

**CONTINENTAL HOLDINGS CORPORATION  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2024 and 2023**

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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 March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, 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 \$17,629,820 thousand and \$24,361,342 thousand, constituting 21.98% and 33.58% of consolidated total assets; and total liabilities amounting to \$11,896,386 thousand and \$15,840,733 thousand, constituting 23.77% and 35.77% of consolidated total liabilities as of March 31, 2024 and 2023, respectively; as well as the total comprehensive income amounting to \$(291,749) thousand and \$(56,402) thousand, constituting (45.70)% and (29.82)% of consolidated total comprehensive income 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 \$1,603,255 thousand and \$1,611,591 thousand as of March 31, 2024 and 2023, respectively, and its equity in net earnings on these investee companies of \$4,882 thousand and \$17,453 thousand 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 March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 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 reviews resulting in this independent auditors’ review report are Chen, Chung-Che and Chang, Shu-Ying.

KPMG

Taipei, Taiwan (Republic of China)  
May 10, 2024

### **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

March 31, 2024, December 31, 2023, and March 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2024		December 31, 2023		March 31, 2023		Liabilities and Equity		March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (Note 6(a))	\$ 5,932,381	7	6,878,141	9	6,174,127	9	2100	Short-term borrowings (Note 6(o))	\$ 19,567,207	24	15,865,691	20	12,039,546	17
1139	Current financial assets for hedging (Note 6(d))	112,217	-	28,839	-	41,326	-	2110	Short-term notes and bills payable (Note 6(p))	800,000	1	800,000	1	936,000	1
1140	Current contract assets (Notes 6(aa) and 7)	5,479,879	7	5,241,492	7	5,771,919	8	2126	Current financial liabilities for hedging (Note 6(d))	45,929	-	19,444	-	-	-
1150	Notes receivable, net (Notes 6(e) and (aa))	66	-	684	-	2,459	-	2130	Current contract liabilities (Note 6(aa))	8,501,185	11	7,663,229	10	6,841,626	9
1170	Accounts receivable, net (Notes 6(e), (aa) and 7)	2,924,116	4	2,987,278	4	2,178,453	3	2170	Notes and accounts payable (Note 7)	6,037,443	8	6,578,347	8	5,503,458	8
1200	Other receivables, net (Notes 6(f) and 7)	392,544	-	419,134	1	429,024	1	2200	Other payables (Note 7)	2,854,356	4	1,902,960	3	3,548,155	5
1220	Current tax assets	66,695	-	59,860	-	50,589	-	2230	Current tax liabilities	386,581	-	307,008	-	262,057	-
130X	Inventories (Notes 6(g) and 8)	31,042,483	39	25,204,641	32	23,904,295	33	2250	Current provisions (Note 6(t))	304,062	-	307,179	1	672,337	1
1410	Prepayments	1,485,985	2	1,072,680	1	1,197,448	2	2280	Current lease liabilities (Notes 6(s) and 7)	88,513	-	88,554	-	86,599	-
1479	Other current assets, others (Notes 6(a) and 8)	3,655,921	5	4,166,052	5	2,655,565	4	2310	Advance receipts	136,940	-	48,034	-	67,407	-
1480	Current assets recognised as incremental costs to obtain contract with customers	277,198	-	273,879	-	343,002	-	2320	Long-term liabilities, current portion (Note 6(r))	883,767	1	1,269,382	2	2,008,642	3
		<u>51,369,485</u>	<u>64</u>	<u>46,332,680</u>	<u>59</u>	<u>42,748,207</u>	<u>60</u>	2399	Other current liabilities, others	<u>181,517</u>	<u>-</u>	<u>62,089</u>	<u>-</u>	<u>59,626</u>	<u>-</u>
										<u>39,787,500</u>	<u>49</u>	<u>34,911,917</u>	<u>45</u>	<u>32,025,453</u>	<u>44</u>
<b>Non-current assets:</b>								<b>Non-Current liabilities:</b>							
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	1,068,858	1	1,068,858	2	1,068,858	1	2530	Bonds payable (Note 6(q))	1,998,736	3	1,998,555	3	1,998,013	3
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	3,897,375	5	3,371,634	4	2,092,021	3	2540	Long-term borrowings (Note 6(r))	7,715,870	10	10,190,546	13	9,735,600	14
1550	Investments accounted for using equity method, net (Notes 6(h) and 7)	1,603,255	2	1,598,373	2	1,611,591	2	2570	Deferred tax liabilities (Note 6(x))	191,323	-	181,045	-	156,805	-
1600	Property, plant and equipment (Notes 6(k) and 8)	9,743,606	12	9,530,234	12	9,414,411	13	2580	Non-current lease liabilities (Notes 6(s) and 7)	50,437	-	49,870	-	58,475	-
1755	Right-of-use assets (Note 6(l))	138,486	-	136,481	-	145,274	-	2610	Long-term accounts payable (Note 6(v))	128,168	-	122,981	-	128,173	-
1760	Investment properties, net (Notes 6(m) and 8)	3,277,484	4	8,015,233	10	8,025,312	11	2640	Net defined benefit liability, non-current	107,038	-	109,375	-	112,745	-
1780	Intangible assets (Note 6(n))	2,174,778	3	1,801,118	2	1,110,514	1	2645	Guarantee deposits received	<u>70,060</u>	<u>-</u>	<u>70,681</u>	<u>-</u>	<u>74,174</u>	<u>-</u>
1840	Deferred tax assets (Note 6(x))	12,362	-	12,430	-	19,123	-		<b>Total liabilities</b>	<u>50,049,132</u>	<u>62</u>	<u>47,634,970</u>	<u>61</u>	<u>44,289,438</u>	<u>61</u>
1932	Long-term accounts receivable (Notes 6(e) and (aa))	6,183,011	8	5,867,118	8	5,809,882	8	<b>Equity attributable to owners of parent (Note 6(y)):</b>							
1990	Other non-current assets, others (Note 6(f))	<u>727,647</u>	<u>1</u>	<u>676,513</u>	<u>1</u>	<u>497,785</u>	<u>1</u>	3100	Capital stock	8,232,160	10	8,232,160	11	8,232,160	11
		<u>28,826,862</u>	<u>36</u>	<u>32,077,992</u>	<u>41</u>	<u>29,794,771</u>	<u>40</u>	3200	Capital surplus	6,823,261	9	6,817,198	9	6,817,198	10
								3300	Retained earnings	9,331,005	12	10,469,230	13	8,986,046	12
								3400	Other equity	<u>2,505,237</u>	<u>3</u>	<u>1,833,549</u>	<u>2</u>	<u>523,741</u>	<u>1</u>
										<u>26,891,663</u>	<u>34</u>	<u>27,352,137</u>	<u>35</u>	<u>24,559,145</u>	<u>34</u>
								36XX	Non-controlling interests (Note 6(j))	<u>3,255,552</u>	<u>4</u>	<u>3,423,565</u>	<u>4</u>	<u>3,694,395</u>	<u>5</u>
									<b>Total equity</b>	<u>30,147,215</u>	<u>38</u>	<u>30,775,702</u>	<u>39</u>	<u>28,253,540</u>	<u>39</u>
<b>Total assets</b>		<u>\$ 80,196,347</u>	<u>100</u>	<u>78,410,672</u>	<u>100</u>	<u>72,542,978</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 80,196,347</u>	<u>100</u>	<u>78,410,672</u>	<u>100</u>	<u>72,542,978</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 three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

	<b>For the three months ended March 31</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000 <b>Operating revenues (Notes 6(u), (aa) and 7)</b>	\$ 6,160,949	100	6,669,283	100
5000 <b>Operating costs (Notes 6(g), (u), (w), 7 and 12)</b>	<u>5,598,397</u>	<u>91</u>	<u>5,819,158</u>	<u>87</u>
<b>Gross profit from operations</b>	<u>562,552</u>	<u>9</u>	<u>850,125</u>	<u>13</u>
<b>Operating expenses (Notes 6(s), (w), (ab), 7 and 12):</b>				
6100 Selling expenses	78,927	1	87,248	1
6200 Administrative expenses	<u>421,621</u>	<u>7</u>	<u>361,600</u>	<u>6</u>
	<u>500,548</u>	<u>8</u>	<u>448,848</u>	<u>7</u>
<b>Net operating income</b>	<u>62,004</u>	<u>1</u>	<u>401,277</u>	<u>6</u>
<b>Non-operating income and expenses (Notes 6(ac) and 7):</b>				
7100 Interest income	19,861	-	21,676	-
7010 Other income	6,209	-	25,880	-
7020 Other gains and losses, net	58,516	1	(33,302)	-
7050 Finance costs, net(Notes 6(g) and 6(s))	(182,008)	(3)	(232,516)	(3)
7060 Share of profit (losses) of associates and joint ventures accounted for using equity method (Note 6(h))	<u>4,882</u>	<u>-</u>	<u>17,453</u>	<u>-</u>
	<u>(92,540)</u>	<u>(2)</u>	<u>(200,809)</u>	<u>(3)</u>
7900 <b>Income before tax</b>	(30,536)	(1)	200,468	3
7950 Less: Income tax expenses (Note 6(x))	<u>86,511</u>	<u>1</u>	<u>77,381</u>	<u>1</u>
<b>Net income</b>	<u>(117,047)</u>	<u>(2)</u>	<u>123,087</u>	<u>2</u>
8300 <b>Other comprehensive income:</b>				
8310 <b>Items that will not be reclassified to profit or loss</b>				
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	525,740	8	107,712	2
8317 Gains on hedging instrument	(24,338)	-	1,751	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that will not be reclassified to profit or loss	<u>501,402</u>	<u>8</u>	<u>109,463</u>	<u>2</u>
8360 <b>Items that will be reclassified to profit or loss</b>				
8361 Exchange differences on translation of foreign financial statements	253,982	4	(43,388)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss	<u>253,982</u>	<u>4</u>	<u>(43,388)</u>	<u>-</u>
8300 <b>Other comprehensive income</b>	<u>755,384</u>	<u>12</u>	<u>66,075</u>	<u>2</u>
<b>Total comprehensive income</b>	<u>\$ 638,337</u>	<u>10</u>	<u>189,162</u>	<u>4</u>
<b>Net income, attributable to:</b>				
8610 Owners of parent	\$ 96,599	2	213,940	3
8620 Non-controlling interests	<u>(213,646)</u>	<u>(4)</u>	<u>(90,853)</u>	<u>(1)</u>
	<u>\$ (117,047)</u>	<u>(2)</u>	<u>123,087</u>	<u>2</u>
<b>Total comprehensive income attributable to:</b>				
8710 Owners of parent	\$ 768,287	12	294,261	4
8720 Non-controlling interests	<u>(129,950)</u>	<u>(2)</u>	<u>(105,099)</u>	<u>-</u>
	<u>\$ 638,337</u>	<u>10</u>	<u>189,162</u>	<u>4</u>
<b>Earnings per share (Note 6(z))</b>				
9750 Basic earnings per share (NT dollars)	<u>\$ 0.12</u>		<u>0.26</u>	
9850 Diluted earnings per share (NT dollars)	<u>\$ 0.12</u>		<u>0.26</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 Changes in Equity**  
**For the three months ended March 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent						Total other equity						Total equity
	Capital stock		Retained earnings				Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total other equity	Total equity attributable to owners of parent	Non-controlling interests	
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total							
<b>Balance at January 1, 2023</b>	\$ 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	-	-	-	-	213,940	213,940	-	-	-	-	213,940	(90,853)	123,087
Other comprehensive income (loss)	-	-	-	-	-	-	(29,142)	107,712	1,751	80,321	80,321	(14,246)	66,075
Total comprehensive income (loss)	-	-	-	-	213,940	213,940	(29,142)	107,712	1,751	80,321	294,261	(105,099)	189,162
Appropriation and distribution of retained earnings:													
Cash dividends	-	-	-	-	(2,058,040)	(2,058,040)	-	-	-	-	(2,058,040)	-	(2,058,040)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	740,969	740,969
<b>Balance at March 31, 2023</b>	<b>\$ 8,232,160</b>	<b>6,817,198</b>	<b>1,126,567</b>	<b>2,262,233</b>	<b>5,597,246</b>	<b>8,986,046</b>	<b>(724,292)</b>	<b>1,247,831</b>	<b>202</b>	<b>523,741</b>	<b>24,559,145</b>	<b>3,694,395</b>	<b>28,253,540</b>
<b>Balance at January 1, 2024</b>	\$ 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
Net income	-	-	-	-	96,599	96,599	-	-	-	-	96,599	(213,646)	(117,047)
Other comprehensive income (loss)	-	-	-	-	-	-	170,286	525,740	(24,338)	671,688	671,688	83,696	755,384
Total comprehensive income (loss)	-	-	-	-	96,599	96,599	170,286	525,740	(24,338)	671,688	768,287	(129,950)	638,337
Appropriation and distribution of retained earnings:													
Cash dividends	-	-	-	-	(1,234,824)	(1,234,824)	-	-	-	-	(1,234,824)	-	(1,234,824)
Reversal of special reserve	-	-	-	(1,355,143)	1,355,143	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	6,063	-	-	-	-	-	-	-	-	6,063	(6,063)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(32,000)	(32,000)
<b>Balance at March 31, 2024</b>	<b>\$ 8,232,160</b>	<b>6,823,261</b>	<b>1,419,731</b>	<b>907,090</b>	<b>7,004,184</b>	<b>9,331,005</b>	<b>(503,066)</b>	<b>3,053,184</b>	<b>(44,881)</b>	<b>2,505,237</b>	<b>26,891,663</b>	<b>3,255,552</b>	<b>30,147,215</b>

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 three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Income before tax	\$ (30,536)	200,468
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit and loss:</b>		
Depreciation expense	136,116	117,060
Amortization expense	18,152	17,187
Interest expense	181,827	232,335
Interest income	(19,861)	(21,676)
Amortization of issuance costs on bonds payable	181	181
Share of gain of associates and joint ventures accounted for using equity method	(4,882)	(17,453)
Loss on disposal of property, plant and equipment	27	-
Gain on disposal of property, plant and equipment (under construction costs)	(34,090)	(1)
Gain on disposal of investment properties	(57,534)	-
Warranty provisions recognition (write-off)	950	(9,777)
Gain on reversal of estimated account payable	(81)	-
<b>Total adjustments to reconcile profit and loss</b>	<u>220,805</u>	<u>317,856</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Contract assets	(8,324)	47,794
Notes receivable	618	9,629
Accounts receivable	(457,616)	(136,085)
Other receivables	30,945	(40,340)
Inventories	(1,221,826)	678,679
Prepayments	(437,568)	(429,924)
Other current assets	(454,819)	72,754
Current assets recognised as incremental costs to obtain contract with customers	(3,319)	10,529
<b>Total changes in operating assets</b>	<u>(2,551,909)</u>	<u>213,036</u>
<b>Changes in operating liabilities:</b>		
Contract liabilities	1,179,741	(385,908)
Notes and accounts payable	(552,210)	(588,255)
Other payables	(299,701)	(277,329)
Provisions	(4,161)	(4,537)
Receipts in advance	88,608	58,676
Other current liabilities	118,097	1,457
Net defined benefit liability	(2,337)	(4,682)
<b>Total changes in operating liabilities</b>	<u>528,037</u>	<u>(1,200,578)</u>
<b>Total changes in operating assets and liabilities</b>	<u>(2,023,872)</u>	<u>(987,542)</u>
<b>Total adjustments</b>	<u>(1,803,067)</u>	<u>(669,686)</u>
Cash outflow generated from operations	(1,833,603)	(469,218)
Interest received	16,281	22,111
Interest paid	(228,996)	(243,762)
Income taxes (paid) refund	(1,326)	4,506
<b>Net cash flows used in operating activities</b>	<u>(2,047,644)</u>	<u>(686,363)</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 three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets for hedging	(285,713)	(33,997)
Disposal of financial assets for hedging	204,482	1,294,106
Acquisition of property, plant and equipment	(51,411)	(25,965)
Disposal of property, plant and equipment	34,600	1
Increase in other receivables	-	(5,431)
Increase in non-current other receivables	(76,314)	(5,418)
Acquisition of intangible assets	(391,612)	(22,675)
Disposal of investment properties	62,850	-
Decrease in other financial assets	968,050	1,113,479
Other non-current assets	(4,271)	(3,055)
Prepayments for business facilities	(13,042)	-
<b>Net cash flows from investing activities</b>	<b>447,619</b>	<b>2,311,045</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	13,433,421	16,378,988
Decrease in short-term borrowings	(9,881,000)	(19,086,987)
Increase in short-term notes and bills payable	1,830,000	1,272,000
Decrease in short-term notes and bills payable	(1,830,000)	(772,000)
Increase in long-term borrowings	1,440,000	1,279,333
Decrease in long-term borrowings	(4,329,123)	(999,333)
Decrease in guarantee deposits received	(621)	(55,832)
Other payables	26,640	-
Payment of lease liabilities	(19,844)	(21,626)
Change in non-controlling interests	(32,000)	740,969
<b>Net cash flows from (used in) financing activities</b>	<b>637,473</b>	<b>(1,264,488)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>16,792</b>	<b>(8,483)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(945,760)</b>	<b>351,711</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>6,878,141</b>	<b>5,822,416</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 5,932,381</b>	<b>6,174,127</b>

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 three months ended March 31, 2024 and 2023**

**(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 March 31, 2024 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 May 10, 2024.

**(3) New standards, amendments and interpretations adopted**

- (a) The impact of the IFRS Accounting Standards 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, 2024:

- 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”

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.	January 1, 2027

(Continued)

**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> <li>● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.</li> <li>● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	January 1, 2027

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other 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 IAS21 “Lack of Exchangeability”

(Continued)

**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(4) Summary of material 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 Accounting Standards 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, 2023. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2023.

**(b) Basis of consolidation**

**(i) Subsidiaries included in the consolidated financial statements**

Investor Company	Subsidiary	Main Business	Percentage of ownership			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
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 G
CEC	CEC International Corp. (CIC)	Investment and holding	100.00 %	100.00 %	100.00 %	Note G
CEC	CEC International Corp. (India) Private Limited (CICI)	Civil and Building engineering	100.00 %	100.00 %	100.00 %	Note G
CEC	CEC International Malaysia Sdn. Bhd. (CIMY)	Civil and Building engineering	85.14 %	85.14 %	85.14 %	Note G
CEC	Continental Engineering Corporation(Hong Kong) Limited (CEC HK)	Civil and Building engineering	100.00 %	100.00 %	100.00 %	Note G
CDC	CDC Commercial Development Corp. (CCD)	Real estate lease	80.65 %	80.65 %	80.65 %	Note G
CDC	MEGA Capital Development Sdn. Bhd. (MEGA)	Real estate development on hotels	55.00 %	55.00 %	55.00 %	Note G
CDC	Bangsar Rising Sdn. Bhd. (BANGSAR)	Real estate development on residential	60.00 %	60.00 %	60.00 %	Note G
CDC	CDC Asset Management Malaysia Sdn. Bhd. (CDCAM)	Management consulting	100.00 %	100.00 %	100.00 %	Note G
CDC	CDC US Corp.	Investment and holding	100.00 %	100.00 %	100.00 %	Note G
CDC US Corp.	CDC Investment Management LLC	Investment management	100.00 %	100.00 %	100.00 %	Note G
CDC US Corp.	Trimosa Holdings LLC	Investment and holding	70.88 %	70.65 %	70.65 %	Note G and I
Trimosa Holdings LLC	950 Investment LLC	Investment and holding	77.22 %	76.55 %	76.55 %	Note G and J
950 Investment LLC	950 Property LLC (950P)	Real estate development on residential	100.00 %	100.00 %	100.00 %	Note G

(Continued)

**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Investor Company	Subsidiary	Main Business	Percentage of ownership			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
950 Investment LLC	950 Hotel Property LLC (950H)	Hotel industry	100.00 %	100.00 %	100.00 %	Note G
950 Investment LLC	950 Retail Property LLC	Real estate lease and management	100.00 %	100.00 %	100.00 %	Note G
950 Hotel Property LLC	950 F&B LLC	Liquor sale	100.00 %	100.00 %	100.00 %	Note G
HDEC	HDEC Construction Corp. (SDC)	Construction of underground pipeline and environmental protection project, plumbing	100.00 %	100.00 %	100.00 %	Note G
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 G
HDEC	HDEC (Puding) Environment Corp. (PDC)	Pu Ding area sewerage construction in Taoyuan City	100.00 %	100.00 %	100.00 %	Note C and G
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 G
HDEC	HDEC(Ciaotou) Corp. (CTC)	Ciaotou wastewater reclamation and reuse BTO project in Kaohsiung City	100.00 %	100.00 %	100.00 %	Note E and G
HDEC	HDEC(Chengxi) Corp. (CXC)	Aninan area incineration plant renewal in Tainan City	100.00 %	100.00 %	100.00 %	Note F and G

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.

(Continued)

**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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 is a non-significant subsidiary, and its financial statements have not been reviewed.

Note H: Starting from the first quarter of 2024, the company has been reviewed by independent auditors.

Note I: In the first quarter of 2024, the Group participated in the cash capital increase of the company not in proportion with its original shareholding percentage, resulting in its equity ownership to increase from 70.65% to 70.88%.

Note J: In the first quarter of 2024, the Group participated in the cash capital increase of the company not in proportion with its original shareholding percentage, resulting in its equity ownership to increase from 76.55% to 77.22%.

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

(c) Employee benefits

The pension cost for an interim period was calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off event.

(d) Classification of current and non-current assets and liabilities

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non current.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading
- (iii) The liability is due to be settled within twelve months after the reporting period; or

(Continued)

**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(e) 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, 2023. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2023.

**(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, 2023. Please refer to Note 6 for the related information of the consolidated financial statements for the year ended December 31, 2023.

(a) Cash and cash equivalents

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Cash	\$ 23,546	24,423	20,607
Cash in banks	3,348,168	4,058,965	3,286,123
Cash in transit	-	-	494
Time deposits	1,792,113	1,536,389	1,618,365
Cash equivalents	<u>768,554</u>	<u>1,258,364</u>	<u>1,248,538</u>
	<b><u>\$ 5,932,381</u></b>	<b><u>6,878,141</u></b>	<b><u>6,174,127</u></b>

(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.

(Continued)

**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Please refer to Note 6(ad) for the sensitivity analysis and interest rate risk of financial assets and liabilities.

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</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>1,068,858</u>

(i) The aforementioned financial assets were not pledged as collateral.

(ii) Please refer to note 6(ad) for the credit risk and market risk.

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Equity investments at fair value through other comprehensive income:			
Listed common share – Evergreen Steel Corp.	\$ 3,192,915	2,667,174	1,431,041
Unlisted common share – Xinrong Enterprise	700,770	700,770	657,982
Unlisted common share – Metro Consulting Service Ltd.	<u>3,690</u>	<u>3,690</u>	<u>2,998</u>
Total	\$ <u>3,897,375</u>	<u>3,371,634</u>	<u>2,092,021</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) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the three months ended March 31, 2024 and 2023.

(iii) The aforementioned financial assets were not pledged as collateral.

(iv) Please refer to note 6(ad) 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>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Cash flow hedge:			
Financial assets used for hedging	\$ 112,217	28,839	41,326
Financial liabilities used for hedging	<u>(45,929)</u>	<u>(19,444)</u>	<u>-</u>
Total	<u>\$ 66,288</u>	<u>9,395</u>	<u>41,326</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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	
Expected foreign assets	Foreign deposits	<u>\$ 111,169</u>	<u>29,938</u>	<u>41,124</u>	2024
	Change in value of Foreign currency	<u>\$ 1,048</u>	<u>(1,099)</u>	<u>202</u>	2024~2025

  

<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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>		
Expected foreign liabilities	Forward exchange	<u>\$ (45,929)</u>	<u>(19,444)</u>	<u>-</u>	JPY 4,371,750	2024.05~2025.03

- (iii) The transactions of cash flow hedges for the three months ended March 31, 2024 and 2023, were all effective.

(e) Notes and accounts receivable

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Notes receivable	\$ 66	684	2,459
Accounts receivable	2,924,116	2,987,278	2,178,453
Long-term accounts receivable	6,183,011	5,867,118	5,809,882
Less: Allowance for bad debts	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,107,193</u>	<u>8,855,080</u>	<u>7,990,794</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:

	<b>March 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Not overdue	\$ 9,004,001	-	-
Pass due less than one year	46,651	-	-
Pass due over one year	56,441	-	-
	<b>\$ 9,107,093</b>		<b>-</b>
	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Not overdue	\$ 8,769,062	-	-
Pass due less than one year	31,738	-	-
Pass due over one year	54,280	-	-
	<b>\$ 8,855,080</b>		<b>-</b>
	<b>March 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Not overdue	\$ 7,932,372	-	-
Pass due less than one year	3,980	-	-
Pass due over one year	54,442	-	-
	<b>\$ 7,990,794</b>		<b>-</b>

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

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Other receivables – lending of capital (including other non-current assets)	\$ 754,348	678,034	536,364
Other receivables – lawsuit	150,630	150,630	150,630
Other receivables – related parties	5,895	2,895	2,423
Other (including other non-current assets)	172,818	198,137	198,763
Less: Allowance for bad debts	-	-	-
	<u>\$ 1,083,691</u>	<u>1,029,696</u>	<u>888,180</u>

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

## (g) Inventories

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Hotel:			
Catering	\$ 6,847	6,032	1,728
Real estate:			
Real estate held for sale	12,421,248	11,070,517	12,525,299
Land held for development	4,528,641	5,682,236	4,616,823
Building construction in progress	14,587,122	8,626,658	6,283,173
Prepayment for land	47,254	47,254	572,854
Subtotal	31,584,265	25,426,665	23,998,149
Less: Allowance for impairment loss	(548,629)	(228,056)	(95,582)
	<u>\$ 31,042,483</u>	<u>25,204,641</u>	<u>23,904,295</u>

(i) For the three months ended March 31, 2024 and 2023, the write-down of inventories amounted to \$309,550 thousand and 0 thousand, respectively, are report as sales cost .

(ii) For the three months ended March 31, 2024 and 2023, the cost of inventory was \$231,343 thousand and \$1,167,512 thousand, respectively.

(iii) Capitalizing interest costs were as follows:

	<b>For the three months ended</b> <b>March 31</b>	
	<u>2024</u>	<u>2023</u>
Capitalized interests	\$ <u>35,121</u>	<u>19,734</u>
Capitalization interest rate	<u>0.1952%~6.59%</u>	<u>2.0508%~5.99%</u>

(Continued)

**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (iv) Please refer to Note 8 for the inventories of the Group had been pledged as collateral.
- (v) According to the agreement on investment, the Group subsidiary in the United States used its inventory to offset USD\$7,320 thousand of the accounts payable of the joint development investor as of February, 2023.
- (h) Investments accounted for using equity method

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Associates	<u>\$ 1,603,255</u>	<u>1,598,373</u>	<u>1,611,591</u>

- (i) Associates

The Group's significant associates were as follows:

<b>Name of associates</b>	<b>Nature of Relationship with the Group</b>	<b>Main operating location/Registered Country of the Company</b>	<b>Percentage of ownership or voting power</b>		
			<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Current assets	\$ 484,878	381,226	408,445
Non-current assets	2,918,576	2,659,077	2,238,955
Current liabilities	(526,107)	(521,351)	(936,254)
Non-current liabilities	(1,164,690)	(842,281)	(50,717)
Net assets	<u>\$ 1,712,657</u>	<u>1,676,671</u>	<u>1,660,429</u>
		<b>For the three months ended March 31</b>	
		<b>2024</b>	<b>2023</b>
Revenues		<u>\$ 255,859</u>	<u>626,547</u>
Net income / Total comprehensive income		<u>\$ 35,986</u>	<u>45,492</u>

(Continued)

**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Net assets attributable to the Group, beginning balance	\$ 821,569	791,319
Total comprehensive income attributable to the Group	17,633	22,291
Net assets attributable to the Group, ending balance	<b>\$ 839,202</b>	<b>813,610</b>

2) Summary of Fanlu's financial figures

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Current assets	\$ 7,056,353	6,958,558	5,495,076
Non-current assets	61,338	21,404	3,150
Current liabilities	(824,630)	(650,469)	(559,230)
Non-current liabilities	(4,110,000)	(4,110,000)	(2,659,000)
Net assets	<b>\$ 2,183,061</b>	<b>2,219,493</b>	<b>2,279,996</b>

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Revenues	\$ -	-
Net loss/ Total comprehensive income	<b>\$ (36,431)</b>	<b>(13,824)</b>

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Net assets attributable to the Group, beginning balance	\$ 776,804	802,819
Total Comprehensive income attributable to the Group	(12,751)	(4,838)
Net assets attributable to the Group, ending balance	<b>\$ 764,053</b>	<b>797,981</b>

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

(Continued)

**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Acquisition of non-controlling interests

In March 2024, the Group acquired the equities of Trimosa Holdings LLC Corporation and 950 Investment LLC Corporation for USD \$1,000 thousand in cash, increasing its ownership from 70.65% and 76.55% to 70.88% and 77.22%. The Group did not have any transaction with non-controlling interests between January 1 and March 31, 2023.

The effects of the changes in shareholdings were as follows:

	<b>Amount</b>
Carrying amount of non-controlling interest on acquisition	\$ 38,063
Consideration paid to non-controlling interests	(32,000)
	<b>\$ 6,063</b>
Capital surplus differences between the consideration and the carrying amounts the subsidiaries acquired	\$ 1,999
Capital Surplus – recognized as changes of ownership interests in subsidiaries	4,064
	<b>\$ 6,063</b>

(j) Material non-controlling interest of subsidiaries

<b>Subsidiaries</b>	<b>Country of registration</b>	<b>Equity ownership of non-controlling interest</b>		
		<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
CDC US Corp. and subsidiaries	The United States	29.12 %	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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Current assets	\$ 4,728,944	4,821,103	4,988,309
Non-current assets	5,285,869	5,109,888	5,168,174
Current liabilities	(4,643,045)	(4,303,390)	(4,011,419)
Non-current liabilities	(128,168)	(122,981)	(128,173)
Net assets	<b>\$ 5,243,600</b>	<b>5,504,620</b>	<b>6,016,891</b>
Non-controlling interest	<b>\$ 1,946,088</b>	<b>2,117,730</b>	<b>2,320,496</b>

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**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	For the three months ended March 31	
	2024	2023
Revenues	\$ 104,308	65,268
Net loss	\$ (484,667)	(207,500)
Other comprehensive income	-	-
Total comprehensive income	\$ (484,667)	(207,500)
Net loss attributable to non-controlling interest	\$ (219,049)	(94,616)
Total comprehensive income attributable to non-controlling interest	\$ (219,049)	(94,616)

(k) Property, plant and equipment

	Land	Buildings	Machinery	Transportation equipment	Computer equipment	Office equipment	Operating equipment	Total
Cost or deemed cost:								
Balance at January 1, 2024	\$ 2,342,257	6,878,889	1,361,207	200,455	98,792	181,660	141,827	11,205,087
Additions	-	-	13,758	10,135	2,373	23,700	1,445	51,411
Reclassification	-	(13,288)	53,472	-	1,229	371	-	41,784
Disposals	-	-	(106,127)	(4,741)	-	(29)	(35)	(110,932)
Effect of exchange rate changes	19,958	216,814	2,086	133	209	1,832	4,341	245,373
Balance at March 31, 2024	\$ 2,362,215	7,082,415	1,324,396	205,982	102,603	207,534	147,578	11,432,723
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	-	13,450	1,821	6,563	338	1,550	2,243	25,965
Disposals	-	-	(1,727)	(287)	(244)	(38)	-	(2,296)
Effect of exchange rate changes	(8,061)	(62,014)	(468)	(92)	(51)	(341)	(1,427)	(72,454)
Balance at March 31, 2023	\$ 2,349,458	6,863,313	1,016,883	171,802	86,306	176,779	134,768	10,799,309
Depreciation and impairment loss:								
Balance at January 1, 2024	\$ -	486,207	821,700	126,549	65,409	130,441	44,547	1,674,853
Depreciation	-	42,291	54,028	4,845	2,653	3,970	6,601	114,388
Disposals	-	-	(106,127)	(4,232)	-	(29)	(7)	(110,395)
Effect of exchange rate changes	-	7,796	328	130	188	571	1,258	10,271
Balance at March 31, 2024	\$ -	536,294	769,929	127,292	68,250	134,953	52,399	1,689,117
Balance at January 1, 2023	\$ -	321,899	666,023	119,559	57,177	116,570	15,562	1,296,790
Depreciation	-	41,109	34,036	3,375	1,949	3,761	7,235	91,465
Disposals	-	-	(1,727)	(287)	(244)	(38)	-	(2,296)
Effect of exchange rate changes	-	(660)	(10)	(90)	(45)	(62)	(194)	(1,061)
Balance at March 31, 2023	\$ -	362,348	698,322	122,557	58,837	120,231	22,603	1,384,898
Carrying amounts:								
Balance, at January 1, 2024	\$ 2,342,257	6,392,682	539,507	73,906	33,383	51,219	97,280	9,530,234
Balance at March 31, 2024	\$ 2,362,215	6,546,121	554,467	78,690	34,353	72,581	95,179	9,743,606
Balance at March 31, 2023	\$ 2,349,458	6,500,965	318,561	49,245	27,469	56,548	112,165	9,414,411

- (i) Please refer to Note 6(ac) 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.

(Continued)

**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(l) Right-of-use assets

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
<b>Cost:</b>				
Balance at January 1, 2024	\$ 66,620	171,365	6,463	244,448
Additions	6,298	13,812	-	20,110
Disposals	-	(7,561)	-	(7,561)
Effect of exchange rate changes	-	350	-	350
Balance at March 31, 2024	<u>\$ 72,918</u>	<u>177,966</u>	<u>6,463</u>	<u>257,347</u>
Balance at January 1, 2023	\$ 88,015	207,287	6,535	301,837
Additions	3,421	16,133	-	19,554
Disposals	(20,226)	(67,550)	-	(87,776)
Effect of exchange rate changes	-	(886)	-	(886)
Balance at March 31, 2023	<u>\$ 71,210</u>	<u>154,984</u>	<u>6,535</u>	<u>232,729</u>
<b>Depreciation and impairment losses:</b>				
Balance at January 1, 2024	\$ 33,920	71,617	2,430	107,967
Depreciation	4,818	13,005	527	18,350
Disposals	-	(7,561)	-	(7,561)
Effect of exchange rate changes	-	105	-	105
Balance at March 31, 2024	<u>\$ 38,738</u>	<u>77,166</u>	<u>2,957</u>	<u>118,861</u>
Balance at January 1, 2023	\$ 48,681	101,293	4,968	154,942
Depreciation	7,390	12,173	315	19,878
Disposals	(20,226)	(66,286)	-	(86,512)
Effect of exchange rate changes	-	(853)	-	(853)
Balance at March 31, 2023	<u>\$ 35,845</u>	<u>46,327</u>	<u>5,283</u>	<u>87,455</u>
<b>Carrying amounts:</b>				
Balance at January 1, 2024	<u>\$ 32,700</u>	<u>99,748</u>	<u>4,033</u>	<u>136,481</u>
Balance at March 31, 2024	<u>\$ 34,180</u>	<u>100,800</u>	<u>3,506</u>	<u>138,486</u>
Balance at March 31, 2023	<u>\$ 35,365</u>	<u>108,657</u>	<u>1,252</u>	<u>145,274</u>

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**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(m) Investment properties

	<u>Owned</u>		
	<u>Land and improvements</u>	<u>Buildings</u>	<u>Total</u>
Cost or deemed cost:			
Balance at January 1, 2024	\$ 7,963,125	698,510	8,661,635
Reclassification	(4,729,055)	-	(4,729,055)
Disposals	<u>(4,825)</u>	<u>(1,288)</u>	<u>(6,113)</u>
Balance at March 31, 2024	<u>\$ 3,229,245</u>	<u>697,222</u>	<u>3,926,467</u>
Balance at January 1, 2023	<u>\$ 7,963,125</u>	<u>1,607,322</u>	<u>9,570,447</u>
Balance at March 31, 2023	<u>\$ 7,963,125</u>	<u>1,607,322</u>	<u>9,570,447</u>
Depreciation and impairment losses :			
Balance at January 1, 2024	\$ 349,356	297,046	646,402
Depreciation	-	3,378	3,378
Disposal	<u>-</u>	<u>(797)</u>	<u>(797)</u>
Balance at March 31, 2024	<u>\$ 349,356</u>	<u>299,627</u>	<u>648,983</u>
Balance at January 1, 2023	\$ 349,356	1,190,062	1,539,418
Depreciation	<u>-</u>	<u>5,717</u>	<u>5,717</u>
Balance at March 31, 2023	<u>\$ 349,356</u>	<u>1,195,779</u>	<u>1,545,135</u>
Carrying amounts:			
Balance at January 1, 2024	<u>\$ 7,613,769</u>	<u>401,464</u>	<u>8,015,233</u>
Balance at March 31, 2024	<u>\$ 2,879,889</u>	<u>397,595</u>	<u>3,277,484</u>
Balance at March 31, 2023	<u>\$ 7,613,769</u>	<u>411,543</u>	<u>8,025,312</u>
Fair value:			
Balance at March 31, 2024			<u>\$ 4,759,317</u>
Balance at December 31, 2023			<u>\$ 12,068,055</u>
Balance at March 31, 2023			<u>\$ 11,982,620</u>

(i) Please refer to Note 8 for the investment properties had been pledged as collateral for long-term borrowings and construction guarantee.

(n) Intangible assets

	<u>Service Concession Agreements</u>			<u>Other</u>	<u>Total</u>
	<u>Goodwill</u>				
Carrying amounts:					
Balance at January 1, 2024	<u>\$ 30,249</u>	<u>1,766,127</u>	<u>4,742</u>		<u>1,801,118</u>
Balance at March 31, 2024	<u>\$ 30,249</u>	<u>2,139,587</u>	<u>4,942</u>		<u>2,174,778</u>
Balance at March 31, 2023	<u>\$ 30,249</u>	<u>1,075,589</u>	<u>4,676</u>		<u>1,110,514</u>

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**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) There were no significant additions, disposal, and recognition or reversal of impairment losses of intangible assets for the three months ended March 31, 2024 and 2023. 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, 2023.

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

(o) Short-term borrowings

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Unsecured loans	\$ 7,753,432	5,732,996	5,174,323
Secured loans	<u>11,813,775</u>	<u>10,132,695</u>	<u>6,865,223</u>
	<u>\$ 19,567,207</u>	<u>15,865,691</u>	<u>12,039,546</u>
Unused credit limit	<u>\$ 25,232,042</u>	<u>21,104,686</u>	<u>17,810,895</u>
Range of interest rate	<u>1.78%~8.5%</u>	<u>1.78%~8.5%</u>	<u>1.655%~8%</u>

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

(p) Short-term notes and bills payable

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Bills payable	<u>\$ 800,000</u>	<u>800,000</u>	<u>936,000</u>

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

(q) Bonds payable

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Secured ordinary bonds issued	\$ 2,000,000	2,000,000	2,000,000
Unamortized discount on bonds payable	<u>(1,264)</u>	<u>(1,445)</u>	<u>(1,987)</u>
	<u>\$ 1,998,736</u>	<u>1,998,555</u>	<u>1,998,013</u>

(i) There were no issued, repurchased or redeemed of bonds payable for the three months ended March 31, 2024 and 2023. Please refer to Note 6(p) for the related information of the consolidated financial statements for the year ended December 31, 2023.

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

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**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (r) Long-term borrowings

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Unsecured loans	\$ 3,820,000	4,029,000	4,138,000
Secured loans	4,789,246	7,440,690	7,606,242
Less: current portion	(883,767)	(1,269,382)	(2,008,642)
Less: sponsorship fee for the joint loan bank and Quota Establishment Fee	(9,609)	(9,762)	-
Total	<u>\$ 7,715,870</u>	<u>10,190,546</u>	<u>9,735,600</u>
Unused credit limit	<u>\$ 18,979,042</u>	<u>20,896,537</u>	<u>12,417,364</u>
Range of interest rate	<u>1.96%~7.76047%</u>	<u>1.878%~7.76047%</u>	<u>1.751%~8.09986%</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, 2023. The Group did not violate any terms in its loan agreements as of March 31, 2024, December 31 and March 31, 2023.

## (s) Lease liabilities

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current	<u>\$ 88,513</u>	<u>88,554</u>	<u>86,599</u>
Non-current	<u>\$ 50,437</u>	<u>49,870</u>	<u>58,475</u>

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended March 31</b>	
	<u>2024</u>	<u>2023</u>
Interest on lease liabilities	<u>\$ 732</u>	<u>710</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 2,645</u>	<u>2,918</u>
Expenses relating to short-term leases	<u>\$ 10,545</u>	<u>4,405</u>
Expenses relating to leases of low-value, excluding short- term leases of low-value assets	<u>\$ 1,685</u>	<u>1,401</u>

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**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2024</b>	<b>2023</b>
Total cash outflow for leases	<u>\$ 35,451</u>	<u>31,060</u>

(i) Real estate leases

The Group leases land and buildings for its office space, work station and staff dormitory which leases typically run for a period of one to eight years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

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

(ii) Other leases

The Group leases transportation equipment, with lease terms of two 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, leases of low-value, or variable lease payments items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(t) Provision

	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2024</b>	<b>2023</b>	<b>2023</b>
Warranties	\$ 175,408	178,824	419,404
After-sales service	72,735	67,548	154,641
Onerous contract	<u>55,919</u>	<u>60,807</u>	<u>98,292</u>
	<u>\$ 304,062</u>	<u>307,179</u>	<u>672,337</u>

There were no significant changes of provision for the three months ended March 31, 2024 and 2023 . Please refer to Note 6(s) for the related information of the consolidated financial statements for the year ended December 31, 2023.

(u) Operating leases

There were no significant additions of operating leases for the three months ended March 31, 2024 and 2023. Please refer to Note 6(t) for the related information of the consolidated financial statements for the year ended December 31, 2023.

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**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) 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 March 31, 2024, December 31 and March 31, 2023, are \$128,168 thousand, \$122,981 thousand and \$128,173 thousand, respectively.

(w) 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, 2023 and 2022.

Expenses recognized in profit or loss :

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2024</b>	<b>2023</b>
Operating costs	\$ 260	324
Operating expenses	720	689
	<b>\$ 980</b>	<b>1,013</b>

(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:

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2024</b>	<b>2023</b>
Operating costs	\$ 13,300	11,540
Operating expenses	7,944	6,951
	<b>\$ 21,244</b>	<b>18,491</b>

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**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (x) Income Tax

## (i) Income tax expenses

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Current income tax expenses		
Current period	\$ 80,452	77,062
Land value increment tax	6,059	319
	<b>\$ 86,511</b>	<b>77,381</b>

## (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:

<b>Year of assessed</b>	<b>Company</b>
2019	CEC (Not yet assessed for 2018), and CDC (Not yet assessed for 2018)
2020	CCD
2021	HDEC
2022	BWC, LHC, NSC, SDC, PDC, CCLC, CXC and CTC

## (y) Capital and other equity

Except for the following disclosure, there were no significant changes for capital and other equity for the three months ended March 31, 2024 and 2023. For the related information, please refer to Note 6(x) of the consolidated financial statements for the year ended December 31, 2023.

## (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.

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**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
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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 Accounting Standards 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 March 31, 2024, December 31 and March 31, 2023, the special reserve related to all IFRSs adjustments amounted to \$907,090 thousand, \$2,262,233 thousand and 2,262,233 thousand, respectively.

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.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2023 and 2022 had been approved during the board meeting on March 8, 2024, and March 10, 2023, respectively. The other distributions on the appropriations of earnings for 2023 and 2022 had been approved during the shareholders' meeting on June 3, 2024 and May 30, 2023, respectively. The relevant dividend distributions to shareholders were as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Amount per share</u>	<u>Total Amount</u>	<u>Amount per share</u>	<u>Total Amount</u>
Dividends distributed to common shareholders:				
Cash	\$ <u>1.50</u>	<u>1,234,824</u>	<u>2.50</u>	<u>2,058,040</u>

(Continued)

**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (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, 2024	\$ (673,352)	2,527,444	(20,543)	1,833,549
Exchange differences on foreign operations	170,286	-	-	170,286
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	525,740	-	525,740
Change in fair value of hedging instrument	-	-	(24,338)	(24,338)
Balance at March 31, 2024	<u>\$ (503,066)</u>	<u>3,053,184</u>	<u>(44,881)</u>	<u>2,505,237</u>
Balance at January 1, 2023	\$ (695,150)	1,140,119	(1,549)	443,420
Exchange differences on foreign operations	(29,142)	-	-	(29,142)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	107,712	-	107,712
Change in fair value of hedging instrument	-	-	1,751	1,751
Balance at March 31, 2023	<u>\$ (724,292)</u>	<u>1,247,831</u>	<u>202</u>	<u>523,741</u>

## (z) Earnings per share

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
<b>Basic earnings per share</b>		
Net income attributable to ordinary shareholders	<u>\$ 96,599</u>	<u>213,940</u>
Weighted average number of ordinary shares (Basic)	<u>823,216</u>	<u>823,216</u>
Basic earnings per share (NT dollars)	<u>\$ 0.12</u>	<u>0.26</u>
<b>Diluted earnings per share</b>		
Net income attributable to ordinary shareholders (after adjusting the effects of all dilutive potential ordinary shares)	<u>\$ 96,599</u>	<u>213,940</u>
Weighted average number of ordinary shares (Basic)	823,216	823,216
Effect of the employee share bonuses		
Employee stock bonus	289	397
Weighted average number of ordinary shares (after adjusting the effects of all dilutive potential ordinary shares)	<u>823,505</u>	<u>823,613</u>
Diluted earnings per share (NT dollars)	<u>\$ 0.12</u>	<u>0.26</u>

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**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
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## (aa) Revenue from contracts with customers

## (i) Disaggregation of revenue

<b>For the three months ended March 31, 2024</b>				
	<b>Construction Engineering</b>	<b>Real Estate Development</b>	<b>Environmental Project Development &amp; Water Treatment</b>	<b>Total</b>
Primary geographical markets:				
Taiwan	\$ 4,039,089	639,844	1,308,487	5,987,420
Other	6,933	166,596	-	173,529
	<b>\$ 4,046,022</b>	<b>806,440</b>	<b>1,308,487</b>	<b>6,160,949</b>
Main products:				
Construction engineering	\$ 4,031,790	-	-	4,031,790
Environmental project development & water treatment	-	-	1,308,487	1,308,487
Real estate revenue	-	578,035	-	578,035
Rental revenue	5,650	30,308	-	35,958
Other	8,582	198,097	-	206,679
	<b>\$ 4,046,022</b>	<b>806,440</b>	<b>1,308,487</b>	<b>6,160,949</b>
<b>For the three months ended March 31, 2023</b>				
	<b>Construction Engineering</b>	<b>Real Estate Development</b>	<b>Environmental Project Development &amp; Water Treatment</b>	<b>Total</b>
Primary geographical markets:				
Taiwan	\$ 4,050,646	1,587,633	847,840	6,486,119
Other	72,288	110,876	-	183,164
	<b>\$ 4,122,934</b>	<b>1,698,509</b>	<b>847,840</b>	<b>6,669,283</b>
Main products:				
Construction engineering	\$ 4,108,241	-	-	4,108,241
Environmental project development & water treatment	-	-	847,840	847,840
Real estate revenue	-	1,534,292	-	1,534,292
Rental revenue	7,692	32,780	-	40,472
Other	7,001	131,437	-	138,438
	<b>\$ 4,122,934</b>	<b>1,698,509</b>	<b>847,840</b>	<b>6,669,283</b>

(Continued)

**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Contract balances

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Notes receivable	\$ 66	684	2,459
Accounts receivable (including long-term accounts receivable)	9,107,127	8,854,396	7,988,335
Less: Allowance for impairment	-	-	-
<b>Total</b>	<b><u>\$ 9,107,193</u></b>	<b><u>8,855,080</u></b>	<b><u>7,990,794</u></b>
Contract assets-construction engineering	\$ 1,066,246	1,048,756	2,124,739
Contract assets-retention receivables	4,413,633	4,192,736	3,647,180
<b>Total</b>	<b><u>\$ 5,479,879</u></b>	<b><u>5,241,492</u></b>	<b><u>5,771,919</u></b>
Contract liabilities-construction engineering	\$ 5,294,959	5,072,341	4,102,708
Contract liabilities-environment project development & water treatment	56,028	-	32,890
Contract liabilities-advance real estate receipts	3,146,071	2,578,879	2,701,610
Contract liabilities-advance rent receipts	4,127	12,009	4,418
<b>Total</b>	<b><u>\$ 8,501,185</u></b>	<b><u>7,663,229</u></b>	<b><u>6,841,626</u></b>

- 1) Please refer to Note 6(e) for the accounts receivable and allowance for impairment.
- 2) Please refer to Note 6(t) for the onerous contracts.
- 3) The amounts of revenue recognized for the three months ended March 31, 2024 and 2023 that were included in the contract liability balance at the beginning of the year were \$96,302 thousand and \$280,806 thousand, respectively.
- 4) Please refer to Note 9 for the amounts of the above contracts.

(ab) 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.

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**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the three months ended March 31, 2024 and 2023, the Company estimated its employee remuneration to be \$763 thousand and \$1,333 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, 2023 and 2022, the Company amounted its employee remuneration to be \$9,961 thousand and \$14,764 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.

(ac) Non-operating income and expenses

(i) Interest income

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2024</b>	<b>2023</b>
Interest income from bank deposits	\$ 13,155	19,155
Other interest income	6,706	2,521
	<b>\$ 19,861</b>	<b>21,676</b>

(ii) Other income

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2024</b>	<b>2023</b>
Income from counter-party default	\$ -	8,647
Gain on overdue payables written off	81	-
Other income-other	6,128	17,233
	<b>\$ 6,209</b>	<b>25,880</b>

(iii) Other gains and losses

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2024</b>	<b>2023</b>
Net losses on disposals of property, plant and equipment	\$ (27)	-
Net gains on disposals of investment properties	57,534	-
Net foreign exchange (losses) gains	2,813	(23,788)
Other	(1,804)	(9,514)
	<b>\$ 58,516</b>	<b>(33,302)</b>

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**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Financial costs

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2024</b>	<b>2023</b>
Interest expenses-borrowings	\$ 211,511	245,442
Interest expenses-bonds payables (including amortization expenses)	6,098	6,098
Interest expenses-lease liabilities	732	710
Less: capitalized interest and other	(36,333)	(19,734)
	<b>\$ 182,008</b>	<b>232,516</b>

(ad) Financial instruments

(i) Credit risk

1) Credit risk exposure

As of March 31, 2024, December 31 and March 31, 2023, 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 \$5,850,675 thousand, \$3,764,675 thousand and \$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 three month ended March 31, 2024 and 2023

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**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Liquidity risk

The Group manages and maintains appropriate positions of cash and cash equivalents, as well as the resources of funding which are adequate and cost-effective to ensure that it has sufficient liquidity to meet its operation requirements for at least 12 months in the future.

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

	<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>
<b>March 31, 2024</b>					
Non-derivative financial liabilities					
Secured loans	\$ 16,594,383	19,430,217	3,412,722	13,233,872	2,783,623
Unsecured loans	11,572,461	12,875,427	5,353,932	7,521,495	-
Short-term notes and bills payable	800,000	800,000	800,000	-	-
Bonds payable	1,998,736	2,022,000	11,000	2,011,000	-
Accounts and notes payable	6,037,443	6,037,443	2,947,669	2,861,504	228,270
Other payables	2,854,356	2,854,356	1,757,654	1,096,702	-
Guarantee deposit received	70,060	70,060	430	17,028	52,602
Long-term accounts payable	128,168	128,168	-	128,168	-
Lease liabilities	138,950	143,437	66,307	75,608	1,522
	<u>\$ 40,194,557</u>	<u>44,361,108</u>	<u>14,349,714</u>	<u>26,945,377</u>	<u>3,066,017</u>
<b>December 31, 2023</b>					
Non-derivative financial liabilities					
Secured loans	\$ 17,564,594	20,289,372	3,534,154	13,919,581	2,835,637
Unsecured loans	9,761,025	10,439,815	5,077,628	4,426,479	935,708
Short-term notes and bills payable	800,000	800,000	800,000	-	-
Bonds payable	1,998,555	2,033,000	11,000	2,022,000	-
Accounts and notes payable	6,578,347	6,578,347	3,635,156	2,699,663	243,528
Other payables	1,902,960	1,902,960	817,539	1,085,420	1
Guarantee deposit received	70,681	70,681	430	13,523	56,728
Long-term accounts payable	122,981	122,981	-	122,981	-
Lease liabilities	138,424	142,324	63,246	78,122	956
	<u>\$ 38,937,567</u>	<u>42,379,480</u>	<u>13,939,153</u>	<u>24,367,769</u>	<u>4,072,558</u>
<b>March 31, 2023</b>					
Non-derivative financial liabilities					
Secured loans	\$ 14,471,465	16,920,845	3,505,002	10,173,117	3,242,726
Unsecured loans	9,312,323	9,873,627	4,969,909	4,336,992	566,726
Short-term notes and bills payable	936,000	936,000	936,000	-	-
Bonds payable	1,998,013	2,033,000	11,000	2,022,000	-
Accounts and notes payable	5,503,458	5,503,458	2,936,315	2,304,749	262,394
Other payables	3,548,155	3,548,155	2,553,700	994,455	-
Guarantee deposit received	74,174	74,174	-	14,646	59,528
Long-term accounts payable	128,173	128,173	-	128,173	-
Lease liabilities	145,074	150,817	54,222	93,728	2,867
	<u>\$ 36,116,835</u>	<u>39,168,249</u>	<u>14,966,148</u>	<u>20,067,860</u>	<u>4,134,241</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

	March 31, 2024			December 31, 2023			March 31, 2023		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchang e rate	NTD	Foreign currency	Exchange rate	NTD
<b><u>Financial Assets</u></b>									
<b><u>Monetary items</u></b>									
USD : NTD	\$ 7,072	32.0000	226,294	5,940	30.7050	182,377	8,104	30.4500	246,757
HKD : NTD	17,567	4.0890	71,833	19,893	3.9290	78,158	3,719	3.8790	14,427
MYR : NTD	140,966	6.7728	954,735	134,968	6.6978	903,989	123,416	6.9080	852,557
JPY : NTD	508,114	0.2115	107,466	5,684	0.2172	1,234	6,915	0.2288	1,581
USD : MYR	2,437	4.7205	77,976	1,030	4.5900	31,613	2,258	4.4170	68,759
<b><u>Financial Liabilities</u></b>									
<b><u>Monetary items</u></b>									
USD : MYR	21,450	4.7205	686,400	21,450	4.5900	658,622	22,650	4.4170	689,693

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 three months ended March 31, 2024 and 2023 would have increased or decreased the income before tax by \$6,433 thousand and by \$4,542 thousand, and the equity by \$1,086 thousand and \$402 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 three months ended March 31, 2024 and 2023, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$2,813 thousand and (\$23,788) 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 \$94,544 thousand and \$44,230 thousand for the three months ended March 31, 2024 and 2023, 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 three months ended March 31</u>			
	<u>2024</u>		<u>2023</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>38,974</u>	<u>10,689</u>	<u>20,920</u>	<u>10,689</u>
Decrease 1%	\$ <u>(38,974)</u>	<u>(10,689)</u>	<u>(20,920)</u>	<u>(10,689)</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>March 31, 2024</u>				
	<u>Carrying amount</u>	<u>Fair Value</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>		
<b>Financial assets at fair value through profit or loss</b>					
Unlisted common shares	\$ 1,068,858	-	-	1,068,858	1,068,858
<b>Financial assets for hedging</b>	\$ 112,217	112,217	-	-	112,217
<b>Financial assets at fair value through other comprehensive income</b>					
Listed common shares	\$ 3,192,915	3,192,915	-	-	3,192,915
Unlisted common shares	704,460	-	-	704,460	704,460
Subtotal	3,897,375	3,192,915	-	704,460	3,897,375
Total	\$ <u>5,078,450</u>	<u>3,305,132</u>	<u>-</u>	<u>1,773,318</u>	<u>5,078,450</u>
<b>Financial liabilities for hedging</b>	\$ <u>45,929</u>	<u>45,929</u>	<u>-</u>	<u>-</u>	<u>45,929</u>

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**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
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	December 31, 2023				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Unlisted common shares	\$ 1,068,858	-	-	1,068,858	1,068,858
<b>Financial assets for hedging</b>	\$ 28,839	28,839	-	-	28,839
<b>Financial assets at fair value through other comprehensive income</b>					
Listed common shares	2,667,174	2,667,174	-	-	2,667,174
Unlisted common shares	704,460	-	-	704,460	704,460
Subtotal	\$ 3,371,634	2,667,174	-	704,460	3,371,634
Total	\$ 4,469,331	2,696,013	-	1,773,318	4,469,331
<b>Financial liabilities for hedging</b>	\$ 19,444	19,444	-	-	19,444
	March 31, 2023				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Unlisted common shares	\$ 1,068,858	-	-	1,068,858	1,068,858
<b>Financial assets for hedging</b>	\$ 41,326	41,326	-	-	41,326
<b>Financial assets at fair value through other comprehensive income</b>					
Listed common shares	\$ 1,431,041	1,431,041	-	-	1,431,041
Unlisted common shares	660,980	-	-	660,980	660,980
Subtotal	2,092,021	1,431,041	-	660,980	2,092,021
Total	\$ 3,202,205	1,472,367	-	1,729,838	3,202,205

2) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Measurements of financial instrument with an active market are as follows:

- Listed stock are financial assets which have standard provision and trade in an active market, and their fair value are determined by market quoted price respectively.

Measurements of fair value of financial instruments without an active market are based on a valuation technique. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

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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 three months ended March 31, 2024 and 2023.

4) The movement of Level 3

	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at fair value through other comprehensive income</b>
	<b>Non-derivative financial assets mandatorily measured at fair value through profit or loss</b>	<b>Equity instruments without quoted market price</b>
Balance at March 31, 2024 (the beginning of the year)	\$ 1,068,858	704,460
Balance at March 31, 2023 (the beginning of the year)	\$ 1,068,858	660,980

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

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

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

<b>Item</b>	<b>Valuation Technique</b>	<b>Significant unobservable input</b>	<b>Relationship between input and fair value</b>
Financial assets at fair value through profit or loss-equity investments without an active market	Discounted cash flow method	Return on equity (March 31, 2024, December 31, 2023 and March 31, 2023 were 11.2466%, 11.2466% and 12.4176%, respectively)	The higher return of equity, the lower the fair value.

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**Notes to the Consolidated Financial Statements**

<u>Item</u>	<u>Valuation Technique</u>	<u>Significant unobservable input</u>	<u>Relationship between input and fair value</u>
Financial assets at fair value through other comprehensive income-equity investments without an active market	Market Method	<ul style="list-style-type: none"> <li>· The multiplier of price-to-earnings ratio (March 31, 2024, December 31, 2023 and March 31, 2023 were 17.17, 17.17 and 16.38, respectively)</li> <li>· Market illiquidity discount (March 31, 2024, December 31, 2023 and March 31, 2023 were 75%)</li> </ul>	<ul style="list-style-type: none"> <li>· The higher multiplier of price-to-earnings ratio, the higher the fair value.</li> <li>· The higher market illiquidity discount, the lower the fair value.</li> </ul>
Financial assets at fair value through other comprehensive income-equity investments without an active market	Income Method	<ul style="list-style-type: none"> <li>· The growth rate of earnings-per-share (March 31, 2024, December 31, 2023 and March 31, 2023 were 0%)</li> <li>· Weighted average cost of capital (March 31, 2024, December 31, 2023 and March 31, 2023 were 5%)</li> </ul>	<ul style="list-style-type: none"> <li>· The higher the growth rate of earnings-per-share, the higher the fair value.</li> <li>· The higher weighted average cost of capital, the lower the fair value.</li> </ul>

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

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

	<u>Input</u>	<u>Change up or down</u>	<u>Profit or loss</u>		<u>Other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
<b>March 31, 2024</b>						
Financial assets at fair value through profit or loss						
Equity instruments without an active market	Return on equity	1%	\$ 2,956	(2,941)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market liquidity discount	5%	\$ -	-	46,718	(46,718)
Equity instruments without an active market	Weighted average cost of capital	1%	\$ -	-	164	(155)

(Continued)

**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	Input	Change up or down	Profit or loss		Other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
<b>December 31, 2023</b>						
Financial assets at fair value through profit or loss						
Equity instruments without an active market	Market liquidity discount	1%	\$ 2,956	(2,941)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market liquidity discount	5%	\$ -	-	46,718	(46,718)
Equity instruments without an active market	Weighted average cost of capital	1%	\$ -	-	164	(155)
<b>March 31, 2023</b>						
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)

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.

(ae) 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, 2023.

(af) 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, 2023. Also, there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2023. Please refer to Note 6(ae) for the further details of the consolidated financial statements for the year ended December 31, 2023.

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**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ag) Non-cash investing and financing activities

- (i) Please refer to Note 6(l) for the acquisition right-of-use assets by leasing.
- (ii) Please refer to Note 6(g) for offsetting accounts payable by inventories.
- (iii) Reclassification of prepayments for business facilities to property, plant and equipment.

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2024</b>	<b>2023</b>
Prepayments for busines facilities reclassified to property, plant and equipment	\$ 42,493	-
Inventories reclassified to property, plant and equipment	4,729,055	-
	<b>\$ 4,771,548</b>	<b>-</b>

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

	<b>Non-cash changes</b>					<b>March 31,</b>
	<b>January 1,</b>	<b>Cash flows</b>	<b>Foreign exchange movement</b>	<b>Other</b>	<b>Changes in lease payments</b>	
Short-term borrowings	\$ 15,865,691	3,552,421	175,845	(26,750)	-	19,567,207
Long-term borrowings (including due within one year)	11,459,928	(2,889,123)	28,679	153	-	8,599,637
Lease liabilities	138,424	(19,844)	260	-	20,110	138,950
Bonds payable	1,998,555	-	-	181	-	1,998,736
	<b>\$ 29,462,598</b>	<b>643,454</b>	<b>204,784</b>	<b>(26,416)</b>	<b>20,110</b>	<b>30,304,530</b>

	<b>Non-cash changes</b>					<b>March 31,</b>
	<b>January 1,</b>	<b>Cash flows</b>	<b>Foreign exchange movement</b>	<b>Other</b>	<b>Changes in lease payment</b>	
Short-term borrowings	\$ 14,790,012	(2,707,999)	(42,467)	-	-	12,039,546
Long-term borrowings (including due within one year)	11,469,845	280,000	(5,603)	-	-	11,744,242
Lease liabilities	148,418	(21,626)	(8)	-	18,290	145,074
Bonds payable	1,997,832	-	-	181	-	1,998,013
	<b>\$ 28,406,107</b>	<b>(2,449,625)</b>	<b>(48,078)</b>	<b>181</b>	<b>18,290</b>	<b>25,926,875</b>

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**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
Wang o Fan	Other related party

(c) Other related party transactions

(i) Contracted construction

<u>For the three months ended March 31, 2024</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>203,751</u>	<u>1,177,291</u>
Associate (Fanlu)	\$ <u>2,035,092</u>	<u>234,342</u>	<u>1,466,803</u>
<u>For the three months ended March 31, 2023</u>			
Associate (CTCI-HDEC)	\$ <u>6,607,731</u>	<u>-</u>	<u>534,539</u>
Associate (Fanlu)	\$ <u>1,544,284</u>	<u>127,622</u>	<u>761,108</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.

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**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Labor services revenue

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Associates	\$ <b>2,964</b>	-

The group provided the operation and maintenance services of the sewage treatment plant. The terms and pricing of transactions are not significantly difference from general transactions.

(iii) Other operating revenues

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Associates	\$ 1,196	-
Other related parties	1,940	2,222
	\$ <b>3,136</b>	<b>2,222</b>

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.

(iv) Purchases

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Other related parties	\$ <b>29</b>	<b>679</b>

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.

(v) Contract Assets

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Associates	\$ <b>290,168</b>	<b>210,352</b>	<b>43,755</b>

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**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(vi) Receivables from related parties

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Accounts receivable-Other related parties	\$ 2,037	1,162	716
Accounts receivable-Associates	4,562	6,141	-
Other receivables-Other related parties	511	80	-
Other receivables-Associates	<u>5,384</u>	<u>2,815</u>	<u>2,423</u>
	<u>\$ 12,494</u>	<u>10,198</u>	<u>3,139</u>

(vii) Payables to related parties

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Other payables-Other related parties	\$ <u>787</u>	<u>756</u>	<u>884</u>

(viii) Rental

1) Rental revenues

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Other related parties	\$ <u>757</u>	<u>804</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 ended March 31, 2024 and 2023, the Group recognized the amount of \$79 thousand and \$98 thousand as interest expenses, respectively. As of March 31, 2024, December 31 and March 31, 2023, the balance of lease liabilities amounted to \$16,798 thousand, \$17,866 thousand and \$21,042 thousand, respectively.

(ix) Transaction of properties

In March 2024, the Group sold transportation equipment to other related parties for \$495 thousand (before tax), and the losses on disposal of assets was \$0 thousand, for which the Group received the full amount.

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**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (x) Endorsements and Guarantees

	<u>Guarantee classification</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Associate (CTCI-HDEC)	Guarantee for bank loans	\$ 2,207,675	2,207,675	2,060,675
Associate (Fanlu)	Guarantee for bank loans	3,643,000	1,557,000	1,557,000
		<u>\$ 5,850,675</u>	<u>3,764,675</u>	<u>3,617,675</u>

## (xi) Other

## 1) Interest revenues

	<u>For the three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Associates	<u>\$ 1,159</u>	<u>-</u>

## 2) Other expenses

	<u>For the three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Other related parties	<u>\$ 8,229</u>	<u>15,132</u>

## 3) Other income

	<u>For the three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Associates	\$ 1,682	1,752
Other related parties	24	27
	<u>\$ 1,706</u>	<u>1,779</u>

## (d) Key Management Personnel Transaction

	<u>For the three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	<u>\$ 66,577</u>	<u>64,876</u>

As of March 31, 2024 and 2023, the Group provides sixteen vehicles at a cost of \$25,711 thousand and thirteen vehicles at a cost of \$18,487 thousand, respectively, for the key management personnel.

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**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(8) Pledged assets**

<u>Asset</u>	<u>Purpose of pledge</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Inventories (development corp.)	Loan collateral	\$ 22,617,305	16,468,089	10,616,140
Restricted deposits (other current assets)	Time deposits collateral	200,821	168,870	470,197
Property, plant and equipment	Loan collateral and construction guarantee	7,634,580	7,856,770	7,952,940
Investment properties, net	Loan collateral and construction guarantee	3,137,258	7,470,336	7,479,249
Total		<u>\$ 33,589,964</u>	<u>31,964,065</u>	<u>26,518,526</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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Total sales of completed construction and real estate	<u>\$ 12,764,674</u>	<u>11,805,520</u>	<u>12,426,982</u>
Receipts based on the contracts	<u>\$ 3,146,071</u>	<u>2,578,879</u>	<u>2,701,610</u>

(ii) As of March 31, 2024, December 31 and March 31, 2023, the Group has entered into contracts for the purchase of land but for which it has not received the legal title amounted to \$151,050 thousand, \$151,050 thousand and \$1,936,282 thousand, within which, \$45,315 thousand, \$45,315 thousand and \$515,206 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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Total contract amount—NTD	\$ 152,871,024	160,657,096	143,197,921
—INR	35,074,796	35,074,796	35,063,078
—HKD	4,585,034	4,585,034	4,635,044
—MOP	982,544	982,544	982,544
—MYR	-	-	394,926
Accumulated billing amount	135,410,353	129,755,641	119,909,787

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**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) 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~December 2055
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

(v) The Group’s outstanding stand by letter of credit are as follows:

	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2024</b>	<b>2023</b>	<b>2023</b>
Outstanding stand by letter of credit	<u>\$ 1,444,722</u>	<u>1,364,576</u>	<u>-</u>

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**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (b) Contingent liability:
- (i) As of March 31, 2024, December 31 and March 31, 2023, the Group provided promissory notes for contract performance, issuance of commercial paper, and construction warranty, amounted to \$55,171,550 thousand, \$53,191,348 thousand and \$50,474,595 thousand, respectively.
  - (ii) As of March 31, 2024, December 31 and March 31, 2023, promissory notes receivable for construction contracts amounted to \$15,017,969 thousand, \$14,855,261 thousand and \$13,859,108 thousand, respectively.
- (c) Other
- (i) 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.
  - (ii) The Group entered into an agreement with Jaipur Metro Rail Corporation Limited (hereinafter referred to as JMRC) concerning the design and construction of TBM tunnel and underground stations bw chandpole, Badi chouper, and reversal line of the Indian MRT project. However, a dispute occurred between both parties over the repair warranty and other contract-related claims. Hence, JMRC requested the bank on April 5, 2013 to claim the bank guaranteed project warranty of \$253,422 thousand (INR\$646,713 thousand) from the Group. In order to maintain a good creditworthiness record, the Group provided the said warranty (accounted for as other receivable) to the bank, wherein JMRC was able to receive the whole amount on April 8, 2024. In September 2020, since the operation of the MRT project have been running smoothly, with the Group being able to meet all the conditions stated in the contract, JMRC was demanded to return the claimed warranty to the Group.

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**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(10) Losses due to major disasters: None**

**(11) Subsequent events: None**

**(12) Other**

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

	For the three months ended March 31, 2024			For the three months ended March 31, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	401,853	205,602	607,455	414,438	179,182	593,620
Labor and health	32,987	15,933	48,920	32,456	16,281	48,737
Pension	14,812	9,402	24,214	12,942	8,360	21,302
Others	50,415	31,813	82,228	40,120	28,605	68,725
Depreciation	123,833	12,283	136,116	102,935	14,125	117,060
Amortization	18,152	-	18,152	17,817	-	17,817

(b) Seasonal operation :

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

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## (English Translation of Financial Report Originally Issued in Chinese)

**CONTINENTAL HOLDINGS CORPORATION**  
**Notes to Consolidated Financial Statements**

**(13) Other disclosures**

## (a) Information on significant transactions

The following information on significant transactions are disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers:

## (i) Loans provided to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	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	1.3%	2	-	Replenish working capital	-	-	-	5,378,333	10,756,665
0	CHC	HDEC	Other receivables	Yes	500,000	500,000	500,000	1.3%	2	-	Replenish working capital	-	-	-	5,378,333	10,756,665
1	CDC	BANGSAR	Other receivables	Yes	292,585	292,585	284,458	2.50%	2	-	Land purchases and operation requirements	-	-	-	6,583,744	6,583,744
1	CDC	MEGA	Other receivables	Yes	805,585	805,585	670,266	2.5%	2	-	Land purchases and operation requirements	-	-	-	6,583,744	6,583,744
1	CDC	Grand River D. Limited	Other receivables	No	1,218,595	1,218,595	754,348	2.525%	2	-	Operation requirements	-	-	-	6,583,744	6,583,744
1	CDC	950 Investment LLC	Other receivables	Yes	110,530	-	-	8.40%	2	-	Operation requirements	-	-	-	6,583,744	6,583,744
2	CEC	CDC	Other receivables	Yes	500,000	500,000	500,000	Taibor+0.5%	2	-	Operation requirements	-	-	-	3,229,718	3,229,718

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: \$26,891,663 thousand  $\times$  40% = 10,756,665 thousand

Maximum amount of loans provided to a single business enterprise is limited to 20% of net equity value: \$26,891,663 thousand  $\times$  20% = 5,378,333 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: \$16,459,360 thousand  $\times$  40% = 6,583,744 thousand

Maximum amount of loans provided to a single business enterprise is limited to 40% of net equity value: \$16,459,360 thousand  $\times$  40% = 6,583,744 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:

CEC:

Maximum amount of loans is limited to 40% of net equity value: \$8,074,295 thousand  $\times$  40% = 3,229,718 thousand

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## (English Translation of Financial Report Originally Issued in Chinese)

**CONTINENTAL HOLDINGS CORPORATION**  
**Notes to Consolidated Financial Statements**

Maximum amount of loans provided to a single business enterprise is limited to 40% of net equity value: \$8,074,295 thousand × 40% = 3,229,718 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

(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' sendorsements/ 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	107,566,652	471,276	-	-	-	- %	107,566,652	Y	N	N
0	CHC	HDEC	2	107,566,652	4,312,282	3,847,400	1,521,302	-	14.31 %	107,566,652	Y	N	N
0	CHC	CEC	2	107,566,652	16,100,475	14,603,242	5,800,514	-	54.30 %	107,566,652	Y	N	N
1	CEC	CDC	4,7	16,148,590	1,071,000	1,071,000	443,932	-	13.26 %	16,148,590	N	N	N
2	CDC	CDC US.	2	32,918,720	160,000	160,000	-	-	0.97 %	32,918,720	N	N	N
2	CDC	CCD	2	32,918,720	3,770,000	1,885,000	1,885,000	-	11.45 %	32,918,720	N	N	N
2	CDC	BANGSAR	2,6	32,918,720	170,675	170,675	39,355	-	1.04 %	32,918,720	N	N	N
2	CDC	MEGA	2,6	32,918,720	398,640	398,640	377,520	-	2.42 %	32,918,720	N	N	N
2	CDC	950P	2,6	32,918,720	560,640	560,640	248,417	-	3.41 %	32,918,720	N	N	N
2	CDC	950H & 950R	2,6	32,918,720	1,734,400	1,734,400	1,734,094	-	10.54 %	32,918,720	N	N	N
2	CDC	Fanlu	6	32,918,720	3,643,000	3,643,000	1,438,500	-	22.13 %	32,918,720	N	N	N
3	CCD	CDC	3	10,933,336	6,232,200	5,250,000	1,944,500	9,458,110	192.07 %	10,933,336	N	N	N
4	HDEC	NSC	2	41,549,808	2,495,000	2,495,000	1,720,000	-	48.04 %	41,549,808	N	N	N
4	HDEC	PDC	2	41,549,808	1,295,000	1,295,000	992,000	-	24.93 %	41,549,808	N	N	N
4	HDEC	CTC	2	41,549,808	3,100,000	3,100,000	811,000	-	59.69 %	41,549,808	N	N	N
4	HDEC	LHC	2,6	41,549,808	1,100,000	1,100,000	631,032	-	21.18 %	41,549,808	N	N	N
4	HDEC	BWC	2,6	41,549,808	1,004,705	1,004,705	104,555	-	19.34 %	41,549,808	N	N	N
4	HDEC	CTCI-HDEC	6	41,549,808	2,207,675	2,207,675	924,855	-	42.51 %	41,549,808	N	N	N
4	HDEC	CEC	4,5	41,549,808	210,129	210,129	191,379	-	4.05 %	41,549,808	N	N	N
4	HDEC	CXC	2	41,549,808	4,900,000	4,900,000	510,000	-	94.34 %	41,549,808	N	N	N
5	SDC	HDEC	3	407,816	100	100	100	-	0.20 %	407,816	N	N	N
5	SDC	NSC	4	407,816	100	100	100	-	0.20 %	407,816	N	N	N

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**CONTINENTAL HOLDINGS CORPORATION**

**Notes to Consolidated Financial Statements**

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:  $\$26,891,663 \text{ thousand} \times 4 = \$107,566,652 \text{ thousand}$

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:  $\$26,891,663 \text{ thousand} \times 4 = \$107,566,652 \text{ thousand}$

According to the policy of CEC, the total amount of endorsements/guarantees is limited to six times the net equity value in accordance with the Company's most recent financial statements except in the event of joint liability in joint ventures with other companies in the same industry:  $\$8,074,295 \text{ thousand} \times 6 = \$48,445,770 \text{ thousand}$

The total amount of endorsements/guarantees provided to a single business is limited to three times the net equity value in accordance with the Company's most recent financial statements:  $\$8,074,295 \text{ thousand} \times 3 = \$24,222,885 \text{ thousand}$

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:  $\$8,074,295 \text{ thousand} \times 2 = \$16,148,590 \text{ thousand}$

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:  $\$8,074,295 \text{ thousand} \times 2 = \$16,148,590 \text{ thousand}$

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:  $\$16,459,360 \text{ thousand} \times 2 = \$32,918,720 \text{ thousand}$

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:  $\$16,459,360 \text{ thousand} \times 2 = \$32,918,720 \text{ thousand}$

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:  $\$2,733,334 \text{ thousand} \times 4 = \$10,933,336 \text{ thousand}$

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:  $\$2,733,334 \text{ thousand} \times 4 = \$10,933,336 \text{ thousand}$

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:  $\$5,193,726 \text{ thousand} \times 8 = \$41,549,808 \text{ thousand}$

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:  $\$5,193,726 \text{ thousand} \times 8 = \$41,549,808 \text{ thousand}$

According to the policy of SDC, 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:  $\$50,977 \text{ thousand} \times 8 = \$407,816 \text{ thousand}$

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:  $\$50,977 \text{ thousand} \times 8 = \$407,816 \text{ thousand}$

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**CONTINENTAL HOLDINGS CORPORATION**  
**Notes to Consolidated Financial Statements**

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.

(iii) Securities held as of March 31, 2024 (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	3,192,915	6.15 %	3,192,915	
CEC	Xinrong Enterprise	-	Non-current financial assets at fair value through other comprehensive income	12,256,347	700,770	8.45 %	700,770	
CEC	Metro Consulting Service Ltd.	-	Non-current financial assets at fair value through other comprehensive income	300,000	3,690	6.00 %	3,690	
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: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

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**CONTINENTAL HOLDINGS CORPORATION**  
**Notes to Consolidated Financial Statements**

(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	(526,519) (Note 3)	11.16%	Same as those in general transactions	-	-	582,617 (Note 3)	10.71%	Note 1
CDC	CEC	Related party of the Company	Construction project	526,519 (Note 3)	13.05%	Same as those in general transactions	-	-	(582,617) (Note 3)	49.81%	
CEC	Fanlu	Associate	Construction contract	(220,230)	4.67%	Same as those in general transactions	-	-	104,323	1.92%	Note 1
Fanlu	CEC	Associate	Construction project	220,230	43.23%	Same as those in general transactions	-	-	(104,323)	92.66%	
HDEC	CTC	Parent and subsidiary	Construction contract	(338,896) (Note 3)	45.10%	Same as those in general transactions	-	-	129,070 (Note 3)	11.49%	Note 1
CTC	HDEC	Parent and subsidiary	Construction project	338,896 (Note 3)	73.71%	Same as those in general transactions	-	-	(129,070) (Note 3)	98.73%	
HDEC	CTCI-HDEC	Associate	Construction contract	(124,355) (Note 3)	16.55%	Same as those in general transactions	-	-	190,407 (Note 3)	16.95%	Note 1
CTCI-HDEC	HDEC	Associate	Construction project	124,355 (Note 3)	61.54%	Same as those in general transactions	-	-	(190,407) (Note 3)	45.64%	

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

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

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

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**CONTINENTAL HOLDINGS CORPORATION**  
**Notes to 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 582,617	3.44	-	-	202,216	-
CEC	Fanlu	Associate	Accounts receivable 104,323	9.43	-	-	-	-
HDEC	CTC	Parent and subsidiary	Accounts receivable 129,070	12.68	-	-	91,184	-
HDEC	CXC	Parent and subsidiary	Accounts receivable 300,520	1.40	-	-	94,622	-
HDEC	CTCI-HDEC	Associate	Accounts receivable 190,407	3.10	-	-	756	-

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 March 31, 2024, the Group's Forward Exchange Agreement JPY4,371,750 thousand hedging instruments in amounts of USD3,357 thousand, JPY3,218 thousand and EUR92 thousand, GBP11 thousand and HKD127 thousand.

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	CHC	HDEC	1	Non-current other assets-other	1,000,000	Same as those in normal transactions	1.25%
		HDEC	1	Other receivables	3,225	Same as those in normal transactions	-%
		HDEC	1	Interest revenues	5,004	Same as those in normal transactions	0.08%
1	CCLC	CEC	3	Operating revenues	43,553	Same as those in normal transactions	0.71%
		CDC	3	Operating revenues	10,069	Same as those in normal transactions	0.16%
		HDEC	3	Operating revenues	15,317	Same as those in normal transactions	0.25%
		CEC	3	Accounts receivable	17,844	Same as those in normal transactions	0.02%
2	CEC	CDC	3	Operating revenues	526,519	Same as those in normal transactions	8.55%
		CDC	3	Accounts receivable	208,674	Same as those in normal transactions	0.26%
		CDC	3	Contract assets	373,943	Same as those in normal transactions	0.47%
		CDC	3	Other receivables	500,005	Same as those in normal transactions	0.62%
		CCLC	3	Administrative expenses	43,553	Same as those in normal transactions	0.71%
		CCLC	3	Other payables	17,844	Same as those in normal transactions	0.02%

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**CONTINENTAL HOLDINGS CORPORATION**  
**Notes to Consolidated Financial Statements**

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
3	CDC	CEC	3	Operating costs	526,519	Same as those in normal transactions	8.55%
		CEC	3	Accounts payable	582,617	Same as those in normal transactions	0.73%
		CEC	3	Other payables	500,005	Same as those in normal transactions	1.09%
		MEGA	3	Other receivables	844,458	Same as those in normal transactions	1.05%
		Bangsar	3	Other receivables	323,115	Same as those in normal transactions	0.40%
		CCLC	3	Administrative expenses	10,069	Same as those in normal transactions	0.16%
4	MEGA	CCD	3	Non-current other assets-other	165,000	Same as those in normal transactions	0.21%
		CDC	3	Other payables	844,458	Same as those in normal transactions	1.05%
5	BANGSAR	CDC	3	Other payables	323,115	Same as those in normal transactions	0.40%
6	HDEC	CHC	2	Non-current other liabilities-other	1,000,000	Same as those in normal transactions	1.25%
		CHC	2	Other payables	3,225	Same as those in normal transactions	-%
		CHC	2	Interest expense	5,004	Same as those in normal transactions	0.08%
		NSC	3	Operating revenues	43,969	Same as those in normal transactions	0.71%
		NSC	3	Account receivable	31,669	Same as those in normal transactions	0.04%
		SDC	3	Operating cost	48,691	Same as those in normal transactions	0.79%
		SDC	3	Account payable	29,803	Same as those in normal transactions	0.04%
		PDC	3	Operating revenues	49,654	Same as those in normal transactions	0.81%
		PDC	3	Account receivable	10,360	Same as those in normal transactions	0.01%
		PDC	3	Contract assets	59,224	Same as those in normal transactions	0.07%
		CTC	3	Operating revenues	338,896	Same as those in normal transactions	5.50%
		CTC	3	Account receivable	91,184	Same as those in normal transactions	0.11%
		CTC	3	Contract assets	37,886	Same as those in normal transactions	0.05%
		CXC	3	Operating revenues	84,056	Same as those in normal transactions	1.36%
CXC	3	Account receivable	270,622	Same as those in normal transactions	0.34%		
CXC	3	Contract assets	29,898	Same as those in normal transactions	0.04%		
7	NSC	CCLC	3	Administrative expenses	15,317	Same as those in normal transactions	0.25%
		HDEC	3	Operating cost	43,969	Same as those in normal transactions	0.71%
8	SDC	HDEC	3	Accounts payable	31,669	Same as those in normal transactions	0.04%
		HDEC	3	Operating revenue	48,691	Same as those in normal transactions	0.79%
		HDEC	3	Accounts receivable	8,896	Same as those in normal transactions	0.01%
		HDEC	3	Contract assets	20,908	Same as those in normal transactions	0.03%
		PDC	3	Operating revenue	7,299	Same as those in normal transactions	0.12%
		PDC	3	Contract assets	4,661	Same as those in normal transactions	0.01%
9	PDC	HDEC	3	Operating cost	49,654	Same as those in normal transactions	0.81%
		HDEC	3	Accounts payable	69,584	Same as those in normal transactions	0.08%
		SDC	3	Operating cost	7,299	Same as those in normal transactions	0.12%
		SDC	3	Accounts payable	4,661	Same as those in normal transactions	0.01%
10	CTC	HDEC	3	Operating cost	338,896	Same as those in normal transactions	5.50%
		HDEC	3	Accounts payable	129,070	Same as those in normal transactions	0.16%
11	CXC	HDEC	3	Operating cost	84,056	Same as those in normal transactions	1.36%
		HDEC	3	Accounts payable	300,520	Same as those in normal transactions	0.38%

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**CONTINENTAL HOLDINGS CORPORATION**  
**Notes to Consolidated Financial Statements**

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

- 1) 0 represents the Company.
- 2) 1~11 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 March 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2024	December 31, 2023	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)	7,889,192	64,256	42,530	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)	16,459,357	14,075	14,075	Note 1
CHC	HDEC	Taiwan	Environmental project development & Water treatment	2,860,365	2,860,365	362,499,866	99.99 % (Note 3)	5,193,724	127,174	127,174	Note 1
CHC	CCLC	Taiwan	Management consulting	20,000	20,000	-	100.00 %	23,745	1,404	1,404	-
CEC	CICI	India	Civil and Building engineering	497,839	497,839	73,981,492	100.00 %	-	26,883	Disclosure not required	-
CEC	CIC	British Virgin Islands	Investment and holding	2,048,252	2,048,252	64,380,940	100.00 %	2,661	(4,059)	"	-
CEC	CIMY	Malaysia	Civil and Building engineering	179,257	179,257	22,340,476	85.14 %	5,643	(107)	"	-
CEC	CEC HK	Hong Kong	Civil and Building engineering	10,815	10,815	3,000,000	100.00 %	920	(13)	"	-
CDC	BANGSAR	Malaysia	Real estate development on residential	4,444	4,444	600,000	60.00 %	(20,787)	(1,658)	"	-
CDC	CCD	Taiwan	Real estate lease	976,539	976,539	48,198,292	80.65 %	2,191,541	(15,987)	"	-
CDC	Fanlu	Taiwan	Real estate development on residential and hotels	915,950	915,950	91,595,000	35.00 %	764,053	(36,431)	"	-
CDC	MEGA	Malaysia	Real estate development on hotels	7,375	7,375	825,000	55.00 %	(141,003)	(29,434)	"	-
CDC	CDC US.	The U.S.	Investment and holding	4,164,341	4,132,782	5,000,000	100.00 %	3,297,513	(265,618)	"	-
CDC	CDCAM	Malaysia	Management consulting	7,524	7,524	1,000,000	100.00 %	9,030	326	"	-
HDEC	SDC	Taiwan	Construction of underground pipeline and environmental protection project, plumbing	49,600	49,600	3,000,000	100.00 %	51,700	722	"	-
HDEC	NSC	Taiwan	Environmental project	1,112,000	1,112,000	166,000,000	100.00 %	2,887,987	45,623	"	-
HDEC	BWC	Taiwan	Environmental project	362,100	362,100	37,740,000	51.00 %	429,891	21,975	"	-
HDEC	PDC	Taiwan	Environmental project	540,000	540,000	59,726,000	100.00 %	644,980	4,684	"	-

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**Notes to Consolidated Financial Statements**

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value			
HDEC	CTCI - HDEC	Taiwan	Environmental project	735,000	735,000	73,500,000	49.00 %	839,202	35,986	Disclosure not required	-
HDEC	LHC	Taiwan	Environmental project	550,000	550,000	56,100,000	55.00 %	639,974	25,896	"	-
HDEC	CTC	Taiwan	Environmental project	450,000	450,000	45,000,000	100.00 %	456,791	4,874	"	-
HDEC	CXC	Taiwan	Environmental project	1,000,000	1,000,000	100,000,000	100.00 %	1,048,392	16,262	"	-
CCLC	CEC	Taiwan	Civil, Building and M&E engineering	1	1	84	- % (Note 4)	2	64,256	"	-
CCLC	CDC	Taiwan	Real estate development on residential, commercial, hotels and communities	3	3	102	- % (Note 4)	3	14,075	"	-
CCLC	HDEC	Taiwan	Environmental project development & Water treatment	1	1	134	- % (Note 5)	2	127,174	"	-

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

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

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

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

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

**CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
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(c) Information on investment in Mainland China: None

(d) Major shareholders:

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

**(14) Segment information**

	For the three months ended March 31, 2024					
	Construction Engineering	Real Estate Development	Environmental project Development & Water Treatment	Investment	Adjustment and write-off	Total
Revenues:						
Segment revenues from external customers	\$ 4,046,022	806,440	1,308,487	-	-	6,160,949
Intersegment revenues	541,740	-	-	273,849	(815,589)	-
Total revenues	<u>\$ 4,587,762</u>	<u>806,440</u>	<u>1,308,487</u>	<u>273,849</u>	<u>(815,589)</u>	<u>6,160,949</u>
Reportable segment profit or loss	<u>\$ 64,249</u>	<u>(215,867)</u>	<u>174,825</u>	<u>153,166</u>	<u>(206,909)</u>	<u>(30,536)</u>
	For the three months ended March 31, 2023					
	Construction Engineering	Real Estate Development	Environmental project Development & Water Treatment	Investment	Adjustment and write-off	Total
Revenues:						
Segment revenues from external customers	\$ 4,122,934	1,698,509	847,840	-	-	6,669,283
Intersegment revenues	407,361	-	-	365,321	(772,682)	-
Total revenues	<u>\$ 4,530,295</u>	<u>1,698,509</u>	<u>847,840</u>	<u>365,321</u>	<u>(772,682)</u>	<u>6,669,283</u>
Reportable segment profit or loss	<u>\$ 80,105</u>	<u>16,173</u>	<u>162,559</u>	<u>267,080</u>	<u>(325,449)</u>	<u>200,468</u>