)	(1,383,003)
Net cash flows used in financing activities	(2,005,175)	(1,397,042)
Net (decrease) increase in cash and cash equivalents	(61,361)	(644,325)
Cash and cash equivalents at beginning of year	80,568	724,893
Cash and cash equivalents at end of year	\$ 19,207	80,568

Chairman : Nita Ing

Manager : Cindy Chang

Chief Accountant : Eva Lin

Independent Auditors' Report

To the Board of Directors of CONTINENTAL HOLDINGS CORPORATION:

Opinion

We have audited the financial statements of CONTINENTAL HOLDINGS CORPORATION("the Company"), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to be communicated in our report.

Other Matter

We did not audit the financial statements of certain investments measured by equity method of the Company. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for investments measured by equity method, are based solely on the reports of the other auditors. The financial statements of investments measured by equity method accounted for 18.35% and 14.79%, of the total assets at December 31, 2023 and 2022, respectively. The related share of gain of subsidiaries accounted for using the equity method represented (27.58)% and (29.16)% of the net income before tax for the years ended December 31, 2023 and 2022, respectively.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chung-Che Chen and Shu-Ying Chang.

KPMG

Taipei, Taiwan

March 8, 2024

3. Continental Holdings Corporation and Subsidiaries Consolidated Financial Statements

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022		
	Amount	%	Amount	%	
Assets					
Current assets:					
1100	Cash and cash equivalents	\$ 6,878,141	9	5,822,416	8
1139	Current financial assets for hedging	28,839	-	1,299,684	2
1140	Current contract assets	5,241,492	7	5,914,931	8
1150	Notes receivable, net	684	-	12,087	-
1170	Accounts receivable, net	2,987,278	4	2,277,357	3
1200	Other receivables, net	419,134	1	383,816	1
1220	Current tax assets	59,860	-	46,749	-
130X	Inventories	25,204,641	32	24,855,132	33
1410	Prepayments	1,072,680	1	767,530	1
1479	Other current assets, others	4,166,052	5	3,841,900	4
1480	Current assets recognised as incremental costs to obtain contract with customers	273,879	-	353,531	-
		<u>46,332,680</u>	<u>59</u>	<u>45,575,133</u>	<u>60</u>
Non-current assets:					
1510	Non-current financial assets at fair value through profit or loss	1,068,858	2	1,068,858	1
1517	Non-current financial assets at fair value through other comprehensive income	3,371,634	4	1,984,309	3
1550	Investments accounted for using equity method, net	1,598,373	2	1,594,138	2
1600	Property, plant and equipment	9,530,234	12	9,551,304	13
1755	Right-of-use assets	136,481	-	146,895	-
1760	Investment properties, net	8,015,233	10	8,031,029	11
1780	Intangible assets	1,801,118	2	1,105,066	1
1840	Deferred tax assets	12,430	-	21,497	-
1932	Long-term accounts receivable	5,867,118	8	5,482,701	8
1990	Other non-current assets, others	676,513	1	489,312	1
		<u>32,077,992</u>	<u>41</u>	<u>29,475,109</u>	<u>40</u>
	Total assets	\$ 78,410,672	100	75,050,242	100

		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings	\$ 15,865,691	20	14,790,012	20
2110	Short-term notes and bills payable	800,000	1	436,000	1
2126	Current financial liabilities for hedging	19,444	-	-	-
2130	Current contract liabilities	7,663,229	10	7,508,364	10
2170	Notes and accounts payable	6,578,347	8	6,093,149	8
2200	Other payables	1,902,960	3	1,759,356	2
2230	Current tax liabilities	307,008	-	184,516	-
2250	Current provisions	307,179	1	686,789	1
2280	Current lease liabilities	88,554	-	93,795	-
2310	Advance receipts	48,034	-	8,731	-
2320	Long-term liabilities, current portion	1,269,382	2	1,985,405	3
2399	Other current liabilities, others	62,089	-	58,218	-
		<u>34,911,917</u>	<u>45</u>	<u>33,604,335</u>	<u>45</u>
Non-Current liabilities:					
2530	Bonds payable	1,998,555	3	1,997,832	3
2540	Long-term borrowings	10,190,546	13	9,484,440	13
2570	Deferred tax liabilities	181,045	-	150,863	-
2580	Non-current lease liabilities	49,870	-	54,623	-
2610	Long-term accounts payable	122,981	-	129,267	-
2640	Net defined benefit liability, non-current	109,375	-	117,427	-
2645	Guarantee deposits received	70,681	-	130,006	-
		<u>12,723,053</u>	<u>16</u>	<u>12,064,458</u>	<u>16</u>
	Total liabilities	<u>47,634,970</u>	<u>61</u>	<u>45,668,793</u>	<u>61</u>
Equity attributable to owners of parent:					
3100	Capital stock	8,232,160	11	8,232,160	11
3200	Capital surplus	6,817,198	9	6,817,198	9
3300	Retained earnings	10,469,230	13	10,830,146	14
3400	Other equity	1,833,549	2	443,420	1
		<u>27,352,137</u>	<u>35</u>	<u>26,322,924</u>	<u>35</u>
36XX	Non-controlling interests	3,423,565	4	3,058,525	4
	Total equity	<u>30,775,702</u>	<u>39</u>	<u>29,381,449</u>	<u>39</u>
	Total liabilities and equity	<u>\$ 78,410,672</u>	<u>100</u>	<u>75,050,242</u>	<u>100</u>

Chairman : Nita Ing

Manager : Cindy Chang

Chief Accountant : Eva Lin

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

	2023		2022	
	Amount	%	Amount	%
4000 Operating revenues	\$ 30,606,844	100	32,145,603	100
5000 Operating costs	26,330,971	86	27,093,614	84
Gross profit from operations	4,275,873	14	5,051,989	16
Operating expenses				
6100 Selling expenses	478,366	2	468,445	1
6200 Administrative expenses	1,624,908	5	1,325,980	4
	2,103,274	7	1,794,425	5
Net operating income	2,172,599	7	3,257,564	11
Non-operating income and expenses:				
7100 Interest income	97,749	-	47,165	-
7010 Other income	263,469	1	160,517	-
7020 Other gains and losses, net	(84,052)	-	(164,268)	(1)
7050 Finance costs, net	(770,881)	(3)	(489,478)	(2)
7060 Share of profit (losses) of associates and joint ventures accounted for using equity method	31,386	-	6,071	-
	(462,329)	(2)	(439,993)	(3)
7900 Income before tax	1,710,270	5	2,817,571	8
7950 Less: Income tax expenses	379,875	1	228,570	1
Net income	1,330,395	4	2,589,001	7
8300 Other comprehensive income:				
8310 Items that will not be reclassified to profit or loss				
8311 Remeasurements of defined benefit plans	(24,515)	-	54,068	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,387,325	5	(88,559)	-
8317 Gains on hedging instrument	(18,994)	-	14,575	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	4,903	-	(10,814)	-
Components of other comprehensive income that will not be reclassified to profit or loss	1,348,719	5	(30,730)	-
8360 Items that will be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	37,730	-	447,265	1
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss	37,730	-	447,265	1
8300 Other comprehensive income	1,386,449	5	416,535	1
Total comprehensive income	\$ 2,716,844	9	3,005,536	8
Net income, attributable to:				
8610 Owners of parent	\$ 1,716,736	5	2,888,392	7
8620 Non-controlling interests	(386,341)	(1)	(299,391)	-
	\$ 1,330,395	4	2,589,001	7
Total comprehensive income attributable to:				
8710 Owners of parent	\$ 3,087,253	10	3,131,763	9
8720 Non-controlling interests	(370,409)	(1)	(126,227)	(1)
	\$ 2,716,844	9	3,005,536	8
Earnings per share				
9750 Basic earnings per share (NT dollars)	\$ 2.09		3.51	
9850 Diluted earnings per share (NT dollars)	\$ 2.08		3.51	

Chairman : Nita Ing

Manager : Cindy Chang

Chief Accountant : Eva Lin

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Capital stock		Retained earnings					Total other equity					
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total other equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 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	-	-	-	-	2,888,392	2,888,392	-	-	-	-	2,888,392	(299,391)	2,589,001
Other comprehensive income (loss)	-	-	-	-	43,254	43,254	274,101	(88,559)	14,575	200,117	243,371	173,164	416,535
Total comprehensive income (loss)	-	-	-	-	2,931,646	2,931,646	274,101	(88,559)	14,575	200,117	3,131,763	(126,227)	3,005,536
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	180,428	-	(180,428)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,383,003)	(1,383,003)	-	-	-	-	(1,383,003)	-	(1,383,003)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(19,377)	(19,377)
Balance at December 31, 2022	8,232,160	6,817,198	1,126,567	2,262,233	7,441,346	10,830,146	(695,150)	1,140,119	(1,549)	443,420	26,322,924	3,058,525	29,381,449
Net income	-	-	-	-	1,716,736	1,716,736	-	-	-	-	1,716,736	(386,341)	1,330,395
Other comprehensive income (loss)	-	-	-	-	(19,612)	(19,612)	21,798	1,387,325	(18,994)	1,390,129	1,370,517	15,932	1,386,449
Total comprehensive income (loss)	-	-	-	-	1,697,124	1,697,124	21,798	1,387,325	(18,994)	1,390,129	3,087,253	(370,409)	2,716,844
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	293,164	-	(293,164)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,058,040)	(2,058,040)	-	-	-	-	(2,058,040)	-	(2,058,040)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	735,449	735,449
Balance at December 31, 2023	\$ 8,232,160	6,817,198	1,419,731	2,262,233	6,787,266	10,469,230	(673,352)	2,527,444	(20,543)	1,833,549	27,352,137	3,423,565	30,775,702

Chairman : Nita Ing

Manager : Cindy Chang

Chief Accountant : Eva Lin

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Income before tax	\$ 1,710,270	2,817,571
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation expense	485,274	480,741
Amortization expense	68,749	65,574
Net gain on financial assets or liabilities at fair value through profit or loss	-	(462,553)
Interest expense	770,881	488,756
Interest expense(include operating cost)	14,672	-
Interest income	(97,749)	(47,165)
Dividend income	(177,422)	(126,094)
Amortization of issuance costs on bonds payable	723	722
Share of gain of associates and joint ventures accounted for using equity method	(31,386)	(6,071)
Loss on disposal of property, plant and equipment	(735)	634
Gain on disposal of property, plant and equipment (under construction costs)	48	(57)
Impairment loss	-	622,889
Recognition (reversal) of provisions	(361,838)	300,315
Warranty provisions recognition (write-off)	(276,467)	-
Gain on reversal of estimated account payable	(1,278)	(5,000)
Total adjustments to reconcile profit and loss	393,472	1,312,691
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	1,057,262	(640,812)
Notes receivable	11,403	313,453
Accounts receivable	(1,528,405)	(20,102)
Other receivables	(27,339)	28,129
Inventories	(4,760,395)	(2,686,598)
Prepayments	(300,340)	136,723
Other current assets	(884,076)	(240,317)
Current assets recognised as incremental costs to obtain contract with customers	79,652	84,685
Total changes in operating assets	(6,352,238)	(3,024,839)
Changes in operating liabilities:		
Contract liabilities	4,639,481	1,021,973
Notes and accounts payable	1,037,447	(1,016,491)
Other payables	2,022	(209,401)
Provisions	(17,851)	(25,253)
Receipts in advance	33,691	(46,728)
Other current liabilities	2,377	(7,571)
Net defined benefit liability	(4,880)	(15,472)
Total changes in operating liabilities	5,692,287	(298,943)
Total changes in operating assets and liabilities	(659,951)	(3,323,782)
Total adjustments	(266,479)	(2,011,091)
Cash inflow generated from operations	1,443,791	806,480
Interest received	82,995	37,220
Interest paid	(855,925)	(625,745)
Income taxes paid	(231,636)	(147,856)
Net cash flows from operating activities	439,225	70,099

	2023	2022
Cash flows from investing activities:		
Acquisition of financial assets for hedging	(250,755)	(1,607,968)
Disposal of financial assets for hedging	1,522,050	553,023
Price of associates acquisition	-	(174,304)
Acquisition of property, plant and equipment	(439,636)	(336,472)
Disposal of property, plant and equipment	783	8,507
Decrease (increase) in other receivables	(5,431)	102,895
Increase in non-current other receivables	(147,088)	(248,403)
Acquisition of intangible assets	(764,803)	(62,306)
Decrease (increase) in other financial assets	564,806	(974,924)
Other non-current assets	(12,131)	(17,839)
Prepayments for business facilities	(60,513)	(235)
Dividends received	204,573	126,259
Long-term payments	(6,357)	(209,844)
Net cash flows from (used in) investing activities	605,498	(2,841,611)
Cash flows from financing activities:		
Increase in short-term borrowings	42,723,580	22,459,611
Decrease in short-term borrowings	(41,680,335)	(17,586,614)
Increase in short-term notes and bills payable	6,162,000	1,905,000
Decrease in short-term notes and bills payable	(5,798,000)	(1,469,000)
Increase in long-term borrowings	4,967,334	4,257,148
Decrease in long-term borrowings	(4,962,391)	(4,786,023)
Decrease in guarantee deposits received	(59,325)	(12,732)
Payment of lease liabilities	(71,522)	(94,949)
Cash dividends paid	(2,126,053)	(1,453,046)
Increase in other payables	56,823	60,406
Change in non-controlling interests	803,462	50,666
Net cash flows from financing activities	15,573	3,330,467
Effect of exchange rate changes on cash and cash equivalents	(4,571)	56,905
Net increase in cash and cash equivalents	1,055,725	615,860
Cash and cash equivalents at beginning of year	5,822,416	5,206,556
Cash and cash equivalents at end of year	\$ 6,878,141	5,822,416

Chairman : Nita Ing

Manager : Cindy Chang

Chief Accountant : Eva Lin

Independent Auditors' Report

To the Board of Directors of CONTINENTAL HOLDINGS CORPORATION:

Opinion

We have audited the consolidated financial statements of Continental Holdings Corporation and its subsidiaries ("the Group"), which comprise the statement of consolidated financial position as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition of construction contracts

Please refer to Note 4(r) for revenue from contracts with customers; Note 5 for recognition of revenue and measurement for the completed percentage of construction contracts; and Note 6(z) for construction contracts.

How the matter was addressed in our audit: As the budgets of construction contracts are highly related to the subjectively judgments of the managements, inaccuracy estimations for construction budgets may lead to significant changes in profit or loss of the financial reports. Therefore, there is a significant risk involved in the revenue recognition of construction contracts.

Our principal audit procedures included: selecting construction contracts that have significant impact on the presentation of the financial report; and for those construction budgets, assessing the managements' budget preparation process, acquired relevant materials in preparing the assumptions within the current period (including construction contract modification, design modification, and other documents with owners), and confirming whether the preparation of construction budget corresponds with the Group's internal authorization. In addition, selecting the valuation materials and checking their accuracy by recalculating the completed percentage of the construction cases, as well as executing the balance sheet cut-off test.

2. Inventory evaluation

Please refer to Note 4(h) for accounting policy about inventory evaluation, Note 5 for estimation of inventory evaluation and Note 6(g) for inventory.

How the matter was addressed in our audit: The Group's inventories shall be stated at the lower of cost and net realizable value. At present, the real estate industry is affected by tax reformation and economic circumstances. There is a risk that the inventory cost may turn out to be higher than its net realization value.

Our principal audit procedures included: For construction cases in progress and real estate for sale, which is in accordance to the contract price for presale and the selling price of actual registering, assessing the differences between their booked value and fair value, and any possibility of their significant impact on the financial report, comparing with the investment analysis provided by the management, and reassessing according to the actual situation, there is no impairment.

Other Matter

In the Group's consolidated financial statements, we did not audit the financial statements of certain subsidiaries. Those statements audited by other auditors has been furnished to us, and our opinion, insofar as it relates to the amounts included for those subsidiaries, is based solely on the report of the other auditors. The financial statements of these subsidiaries reflect the total assets constituting 20.12% and 20.39% of the consolidated total assets at December 31, 2023 and 2022, respectively, and the total revenues constituting 2.39% and 1.58% of the consolidated total revenues for the years ended December 31, 2023 and 2022, respectively.

Continental Holdings Corporation has prepared its parent-company-only financial report for the years ended December 31, 2023 and 2022, and we have issued an unqualified opinion with other matter thereon and an unqualified opinion, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the FSC, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chung-Che Chen and Shu-Ying Chang.

KPMG

Taipei, Taiwan

March 8, 2024

4. Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for allocation of profits. The CPA of KPMG Taiwan was retained to audit Continental Holdings Corporation's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profits allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Continental Holdings Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this Report.

Continental Holdings Corporation

Chairman of the Audit Committee: Tzong li, Lee

March 8, 2024

Attachment II

List of Director (Including Independent Director) Candidates

No.	Title	Name	Academic Qualifications	Major Past Positions & Current Positions
1	Director	Ms. Nita Ing Representative of Wei-Dar Development Co., Ltd.	<ul style="list-style-type: none"> ▪ Bachelor of Arts in Economics, University of California, Los Angeles 	Current Positions: <ul style="list-style-type: none"> ▪ Chairman / Continental Holdings Corporation ▪ Chairman / TSRC Corporation ▪ Chairman / Hao Ran Foundation
				Major Past Positions: <ul style="list-style-type: none"> ▪ Chairman / Continental Engineering Corporation ▪ Director / Continental Development Corporation ▪ President/ Continental Engineering Corporation ▪ Vice Chairman/TSRC Corporation ▪ Director/American Bridge Holding Co. ▪ Chairman/Taiwan High speed Rail Corporation
Number of shares held by Wei-Dar Development Co., Ltd.: 206,025,200				
2	Director	Ms. Helena Kuo Representative of Wei-Dar Development Co., Ltd.	<ul style="list-style-type: none"> ▪ MBA, Accounting & Finance, USC ▪ MA in Cognitive Learning, UCLA ▪ Bachelor of Philosophy, National Taiwan University 	Current Positions: <ul style="list-style-type: none"> ▪ Director/ Continental Holdings Corporation ▪ Adviser / Taiwan Depository & Clearing Corp.
				Major Past Positions: <ul style="list-style-type: none"> ▪ Executive Advisor/Taishin Financial Holding Co. ▪ Chairman / Taiwan Depository & Clearing Corp. ▪ Chairman / Taishin Bills Finance Co., Ltd. ▪ Independent Director/Tatung System Technologies Inc. ▪ Director/Taiwan Opportunities Fund Limited ▪ Senior Advisor/UBS ▪ Vice President / Bank of America ▪ Adjunct Lecturer/School of Business, Soochow University
Number of shares held by Wei-Dar Development Co., Ltd.: 206,025,200				
3	Director	Mr. John Huang Representative of Han-De Construction Co., Ltd.	<ul style="list-style-type: none"> ▪ Bachelor of Science (Accounting), National Cheng Kung University 	Current Positions: <ul style="list-style-type: none"> ▪ Director / Continental Holdings Corporation ▪ Director/ TSRC Corporation ▪ Director/CDC Commercial Development Corporation
				Major Past Positions: <ul style="list-style-type: none"> ▪ Director/ Continental Engineering Corporation ▪ Director/ Continental Development Corporation ▪ Chief Auditor / Taiwan High Speed Rail Corporation ▪ General Manager / Suzhou Standard Foods (China) ▪ Head of Corporate Internal Audit / Philips Companies in Taiwan ▪ Audit Asst. Manager /Deloitte Touche Tohmatsu Limited (Taiwan)
Number of shares held by Han-De Construction Co., Ltd.: 63,755,667				
4	Director	Mr. Hsiung Chiang Representative of Han-De Construction Co., Ltd.	<ul style="list-style-type: none"> ▪ Bachelor in Hydraulic engineering, Chung Yuan Christian University 	Current Positions: <ul style="list-style-type: none"> ▪ Director / Continental Holdings Corporation ▪ Director/CEC International Corporation ▪ Director/CEC International Malaysia Sdn. Bhd.
				Major Past Positions: <ul style="list-style-type: none"> ▪ Director/ Continental Engineering Corporation ▪ Director/Continental Engineering Corp. (Hong Kong) Ltd. ▪ Director/Continental Engineering Corp. (India) Private Ltd. ▪ Manager/Continental Engineering Corp. (India) Private Ltd. ▪ General Manager/Continental Engineering Corp. Construction Division
Number of shares held by Han-De Construction Co., Ltd.: 63,755,667				

No.	Title	Name	Academic Qualifications	Major Past Positions & Current Positions
5	Independent Director	Mr. Frank Juang	<ul style="list-style-type: none"> ▪ Master of Law, Institute of Technology Law, National Chiao-Tung University ▪ Master of Business Administration, University of Iowa ▪ Bachelor of Business Administration, National Taiwan University 	<p>Current Positions:</p> <ul style="list-style-type: none"> ▪ Independent Director / Continental Holdings Corporation ▪ Director / Azure Investment Ltd. <p>Major Past Positions:</p> <ul style="list-style-type: none"> ▪ Director/Taiwan Opportunities Fund Limited ▪ Independent Director / Wistron Information Technology & Service Corporation ▪ Independent Director / Browave Corporation ▪ Chairman / Young Optics Inc. ▪ Chairman / Young Lighting Technology Inc. ▪ Chairman / Optoma Corporation ▪ Managing Director, EVP & COO / Coretronic Corporation ▪ Vice President / Bankers Trust Company, Taipei Branch ▪ Vice President / H&Q Asia Pacific ▪ International Loan Officer / Bank of America, Taipei Branch
			Number of shares held: 0	
			<p>Reasons for Nominating Mr. Frank Juang as Independent Director for Fourth Consecutive Tenure:</p> <p>Mr. Frank Juang, the Candidate for the sixth term of Independent Director, has served as an Independent Director with Continental Holdings Corporation (hereafter referred to as "the Company") for three tenures. During his tenure, he has fulfilled roles such as a member of the Audit Committee and convener of the Remuneration Committee. Leveraging his extensive experience in financial, economic, and industrial affairs, Mr. Chong has consistently provided independent and objective advice on the Company's operations, financial affairs, risk control, and other aspects across various business areas. Given the rapid changes in the current industry pattern and the Company's future business development, Mr. Chong's expertise and experience remain invaluable. Therefore, we are continuing to nominate Mr. Frank Juang as a candidate for Independent Director.</p>	
6	Independent Director	Ms. Jolien Shu	<ul style="list-style-type: none"> ▪ Master of Business, University of California, Irvine ▪ Bachelor of Arts in Business Administration, National Taiwan University 	<p>Current Positions:</p> <ul style="list-style-type: none"> ▪ Independent Director / Continental Holdings Corporation <p>Major Past Positions:</p> <ul style="list-style-type: none"> ▪ Financial Consultant/Womany Media Group ▪ Independent Director/ViewSonic International, Taipei, Taiwan ▪ Senior Vice President of Group Finance/GigaMedia Limited ▪ Vice President & Controller, Asia Pacific/ViewSonic International, Taipei, Taiwan ▪ Consultant/FarEastone, Taipei, Taiwan ▪ Director of Finance Dept./FarEastone, Taipei, Taiwan ▪ Financial Controller/Schlumberger Limited, Hsin Chu, Taiwan ▪ Financial Controller/Schlumberger Limited, Hong Kong ▪ Senior Accountant/Wang, Potomac & Co., CPA'S, LA, U.S.A
			Number of shares held: 0	

No.	Title	Name	Academic Qualifications	Major Past Positions & Current Positions
7	Independent Director	Ms. Wilma Wei	<ul style="list-style-type: none"> ▪ MBA, University of Washington ▪ Bachelor of Art in Business Administration with concentration on International Trade, National Taiwan University 	<p>Current Positions:</p> <ul style="list-style-type: none"> ▪ Senior Vice President/Compal Electronics Investment Planning and Management Office ▪ President/Compal Ruifang Health Assets Development Corporation ▪ Director/ General Life Biotechnology Co. ▪ Director/CDIB & Partners Investment Holding Corp. ▪ Director/ShengBao Precision Electronics Limited (Taicang) ▪ Director/ Compal Precision Module (Jiangsu) Co., Ltd. ▪ Director/ Ju Teng Electronics Technology Co., Ltd. (Vietnam) ▪ Director/Compal Electronic Technology (Chongqing) Co., Ltd ▪ Director/Rayonnant Technology. Co., Ltd. (Hong Kong) ▪ Director/Hua Vi Venture Capital Corp. ▪ Director/Hua VII Venture Capital Corp. ▪ Director/IIH Biomedical Venture Fund I Co., Ltd. ▪ Director/Chenfeng Optronics Co., Ltd. ▪ Director/Arce Therapeutics, Inc. ▪ Director/Compal Americas (US) Inc. ▪ Director/Compal Electronics N.A. Inc. ▪ Supervisor/Unicore Biomedical Co., Ltd. ▪ Supervisor/Infsitronix Technology Corp. ▪ Supervisor/RIPAL Optotronics Co., Ltd.. ▪ Supervisor/MACTECH Corporation ▪ Supervisor/Rayonnant Technology Co., Ltd. ▪ Supervisor/Rayonnant Technology (Taicang) Co., Ltd. ▪ Supervisor/Aco Healthcare Co., Ltd. ▪ Supervisor/Taiwan Intelligent Robotics Co., Ltd. ▪ Supervisor/RAY-KWONG Medical Management Consulting Co., Ltd. ▪ Independent Director/SYNergy ScienTech Corp. ▪ Independent Director/Visco Vison Inc. <p>Major Past Positions:</p> <ul style="list-style-type: none"> ▪ Chief Financial Officer and Senior Vice President/TPO Displays Corp. ▪ Executive Director/BNP Paribas ▪ Executive Director/Bankers Trust Company ▪ Vice President/ABN AMRO Bank ▪ Vice President/American Continental Bank ▪ Supervisor/UNICOM GLOBAL, INC. ▪ Supervisor/Henghao Technology Co., Ltd.
			Number of shares held: 0	

Attachment III

List of Candidates for the 6th term of Directors to be released from non-competition restrictions

Title	Name	Concurrent Positions
Director	Ms. Nita Ing Representative of Wei-Dar Development Co., Ltd.	<ul style="list-style-type: none"> ▪ Chairman / TSRC Corporation ▪ Chairman / Hao Ran Foundation
Director	Ms. Helena Kuo Representative of Wei-Dar Development Co., Ltd.	<ul style="list-style-type: none"> ▪ Adviser / Taiwan Depository & Clearing Corp.
Director	Mr. Hsiung Chiang Representative of Han-De Construction Co., Ltd.	<ul style="list-style-type: none"> ▪ Director / CEC International Corporation ▪ Director / CEC International Malaysia Sdn. Bhd.
Director	Mr. John Huang Representative of Han-De Construction Co., Ltd.	<ul style="list-style-type: none"> ▪ Director / TSRC Corporation ▪ Director / CDC Commercial Development Corporation
Independent Director	Mr. Frank Juang	<ul style="list-style-type: none"> ▪ Director / Azure Investment Ltd.
Independent Director	Ms. Wilma Wei	<ul style="list-style-type: none"> ▪ Senior Vice President/Compal Electronics Investment Planning and Management Office ▪ President/Compal Ruifang Health Assets Development Corporation ▪ Director/ General Life Biotechnology Co. ▪ Director/CDIB & Partners Investment Holding Corp. ▪ Director/ShengBao Precision Electronics Limited (Taicang) ▪ Director/ Compal Precision Module (Jiangsu) Co., Ltd. ▪ Director/ Ju Teng Electronics Technology Co., Ltd. (Vietnam) ▪ Director/Compal Electronic Technology (Chongqing) Co., Ltd ▪ Director/Rayonnant Technology. Co., Ltd. (Hong Kong) ▪ Director/Hua Vi Venture Capital Corp. ▪ Director/Hua VII Venture Capital Corp. ▪ Director/IIH Biomedical Venture Fund I Co., Ltd. ▪ Director/Chenfeng Optronics Co., Ltd. ▪ Director/Arce Therapeutics, Inc. ▪ Director/Compal Americas (US) Inc. ▪ Director/Compal Electronics N.A. Inc. ▪ Supervisor/Unicore Biomedical Co., Ltd. ▪ Supervisor/Infsitronix Technology Corp. ▪ Supervisor/RIPAL Optotronics Co., Ltd.. ▪ Supervisor/MACTECH Corporation ▪ Supervisor/Rayonnant Technology Co., Ltd. ▪ Supervisor/Rayonnant Technology (Taicang) Co., Ltd. ▪ Supervisor/Aco Healthcare Co., Ltd. ▪ Supervisor/Taiwan Intelligent Robotics Co., Ltd. ▪ Supervisor/RAY-KWONG Medical Management Consulting Co., Ltd. ▪ Independent Director/SYNergy ScienTech Corp. ▪ Independent Director/Visco Vison Inc.