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CONTINENTAL 欣陸投控
HOLDINGS CORPORATION

CONTINENTAL HOLDINGS CORPORATION

Annual Report 2023

(Translation)

Taiwan Stock Exchange Market Observation Post System: mops.twse.com.tw

CHC website: www.Continental-holdings.com

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Auditors Company: KPMG
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Public listings and securities trading in overseas stock exchanges: None

Note: The English version is a translation of Chinese version. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

Contents

Letter to Shareholders

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

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

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

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

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

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

Chairman

Company Overview

Founding and History

Continental Holdings Corporation

Established: April 8, 2010
Capitalization: 8,232,160,000 NTD

Continental Holdings Corporation (CHC) is a publicly listed company on the Taiwan Stock Exchange (TWSE: 3703). Its member companies include Continental Engineering Corporation (CEC), Continental Development Corporation (CDC), and HDEC Corporation (HDEC); the business portfolio encompasses Construction Engineering, Real Estate Development, and Environmental Project Development & Water Treatment businesses.

CHC traces its roots back to 1945, when Mr. Glyn T. H. Ing founded CEC in Sichuan Province, China, following the Second World War. With the need for a separate entity to provide governance and strategy, CHC was incorporated in 2010 as CEC's parent company, and was publicly listed on April 8.

CHC is not only responsible for formulating development strategy of the group as a whole, but also for integrated synergy of group resources as well as oversight of subsidiaries. CHC pursues revenue and profit growth by utilizing core competencies while ensuring sustainability in all aspects of operation, such as corporate governance, talent development, community engagement, and maximizing business value for shareholders in a fast-changing global market.

Key Subsidiaries and History

Continental Engineering Corporation

Established: December 29, 1945

CHC's Construction Engineering arm is Continental Engineering Corporation (CEC). Founded in 1945, CEC has built a reputation for delivering superior Construction Engineering work in both public and private sectors, with operating experiences in Taiwan, Hong Kong, Macau, Malaysia, and India.

CEC has successfully completed many significant infrastructure projects, including major civil construction works involving viaducts, bridges, and tunnels for highway, metro, and railway projects. The company was also one of the principal consortium investors and contractors for the US$17 billion Taiwan High Speed Rail, one of the world's largest Build, Operate, and Transfer (BOT) projects.

CEC has also delivered a comprehensive range of building projects, including hospitals, hotels, office buildings, multifunctional complexes, high-end residences, social housing, education and research facilities, as well as township communities.

Continental Development Corporation

Established: June 2, 2010

Continental Development Corporation (CDC) has its roots in the property development business sector of Continental Engineer Corporation (CEC), Taiwan's leading engineering construction company founded in 1945. In response to the fast-changing construction market, CEC was restructured in 2010, spinning off its property development business division to form an independent entity—CDC. Thereafter, CDC became a premium property developer, specializing in residential, commercial, hotel, and community sectors. The company's business strategy centers on ensuring the highest quality and customer satisfaction.

Following the corporate values of "integrity, discipline, quality and innovation" conceived by CEC's founder Mr. Glyn T. H. Ing, CDC is dedicated to cutting edge innovation and collaboration with the very best talent from across the globe to deliver outstanding solutions and services which cater to customers' needs.

CDC has pioneered innovative architectural concepts and partnered with master architects to accomplish many landmark buildings including, Richard Meier (1984 Pritzker Architecture Prize laureate), Cesar Pelli (1995 AIA Gold Medal laureate), Antonio Citterio (2008 Royal Designer for Industry, by the Royal Society for the Encouragement of Arts, Manufactures & Commerce of London), Benedetta Tagliabue (designer of the Spanish Pavilion at the 2010 World Expo Shanghai), Rem Koolhaas (2000 Pritzker Architecture Prize laureate), and David Chipperfield (2023 Pritzker Architecture Prize laureate). CDC currently holds investments in Taiwan, Southeast Asia, and the United States.

HDEC Corporation

Established: May 24, 2006

HDEC Corporation (HDEC), originally a fully-owned subsidiary of Continental Engineering Corporation (CEC), was established in 2006. In an effort to boost the company's competitiveness as well as enhance its financial and management synergies, CEC transferred all of its shares in HDEC to parent company Continental Holdings Corporation (CHC) through a series of mergers and acquisitions in July 2017, making HDEC a direct subsidiary of CHC.

HDEC is one of the leading environmental engineering companies in Taiwan, participating in a diverse spectrum of projects encompassing sewage treatment, wastewater reclamation, waste treatment and renewable energy development. With its extensive experience and capabilities spanning feasibility studies, engineering, procurement, construction as well as operation and maintenance, HDEC is able to deliver comprehensive, integrated services to clients.

HDEC actively participates in a wide array of environmental engineering projects through BOT (Build-Operate-Transfer), BTO (Build-Transfer-Operate), and EPC (Engineering, Procurement, and Construction) coupled with operation. Currently HDEC has the following subsidiaries: HDEC Construction Corp., HDEC (Puding) Environment Corp., North Shore Corp., Blue Whale Corp., HDEC-CTCI (Linhai) Corp., CTCI-HDEC (Chungli) Corp., HDEC (Ciaotou) Corp. and HDEC (Chengxi) Corp.

Continental Consulting Limited Company

Established: November 17, 2021

Continental Consulting Limited Company (CCLC) is responsible for providing corporate function services including General Affairs, Human Resources, Information Technology, Legal and Quality Management to CHC as well as three other member companies. CCLC professionals have solid expertise in the abovementioned areas, uphold the Group's core values and strives to serve with excellence and create maximum value.

Recent Milestones

2023 CEC was awarded the "Jiantan MRT Transit Facility Multi-Purpose Design-Build Project".
CEC was awarded Contract CF670A for the Taipei MRT Circular Line South Section.
CEC received ISO 19650-2:2018 certification, an international standard for Building Information Modeling, from BSI.
CDC won the "Taipei City Daan District Hsuehfu Section Land Urban Renewal Project" from the National Housing and Urban Regeneration Center.
HDEC's "Puding Area Sewerage System BOT Project" completed Phase I construction and has commenced operations.
HDEC's "New Construction of Tainan Anping Reclaimed Water Plant Turnkey Project" completed Phase I construction and has commenced operations.
HDEC's "Tongluo Science Park Sewage Treatment Plant Phase II Project-Functional Improvement of Conductivity Treatment Facilities Turnkey Project" completed

2022 CEC was awarded the Department of Defense's "N-WH Program" cross-harbor tunnel project.
CEC and Chung-Lu Construction Co., Ltd. jointly undertook the reconstruction project of the Taipei Ambassador Hotels.
CEC was awarded the urban renewal project of the Qingcheng Fuhua Building.
CDC was awarded the "public urban renewal project for the B1-2 and B3-2 bases of Hsinyi Child Welfare Center" of the National Housing and Urban Regeneration Center.
CDC successfully completed the residential project "Juan Hua" in Xindian District, New Taipei City
HDEC was awarded the "Tainan City Chengxi Waste Incineration Plant Renewal Furnace New Construction and Operation Transfer Project".
HDEC was awarded the "Kaohsiung City Ciaotou Water Reclamation Plant Construction and Operation Transfer Project".
HDEC's "New Taipei City Tamsui Waste Water Treatment Plant Phase III Plant Expansion Project" was successfully completed.
CHC's three subsidiaries, including CEC, CDC, and HDEC, ceased to have a board of directors separately and replaced them with a single legal person director and supervisor, and changed to closed joint stock companies.

2021 CEC was selected to have the contract for the "CF680C/North Depot Contract for Taipei MRT Circular Line" engineering project.
Stage I of the "Kai Tak Station Plaza" contracted by Continental Engineering Corporation (Hong Kong) Limited was successfully completed.
CDC's signature apartment hotel "Bountiful Journey" located at the intersection of Songjiang Road and Nanjing Road, Taipei City, was officially completed.
CDC, Ambassador Hotel, and Hoshen Company work together to carry out the reconstruction plan for the unsafe and old Ambassador Hotel in Kaohsiung.
CDC's joint investment and development project "Capri Hotel" in Kuala Lumpur, Malaysia was officially completed.
HDEC's "Linhai Wastewater Treatment Plant and Reclaimed Water BTO Project, Kaohsiung City" was officially completed with water supplied and started the operation.
HDEC's "Puding Area Sewerage System BOT Project in Taoyuan City" officially entered the concession period with Stage I construction of the Water Recycling Center started.
HDEC's "Chungli Area Sewerage System BOT Project in Taoyuan City" officially entered the concession period with Stage I construction of the Water Recycling Center started.

2020 CEC and HDEC joint venture was awarded "Tongluo Science Park Wastewater Treatment Plant Phase II Project-Functional Enhancement of Conductivity Treatment Facilities Turnkey Project."

CEC completed Contract CJ910 and CJ930 construction of the Taichung Metropolitan MRT System.
CDC completed La Bella Vita, the landmark residential project located in the 7th Redevelopment Zone of Taichung.
CDC partnered with Japanese Daiwa House Group to launch Arranging New Asia Bay, a hotel-residential joint development project, as its first foray into southern Taiwan.
HDEC was awarded the "Tainan City Anping Reclaimed Water Plant New Construction Turnkey Project."

2019 HDEC completed phase II of "Fengshan River Wastewater Reclamation and Reuse BTO Project", which is now operational.
CDC and Taipei Fullerton signed a joint construction agreement for Fullerton Taipei Nanjing, the first-ever reconstruction and renewal of unsafe and old hotel project in Taiwan.
CEC-led joint venture was awarded "Taoyuan MRT Green Line Contract GC03 - Underground Civil Turnkey Project."
CEC-led joint venture was awarded "Taipei Nangang Depot Public Housing Design and Build Project."
CEC was awarded "Contract G506 - Construction of Station Square at Kai Tak Phase 1" in Hong Kong.
CDC partnered with Daiwa House Group, a Japanese company, for CDC's first property investments in Kaohsiung.

2018 CEC was awarded "Taoyuan MRT Green Line Contract GC01 - Elevated Viaduct Civil Turnkey Project."
CDC invested in Bangsar Rising Sdn. Bhd. to develop high-end residential properties in Kuala Lumpur.
HDEC was awarded "Linhai Wastewater Treatment Plant and Reclaimed Water BTO Project, Kaohsiung City"

2017 CEC was awarded "Tainan Urban District Railway Underground Project" and "Guanci Po-Ai Park Public Housing Development Project".
CEC was awarded "Contract C214 - South Tainan Station section of the Tainan Railway Underground Project"
HDEC became BOT contractor for CTCI-HDEC (Chungli) Corporation's Chungli Area Sewerage System BOT Project.
HDEC became the contractor for HDEC (Puding) Environmental Corporation's "Public Sewerage System Design and Build Turnkey Project."
CDC established CDC US Corporation as its US subsidiary for investing in the development of hotels and high-end residential properties in San Francisco.
HDEC was spun-off from CEC to become a 100% CHC-owned subsidiary.

2016 HDEC was awarded contract for "Promotion of Private Participation: Puding Area Sewerage System BOT Project"
HDEC was awarded contract for "Promotion of Private Participation: Fengshan River Wastewater Reclamation and Reuse BTO Project, Kaohsiung City"
HDEC was awarded contract for "Promotion of Private Participation: Chungli Area Sewerage System BOT Project"
CEC was awarded contract for CQ840 section of Taipei MRT Wanda-Zhonghe-Shulin Line.
CEC was awarded contract for CQ850A section of Taipei MRT Wanda-Zhonghe-Shulin Line.

2015 CEC celebrates its 70th anniversary
CEC was awarded contract for Kai Tak Development – Stage 2 Infrastructure Works in Hong Kong.
CEC was awarded contract for the Liantang/Heung Yuen Wai Boundary Control Point and associated works-Contract 6, by the HK SAR Government.
CEC was awarded contracts for the Noida-Greater Noida Metro Project in India.
CDC invested in Grand River D. Ltd. to take part in the Xinyi A7 - Sky Tower development.

2014 CEC was awarded contract for CQ842 section of Taipei MRT Wanda-Zhonghe-Shulin Line.
CEC received Taipei City's Distinguished Public Construction Award for the Taipei Metro Xinyi Line (Project CR580A). The project included the Daan Forest Park Station and Daan Station, underground tunnel connecting the east side of the Dongmen Station and the west side of the Xinyi-Anhe Station, and common conduits.
CEC was awarded contracts for the C2 Renshui Tunnel of the Suhua Highway Mountain Section Improvement Project, and a residential building project at the site of the former Jingmei Financial Training Center.
CEC was awarded contract for the CM01 section of the project for connecting Taiwan Taoyuan International Airport to the MRT system and extension to Zhongli TRA Station.
CDC entered the Malaysian market by securing a majority stake in MEGA CAPITAL DEVELOPMENT SDN. BHD. Mega Capital Development Sdn. Bhd. to develop serviced apartments in Kuala Lumpur.

2013 CEC was awarded contract for Jaipur Metro in Rajasthan, India.
CEC was awarded a Civil Construction Project Contract in New Delhi, India.
CEC was awarded contract for CJ930 section of Taipei MRT by the Central District Office, Department of Rapid

Transit Systems, Taipei City Government.

CDC Taichung Office established as part of business expansion to Central Taiwan.

2012 CEC was awarded tunnel construction contract for Klang Valley MRT, Malaysia.

CEC was awarded contract for CJ910 section of Taipei MRT by the Central District Office, Department of Rapid Transit Systems, Taipei City Government.

CEC was awarded electrical and mechanical construction contract for the National Convention and Exhibition Center (Nangang Exhibition Hall Expansion).

CEC was awarded contract for “Widening of Tin Ha Road and Tan Kwai Tsuen Road” by Civil Engineering and Development Department, HK SAR Government.

CEC was awarded contract for “Upgrading of Mui Wo Sewage Treatment Works and Village Sewerage at Wang Tong and Yue Kwong Chuen” in Hong Kong.

CEC established a subsidiary, CEC International Malaysia Sdn. Bhd (CIMY).

CEC was awarded contract for “Macau Light Rail Project Phase 1 - C360 Cotai Section” by Macau SAR Government.

CEC and its subsidiary, CICI, formed a joint venture to win the Delhi Metro Railway Project Contract (CC04) in India.

2011 HDEC was awarded EPC contract for Chinchu Water Treatment Plant by Taiwan Water Corporation.

CEC was awarded contract for Stonecutter Island Sewage Treatment Works Effluent Tunnel and Disinfection Facilities, Hong Kong.

2010 CHC became parent company of CEC with a 100% stake through a one-to-one share swap.

CDC was spun off from CEC Real Estate Development Business Sector to become a 100% CHC-owned subsidiary.

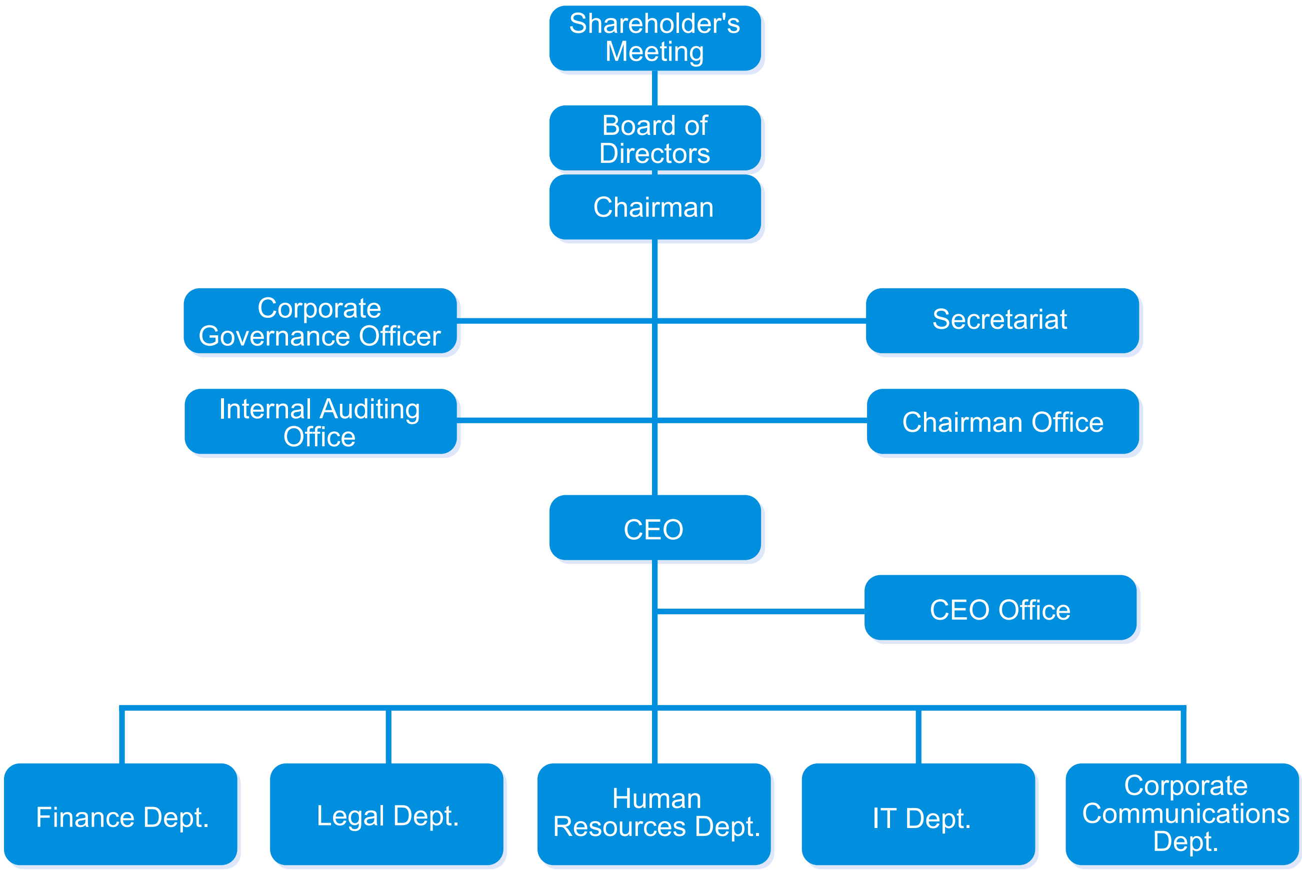
CEC was awarded contract for section CL-314 for civil construction project from Shanli Tunnel to Taitung Railway Station by Taiwan Railway Administration.

CEC was awarded contract for metro tunnel construction project (BMR-UG02) in Bangalore, India.

Corporate Governance Report

I. Organiztion System

(I) CHC Org chart



(II) Major Business Units and Functions

1. Chairman Office

   The administrative staff of the Chairman.

2. Corporate Governance Officer

   To supervise Corporate Governance matters, support the Board members to carry out their duties and strengthen the Board function.

3. Secretariat

   (1) Planning and managing of Board and functional committee meetings. It also provides and supports the Directors with the resources to perform their duties.
   (2) Managing the the affairs of directors.
   (3) Planning, preparation and proceedings of shareholders’ meetings.
   (4) Assist with the planning and execution of disclosure activities.
   (5) Assist with the planning of corporate governance-related matters.

4. Internal Auditing Office

   To provide independent and objective assurance services to assist the Board of Directors and management in identifying and reviewing deficiencies in the internal control system and measuring the effectiveness and efficiency of operations, and to provide timely improvement suggestions to reasonably ensure the continued and effective implementation of the internal control system and serving as a basis for reviewing and amending the internal control system, thereby adding value and improve the Company's operations.

5. CEO Office

   The administrative staff of the CEO.

6. Finance Department

   (1) Planning and implementing the Group's financial strategies to enhance shareholders' returns with proper control of the Group's financial and tax risks.
   (2) Providing the Group's financial information in a timely and accurate manner, and consolidating and tracking the execution of the budget to facilitate business decisions and operational management.
   (3) Completing financial and tax returns in accordance with the law and complying with the relevant laws and regulations for listed companies.
   (4) Operating Investor Relations
   (5) Served as the executive secretary of the ESG Committee to assist the group in ESG initiatives.

   Finance Section:

   (1) Planning and implementing the Group's financial strategies.
   (2) Managing and controlling the Group's financial risks.
   (3) Managing the Company's assets and liabilities.
   (4) Assisting in the implementation of compliance with relevant laws and regulations for listed companies and maintaining investor relations.

   Accounting Section:

   (1) Planning and formulating the Group's accounting policies and systems.
   (2) Managing and controlling the Group's tax risks.
   (3) Managing the budgets of the Company and the Group.
   (4) Completing financial and tax returns in accordance with the law.
   (5) Implementing compliance with relevant laws and regulations for listed companies.

7. Human Resources Department
    (1) Planning and management of the Group’s human resources strategies.
    (2) Set the direction and general principles for human resources strategies at CHC and its subsidiaries to ensure that all human resources planning and management are aligned with the Company’s development strategy and business operations.
    (3) Ensure consistent employment conditions and codes of ethics throughout all Group companies.

8. IT Department
    (1) Plan, formulate, implement, and monitor the Company's IT policies.
    (2) Plan, formulate, implement, and monitor the Company's information security policies.
    (3) Implement new IT technologies suitable for the Company's Operational needs; plan and develop the Company's IT strategies and system blueprint.

9. Legal Department
    (1) Assist with the planning and execution of the Group's corporate governance structure to ensure proper compliance.
    (2) Oversee the legal dimension of subsidiaries operations to control major legal risks.
    (3) Assist the Group with the management of important litigation and legal disputes.
    (4) Assist the Group with managing projects (e.g. mergers, investments or joint ventures) of strategic importance.
    (5) Formulation and implementation of Company regulations on management of legal affairs and signatures.

10. Corporate Communications Department
    (1) Planning and management of the Group’s corporate reputation and brand image as a whole.
    (2) Establish guidelines and management mechanisms that build and enhance the corporate image and branding of all Group companies.
    (3) Build and strengthen the Group’s media relations.
    (4) Planning and development of the Group’s internal communications to reinforce the Group’s corporate culture.

II. Board Members and Management Team

(I) Information Regarding Board Members

Title (Note 1)	Nationality or Place of registration	Name	Gender/ Age	Date Elected	Tenure of Office (year)	Date First Elected	Shares Held When Elected		Share Currently Held（Note 2）	
							Shares	%	Shares	%
Chairman	R.O.C	Wei-Dar Development Co.,Ltd	-	2021.7.30	3	2009.11.2	206,025,200	25.02	206,025,200	25.02
		Representative: Nita Ing	Female 61~70	2021.7.30	3	2009.11.2	903,298	0.11	903,298	0.11
Director	R.O.C	Wei-Dar Development Co.,Ltd	-	2021.7.30	3	2009.11.2	206,025,200	25.02	206,025,200	25.02
		Representative : Helena Kuo	Female 81-85	2021.7.30	3	2009.11.2	-	-	-	-
Director	R.O.C	Han-De Construction Co.,Ltd	-	2021.7.30	3	2015.5.22	63,755,667	7.74	63,755,667	7.74
		Representative: Hsiung Chiang	Male 71~80	2022.1.9	3	2021.7.30	124,953	0.02	124,953	0.02
Director	R.O.C	Han-De Construction Co.,Ltd	-	2021.7.30	3	2015.5.22	63,755,667	7.74	63,755,667	7.74
		Representative : John Huang	Male 61~70	2021.7.30	3	2018.6.5	-	-	-	-
Independent Director	R.O.C	Frank Juang	Male 61~70	2021.7.30	3	2015.5.22	-	-	-	-
Independent Director	R.O.C	Allen Lee	Male 71~80	2021.7.30	3	2015.5.22	-	-	-	-
Independent Director	R.O.C	Jolien Shu	Female 51~60	2021.7.30	3	2021.7.30	-	-	-	-

Note 1: Directors as the legal representative, the major shareholder of institutional shareholder on page.14

Note 2: The shares currently held is based on 2024.4.5 book closure date.

Note 3: CHC's Directors did not hold positions at the company's independent auditing firm or its affiliates.

Note 4: Chairman and CEO are not same person, spouses or first degree consanguinity.

2024.4.5

Share Currently Held by Spouse & Minors		Shares held by nominee arrangement		Selected Education Past Position (Note 3)	Selected Current Positions at CHC and Other Companies	Other officer, Directors or Supervisors who are Spouses or within Two Degrees of relative			Remarks (Note 4)
Shares	%	Shares	%			Titles	Name	Relation	
-	-	-	-	Bachelor of Arts in Economics, UCLA Chairman, Continental Engineering Corporation Chairman, Continental Development Corporation Chairman, Taiwan High Speed Rail Corporation	Chairman, TSRC Corporation Chairman, Hao Ran Foundation	None			None
-	-	-	-			None			None
-	-	-	-	MBA, Accounting & Finance USC MA, Cognitive Learning, UCLA Bachelor of Philosophy, National Taiwan University Executive Consultant, Taishin International Bank Chairman, Taiwan Depositary & Cleaning Corp. Chairman, Taishin Bills Finance Co., Ltd. Independent Director, Tatung System Technologies Inc. Director, Taiwan Opportunities Fund Limited Senior Advisor, UBS Vice President, Bank of America Adjunct Lecturer, School of Business, Soochow University	Adviser, Taiwan Depositary & Clearing Corp.	None			None
-	-	-	-						
-	-	-	-	B.S. in Hydraulic Engineering, Chung Yuan Christian University Director, Continental Engineering Corporation Director, Continental Engineering Corporation (Hong Kong) Limited General Manager, CEC international Corporation (India)Pvt.Ltd General Manager, Construction Division of Continental Engineering Corporation Director, CEC international Corporation (India)Pvt.Ltd.	Director, CEC International Malaysia Sdn. Bhd. Director, CEC International Corporation	None			None
7,000	0.00	-	-						
-	-	-	-	Bachelor of Science (Accounting), National Cheng Kung University Director, Continental Engineering Corporation Director, Continental Development Corporation Chief Auditor, Taiwan High Speed Rail Corporation General Manager, Suzhou Standard Foods (China) Chief Auditor, Philips Companies in Taiwan Audit Asst. Manager, Deloitte Touche Tohmatsu Limited (Taiwan)	Director, TSRC Corporation Director, CEC Commercial Development Corporation	None			None
-	-	-	-						
-	-	-	-	Master of Law, Institute of Technology Law, National Chiao-Tung University Master of Business Administration, University of Iowa Bachelor of Business Administration, National Taiwan University Director, Taiwan Opportunities Fund Limited Independent Director, Wistron Information Technology & Service Corporation Independent Director, Browave Corporation Chairman, Young Optics Inc. Chairman, Young Lighting Technology Inc. Chairman, Optoma Corporation Managing Director, EVP & COO / Coretronic Corporation Vice President, Bankers Trust Company, Taipei Branch Vice President, H&Q Asia Pacific International Loan Officer, Bank of America, Taipei Branch	Director, Azure Investment Ltd	None			None
-	-	-	-	PhD Program, Wharton School of the University of Pennsylvania MBA, Drexel University, USA MBA, Marketing, National Taiwan University B.A, International Trade, National Taiwan University Independent Director, Advance Biopharma Co., Ltd. Director, Taiwan Sugar Corporation Adjunct Lecture, National Taiwan University Chairman, Careerjust Accounting Services, CPA's Association Executive Director, National Federation of CPA's Association Dean of General, Lecture, Fu-Jen University	Chairman, Taiwan Accounting Education Foundation. Chairman, Careerjust Co., Ltd. Chairman, Careerjust publishing Co., Ltd. Chairman, Careerjust management service Co., Ltd. Chairman, Happy Homeland Co., Ltd	None			None
-	-	-	-	MBA, University of California, Irvine, U.S.A. B.B.A. Concentration in Finance, National Taiwan University, Taiwan, Finance Consultant, Womany Media Group Independent Director, ViewSonic International , Taipei, Taiwan / Senior Vice President of Group Finance, GigaMedia Limited (NASDAQ listed) Vice President & Controller, Asia Pacific, ViewSonic International, Taipei, Taiwan Director of Finance Dept., FarEastone, Taipei, Taiwan	None	None			None

Major Shareholder of Institutional Shareholder

Name of Institutional shareholders	Major shareholders
Wei-Dar Development Co., Ltd	Maoshi Corporation (99.6%)
Han-De Construction Co., Ltd.	Maoshi Corporation (99.4%)

Major shareholders of the Company's major institutional shareholders

Name of Institutional shareholders	Major shareholders
Maoshi Corporation	Jade Fortune Enterprises Ins. (99.9%)

Qualifications of directors and supervisors and independence of independent directors

Requirements / Name	Qualifications and Experience (Note 1)	Independence Status	Number of Other Taiwanese Public Companies where He/She Concurrently Serves as an Independent Director
Nita Ing Chairman	• With a career spanning more than 30 years in commerce, finance, financial holding, and construction, Nita Ing currently serves as Chairman of TSRC Corporation and Hao Ran Foundation. Ing once acted as Chairman of Continental Engineering Corporation and Taiwan High Speed Rail Corporation. • Not a person of any conditions defined in Article 30 of the Company Act	• Not an employee of the Company or any of its affiliates, not an employee of a company that has a specific relationship with the Company, nor does her spouse or relative within the second degree of kinship; not receiving compensation for rendering commercial, legal, financial, or accounting services to the Company or any of its affiliates within the recent two years	0
Helena Kuo Director	• Having extensive experience in the financial sector, including commerce, finance, and banking, Helena Kuo concurrently serves as Consultant to Taiwan Depository & Clearing Corporation. Kuo once acted as Executive Consultant of Taishin Financial Holding Co., Ltd., Chairman of Taishin Bills Finance Co., Ltd., Executive Consultant, Taishin International Bank, Chairman, Taiwan Depositary & Clearing Corp., Chairman, Taishin Bills Finance Co., Ltd., Independent Director, Tatung System Technologies Inc., Director, Taiwan Opportunities Fund Limited, Senior Advisor, UBS, Vice President, Bank of America. Earlier in her career, Kuo also served in several senior management positions in international banking and finance institutions. • Not a person of any conditions defined in Article 30 of the Company Act	• Not an employee of the Company or any of its affiliates, not holding shares of the Company, nor does her spouse or relative within the second degree of kinship; not an employee or a director or supervisor of a company that has a specific relationship with the Company, nor does her spouse or relative within the second degree of kinship; not receiving compensation for rendering commercial, legal, financial, or accounting services to the Company or any of its affiliates within the recent two years	0
John Huang Director	• With commerce, finance, and accounting background, John Huang has more than 10 years of general management experience, along with over 20 years of experience in financial and operational auditing. Huang also serves as Director of TSRC Corporation. He once acted as Chief Auditor of Taiwan High Speed Rail Corporation, General Manager of Suzhou Standard Foods (China), and Head Auditor of Philips Companies in Taiwan. • Not a person of any conditions defined in Article 30 of the Company Act	• Not an employee of the Company or any of its affiliates, not holding shares of the Company, nor does his spouse or relative within the second degree of kinship; not an employee of a company that has a specific relationship with the Company, nor does his spouse or relative within the second degree of kinship; not receiving compensation for rendering commercial, legal, financial, or accounting services to the Company or any of its affiliates within the recent two years	0

Requirements / Name	Qualifications and Experience (Note 1)	Independence Status	Number of Other Taiwanese Public Companies where He/She Concurrently Serves as an Independent Director
Hsiung Chiang Director	• With a commerce and construction background, As a Certified Hydraulic engineer Hsiung Chiang possesses over 40 years of solid experience in on-site engineering project execution and management. He concurrently serves as Director of Continental Engineering Corporation (CEC)'s overseas subsidiary. He once acted as General Manager of Construction Division, CEC as well as General Manager of CEC's subsidiary in India. • Not a person of any conditions defined in Article 30 of the Company Act	• Not an employee of the Company or any of its affiliates, not an employee or a director or supervisor of a company that has a specific relationship with the Company, nor does his spouse or relative within the second degree of kinship; not receiving compensation for rendering commercial, legal, financial, or accounting services to the Company or any of its affiliates within the recent two years	0
Frank Juang Independent Director	• With law, commerce, finance, and banking background, Frank Juang has over 20 years of management experience. Juang currently serves as Director, Azure Investment Ltd. He once acted as Independent Director, Taiwan Opportunities Fund Limited, Independent Director, Wistron Information Technology & Service Corporation, Independent Director, Browave Corporation, Chairman, Young Optics Inc., and Chairman, CEO, or Director for a number of high-tech companies and also lectured in public and private universities. • Not a person of any conditions defined in Article 30 of the Company Act	• Complying with requirements for independence as defined in the checklist (at time of election) • Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act; not an employee or a director or supervisor of the Company or any of its affiliates, nor does his spouse or relative within the second degree of kinship; not holding shares of the Company, nor does his spouse or relative within the second degree of kinship; not an employee or a director or supervisor of a company that has a specific relationship with the Company, nor does his spouse or relative within the second degree of kinship; not receiving compensation for rendering commercial, legal, financial, or accounting services to the Company or any of its affiliates within the recent two years	0
Allen Lee Independent Director	• With commerce and finance background, Allen Lee has amassed a 30-year career in auditing, accounting, and education. As a certified public accountant, Lee currently serves as Chairman of Taiwan Accounting Education Foundation, Chairman of Careerjust Co., Ltd., Chairman of Careerjust publishing Co., Ltd., Chairman of Careerjust management service Co., Ltd., Cairman of Happy Homeland Co., Ltd. While Lee was Independent Director of Advagene Biopharma Co., Ltd., and Executive Director of the National Federation of CPA's Association, he held concurrent appointments as Minister of Committee of Professional Education and Deputy Minister of Committee of Peer-review. He once acted as Director of Taiwan Sugar Corporation, Resident Supervisor for Asia-Pacific Telecom Co., Ltd., and Consultant to Yuanta Securities Co., Ltd. He also taught auditing in public and private universities. Lee is the author of a series of professional auditing and accounting books. • Not a person of any conditions defined in Article 30 of the Company Act	• Complying with requirements for independence as defined in the checklist (at time of election) • Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act; not an employee or a director or supervisor of the Company or any of its affiliates, nor does his spouse or relative within the second degree of kinship; not holding shares of the Company, nor does his spouse or relative within the second degree of kinship; not an employee or a director or supervisor of a company that has a specific relationship with the Company, nor does his spouse or relative within the second degree of kinship; not receiving compensation for rendering commercial, legal, financial, or accounting services to the Company or any of its affiliates within the recent two years	0

Requirements / Name	Qualifications and Experience (Note 1)	Independence Status	Number of Other Taiwanese Public Companies where He/She Concurrently Serves as an Independent Director
Jolien Shu Independent Director	• With commerce and finance background, Jolien Shu possesses more than 25 years' profound experience in financial practices. As a CPA charterholder of California, Shu once acted as consultant in finance for womany media group, Independent Director, ViewSonic Corporation, Senior Vice President of Group Finance, GigaMedia Limited, Asia-Pacific Vice President & Controller, ViewSonic Corporation, and Director of Finance Department, Far EasTone Telecommunications Co., Ltd. apart from financial officers in many other companies. • Not a person of any conditions defined in Article 30 of the Company Act	• Complying with requirements for independence as defined in the checklist (at time of election) • Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act; not an employee or a director or supervisor of the Company or any of its affiliates, nor does her spouse or relative within the second degree of kinship; not holding shares of the Company, nor does his spouse or relative within the second degree of kinship; not an employee or a director or supervisor of a company that has a specific relationship with the Company, nor does her spouse or relative within the second degree of kinship; not receiving compensation for rendering commercial, legal, financial, or accounting services to the Company or any of its affiliates within the recent two years	0

Note 1: For more information on directors' education and work experience, please refer to page 12-13 of the annual report.

Diversity and Independence of Board of Directors

1. Diversity of Board of Directors

   The diversity policy for the Board of Directors is defined in Article 21 of the "Corporate Governance Principles". The composition of the Board should take diversification into account. Appropriate diversification strategies should also be developed in terms of Board operations, business model, and development requirements. These include but are not limited to the following criteria:

   A. Basic conditions: Gender, age, nationality, and cultural background.

   B. Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industrial experience.

2. The Board of Directors as a whole should possess the following capabilities:

   (1) Ability to make operational judgments. (2) Accounting and financial analysis ability. (3) Business administration ability. (4) Crisis management ability. (5) Industry knowledge. (6) International market perspective. (7) Leadership ability. (8) Decision-making ability.

3. Board Diversity Policy Specific Objectives

   The Board of Directors is composed of experts with backgrounds in industry, accounting, management; The Board of Directors has 60% of the seats in various professional fields such as investment holding, commerce, construction and construction, financial accounting, etc., and has set specific objects as follows:

   • At least 2 independent directors shall serve for a term not exceeding 3 terms.

   • Increase the number of female directors to three, one of whom is an independent director.

   In the future, the Diversity policy of board members will be extended based on the existing structure, in addition to the original professional background, and expertise in the business planning and business, but also consider the company's strategic development requires, and select suitable candidates.

4. Achievement of Board Diversity Policy

   The 5th term of Board of Directors comprises 7 directors, including 3 independent directors. The Company places a strong emphasis on the diversity of Board members' industry backgrounds. The Board members come from a range of different professional backgrounds including academia, accounting, commerce, financial holding, law, technology, and construction. All possess operational judgment, financial analysis, business administration, crisis management, international market perspective, leadership, and decision-making abilities. Female members of the Board include Chairman Nita Ing, Director Helena Kuo, and Independent Director Jolien Shu. The three Independent Directors have not served more than 3 terms.

- In terms of age distribution, Board members aged between 51 and 60 and between 61 and 70 respectively accounted for 14% (1 person) and 58% (4 people) while 28% were aged between 71 and 80 (2 people).
- Gender equality in the composition of the Board was emphasized by the Company as well. 3 out of the 7 current Board members were women, so up to 43% of directors were female.
- No member of the Board was also an employee of the Company.

Board meetings were attended by all members. The attendance rate for Board of Directors in 2022 was 100%. The abilities possessed by Board members are aligned with the diversity policy and the Company's future development needs.

Implementation of Board Diversity Policy

Diversity / Name	Gender	Nationality	Independent Directors' Tenure		Professional Background and Ability													
			Less than 3 Years	3-9 Years	Law	Technology	Accounting	Financial Holding	Commerce	Construction	Operational judgment	Financial Analysis	Business Administration	Crisis Management	International Market Perspective	Leadership & Decision-making
Nita Ing Chairman	Female	R.O.C						✓	✓	✓	✓	✓	✓	✓	✓	✓
Helena Kuo Director	Female	R.O.C					✓	✓	✓		✓	✓	✓	✓	✓	✓
Hsiung Chiang Director	Male	R.O.C							✓	✓	✓	✓	✓	✓	✓	✓
John Huang Director	Male	R.O.C					✓		✓		✓	✓	✓	✓	✓	✓
Frank Juang Independent Director	Male	R.O.C		✓	✓	✓	✓		✓		✓	✓	✓	✓	✓	✓
Allen Lee Independent Director	Male	R.O.C		✓			✓		✓		✓	✓	✓	✓	✓	✓
Jolien Shu Independent Director	Female	R.O.C	✓				✓		✓		✓	✓	✓	✓	✓	✓

Independence of Board of Directors

The 5th term of Board of Directors comprises 7 directors, including 3 independent directors (43%). None of the directors has any of the circumstances specified in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act. None of the directors is a spouse or relative within the second degree of kinship of another. The 5th term of Board of Directors as a whole complies with the requirements for independence.

(II) Information Regarding President, Vice President, Assistant Vice President, and all Department Heads

Title	Nationality	Name	Gender	On Board Date	Shares Held		Shares Held by Spouse & Minors	
					Shares	%	Shares	%
CEO	R.O.C	Cindy Chang	Female	2018.10.8	-	-	-	-
Corporate Governance Officer	R.O.C	Calvin Tsai	Male	2021.3.17	100,000	0.01%	-	-
Chief Auditor	R.O.C	Charleen Chang	Female	2020.10.15	-	-	-	-
Legal Department Vice President	R.O.C	Weifan Wang	Male	2020.7.1	-	-	-	-
Human Resources Department Vice President	R.O.C	Chichi Chen	Female	2023.9.4	-	-	-	-
Corporate Communication Department Vice President	R.O.C	Emily Liu	Female	2010.10.18	-	-	-	-
IT Department Vice President	R.O.C	Erwin Fei	Male	2022.6.1	22,000	0.00%	-	-
Principal Financial Officer	R.O.C	Kris Lin	Male	2018.11.13	-	-	-	-
Principal Accounting Officer	R.O.C.	Gray Hsieh	Male	2024.3.11	-	-	-	-
Secretariat Chief Secretary	R.O.C	Peggy Lin	Female	2021.1.21	-	-	-	-
Asst. President	R.O.C	Nanchyi Shieh	Male	2022.1.1	-	-	-	-
CEO office Asst. Vice President	R.O.C	Tuan Jen Wang	Male	2022.1.1	-	-	-	-
CEO office Asst. Vice President	R. O. C.	David Wang	Male	2022.5.1	1,000	0.00%	-	-
CEO office Asst. Vice President	R. O. C.	Jason Lin	Male	2022.8.8	-	-	-	-
Asst. President	R.O.C	John Yeh	Male	2023.7.1	-	-	-	-
Human Resources Department Vice President	R.O.C	Anthony Lien (Resigned on 2023.3.31)	Male	2018.7.16	N/A	N/A	N/A	N/A
Principal Accounting Officer	R.O.C	Eva Lin (Transferred to CDC on 2024.3.11)	Female	2019.5.7	N/A	N/A	N/A	N/A

Note 1: The Management Team did not hold and positions within the company's independent audit firm or its affiliates.
Note 2: Chairman and CEO are not same person, spouses or first degree consanguinity.

As of 2024.4.5

Shares Held in the Name of Others		Education and Past Positions	Current Positions at Other Companies	Managers Who are Spouses or within Second-degree Relative of Consanguinity To Each Other			Remark (Note 2)
Shares	%			Title	Name	Relation	
-	-	Cornell University MBA	Chief Executive Officer, Continental Consulting Limited Company Director, CEC Commercial Development Corporation Director, CDC US Corp. Director, Mega Capital Development SDN.BHD Director, Bangsar Rising SDN BHD Director, CDC Asset Management Malaysia Sdn. Bhd.	None	None	None	None
-	-	Bachelor of Law, National Taiwan University	Vice President, TSRC Corporation	None	None	None	None
-	-	Master of Business Administration, National Chengchi University	None	None	None	None	None
-	-	LL. M., University of California, Davis	Vice President, Continental Engineering Corporation Vice President, HDEC Corporation Vice President, Continental Development Corporation Vice president, Continental Consulting Limited Company Director, Grand River D. Limited	None	None	None	None
-	-	Master of Teaching and Learning, New York University	Vice President, Continental Consulting Limited Company	None	None	None	None
-	-	M.S. in Public Relations Boston University	None	None	None	None	None
-	-	Master of Science in Electrical Engineering, National Tsing Hua University	Asst. President, Continental Consulting Limited Company	None	None	None	None
-	-	M.S. in Finance, University of Illinois	None	None	None	None	None
-	-	Master of Accounting, Providence University	None	None	None	None	None
-	-	Master of Laws, Soochow University	None	None	None	None	None
-	-	MA. In Political Science, Chinese culture university	None	None	None	None	None
-	-	BA. in Public Administration Tamkang University	Asst. Vice President, Continental Consulting Limited Company	None	None	None	None
-	-	MS. in Advanced Architecture Studies, University of Sheffeld	Asst. Vice President, Continental Consulting Limited Company	None	None	None	None
-	-	MBA, University of Wisconsin	None	None	None	None	None
-	-	Master of Science, National Taiwan University	None	None	None	None	None
N/A	N/A	Master of Business Administration, National Cheng Kung University	N/A	N/A	N/A	N/A	N/A
N/A	N/A	Bachelor of Business Administration, Chung Yuan Christian University	N/A	N/A	N/A	N/A	N/A

(III) Remuneration to Directors, CEO and Vice Presidents

1. Remuneration Paid to Director and Independent Directors

Title	Name	Director Remuneration								(A+B+C+D) as a % of Net Income	
		Base Compensation(A)		Severance Pay and Pensions (B)		Compensation to Directors (C) (Note 2)		Allowances (D)			
		From CHC	From All Consolidated Entities	From CHC	From All Consolidated Entities	From CHC	From All Consolidated Entities	From CHC	From All Consolidated Entities	From CHC	From All Consolidated Entities
Wei-Dar Development Co., Ltd		1,200	1,200	-	-	-	-	-	-	0.07%	0.07%
Chairman	Representative: Nita Ing	15,000	15,000	-	-	-	-	-	-	0.87%	0.87%
Director	Representative: Helena Kuo	-	-	-	-	-	-	-	-	-	-
Han-De Construction Co., Ltd		1,400	1,400	-	-	-	-	-	-	0.08%	0.08%
Director	Representative: John Huang	-	-	-	-	-	-	-	-	-	-
Director	Representative: Hsiung Chiang	-	-	-	-	-	-	-	-	-	-
Independent Director	Frank Juang	1,500	1,500	-	-	-	-	400	400	0.11%	0.11%
Independent Director	Allen Lee	1,500	1,500	-	-	-	-	400	400	0.11%	0.11%
Independent Director	Jolien Hsu	1,500	1,500	-	-	-	-	300	300	0.10%	0.10%

Note 1: The remuneration policies, procedures, standards, and packages for Directors and Independent Directors, as well as the linkage to factors such as individual responsibilities, risks, and time spent:

1. According to CHC's Articles of Incorporation, the Board of Directors is authorized to determine the compensation for the Directors by taking into account their participation in the Company's business and their contribution value, and domestic and overseas industry standards. Travel expenses or attendance fees may be reimbursed to the Directors of the Company. The amount is to be determined by the Board of Directors. The Articles of Incorporation also provide that if there is profit for the fiscal year, the Company shall allocate no more than 0.5% as remuneration to Directors. According to CHC's Compensation Committee Charter, the Committee shall formulate and regularly review the annual and long-term performance targets for the Company's directors as the remuneration policies, procedures, standards and packages, and regularly evaluate the performance of the Company's directors and set the contents and amount of their individual remunerations accordingly.

2. Compensation Paid to CEO and Vice Presidents

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Bonuses and Allowances (C)	
		From CHC	From All Consolidated Entities	From CHC	From All Consolidated Entities	From CHC	From All Consolidated Entities
CEO	Cindy Chang	20,417	30,717	-	-	2,494	4,169
Corporate Governance Officer	Calvin Tsai						
Chief Auditor	Charleen Chang						
Vice President	Weifan Wang						
Vice President	Chichi Chen						
Vice President	Emily Liu						
Vice President	Erwin Fei						
Vice President	Anthony Lien (Note 3)						

Note 1: For business execution, 5 vehicles are provided with one driver. 4 vehicles were purchased outright for NT$5,368 thousands while one vehicle was leased at a cost of NT$533 thousands for the whole year.

Note 2: Net income for 2023 was NT$1,716,736 thousands.

Note 3: Anthony Lien was resingned on March 31, 2023.

Unit: NT$ thousands

	Compensation Earned by a Director Who is an Employee of CHC or of CHC's Consolidated Entities								(A+B+C+D+E+F+G) as a % of Net Income		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company
	Base Compensation, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Employees' Profit Sharing Bonus (G)						
	From CHC	From All Consolidated Entities	From CHC	From All Consolidated Entities	From CHC		From All Consolidated Entities		From CHC	From All Consolidated Entities	
					Cash	Stock	Cash	Stock			
	-	-	-	-	-	-	-	-	0.07%	0.07%	None
	-	-	-	-	-	-	-	-	0.87%	0.87%	None
	-	-	-	-	-	-	-	-	-	-	None
	-	-	-	-	-	-	-	-	0.08%	0.08%	None
	-	-	-	-	-	-	-	-	-	-	None
	-	-	-	-	-	-	-	-	-	-	None
	-	-	-	-	-	-	-	-	0.11%	0.11%	None
	-	-	-	-	-	-	-	-	0.11%	0.11%	None
	-	-	-	-	-	-	-	-	0.10%	0.10%	None

2. the 5th meeting of the 5th Board of Directors session resolved that directors' remuneration will be paid as fixed compensation instead. A distinction shall also be made between Independent Directors and ordinary Directors.

Note 2: No directors' compensation was allocated in 2023.

Note 3: Two company vehicles were allocated for business purchases. Two vehicle was purchased outright for NT$3,094 thousands.

Note 4: Net income for 2023 was NT$1,716,736 thousands.

Unit: NT$ thousands

	Employees' Compensation (D)				(A+B+C+D) as a % of Net Income		Compensation Received from Non-consolidated Affiliates or From TSMC Parent Company
	From CHC		From All Consolidated Entities		From CHC	From All Consolidated Entities	
	Cash	Stock	Cash	Stock			
	3,170	-	5,299	-	1.52%	2.34%	None

3. Compensation range table

Range of Compensation	Name	
	From CHC	From All consolidated Entities
NT$0~ NT$1,000,000	Anthony Lien, Weifan Wang, Chichi Chen	
NT$1,000,000 ～ NT$ 2,000,000	Calvin Tsai, Erwin Fei	Calvin Tsai, Anthony Lien
NT$2,000,000 ～ NT$3,500,000		Chichi chen
NT$3,500,000 ～ NT$5,000,000	Emily Liu, Charleen Chang	Emily Liu, Charleen Chang
NT$5,000,000 ～ NT$10,000,000		Weifan Wang, Erwin Fei
NT$10,000,000 ～ NT$15,000,000	Cindy Chang	Cindy Chang
NT$15,000,000 ～ NT$30,000,000		
NT$30,000,000 ～ NT$50,000,000		
NT$50,000,000 ～ NT$100,000,000		
Over NT$100,000,000		
Total	8	8

Note: Anthony Lien resigned on March 31,2023.

4. Employees' Compensation Paid to Managers

Unit: NT thousands;%

Title	Name	Stock	Cash	Total	Total Employees' Profit sharing Bonus Paid to Manager as a % of Net Income
CEO	Cindy Chang	0	7,722	7,722	0.45%
Corporate Governance Officer	Calvin Tsai				
Chief Auditor	Charleen Chang				
Vice President	Weifan Wang				
Vice President	Chichi Chen				
Vice President	Emily Liu				
Vice President	Erwin Fei				
Principal Financial Officer	Kris Lin				
Principal Accounting Officer	Gary Hsieh				
Asst. President	Nanchyi Shieh				
Asst. President	Tuan Jen Wan				
Asst. President	David Wang				
Asst. President	Jason Lin				
Asst. President	John Yeh				

Note: The aforementioned Employees' Compensation for 2023 are estimated figures.

(IV) Total remuneration, as a percentage of net income stated, paid by the Company and by each other company included in the consolidated financial statements during the past two fiscal years to Directors, CEO, and executives above the grade of vice president

Unit: NT thousands;%

Title	2023				2022			
	Total remuneration		Percentage of Net Income After Tax (%)		Total remuneration		Percentage of Net Income After Tax (%)	
	CHC	All Consolidated Entities	CHC	All Consolidated Entities	CHC	All Consolidated Entities	CHC	All Consolidated Entities
Directors	23,200	23,200	1.35%	1.35%	20,770	21,150	0.72%	0.73%
CEO and Vice President	26,081	40,185	1.52%	2.34%	25,023	40,295	0.87%	1.40%

(V) The remuneration policies, standards, and packages for Directors and Executives, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

Policy for Directors' remuneration: Please refer to Note 1 of Remuneration Paid to Director and Independent Directors on P. 20-21.

Policy for Managers' Compensation

CHC strives to provide competitive total reward packages. To ensure internal fairness and external competitiveness, salary surveys are conducted each year to serve as a reference for adjustments to compensation and to respond to changes in the external salary market in a timely manner. To ensure equal working rights regardless of gender, there is no gender-based difference in compensation at every level. Gender equality in the workplace is enforced by basing compensation purely on the qualifications required for each position, individual ability, and performance.

To encourage the continued pursuit of excellence among employees, the Company has drawn up regulations governing performance bonuses, which stipulate a fair and reasonable reward system with performance-based bonuses. Employees that make a contribution to the Company's development are rewarded with performance bonuses based on the Company's and their individual performance for the year.

At CHC, management remuneration consists of fixed compensation and variable bonuses. Fixed compensation is the monthly salary based mainly on factors such as roles, skills, market rates, and company operations. Variable bonuses are based on the Company's operating performance for the year, the contributions made by managers during the year, and the Company's operating risks. According to the procedure for determining remuneration, management remuneration, upon approval based on the internal level of authority table, is submitted to the Compensation Committee for review and then presented to the Board for a resolution.

III. Corporate Governance Operations

(I) Board of Directors Meeting Status

The Board of Directors convened 5 times (A) in 2023. Attendance of the 5th term of the Board of Directors is as follows:

Term of office (5th): July 30, 2021~July 29, 2024

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (B/A)	Remark
Chairman	Wei-Dar Development Co., Ltd. Representative: Nita Ing	5	0	100%	
Director	Wei-Dar Development Co., Ltd. Representative: Helena Kuo	5	0	100%	
Director	Han-De Construction Co., Ltd. Representative: Hsiung Chiang	5	0	100%	
Director	Han-De Construction Co., Ltd. Representative: John Huang	5	0	100%	
Independent Director	Frank Juang	5	0	100%	
Independent Director	Allen Lee	5	0	100%	
Independent Director	Jolien Shu	5	0	100%	

The Board of Directors convened 5 times in 2023. The meetings were attended by all independent directors in person and their attendance rate was 100%.

As of the publication date of the annual report, the Board of Directors meeting was held once in 2024, and all independent directors attended the meeting in person, and the attendance rate of independent directors was 100%.

1. (1) Items listed in Article 14-3 of the Securities and Exchange Act:

Date	Session	Proposal	Independent Directors' Opinion	Resolution
May 5, 2023	5-12	Appointment of the Company CPAs for 2023	Approved by All Independent Directors present	All directors present resolved to approve.
August 1,2023	5-13	Forward foreign exchange transaction in Japanese Yen to be conducted by HDEC Corporation	Approved by All Independent Directors present	Approved by All Independent Directors present
March 8,2024	5-16	Appointment of the Company CPAs for 2024 Personnel changes of Principal Accounting Officer	Approved by All Independent Directors present	Approved by All Independent Directors present

(2) Except for the preceding matters, resolutions of the Board of Directors' meetings in which the independent directors oppose or have reservations and which are recorded or stated in writing: There are no such matters in the Company.

2. Recusal of Directors due to conflicts of interest: There were no motions involving conflicts of interest at Board meetings in 2023.
3. The cycle, period, scope, method, and aspect of self-evaluation or peer evaluation of the Board of Directors:
For details of the evaluation of the Board of Directors' performance in 2023, please refer to page 31 regarding the operation of corporate governance and its differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof.

Cycle	Period	Scope	Method	Aspect
Conducted on an annual basis	January 1, 2023 to December 31, 2023	1. Performance of Board of Directors 2. Performance of Individual Board Members 3. Performance of functional committees	Board members' self-assessment	Board of Directors' Performance Evaluation: ・Involvement in the Company's operation ・Enhancement of the quality of the Board's decision-makeing ・Make up and structure of the board ・Election of board members and continuing knowledge development ・Internal Control Board Members' Performance Evaluation: ・Managing the Company's goals and tasks ・Awareness of directors' duties and responsibilities ・Involvement in the Company's operations ・Internal relationship management and communication ・Director's Professional and continuing knowledge ・Internal Control Functional Committees' Performance Evaluation: ・Involvement in the Company's operations ・Enhancement of the quality of functional committee decision-making ・Awareness of the functional committee's duties and responsibilities ・Election of functional committee members and continuing knowledge development ・Internal Control

4. Strengthening the functions of the Board:
(1) The convention, meetings, discussions, and resolutions of the Board of Directors all adhere to the relevant laws and regulations, rules, and guidelines issued by the competent authorities. Internal company rules such as Rules of Procedure for Board of Directors Meetings and Articles of Incorporation have also been put into place.
(2) An Audit Committee and a Compensation Committee were established by the Company on May 22, 2016. The two committees are composed of three Independent Directors. These committees serve as a preliminary review body for the Board of Directors to assist the Board with carrying out its duties and performance of its supervisory function.
(3) The Chairman does not hold a concurrent position as a managerial officer of the Company.

Continuing Education/Training of Directors in 2023

Name	Date	Organizer	Course/Seminar	Number of Hours
Nita Ing	September 1, 2023	Securities and Futures Institute	Recent Developments Under Taiwan Criminal and Civil Court Regarding Fiduciary Duty for Company directors and managers	3
	October 20, 2023	Securities and Futures Institute	ESG and Climate Governance for Board of Directors	3
Helena Kuo	September 1, 2023	Securities and Futures Institute	Recent Developments Under Taiwan Criminal and Civil Court Regarding Fiduciary Duty for Company directors and managers	3
	October 20, 2023	Securities and Futures Institute	ESG and Climate Governance for Board of Directors	3

Name	Date	Organizer	Course/Seminar	Number of Hours
John Huang	September 1, 2023	Securities and Futures Institute	Recent Developments Under Taiwan Criminal and Civil Court Regarding Fiduciary Duty for Company directors and managers	3
	October 20, 2023	Securities and Futures Institute	ESG and Climate Governance for Board of Directors	3
Hsiung Chiang	September 1, 2023	Securities and Futures Institute	Recent Developments Under Taiwan Criminal and Civil Court Regarding Fiduciary Duty for Company directors and managers	3
	October 20, 2023	Securities and Futures Institute	ESG and Climate Governance for Board of Directors	3
Allen Lee	September 1, 2023	Securities and Futures Institute	Recent Developments Under Taiwan Criminal and Civil Court Regarding Fiduciary Duty for Company directors and managers	3
	October 20, 2023	Securities and Futures Institute	ESG and Climate Governance for Board of Directors	3
Frank Juang	September 1, 2023	Securities and Futures Institute	Recent Developments Under Taiwan Criminal and Civil Court Regarding Fiduciary Duty for Company directors and managers	3
	October 20, 2023	Securities and Futures Institute	ESG and Climate Governance for Board of Directors	3
Jolien Shu	September 1, 2023	Securities and Futures Institute	Recent Developments Under Taiwan Criminal and Civil Court Regarding Fiduciary Duty for Company directors and managers	3
	October 20, 2023	Securities and Futures Institute	ESG and Climate Governance for Board of Directors	3

(II) Audit Committee Meeting Status

1. An Audit Committee was established by the Company with the 3rd term of the Board of Directors in 2015, and is composed of 3 Independent Directors. Independent Director Allen Lee is the convener in an unanimous decision by the 5th term of the Board of Directors. The operations of the Audit Committee adhere to the Company Act, the Securities and Exchange Act, and other rules and regulations issued by the competent authorities. The Audit Committee Charter was also formulated by the Company. The primary purpose of the Audit Committee is to supervise the following:
   (1) Fair representation of the Company's financial statements
   (2) The appointment, dismissal, independence, and performance of CPAs
   (3) The effective implementation of the Company's internal controls
   (4) The Company's compliance with relevant laws and regulations
   (5) The Company's management of existing or potential risks
2. The Audit Committee develops an annual work plan in accordance with its key functions listed below:
   (1) Adoption or amendment of the internal control system according to Article 14-1 of the Securities and Exchange Act.
   (2) Assessment of the effectiveness of the internal control system.
   (3) Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
   (4) Matters bearing on the personal interests of a director.
   (5) Material assets or derivatives transactions.
   (6) Material monetary loans, endorsements, or provisions of guarantee

(7) The offering, issuance, or private placement of any equity-type securities.
(8) The hiring or dismissal of CPAs, or the compensation given thereto
(9) The appointment or discharge of a financial, accounting, or internal auditing officer.
(10) Annual financial statements and second-quarter financial statements.
(11) Any other material matter so required by the Company or the competent authority.

3. The main matters reviewed and discussed in 2023 are presented below:
(1) 2022 Business Report, Financial Statements, and Internal Control Statement
(2) 2022 Earnings Distribution and Cash Dividend Distribution Plan
(3) Financial Statements for 2023 Q1 through Q3
(4) Group Risk Management Performance Report
(5) Review of the 2024 Budget
(6) Review of the 2024 Audit Plan
(7) Review of the pre-approved non-assured service procedure of the Company with certified public accountants
(8) Forward foreign exchange transactions in Japanese Yen conducted by the subsidiary
(9) External evaluation of the Audit Department's functions

The Audit Committee convened 5 times (A) in 2023. Attendance of the 5th term of the Independent Directors is as follows:
Term of office (5th): July 30, 2021~July 29, 2024

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (B/A)	Remark
Convener and Member	Allen Lee Independent Director	5	0	100%	
Member	Frank Juang Independent Director	5	0	100%	
Member	Jolien Shu Independent Director	5	0	100%	

Other matters that require reporting:
1. (1) The Meeting Status in 2023 and the items listed in Article 14-5 of the Securities and Exchange Act:

Date	Session	Proposal	Items Listed in Article 14-5 of the Securities and Exchange Act	Status of Implemention
March 10, 2023	5-9	1. 2022 Financial statements and Business report	✓	Approved by All independent directors present
		2. 2022 Earnings distribution plan		
		3. 2022 Earnings distribution and Cash dividends distribution plan		
		4. Evaluation of the independence and suitability of the Company's CPAs for 2022		
		5. The Company's Pre-Approved Non-Assured Service Procedure		
		6. The Company's 2022 Internal Control System Statement	✓	
May 3, 2023	5-10	1. The Company's 2023 Q1 Financial Statement		Approved by All independent directors present
		2. The Company's appointment of its 2023 CPAs	✓	
July 31, 2023	5-11	1. Report of risk management operations of the Group	✓	Approved by All independent directors present
		2. The Company's 2023 Q2 Financial Statement	✓	
		3. Forward foreign exchange transactionin Japanese Yen to be conducted by HDEC Corporation	✓	
November 6, 2023	5-12	1. The Company's 2023 Q3 Financial Statement		Approved by All independent directors present
		2. The Company's External Assessment of the Functions of the Internal Auditing Office		
December 1, 2023	5-13	1. The Company's 2024 budget		Approved by All independent directors present
		2. The Company's 2024 audit plan		

Date	Session	Proposal	Items Listed in Article 14-5 of the Securities and Exchange Act	Status of Implemention
March 8, 2024	5-14	1. Business report and Financial statements for 2023	✓	Approved by All independent directors present
		2. 2023 Earnings distribution plan		
		3. 2023 Earnings distribution and Cash dividends distribution plan		
		4. Discharge of the non-competition restrictions on the 6 the session of the directors	✓	
		5. Evaluation of the independence and suitability of the Company's CPAs for 2023		
		6. The Company's appointment of its 2024 CPAs	✓	
		7. The Company's 2023 Internal Control System Statement	✓	
		8. Amendments to the Organizational Procedures of the Audit Committee		
		9. Amendment to the Company's Rules of Procedure of the Board of Directors	✓	
		10. Release of the non-competition restrictions on the Company's managers	✓	

(2) Any matter that has not been approved by the Audit Committee but has been adopted with the approval of two-thirds or more of all Board members: None

2. Recusal of Independent Directors due to conflicts of interest: There was no proposals involving conflicts of interests in the Audit Committee in 2023.

3. Communication between Independent Directors, Chief Internal Auditor, and CPAs:

(1) The Chief of internal audit attends the Audit Committee and the Board of Directors' meeting and reports to the Audit Committee and the Board of Directors on the execution of the audit. In addition to the audit office main activities and tracking report on a regular basis, the Chief of internal audit also delivers audit reports to the members of the Audit Committee immediately after each audit report has been approved, so that they can keep track of the internal controls of the Company and its subsidiaries. Members of the Audit Committee are free to contact the Chief of internal audit by e-mail and telephone if they have any inquiries. The communication is excellent.

(2) The Company regularly holds separate meetings between the independent directors and the head of internal audit each year, and the head of internal audit reports to the independent directors on the execution of the audit and the annual audit plan.
The main communication situation in 2023 is as follows:

Date	Method of Communication	Communication matters with Chief of internal audit	Communication situation and results
January~ December 2023	Direct reporting to Independent Director by Chief Auditor	1. Audit report 2. Tracking report	1. The Chief auditor communicates with the independent directors once or twice a month, without the presence of the general directors or management. 2. The Chief auditor responds in a timely manner to inquiries from the independent directors regarding deficiencies in internal controls and reports issued by the audit office.
March 10, 2023	5-9 Audit Committee	1. Audit report 2. Statement of Internal Control System for the 2022	1. The Audit report was approved by all Audit Committee members present and submitted to the Board of Directors. 2. The Statement of Internal Control System for the year 2022 has been discussed and approved by the Audit Committee and submitted to the Board of Directors for approval, and then reported with the assistance of the Audit Office.
May 3, 2022	5-10 Audit Committee	Audit report	The Audit report was approved by all Audit Committee members present and submitted to the Board of Directors.
July 31, 2023	5-11 Audit Committee	Audit report	The Audit report was approved by all Audit Committee members present and submitted to the Board of Directors
November 6, 2023	Chief Auditor reported separately to Independent Director	1. Summary of the implementation of Audit plan in 2023 2. Format of Audit report 3. Expected audit items for 2024	1. The Chief Auditor reported separately to Independent Directors. Ordinary directors or managerial officers were not present during the meeting. 2. No comments were made at the post-session.
	5-12 Audit Committee	Audit report	The Audit report was approved by all the Audit Committee members present and submitted to the Board of Directors.
December 11, 2023	5-13 Audit Committee	1. Audit report 2. The Company's 2024 audit plan	The Audit report was approved by all the Audit Committee members present and submitted to the Board of Directors.

(1) The CPAs of the Company reported to the Audit Committee on the audit of the annual report, review of the Q1, Q2, and Q3 financial statements, recommendations from the corporate governance unit, and items that they are required to communicate by law. The Audit Committee engaged in constructive two-way communication and consultation with the CPAs

(2) Every year, the Company regularly holds a separate meeting between the Independent Directors and the CPAs where the CPAs report to the Independent Directors on the audit of financial statements and clarify the issues raised by the Independent Directors.
Key communications in 2023 are as follows:

Date	Method of Communication	Subject of Communication with CPAs	Communication Status and Outcome
2023/3/10	5-9 Audit Committee	1. Discussion of the audit of the business report and financial statements for 2022 2. Financial performance and operating results 3. Explanation of Key Audit Matters 4. Description of auditing issues and regulation updates 5. Communication and clarification of issues raised by the Audit Committee	Acknowledged by independent directors
2023/5/3	CPAs' audit report (Separately reporting by CPAs to independent directors)	1. Audit outcomes of financial statements 2. Explanation of regulatory updates 3. 2024 Taiwan construction market analysis	Acknowledged by independent directors
2023/5/3	5-10 Audit Committee	1. Discussion of the review of 2023 Q1financial statements 2. Financial performance and operating results 3. Explanation of Key Audit Matters 4. Communication and clarification of issues raised by the Audit Committee	Approved by all the Audit Committee members present and submitted to the Board for approval
2023/7/31	5-11 Audit Committee	1. Discussion of the review of 2022 Q2 financial statements 2. Financial performance and explanation of Key Audit Matters 3. Explanation of International sustainability stanrard	Approved by all the Audit Committee members present and submitted to the Board for approval
2023/11/6	5-12 Audit Committee	1. Discussion of the review of 2023 Q3 financial statements 2. Explanation of Key accounting principles and regulation updates 3. Communication and clarification of issues raised by the Audit Committee	Approved by all the Audit Committee members present and submitted to the Board for approval

No objections were raised by Independent Directors over the above items.

(III) Information on Compensation Committee Members

Title (Requirements)	Name	Qualifications and Experience	Independence Status	Number of Other Taiwanese Public Companies where He/She Concurrently Serves as a Compensation Committee Member
Convener and Member	Frank Juang Independent Director	Independent Director, For their Professional Qualifications and Experience, please refer to "Information Regarding Board members" on page 12-16 of this Annual Report.	All the Compensation Committee members meet any of the following situations: 1. Satisfy the requirements of Article 14-6 of "Securities and Exchange Act" and the requirements of "Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" issued by Taiwan's Securities and Futures Bureau 2. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any CHC shares 3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service"	0
Member	Allen Lee Independent Director			0
Member	Jolien Shu Independent Director			0

(IV) Compensation Committee Meeting Status

1. The Compensation Committee has three members, and all of them are Independent Directors. Independent Director Frank Juang was elected by the 5th term of the Compensation Committee as the convener. The Compensation Committee operates in accordance with laws and regulations, the Company's Articles of Incorporation, and the Compensation Committee Charter. The key responsibilities of the Compensation Committee are as follows:
   - Regularly review the Compensation Committee Charter and propose recommendations for improvement.
   - Formulate and regularly review the annual and long-term performance targets for the Company's directors and executives, as well as the remuneration policies, procedures, standards, and packages.
   - Regularly evaluate the performance of the Company's directors and executives, and set the contents and amount of their individual remunerations accordingly.
2. Term of office (5th): July 30, 2021~July 29, 2024. The Compensation Committee convened 4 meetings (A) in 2023. The Compensation Committee members' attendance are as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (B/A)	Remark
Convener	Frank Juang Independent Director	4	0	100%	
Member	Allen Lee Independent Director	4	0	100%	
Member	Jolien Shu Independent Director	4	0	100%	

Other matters that require reporting:

1. The Compensation Committee's meetings and resolutions and the Company's responses to Compensation Committee members' opinions from 2023 to March 2024
   The Compensation Committee has met once in 2024 as of the date of publication. The meetings were attended by all Independent Directors in person and their attendance rate was 100%.

Date	Session	Key Resolutions	Status of Implementation
March 10, 2023	5-6	1. Report on the Internal board performance evalution result in 2022. 2. Report on the Personnel change of Head of HR Department 3. Distribution of Employee compensation and Directors' remuneration for 2022	Approved by all Independent Directors present
May 3, 2023	5-7	1. Personnel changes 2. Adjustment to executives's compensation in 2023	
July 31, 2023	5-8	1. Appointmnt of Chief Information Security Officer and Dedicated Information Security Specialist 2. Appointmnt of HR Vice President	
December 11, 2023	5-9	1. 2023 Executives' performance evalution 2. 2023 Executives' performance bonus 3. 2024 Executives' performance target	
March 8, 2024	5-10	1. Report on the Internal board performance evalution result in 2023. 2. Distribution of Employee compensation and Directors' remuneration for 2023 3. Personnel changes in the Pripical Accouting officer	

2. Recommendations from the Compensation Committee rejected or amended by the Board of Directors: None.
3. Resolutions passed by the Compensation Committee where objections or reservations are registered by members: None.

(V) Taiwan Corporate Governance Implementation as Required by Taiwan Financial Supervisory Commission

Assessment items	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Description	
I. Does the company formulate and disclose its Corporate Governance Best Practice Principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?"	✓		The Corporate Governance Principles were approved at the 19th meeting of the 4th Board of Directors to Strengthen the functions of Board, protect shareholder rights, and respect the rights of stake holders. The principles enhance the intergrity of the Company's corporate governance system as disclosed on the Company's website and Market Observation Post System (MOPS).	None
II. Shareholding structure and shareholders' equity (I) Has the company established internal operating procedures for handling shareholders' proposals, inquiries, disputes, and litigation matters, and then has them processed in accordance with the procedures? (II) Does the company have a list of the major shareholders who actually control the Company and the ultimate controllers of the major shareholders? (III) Does the company establish and implement risk control and firewall mechanisms with affiliated companies? (IV) Does the company have internal regulations to prohibit insiders from using undisclosed information to buy and sell securities?	✓		(I) It has been established with the investor services handled by the responsible department to take care of the opinions of shareholders. (II) The Company watches the Company's stock transactions constantly and requests relevant information from the stock agency, when necessary, in order to control changes. (III) The Company and the member companies have established an internal control system and have regularly conducted self-inspection operations. The Company has also formulated the "Rules Governing Subsidiary with the relevant measures implemented by the audit unit to secure the risk control mechanism. (IV) The Company has formulated the "Guidelines for the Adoption of Codes of Ethical Conduct," "Guidelines for Reporting and Handling of Illegal and Unethical Conduct," "Regulations Governing Insider Transactions," and "Procedures for Handling Material Internal Information" to prevent insiders from taking advantage of the undisclosed information to trade securities and to cooperate with the propaganda of the competent authorities.	None
III. Composition and responsibilities of the Board of Directors (I) Does the board of directors formulate diversity policies, specific management objectives, and have them implemented? (II) Is the company willing to set up other functional committees in addition to the Remuneration Committee and the Audit Committee? (III) Does the company formulate the "Self-Evaluation or Peer Evaluation of the Board of Directors," conduct a performance evaluation annually and regularly, report the performance evaluation results to the board of directors, and apply it as a reference for determining the director's remuneration and nomination of directors for another term?	✓		(I) The Company's board director diversity policy is stated in Article 21 of the "Corporate Governance Best Practice Principles," which clearly stipulates that the composition of the board of directors should be diversified, and to have a diversity policy drafted up by taking into account the Company's operation, business type, and development needs. Please refer to page 16-17 of the annual report for the specific management objectives and implementation of the board director diversity policy in detail. (II) The Company has Compensation Committee and Audit Committee established lawfully to carefully review major financial business, content system, related party transactions, and reasonable remuneration of directors and managers with appropriate suggestions proposed. (III) The Company conducts an internal performance evaluation of the board of directors every year in accordance with the established performance evaluation method. At least once every three years, it entrusts an external independent body to perform an external performance evaluation. The evaluation results are submitted to the closest board of directors meeting as the basis for review and improvement. The results are also provided to the Compensation Committee as a reference for designing the compensation system and for the selection or nomination of board directors and other functional committee members.	None

Assessment items	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Description	
(III) Does the company formulate the “Self-Evaluation or Peer Evaluation of the Board of Directors,” conduct a performance evaluation annually and regularly, report the performance evaluation results to the board of directors, and apply it as a reference for determining the director’s remuneration and nomination of directors for another term?	✓		"Overall Board Performance" assessment results are "in line with expectations" The overall performance evaluation questionnaire of the board of directors contains a total of 30 indicators. All directors highly affirmed the overall performance of the board, and that the board operates well. All directors highly recognized the board's investment in improving the quality of decision-making, fully discussed and exchanged views on the proposals and resolutions, and provided the management team with appropriate and timely improvement directions and risks to be noted. All directors also affirmed the appropriateness and propriety of the Chairman in conducting proceedings, handling motions, and interacting with members. Independent directors are free to express their views and exercise their functions independently without undue interference, influence, potential pressure, or concern. Overall, the system used for the Company's Board of Directors is complete, the information is transparent and complies with laws and regulations, and the composition of members is diverse and complementary, which helps to exert the functions of the board. The overall performance of the board meets the expectations of the directors. "Functional Committee Performance" evaluation results are "in line with expectations" The Functional Committee performance evaluation questionnaire includes a total of 30 indicators. All members highly agreed that the Audit Committee and the Compensation Committee are operating well and in line with the expectations of the Functional Committee. The independent directors also hoped that considering the large environmental risk variables, the management would provide more active analysis on the reasons for the Company's operating conditions, so that the Audit Committee will have a better understanding of the Company's potential risks. "Individual Board Member Performance" evaluation results are "in line with expectations" The performance evaluation questionnaire for individual directors contains a total of 30 indicators. All directors highly accepted the duties they performed as directors and the norms they paid attention to. They attached great importance to and agreed with the supervision and implementation of various aspects of the internal control system, and highly focused on the continuous development of their professional knowledge and skills. All directors affirmed that the operation system of the Board was perfect, and the information was transparent. They agreed that the board members fully abided by the norms that should be noted in the exercise of their functions and powers. Additionally, the company's board covers all professional aspects in its composition and can provide different views and opinions on various professional fields in the discussion and decision-making of the board. The Company's most recent external evaluation of the performance of the Board of Directors was conducted in September 2022 by EY Business Advisory Services Inc. (hereinafter referred to as "EY"), whose executive experts have no business dealings with and are independent of the Company. EY evaluated the performance of the Board of Directors. The board performance evaluation report was issued in November 2022 and submitted to the Board of Directors meeting in December 2022. For more details on the implementation and suggestions for improvement to the Company's Board of Directors, please refer to the "Corporate Governance" section on the Company's official website.	None

<table>
<tr><th rowspan="2">Assessment items</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>(IV) Does the company regularly evaluate the independence of the independent auditors?</td><td>✓</td><td></td><td>(IV) The Company's Audit Committee and the board of directors regularly evaluate the independence and competency of the independent auditors at the end of each fiscal year with the evaluation results forwarded to the board of directors. The independent auditor's evaluation results were reviewed and approved in the 14th Audit Committee meeting of the 5th term and the 16th board meeting of the 5th term on March 8, 2024. Please refer to Note 1 for the statement issued by CPA Chung Che Chen and CPA Shu Ying Chang of KPMG Taiwan. CPA Chung Che Chen and CPA Shu Ying Chang meet the Company's independence and competency evaluation standards as detailed in Note 2; therefore, they are qualified to serve as the Company's independent auditors.</td><td>None</td></tr>
<tr><td>IV. Does the TWSE/TPEx listed company have a sufficient number of competent and appropriate corporate governance personnel and a corporate governance supervisor appointed to be responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with the information necessary for business operation, assisting directors and supervisors in complying with law and regulations, handling matters related to the board meetings and shareholders meetings lawfully, preparing the minutes of a board meeting and shareholders meetings, etc.)?</td><td>✓</td><td></td><td>The Company has a secretariat to be responsible for the proceedings and administration of the board of directors and functional committees, as well as the planning, preparation, and operation of the shareholders meetings.
The appointment of Mr. Calvin Tsai as the Company's corporate governance officer was resolved in the 22nd board meeting of the 4th term who is to report to the Chairman directly. Mr. Calvin Tsai is an attorney who has been a director of the legal affairs department of a public company for more than 3 years. Mr. Calvin Tsai is an attorney who has been a department head of the legal affairs department of a public company for more than 3 years. The Company Corporate Governance Officer (CGO) is responsible for the supervising Corporate Governance matters, support the Board members to carry out their duties and strengthen the Board function. Key responsibilities include the organizing of Board and Shareholders' meetings, recording of BOD and Shareholder's Meeting agenda, assisting with the appointment and continuing education of Directors, providing Directors with the information they need for performing their duties, and assisting Directors with compliance-related matters. The CGO is also responsible for coordinating the Secretariat and relevant departments on making further improvements to the existing corporate governance framework based on the relevant standards and best practices. The goal is to ensure the sustainable development of the Company through a sound governance structure. Training for CGO is as follows:
<table>
<tr><th>Organizer</th><th>Courses</th><th>Hours</th></tr>
<tr><td>Securities & Futures Institute</td><td>Directors' fiduciary duties and liability for false financial statements</td><td>3</td></tr>
<tr><td>Taiwan Corporate Governance Association</td><td>Corporate Mergers and Acquisitions Regulations and Practice – Case Study</td><td>3</td></tr>
<tr><td>Securities & Futures Institute</td><td>ESG and Climate Governance for Board of Directors</td><td>3</td></tr>
<tr><td>Securities & Futures Institute</td><td>Recent developments under Taiwan criminal and civil court regarding fiduciary duty for company directors and managers</td><td>3</td></tr>
</table></td><td>None</td></tr>
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<tr><th rowspan="2">Assessment items</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>V. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.), set up a page, especially for stakeholders on the company's website, and appropriately responded to the important corporate social responsibility issues of concern to stakeholders?</td><td>✓</td><td></td><td>The Company out of the respect for the rights and interests of stakeholders regularly identifies stakeholders in accordance with the GRI Sustainability Reporting Standards every year, and establishes contact windows and communication channels with each and all stakeholders. The Company strives to maintain a good interactive relationship with each and all stakeholders through a smooth and diversified communication channel; also, adjust operational decisions and daily business actions in a timely manner through feedback, and regularly report the situation of communication with each and all stakeholders to the board of directors. The communication situation with each and all stakeholders in 2023 was reported to the board of directors on December 5, 2023. The “stakeholder” page is included in the Company's website to fully disclose relevant information about stakeholders. Please refer to the “Stakeholder” page on the Company's website and the Company's corporate social responsibility report for detailed communication in this regard.</td><td>None</td></tr>
<tr><td>VI. Does the company contract a professional stock affairs agency to handle the affairs of the shareholders meeting?</td><td>✓</td><td></td><td>The Company has appointed the Shareholder Affair Department of Taishin Bank as the Company's stock affair agency to help the Company handle matters related to the shareholders meetings.</td><td>None</td></tr>
<tr><td>VII. Information disclosure
(I) Does the company set up a website to disclose financial business and corporate governance information?
(II) Does the company adopt other information disclosure methods (such as, setting up an English website, appointing a person to be responsible for the collection and disclosure of company information, implementing the spokesperson system, placing the corporate shareholder briefing on the company website, etc.)?
(III) Does the company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the financial statements for the first, second, and third quarters and the operating conditions of each month before the specified deadline?</td><td>✓</td><td></td><td>(I) There are “Finance,” “Investor” and “Corporate Governance” pages on the Company's website to disclose the information of the Company's finance, corporate governance, and others with the website updated regularly.
(II) The Company has a website in both Chinese and English with a dedicated department responsible for information disclosure and update, and implements the spokesperson system.
(III) The Company has the annual financial report announced and reported before the end of March each year lawfully; also, has the 1st, 2nd, and 3rd quarter financial reports announced and reported within 45 days at the end of each quarter of the fiscal year that was signed or sealed by the Chairman, management, and chief accountant; also, reviewed by the independent auditors and reported to the board of directors in accordance with Article 36 of the Securities and Exchange Act.</td><td>None</td></tr>
<tr><td>VIII. Does the company have other important information that is helpful to understand the operation of corporate governance (including but not limited to employee interests, employee care, investor relations, supplier relations, stakeholders' rights, advanced study of directors and supervisor relations, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, the company's purchase of liability insurance for directors and supervisors, etc.)?</td><td>✓</td><td></td><td>(I) Employee interests and employee care: The Company and the member companies are committed to creating the best well-being of employees, establishing a humanized management system, focusing on employee communication and management, providing health and welfare information at any time, providing group insurance and health checks, handling education and training to refine employees' professional skills and career development, and organizing welfare committees and various activity societies to promote employee interaction. In addition, the Company and the member companies employ indigenous peoples and persons with disabilities for a percentage higher than the mandatory ratio.</td><td>None</td></tr>
</table>

Assessment items	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Description	
VIII. Does the company have other important information that is helpful to understand the operation of corporate governance (including but not limited to employee interests, employee care, investor relations, supplier relations, stakeholders' rights, advanced study of directors and supervisor relations, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, the company's purchase of liability insurance for directors and supervisors, etc.)?	✓		(II) Investor relations: The Company discloses material messages and reports corporate governance and related financial information on the Market Observation Post System lawfully that allows investors to acquire information at any time; also, there is the "Investors" page on the website for a smooth communication channel available to investors. (III) Supplier relationship: The Company is an investment holding company without any raw material supplier retained. The companies within the Group have the "Rules Governing Suppliers" formulated for supplier management. The purchasing unit has the Company's corporate culture declaration, business implementation regulations, and health and safety policies conveyed to the suppliers for their confirmation and signatures. (IV) Stakeholders' rights: Please refer to the "Stakeholder" page on the Company's website for details. (V) Training for the Directors: All directors of the Company regularly participate in more than 6 hours every year. Please refer to Page 24-25 for the director's training in 2023. (VI) Implementation of risk management policies and risk measurement standards: The Company's "Group Risk Management Policy" was approved by the board of directors on November 5, 2020, in order to establish risk management systems, procedures, and categories, to confirm organizational rights and responsibilities, and to regulate relevant implementation and supervision mechanisms. Please refer to the "Risk Management" page on the Company's website for the 2023 Group's risk management operation in detail. (VII) The Company is an investment holding company without the implementation of customer policies available. (VIII) In terms of acquiring liability insurance for directors and supervisors, the Company acquires liability insurance for the business scope of directors, supervisors, and key employees for an insurance amount limited to USD10,000,000 annually.	None

IX. Please explain the corrective action performed for the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and propose prioritized enhancements and measures for those that have not yet been corrected.

(1) The company conducted a self-assessment on corporate governance and did not find any significant deficiencies that need to be improved.

(2) The results of the 2023 corporate governance assessment indicate that the company ranks in the 6% to 20% tier among listed companies.

Note 1: Letter of declaration from KPMG

安侯建業聯合會計師事務所
KPMG
台北市11049信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 11049, Taiwan (R.O.C.)

Telephone 電話 + 886 2 8101 6666
Fax 傳真 + 886 2 8101 6667
Internet 網址 kpmg.com/tw

Addressee: CONTINENTAL HOLDINGS CORP.

Subject: To declare that we are appointed to audit and certify your financial statements for 2023 strictly in accordance with the independence requirements defined in the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (hereinafter referred to as the "Norm").

Descriptions: Our independence requirements cover the policies and procedures for all members' personal independence (financial interests, financing guarantee, and employment relationship, etc.), business relationships with customers, CPA's rotation system, and non-audit services. The important norms and compliance matters are stated as follows:

I. Important independence requirements

(1) The Office and its personnel and any other personnel subject to the independence requirements (including associates' personnel) are required to maintain their independence pursuant to the Norm.

(2) All personnel are prohibited from engaging in insider trading (directly or indirectly), misusing internal messages, or any activities that might mislead the securities or paid-in capital markets. Meanwhile, a statement of compliance with independence policies and procedures will be obtained from the Office's personnel each year.

(3) Required to transfer the CPA, including the in-charge CPA, countersigning CPA, CPA retained for engagement quality control review, and CPA retained for audit on a subsidiary which satisfies specific conditions, who has undertaken the audit on a TWSE/TPEx-Listed and Emerging Stock Market company's financial statements for a specific time limit that reaches the period prescribed by the Norm or laws.

(4) Take appropriate actions to eliminate the effect posed by any circumstance that might affect the identification and evaluation of services rendered, or mitigate the effect to an acceptable extent; if necessary, terminate the appointment for the case.

II. Supervision on compliance with independence policy

(1) All auditors shall sign the declaration of independence when they are assigned to participate in the respective cases, and shall confirm their compliance again using the online annual declaration of independence.

(2) Audit individual members' compliance with independence requirements by a random check conducted periodically, and check whether personnel serving as assistant managers and above declare any update on their personal investment pursuant to the relevant requirements, via the personal investment declaration system.

(3) Supervise and sample the rotation status of CPAs for their respective cases and the suitability of providing non-audit services, including the verification period of CPAs and the prior approval for non-audit services provided, etc.

(4) The staff for the case concerned have signed the independent statement and are aware of the laws and regulations of insider trading. After accepting the assignment, they shall not use the information that the client has not disclosed to the public to buy or sell the client's securities or disclose the client's material information that has not been made public to any third parties for trading of securities.

(5) Any member (or partner) in violation of the independence policy will be reported to the Risk and Independence Committee for resolution in accordance with the independence disciplines and policies, and be punished adequately subject to materiality of the case.

In conclusion, when we are entrusted by you to audit your 2023 financial statements, we maintain an attitude of rigor and impartiality and a detached and independent viewpoint, free from any violations of the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10.

KPMG

CPAs:

Chung-Che, Chen

Shu-Ying, Chang

February 7, 2024

Note2: Independence assessment indicators of CPA

Continental Holdings Corp.
Evaluation Sheet for Independence and Suitability

(I) Evaluated certified accountants: Chung-Che Chen, and Shu-Ying Chang

(II) Audit Quality Index (AQI) Evaluation:

Facet | Evaluation Items | Comments

1. Expertise

Index 1-1 Experience in auditing
This index evaluates whether the accountants/auditors possess sufficient audit experience to conduct the audit effectively.

Item (2022)	Case Level	Firm level	Average in the Industry
Experience of Mr. Chen	12.0 years	12.5 years	11.5 years
Experience of Ms. Chang	18.3 years		
EQCR accountant's audit experience	18.3 year	14.6 years	12.8 years
Audit experience of audit team manager or above (excluding accountants)	15.8 years	9.7 years	11.0 years

Index 1-2 Training hours (at firm level)
This index assesses whether the accountants/auditors have received sufficient training to acquire professional knowledge and skills.

Item	2022	Average in the Industry
Certified accountant's training hours	107.0 hours	109.5 hours
Training hours of audit team manager or above (excluding accountants)	90.6 hours	95.1 hours

Index 1-3 Turnover (at firm level)
This index evaluates whether the firm maintains an adequate number of senior human resources.

Item	2022	2021	Average in the Industry
Turnover of audit team manager or above (excluding accountants)	17.0%	17.0%	13.2%

Index 1-4 Professional Support (at firm level)
This index assesses whether the firm has sufficient non-audit professionals, including computer auditors and valuators, to support the audit team.

Item	2022	2021	Average in the Industry
Proportion of professionals supporting auditors in the audit department	6.5%	7.1%	5.5%
Proportion of working hours of professionals involved in cases concerning listed and OTC companies	9.2%	9.9%	8.0%

Comments: The principal CPA has served as a partner for a duration equivalent to that at the firm level and the average in the industry. Additionally, they have received training for a duration equivalent to the average in the industry. Therefore, he/she possesses sufficient audit experience and expertise.
The turnover rate is higher than the industry average, but our case manager has over 15 years of audit experience and has been serving Continental Holdings Corporation for over 10 years. Therefore, the senior auditors in our audit team possess sufficient audit and industry expertise.

2. Quality Control

Index 2-1 Accountant's Workload
This index examines whether the accountants have undertaken too many audit cases and worked on the audit for too many hours.

Item	At firm level 2022	At firm level 2021	Average in the Industry
Number of public companies for which accountants acted as the principal	6.9	6.4	7.2
Proportion of working hours input by accountants	56.1%	60.4%	59.5%

Item	Case Level 2022	Case Level 2021
Number of public companies for which Mr. Chen acted as the principal accountant	12	16
Number of public companies for which Ms. Chang acted as the principal accountant	15	15
Proportion of working hours input by Mr. Chen	111.9%	137.3%
Proportion of working hours input by Ms. Chang	110.7%	118.2%

Comments: The principal and deputy CPAs have been appointed as principals for too many public companies and have input excessive working hours into audit cases. Although KPMG has gradually reduced the number of public companies assigned to the two CPAs since 2022, there are still nine companies for which Mr. Chen is appointed as principal CPA and fifteen companies for which Ms. Chang is appointed as principal CPA. Therefore, they have undertaken cases for too many public companies, and KPMG needs to make continuous improvements.

Facet	Evaluation Items	Comments

2. Quality Control

Index 2-2 Inputs to Audit
This index assesses whether the audit team makes appropriate inputs to each stage.

Level	Proportion of auditing hours	2022				2021			
		Accountant	Manager	Auditor	Total	Accountant	Manager	Auditor	Total
Case level	Planning stage	1.6%	3.3%	34.5%	39.4%	2.1%	6.2%	25.7%	34.0%
	Execution Stage	2.7%	6.0%	51.9%	60.6%	2.8%	12.6%	50.6%	66.0%
	Total	4.3%	9.3%	86.4%	100.0%	4.9%	18.8%	76.3%	100.0%
Firm level	Planning stage	2.5%	5.7%	25.1%	33.3%	2.3%	5.0%	23.5%	30.8%
	Execution Stage	4.0%	11.3%	51.4%	66.7%	4.8%	12.7%	51.7%	69.2%
	Total	6.5%	17.0%	76.5%	100.0%	7.1%	17.7%	75.2%	100.0%
Average in the Industry	Planning stage	2.9%	7.1%	32.4%	42.4%	2.3%	5.0%	33.9%	41.2%
	Execution Stage	3.5%	8.9%	45.2%	57.6%	3.7%	8.0%	47.1%	58.8%
	Total	6.4%	16.0%	77.6%	100.0%	6.0%	13.0%	81.0%	100.0%

Comments: Regarding the proportion of audit hours input in 2022, both the accountants and managers had decreased ratios compared to the previous year, and these ratios were significantly lower than the industry average. KPMG explained that both accountants and managers have long served Continental Holdings Corporation and have considerable audit experience. Additionally, the overall hours input by the audit team in 2022 was about 1,000 hours more than that in 2021, so the input ratios of accountants and managers have decreased relatively.

Index 2-3 Case Quality Management Review
This index evaluates whether the EQCR accountants input sufficient hours to the review of audit cases

Item	2022	2021	Average in the Industry
Proportion of hours input by EQCR accountants to review (at case level)	3.4%	2.6%	NA
Proportion of hours input by EQCR accountants to review (at the firm level)	1.4%	1.4%	1.29%

Index 2-4 Quality Control Support Capability (at firm level)
This index examines whether the firm has adequate quality control resources, including risk management and audit consultants, to support its audit team

Item	2022	2021	Average in the Industry
Number of full-time quality control staff	44.3	35.1	50.6
Proportion of quality control staff to support the audit department	3.1%	2.5%	3.2%

Comments: The number of quality control staff and the proportion of support for audit departments are lower than the industry average. However, the proportion of hours spent by EQCR accountants in reviewing Continental Holdings Corporation is higher than the averages of the firm and the industry. Therefore, they should be able to maintain audit quality.

3. Independence

Index 3-1 Non-Audit Services (at case level)
This index assesses whether the firm and its affiliates have charged the Group an excessively high amount of non-audit fees.

Item	2022	2021
Proportion of public fees for non-audit services in audit cases	49.8%	34.2%

Index 3-2 Familiarity with Client (at case level)
This index evaluates whether the firm has provided audit services for the Company's financial statements for an excessively long period.

Item	2022
Cumulative years of auditing the annual financial reports by the firm	12 years

Comments: Although the firm has provided the Company with audit services for 11 years, none of the previous CPAs have provided audit services for the Company for 7 consecutive years, and the proportion of non-audit fees has not exceeded 40%. Hence, when the CPAs and the firm they affiliate to perform audit works, both are able to maintain independence and provide their opinions in an impartial manner.

(III) Independence and suitability evaluation:

No.	Evaluation Item	Evaluation Result	
		Yes / Approved	No / Rejected
Independence evaluation			
1	None of the accountants themselves or their family members (including spouse, cohabitant, and minor children) possess any direct or significant indirect financial interests in the Company.	✓	
2	The accountant has not, currently or in the last two years, held any position such as director, manager, or any other role in the Company that could have a significant impact on the audit case.	✓	
3	The CPA has no relationship with the Company’s directors, managers, or personnel with positions that have a significant impact on audit cases, including spouses, direct blood relatives, direct relatives by marriage, or collateral blood relatives within the second degree of kinship.	✓	
4	None of the accountants, their affiliated firm, or any other affiliated company thereof has provided any non-audit services for the Company that may affect their independence.	✓	
5	The accountant has not provided audit services for the Company for seven consecutive years.	✓	
6	The accountant has only performed services permitted by law, and has not defended the Company in legal cases or other disputes as a representative of the Company.	✓	
7	Do CPAs maintain an unbiased and objective standpoint when performing professional services, and avoid prejudice, conflicts of interest or interests that affect professional judgment?	✓	
Suitability evaluation			
8	The accountant and their firm have the professional and management ability to perform audit services.	✓	
9	The accountant and their firm have sufficient ability to control audit quality.	✓	
10	The accountant has no record of disciplinary action by the CPA Disciplinary Committee in the last two years.	✓	
11	The accountant completes the review or audit of the Company's quarterly financial statements in a timely manner.	✓	

(VI) Sustainable Development Implementation Status as Required by the Taiwan Financial Supervisory Commission

Promotion tasks	Implementation Status			Non-implementation Summary and Its Reason(s)
	Yes	No	Summary	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board? (The TWSE/TPEx listed company shall report the implementation status. This is not a comply-or-explain provision.)	✓		In 2020, CHC established the ESG Committee as a dedicated unit to promote sustainable development. The ESG Committee serves as the highest governance body for sustainability affairs within CHC Group. The Committee led by the CEO is comprised of senior management from the three business sectors of the Group as well as the heads of functional units within CHC. The ESG Committee is composed of talented individuals from diverse cultures, backgrounds, expertise, and experiences. Each year, the Committee identifies ESG risks and opportunities based on the materiality principle. CHC Group holds regular committee meetings to discuss and develop sustainable development strategies. We also assess short-term, medium-term, and long-term ESG initiatives and goals, and evaluate the implementation of annual plans. These efforts actively propel the Group towards sustainable development. The ESG Committee is overseen by the Board of Directors and provides regular reports to the Board on the implementation of ESG promotion within the Group, as well as the future annual ESG promotion work plan. In 2023, the ESG Committee presented the Board of Directors with updates on the latest ESG regulatory trends and CHC Group's response plans on March 10, May 5, August 1, November 10, and December 15.	None
II. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2) (The TWSE/TPEx listed company shall report the implementation status. This is not a comply-or-explain provision.)	✓		In accordance with the GRI Standards, CHC identifies the annual material topics through four key procedures: contextual analysis, impact identification, significance assessment, and review confirmation. CHC analyzes sustainability issues related to domestic and international construction engineering, real estate development, environmental project development & water treatment, as well as the concerns of industry peers and stakeholders. Based on this analysis, positive and negative impact risk assessments are conducted to determine the priority order for addressing ESG issues. The Chairman of the ESG Committee approves the sustainability reporting issues, and corresponding risk management strategies and action plans are formulated for these issues. In 2023, CHC Group identified a total of 18 sustainability issues and established 8 major sustainability topics. The risk assessment boundaries encompass CHC, CCLC, CEC, CDC, and HDEC Corp. The scope of sustainability issue disclosure includes the upstream and downstream value chain as well as the community. Please consult CHC's website and Sustainability Report for the risk assessment results and risk management strategies.	None
III. Environmental Issues (I) Has the Company set an environmental management system designed to industry characteristics? (II) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	✓		(I) CHC has implemented suitable environmental management systems tailored to the specific characteristics of its three main business entities. These systems encompass energy-saving and environmental protection measures in office buildings, environmental technology management for construction engineering, as well as the adoption of ISO 14001 and ISO 50001 standards in operational plants. Third-party verification ensures the ongoing effectiveness of these systems. CHC conducts annual greenhouse gas inventories in compliance with ISO 14064-1. It also consistently monitors environmental management performance and publicly discloses this information on its website and in the Sustainability Report. (II) CHC promotes green procurement, implements measures to reduce environmental impact and energy consumption, and adopts environmentally friendly and energy-efficient materials, high-efficiency equipment, and renewable energy. Additionally, we enhance construction methods to facilitate resource recycling and optimize energy resource utilization efficiency.	None

Promotion tasks	Implementation Status			Non-implementation Summary and Its Reason(s)
	Yes	No	Summary	
(II) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?			The Group's annual green procurement amount for 2023 is NT$ 1,030,304,000. The procurement includes construction engineering materials, operational equipment, and procurement for office administration. The ratio of using the system template construction method in civil engineering projects continues to increase, achieving the goal of resource reuse. CHC utilizes the electricity consumption per ton of wastewater treatment as a key indicator for managing energy efficiency. In 2023, the average electricity consumption for wastewater treatment per ton in the Group's operated water resources centers was 0.33 kWh, representing a 6% improvement compared to the target set. The amount of biogas reuse reached 814,407M^3, a target achievement rate of 135%, and a renewable energy utilization rate of 4.5%.	
(III) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	✓		(III) The ESG Committee reviews the Group's annual ESG plan and established goals, which include plans for managing climate change risks and opportunities as well as action plans. The ESG Committee reviews the implementation status of the Group's ESG plan and discusses future planning strategies and promotion directions. CHC adheres to the TCFD framework and employs a discussion mechanism across its business units and departments to identify and evaluate the potential risks and opportunities posed by climate change to CHC Group's current and future operations, as well as their magnitude of impact. Based on the findings, appropriate measures for climate change mitigation and adaptation are formulated and put into action, with regular reviews and updates. CHC Group has identified material climate risks, such as increased costs related to greenhouse gas emissions and raw materials, as well as rising average temperatures. For the results of the risk and opportunity assessment and the corresponding measures, please refer to Section VII, Other Important Information to facilitate better understanding of the company's promotion of sustainable development, and CHC's Sustainability Report.	None
(IV) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?			(IV) Since 2016, CHC has been systematically collecting and calculating greenhouse gas emissions, water usage, and total waste weight. Additionally, we have formulated energy-saving, water consumption reduction, and waste management measures in accordance with annual emission levels. Since 2021, CHC Group has been gradually expanding the scope of greenhouse gas emission inventory and verification in accordance with ISO 14064-1, while also optimizing management mechanisms. By the end of 2023, CHC (individual company) and the Linhai Water Resource Center obtained the Greenhouse Gas Emissions Verification Statement for the year 2022. In 2024, CHC (individual company), CCLC (individual company), and HDEC Corp. are expected to undergo third-party verification. Please find below the environmental information summary of CHC Group for the past two years. For detailed explanations of our environmental management measures and performance, please refer to CHC's Sustainability Report.	

GHG Emissions (tCO_2e)	2022	2023
Scope 1	1,983	3,330
Scope 2	37,895	48,586
Scope 3	13,076	18,081
GHG emissions per NT$1 million in revenue (Sum of Scope 1 and Scope 2 GHG emissions)	1.24	1.70

<table>
<tr><th rowspan="2">Promotion tasks</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation Summary and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(IV) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?</td><td>✓</td><td></td><td>The emissions listed in the above table under Scope 1 and Scope 2 include specific business locations of CHC, CCLC, CEC, CDC, and HDEC Corp. Scope 3 emissions encompass CHC Group headquarters building and the operated water resource centers. The 2022 emissions of Scope 1, Scope 2, and Scope 3 (23%, 25% and 18%, respectively) have been verified by a third party. At present, CHC Group is in the process of undergoing third-party verification for greenhouse gas emissions in the year 2023. The results of this verification will be published on CHC's website and in the Sustainability Report.
CHC Group's greenhouse gas emissions are mainly concentrated in Scope 2(emissions from electricity), which includes emissions from wastewater treatment process. As a result, CHC Group utilizes electricity consumption per ton of wastewater treatment as the key indicator for managing greenhouse gas emissions. The Group has implemented measures to optimize the energy efficiency of equipment that consumes high amounts of energy, introduce intelligent energy management systems, and enhance operational procedures. In 2023, the electricity consumption per ton of wastewater treatment was 0.33 kWh, resulting in emissions of 0.16 kg CO_2e. This represents a 6% improvement compared to the target set.
<table>
<tr><th>Water Resources (M^3)</th><th>2022</th><th>2023</th></tr>
<tr><td>Water consumption</td><td>229,723</td><td>336,694</td></tr>
<tr><td>Water consumption per NT$1 million in revenue</td><td>7.15</td><td>11.00</td></tr>
</table>
CHC Group is actively implementing water resource management strategies, which include the use of water-saving equipment, adjusting daily water consumption, engaging in water recycling initiatives, and promoting water conservation. These measures aim to enhance the efficiency of water resource utilization. The 2023 reclaimed water recycling rate was 54%, surpassing the target achievement rate of 139%.
<table>
<tr><th>Waste (ton)</th><th>2022</th><th>2023</th></tr>
<tr><td>Total weight of waste produced</td><td>33,513</td><td>45,219</td></tr>
<tr><td>Weight of waste produced per NT$1 million in revenue</td><td>1.04</td><td>1.48</td></tr>
</table>
The waste generated from CHC Group's business activities can be classified into two categories: office waste and industrial waste. Industrial waste encompasses construction waste, sludge and liquid acid waste generated from wastewater treatment processes. The Group is actively using technology to develop an operational model that minimizes resource consumption and maximizes resource utilization efficiency. It is dedicated to reducing resource consumption at its source to minimize the generation of waste and implementing waste classification, reuse, and recycling practices. In 2023, CHC Group successfully reduced 5,364 tons of sludge, exceeding the target achievement rate by 118%.</td><td>None</td></tr>
<tr><td>IV. Social Issues
(I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</td><td>✓</td><td></td><td>(I) CHC Group has developed a human rights policy that is based on internationally recognized human rights standards, including the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labor Organization Declaration on Fundamental Principles and Rights at Work. CHC Group conducts regular assessment of its management systems and effectiveness related to human rights to ensure the protection of its employees' basic human rights. CHC Group has adopted the following measures to mitigate human rights risks:</td><td>None</td></tr>
</table>

Promotion tasks	Implementation Status			Non-implementation Summary and Its Reason(s)
	Yes	No	Summary	
IV. Social Issues (I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions? (II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	✓		1. CHC Group implements compliance policies and systems, labor-management meetings, and grievance channels to ensure equal opportunities and fair treatment for employees. 2. CHC Group strives to create a diverse and inclusive working environment that is free from discrimination and harassment. In order to ensure a safe and respectful workplace, CHC Group has implemented the Guideline for Sexual Harassment Prevention, Complaint Grievance and Punishment to govern the handling of harassment incidents. 3. CHC Group ensures a working environment that respects the religious and cultural customs of international migrant workers and employs manpower agencies that treat international migrant workers fairly. To enhance employees' understanding of human rights issues, CHC Group regularly organizes human rights education and training for new hires. Additionally, we have created a specialized section on the online learning platform called Diversity and Inclusion, which covers various topics, such as gender equality, prevention of sexual harassment, workplace bullying, and generational communication. In 2023, CHC Group conducted a total of 2,250 hours of training on human rights-related courses for its employees, with a participation of 759 individuals. (II) CHC Group has implemented comprehensive employee benefit measures, ensuring compliance with regulatory requirements and maintaining competitiveness in the industry through its ongoing compensation and benefits plan and vacation policy. CHC Group actively aligns employees' personal goals with the organization's objectives and rewards their performance and achievements through performance evaluations and annual bonuses. As of 2023, CHC Group has consistently conducted annual salary adjustments for six consecutive years, with an average adjustment rate that remains competitive in the industry. CHC Group contributes 6% of eligible employees' salary to their individual labor pension accounts each month under the Labor Pension Act. Additionally, 2% of the total salary expenses are allocated to the retirement reserve fund in the retirement reserve fund account monthly. The retirement reserve fund account is under the supervision of the Supervisory Committee of Labor Retirement Reserve. CHC Group provides a comprehensive range of employee benefits that comply with regulatory requirements. These benefits include vacation time, labor insurance, health insurance, and retirement fund contributions. In addition, we go beyond industry standards by offering flexible working hours and scheduling practices in our construction engineering business. Furthermore, we have offered diverse group insurance options, health check-up programs, and subsidies for club activities, giving employees the freedom to choose according to their individual needs. In 2023, the average employee benefit amount is NT$1,970,000. In 2023, the percentage of female employees in the Group was 19.6%, with female executives in managerial positions accounting for 11.2%. Salaries for personnel at all levels within CHC Group are not differentiated by gender. The determination of salary payments is based on job position requirements, individual work capabilities, and performance.	None

Promotion tasks	Implementation Status			Non-implementation Summary and Its Reason(s)
	Yes	No	Summary	
(III) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees? (IV) Has the Company established effective career development training programs for employees?	✓		(III) Regarding healthcare, CHC Group regularly organizes employee health check-ups, consultations on health examination reports, and health seminars. Additionally, it has implemented various initiatives to enhance the physical and mental well-being of employees, such as employee recognition and encouragement programs, work-life coaching services, as well as courses and promotions focused on physical and mental health. In 2023, the CHC Group had over 300 employees who participated in physical and mental health seminars. In terms of work safety, CHC Group has implemented various safety management measures, including site safety and health audits, publishing reports on occupational accident prevention and control, promoting occupational health and safety (OHS) pre-work education, conducting site inspections, and pre-inspection of high-risk operations. We are dedicated to ensuring the safety of our employees in the workplace. To ensure employees have a clear understanding of their work, potential environmental hazards, and how to prevent them, CHC Group regularly organizes occupational safety education training. In 2023, CHC Group conducted a total of 85 sessions of occupational safety education training, with a combined participation of 2,130 individuals. CHC Group has obtained ISO/CNS 45001 management systems certification, and the Occupational Safety and Health Committee conducts regular reviews of occupational safety and health management issues and has established OHS Management Information Platform to improve the planning of targeted response measures for occupational safety and health risk management. The industry in which CHC Group operates is prone to three main categories of occupational injuries: tumble, entanglement (pinch points), and falling objects. In 2023, CHC Group reported a total of four occupational accidents, involving 2,510 employees and resulting in an occupational accident rate of 0.16%. CHC Group has promptly devised preventive measures and corrective actions to address the causes of the incident. We have also implemented safety and health-related management regulations, adjusted operational processes, and developed equipment and techniques for safety and health technology management to mitigate the risk of injury. In 2023, there were two fire incidents in the CHC Group, with zero casualties and zero casualties as a percentage of the total number of employees. The fire incidents were reported, handled, and reviewed for improvement measures in accordance with the Group Emergency Management Guideline and Disasters Response Principles. (IV) CHC Group places significant emphasis on developing employees' skills and potential, enhancing their ability to effectively carry out business operations through a range of education and training programs. In 2023, CHC Group invested a total of NT$8,234,159 in internal and external training courses, representing a 42% increase compared to the previous year. The total training hours for all employees amounted to 19,732 hours, reflecting a 39% decrease compared to the previous year. As per CHC Group's future development strategy, a regular talent inventory is conducted annually to identify key positions and the essential competencies and personality traits needed for those positions. This helps in identifying potential successors from both internal and external sources. CHC Group offers a range of mandatory courses, external training and certification programs, as well as professional and leadership management courses, to support the professional growth of talents in different positions and functions. In 2023, the CHC Group's talent development initiatives include:	None

Promotion tasks	Implementation Status			Non-implementation Summary and Its Reason(s)
	Yes	No	Summary	
(IV) Has the Company established effective career development training programs for employees? (V) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	✓		• General Education Training: In addition to providing training for new employees, CHC Group offers a wide range of internal and external training courses, both physical and online, tailored to different positions, functions, and individual needs. We also conduct project management courses in three sessions, with a total of 99 participants. • Architectural Professional Training Program: CHC Group has developed a series of one-year architectural professional courses tailored specifically for engineers. The courses cover topics such as interior decoration engineering, reinforced steel engineering, steel structure engineering, etc. The program aims to enhance employees' professional knowledge and skills through the sharing of practical case studies. A total of 18 employees took part in the program. • CHC Group Mentorship Program matches mentors and mentees from different units or work locations, regardless of hierarchical relationships. In 2023, the program successfully paired 18 mentor-mentee pairs, facilitating the exchange of experiences and the transfer of skills. • Succession Plan: CHC Group is actively seeking both internal and external talent and encouraging employees at the managerial level to participate in a training course, titled How to Assist Subordinates in Developing Individual Development Plans. The completion rate for this course in 2023 is 77%. • External Coaching Program: In 2023, CHC Group will continue to establish an external coaching pool to support senior executives in their pursuit of excellence. (V) CHC Group prioritizes the health and safety of our customers in relation to our products and services. We design and construct building products that comply with architecture relevant regulations to ensure the well-being of our customers. CHC Group has achieved ISO 9001:2015 Quality Management Systems certification, guaranteeing consistent compliance with international quality management standards. In 2023, CHC Group did not receive or incur any grievances or penalties related to customer health and safety. CHC Group places a high priority on protecting customer privacy and personal data. We are committed to complying with the Personal Data Protection Act and relevant information processing regulations. We also require our suppliers to adhere to these standards to ensure the security of customer privacy and personal data. In 2023, CHC obtained the ISO 27001:2022 Information Security Management Systems certification to enhance our information and communication security system and ensure the effectiveness of information security protection. In 2023, CHC Group did not receive any grievances or experience any violations regarding the infringement of customer privacy. The product marketing materials and labeling of the CHC Group have undergone a 100% dual-unit review and confirmation process to ensure compliance with products and services before being used externally. In 2023, the Group did not receive any grievances or penalties related to marketing and labeling violations. CHC Group has set up a customer service department to address customer grievances and requests for product repairs. In addition, proactive customer satisfaction surveys are conducted before, during, and after the sales and delivery process to safeguard customer rights. CHC Group provides convenient and efficient channels for customer grievances, such as the official website contact form, customer service hotline, community app, etc., and implements response time management.	None

Promotion tasks	Implementation Status			Non-implementation Summary and Its Reason(s)
	Yes	No	Summary	
(VI) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	✓		(VI) CHC Group has implemented a procurement policy and supplier management regulations that establish standards for environmental safety and health risks, labor management, prohibition of child labor, non-harmful labor rights, ethical standards, and integrity in operations. Additionally, suppliers are required to adhere to CHC Group's code of conduct, ethical behavior guidelines, and procurement execution standards. The Group manages supply chain risks through supplier selection criteria and a supplier evaluation system, actively managing and providing guidance for suppliers with higher risk levels. CHC Group organizes an annual selection event to recognize excellent suppliers. During this event, their performance in occupational safety, environmental management, engineering quality, and project schedule management is evaluated, aiming to encourage their proactive efforts.	None
V. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?		✓	CHC publishes the 2023 Sustainability Report according to the GRI Standards and TCFD. However, CHC has yet to obtain third-party assurance for this report.	CHC will obtain the relevant third-party assurance where necessary.
VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company's operations: Not applicable.				

VII. Other important information to facilitate better understanding of the company's promotion of sustainable development:

(I) Please refer to the Sustainability section on CHC's website.

(II) In February 2023, the Group member HDEC Corp. signed a public-private-partnership contract with the Environmental Protection Bureau of the Tainan City Government for the Renewal, New Construction, Transfer, and Operation of the Chengxi Incineration Plant in Tainan City. In response to the Government's encouraging civil participation in public construction projects, HDEC Corp. has committed a total investment of NT$7.215 billion to construct and operate an incinerator with a daily processing capacity of 900 tons. The heat energy generated during the incineration process will be harnessed for power generation. Once completed, the HDEC (Chengxi) Incineration Plant will function as a renewable energy power plant, boasting an electricity generation efficiency of over 25%. As of 2023, HDEC Corp. has invested over NT$600 million.

(III) The climate-related risks and opportunities identified by CHC are listed below:

Type	Climate-Related Risks	Financial Impact	Management Strategy	Opportunities
Transition Risks	Increase in costs of raw materials	• Increase in operating costs	• Improve research and advance planning related to raw material procurement, enhance raw material identification, management, and contingency plans, as well as optimize procurement and business strategies	• Value engineering
	Increase in costs arising from GHG emissions Costs and expenses arising from transition to low-carbon technologies	• Increase in operating expenses • Increase in capital expenditures	• Step up efforts to integrate technology into construction operations and develop digital tools, adjust product design and service models, as well as increase energy and resource utilization efficiency • Continue to develop products and service solutions in compliance with the principles of circular economy • Carry out R&D of innovative technologies and construction methods • Strengthen industry-government-academia collaboration to share technology, knowledge, and best practices	• Value engineering • Workforce evolution • Increased use of reclaimed water and renewable energy • Development of new sustainable services and products
	Enhancement of GHG emission reporting obligations	• Increase in operating expenses	• Continue to carry out GHG inventories according to ISO 14064-1 and regularly disclose information on greenhouse gas emissions	• Increase in positive feedback and recognition from stakeholders • Enhance monitoring of climate and energy risks and strengthen operational resilience
	Concerns or negative feedback from stakeholders	• Decrease in operating revenue • Increase in costs of capital	• Continue to integrate ESG issues into decision-making processes and business models to create sustainable value • Regularly disclose ESG management efforts and results, as well as reinforce communication and interaction with stakeholders on an ongoing basis	• Increase brand value and enhance company reputation • Increase positive feedback and recognition from stakeholders • Expansion of corporate influence

Promotion tasks	Implementation Status			Non-implementation Summary and Its Reason(s)
	Yes	No	Summary	

Type	Climate-Related Risks	Financial Impact	Management Strategy	Opportunities
Physical Risks	Rising average temperatures	• Decrease in operating revenue • Increase in operating costs • Increase in operating expenses	• Continue to improve and implement heat hazard prevention measures and equipment investment, as well as enhance heat hazard awareness and response training among employees • Step up assessments of climate trends in CHC's operating locations and refine resource allocation and response planning • Bolster research on emerging building materials, as well as enhance performance verification and assessment	• Design and construction of green buildings • Construction of resilient infrastructure • Increase use of reclaimed water and renewable energy

Note 1: If "Yes" is ticked in the "Implementation status" column, please concretely describe the major policies, strategies, and measures adopted and the status of their implementation. If "No" is ticked in the "Implementation status" column, please explain the deviations and the reasons in the "Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons" column and explain the Company's plans for adoption of related policies, strategies, and measures in the future. However, for Items 1 and 2, the TWSE/TPEx listed company shall describe its governance and supervisory framework for sustainable development, including but not limited to management policy, strategy and goal formulation, review measures, etc. It additionally shall describe the company's risk management policies or strategies for operations-related environmental, social, and corporate governance issues, and their assessment status.

Note 2: The materiality principle refers to focusing on environmental, social and corporate governance issues likely to have a material impact on the Company's investors and other stakeholders.

Note 3: Regarding the method for disclosure, please refer to the "SAMPLE ANNUAL REPORT" page on the website of the Taiwan Stock Exchange Corporate Governance Center.

(VII) Climate-Related Information of TWSE/TPEx Listed Company

1. Implementation of Climate-Related Information

Item	Implementation status
I. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	I. The ESG Committee serves as the central hub for managing and making decisions on climate-related issues within CHC Group. Its responsibilities include developing the Group's sustainable development strategy, evaluating ESG plans and objectives, and overseeing the management of climate risks and opportunities across all business entities. CHC Group convenes quarterly meetings of the ESG Committee to effectively manage climate risks and opportunities. These meetings facilitate cross-business and cross-departmental discussions and communication, enabling CHC Group to incorporate climate issues into the formulation of strategies and considerations for management decisions across all aspects. Each business entity identifies and evaluates climate risks and opportunities, as well as their impact on the business. Management action plans and annual goals are then formulated based on the assessment results. Under the supervision of the CEO, each business entity continues to monitor the effectiveness of plan implementation, optimize climate risk management mechanisms, and ensure that the management of climate issues remains aligned with the company's strategy and objectives. The Board of Directors is responsible for overseeing and guiding the corporate sustainability management, strategies, and actions (including climate change). The ESG Committee reports to the Board of Directors on the Group's ESG management affairs quarterly.
II. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	II. CHC Group's business, strategy, and finances are significantly impacted by climate risks in the short term (within the next 5 years) and medium term (within the next 5-10 years). Material climate risks identified by CHC Group include increased costs of raw materials and greenhouse gas emissions, strengthened obligations to report greenhouse gas emissions, expenditure on low-carbon technology transformation, increased concerns and negative feedback from stakeholders, and rising average temperatures. In the short term, businesses will face material climate risks that will impact various aspects of their operations, including raw material procurement, product design and service provision, and greenhouse gas emission management. The need for resource development in response to these risks will result in higher operating costs and expenses. However, value engineering, improved operational resilience, and the growing demand for green buildings, resilient infrastructure, and recycled water will help offset the cost increase and generate additional revenue for businesses. In the medium term, the adoption of low-carbon technology, innovative products and services will contribute to business growth. However, the increasing average temperature may pose challenges and raise costs for scheduling outdoor workforce. In terms of strategy, the Group is actively integrating ESG issues into decision-making and business models, optimizing procurement and business strategies, enhancing digital innovation, improving heat hazard prevention and equipment investment, and also regularly disclosing ESG management practices and results in order to strengthen communication and engagement with stakeholders.

Item	Implementation status
III. Describe the financial impact of extreme weather events and transformative actions.	III. Extreme weather events, such as heavy rain and typhoons, can cause project delays and present challenges to construction operations, and can also impact the procurement of raw materials, thereby affecting revenue, operating costs, and operating expenses. Nevertheless, CHC Group did not encounter any adverse financial effects as a result of extreme weather events in 2023. The transition action encompasses various aspects, including sustainable product design and service provision, construction technology and methods, material selection and usage, energy consumption, waste management, greenhouse gas emissions, and water resource recycling. This action will have both positive and negative financial implications on operating revenue, operating costs, and operating expenses.
IV. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	IV. The Group consistently monitors and manages climate risks and opportunities through four key processes: identification, assessment, confirmation, and execution. The Group thoroughly discusses potential climate risk issues and evaluates their relevance across departments and at different levels to establish a climate risk list. Every business entity conducts investigations and analyses of climate risks and opportunities, identifying the extent of business, strategic, and financial impacts caused by various climate risks. The evaluation includes factors such as severity, vulnerability, and likelihood of occurrence, taking into account elements like the Group's business development strategy and the financial impact of each business entity. Following adjustments, the priority response order and response strategies for each risk and opportunity item are established based on the decision of the ESG Committee. Each business entity will assign management responsibilities to corresponding units based on the evaluation results, develop appropriate management action plans, and integrate them into daily management and monitoring. Following the corporate risk management process, each business entity is required to submit quarterly reports to CHC, and report to the ESG Committee simultaneously.
V. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	V. At present, CHC is giving priority to material climate risks and embarking on the development of a scenario analysis model. This model will assess the potential financial impact and integrate it into our daily management and monitoring processes.
VI. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	VI. CHC Group has developed management action strategies for material climate risks and has established annual targets for the continuous management and monitoring of risk changes. Additionally, we promptly adjust risk appetite to ensure the ongoing effectiveness of risk control. CHC Group addresses the issue of rising average temperatures, implementing heat hazard prevention and investments. We enhance worker training and increase participation in green building and renewable energy initiatives. CHC Group addresses issues related to transition risks, such as raw material costs, greenhouse gas-related expenses, and increased costs associated with low-carbon technology transformation. This is managed through value engineering, innovative solutions, value-added services, and improved resource utilization efficiency. CHC Group's key indicators for measuring and managing climate-related risks and opportunities include sustainable product design and service delivery, construction techniques and methods, material selection and use, energy use, waste, greenhouse gas emissions, and water recycling. Each business entity chooses promotion projects based on its industry characteristics and business model, establishing annual objectives for ongoing management and enhancement. For information on the short and medium-term goals and the current status of various key indicators, please visit CHC's website and Sustainability Report.
VII. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	VII. At present, CHC Group does not employ internal carbon pricing. We will explore the possibility of implementing internal carbon pricing based on demand in the future, enhancing carbon reduction efficiency and providing a benchmark for evaluating carbon reduction-related expenses.

Item	Implementation status
Ⅷ. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	Ⅷ. Each business entity develops a climate risk management action plan and sets objectives. This includes but is not limited to implementing a mechanism to quantify greenhouse gas emissions, researching solutions for carbon reduction, participating in renewable energy initiatives, and improving energy management efficiency. The management actions encompass the operations of office buildings and business locations, as well as the process of product design and service provision. Special attention is be given to emissions from purchased electricity (Scope 2), particularly the electricity consumption for water resource treatment, which accounts for the highest proportion of CHC Group's greenhouse gas emissions. Continuous and regular monitoring will be conducted, and rolling adjustments will be made to improve performance. For information regarding climate-related goals and achievements, please refer to CHC's website and Sustainability Report.
IX. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	IX. Please refer to 1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years and 1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan for detailed information.

1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO_2e), intensity (metric tons CO_2e/NT$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

CHC conducts a greenhouse gas inventory in accordance with ISO 14064-1, utilizing the operational control criteria to define the inventory boundary. The 2022 data scope includes the headquarters building of CHC Group (CHC, CCLC, CEC, CDC, and HDEC Corp.), CEC's construction sites, HDEC Corp.'s operational bases (Tamsui, Fengshan, Anping, and Linhai), HDEC Corp.'s construction sites (Puding, Tongluo, and Anping EPC Project). The 2023 data scope remains the same as the year 2022, with the addition of the HDEC Corp.'s operating bases (Ciaotou) and the HDEC Corp.'s construction sites (Ciaotou and Chengxi EPC projects). In 2022, CHC Group's total greenhouse gas emissions from Scope 1 and Scope 2 amounted to 39,877.18 metric tons of CO_2e. The emissions per NT$ million of revenue (totaling Scope 1 and Scope 2) was 1.24 metric tons of CO_2e. In 2023, CHC Group's total greenhouse gas emissions from Scope 1 and Scope 2 amounted to 51,915.43 metric tons of CO_2e. The emissions per NT$ million of revenue was 1.70 metric tons of CO_2e.

GHG Emissions (tCO_2e)	2022		2023	
	Total Emissions (tCO_2e)	Intensity (tCO_2e/ NT$ million)	Total Emissions (tCO_2e)	Intensity (tCO_2e/ NT$ million)
Scope 1	1,983	0.06	3,330	0.11
Scope 2	37,895	1.18	48,586	1.59
Scope 3 Note (2)	13,076	0.41	18,081	0.59
Total	52,954	1.65	69,997	2.29

Note (1): The greenhouse gas intensity for years 2022 and 2023 is calculated using the consolidated revenue of NT$32,146 million and NT$30,607 million, respectively.

Note (2): Emissions of Scope 3 include upstream emissions from purchased electricity, downstream emissions from waste treatment services, electricity usage from downstream leased assets, and emissions from employee business travel. The statistical boundary encompasses CHC Group's headquarters building and specific operational bases.

Note 1: Direct emissions (scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) and other indirect emissions (scope 3, i.e., emissions from company activities that are not indirect energy emissions, but originate from sources owned or controlled by other companies).

Note 2: The data coverage scope for direct emissions and indirect energy emissions shall comply with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Other indirect emissions information may be voluntarily disclosed.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT$ 1 million) shall be disclosed.

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.
CHC (individual company), constituting 0.2% of total greenhouse gas emissions in the year 2022 and the Linhai Water Resources Center, constituting 23.4% of total emissions in the year 2022 underwent verification by Bureau Veritas Certification (BV) and SGS Taiwan Ltd. (SGS) in 2023, using the ISO 14064-3 standard. The verification levels for Scope 1 and Scope 2 refer to reasonable assurance, while the verification level for Scope 3 refers to limited assurance or above. CHC (individual company), constituting 0.1% of total emissions in the year 2023, CCLC (individual company), constituting 0.4% of total emissions in the year 2023, and HDEC Corp. constituting 87.7% of total emissions in the year 2023 are currently undergoing third-party verification by Bureau Veritas Certification (BV) according to the ISO 14064-3 standard. Complete verification information will be disclosed in the Sustainability Report and on CHC's website.

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. If the Company has not obtained a complete greenhouse gas assurance opinion by the date of printing of the annual report, it shall note that "Complete assurance information will be disclosed in the sustainability report." If the Company does not prepare a sustainability report, it shall note that "Complete assurance information will be disclosed on the Market Observation Post System (MOPS)," and shall disclose the complete assurance information in the annual report of the following fiscal year.

Note 2: The assurance institutions shall meet the directions regarding assurance of sustainability reports prescribed by the TWSE and the TPEx.

Note 3: When preparing the disclosure content, the Company may refer to the best practice reference examples on the TWSE Corporate Governance Center website.

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.
CHC Group has designated the first annual greenhouse gas inventory of each base as the baseline year. Each year, a greenhouse gas inventory is conducted, and corresponding decarbonization policies and action plans are formulated based on the inventory results. This includes setting reduction targets for electricity consumption in wastewater and recycled water treatment per unit, as well as targets for renewable energy production and usage. The execution strategy is regularly reviewed and adjusted. The quantifiable greenhouse gas reduction effect for CHC Group in 2023 is 1,047 metric tons of CO_2e, representing a growth of 33% compared to 789 metric tons of CO_2e in 2022. In the future, the Group will continue to monitor environmental management performance and greenhouse gas emissions according to the schedule specified by the Financial Supervisory Commission's sustainable development roadmap. The baseline year for conducting a comprehensive review, based on the boundary of consolidated financial reports, will be determined. Greenhouse gas reduction targets and specific action plans will be established based on the information obtained from the comprehensive review.

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations.

Note 2: The base year shall be the fiscal year in which the greenhouse gas inventory is completed based on the consolidated financial reporting boundary. For example, under the order issued under Article 10, paragraph 2 of the Regulations, a company with capital of NT$10 billion shall complete the inventory for its fiscal 2024 annual consolidated financial report in 2025, so the base year will be 2024. If a company has disclosed its inventory in its consolidated financial report in an earlier year, it may take the earlier fiscal year as its base year. Also, the data for the base year may be calculated based on a single fiscal year or the average of multiple fiscal years.

Note 3: When preparing the disclosure content, the Company may refer to the best practice reference examples on the TWSE Corporate Governance Center website.

(VIII) Taiwan Corporate Conduct and Ethics Implementation as Required by the Taiwan Financial Supervisory Commission

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Causes for the Difference</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures
(I) Does the Company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?
(II) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?
(III) Whether the Company has established relevant policies that stipulate implementation procedures, guidelines, consequences of violation, and complaint procedures and are duly enforced to prevent unethical conduct, and periodically reviews and revises such policies?</td><td>✓</td><td></td><td>(I) On November 5, 2020, the Board of Directors of the Company adopted the Code of Ethics and Business Conduct, which sets out the philosophy and principles of ethical corporate management and establishes a normative framework to be followed by all companies of the Group.
(II) The Company has established the Code of Conduct, Code of Ethics and Business Conduct, Group Guidelines for Handling Whistleblowing Cases, and Group Guideline for Anti-Insider Trading Management among other relevant operating procedures or behavioral guidelines. These procedures and guidelines include the prohibition of providing or accepting improper benefits, criteria for identification, supervision and management of donation and sponsorship approval, ownership of intellectual property rights, confidentiality commitment, prevention, reporting, investigation, and disposal of dishonest acts, confirmation of the degree of honest business dealings with business partners, and avoidance and investigation of potential conflicts of interest. This covers preventive measures for the acts under Article 7, Paragraph 2, the Code of Ethics and Business Conduct for Listed Companies. According to the relevant internal operating procedures and regulations, the procedures, conduct guidelines, appeal system, and subsequent investigation and handling procedure against dishonest acts have been clearly defined. They are implemented and reviewed when individual cases occur.
(III) In accordance with foregoing internal procedures and regulations, the procedures, guidelines, complaint system, and subsequent investigation and treatment to prevent unethical conduct have been expressly stated, and are implemented and reviewed whenever cases occur.</td><td>None</td></tr>
<tr><td>II. Ethic Management Practice
(I) Whether the Company has assessed the ethics records of whom it has business relationships with and included business conduct and ethics-related clauses in the business contracts?
(II) Whether the Company has set up a unit dedicated to promoting the Company's ethical standards, regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters and the program to prevent unethical conduct, and monitors their implementation?</td><td>✓</td><td></td><td>(I) In order to establish an ethical trading environment and avoid the violation of the Code of Conduct or the code of ethical conduct by the dealing parties, the suppliers of the Group are required to sign a statement of ethical operation and cooperate with a questionnaire survey on ethical business compliance and conflict of interest. The terms of ethical business are incorporated into the relevant contract template. Additionally, procurement specifications have been modified, and the commitment to ethical corporate operation is one of the evaluation items for supplier management.
(II) In accordance with Article 17 of the Code of Ethics and Business Conduct, we have designated the Operation Management Team of the ESG Promotion Committee as the dedicated unit responsible for supervising ethical corporate operation in the Company. The team is convened by the Vice President of the Legal Department, responsible for promoting and supervising the Company's ethical business policies and reporting to the Board of Directors regularly. The dedicated unit for ethical operation reported on the implementation of ethical corporate operation at the 14th meeting of the 5th term of the Board of Directors on November 10, 2023.</td><td>None</td></tr>
</table>

Evaluation Item	Implementation Status			Causes for the Difference
	Yes	No	Summary	
(III) Whether the Company has established policies to prevent conflicts of interest, provides appropriate communication and complaint channels, and implements such policies properly? (IV) To implement relevant policies on ethical conduct, has the Company established effective accounting and internal control systems, made audit plans based on the assessment of unethical conduct, and had its ethical conduct program audited by internal auditors or CPAs periodically? (V) Does the Company provide internal and external ethical conduct training programs on a regular basis?	✓		(III) The Code of Ethics and Business Conduct clearly defines relevant norms to prevent conflicts of interest. Anyone involved in any conflict of interest is required to actively avoid handling the involved matter and to handle it in accordance with the applicable relevant rules. The dedicated unit continued to promote the signing of the Ethical Corporate Operation Compliance Statement by all employees in Taiwan in 2023. Employees are required to proactively report any involved matter of actual or potential conflict. (IV) The dedicated unit is responsible for promoting and monitoring ethical corporate operation policies and prevention plans as stated below: a. Assist in integrating integrity and ethical values into the Company's operation strategy and formulating anti-fraud measures in line with the policy. b. Assist all units in implementing preventive measures against dishonest acts in various management mechanisms and procedures. c. Plan the internal division of labor and set up relevant supervision and balance mechanisms for business activities with high risks of dishonesty. d. Promote and coordinate integrity policy advocacy and training activities. e. Plan the reporting and whistleblowing system to ensure the implementation of the ethical corporate operation policy. f. Assist in evaluating the effective operation of preventive measures, discussing improvement plans, and preparing relevant documents and information on the effectiveness and compliance of policy implementation. The audit unit of the Company conducts various audit activities annually in accordance with the established annual audit plan and regularly report the audit results and improvement plans to the Board of Directors and management, as well as tracking improvement progress. (V) In 2023, in addition to conducting ethical management, anti-corruption, and corporate governance training courses for the Group's employees in Taiwan, the dedicated unit also conducted legal function introduction and ethical integrity and important SOP training during new employee orientation. By the end of 2023, the training courses had been participated about 2,216 times.	None
III. Implementaion of the Company's whistle-blowing system (I) Does the Company establish specific whistle-blowing and reward system, set up conveniently channel for whistle-blowing, and assigned appropriate dedicated personnel to receive whistle-blowing reports? (II) Has the Company established standard operating procedures for the investigation of reported cases, the follow-up measures to be taken after the completion of the investigation, and the related confidentiality mechanism?	✓		(I) The Company has maintained a whistleblowing mailbox on its website for employees and the general public to report wrongdoing, violation of the Code of Conduct, or the Code of Ethics and Business Conduct. These reports will be received by the Company's Chief Executive Officer, who will appoint an investigator to investigate the cases after reporting them to the Chairman of the Board. However, in cases that involves any board of director or the CEO, relevant communication shall be reported to and received by the secretariat of the Board of Directors, and the subsequent investigation procedure shall be handled by the Chairman of the Board or the Audit Committee. (II) The procedures for handling whistleblowing cases have been clearly defined in the aforementioned provisions, by real-name reporting means, or anonymously if relevant contents and evidence are specific and clear. The Company will maintain confidentiality and act with prudence regarding the reported cases and subsequent investigations involved; the investigation procedures also include confidentiality mechanisms and protective measures.	None

Evaluation Item	Implementation Status			Causes for the Difference
	Yes	No	Summary	
(III) Has the Company taken measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing?	✓		(III) The Code of Ethics and Business Conduct stipulate that the identity of the whistleblower and contents of the whistleblowing case shall be kept confidential to prevent any person from attempting to retaliate or interfere with the discovery of facts. The Company shall not impose any punishment or arrangement unfavorable to the whistleblower because of his/her whistleblowing behavior, except if the case content is false and untrue.	None
IV. Enhancement of information disclosure Has the Company disclosed the contents and effectiveness of its ethical corporate management best practice principles on its website and the Market Observation Post System?	✓		The Company will disclose the Code of Ethics and Business Conduct and the Code of Conduct on the Company's website and establish an ethical corporate management section to disclose implementation status and effectiveness of these codes.	None
V. If the Company has its own ethical corporate management best practice principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe the differences between the operationsand the best practice principles. The Company has established the "Code of Ethics and Business Conduct" and the operations are conducted accordingly without any differences.				
VI. Other important information for understanding the operation of the Company's ethical corporate management: (e.g., the Company reviews and amends its ethical corporate management best practice principles) The Company upholds ethical corporate management and strives to manage all matters of concern to its stakeholders, and through the implementation of the Code of Ethics and Business Conduct and Code of Conduct, the Company ensures that all employees have consistent ethical standards from top to bottom and that the Company's stakeholders understand the Company's ethical standards.				

(IX) Corporate Governance Guidelines, Regulations, and methods to access those information

The Company has established the Guideline for Corporate Governance, Rules of Procedure for Shareholders Meetings, Rules of Procedure for Board of Directors Meeting, Rules and Regulations of the Board of Directors, Rules for the Election of Directors, Charter of Audit Committee, Charter of Compensation Committee, standard operational protocol for responding to requests from directors, Regulation of Self-Evaluation of the Board of Directors, Code of Group Ethics and Business Conduct, Code of Conduct, Group Guidelines for Handlings Whistleblowing case, Group Guideline for Anti-Insider Trading Management to implement corporate governance. More detailed information was disclosed on our website (https://www.continental-holdings.com/en/)

(X) Other Important Information for Further Understanding Implementation Status of Corporate Governance:

Besides publishing material information on the MOPS in accordance with laws and regulations. Further information on the implementation status of Corporate Governance can be found on CHC website "Investor Relations" and "Corporate Governance " section.

(XI) Internal Control System Execution Status

1. Statement of Internal Control System

Continental Holdings Corporation
Statement of Internal Control System

March 8, 2024

Based on the findings of a self-assessment, Continental Holdings Corporation (CHC) states the following with regard to its internal control system during the year 2023:

1. CHC's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and CHC takes immediate remedial actions in response to any identified deficiencies.
3. CHC evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. CHC has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, CHC believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of CHC's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement was passed by the Board of Directors in their meeting held on March 8, 2024, and the Seven attending directors present agreed to the content of this Statement.

Continental Holdings Corporation

Chairman: Nita Ing

Chief Executive Officer: Cindy Chang

2. If CPA Was Engaged to Conduct a Special Audit of Internal Control System, Provide Its Audit Report: None.

(XII) Details of penalties, major faults, and improvement measures against the Corporation or internal staffs due to violations of legal requirements, or carried out by the Corporation against its own staffs due to violations of internal control regulations during the past year and as of Publication date of the Annual Report: None

(XIII) Major Resolutions of Shareholders' Meetings and the Board of Directors during current year and up to the publication date of the annual report:

(I) Important Resolutions of the Shareholders' Meeting and Implementation Status in 2023

The Company's 2023 Annual General Meeting was held on May 30, 2023, on the B2, No. 108, Sec. 1, Dunhua S. Road, Taipei City (Fubon International Conference Center). The important resolutions and their implementation are presented below:

1. Approval Items

1) 2022 Annual Business Report and Financial Statements

Voting results: 554,423,703 votes in favor, 73,112 votes against, 23,201,808 votes abstained/not voting, and the votes in favor accounted for 95.97% of the total voting rights of the shareholders present.

Implementation status: The resolution was approved

2) 2022 Annual Earnings Distribution Plan

Voting results: 558,912,704 votes in favor, 95,112 votes against, 18,690,807 votes abstained/not voting, and the votes in favor accounted for 96.75% of the total voting rights of the shareholders present.

Implementation status: The resolution was approved. June 30, 2023 was set as the ex-dividend base date, and the cash dividend shall be paid on July 31, 2023.

(II) Important resolutions by the board of directors and their implementation

Date	Session	Important Resolutions	Implementation Status
2023/3/10	5-11	1. 2022 internal board performance evaluation results report 2. Distribution of employees' compensation and Directors' remuneration for 2022 3. 2022 Financial Statements and Business Report 4. Distribution of 2022 earrings 5. Distribution of 2022 Cash Dividend 6. Convening the 2023 annual general shareholders meeting 7. The Company's Pre-Approved Non-Assured Service Procedure 8. Evaluation of the Independence and Suitability of the Company's CPAs 9. The Company's 2022 Internal Control System Statement 10. Liability insurance for directors and officers.	Approved by All Directors present
2023/5/5	5-12	1. The Company's 2023 Q1 Financial Statements 2. Approve for Bank facility 3. The Company's Appointment of 2023 CPAs 4. Amendment to the Company's Level of Authority 5. Amendment to the Company's Corporate Governance Codes 6. Amendment to the Company's Code of Conduct 7. Changes in the Company's personnel 8. Reassignment of the Company's deputy spokesperson 9. 2023 annual manager salary adjustment plan	1. Item 3, 5 and 6 were approved after amendment 2. Others were approved by All Directors present
2023/8/1	5-13	1. The Company's 2023 Q2 Financial Statements 2. Forward foreign exchange transaction in Japanese Yen to be conducted by HDEC Corporation 3. Amendment to the Group's Code of Ethics and Business Conduct 4. Amendment to the Company's Guideline for External Statement Management 5. Appointment of Chief information security officer and Dedicated Information Security Specialist 6. Appointment of HR vice president	Approved by All Directors present
2023/11/10	5-14	1. The Company's 2023 Q3 Financial Statements 2. The Company's External Assessment of the Functions of the Audit Department	Approved

Date	Session	Important Resolutions	Implementation Status
2023/12/25	5-15	1. Approve for CEC Annual business plan 2. Approve for CDC Annual business plan 3. Approve for HDEC Annual business plan 4. The Company's 2024 Budget 5. The Company's 2024 audit plan 6. 2023 annual Executives' performance evaluation 7. 2023 Executives' performance bonus 8. 2024 Executives' performance target	1. 5 was approved after amendment 2. Others were approved as original
2024/3/8	5-16	1. Report on the internal board performance evaluation results in 2023 2. Distribution of Employee compensation and Directors' remuneration for 2023 3. 2023 Business Report and Financial Statements 4. Distribution of 2023 Earnings 5. Distribution of 2023 Cash Dividend 6. Nomination of director candidates of the Company for the 6th term 7. Release of the non-competition restrictions on the 6th term of directors 8. Convening the 2024 annual general meeting of shareholders 9. Evaluation of the Independence and Competency of the Company's CPAs 10. The Company's Appointment of its 2024 CPAs 11. The Company's 2023 Internal Control System Statement 12. Liability insurance for directors and officers 13. Amendments to the Organizational Procedures of the Audit Committee 14. Amendment to the Company's Rules of Procedure of the Board of Directors 15. Appointment and remuneration of the accounting supervisor 16. Release of the non-competition restrictions on the Company's managers	Approved by All Directors present

(XIV) Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors during 2023 and as of the Date of this Annual Report: None.

(XV) Resignation or Dismissal of Chairman, President, and Managers of Accounting, Finance, Internal Audit, Corporate Governance Officer and R&D during 2023 and as of the Date of this Annual Report:

Principal accounting officer Eva Lin was transferred to Continental Development Corporation's finance department on 2024.3.11. Gary Hsieh succeeds as the principal accounting officer of Continental Holdings Corporation on the same day.

IV. Information on CPA Fees

Unit: NT$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
KPMG Taiwan	Chung-Che Chen Shu-Ying Chang	2023.01.01~ 2023.12.31	2,483	-	2,483	-

I. In the event of a change in accounting firm where the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amount of audit fees before and after said change and the reasons should be disclosed: None.

II. In the event where audit fees paid for the current fiscal year are lower than those of the previous fiscal year by more than 10%, reductions in the amount of audit fees, reduction percentage, and reason(s) should be disclosed: None.

V. Replacement of CPA: None.

VI. CHC's Chairman, Chief Executive Officer, and Managers in Charge of Its Finance and Accounting Operations Did Not Hold Any Positions within CHC's Independent Audit Firm or Its Affiliates in the Most Recent Year.

VII. Net Change in Shareholding by Directors, Management and Shareholders with 10% Shareholdings or More

Unit: Shares

Title	Name	2023		As of Apr. 5, 2024	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman	Wei-Dar Development Co., Ltd.	0	13,250,000	0	450,000
	Representative: Nita Ing	0	0	0	0
Director	Wei-Dar Development Co., Ltd.	0	13,250,000	0	450,000
	Representative: Helena Kuo	0	0	0	0
Director	Han-De Construction Co., Ltd.	0	3,800,000	0	(7,500,000)
	Representative: Hsiung Chiang	0	0	0	0
Director	Han-De Construction Co., Ltd.	0	3,800,000	0	(7,500,000)
	Representative: John Huang	0	0	0	0
Independent Director	Frank Juang	0	0	0	0
Independent Director	Allen Lee	0	0	0	0
Independent Director	Jolien Shu	0	0	0	0
CEO	Cindy Chang	0	0	0	0
Corporate Governance Officer	Calvin Tsai	0	0	0	0
Chief Auditor	Charleen Chang	0	0	0	0
Vice President	Weifan Wang	0	0	0	0
Vice President	Chichi Chen	0	0	0	0
Vice President	Emily Liu	0	0	0	0
Vice President	Erwin Fei	10,000	0	7,000	0
Finance Officer	Kris Lin	0	0	0	0
Accounting Office	Gary Hsieh	0	0	0	0
Asst.Vice President	Tuan Jen Wang	0	0	0	0
Asst.Vice President	David Wang	1,000	0	0	0
Asst.Vice President	Nanchyi Shieh	0	0	0	0
Asst.Vice President	Jason Lin	0	0	0	0
Asst. Vice President	John Yeh	0	0	0	0
Major Shareholders	Wei-Dar Development Co., Ltd.	0	13,250,000	0	450,000
Major Shareholders	Tamerton Group Limited	0	0	0	0
Vice President	Anthony Lien (Relieved on 2023.3.31)	0	0	N/A	N/A
Accounting Officer	Eva Lin (Relieved on 2024.3.11)	0	0	N/A	N/A

Shares Trading with related parties: None

VIII. Relationship among the Top Ten Shareholders

Name	Current Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Wei-Dar Development Co., Ltd.	206,025,200	25.02%	0	0	0	0	Han-De Construction Co., Ltd. Oriens Corporation Tamerton Group Limited Mirton Investment Cooperation Bunker Industry inc.	Substantive Related Party	
Chairman: Maoshi Corporation	0	0	0	0	0	0	Han-De Construction Co., Ltd.	Chairman of Han-De Construction Co., Ltd.	
Tamerton Group Limited	85,672,300	10.40%	0	0	0	0	Wei-Dar Development Co., Ltd. Han-De Construction Co., Ltd. Oriens Corporation Mirton Investment Cooperation Bunker Industry Inc.	Substantive Related Party	
Han-De Construction Co., Ltd.	63,755,667	7.74%	0	0	0	0	Oriens Corporation Wei-Dar Development Co., Ltd. Mirton Investment Cooperation Tamerton Group Limited Bunker Industry inc.	Substantive Related Party	
Chairman: Maoshi Corporation	0	0	0	0	0	0	Wei-Dar Development Co., Ltd	Chairman of Wei-Dar Development Co., Ltd.	
Hao Ran Foundation	40,474,902	4.92%	0	0	0	0	None	None	
Chairman: Nita Ing	903,298	0.11%	0	0	0	0	None	None	
Oriens Corporation	31,662,844	3.85%	0	0	0	0	Wei-Dar Development Co., Ltd. Han-De Construction Co., Ltd. Mirton Investment Corporation Tamerton Group Limited Bunker Industry Inc.	Substantive Related Party	
Chairman: Jade Fortune Enterprises Ins	0	0	0	0	0	0	Substantive Related Party	Substantive Related Party	
Mirton Investment Corporation	22,984,642	2.79%	0	0	0	0	Wei-Dar Development Co., Ltd. Han-De Construction Co., Ltd. Oriens Corporation Tamerton Group Limited Bunker Industry Inc.	Substantive Related Party	
Bunker Industry Inc.	12,947,698	1.57%	0	0	0	0	Oriens Corporation Wei-Dar Development Co., Ltd. Han-De Construction Co., Ltd. Miriton Investment Corporation Tamerton Group Limited	Substantive Related Party	
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	6,550,000	0.80%	0	0	0	0	None	None	
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	6,261,000	0.76%	0	0	0	0	None	None	
Standard Chartered Bank is entrusted with the ETF investment account of core MSCI of ISHARES in emerging market	5,992,600	0.73%	0	0	0	0	None	None	

IX. The total number of shares and total equity stake held in any single enterprise by the company, its directors, supervisors, managers, and any companies controlled either directly or indirectly by the Company.

Unit: shares/ %

Investees (Note)	Investment by the Company		Investment by directors, managers and enterprises directly or indirectly controlled by the Company		Total investment	
	Shares	%	Shares	%	Shares	%
Continental Engineering Corporation	372,061,987	99.99998%	84	0.00002%	372,062,071	100%
Continental Development Corporation	601,419,561	99.99998%	102	0.00002%	601,419,663	100%
HDEC Corporation	362,499,866	99.99996%	134	0.00004%	362,500,000	100%
Continental Consulting Limited Company	-	100%	-	-	-	100%

Note: Investments made by the company with the equity method.

Capital Overview

I. Capital and Shares

(I) Capitalization

Month/ Year	Per Share (NT$)	Authorized Share Capital		Capital Stock		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2010/4	10	1,000,000,000	10,000,000,000	841,158,076	8,411,580,760	CHC was established in 2010.4.8 by CEC as a holding company through a share-swap deal in a ratio of 1 to 1	-	-
2014/8	10	1,000,000,000	10,000,000,000	883,215,980	8,832,159,800	Stock dividends of Common Stock	-	-
2015/12	10	1,000,000,000	10,000,000,000	853,215,980	8,532,159,800	Treasury Stock Retired	-	-
2016/5	10	1,000,000,000	10,000,000,000	823,215,980	8,232,159,800	Treasury Stock Retired	-	-

Type of Stock	Authorized Capital						Remark
	Issued Shares			Treasury shares	Unissued Share	Total	
	Listed	Non-listed	Total				
Common share	823,215,980	-	823,215,980	-	176,784,020	1,000,000,000	-

Information for Shelf Registration: None.

(II) Status of Shareholders

As of 2024/4/5 (Record date)

Quantity / Shareholder Structure	Government	Financial Institutions	Other Juridical	Domestic Natural persons	Foreign institutions and Natural persons	Total
Number of Shareholders	0	18	124	37,983	166	38,291
Number of Shareholding	0	16,309,915	357,764,539	261,569,772	187,571,754	823,215,980
Shareholding Percentage	0.00%	1.98%	43.46%	31.77%	22.79%	100.00%

(III) Distribution Profile of Share ownership

As of 2024/4/5 (Record date)
The Parvalue for each share is NT$10

Class of Shareholdings	Number of Shareholders	Number of shares	Percentage
1 ～ 999	10,781	2,590,676	0.31%
1,000 ～ 5,000	19,300	42,221,912	5.13%
5,001 ～ 10,000	3,959	30,867,252	3.75%
10,001 ～ 15,000	1,312	16,564,434	2.01%
15,001 ～ 20,000	778	14,329,024	1.74%
20,001 ～ 30,000	760	19,202,731	2.33%
30,001 ～ 40,000	400	14,166,242	1.72%
40,001 ～ 50,000	213	9,815,707	1.19%
50,001 ～ 100,000	420	30,501,898	3.71%
100,001 ～ 200,000	187	26,976,046	3.28%
200,001 ～ 400,000	88	24,082,198	2.93%
400,001 ～ 600,000	27	13,347,661	1.62%
600,001 ～ 800,000	12	8,410,831	1.02%
800,001 ～ 1,000,000	7	6,153,678	0.75%
1,000,001 以上	47	563,985,690	68.51%
Total	38,291	823,215,980	100.00%

Perferred Shares: None

(IV) Major Shareholders

As of 2024/4/5 (Record date)

Shareholding / Shareholder's (Note)	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%
Hao Ran Foundation	40,474,902	4.92%
Oriens Corporation	31,662,844	3.85%
Miriton Investment Corporation	22,984,642	2.79%
Bunker Industry Inc.	12,947,698	1.57%
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	6,550,000	0.80%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	6,261,000	0.76%
Standard Chartered Bank is entrusted with the ETF investment account of core MSCI of ISHARES in emerging market	5,992,600	0.73%

Note: Shareholders who rank in the top 10 in shareholding percentage.

(V) Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT$, except for weighted average shares and return on investment ratios

Items			2022	2023	2024/01/01~2024/03/31
Market Price per Share (Note 1)	Highest Market Price		34.50	32.85	31.50
	Lowest Market Price		21.90	25.25	26.70
	Average Market Price		29.19	29.29	28.57
Net Worth per Share	Before Distribution		31.98	33.23	-
	After Distribution		29.48	31.73 (Note 2)	-
Earnings per Share	Weighted Average Shares		823,215,980	823,215,980	823,215,980
	Diluted Earnings Per Share		3.51	2.09	-
Dividends per Share	Cash Dividends		2.50	1.50	-
	Stock Dividends	Dividends from Retained Earnings	-	- (Note 2)	-
		Dividends from Capital Surplus	-	- (Note 2)	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	Price / Earnings Ratio (Note 3)		7.92	13.78	-
	Price / Dividend Ratio (Note 4)		11.12	19.21	-
	Cash Dividend Yield Rate (Note 5)		8.99	5.21	-

Note 1: Referred to TWSE website.
Note 2: The earnings distributions for 2023 have not yet been approved by the Shareholders' Meeting.
Note 3: Price / Earnings Ratio = Average Market Price / Earnings per Share
Note 4: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
Note 5: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

(VI) Dividend Policy and Distribution of Earnings

Company's dividend policy and implementation thereof

The Company's dividend policy

The Company adopts a steady and balanced dividend policy. When it is determined that the Company has net profit for a fiscal year, the earnings shall firstly be appropriated to profit-seeking enterprise income taxes, offset its losses in previous years, set aside a legal reserve at 10% of the earnings, and set aside or reverse the special capital reserve in accordance with Article 41 of the Securities Exchange Act and applicable laws and regulations. The aforementioned ending balance plus unappropriated retained earnings of previous years shall be earnings available for distribution based on which a dividend distribution proposal shall be submitted. In the case when there is no accumulated loss in previous years, dividend shall be not less than 30% of net profit of that fiscal year.

The ratio of cash dividend shall be not less than 30% of total distributes.

The Company's distribution of dividends resolved by the meeting of Board of Directors 2024

Based on dividend policy, the proposed appropriation of 2023 earnings was approved by the Board of Directors on March 8, 2024. The distribution of cash dividend are NT$1,234,823,970 (NT$1.50 per share) this year.

		Distributed per share
Cash Dividend	Payout from Retained Earnings	NT$1.50
	Payout from Capital Surplus	NT$0
Stock Dividend	Stock Dividend from Retained Earnings	NT$0
	Stock Dividend from Capital Surplus	NT$0

(VII) Impact to 2023 Business Performance and EPS Resulting from Stock Dividend Distribution: Not applicable.

(VIII) Remuneration to Directors and Compensation to Employees

1. Percentage or range of the remuneration to employees/directors referred to in the Articles of Incorporation: If there is profit for a specific fiscal year, the Company shall allocate 0.5% of the profit as employee's compensation and no more than 0.5% as remuneration to Directors
2. Basis of estimation for remuneration to employees/directors, basis of calculation for share-based compensation, and accounting treatment for any discrepancies between the amounts estimated and the amounts paid.
   (1) Basis of estimation for remuneration to employees/directors: 2023 net income multiplied by the distribution percentage of employee bonus and remuneration to directors defined in the Company's Articles of Incorporation.
   (2) Basis of calculation for share-based compensation: Subject to the closing price on the day prior to resolution made by the shareholders' meeting and the effect posed by ex-dividends and ex-rights.
   (3) Accounting treatment for any discrepancies between the amounts estimated and the amounts paid: The discrepancies will be treated as changes in accounting estimate and stated as the 2023 income.
3. Proposed amount of stock for distribution approved by the Board of Directors and information about remuneration to directors
   (1) The Compensation to employees and Remuneration to directors recognized in the 2023 financial statements was NT$9,961 thousands and NT$0, respectively.
   (2) Proposed amount of employees' stock bonus as a percentage of the current period net profit after tax and the total amount of employees' bonus: N/A.
   (3) Imputed EPS after distributing the remuneration to employees and directors: N/A.
   (4) Actual distribution of Compensation to employees and remuneration to directors in the previous year: The Compensation to employees and the remuneration to directors, NT$14,764,000 and NTD$0, was distributed in cash in 2022. The actual distribution is found to be identical with the proposed distribution approved by the Board of Directors.

(IX) Buyback of Common Stock: None.

II. Corporate bond operations

(I) Corporate bond operations

<table>
<tr><td colspan="2">Type of Corporate Bond</td><td>First Secured Common Corporate Bonds in 2020</td></tr>
<tr><td colspan="2">Issuance Date</td><td>January 11, 2021</td></tr>
<tr><td colspan="2">Par Value</td><td>NT$1 million</td></tr>
<tr><td colspan="2">Place of Issuance and Trading</td><td>Issued domestically and listed on TPEx</td></tr>
<tr><td colspan="2">Issue Price</td><td>100% of face value</td></tr>
<tr><td colspan="2">Total Issue Amount</td><td>NT$2 billion</td></tr>
<tr><td colspan="2">Interest Rate</td><td>0.55% per annum (Fixed rate)</td></tr>
<tr><td colspan="2">Term</td><td>5-Year, expiring on January 11, 2026</td></tr>
<tr><td colspan="2">Guarantor</td><td>Mega International Commercial Bank</td></tr>
<tr><td colspan="2">Trustee</td><td>Taiwan Shin Kong Commercial Bank, Trust Dept.</td></tr>
<tr><td colspan="2">Underwriting Institution</td><td>Mega Securities Co., Ltd.</td></tr>
<tr><td colspan="2">Certifying Attorney-at-Law</td><td>Chuan Jian International Law Office (CT Law), Jay Yue, Attorney-at-Law</td></tr>
<tr><td colspan="2">External Auditor</td><td>KPMG, Chung-Che Chen, CPA</td></tr>
<tr><td colspan="2">Method of Repayment</td><td>Repayment of the principal in full upon expiration of five years from the issuance date</td></tr>
<tr><td colspan="2">Outstanding Balance</td><td>NT$2 billion</td></tr>
<tr><td colspan="2">Terms and Conditions for Early Redemption or Repayment</td><td>N/A</td></tr>
<tr><td colspan="2">Restrictive Clause</td><td>N/A</td></tr>
<tr><td colspan="2">Ratings Agency, Date of Rating, and Rating Awarded</td><td>N/A</td></tr>
<tr><td rowspan="2">Other Rights</td><td>Amount of common shares, global depository receipts, or other securities converted (exchanged or subscribed for) up to the publication date of the annual report</td><td>N/A</td></tr>
<tr><td>Regulations governing issuance and conversion (exchange or subscription)</td><td>Please refer to the Company's 2020 1st Secured Corporate Bond Prospectus.</td></tr>
<tr><td colspan="2">Possible dilution of equity and impact on equity of existing shareholders due to the regulations governing issuance, conversion, exchange or subscription or issuance terms</td><td>Please refer to the Company's 2020 1st Secured Corporate Bond Prospectus.</td></tr>
<tr><td colspan="2">Custodian of Exchanged Assets</td><td>N/A</td></tr>
</table>

(II) Corporate bonds undergoing private placement: N/A

III. Preferred Shares: None

IV. Issuance of Global Depositary Receipts: None

V. Status of Employee Stock Option Plan: None

VI. Status of New Share Issuance in Connection with Mergers and Acquisitions: None.

VII. Financing Plans and Implementation:

(I) Description of the plans:

For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: None

(II) Status of implementation: N/A

Operational Highlights

I. Business activities

(I) Business Scope

CHC provides expertise in investment, corporate governance structure and finance to assist member companies compete effectively in the global market. Member companies are currently involved in Construction Engineering, Real Estate Development, and Environmental Project Development & Water Treatment.

Main subsidiaries' business scope

Continental Engineering Corporation Business Scope

CEC focuses on general contracting of public/private sector civil and construction projects:

Projects and Services Currently in Progress:
Public sector:
Shield tunnels of Song-Hu~Da-An, Shen-Mei~Da-An 345kv Power Cable Transmission Lines Design and Build Project
Taoyuan International Airport MRT Extension to Zhongli Contract CM01
Contract CQ842 "Station LG02; LG02 to LG03, and LG02 to LG01 TBM Tunnels Civil Construction"
Taipei Metropolitan Area Rapid Transit System Wanda- Zhonghe- Shulin Line District Contract (Phase I) CQ840 Project
Taipei Metropolitan Area Rapid Transit System Wanda- Zhonghe- Shulin Line District Contract (Phase I) CQ850A Project
Contract C214 - South Tainan Station Southern section of the Tainan Railway Underground Project
Contract C211 - Tainan Northern section of the Tainan Railway Underground Project
Taoyuan MRT Green Line Contract GC01 - Elevated Viaduct Civil Turnkey Project
Taipei Nangang Depot Public Housing Design and Build Project
Taoyuan MRT Green Line Contract GC03 - Elevated Viaduct Civil Turnkey Project
Taipei Metro Mass Rapid Transit System North Circular Line CF680C Section/North Depot
N-WH Program Cross-Harbor Project for Ministry of National Defense
Contract CF670A for the Taipei MRT Circular Line South Section.
Jiantan MRT Transit Facility Multi-Purpose Design-Build Project

Private Sector:
Grand River A7 Commercial Project
Taichung Pujen CMP Midtown Hotel/Church/Art Gallery/Residential Project
Truefull GreenRiver Residential Project
Arcade Gallery Phase Ⅱ Residential Building Project
Heming Xindian Residential Project
Fanlu Kaohsiung Santo Residential and Hotel Complex Project
Truefull Bade Residential Project
Fubon Liren Residential Building Project
Fubon Dunnan South Road Residential/Commercial Building Project
Wunqi Beitou Project
Shendefu The One & Only Residential Project
Grand Wall Taipei M&E Project
NEXGEN Residential Building Project
Fubon Zhongxiao Huaishen Urban Renewal Project
Xinman Courtyard Tainan Project
Taichung Intercontinental Baseball Stadium Entertainment Town B1 Project
Taipei Ambassador Hotel Co., Ltd. Renovation Project
Guoyang Jilin Urban Renewal Project

Qingcheng Fuhua Residential Building Project
Huagu Da’an Tower Mechanical and Electrical Engineering Project
BH Group Master Landmark Residential Building Project

CDC:
Sensuous Garden-Fullerton Hotel Renewal Project
Timeless and Modern Expression- Dexing East Road Residential Project
Tianjin Street Commercial/Office/Residential Project
Belle Époque - Taichung Hui-Go 101 Residential Project
Green Utopia – Taichung Zhou-Chi Section Residential Project
Prologue Eternal – Zhongxiao East Road Residential Project
Duan Mei – Xindian Ankang Resedential Project
Metropolitan Village – Xinyi Wenchang Residential Project
Poetic Yard – Banqiao Hsinya Section Residential Project
Dazhi Jintai Section Building Project
Banqiao Siwei Building Project

Planned New Products and Services:
Large-scale development projects
Condominium construction
Commercial office buildings
Hotels
Multi-Purpose Buildings
Mass transit general contractor and system engineering
Railway viaduct/tunnel construction
Pier construction
Taipower power plant and power transmission projects
Fuel tank and LNG storage tank project

Continental Development Corporation Business Scope

Continental Development Corporation is mainly responsible for land development, urban renewal, community development, and real estate leasing management.

Current ongoing products and services:

Taipei residential/commercial buildings	New Taipei City residential buildings
Hsinchu County residential buildings	Taichung City residential buildings
Kaohsiung City residential/hotel	Malaysia residential/hotel
US residential/hotel	

Products and services planned for development: residential and commercial building development projects in Taipei City, New Taipei City, Taoyuan City, Hsinchu, Taichung City, Kaohsiung City and other areas.

HDEC Corporation Business Scope:

HDEC Corporation specializes in professional construction engineering in environmental engineering. Its business scope covers construction, reconstruction, and operation in the Water Treatment, Waste Disposal, and Biomass energy, and in Renewable energy. Its primary business includes water treatment project contracting, operation and maintenance, as well as waste treatment and renewable energy applications. As an integrated environmental engineering company, HDEC Corporation's business encompasses related industries upstream, midstream, and downstream of environmental engineering, including "planning", "investment", "engineering construction", and "operation". Water resources treatment, waste disposal, renewable energy, pipeline engineering, and facility operation and maintenance form the core business of HDEC Corporation. The company is also committed to developing sludge reduction, energy-saving equipment, high-tech water treatment technology, and renewable energy technology applications. From feasibility study analysis, planning and design, equipment procurement and installation, to pipeline and plant construction, maintenance operations, HDEC Corporation provides customers with complete professional services.

Projects and Services Currently in Progress:

There are currently eight projects being implementated, including three sewer systems (Tamsui, Chungli, and Puding systems), four reclaimed water treatment plants (Fengshan Plant, Linhai Plant, Anping Plant, and Ciaotou Plant), and one waste treatment plant (Chengxi Plant), as listed below:

Planning, design, construction and operation of New Taipei City Tamsui Area Sewerage System BOT Project

Planning, design, construction and operation of Taoyuan City Chungli Area Sewerage System BOT Project

Planning, design, construction and operation of Taoyuan City Puding Area Sewerage System BOT Project

Planning, design, construction and operation of Kaohsiung Linhai Wastewater Treatment Plant and Reclaimed Water BTO Project

Planning, design, construction and operation of Kaohsiung Fengshan River Wastewater Treatment Plant and Reuse BTO Project

Tongluo Science Park Wastewater Treatment Plant Phase II Project - Functional Enhancement of Conductivity Treatment Facilities Turnkey Project

Tainan City Anping Reclaimed Water Plant New Construction Turnkey Project

Planning, design, construction, and operation of a new operation transfer project for the renovation furnace of Tainan City West District Waste Incineration Plant

Planning, design, construction, and operation of the construction and transfer operation of Qiaotou Reclaimed Water Plant in Kaohsiung City

Planned New Products and Services:

In the future, we will develop a high-level Water Treatment and expand our scale of operations. Building upon our existing water business, we will leverage the experience of actual plant operation to implement robust controls of high-standard reclaimed aquatic products, such as boron and urea removal. We will also develop industrial wastewater treatment and high-tech water management technologies and evaluate entry into the seawater desalination business.

We will continue to develop the waste disposal business. In the future, we will continue to pursue bids for waste treatment plants, establish incineration engineering and operation capabilities. Simultaneously, HDEC Corporation will use new technologies to improve the efficiency of waste treatment and power generation capacity to meet future market demand, developing both the "Water Treatment" and "Waste Disposal".

We will actively participate in the public works bio-energy industry, planning and applying for biomass energy projects such as food waste, organic sludge, and food and agricultural waste based on anaerobic digestion technology and operational performance of sewage treatment plants.

(II) Industry Overview

Construction Industry Overview

Public Works Market

In 2023, local governments continued to cooperate with the Forward-looking Infrastructure Development Program to build various infrastructure projects, such as the expansion of the mass rapid transit (MRT) network and road construction. The energy management unit also released several construction targets. However, due to factors such as soaring construction prices and a significant increase in labor costs caused by the substantial expansion of the semiconductor industry, government tenders were still limited by procedures and budget management and could not respond to the soaring costs in a timely manner. Most bids were rejected several times due to insufficient budgets. It is expected that actual construction costs will be reflected in the public works bidding budgets in a timely manner in 2024.

In the field of public works, Continental Engineering still maintains a leading position in MRT shield tunnel and mountain tunnel projects. In the future, we will prudently select and evaluate various tendering projects, actively strive for projects to be awarded, and focus on increasing profitability. For specialized projects such as power transmission and transformation tunnels, oil storage tanks, and port engineering fields, we will continue to actively seek to expand the flexibility of diversified development in order to enhance the Company's competitiveness and market leadership.

Construction Business Market

In 2023, the residential market continued to be affected by the implementation of the Equalization of Land Rights Act, and the number of residential projects slowed down. However, it had negligible impact on the Company's acquisition of construction works. At present, our construction business volume continues to grow steadily. Continental Engineering will continue to adopt a steady growth strategy, carefully select cooperation projects, strengthen profitability, and deepen the operation of high-end residential, hotel, commercial office, diversified buildings, redevelopment of vulnerable buildings, urban renewal projects, and public building turnkey projects.

Mechanical and Electrical Engineering

Due to the synergies generated by the integration strategy of construction and civil engineering, Continental Engineering has established market recognition and performance in the mechanical and electrical (E&M) engineering areas. In the future, electromechanical engineering will still focus on building a brand, and strive for business opportunities in electromechanical engineering such as hotels, shopping malls, and commercial office.

In terms of public works contracts, the Company won the contract for CF670A Section of the South Line section of the Circular Line of the Taipei Metropolitan Mass Rapid Transit System in March 2023 (the contract value amounting to NT$8.838 billion). In civil construction, in addition to the continuous development of the private residential market in 2023, the market for commercial large, diversified target buildings and public works turnkey construction projects continued to be strengthened. These included the multiplex building of Taipei MRT Jiantan Station, the Dazhi Commercial Office Building, the New Taipei City Banqiao Xinya residential project, and the New Taipei City Banqiao Siwei residential buildings, amounting to approximately NT$11.7 billion.

Real Estate Development Industry Overview

The real estate development market was affected by the implementation of the amendment to the Equalization of Land Rights Act on July 1, 2023, and the implementation of the control of the ceiling of 70% of the second house loans of natural persons in specific areas announced by the central bank. This limited the mobilization of funds for individual buyers. Due to changes in the international political and economic situation and the impact of interest rate increases, the national construction transaction and transfer of buildings in the first half of 2023 decreased by about 18.7%. The market's potential for buying houses turned conservative and hesitant.

To reduce the burden on households without their own homes, the Ministry of Finance has launched a peace of mind preferential loans program for young people to buy homes since August 1, 2023. Although there was a slight rebound in the buying of self-use residential homes in the second half of the year, the total number of buildings transferred for national building sales in 2023 decreased by about 3.5%, and sales in the real estate development market were still affected. The price index of construction works in 2023 was 109.23, with an annual growth rate of 1.74%. Although the increase has slowed down compared to 2022, it still continues to fluctuate at a high point. The annual growth rate of the housing price index of the Ministry of the Interior in 2023 was maintained at more than 5% due to labor shortages, and the carbon fee introduced in 2025 may further push up future construction engineering costs of buildings.

Looking forward to 2024, in the case of clear laws and high construction engineering costs, it is expected that the housing market will show a flat price and volume pattern.

Environmental Project Development & Water Treatment Industry Overview

HDEC Corporation's business market targets cover water treatment, waste disposal and biomass energy. The overall estimated market size is approximately NT$17.5-68.5 billion per year for 2024-2026. The water treatment business, dominated by seawater desalination and recycled water, totals NT$85.3 billion for 2024-2026. The waste disposal and biomass energy market totals NT$29.4 billion for 2024-2026, with the waste disposal mainly promoting participation in waste incineration plants. Given conservative expectations for the overall market and Taiwan's future economic growth, the Government has continued to expand the promotion of the environmental industry in recent years, which is conducive to the development of environmental industry businesses.

The Water Treatment is dominated by seawater desalination and reclaimed water. The Water Resources Agency promotes diversified water resources development and reclaimed water projects in accordance with the Taiwan Regional Water Resources Development Plan. It is expected to promote reclaimed water projects in the Hsinchu region and Taichung region during 2024-2026. In 2024, new desalination projects will first promote plants over 100,000 tons in Hsinchu and Tainan, and then develop seawater desalination plants in stages in Taoyuan, Chiayi, North Kaohsiung, and South Kaohsiung.

The waste disposal business is still dominated by waste incineration plants. There are 24 existing waste incinerators in Taiwan, of which 80% have been in operation for more than 20 years. The Environmental Protection Administration and county governments have budgeted for project renewal and replacement. It is estimated that ten large-scale urban incineration plants will still have contracts expiring or require function upgrades and resets during 2023-2030. In 2024, it is expected to upgrade and reset the plants in Kaohsiung's Southern District and Taichung using the Build-Operate-Transfer (BOT) or Rehabilitate-Operate-Transfer (ROT) model. Additionally, in response to the development of Taiwan's technology industry and the return of overseas Taiwanese workforce, an increase of waste treatment facilities in new industrial zones/science parks in 2024 is expected.

For the biomass energy industry, since the Environmental Protection Administration encourages counties and cities to set up food waste recycling facilities, resource and energy facilities will be promoted through turnkey or BOT/BOO (Build-Own-Operate) approaches in accordance with the development of diversified energy policies. In conjunction with the sixth phase of the Land Administration's sewage construction plan, the sustainable recycling of international energy (capital) sources will be established, and the demonstration plan for food waste recycling will be continuously promoted.

(III) Technology and R&D Overview

Continental Holdings Corporation (CHC) is an investment holding corporation, therefore has no research and development needs.

Research and Development of Continental Engineering Corporation

Research and development expenses in 2023 amounted NT$22,344,143
NT$21,744,143 from the Technology Department
NT$600,000 from the Occupational Safety Department

Research Results Report (Technology Department)

- Research on material properties and applications of engineering steel structures.
- API program secondary development to improve BIM execution efficiency at the completion stage.
- Research on construction technology of implantable pre-stressed concrete foundation piles.
- Research on grouting construction technology of post-tensioned pre-stressed systems.
- Secondary development of API program for integrated BIM electromechanical construction drawings.
- Research on the application of design management modes for building turnkey projects.
- API program development and risk cost statistics for automated BIM conflict detection.
- Application of BIM to assist the development of the API program for electromechanical system pre-assembly planning.

Research Findings Report (Occupational Safety Department)

- Research and development of automatic equipment for thermal hazard prevention - thermal hazard notifier.
- Research and development of thermal hazard prevention automation equipment - automatic controller.
- Setup of CCTV integration platform at headquarters.
- Connection of all on-site CCTV to headquarters and removal of obstacles.

Research and Development of HDEC Corporation

- Sludge reduction engineering construction and operational technology.
- Planning and construction of renewable water and energy recovery technology.
- Advanced oxidation process (AOP) combined with mixing technology to remove urea from water.
- Low pressure RO combined with high efficiency reverse osmosis technology used to remove boron ions from water.
- High conductivity wastewater treated by RO combined with evaporation, crystallization and heat exchange technology.
- Use of new biological carriers to improve ammonia nitrogen removal efficiency of traditional activated sludge process.
- Setup of remote monitoring, operation management information and automated management system in wastewater treatment/reclaimed water plants.

(IV) Long and Short-term Business Development Plans

Continental Holdings Corporation

CHC will continue to focus on investment holdings in civil engineering, building construction, property development, and environmental engineering to assist each subsidiary enhance their sustainable development capability.

Business development plan for key subsidiaries - Continental Engineering Corporation, Continental Development Corporation and HDEC Corporation

Long-term Construction Engineering Industry development strategy

Maintain high (quality) brand recognition.

Continue to improve product variety and scope.

Continuously evaluate and develop other highly specialized engineering projects, such as power plants and telecommunications server rooms.

Continuously improve the safety of the production site, and the health and physical and mental wellbeing of its staff.

Short-term Construction Engineering Industry development strategy

Vertical integration (civil/electromechanical, construction/electromechanical) business direction.

Train project management professionals.

Carefully select civil engineering projects, never bid at low prices to expand project volume and profit, and obtain projects with a high gross profit using accurate estimation is our current operating direction in Taiwan.

Make good use of the advantages of brand and performance, in public project bidding cases to participate in the most advantageous tenders.

Improve the efficiency of construction project management, focus on contracting large-scale construction projects, in order to concentrate manpower and resources to obtain optimal management.

Long-term Real Estate Industry Development Strategy

In brand building, we take planning ability, construction quality, and after-sales service efficiency as our core values while striving toward maintaining our leading brand status.

Regarding land development, the rehabilitation of old buildings and urban renewal will be the long-term direction, which will hopefully expand the scale of case development and accumulate land stock.

In terms of product planning, we will strengthen product innovation and research and development capabilities, with safe, healthy, and environmentally friendly residential and commercial buildings as the main focus to meet the future trend of green building development.

In marketing planning, we will use a customer information knowledge management system to effectively manage sales channels and strengthen the ability to plan commercial facilities in order to create added value for products.

In terms of customer service, we will effectively utilize the customer complaint and maintenance management information system to provide customer construction history and combine external information to expand customer service functions, thereby building customer trust in the brand.

Short-term Real Estate Industry Development Strategy

In terms of brand building, we continue to promote projects in the central locations of Taipei City, New Taipei City, Hsinchu County/City, Taichung City, and Kaohsiung City, integrating the advantages of product planning, engineering management, and after-sales service to create a high-quality brand image.

Regarding case development, according to the existing land stock and market supply and demand conditions, we will focus on Taipei City, New Taipei City, Hsinchu County/City, and Taichung City as the main areas, primarily in the development mode of urban renewal or cooperative construction.

In terms of product planning, in line with market demand and location conditions, we plan safe and healthy residential buildings for self-occupancy and office buildings that meet green certification standards to enhance product added value.

In marketing planning, during the product planning process and considering the needs of the target customer, we will combine resources from domestic and foreign renowned architects, interior designers, lighting experts, landscape designers, and other third-party resources to apply them to product packaging planning to shape the product characteristics.

In terms of customer service, we will implement a feedback mechanism to improve the quality of product planning and construction while enhancing the efficiency of customer service to increase customer satisfaction.

Long-term Environmental Project Development & Water Treatment Industry Development Strategy

According to the multi-water source development target tabled by the Ministry of Economic Affairs, water treatment development will integrate additional desalination market development. With the supply of water for people's livelihood as the main goal, we plan to develop a total of 6 large seawater desalination plants from north to south Taiwan, supplying a total of 750,000 tons/day of water, implemented in three stages. The first stage involves planning a first 100,000-ton public seawater desalination plant in Taiwan, meeting market potential and aligning with HDEC Corporation's long-term development strategy in the water market.

In recent years, most large waste incineration plants in Taiwan have reached the end of their service life. The government will gradually introduce refurbishment and operation consolidation to attract investment. The market, previously considered relatively closed, has opened up due to engineering needs. In the next five years, it is estimated that 10 large waste incineration plants will have contracts expiring or requiring functional upgrades, releasing approximately NT$20 billion of projects and around NT$4.2 billion of business opportunities annually. This presents a good opportunity for HDEC Corporation to actively enter the market. Additionally, in response to the promotion of participation in waste disposal facilities in industrial zones/science parks and soil pollution treatment projects derived from industrial development, HDEC Corporation will rely on the management experience of partners with relevant experience in waste disposal by forming alliances and other methods, mastering the market development overview of material source market and facility development trends.

In biomass energy business development, we will utilize the experience in existing project development, sewage treatment plants, anaerobic digestion technology, and operational performance to actively strive for county and municipal government biomass energy centers, including kitchen waste, organic sludge, food, and agricultural waste.

Short-term Environmental Project Development & Water Treatment Industry Development Strategy

Building on the existing water treatment, we will continue to establish experience and performance in sewerage systems, water purification, sewage, and reclaimed water treatment projects, operations, and maintenance. Simultaneously, in line with government policy directions, we will develop diversified water-related businesses (e.g., seawater desalination) to enhance competitive advantage and create sustained revenue growth.

We will develop high-tech water management technology, using the best energy consumption and pharmaceutical management technology to produce high-quality reclaimed water. We will continue to expand the scale of the reclaimed water treatment, synchronously layout the seawater desalination market, and cooperate with international seawater system manufacturers to achieve advantages. On the other hand, we will cultivate the industrial wastewater treatment market and cooperate with experienced industrial wastewater treatment manufacturers. We will develop zero-discharge technology and high-tech water technology, striving for the renewal, reconstruction, and integration of old plants to develop automated management and expand the scale of operations.

HDEC Corporation will standardize operations management systems, strengthening information management systems and control capabilities, including implementing standardized management systems and verification mechanisms and developing remote monitoring and information management systems. We will integrate procurement resources, establish resources of civil engineering manufacturers, maintain and optimize the contract database, and build the procurement cost database.

In terms of waste disposal business, we will actively work with incinerator performance manufacturers to bid together, prioritizing investing in bids encouraged by the Act for Promotion of Private Participation in Infrastructure Projects. We will plan more advanced systems in line with international standards to improve power generation efficiency, reduce carbon emissions, and optimize air quality. HDEC Corporation will cooperate with the Environmental Protection Administration to encourage counties and cities to set up food waste recycling facilities and sewage sewer Phase-VI construction plans, promoting the recycling of energy and sources, participating in the biomass energy industry, and planning demonstration plans for food waste digestion and power generation.

With the potential for rapid business growth or the completion of water facilities in 2024, we will set up a core service team aimed to quickly establish project management standards to compensate for the slow manpower mobilization in the initial stage of the project and ensure the smooth implementation of the projects. Through contract terms and site management operations, we shall establish uniform occupational safety facilities and operating standards; continuously strengthen the design management function, including the establishment of the project main equipment approval system, and the integration ability, BIM team integration ability, continuously integrating external construction design third-party resources to build a long-term cooperation team. Finally, HDEC Corporation will rely on the project management function to improve the quality document management function, strengthen the contract management ability and civil construction management ability, and continue to promote the greenhouse gas inventory and extreme climate risk response countermeasures.

II. Market and Product Sale Overview

(I) Market Analysis

Continental Holdings Corporation (CHC) primarily focuses on investment holdings.

Market analysis of major subsidiaries

Market analysis of Continental Engineering Corporation

To establish convenient and safe transportation and respond to the needs of public opinion, the county and city governments have continued to expand the rapid transit systems in recent years. The demand for civil construction projects launched by Taipei MRT, Taoyuan MRT, Taichung MRT and Kaohsiung MRT is currently at its highest, but due to the impact of the pandemic and the Russian-Ukrainian war, raw material and labor costs have increased significantly, and most of the bids cannot successfully attract investment due to budget constraints. This situation is expected to improve in the upcoming years. In the MRT civil construction, Continental Engineering Corporation, with its extensive experience in practices, will actively participate in projects with the most advantageous bids to achieve the maximum profit possible.

Even though the construction market is affected by government's irregular housing purchase policy and market demand vary from time to time, the landowner in consideration of sales strategy and of the Company's well-known and high-quality brand, still requests the Company to carry out the construction, and as such the Company’s volume of business and profit will not be affected.

Market Analysis for Continental Development Corporation

Real Estate Supply and Demand

According to the statistics from the National Land Management Agency, MOI, the floor area of the licensed buildings is 31.96 million square meters in 2023, an annual increase of 11%; for the residential buildings, the licensed floor area was 17.15 million square meters, an annual increase of 3%. Despite the significant increase in the number of completions in 2023, it is expected that most of these pre-sale units will have already been sold out, and not too many surplus units will be released.

In terms of residential construction statistics, the floor area of the construction buildings in 2023 totaled 32.57 million square meters, an annual decrease of 8%, and the residential segment was 17.69 million square meters, an annual decrease of 15%, failing to continue the upward trend in 2022, because the main developers reduced their plans under the influence of the economic downturn, rising costs, and labor shortage, which will cause a lower supply for the following three years.

Affected by the economy and interest rate environment, coupled with the implementation of relevant subsidy policies and control measures by the government, the demand of investors in the real estate market has decreased, and the rigid demand of owner-occupied and first-purchase groups still exists. Moreover, the current mortgage interest rate is still within the affordable range of home buyers, so the demand for owner-occupied homes still has a certain support for the real estate market.

Main Strategic Direction

- Develop new market areas and expand product forms to strengthen our core business and sustain growth momentum.
- Continue to develop composite housing products and develop intelligent and low-carbon energy-saving office products to create added value

Competitive Niche

- With the construction base of an excellent location, use the brand image to expand land development.
- Based on the proper product positioning, combine with the international trend of design integration ability.
- With good planning and construction quality, establish customer trust in the brand.
- Relying on a professional service team, provide sustainable after-sales service.
- With sound financial capacity, ensure capital liquidity.

Construction Business

Development Project Progress

Continental Development Corporation will focus on Taipei City/New Taipei City, Taichung, Hsinchu, and Kaohsiung, and keep evaluating the development of other new regional markets in the future. This year, we will continue to sell our existing residential buildings, such as Treasure Garden, La Bella Vita, 55Timeless, and San Francisco Residence, as well as pre-sale buildings such as Sensuous Garden, BELLE ÉPOQUE, PROLOGUE ETERNAL, Duan Mei, Metropolitan Village, and the Lantern Bangsar in Kuala Lumpur.

In addition, it is expected to launch the Taipei Dazhi Jintai section business, Banqiao Xinya section, Banqiao Xinpu section, and Taichung intercontinental residential buildings.

Future Favorable and Adverse Factors in Real Estate Market and Countermeasures

Favorable Factors

- Increase of Taiwanese and foreign businesses' investment in Taiwan, and the growing demand for commercial real estate, especially for green buildings.
- The upsurge of new CHINGAN existing housing concessional loans, which has driven the demand for self-use housing.
- Removal of the uncertainty of the presidential election in Taiwan, which returns the housing market to normal demand.

Adverse Factors

- Property market control measures by the Central Bank and related ministries, causing increase in real estate ownership and transaction costs.
- Rising construction costs due to shortages of raw materials and labor, affecting investment profits for developers.
- Demographic changes, such as fewer children and smaller families, affecting product planning.
- Commercial real estate in continuous construction, causing a potential future oversupply.

Countermeasures

- Develop high-end housing and middle-class housing products.
- Continue to operate in the regional markets of Taipei City/New Taipei City, Taichung, and Kaohsiung, and expand into the Hsinchu metropolitan area.
- Develop complex residential products and enhance product value through commercial real estate management.
- Introduce light decoration or fine decoration planning to residential products in response to changes in product types and target customer groups.
- Develop office products for high-end green buildings and smart buildings.

HDEC Corporation Market Analysis

The Environmental Project Development & Water Treatment includes sewage systems, water purification, wastewater treatment, seawater desalination, and reclaimed water treatment projects, of which the reclaimed water business market is relatively large-scale. It is planned that 11 reclaimed water plants will be built in Taiwan by 2031, and the next wave of water treatment development will focus on large-scale seawater plants. In terms of the environmental waste disposal market, in recent years, a number of incineration plants have expired and are about to enter the stage of commercial transformation. The county and city governments mostly handle the construction and continuous operation of new plants or the reconstruction of old plants by means of BOT or ROT. The Environmental Protection Administration encourages counties and cities to set up food waste recycling facilities, which can be implemented by means of turnkey or BOT.

Business Engagement

The core business of HDEC Corporation includes the water treatment, waste disposal, biomass energy, and renewable energy. Water treatment development includes sewage systems, waterworks, wastewater treatment plants, water treatment, recycled water plants, and seawater desalination plants; waste disposal development includes general and commercial waste treatment and power generation; biomass energy development includes food waste treatment and agricultural waste conversion to biomass energy, With more than 15 years of experience in large-scale project operation and more than 5 years of experience in operation management of reclaimed water projects, especially in sewerage systems, HDEC Corporation is an integrated environmental engineering company with the ability to establish construction planning, execute, and make profits from environmental works.

Completed Works

Linkou North sewage treatment plant construction project, 23,000 CMD.

The first and second phase of the Tamsui sewage treatment plant expansion project, 42,000 CMD, laying a 56 km-length of sewage pipeline.

Baoshan water purification plant phase III expansion project, 340,000 CMD.

Qingzhou water purification plant, new project, 80,000 CMD.

Kaohsiung Fengshan Sewage recycling project, sewage recycling facilities, 45,000 CMD.

Kaohsiung Linhai sewage recycling project, sewage recycling facilities, 55,000 CMD.

Contracted Works in Progress

Tamsui sewage sewer BOT

Chungli sewer BOT

Puding sewage sewer BOT

Electrical conductivity treatment facility project for the sewage treatment plant in Tongluo Science Park.

Fengshan Creek reclaimed water BTO

Linhai reclaimed water BTO

Anping reclaimed water plant project

(II) Important Uses and Manufacturing Processes of Main Products

Continental Holdings Corporation focusing on investment holding

Major Subsidiaries

The Primary Product and Manufacturing Process of Continental Engineering Corporation

Main Products and Applications

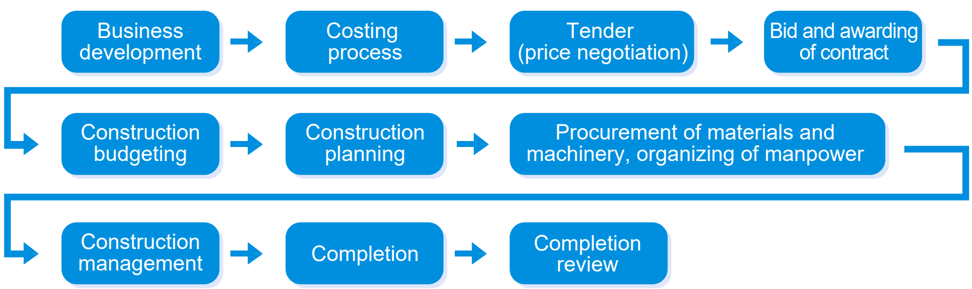
Civil engineering: roads, bridges, tunnels, harbors, rapid transit projects, oil tankers and liquefied natural gas storage tanks, power plant projects, environmental protection and other civil engineering projects.

Construction engineering: residential buildings, commercial buildings, factories, hospitals, hotels, telecommunications rooms and other construction projects.

Mechanical and electrical works: residential, commercial buildings, factories, hospitals, hotels and other electrical projects, water supply and drainage, fire and air conditioning equipment and other projects.

Product Production Procedure

Engineering contractor

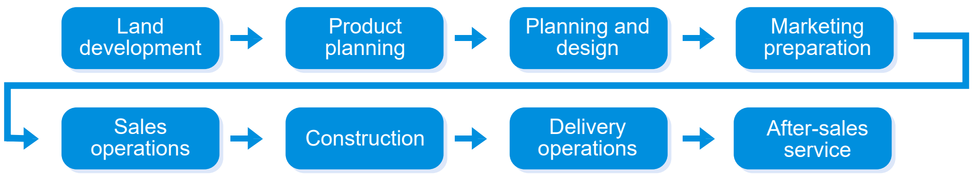


Main products and uses thereof of Continental Development Corporation:

Development of residential buildings, commercial office and communities.

Product Production Procedure:

Development process:

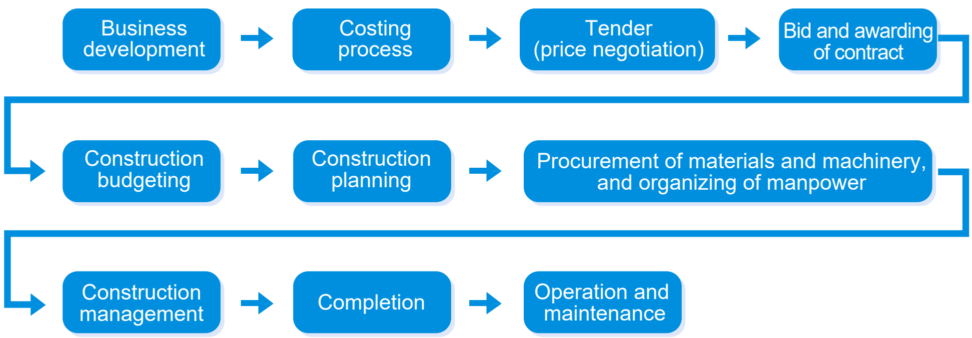


Important Uses of Main Products of HDEC Corporation

Main Products and Applications:

Environmental engineering: construction and operation of sewage, clean water, reclaimed water, biomass energy, waste disposal and other environmental projects.

Product Production Procedure:



(III) Supply of Major Raw Materials

Continental Holdings Corporation focusing on investment holding

The Main Raw Materials and Supply Thereof of the Main Subsidiaries - Continental Engineering Corporation and HDEC Corporation

From Q1 2023 to Q1 2024, the price of steel plates rose by 6.61% (+NT$2,000 per ton). The annual increase rate of the price plate index of construction projects in 2023 averaged -5.65%. It is estimated that the price will rise slightly in 2024 due to the decrease in international raw material inventories and increased demand.

Although steel reinforcement materials are affected by international scrap fluctuations and exchange rates, due to slowing demand, price fluctuations in 2024 are forecast to be relatively stable.

The price of ready-mixed concrete index for construction projects rose by 1.87% in 2023, and the annual growth rate of the price of ready-mixed concrete for construction projects averaged 6.75% in 2023. This market increase can mainly be attributed to an increase in the price of sand and gravel and a shortage of labor. Although the market in 2024 has slowed due to business demand, the price remains to be observed due to the impact of cement cargo tax and carbon tax.

The supply of major bulk materials such as steel plates and steel bars is expected to be stable, but their prices are affected by the price fluctuations in international raw materials such as iron ore, coal, and scrap. In 2023, due to the influence of sand and stone, and freight fluctuations, the price of concrete increased. The labor shortages in Taiwan also caused wages to rise, and price and cost pressures remain, which should be further observed.

(IV) Major customers in 2022 and 2023

CHC is a holding corporation that focuses on investment.

Major subsidiary - Continental Engineering Corporation

Unit：NT$ thousands

2022				2023			
Name	Amount	Percentage of annual net share〔%〕	Relationship with the issuer	Name	Amount	Percentage of annual net share〔%〕	Relationship with the issuer
Department of Rapid Transit Systems, Taoyuan	3,328,906	17.22	Not related parties	Department of Rapid Transit Systems, Taoyuan	3,300,728	16	Not related parties
Department of Rapid Transit Systems, Taipei City Government	3,043,464	15.75	Not related parties	Department of Rapid Transit Systems, Taipei City Government	3,093,560	15	Not related parties
Grand River D. Limited	1,990,282	10.30	Not related parties	Continental Development Corporation	2,146,887	10.41	Related parties
Others	10,963,976	56.73		Others	12,083,401	58.59	
Net sales	19,326,628	100		Net sales	20,624,577	100	

Major subsidiary – Continental Development Corporation

Unit：NT$ thousands

2022				2023			
Name	Amount	Percentage of annual net sales〔%〕	Relationship with the issuer	Name	Amount	Percentage of annual net sales〔%〕	Relationship with the issuer
Others	8,821,832	100%		Others	6,435,531	100%	
Net sales	8,821,832			Net sales	6,435,551		

Major subsidiary – HDEC Corporation

Unit：NT$ thousand

2022				2023			
Name	Amount	Percentage of annual net sales〔%〕	Relationship with the issuer	Name	Amount	Percentage of annual net sales〔%〕	Relationship with the issuer
Tainan City Government	2,080,791	25.59	Not related parties	Tainan City Government	1,336,566	27.93	Not related parties
Taoyuan City Government	730,172	7.05	Not related parties	Kaohsiung City Government	1,081,663	22.60	Not related parties
Hsinchu Science Park Bureau	705,916	6.33	Not related parties	Taoyuan City Government	631,610	13.20	Not related parties
New Taipei City Government	603,459	18.89	Not related parties	CTCI-HDEC (Chungli) Corporation	595,884	12.45	Related parties
Kaohsiung City Government	584,723	42.14	Not related parties	Hsinchu Science Park Bureau	577,914	12.08	Not related parties
				New Taipei City Government	561,997	11.74	Not related parties
Net sales	4,705,061	100		Net sales	4,785,634	100	

(V) Production in 2022 and 2023

CHC is a holding corporation that focuses on investment

Major Subsidiary – Continental Engineering Corporation

Unit: NT$ thousands

Production / Year / Main Products (or Departments)	2022			2023		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Civil and MRT	-	20	7,662,762	-	21	7,662,762
Office Building	-	8	3,813,365	-	10	3,813,365
Residential Building	-	44	5,649,173	-	46	5,649,173
Mechanical and Electrical	-	9	618,072	-	11	618,072
Overseas	-	13	380,770	-	8	380,770
Total	-	94	18,124,142	-	96	19,177,428

(VI) Sales in 2022 and 2023

CHC is a holding corporation that focuses on investment

Major Subsidiary – Continental Engineering Corporation

Unit: NT$ thousands

Sales / Year / Main Products (or Department)	2022				2023			
	Domestic		Exports		Domestic		Exports	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Civil	18	8,3258,518	13	174,388	14	9,084,788	7	194,115
Office Building	7	4,044,183	-	-	7	2,763,882		
Residential Building	39	6,078,624	-	-	34	7,961,434		
Mechanical and Electrical	11	703,915	-	-	11	620,358		
Total	75	19,152,240	13	174,388	66	20,430,462	7	194,115

Major Subsidiary – HDEC Corporation

Unit: NT$ thousands

Sales / Year / Main Products	2022		2023	
	Quantity	Amount	Quantity	Amount
Water Treatment Construction	8	3,554,022	8	3,558,348
Operation and Maintenance	4	773,468	6	878,461
Service Concession	6	377,571	4	348,825
Total	18	4,705,061	18	4,785,634

III. Employee Information

The following table summarize the makeup of CHC and the major subsidiaries' workforce

Year		2022	2023	As of 2024/4/5
Number of Employee		2,126	2,566	2,575
Average Age		43.92	44.02	43.90
Average Years of Service		5.14	4.97	5.08
Distribution of Education (%)	PhD	0.4%	0.3%	0.3%
	Master	19.1%	15.9%	15.4%
	Bachelor	39.5%	38.5%	39.6%
	College	15.4%	12.2%	12.8%
	Senior High School and Below	36.8%	33.0%	31.9%

Note: The above employee information includes indirect labor and direct labor

IV. Environmental Protection Expenditure

(I) Environmental protection expenditure information of major subsidiary Continental Engineering Corporation

Total Sum of Losses and Penalty Fines Incurred due to Environmental Pollution in Recent Years as of April 5, 2024.

Reason	Number of Cases	Amount of Fines	Handling Status
The construction noise violated the 'Noise Control Act' according to on-site measurements by the Environmental Protection Bureau.	8	NT$ 378,000	Immediate improvement and maintenance
Using power machinery for construction during prohibited working hours or holidays, causing disturbance and violating the 'Noise Control Act'.	9	NT$ 30,000	Immediate improvement and maintenance
Excavation machinery used in construction works failed to effectively control air pollution, resulting in obvious granular pollutants scattered into the air.	1	NT$ 120,000	Immediate improvement and maintenance
Waste disposals or surplus soils from uncleaned construction work polluted neighboring road pavements, sidewalks and ditches violated the Waste Disposal Act.	3	NT$ 18,000	Immediate improvement and maintenance
Failure to install noise prevention facilities (including sound insulation, sound-muffling room, shock-absorbing pads, soundproof covers or other equipment with noise reduction functions) at the construction site in accordance with regulations.	1	NT$ 3,000	Immediate improvement and maintenance
Total	22	NT$ 549,000	

(II) Environmental protection expenditure information of major subsidiary HDEC Corporation

Total Sum of Losses and Penalty Fines Incurred due to Environmental Pollution in Recent Years as of April 5, 2024: Note

(III) Response Measures

Proposed implementation of improvement measures

(1) During non-construction hours, power machinery must be controlled and not operated.

(2) Use construction equipment with low pollution and low noise.

(3) The Construction Management Office will purchase noise detectors and send personnel to conduct fixed-point measurements in the construction area.

(4) Install noise reduction equipment at the noise source to reduce the noise level.

(5) Purchase washing equipment and require vehicles entering and leaving the construction site to clean their tires, and increase personnel to clean the road surface soil.

(6) Lay iron plates at the excavation location to reduce the mud content of construction vehicle tires.

(7) Increase the frequency of cleaning or washing of peripheral water channels or roads by the Construction Management Office.
(8) Implement the 5S clean-up movement (sort, set in order, shine, standardize, sustain) at the construction site to maintain the cleanliness of the surrounding environment.
(9) During the operation of construction machinery, water is sprayed periodically to reduce the dispersion of granular pollutants in the air.
(10) Construction runoff water must be treated with sedimentation equipment before being discharged.
(11) Waste generation, storage, and cleaning must be reported online in accordance with regulations.
(12) Before waste is delisted, confirm that industrial waste has been properly disposed of.
(13) The mechanical equipment for sewage treatment must be properly maintained and inspected and calibrated.

V. Labor Relations

<table>
<tr><th>Item</th><th>Continental Holdings Corporation</th></tr>
<tr><td>Employee-Employer relationship</td><td>A harmonious employee-employer relationship is one of the keys to corporate growth. With an honest and responsible attitude, we are committed to creating the best well-being for employees, and, in addition to providing a variety of on-the-job improvement channels, always take care of our employees. In response to changes in the objective environment, we actively promote various measures to achieve the goal of sustainable operations, and create maximum benefits for both employees and shareholders.</td></tr>
<tr><td>Workplace diversity and gender equality policies</td><td>In 2018, the Continental Group introduced its Human Rights Policy that acknowledges internationally recognized human rights standards, ensuring that all colleagues are treated fairly and with dignity. We comply with labor laws and regulations in all jurisdictions where we operate and continuously improve the working environment to promote the physical and mental health and safety of our employees. We have created an anti-discrimination, equal, and open working environment, where there is no discrimination based on gender, sexual orientation, marital status, race, nationality, religion, party, social and economic status, age, family status, appearance, physical and mental disorders, or any other factor.
The Continental Group in recent years has been prioritizing diversity, equality, and inclusion in the workplace. To achieve this, the Company has implemented various management measures to promote a friendly, inclusive environment and ensure fair remuneration.
In terms of commitment, we ensure there is fair opportunities during recruitment, and object to any form of employment discrimination, including gender, race, personal beliefs, political preferences, age, sexual orientation, marital status, or disability, and any other types of discrimination unrelated to professpional expertise. Our basic principles are to develop a fair, transparent, and discrimination-free selection and recruitment process, promote equal opportunities for all employees, and improve diversity in the workplace.
We encourage all employees to respect each other's individuality, and accept and make good use of the unique experiences and perspectives that arise from individual differences. We strive to promote fair treatment and opportunity to fully stimulate creativity of each team member so they can achieve their goals and values, integrate into the organization and maximize their potential. Through this benvolent and interactive cycle the organization will be more adaptable and successful.</td></tr>
<tr><td>Compensation</td><td>Continental Holdings Corporation is committed to providing an overall competitive salary system. We place great importance on internal fairness and external competitiveness, regularly conducting salary market surveys as an important reference for salary adjustments, and respond to changes in the external salary market in a timely manner. In addition, to ensure the equality of gender work rights, the salary of employee at all levels in Continental Holdings Corporation does not differ due to gender; salaries depend on the requirements of the job, and personal competency and performance, truly reflecting gender equality in the workplace.
To encourage employees to pursue excellence, the Company clearly defines the performance bonus approach, and distributes performance bonuses based on the annual performance of the Company and individual employee to reward those who have contributed to the development of the Company. By setting up a performance-linked reward system, we have shaped a reasonable and fair remuneration system.
In terms of the relationship between gender and salary, the basic salary ratio of men to women in 2023 is detailed below.
<table>
<tr><th>2023</th><th>Pay Ratio by Gender</th><th>Male (Multiple)</th><th>Female (Multiple is “1”)</th></tr>
<tr><td rowspan="2">Supervisor</td><td>Base Pay Ratio</td><td>0.96</td><td>1.00</td></tr>
<tr><td>Pay Ratio</td><td>0.95</td><td>1.00</td></tr>
<tr><td rowspan="2">Non-Supervisor</td><td>Base Pay Ratio</td><td>1.07</td><td>1.00</td></tr>
<tr><td>Pay Ratio</td><td>1.06</td><td>1.00</td></tr>
</table>
Note 1: The statistics exclude working students, migrant workers, chairman of the board, and direct workers.
Note 2: Supervisory positions refers to an officer who is in charge of one or more staff.
Note 3: Non supervisory positions: refer to employees who do not hold supervisory positions.</td></tr>
</table>

Item	Continental Holdings Corporation
Rationalization of management system	In accordance with Labor Standards Act and other relevant laws and regulations, and taking into account the needs of management and employees, we revise relevant management rules in a timely manner to ensure that the management system is up to date.
Enhancement of employee communication channels	We provide an internal information portal, advocate the company's policies, systems, welfare measures, and activities, and have created a forum for staff discussion, so that staff members' opinions can be expressed. The following channels are also available for two-way communication with staff: · employee-management meetings organized regularly · employee reporting platform and an idea box on intranet · Employee engagement surveys, analysis reports, action plans for improvement projects, and follow-up tracking · Sexual harassment complaint channels (including a complaint hotline and mailbox) · Occupational Safety and Health Committee and Employee Welfare Committee
Handle group insurance and employee medical examination	In addition to labor insurance and national health insurance, the Company also provides employees with group insurance, including life, accident, medical, and cancer prevention coverages, and provides employees with a medical examination program superior to the law so they may enjoy multiple protection.
Enhancement of staff education and training	The Company prepares an annual budget for employee education and training to improve their professional skills and develop careers.
Talent development and education training	- With regard to the selection, training, employment, and retention of employees, the Company has established relevant management systems to attract outstanding talent to join the enterprise, and actively invests more resources into talent cultivation. Different learning resources are provided for different job categories, including courses on professional skills, personal development, and management leadership, to enhance and activate the professional skills of our talent. - The Group places great importance on the development of employees' professional ability and potential, and is committed to planning complete education and training for each employee, and continuously developing different learning resources and channels based on job categories and positions, such as on-the-job training, job rotation, site visits, classroom training, seminars, forums, workshops, blended learning, and external certification and examinations. - In the era of digital transformation, the Group continues to set up more approaches and channels for internal experience and knowledge transmission by providing physical courses for simultaneous live broadcast so that colleagues from all over the world can participate in sessions. This approach also saves travel and transportation costs. In addition, after introducing the online learning platform iLearn in 2019, which breaks the learning restrictions of time and space, the Group also recognizes that in the age of information, how to help colleagues choose the right learning resource is crucial, so in 2020, we focus on accelerating the expansion and screening of online learning resources. - In addition to building internal professional learning resources to promote the transmission of knowledge and experience, we have also selected a variety of well-known external learning resources at home and abroad, covering business information and trends, leadership and management, interpersonal relations and communication, technology and innovation, personal growth, and field expertise. To strengthen the professional, management, leadership, innovation, and other core skills of our staff members in line with different learning needs, these positive methods of constructing learning resources also allow us to ensure that our talent development plans are continuously and gradually implemented in 2020 despite challenges, to further shape the learning culture of the enterprise, and create a win-win situation for the organization and employees. - The Company conducts an annual succession plan and continue to expand the implementation scope in 2020 to identify potential candidates for key positions, not only helping with career development, but also planning talent allocation step by step to avoid gaps in key management positions within the Company. After the selection of talent, the supervisor helps each member to formulate a personal development plan using assessment reports, and provides different learning styles and resources, such as rotations, assignments, or projects, domestic and foreign learning resources, English courses, certification courses, or external coaches to strengthen and track the professional knowledge, skills, experiences, certifications, English skills, and leadership and management skills required by the individuals. - In a market where there is a serious talent gap, the selection and development of young talent is a key success factor for the sustainable development of an organization. In 2020, the Company conducted an inventory of young potential talent for its subsidiaries, formulated personal development plans, and provided the necessary resources to nurture their potential.
Improvement of the retirement system	The pension system developed by the Company and its subsidiaries include defined benefit plans under the Labor Standards Act and defined contribution plans under the Labor Pension Act. In addition to the provision of retirement reserves as required by law, we also conduct an actuarial calculation of retirement reserves every year through professional actuarial consultants to ensure full provision, and to protect the rights and interests of staff members who apply for a pension in the future. Determining the welfare plan:

Item	Continental Holdings Corporation
Improvement of the retirement system	- For employees to whom the old pension scheme applies under the Labor Standards Act, the Company regularly allocates retirement reserves at a rate of 2% of their total salary every month and deposits it into a designated account at the Bank of Taiwan to protect the rights and interests of employees. - For those to whom the old pension system applies under the Labor Standards Act, the pension benefit is calculated on the basis of their applicable years of service and the average salary of the six months prior to retirement. Determining the appropriation plan: - For those to whom the new pension system applies under the Labor Pension Act, the Company contributes 6% of their salary to their workers' personal pension account on a monthly basis.
Focusing on employees' welfare	In terms of welfare, in addition to general standard leave, labor insurance, health insurance, and pension provision, we provide diverse and comprehensive welfare measures as follows: - Flexible working hours: In consideration of diversity and job needs, some welfare measures such as flexible working hours and position retained without pay are provided. - Festival gifts, pensions and emergency relief: The Company has set up a Welfare Committee according to the law to provide annual gifts (funds) and related childcare and pension contributions to help employees provide for their families. In addition to providing a general pension allowance of 3,000-10,000 for weddings and funerals, we also provide emergency subsidies amounting to up to NT$60,000to help employees in need. - Living security: The Company also provides free group hospitalization and cancer insurance to employees and their spouses/children, and employees can choose their own insurance program according to their own plans. - Health promotion: We arrange regular medical examinations and health seminars, and have built an employee health management platform, providing maternal protection, overwork prevention, and health information to enhance individual health management. Starting in February 2021, we introduced a work and life coaching service with external professional consultants to assist our employees in dealing with multi-faceted work and life issues. - Club activities: The Company organizes a variety of club activities to encourage employees to engage in healthy leisure activities after work to reduce the pressure on work and family. We currently have clubs, including a yoga club, art club, mountaineering club, golf club, and badminton club. - Provides the benefits of leave without pay and assistance to employees who are in need and meet the legal conditions, which is specified in the employees employment and dismissal procedure. - Comfortable working environment: We provide a safe and comfortable working environment and leisure facilities, and amenities such as unlimited tea and coffee, a convenient and budget laundry service, a lunch booking service, and lounge arrangements.
Employee incentive program	The Group encourages employees and teams to pursue innovation and excellence through various reward programs, and affirms colleagues/teams' dedication and input. - Employee recognition and encouragement program: Encourages good behavior and outstanding performance, and demonstrates corporate values - The Star of Continental Engineering Corporation: To recognize and reward teams with outstanding performance and teams with excellent performance in workplace health and safety, we provide an award system - Idea Box of Continental Engineering Corporation: To encourage innovation and employee participation, in addition to sharing winning proposals, the Best Idea of the Year award is granted from various proposals. - Seniority Award: We have a dedicated award to thank senior colleagues who continue to create value for the Company.
Losses suffered in the recent year due to labor disputes	None
Estimated possible amounts incurred currently or in future	The Company has developed a harmonious employee-employer relationship and makes personnel decisions in accordance with the law, and so there is no indication of labor disputes now or in the future.

(I) Losses from labor disputes in the most recent year: None

(II) Estimated loss amount from the occurrence of labor disputes now or in the future:

1. Not applicable.
2. The Company has a harmonious management-employee relationship with the personnel decisions carried out lawfully. There is no sign of any possible occurrence of labor disputes now or in the future.

VI Information security risks

(I) Information security risk management framework

The Company's information security risk management shall be implemented according to the Group IT Emergency Management Guideline and Group Emergency Management Guideline. For information security incidents, the Information Technology Department director shall act as the response team leader responsible for disaster control, damage assessment, reporting window, and information system disaster recovery operation command. Based on the emergency level defined in the Group Emergency Management Guideline, the director shall also formulate an inter-departmental response team within the Company or Group to conduct handling and reporting operations.

(II) Information Security Policy

The Company's Information security policy is set out in the Group Information Technology Policy. The Company shall protect the security of its information resources based on the identified risks and security practices. Information security measures include, but are not limited to:

1. All information systems must be monitored for potential security vulnerabilities, to protect information resources from intrusion or attack by viruses or other malware.
2. Only authorized users may access or utilize the Company's information resources, and associated permissions shall be limited to what is required for the performance of the relevant duties.
3. Security of the Company's physical environment shall be maintained to prevent unauthorized access to the Company's buildings and server room.
4. An information security incident management plan shall be maintained to reflect and report information security-related incidents promptly and regularly.
5. Any information security-related authority regulations, corporate policies and contractual obligations shall be complied with.

(III) Specific management plan for information security

1. Planning and defining information system authority:
   - The Information Technology Department shall assist the user departments in formulating Job Roles for the information system authority based on the job authority and responsibility, to define job authority in line with job scope.
   - The user’s supervisor shall confirm the authority and scope of authorization based on the definition of the Job Role for the approval of the permission applied.
2. Account and password security practices:
   - Any authorized person shall change the default password immediately after obtaining the new password for the system registry account and shall keep it safe and not share it with anyone.
   - Each department supervisor shall properly manage the authorized status of the shared account, and change the password immediately should there be a change in personnel or job scope, to ensure information security.
   - For increased protection, systems where two-factor authentication is available must be used to log in to the system.
3. Information system data security management
   - The Information Technology Department shall establish the following security mechanisms and procedures for the input, processing and output of information system data, to ensure security of information system data, and provide effective rescue measures in case of error alerts and system recovery.
   - The Information Technology Department shall designate a dedicated person to the role of administrator for each information system. The dedicated person is responsible for the operation planning and authority management of the information system resource access, and act as the administrator of the system or custodian of the accounts and passwords of the system database.
4. Information system data security mechanisms shall include:
   - A backup facility for information system data as a security mechanism for data recovery.
   - A dedicated person designated by the Information Technology Department is responsible for the implementation of backup operations, including:

- Backup planning;
- Implementation and management of data backup;
- Implementation and management of data recovery;
- Annual system recovery drill.

5. Data Classification
   - To ensure the proper processing, use, and storage of corporate data, any corporate data shall be categorized as follows: Confidential, Restricted, For Internal Use, and Public.
   - Any data defined as Confidential must remain encrypted at all times.
   - Regarding the implementation details of data classification, the Information Technology Department shall establish the relevant operating procedure.
6. Network communication security management
   - The Information Technology Department shall establish group network operation specifications and management procedures to ensure the security of network communication and data transmission, and as an effective measure to control network access permissions.
   - A firewall mechanism for the enterprise network that accesses the Internet shall be established to enhance enterprise network security and serve as a management mechanism for controlling access to online services. The network administrators shall regularly review and adjust the settings of the firewall and adjust system access rights as required and in accordance with the updates of the Company's information security policies and regulations, as well as changes in network equipment.
   - Based on the enterprise network security considerations, the firewall for Internet access authorization shall by default only activate necessary and low-risk online services, and any specific online services required for business operations.
7. Email usage and management:
   - The Information Technology Department shall establish group email usage guidelines to ensure the normal operation of emails, protect corporate assets, and safeguard individual rights and interests.
   - The Information Technology Department shall establish a security protection mechanism for the email system to reduce information security risks.
   - An email virus protection system shall be installed to protect employees' access to emails.
   - An email spam-blocking system shall be installed to increase working efficiency.
   - An email backup system shall be established to ensure system availability.
8. Server room security management:
   - The server room shall be controlled by an access control security mechanism (magnetic card, IC card, electronic code lock or other protection means), and only authorized staff within the Company shall be granted access when performing business operations. Any unauthorized person shall be accompanied by an authorized staff member within the Company when entering or existing the server room, and the personal information, entry time, and purpose of the unauthorized person’s visit shall be recorded in the server room log.
   - The server room shall be equipped with: an uninterruptible power supply system, fire protection system, independent air conditioning, and other facilities to maintain a safe environment for the stable operation of the information system and data.
   - Smoking, drinking, eating, and the use of unauthorized electrical appliances or articles are prohibited in the server room.
9. Protection against malware:
   - The Information Technology Department shall consistently plan and install the proper protective means to detect, identify and exclude any malicious programs, and protect the operation of the Group's information system and equipment.
   - Anti-virus devices or programs shall be installed and shall automatically provide the latest virus definitions to clients. The client computer must contain the client anti-virus software specified by the Information Technology Department in accordance with the regulations, which shall not be removed without prior authorization. The anti-virus program and its virus feature library installed on the client computer must be checked periodically to make sure it is up to date, to ensure the security of the computer system and data.

- Any abnormal execution of program found on any client computer shall be immediately reported to the Information Technology Department for cleaning, to avoid the malware replicating to the enterprise’s internal network.
- Client computer users shall be conscious of information security and keep vigilant, not execute any unauthorized programs, and not click on links or files attached to emails from suspicious sources. In addition, when browsing the Internet, users must avoid browsing high-risk web pages not required for business purposes, such as pornographic or gambling websites.

10. Handling of abnormal information security incidents
    - The director of the Information Technology Department shall submit suggestions and action plans to the superior in case of any key incidents regarding information security, including:
        - If an external intrusion into the enterprise network is detected.
        - Any violation of the regulations on the enterprise network that may affect the Company and its image.
        - Any deliberate violation of information security practices found on the enterprise network.
    - Information security incident reporting process:
        - Any employee who receives or discovers an information security incident shall immediately report it to the service staff of the Information Technology Department, or contact the designated staff, who shall immediately handle the incident after confirming the scope and extent of the impact. Any member of the Information Technology Department staff who receives any information security incident notification shall inform the director as soon as possible.
        - Foreign office staff shall immediately inform the local Information Technology Department staff, and the local Information Technology Department staff shall handle the information security incident in the same manner. Any local Information Technology Department staff who receives any information security incident notification shall inform the director as soon as possible.
    - Once the incident has been dealt with, the Information Technology Department staff shall report the process and results to the director of the Information Technology Department, and then inform the Group's CEO.
11. Disaster response and system recovery operations
    - The Information Technology Department shall plan recovery operations against any unexpected disaster factors that may cause the information system to fail, to reduce any impact on the operation of the Company.
    - Job responsibilities for the system recovery operation:
        - Plan and build backup facilities required for system recovery operations.
        - Manage and maintain the operation of backup facilities.
        - Perform system recovery.

The Company has not maintained any security insurance but shall minimize the Company's security risks by implementing the following specific management plans

(IV) Resources invested in information safety management

1. Dedicated manpower: A dedicated security supervisor and a dedicated security manager shall be appointed to be responsible for the Company's information security planning, technology introduction, and related audit matters, to maintain and continuously strengthen information security.
2. Certification: The Company introduced the ISO 27001:2022 Information security management system standard in 2023, and has obtained a third-party certification regularly. The current certificate is valid from November 7, 2023 to November 7, 2026.
3. Education and training: To enable staff of the Group to obtain the latest information related to information security and enhance their awareness of information security, all staff shall participate in information security education and training for at least 2 hours per year, carry out at least one social engineering exercise per year, and implement an additional half-hour of education and training for staff who falls victim to social engineering attack drills.
4. An annual vulnerability report shall be conducted to identify the potential risks of the internal system and make remedies against the possible risks in the system.

5. Penetration tests shall be performed annually to simulate hacker attacks, find security vulnerabilities and make the proper patches for them.

Losses incurred in the recent years as of the date of the Annual Report due to major security incidents, and the possible impact thereof and response to them: None

VII. Workplace Safety

(I) Occupational Health and Safety Committee

Occupational health and safety is one of the priorities of the Group's management. To create a safe working environment, the Group has developed a complete occupational health and safety management policy. Subsidiaries use the Occupational Health and Safety Committee and labor-management meetings as platforms for communication and coordination, where workers' representatives account for more than one third of the total – exceeding the minimum requirement of the law. Meetings are held on a quarterly basis to review occupational health and safety management matters, put forward health and safety related issues, and advocate and promote issues to be resolved in supervisor meetings.

(II) Health and safety certification and management system

Continental Engineering Corporation, a subsidiary of the Company, has built an occupational health and safety management system and obtained ISO45001: 2018 and CNS45001: 2018 certifications on September 17, 2019, and continues to maintain the validity of these certificates. The Company conducts annual security management system audits to ensure the effectiveness of each unit's security management system; 46 unit audits were completed as of 2023, covering a total of 2,498 audit items. The Company carries out continuous applications and research and development of technology in health and safety management. In 2023, the Company developed its own "thermal hazard prevention automation equipment", a built-in temperature and humidity detector, which detects the temperature and humidity of the field working environment in real-time, and distinguishes the four risk levels of high temperatures. If the working environment reaches dangerous levels, the system will automatically start the cooling equipment for automated temperature control.

In 2023, Continental Engineering Corporation earned a Healthy Workplace – Start-up Logo, the Occupational Safety and Health Administration Department's Healthy Workforce Sustainable Enterprise - Best Benchmark Enterprise of the Year award, the Ministry of Health and Welfare's National Health Department's Health Site Promotion Special Award, the New Taipei City Labor Inspection Office 12th New Taipei City Work Safety Award, a Workplace Sustainable Health and Safety Award, and others.

(III) Occupational health and safety policy and education and training

In line with the Group's Occupational Health and Safety Policy, the Company continues to fully implement safety hazard identification and risk assessment for the Group's subsidiaries and branches. Through hazard identification and risk assessment, all employees are involved in understanding the risk factors that may be encountered in the work environment and corresponding preventive actions. In 2023, a total of 46 units underwent hazard identification and risk assessment activities.

In accordance with the Group's health and safety policy, health and safety implementation performance has become one of the Company's overall key performance indicators, and as many as 90.0% of colleagues completed at least one annual goal related to health and safety in 2023. In addition, different evaluation standards and bases have been established for different identities, as well as tailored safety reward systems, so that front-line workers, manufacturers, and engineers have the opportunity to obtain rewards.

In 2023, the subsidiary Continental Engineering Corporation comprehensively promoted safety culture from four aspects: strengthening the leadership of senior executives, improving the management ability of middle executives, improving contractors' security management, and fully involving front-line labor.

To enhance the leadership of the supervisor of the engineering unit in health and safety matters, the Occupational Health and Safety Office conducts occupational health and safety leadership training for construction in progress, and the supervisor of the unit declares his commitment to health and safety leadership before each training session so employees feel encouraged to work towards a common goal. The

Occupational Health and Safety Office explains to employees cases of occupational disasters in recent years and corresponding response measures, and discusses the operation safety process and standard facilities and equipment, and the Company's internal health and safety new regulations. In 2023, a total of 33 training sessions were held with 891 colleagues participating. In addition, to ensure that colleagues maintain hazard awareness and resilience, the engineering unit implements emergency response drills every year; a total of 30 units completed emergency response drills in 2023. In addition to the above education and training, the Group regularly organizes routine occupational health and safety training for employees and internal health and safety education and training, totaling 68 sessions in 2023. Forty people also completed the Company's VR health and safety education, and 706 employees trained for the Taiwan Occupational Health and Safety Card (self-run).

(IV) Personal safety and work environment protection measures of the Group

In the spirit of the Group's safety and security policy, personal health and safety and work environment protection measures are described below. SGS are regularly invited to monitor the office operating environment, including drinking water (quarterly), carbon dioxide (quarterly), air conditioning filter replacement (half a year), air conditioning room equipment maintenance (monthly, annually), cooling water treatment (monthly), drinking water (quarterly), and environmental FM200 monitoring (quarterly), and the monitoring results are reported to the Safety Committee. The office also handles fire self-management every year, including fire control seminars, drills, cardiopulmonary resuscitation, and AED operations.

Through daily safety and security inspections, the engineering unit understands the effectiveness of health and safety facilities and equipment in the work environment, and operators use and wear personal protective equipment and ensure any defects in health and safety are promptly remedied. All employees work together when it comes to health and safety. Safety inspection records are input in the DWB (Don't Walk By) safety proposal system. Monthly statistics of proposals of each engineering unit are listed in annual targets. Rewards or encouragement are offered quarterly to the engineering unit which provides positive proposals and remedies for defects. By the end of 2023, all engineering units (including manufacturers, labor, and migrant workers) participated in a total of 157,153 security proposals.

(V) Employee health promotion

The Group provides employee healthcare and management information services through the health management information platform, so that employees can choose medical examination programs based on their needs, and can also conduct self-health management through an analysis of medical examination results. A list of employees with a high health risk is also provided to improve and design annual health promotion activities and health education advocacy communications. In 2023, we will continue to upgrade the medical examination program, not only to improve the overall medical examination budget, but also collaborate with physicians to design and optimize medical examination projects by age and job category based on the characteristics of the construction industry so employees are provided with more immediate and effective health programs. In 2023, the Group's medical examination ratio reached 98%, and the medical examination rate of direct workers of Chinese nationality was 100%, with investments totaling more than NT$4.03 million.

In addition to regular employee medical examinations and consultations following examination results, the Group also issued 34 health promotion notices, and provided 7 health seminars, 7 oral cancer screening examinations, and COVID-19 case tracking for employees in 2023.

Since 2022, subsidiaries Continental Engineering Corporation, Continental Development Corporation, and HDEC Corporation have obtained the healthy workplace certification of the National Health Department of the Ministry of Health and Welfare, and in 2023, Continental Development Corporation obtained a sports enterprise certification from the Sports Administration of the Ministry of Education.

VIII. Important Contracts

(1) Continental Engineering Corporation

(a) Major domestic project contract

Item	Project	Client	Award Date
1	Shield tunnels of Song-Hu~Da-An, Shen-Mei~Da-An 345kv Power Cable Transmission Lines Design and Build Project	Taiwan Power Company Northern Region Construction Office	2012.10.15
2	Taoyuan International Airport MRT Extension to Zhongli Contract CM01	Railway Reconstruction Bureau Northern Region office	2013.12.18
3	Contract CQ842 "Station LG02; LG02 to LG03, and LG02 to LG01 TBM Tunnels Civil Construction"	Department of Rapid Transit Systems, Taipei City Government, Second District Project Office	2014.10.15
4	Taipei Metropolitan Area Rapid Transit System Wanda-Zhonghe- Shulin Line District Contract (Phase I) CQ850A Project	Department of Rapid Transit Systems, Taipei City Government, Second District Project Office	2016.11.08
5	Taipei MRT CQ840 Wan-Ta Line Construction Project	Department of Rapid Transit Systems, Taipei City Government, Second District Project Office	2016.11.23
6	C214 South Tainan Station Section Underground Tunnel Construction Project	Railway Reconstruction Bureau Northern Region office	2017.01.03
7	Contract C211 - Tainan Northern section of the Tainan Railway Underground Project	Railway Reconstruction Bureau Northern Region office	2017.09.26
8	Grand River A7 Commercial Project	Continental Development Corporation	2018.06.14
9	Taoyuan MRT Green Line Contract GC01 - Elevated Viaduct Civil Turnkey Project	Department of Rapid Transit System, Taoyuan	2018.08.21
10	Pujen CMP Midtown	Railway Reconstruction Bureau	2018.12.03
11	Taipei Nangang District MRT Depot Station Public Housing Turnkey Project	Department of Urban Development , Taipei City Government	2019.02.25
12	Truefull Green River Residential Project	Grand River D. Limited	2019.07.05
13	Taoyuan MRT Green Line Contract GC03 - Elevated Viaduct Civil Turnkey Project	Far Eastern Construction Company	2019.08.01
14	Arcade Gallery Phase II Residential Building Project	Grande Arcade Development Co., Ltd	2019.08.12
15	Heming Xindian Residential Project	Heming Development	2019.10.16
16	Taipei Fullerton Hotel and Residential Building Project	Continental Development Corporation	2019.11.01
17	Fanlu Kaohsiung Santo Residential and Hotel Complex	FanLu Development Co., Ltd	2019.11.04
18	Taichung Huiguo 101 Project	Continental Development Corporation	2019.11.04
19	Tianmu Dexing E.Rd. Residential Project	Continental Development Corporation	2019.11.22
20	Truefull Bade Residential Project	Truefull Land	2020.03.06
21	Tianjin Urban renewal Building Project	Continental Development Corporation	2020.03.22
22	Fubon Liren Residential Building Project	Fubon Land Development Co.,Ltd	2020.03.11
23	Wunqi Beitou	Wanqi	2020.11.11
24	Shendefu The One & Only	Sheng De Fu Construction Development Co., Ltd	2021.01.08
25	Grand Wall Taipei M&E Project	Liju Development Co., Ltd	2021.04.20
26	Fubon Forever Dunhua Building Project	Fubon Development Co.,Ltd	2021.05.20
27	NEXGEN Residential Building Project	Jean Pacific Development Co.,Ltd	2021.07.27
28	Fubon Zhongxiao Huaishen Urban Renewal	Fubon Development Co.,Ltd	2021.08.02
29	Xinman Courtyard Tainan Life with Books & Garden	Shen Lian Development Co., Ltd	2021.11.12
30	Taichung Intercontinental Baseball Stadium Entertainment Town B1 Project	Hanshen Department	2021.12.08

Item	Project	Client	Award Date
31	Taipei Metro Mass Rapid Transit System North Circular Line CF680C Section	Department of Rapid Transit Systems, Taipei City Government, Second District Project Office	2021.12.17
32	Prologue Eternal	Continental Development Corporation	2021.12.29
33	BH Group Master Landmark Residential Project	BH Group	2022.04.19
34	Cross-Harbor Tunnel contract for N-WH projects	Ministry of National Defense	2022.05.04
35	Kuo Yang Jinlin Urban Renewal Project	Kuo Yang Contraction Co. Ltd	2022.07.19
36	Taipei Ambassador Hotel reconstruction project	Taipei Ambassador Hotel	2022.08.22
37	Qingcheng Fuhua Urban Renewal Project	Pujen Land Development and 5 Owners	2022.09.10
38	Huaku Daan Tower M&E Project	HuaKu Development Co., Ltd	2022.10.31
39	Duan Mei-Xiandian Ankang Road Residential Building Project	Continental Development Corporation	2022.12.02
40	Green Utopia-Taichung Chouzhi Section Residential Building Project	Continental Development Corporation	2022.12.19
41	Metropolitan Village- Xinyin Wenchang Residential Building Project	Continental Development Corporation	2022.12.19
42	Taipei MRT Circular Line Contract CF670A	Department of Rapid Transit Systems, Taipei City Government, Second District Project Office	2023.3.15
43	Jiantan MRT Transit Facility Utilized for Multi-Purpose Design-Build Project"	Taipei Rapid Transit Corporation	2023.8.29
44	Banqiao Siwei Residential Building Project	Continental Development Corporation	2023.11.03
45	Poetic Yard-Banqiao Shinya Residential Building Project	Continental Development Corporation	2023.11.30
46	Daizhi Jintai Section Urban Renewal Project	Continental Development Corporation	2023.11.30

(b) Major overseas project contracts

Contract Type	Project Main Contents	Client	Contract Term
Design & Construction	Kai Tak Development-Stage 2 Infrastructure Works for Developments at the Southern Part of the Former Runway	Civil Engineering and Development Department, The Government of the Hong Kong Special Administrative Region	2015-2023
Construction	Liantang / Heung Yuen Wai Boundary Control Point Site Formation and Infrastructure Works – Contract 6	Civil Engineering and Development Department, The Government of the Hong Kong Special Administrative Region	2015-2023
Construction	Station Square at Kai Tak (Phase 1) in Hong Kong	Architectural Services Department, The Government of the Hong Kong Special Administration Region	2019-2023
Design & Construction	Mumbai MRT Line 3 UGC04 – Construction of Underground Sections	Mumbai Metro Rail Corporation	2016-2025

(c) Bank facilities

Contract Type	Counterparty	Term	Main Content	Restrictions
Bank facility	O-Bank Co., Ltd.	2020.03-2025.03	Long-term Loan, Due for Repayment	Financial covenant
Bank facility	CTBC Bank	2023.11-2026.11	Long-term Loan, Due for Repayment	Financial covenant
Bank facility	Far Eastern Int'l Bank	2021.10-2026.10	Long-term Loan, Amortization	Financial covenant
Bank facility	Chang Hwa Commercial Bank	2023.07-2027.01	Long-term Loan, Due for Repayment	None
Bank facility	Taishin International Bank	2024.01-2029.01	Long-term Loan, Due for Repayment	Financial covenant

(2) Continental Development Corporation

(a) Major Contracts

Contract Type	Counterparty	Term	Main Content	Restrictions
Joint Construction	48 natural persons	2010.08-	Land transaction and Joint Construction in Da'an District, Taipei City	None
Joint Construction	Wan Bao Assets Management Co., Ltd	2018.05-	Joint Construction in Beitun District, Taichung City	None
Joint Construction	Han-De Construction Co. ,Ltd and 4 natural persons	2019.01-	Joint Construction in Xindian District, New Taipei City	None
Joint Construction	Taipei Fullerton Hotel	2019.08-	Joint Construction in Songshan District, Taipei City	None
Joint Construction	19 natural persons	2021.09-	Joint Construction in Da'an District, Taipei City	None
Joint Construction	Ambassador Hotel Formosan Rubber Group Incorporate	2021.11-	Joint Construction in Qianjin District, Kaohsiung City	None
Joint Venture Contract	Riant Capital Limited and 10 Natural persons	2015.10-	Land Development in Xinyi District, Taipei City	None
Joint Venture Contract	Daiwa House Industry Co., Ltd	2018.12-	Land Development in Qianjin District, Kaohsiung City	None
Purchase Contract	Ambassador Hotel Formosan Rubber Group Incorporate	2021.11-	Land transaction in Qianjin District, Kaohsiung City	None
Joint Construction	62 natural persons	2022.03~	Land transaction and Joint Construction in Yunghe District, New Taipei City	None
Purchase Contract	3 natural persons	2022.05~	Land transaction and Joint Construction in Bangqiao District, New Taipei City	None
Purchase Contract	1 natural person	2022.06~	Land transaction and Joint Construction in Bangqiao District, New Taipei City	None
Collaboration contract	1 natural person	2022.06~	Land transaction and Joint Construction in Bangqiao District, New Taipei City	None
Investment Contract	National Housing and Urban Regeneration Center	2022.11~	Urban renewal in Xinyi District, Taipei City	None
Collaboration contract	CDC Commercial Development Corporation	2022.11~	Land Development in Chungshan District, Taipei City	None
Purchase Contract	CNCK Ltd	2023.03~	Land transaction in Naggang District, Taipei City	None
Collaboration contract	CNCK Ltd	2023.03~	Land Development in Naggang District, Taipei City	None
Collaboration contract	381 natural persons	2023.05~	Joint Construction in Xinyi District, Taipei City	None
collaboration and Commission contract	Shu Kuang Construction Ltd.	2023.06~	Land Development in Zhubei City	None
Investment Contract	National Housing and Urban Regeneration Center	2023.07~	Urban renewal in Daan District, Taipei City	
Supplementary agreement of Collaboration contract	Shu Kuang Construction Ltd.	2023.10~	Land Development in Zhubei City(Purchase the Transferable Development Right)	

(b) Bank facilities

Contract Type	Counterparty	Term	Main Content	Restrictions
Bank facility	Chang Hwa Commercial Bank	2023.08-2024.06	Secured loan，Due for Repayment	None
Bank facility	Grand Bills Finance Corp.	2023.09~2024.09	Secured loan，Due for Repayment	None
Bank facility	CTBC Bank	2023.10~2024.10	Secured loan，Due for Repayment	None
Bank facility	China Bills Finance Corp.	2024.01-2025.01	Secured loan，Due for Repayment	None
Bank facility	Taishin International Bank	2021.09-2025.03	Secured loan，Due for Repayment	None
Bank facility	Bank Of Taiwan	2020.04-2026.04	Secured loan，Amortization	None
Bank facility	First Commercial Bank	2021.08-2026.08	Secured loan，Amortization	None
Bank facility	Taiwan Cooperative Bank	2021.11-2026.11	Secured loan，Amortization	None
Bank facility	Taiwan Cooperative Bank	2016.12-2026.12	Secured loan，Amortization	None
Bank facility	E.SUN Bank	2023.02~2027.02	Secured loan，Due for Repayment	None
Bank facility	First Commercial Bank	2023.02~2027.11	Secured loan，Due for Repayment	None
Bank facility	CTBC Bank	2022.12~2027.12	Secured loan，Due for Repayment	None
Bank facility	Taiwan Cooperative Bank	2023.12~2027.12	Secured loan，Due for Repayment	None
Bank facility	Taishin International Bank	2023.10-2028.07	Secured loan，Due for Repayment	None
Bank facility	E.SUN Bank	2023.11~2029.11	Secured loan，Due for Repayment	None
Bank facility	Taishin International Bank	2022.08-2029.02	Secured loan，Due for Repayment	None
Bank facility	Chang Hwa Commercial Bank	2021.12-2041.12	Secured loan，Amortization	None

(3) HDEC Corporation

(a) Major Contracts

Contract Type	Counterparty	Term	Main Content	Restrictions
Construction	HDEC (Puding) Environment Corporation	2017-2024	Puding Area Sewerage System BOT Project- Design & Construction, Taoyuan City	None
Procurement	HDEC (Puding) Environment Corporation	2017-2024	Puding Area Sewerage System BOT Project- Material Purchase, Taoyuan City	None
Construction	CTCI-HDEC (Chungli) Corporation	2017-2039	Chungli Area Sewerage System BOT Project- Design & Construction, Taoyuan City	None
Procurement	CTCI-HDEC (Chungli) Corporation	2017-2039	Chungli Area Sewerage System BOT Project-Material Purchase, Taoyuan City	None
Construction	Tainan municipal government water conservancy bureau	2020-2024	Tainan City Anping Reclaimed Water Plant New Construction Turnkey Project	None
Operation and management	North Shore Corp.	2020-2024	New Taipei City Tamsui Area Sewerage System BOT Project, operation and management	None
Operation and management	Tainan municipal government water conservancy bureau	2020-2037	Tainan City Anping Reclaimed Water Plant New Construction Turnkey Project, operation and management	None
Construction	HDEC (Puding) Environment Corporation	2021-2023	Puding Area Sewerage System BOT Project- Wastewater Treatment Plant Phase I, EPC, Taoyuan City	None
Construction	Science Park Administration, Hsinchu Science Park	2021-2023	Tongluo Science Park Wastewater Treatment Plant Phase II Project-Functional Enhancement of Conductivity Treatment Facilities Turnkey Project	None

Contract Type	Counterparty	Term	Main Content	Restrictions
Construction	HDEC(Ciaotou) Corporation	2022-2025	Kaohsiung Ciaotou Wastewater Reclamation Plant (BTO) Turnkey Project	None
Operation and management	HDEC (Puding) Environment Corporation	2022-2027	Puding Area Sewerage System Project, operation and management, Taoyuan City	None
Construction	HDEC(Chengxi) Corporation	2023-2026	Tainan Chengxi Incineration Plant (BOT) Turnkey Project	None
Investment (Note 1)	New Taipei City Government	2005-2040	New Taipei City Tamsui Area Sewerage System BOT Project	None
Investment (Note 2)	Taoyuan City Government	2021-2056	Puding Area Sewerage System BOT Project	None
Investment (Note 3)	Kaohsiung City Government	2016-2033	Fengshan River Wastewater Reclamation and Reuse BTO Project	None
Investment (Note 4)	Kaohsiung City Government	2019-2036	Linhai Wastewater Treatment Plant and Reclaimed Water BTO Project, Kaohsiung City	None
Investment (Note 5)	Kaohsiung City Government	2022-2040	Kaohsiung Ciaotou Wastewater Reclamation Plant BTO Project	None
Investment (Note 6)	Tainan City Government	2023-2048	Tainan Chengxi Incineration Plant BOT Project	None

Note 1: The contract of the subsidiary North Shore Corporation
Note 2: The contract of the subsidiary HDEC (Puding) Environment Corporation
Note 3: The contract of the subsidiary Blue Whale Corporation
Note 4: The contract of the subsidiary HDEC-CTCI (Linhai) Corporation
Note 5: The contract of the subsidiary HDEC(Ciaotou)Corporation
Note 6: The contract of the subsidiary HDEC(Chengxi) Corporation

(b) Bank facilities

Contract Type	Counterparty	Term	Main Content	Restrictions
Bank facility	Hua Nan Commercial Bank	2023.01-2026.01	Long-term Loan, Due for Repayment	None
Bank facility	Taishin International Bank	2022.04-2026.04	Long-term Loan, Due for Repayment	Financial covenant
Bank facility	Far Eastern International Bank	2022.10-2026.10	Long-term Loan, Amortization	Financial covenant
Bank facility	KGI Bank	2022.11-2026.11	Long-term Loan, Amortization	Financial covenant
Bank facility	Taipei Fuban Commercial Bank	2023.08-2027.08	Long-term Loan, Amortization	Financial covenant
Bank facility	The Shanghai Commercial & Savings Bank	2023.02-2027.02	Long-term Loan, Amortization	None
Bank facility	Bank Sinopac	2022.10-2026.10	Long-term Loan, Due for Repayment	Financial covenant
Bank facility	Yuanta Commercial Bank	2023.05-2027.05	Long-term Loan, Due for Repayment	Financial covenant
Bank facility	Bank of Kaohsiung	2023.09-2027.09	Long-term Loan, Due for Repayment	None
Bank facility	Cathy United Bank	2023.12-2027.12	Long-term Loan, Due for Repayment	None
Bank facility	The Bank of East Asia	2022.11-2026.11	Long-term Loan, Due for Repayment	Financial covenant
Bank facility	Bank of Taiwan	2022.12-2026.12	Long-term Loan, Due for Repayment	None
Bank facility	Chang Hwa Bank	5 years from the date of first drawdown	Long-term Loan, Due for Repayment	None
Bank facility	EnTie Bank	2023.03-2027.03	Long-term Loan, Due for Repayment	Financial covenant
Bank facility	Shin Kong Bank	2024.01-2028.01	Long-term Loan, Due for Repayment	None
Bank facility	Mega Bank(Loan Arranger)	5 years from the date of first drawdown	Long-term Loan, Due for Repayment	Financial covenant

Financial Information

Condensed Balance Sheet and Statement of Comprehensive Income

1. Condensed Balance Sheet

Unit: NT$ thousands

Item \ Year		Financial Summary for The Last Five Years				
		2019	2020	2021	2022	2023
Current assets		188,274	215,415	744,793	99,545	41,712
Property, plant and equipment		1,943	1,944	2,498	3,534	2,699
Other assets		22,774,989	23,605,399	26,025,902	28,455,505	29,751,723
Total assets		22,965,206	23,822,758	26,773,193	28,558,584	29,796,134
Current liabilities	Before distribution	301,881	38,116	172,185	212,610	382,448
	After distribution	713,489	1,190,618	1,555,188	2,270,650	1,617,272
Non-current liabilities		53,373	44,801	2,026,844	2,023,050	2,061,549
Total liabilities	Before distribution	355,254	82,917	2,199,029	2,235,660	2,443,997
	After distribution	766,862	1,235,419	3,582,032	4,293,700	3,678,821
Equity attributable to owners of parent		22,609,952	23,739,841	24,574,164	26,322,924	27,352,137
Ordinary shares		8,232,160	8,232,160	8,232,160	8,232,160	8,232,160
Capital surplus		6,804,435	6,813,745	6,817,198	6,817,198	6,817,198
Retained earnings	Before distribution	7,491,023	8,629,727	9,281,503	10,830,146	10,469,230
	After distribution	7,079,415	7,477,225	7,898,500	8,772,106	9,234,406
Other equity interest		82,334	64,209	243,303	443,420	1,833,549
Total equity	Before distribution	22,609,952	23,739,841	24,574,164	26,322,924	27,352,137
	After distribution	22,198,344	22,587,339	23,191,161	24,264,884	26,117,313

2. Consolidated Condensed Balance Sheet

Unit: NT$ thousands

Item / Year		Financial Summary for The Last Five Years				
		2019	2020	2021	2022	2023
Current assets		42,622,252	44,097,632	46,292,919	45,575,133	46,332,680
Property, plant and equipment		2,286,634	2,345,718	4,379,297	9,551,304	9,530,234
Intangible assets		1,149,653	2,345,718	1,108,196	1,105,066	1,801,118
Other assets		17,489,492	19,575,936	18,609,235	18,818,739	20,746,640
Total assets		63,548,031	67,155,090	70,389,647	75,050,242	78,410,672
Current liabilities	Before distribution	26,617,661	30,359,556	29,856,444	33,604,335	34,911,917
	After distribution	27,029,269	31,512,058	31,239,447	35,662,375	36,146,741
Non-current liabilities		11,233,062	9,875,174	12,754,910	12,064,458	12,723,053
Total liabilities	Before distribution	37,850,723	40,234,730	42,611,354	45,668,793	47,634,970
	After distribution	38,262,331	41,387,232	43,994,357	47,726,833	48,869,794
Equity attributable to owners of parent		22,609,952	23,739,841	24,574,164	26,322,924	27,352,137
Ordinary shares		8,232,160	8,232,160	8,232,160	8,232,160	8,232,160
Capital surplus		6,804,435	6,813,745	6,817,198	6,817,198	6,817,198
Retained earnings	Before distribution	7,491,023	8,629,727	9,281,503	10,830,146	10,469,230
	After distribution	7,079,415	7,477,225	7,898,500	8,772,106	9,234,406
Other equity interest		82,334	64,209	243,303	443,420	1,833,549
Non-controlling interest		3,087,356	3,180,519	3,204,129	3,058,525	3,423,565
Total equity	Before distribution	25,697,308	26,920,360	27,778,293	29,381,449	30,775,702
	After distribution	25,285,700	25,767,858	26,395,290	27,323,409	29,540,878

3. Condensed Statement of Comprehensive Income

Unit: NT$ thousands

Item \ Year	Financial Summary for The Last Five Years				
	2019	2020	2021	2022	2023
Operating revenues	436,459	1,555,241	2,050,426	3,075,624	2,121,624
Gross profit from operations	436,459	1,555,241	2,050,426	3,075,624	2,121,624
Net operating income	361,187	1,450,595	1,938,862	2,929,567	1,974,853
Non-operating income and expenses	9,202	16,465	6,189	8,373	7,435
Income before tax	370,389	1,467,060	1,945,051	2,937,940	1,982,288
Net income	97,007	1,538,543	1,826,298	2,888,392	1,716,736
Other comprehensive income (loss) (income after tax)	(406,343)	(6,356)	157,074	243,371	1,370,517
Comprehensive income (loss)	(309,336)	1,532,187	1,983,372	3,131,763	3,087,253
Net income, attributable to owners of parent	97,007	1,538,543	1,826,298	2,888,392	1,716,736
Comprehensive income (loss), attributable to owners of parent	(309,336)	1,532,187	1,983,372	3,131,763	3,087,253
Earnings per share (NT$)	0.12	1.87	2.22	3.51	2.09

4. Consolidated Condensed Statement of Comprehensive Income

Unit: NT$ thousands

Item \ Year	Financial Summary for The Last Five Years				
	2019	2020	2021	2022	2023
Operating revenues	22,665,087	21,688,649	26,844,308	32,145,603	30,606,844
Gross profit from operations	2,732,555	3,291,903	3,889,530	5,051,989	4,275,873
Net operating income	1,324,943	1,761,685	2,303,357	3,257,564	2,172,599
Non-operating income and expenses	(702,011)	(41,073)	(117,284)	(439,993)	(462,329)
Income before tax	622,932	1,720,612	2,186,073	2,817,571	1,710,270
Net income	152,060	1,632,937	1,867,270	2,589,001	1,330,395
Other comprehensive income (loss) (income after tax)	(452,034)	(97,017)	109,943	416,535	1,386,449
Comprehensive income (loss)	(299,974)	1,535,920	1,977,213	3,005,536	2,716,844
Net income, attributable to owners of parent	97,007	1,538,543	1,826,298	2,888,392	1,716,736
Net income, attributable to non-controlling interests	55,053	94,394	40,972	(299,391)	(386,341)
Comprehensive income (loss), attributable to owners of parent	(309,336)	1,532,187	1,983,372	3,131,763	3,087,253
Comprehensive income (loss), attributable to non-controlling interests	9,362	3,733	(6,159)	(126,227)	(370,409)
Earnings per share (NT$)	0.12	1.87	2.22	3.51	2.09

5. Auditors' Opinions

Year	Accounting Firm	CPA	Audit Opinion
2019	KPMG Taiwan	Kuo-Yang, Tseng、Ti-Nuan, Chien	Unqualified Opinion with Other Matter Paragraphs
2020	KPMG Taiwan	Chung-Che, Chen、Ti-Nuan, Chien	Unqualified Opinion
2021	KPMG Taiwan	Chung-Che, Chen、Shu-Ying Chang	Unqualified Opinion with Other Matter Paragraphs
2022	KPMG Taiwan	Chung-Che, Chen、Shu-Ying Chang	Unqualified Opinion with Other Matter Paragraphs
2023	KPMG Taiwan	Chung-Che, Chen、Shu-Ying Chang	Unqualified Opinion with Other Matter Paragraphs

Financial Analysis

1. Financial Analysis

Item	Year	Financial Analysis for the Past Five Years				
		2019	2020	2021	2022	2023
Financial structure	Debt ratio (％)	1.55	0.35	8.21	7.83	8.20
	Ratio of long-term capital to property, plant and equipment (％)	1,166,408.90	1,223,489.81	1,064,892.23	802,093.21	1,089,799.41
Solvency	Current ratio (％)	62.37	565.16	432.55	46.82	10.91
	Quick ratio (％)	62.34	564.96	432.49	46.75	10.90
	Times interest earned (times)	720.20	2,784.80	152.08	124.55	78.77
Operating performance	Receivables turnover (times)	-	-	-	-	-
	Average collection days	-	-	-	-	-
	Inventory turnover (times)	-	-	-	-	-
	Payables turnover (times)	-	-	-	-	-
	Average days in sales	-	-	-	-	-
	Property, plant and equipment turnover (times)	215.38	800.23	923.20	1,019.77	680.77
	Total assets turnover (times)	0.02	0.07	0.08	0.11	0.07
Profitability	Return on total assets (％)	0.42	6.58	7.30	10.51	5.96
	Return on total equity (％)	0.42	6.64	7.56	11.35	6.40
	Pre-tax income to paid-in capital ratio (%)	4.50	17.82	23.63	35.69	24.08
	Profit ratio (%)	22.23	98.93	89.07	93.91	80.92
	Earnings per share (NT$)	0.12	1.87	2.22	3.51	2.09
Cash flow	Cash flow ratio (%)	282.35	1,186.19	407.62	594.81	508.28
	Cash flow adequacy ratio (%)	139.49	123.48	91.72	89.92	90.66
	Cash reinvestment ratio (%)	0.49	0.17	-0.17	-0.42	-0.39
Leverage	Operating leverage	1.21	1.07	1.06	1.05	1.07
	Financial leverage	1.00	1.00	1.01	1.01	1.01

Analysis of differences over 20% for the last two years：

1. The increase in ratio of long-term capital to property, plant and equipment was mainly due to decrease of property, plant and equipment.
2. The decrease in current ratio and quick ratio were mainly due to decrease of current assets.
3. The decrease in times interest earned, property, plant and equipment turnover, total assets turnover, return on total assets, return on total equity, pre-tax income to paid-in capital ratio and earnings per share were mainly due to decrease of operating revenues.

2. Consolidated Financial Analysis

Item	Year	Financial Analysis for the Past Five Years				
		2019	2020	2021	2022	2023
Financial structure	Debt ratio (％)	59.56	59.91	60.54	60.85	60.75
	Ratio of long-term capital to property, plant and equipment (％)	1,615.05	1,568.63	925.56	433.93	456.43
Solvency	Current ratio (％)	160.13	145.25	155.05	135.62	132.71
	Quick ratio (％)	57.99	49.35	56.52	59.37	57.45
	Times interest earned (times)	2.19	5.55	16.87	5.28	2.90
Operating performance	Receivables turnover (times)	9.47	8.07	8.43	11.14	11.59
	Average collection days	38.54	45.22	43.29	32.76	31.49
	Inventory turnover (times)	0.79	0.67	0.80	1.01	1.05
	Payables turnover (times)	3.08	3.14	3.59	4.14	4.15
	Average days in sales	462.02	544.77	456.25	361.38	347.61
	Property, plant and equipment turnover (times)	10.99	9.36	7.98	4.62	3.21
	Total assets turnover (times)	0.35	0.33	0.39	0.44	0.40
Profitability	Return on total assets (％)	0.53	2.76	3.00	4.10	2.54
	Return on total equity (％)	0.59	6.21	6.83	9.06	4.42
	Pre-tax income to paid-in capital ratio (%)	7.57	20.90	26.56	34.23	20.78
	Profit ratio (%)	0.67	7.53	6.96	8.05	4.35
	Earnings per share (NT$)	0.12	1.87	2.22	3.51	2.09
Cash flow	Cash flow ratio (%)	4.32	(Note)	8.71	0.21	1.26
	Cash flow adequacy ratio (%)	18.22	15.58	33.25	36.79	29.17
	Cash reinvestment ratio (%)	1.64	(Note)	5.83	-5.55	-6.77
Leverage	Operating leverage ratio	1.86	1.65	1.50	1.41	1.75
	Financial leverage ratio	1.23	1.14	1.12	1.18	1.55

Analysis of differences over 20% for the last two years：

1. The decrease in times interest earned, property, plant and equipment turnover, return on total assets, return on total equity, pre-tax income to paid-in capital ratio, profit ratio and earnings per share, the increase in operating leverage ratio and financial leverage ratio were mainly due to decrease of operating revenues.
2. The increase in cash flow ratio was mainly due to increase of net cash flows from operating activities.
3. The decrease in cash flow adequacy ratio and cash reinvestment ratio were mainly due to increase of cash dividends paid.

Note: Ratio was not disclosed due to negative net cash flows from operating activities.

Glossary：

1. Financial Structure
   (1) Debt ratio = Total liabilities / Total assets
   (2) Ratio of long-term capital to property, plant and equipment = (Total equity + non-current liabilities) / Net property, plant and equipment
2. Solvency
   (1) Current ratio = Current assets / Current liabilities
   (2) Quick ratio = (Current assets - inventories - prepayments) / Current liabilities
   (3) Times interest earned = Income before tax and interest expenses / Interest paid
3. Operating Performance
   (1) Receivables turnover = Operating revenues / Average receivables balance
   (2) Average collection days = 365 / Receivables turnover
   (3) Inventory turnover = Operating costs / Average inventories
   (4) Payables turnover = Operating costs / Average payables balance
   (5) Average days in sales = 365 / Inventory turnover
   (6) Property, plant and equipment turnover = Operating revenues / Average net property, plant and equipment
   (7) Total asset turnover = Operating revenues / Average total assets
4. Profitability
   (1) Return on total assets = [Net income + interest expense x (1 - tax rate)] / Average total assets
   (2) Return on total equity = Net income / Average total equity
   (3) Profit ratio = Net income / Operating revenues
   (4) Earnings per share = (Net income, attributable to owners of parent - preferred stock dividends) / Weighted average number of shares outstanding
5. Cash Flow
   (1) Cash flow ratio = Net cash flows from operating activities / Current liabilities
   (2) Cash flow adequacy ratio = Five-year sum of net cash flows from operating activities / Five-year sum of capital expenditures, inventory additions, and cash dividends
   (3) Cash flow reinvestment ratio = (Net cash flows from operating activities – cash dividends) / (Gross property, plant and equipment + long-term investments + other non-current assets + working capital)
6. Leverage
   (1) Operating leverage = (Operating revenues - variable costs and expenses) / Net operating income
   (2) Financial leverage = Net operating income / (Net operating income - interest expenses)

Audit Committee’s Review Report

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

Continental Holdings Corporation
Chairman of the Audit Committee: Allen Lee
Dated March 8, 2024

Consolidated Financial Statements

Representation Letter

The entities that are required to be included in the combined financial statements of CONTINENTAL HOLDINGS CORPORATION as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No.10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, CONTINENTAL HOLDINGS CORPORATION and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: CONTINENTAL HOLDINGS CORPORATION
Chairman: Nita Ing
Date: March 8, 2024

Independent Auditors' Report

To the Board of Directors of CONTINENTAL HOLDINGS CORPORATION:

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition of construction contracts

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

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

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

2. Inventory evaluation
   Please refer to Note 4(h) for accounting policy about inventory evaluation, Note 5 for estimation of inventory evaluation and Note 6(g) for inventory.
   How the matter was addressed in our audit: The Group's inventories shall be stated at the lower of cost and net realizable value. At present, the real estate industry is affected by tax reformation and economic circumstances. There is a risk that the inventory cost may turn out to be higher than its net realization value.
   Our principal audit procedures included: For construction cases in progress and real estate for sale, which is in accordance to the contract price for presale and the selling price of actual registering, assessing the differences between their booked value and fair value, and any possibility of their significant impact on the financial report, comparing with the investment analysis provided by the management, and reassessing according to the actual situation, there is no impairment.

Other Matter

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

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

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

KPMG
Taipei, Taiwan
March 8, 2024

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

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

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

(See accompanying notes to financial statements.)

Chairman：Nita Ing　　Manager：Cindy Chang　　Chief Accountant：Eva Lin

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenues (Notes 6(t), (z) and 7)	$ 30,606,844	100	32,145,603	100
5000	Operating costs (Notes 6(g), (t), (v), 7 and 12)	26,330,971	86	27,093,614	84
	Gross profit from operations	4,275,873	14	5,051,989	16
	Operating expenses (Notes 6(r), (v), (aa), 7 and 12):				
6100	Selling expenses	478,366	2	468,445	1
6200	Administrative expenses	1,624,908	5	1,325,980	4
		2,103,274	7	1,794,425	5
	Net operating income	2,172,599	7	3,257,564	11
	Non-operating income and expenses (Notes 6(ab) and 7):				
7100	Interest income	97,749	-	47,165	-
7010	Other income (Note 6(c))	263,469	1	160,517	-
7020	Other gains and losses, net	(84,052)	-	(164,268)	(1)
7050	Finance costs, net(Notes 6(g) and 6(r))	(770,881)	(3)	(489,478)	(2)
7060	Share of profit (losses) of associates and joint ventures accounted for using equity method (Note 6(h))	31,386	-	6,071	-
		(462,329)	(2)	(439,993)	(3)
7900	Income before tax	1,710,270	5	2,817,571	8
7950	Less: Income tax expenses (Note 6(w))	379,875	1	228,570	1
	Net income	1,330,395	4	2,589,001	7
8300	Other comprehensive income:				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans	(24,515)	-	54,068	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,387,325	5	(88,559)	-
8317	Gains on hedging instrument	(18,994)	-	14,575	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	4,903	-	(10,814)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	1,348,719	5	(30,730)	-
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	37,730	-	447,265	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	37,730	-	447,265	1
8300	Other comprehensive income	1,386,449	5	416,535	1
	Total comprehensive income	**$ 2,716,844**	**9**	**3,005,536**	**8**
	Net income, attributable to:				
8610	Owners of parent	$ 1,716,736	5	2,888,392	7
8620	Non-controlling interests	(386,341)	(1)	(299,391)	-
		$ 1,330,395	**4**	**2,589,001**	**7**
	Total comprehensive income attributable to:				
8710	Owners of parent	$ 3,087,253	10	3,131,763	9
8720	Non-controlling interests	(370,409)	(1)	(126,227)	(1)
		$ 2,716,844	**9**	**3,005,536**	**8**
	Earnings per share (Note 6(y))				
9750	Basic earnings per share (NT dollars)	**$ 2.09**		**3.51**	
9850	Diluted earnings per share (NT dollars)	**$ 2.08**		**3.51**	

(See accompanying notes to financial statements.)

Chairman：Nita Ing Manager：Cindy Chang Chief Accountant：Eva Lin

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Capital stock		Retained earnings				Total other equity						
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total other equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 8,232,160	6,817,198	946,139	2,262,233	6,073,131	9,281,503	(969,251)	1,228,678	(16,124)	243,303	24,574,164	3,204,129	27,778,293
Net income	-	-	-	-	2,888,392	2,888,392	-	-	-	-	2,888,392	(299,391)	2,589,001
Other comprehensive income (loss)	-	-	-	-	43,254	43,254	274,101	(88,559)	14,575	200,117	243,371	173,164	416,535
Total comprehensive income (loss)	-	-	-	-	2,931,646	2,931,646	274,101	(88,559)	14,575	200,117	3,131,763	(126,227)	3,005,536
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	180,428	-	(180,428)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,383,003)	(1,383,003)	-	-	-	-	(1,383,003)	-	(1,383,003)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(19,377)	(19,377)
Balance at December 31, 2022	8,232,160	6,817,198	1,126,567	2,262,233	7,441,346	10,830,146	(695,150)	1,140,119	(1,549)	443,420	26,322,924	3,058,525	29,381,449
Net income	-	-	-	-	1,716,736	1,716,736	-	-	-	-	1,716,736	(386,341)	1,330,395
Other comprehensive income (loss)	-	-	-	-	(19,612)	(19,612)	21,798	1,387,325	(18,994)	1,390,129	1,370,517	15,932	1,386,449
Total comprehensive income (loss)	-	-	-	-	1,697,124	1,697,124	21,798	1,387,325	(18,994)	1,390,129	3,087,253	(370,409)	2,716,844
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	293,164	-	(293,164)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,058,040)	(2,058,040)	-	-	-	-	(2,058,040)	-	(2,058,040)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	735,449	735,449
Balance at December 31, 2023	**$ 8,232,160**	**6,817,198**	**1,419,731**	**2,262,233**	**6,787,266**	**10,469,230**	**(673,352)**	**2,527,444**	**(20,543)**	**1,833,549**	**27,352,137**	**3,423,565**	**30,775,702**

(See accompanying notes to financial statements.)

Chairman：Nita Ing Manager：Cindy Chang Chief Accountant：Eva Lin

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

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

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

(See accompanying notes to financial statements.)

Chairman：Nita Ing　　Manager：Cindy Chang　　Chief Accountant：Eva Lin

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

CONTINENTAL HOLDINGS CORPORATION ("CHC" or "the Company") was established through shares exchange with Continental Engineering Corp. ("CEC") on April 8, 2010 and CEC became 100% - owned by the Company. On the same day, the Company was approved to be a listed Company by the FSC. The consolidated financial statements as of December 31, 2023 consist of the Company and all of its subsidiaries ("the Group"), and the interests in a jointly controlled entities and associates. Please refer to Note 14 for the Group's main businesses.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were approved and authorized for issue by the Board of Directors on March 8, 2024.

(3) New standards, amendments and interpretations adopted

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

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

・Amendments to IAS 1 "Disclosure of Accounting Policies"
・Amendments to IAS 8 "Definition of Accounting Estimates"
・Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

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

・Amendments to IAS 12 "International Tax Reform-Pillar Two Model Rules"

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

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

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

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

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

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

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(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 as "the Regulations") and the IFRSs, IASs, IFRIC Interpretations, and the SIC Interpretations endorsed and issued into effect by the FSC.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial assets at fair value through profit or loss are measured at fair value;
2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) Hedging financial instruments are measured at fair value; and

4) The defined benefit liabilities are measured at the present value of the defined benefit obligation less fair value of the plan assets.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The Group's consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle for the preparation of the consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. The Group has control over an investee if, and only if, it has exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of its returns.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date of obtaining control and are excluded from the date of losing control. Intra-group transactions and balances, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Losses applicable to the controlling interests in a subsidiary are allocated to the ownership of the parent company and non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Adjustments for financial statements of the subsidiaries have been made in order to be in line with the Group's accounting policies.

Changes in the ownership of a subsidiary that do not result in loss of control are accounted for as equity transactions. The difference between adjustment for the non-controlling interest and the fair value of the consideration received or paid is directly recognized in equity that is attributable to the owner.

When the Group loses control of a subsidiary it derecognizes the assets (including goodwill), liabilities and non-controlling interests of the former subsidiary at their carrying amounts at the date when the control is lost. Any investment retained in the former subsidiary is remeasured at its fair value at the date when control is lost. Gain or loss on disposal is recognized as the difference of:

1) the sum of the fair value of the consideration received and the investments retained in the former subsidiary at the date when the control is lost.

2) the sum of the carrying amounts of the subsidiary's assets (including goodwill), liabilities and non-controlling interests at the date when the control is lost.

All amounts related to the subsidiary is originally recognized in other comprehensive income and accounted for as the same basis as the Group would have directly disposed of its related assets or liabilities.

(ii) Subsidiaries included in the consolidated financial statements

			Percentage of ownership		
Investor Company	**Subsidiary**	**Main Business**	**December 31, 2023**	**December 31, 2022**	**Note**
The Company and CCLC	Continental Engineering Corp. (CEC)	Civil, Building and M&E engineering	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%	
The Company and CCLC	HDEC Corp. (HDEC)	Environmental project development & Water treatment	100.00%	100.00%	
The Company	Continental Consulting Limited Company (CCLC)	Management Consulting	100.00%	100.00%	
CEC	CEC International Corp. (CIC)	Investment and holding	100.00%	100.00%	
CEC	CEC International Corp. (India) Private Limited (CICI)	Civil and Building engineering	100.00%	100.00%	
CEC	CEC International Malaysia Sdn. Bhd. (CIMY)	Civil and Building engineering	85.14%	85.14%	
CEC	Continental Engineering Corporation(Hong Kong) Limited (CEC HK)	Civil and Building engineering	100.00%	100.00%	
CDC	CDC Commercial Development Corp. (CCD)	Real estate lease	80.65%	80.65%	

Investor Company	Subsidiary	Main Business	Percentage of ownership		Note
			December 31, 2023	December 31, 2022	
CDC	MEGA Capital Development Sdn. Bhd. (MEGA)	Real estate development on hotels	55.00%	55.00%	
CDC	Bangsar Rising Sdn. Bhd. (BANGSAR)	Real estate development on residential	60.00%	60.00%	
CDC	CDC Asset Management Malaysia Sdn. Bhd. (CDCAM)	Management consulting	100.00%	100.00%	
CDC	CDC US Corp.	Investment and holding	100.00%	100.00%	
CDC US Corp.	CDC Investment Management LLC	Investment management	100.00%	100.00%	
CDC US Corp.	Trimosa Holdings LLC	Investment and holding	70.65%	70.65%	
Trimosa Holdings LLC	950 Investment LLC	Investment and holding	76.55%	76.55%	
950 Investment LLC	950 Property LLC (950P)	Real estate development on residential	100.00%	100.00%	
950 Investment LLC	950 Hotel Property LLC (950H)	Hotel industry	100.00%	100.00%	
950 Investment LLC	950 Retail Property LLC	Real estate lease and management	100.00%	100.00%	
950 Hotel Property LLC	950 F&B LLC	Liquor sale	100.00%	-%	Note G
HDEC	HDEC Construction Corp. (SDC)	Construction of underground pipeline and environmental protection project, plumbing	100.00%	100.00%	
HDEC	North Shore Environment Corp. (NSC)	Sewer system design and construction in Danshui area, New Taipei City	100.00%	100.00%	Note A
HDEC	Blue Whale Water Technologies Corp. (BWC)	Feng Shan River wastewater reclamation and reuse BTO project in Kaohsiung City	51.00%	51.00%	Note B
HDEC	HDEC (Puding) Environment Corp. (PDC)	Pu Ding area sewerage construction in Taoyuan City	100.00%	100.00%	Note C
HDEC	HDEC-CTCI (Linhai) Corp. (LHC)	Linhai wastewater reclamation and reuse BTO project in Kaohsiung City	55.00%	55.00%	Note D
HDEC	HDEC(Ciaotou) Corp. (CTC)	Ciaotou wastewater reclamation and reuse BTO project in Kaohsiung City	100.00%	100.00%	Note E
HDEC	HDEC(Chengxi) Corp. (CXC)	Aninan area incineration plant renewal in Tainan City	100.00%	100.00%	Note F

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

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

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

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

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

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

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

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

(d) Foreign currencies

(i) Foreign currency transactions

Foreign currency transactions are recorded at the spot exchange rate on the date of the transaction. At the end of each subsequent reporting period (the reporting date), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;
2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to presentation currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to presentation currency at the average rate. Exchange differences are recognized in other comprehensive income.

When the Group disposes its foreign operation, resulting in losing control, joint control, or significant influence, the cumulative amounts in the translation reserve related to that foreign operation is reclassified to profit or loss. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planed nor likely settled in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

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

An asset is classified 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, in its normal operating cycle;
(ii) It helds 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 cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified 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 helds the liability primarily for the purpose of trading;
(iii) The liability is due to be settled within twelve months after the reporting period; or
(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing of equity instruments do not affect its classification.

The Group's primary businesses are Construction Engineering, Real Estate Development, and Environmental Project Development & Water Treatment. The normal operating cycle of the Group is three to five years at least. The balance sheet accounts related to construction business are classified either as current or non-current based on the Group's operating cycle.

(f) Cash and cash equivalents

Cash comprises cash on hand, and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes that should be recognized as cash equivalents.

(g) Financial instruments

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – equity investment; or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables,Long-term accounts receivable, etc.) and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate clients and government agencies, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities

1) Financial liabilities

Financial liabilities are classified as measured at amortized cost.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations have been discharged, cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iii) Derivative financial instruments and Hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

The Group designates certain hedging instruments (which include non-derivatives in respect inception of foreign currency risk) as cash flow hedges.

At initial designated hedging relationships, the Group documents the risk management objectives and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

1) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under 'other equity-gains (losses) on hedging instruments', limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Furthermore, if the Group expects that some or all of the loss accumulated in other equity will not be recovered in the future, that amount is immediately reclassified to profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. The discontinuation is accounted for prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost shall comprise all costs of purchase, costs of conversion, costs incurred in bringing the inventories to their present location and condition, and borrowings.

Net realizable value is the balance that estimates the selling price, less, estimated costs of completion and the estimated costs of selling. The measurement of net realizable value is as follows:

(i) Land held for development: the net realizable value is the replacement cost or estimated price (based on the market condition), less, the estimated selling expenses at the end of the period.
(ii) Building construction in progress: the net realizable value is the estimated price (based on the market condition), less, the estimated costs of completion and selling expenses at the end of the period.
(iii) Real estate held for sale: the net realizable value is the estimated price (based on the market condition), less, the estimated selling expenses at the end of the period.

(i) Service Concession Agreements

(i) Recognition and measurement

The Group (the Operator) is required to comply with IFRIC 12 'Service Concession Arrangement' upon entering into an agreement with the government (the Grantor), under the conditions of 'public-to-private' arrangement as follows：

1) The Grantor decides and regulates on the price and the kind of services the Operator should render or provide to the users of the infrastructures.
2) The Grantor, through its ownership, acquires all the beneficial entitlements and any interests incurred from the infrastructure at the end of the term of the arrangement.

The Operator provides construction or upgrade services to the Grantor. The payment from the Grantor received or receivable by the Operator incurred from the construction or upgrade services shall be recognized as financial asset or intangible asset. According to IFRIC 12, a financial asset should be recognized to the extent that the Operator has an unconditional present right to receive cash from the Grantor for its construction services. The accounting policy of financial assets please refer to note 4(g) 'Financial instruments'.

The Operator shall recognize an intangible asset to the extent that the Operator receives a right (a license) to charge its users of its public service. A right to charge the users of the public service is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service. For the accounting policy of intangible assets (service concession arrangement), please refer to note 4(o) 'Intangible assets'.

If the Operator received the payment from the Grantor for its construction services (partly by a financial asset and partly by an intangible asset), it is necessary to separately account for each component by using the fair value of the financial asset and intangible asset. The payment received or receivable from the Grantor for both components shall be recognized initially in the allocation amount calculated by using the standalone fair value.

(ii) Construction or upgrade services

The accounting policy of construction services or upgrade services to the Grantor shall be in accordance with IFRS 15. Please refer to note 4(r) 'Revenue'.

(iii) Operating services

The accounting policy of operation services to the government shall be in accordance with IFRS 15. Please refer to note 4(r) 'Revenue'.

(j) Investment in associates

Associates are those entities in which the Group has significant influence, but no control, over the financial and operating policies.

Investments in associates are accounted for using equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, minus any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate, and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in capital surplus in proportion to its ownership.

Unrealized gains and losses resulting from the transactions between the Group and an associate are recognized only to the extent of the Group's interest in the associate.

When the Group's share of losses of an associate equals or exceeds its interest in associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(k) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The IFRS classifies joint arrangements into two types-joint operations and joint ventures, which have the following characteristics: (a) the parties are bound by a contractual arrangement; and (b) the contractual arrangement gives two or more of those parties joint control of the arrangement.

IFRS 11 ‘Joint arrangement’ defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (i.e. activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control .

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operations party) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint operator recognizes and measures the assets, liabilities, revenues and expenses in relation to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. When assessing whether a joint arrangement is a joint operation or a joint venture, the Group considers the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

(l) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful lives, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as rental revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(m) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Land is not depreciated.

The estimated useful lives of property, plant and equipment are as follows:

Buildings	4 ～ 50 years
Machinery	2 ～ 12 years
Transportation equipment	1 ～ 10 years
Computer equipment	3 ～ 6 years
Office equipment	3 ～ 8 years
Operating equipment	2 ～ 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(n) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) fixed payments, including in-substance fixed payments;
2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
3) amounts expected to be payable under a residual value guarantee; and
4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

1) there is a change in future lease payments arising from the change in an index or rate; or
2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
4) there is a change of its assessment on whether it will exercise a extension or termination option; or
5) there is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities of buildings, machinery and office equipment for short-term leases that have a lease term of 12 months or less or leases of low-value assets and variable lease payments. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

In addition, the Group leases land and buildings by applying IFRIC 12 'Service Concession Agreements' and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a leasor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(o) Intangible Assets

(i) Service Concession Agreements

The Group shall recognize an intangible asset arising from service concession agreements when the Group a right to charge the public for the use of the infrastructure. The intangible assets resulted from construction or service upgraded in accordance with the service concession agreements are measured at the fair value on initial recognition. Subsequently, intangible assets are measured at cost, including borrowing costs that are eligible for capitalization, minus accumulated amortization and accumulated impairment losses.

(ii) Amortization

The amortized amount of intangible assets with definite lives is determined after deducting its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. For the estimated useful lives for the current and comparative years of significant item of intangible assets are as follows:

Service Concession Agreements 17~35 years

The useful life of intangibles arising from the service concession agreements begins on a day when the Group has a right to charge the public for the use of the infrastructure and ends on the expiry of the service concession agreements. Amortization methods, useful lives, and residual values are reviewed at each reporting date, and adjusted if appropriate.

(p) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Good will is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGUs is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGUs.

An impairment loss is recognized if the carrying amount of an asset or CGUs exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGUs on a pro rata basis.

An impairment loss in respect of goodwill is not reversed.

For non-financial assets other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(q) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(i) Warranties

A provision for warranties is recognized when the underlying constructions are completed. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Onerous contract

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(iii) After-sales service

A provision for warranties is recognized when products are sold or services are provided. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(r) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Construction contracts

The Group enters into contracts to build residential properties, commercial buildings and public constructions. Because its customer controls the asset as it is constructed, the Group recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract or the surveys of work performed / completion of a physical proportion of the contract work. The consideration promised in the contract includes fixed and variable amounts. The customer pays the fixed amount based on a payment schedule. For some variable considerations (for example, a penalty payment calculated based on delay days and price-adjusted subsidy), accumulated experience is used to estimate the amount of variable consideration, using the expected value method. For other variable considerations (for example, completion bonus if a construction is completed by a specified date), the Group estimates the amount of variable consideration using the most likely amount. Considering the progress of a public construction is highly susceptible to factors outside the Group's control and, therefore, completion bonus is usually constrained, the Group recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

For residential properties, commercial buildings and public constructions, the Group offers a standard warranty to provide assurance that they comply with agreed upon specifications and has recognized warranty provisions for this obligation; please refer to note 6(s).

2) Land development and sale of real estate

The Group develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component. For pre selling properties, the consideration is usually received by installment during the period from contract inception until the transfer of properties to the customer. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project. Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when control over the property has been transferred to the customer.

Certain contracts include multiple deliverables, such as sale of residential properties and a decoration service. The Group accounts for the decoration service as a single performance obligation, and the transaction price is allocated to the decoration service on a relative stand alone selling price basis. If a stand alone selling price is not directly observable, it is estimated based on expected cost plus margin. Revenue from providing the decoration service is recognized in the accounting period in which the services are rendered and is determined based on the costs incurred to date as a proportion of the total estimated costs of the contract.

(ii) Labor service revenue

The Group provides the operation and maintenance of sewage treatment plant for the government and recognizes the revenue based on the number of times of completion.

(iii) Rental revenue

Rental income from investment property is recognized on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income and are recognized as the reduction of rental revenue, over the term of the lease. Income generated from leased real estate is recognized as rental revenue under operating revenue.

(iv) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

c) the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(s) 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.

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(t) Income Taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, therefore accounted for them under IAS37.

The Group has determined that the global minimum top-up tax – which it is required to pay underPillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profits (losses) and does not give rise to equal taxable and deductible temporary differences.

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Despite CHC, CEC and CDC adopted a tax consolidated regime, income tax should be calculated in accordance with the abovementioned accounting principles. Based on the consolidated income tax reported by CHC, it needs to adjust the current tax assets or liabilities for CHC.

(u) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Group. The basic earnings per share are calculated based on the profit attributable to the ordinary shareholders of the Group divided by weighted-average number of ordinary shares outstanding. The diluted earnings per share are calculated based on the profit attributable to the ordinary shareholders of the Group, divided by weighted-average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares, such as employee remuneration.

(v) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). The segment's operating results are reviewed regularly by the Group's chief operating decision maker to make decisions pertaining to the allocation of the resources to the segment and to assess its performance. In addition, discrete financial information is available from the interval reporting system.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements requires the 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 management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) The adoption of IFRIC 12 'Service concession arrangements' and the classification of receivables or intangible assets

The Group (the Operator) is required to comply with IFRIC 12 'Service Concession Arrangement' when entering into an agreement with the government (the Grantor), under the conditions of 'public-to-private' arrangement as follows：

(i) The Grantor decides and regulates on the price and the kind of services the Operator should render or provide to the users of the infrastructures.

(ii) The Grantor, through its ownership, acquires all the beneficial entitlements and any interests incurred from the infrastructure at the end of the term of the arrangement.

On the adoption of IFRIC 12 'Service concession arrangements', the payment from the Grantor received or receivable by the Operator incurred from the construction or upgrade services shall be recognized in a financial asset or an intangible asset according to the treaties of agreements. Please refer to Note 6(e) and 6(m).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to Note 6(g) for further description of the valuation of inventories.

(b) Revenue recognition

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The stage of completion of a contract is measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs; or the completion of a physical proportion of the contract work. Estimated total contract costs of contracted items are assessed and determined by the management based on the nature of activities, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profits from construction contracts.

The Group's accounting policies include the measurement of financial and non-financial assets and liabilities at FVTPL. For the fair value valuation, the Group has established its internal control system, that is, the Group established its financial instrument valuation group to be responsible for reviewing the significant fair value valuation and reporting the results to the Chief Financial Officer. The financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices; in addition, the valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure that the classification of fair value levels is complied with the IFRSs. Any significant valuation issue will be reported to the Audit Committee by the valuation group. The valuation of investment properties were either appraised by external qualified appraisers or measured by the Group's Financial Department (in accordance with the measurement methods and parametric hypothesis which announced by the FSC).

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(c) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

Please refer to Note 6(ac), Financial instruments for assumptions used in measuring fair value.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

		December 31, 2023	December 31, 2022
Cash	$	24,423	20,447
Cash in banks		4,058,965	4,306,848
Time deposits		1,536,389	1,106,424
Cash equivalents		1,258,364	388,697
	$	**6,878,141**	**5,822,416**

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

(ii) Please refer to Note 8 for the time deposits in pledge and restricted bank deposits reclassified to other current assets.

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

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

		December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Stocks of unlisted company	**$**	**1,068,858**	**1,068,858**

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

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

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

		December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income:			
Listed common share-Evergreen Steel Corp.	$	2,667,174	1,323,329
Unlisted common share-Xinrong Enterprise		700,770	657,982
Unlisted common share-Metro Consulting Service Ltd.		3,690	2,998
Total	**$**	**3,371,634**	**1,984,309**

(i) The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes.

(ii) The Group recognized the dividends revenue of $177,422 thousand and $126,094 thousand related to equity investments designated at fair value through other comprehensive income for the years ended December 31, 2023 and 2022.

(iii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the years ended December 31, 2023 and 2022.

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

(v) Please refer to note 6(ac) for the credit risk and market risk.

(d) Financial instruments used for hedging

		December 31, 2023	December 31, 2022
Cash flow hedge:			
Financial assets used for hedging	$	28,839	1,299,684
Financial liabilities used for hedging		(19,444)	-
Total	**$**	**9,395**	**1,299,684**

(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:

		Hedge instrument designated to be hedge and fair value			
Item Hedged	**Hedge instrument**		**December 31, 2023**	**December 31, 2022**	**Expected Cash flow Period**
Expected foreign assets	Foreign deposits	**$**	**29,938**	**1,301,233**	2023~2024
	Change in value of Foreign currency	**$**	**(1,099)**	**(1,549)**	2023~2024

		Hedge instrument designated to be hedge and fair value				
Item Hedged	**Hedge instrument**		**December 31, 2023**	**December 31, 2022**	**Contract amount (National principal)**	**Delivery date**
Expected foreign liabilities	Forward exchange	**$**	**(19,444)**	**-**	JPY 4,665,000 thousand	2024.03~ 2025.03

(iii) The transactions of cash flow hedges for the years ended December 31, 2023 and 2022, were all effective.

(e) Notes and accounts receivable

		December 31, 2023	December 31, 2022
Notes receivable	$	684	12,087
Accounts receivable		2,987,278	2,277,357
Long-term accounts receivable		5,867,118	5,482,701
Less: Allowance for bad debts		-	-
	$	**8,855,080**	**7,772,145**

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:

		December 31, 2023		
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not overdue	$	8,769,062	-	-
Pass due less than one year		31,738	-	-
Pass due over one year		54,280	-	-
	$	**8,855,080**		**-**

		December 31, 2022		
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not overdue	$	7,713,995	-	-
Pass due less than one year		3,380	-	-
Pass due over one year		54,770	-	-
	$	**7,772,145**		**-**

The notes and accounts receivable were not pledged as collateral.

(f) Other receivables

		December 31, 2023	December 31, 2022
Other receivables-lending of capital (including other non-current assets)	$	678,034	525,515
Other receivables-lawsuit		150,630	150,630
Other receivables-related parties		2,895	2,293
Other (including other non-current assets)		198,137	157,127
Less: Allowance for bad debts		-	-
	$	**1,029,696**	**835,565**

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

(g) Inventories

		December 31, 2023	December 31, 2022
Hotel:			
Catering	$	6,032	5,616
Real estate:			
Real estate held for sale		11,070,517	13,930,882
Land held for development		5,682,236	4,616,823
Building construction in progress		8,626,658	5,881,928
Prepayment for land		47,254	515,465
Subtotal		25,426,665	24,945,098
Less: Allowance for impairment loss		(228,056)	(95,582)
	$	**25,204,641**	**24,855,132**

(i) For the year ended December 31, 2023, the write-down of inventories amounted to $132,474 thousand.

(ii) For the years ended December 31, 2023 and 2022, the cost of inventory was $4,407,074 thousand and $6,129,200 thousand, respectively.

(iii) Capitalizing interest costs were as follows:

		2023	2022
Capitalized interests	**$**	**93,600**	**146,334**
Capitalization interest rate		**2.0928%~6.48%**	**1.5888%~5.75%**

(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

		December 31, 2023	December 31, 2022
Associates	**$**	**1,598,373**	**1,594,138**

(i) Associates

The Group's significant associates were as follows:

Name of associates	Nature of Relationship with the Group	Main operating location/Registered Country of the Company	Percentage of ownership or voting power December 31, 2023	Percentage of ownership or voting power December 31, 2022
CTCI - HDEC (Chungli) Corp. (CTCI - HDEC)	SPC, mainly responsible for the sewerage system BOT project in Chung-Li area, Taoyuan City.	Taiwan	49.00%	49.00%
Fanlu Construction Industry Co., Ltd. (Fanlu)	Real estate	Taiwan	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

	December 31, 2023	December 31, 2022
Current assets	$ 381,226	176,932
Non-current assets	2,659,077	1,611,626
Current liabilities	(521,351)	(135,061)
Non-current liabilities	(842,281)	(38,559)
Net assets	**$ 1,676,671**	**1,614,938**

	2023	2022
Revenues	**$ 1,258,767**	**913,127**
Net income / Total comprehensive income	**$ 117,143**	**61,567**
Net assets attributable to the Group, beginning balance	$ 791,319	761,317
Dividend	(27,151)	(165)
Total comprehensive income attributable to the Group	57,401	30,167
Net assets attributable to the Group, ending balance	**$ 821,569**	**791,319**

2) Summary of Fanlu's financial figures

	December 31, 2023	December 31, 2022
Current assets	$ 6,958,558	5,013,047
Non-current assets	21,404	4,330
Current liabilities	(650,469)	(518,556)
Non-current liabilities	(4,110,000)	(2,205,000)
Net assets	**$ 2,219,493**	**2,293,821**

	2023	2022
Revenues	**$ -**	**-**
Net loss/ Total comprehensive income	**$ (74,327)**	**(68,849)**
Net assets attributable to the Group, beginning balance	$ 802,819	652,611
Additions	-	174,304
Total Comprehensive income attributable to the Group	(26,015)	(24,096)
Net assets attributable to the Group, ending balance	**$ 776,804**	**802,819**

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

(i) Material non-controlling interest of subsidiaries

Subsidiaries	Country of registration	Equity ownership of non-controlling interest December 31, 2023	Equity ownership of non-controlling interest December 31, 2022
CDC US Corp. and subsidiaries	The United States	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

		December 31, 2023	December 31, 2022
Current assets	$	4,821,103	5,352,228
Non-current assets		5,109,888	5,236,333
Current liabilities		(4,303,390)	(6,788,140)
Non-current liabilities		(122,981)	(129,267)
Net assets	**$**	**5,504,620**	**3,671,154**
Non-controlling interest	**$**	**2,117,730**	**1,689,764**

		2023	2022
Revenues	**$**	**507,710**	**409,955**
Net loss	$	(847,431)	(442,047)
Other comprehensive income		-	-
Total comprehensive income	**$**	**(847,431)**	**(442,047)**
Net loss attributable to non-controlling interest	**$**	**(386,274)**	**(197,730)**
Total comprehensive income attributable to non-controlling interest	**$**	**(386,274)**	**(197,730)**

Cash flows from operating activities	$	(491,202)	(1,779,821)
Cash flows from investing activities		(30,066)	(4,661)
Cash flows from financing activities		377,081	1,918,118
Net increase in cash and cash equivalents	**$**	**(144,187)**	**133,636**

(j) Property, plant and equipment

		Land	Buildings	Machinery	Transportation equipment	Computer equipment	Office equipment	Operating equipment	Total
Cost or deemed cost:									
Balance at January 1, 2023	$	2,357,519	6,911,877	1,017,257	165,618	86,263	175,608	133,952	10,848,094
Additions		-	38,548	327,407	42,716	12,414	8,158	10,393	439,636
Reclassification		-	-	20,631	-	660	-	-	21,291
Disposals		-	-	(4,241)	(7,907)	(489)	(2,003)	-	(14,640)
Effect of exchange rate changes		(15,262)	(71,536)	153	28	(56)	(103)	(2,518)	(89,294)
Balance at December 31, 2023	**$**	**2,342,257**	**6,878,889**	**1,361,207**	**200,455**	**98,792**	**181,660**	**141,827**	**11,205,087**
Balance at January 1, 2022	$	1,954,252	2,101,888	932,775	159,225	86,426	144,164	35,408	5,414,138
Additions		-	15,819	150,003	27,972	7,129	41,860	93,689	336,472
Reclassification		373,921	4,572,526	-	-	-	-	-	4,946,447
Disposals		-	-	(67,152)	(22,165)	(7,908)	(12,462)	-	(109,687)
Effect of exchange rate changes		29,346	221,644	1,631	586	616	2,046	4,855	260,724
Balance at December 31, 2022	**$**	**2,357,519**	**6,911,877**	**1,017,257**	**165,618**	**86,263**	**175,608**	**133,952**	**10,848,094**
Depreciation and impairment loss:									
Balance at January 1, 2023	$	-	321,899	666,023	119,559	57,177	116,570	15,562	1,296,790
Depreciation		-	168,125	161,299	14,849	8,756	15,926	29,994	398,949
Reclassification		-	-	(1,298)	-	-	-	-	(1,298)
Disposals		-	-	(4,241)	(7,885)	(486)	(1,932)	-	(14,544)
Effect of exchange rate changes		-	(3,817)	(83)	26	(38)	(123)	(1,009)	(5,044)

	Land	Buildings	Machinery	Transportation equipment	Computer equipment	Office equipment	Operating equipment	Total
Balance at December 31, 2023	**$ -**	**486,207**	**821,700**	**126,549**	**65,409**	**130,441**	**44,547**	**1,674,853**
Balance at January 1, 2022	$ -	247,468	491,109	122,272	54,776	118,615	601	1,034,841
Depreciation	-	72,471	241,994	11,494	8,525	8,968	14,441	357,893
Disposals	-	-	(67,128)	(14,771)	(6,617)	(12,087)	-	(100,603)
Effect of exchange rate changes	-	1,960	48	564	493	1,074	520	4,659
Balance at December 31, 2022	**$ -**	**321,899**	**666,023**	**119,559**	**57,177**	**116,570**	**15,562**	**1,296,790**
Carrying amounts:								
Balance at December 31, 2023	**$ 2,342,257**	**6,392,682**	**539,507**	**73,906**	**33,383**	**51,219**	**97,280**	**9,530,234**
Balance at December 31, 2022	**$ 2,357,519**	**6,589,978**	**351,234**	**46,059**	**29,086**	**59,038**	**118,390**	**9,551,304**

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

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

(k) Right-of-use assets

	Land	Buildings	Transportation equipment	Total
Cost:				
Balance at January 1, 2023	$ 88,015	207,287	6,535	301,837
Additions	15,459	44,716	4,334	64,509
Disposals	(36,854)	(81,005)	(4,406)	(122,265)
Effect of exchange rate changes	-	367	-	367
Balance at December 31, 2023	**$ 66,620**	**171,365**	**6,463**	**244,448**
Balance at January 1, 2022	$ 95,125	197,729	6,050	298,904
Additions	23,601	99,862	1,804	125,267
Disposals	(30,711)	(95,736)	(1,319)	(127,766)
Effect of exchange rate changes	-	5,432	-	5,432
Balance at December 31, 2022	**$ 88,015**	**207,287**	**6,535**	**301,837**
Depreciation and impairment losses:				
Balance at January 1, 2023	$ 48,681	101,293	4,968	154,942
Depreciation	22,093	46,568	1,868	70,529
Disposals	(36,854)	(76,649)	(4,406)	(117,909)
Effect of exchange rate changes	-	405	-	405
Balance at December 31, 2023	**$ 33,920**	**71,617**	**2,430**	**107,967**
Balance at January 1, 2022	$ 46,637	120,032	4,218	170,887
Depreciation	29,764	61,433	2,069	93,266
Disposals	(27,720)	(84,906)	(1,319)	(113,945)
Effect of exchange rate changes	-	4,734	-	4,734
Balance at December 31, 2022	**$ 48,681**	**101,293**	**4,968**	**154,942**
Carrying amounts:				
Balance at December 31, 2023	**$ 32,700**	**99,748**	**4,033**	**136,481**
Balance at December 31, 2022	**$ 39,334**	**105,994**	**1,567**	**146,895**

(l) Investment properties

	Owned		
	Land and improvements	Buildings	Total
Cost or deemed cost:			
Balance at January 1, 2023	$ 7,963,125	1,607,322	9,570,447
Disposals	-	(908,812)	(908,812)

	Owned		
	Land and improvements	Buildings	Total
Balance at December 31, 2023	$ **7,963,125**	**698,510**	**8,661,635**
Balance at January 1, 2022	$ **7,963,125**	**1,607,322**	**9,570,447**
Balance at December 31, 2022	$ **7,963,125**	**1,607,322**	**9,570,447**
Depreciation and impairment losses：			
Balance at January 1, 2023	$ 349,356	1,190,062	1,539,418
Depreciation	-	15,796	15,796
Disposal	-	(908,812)	(908,812)
Balance at December 31, 2023	$ **349,356**	**297,046**	**646,402**
Balance at January 1, 2022	$ 349,356	537,591	886,947
Depreciation	-	29,582	29,582
Impairment	-	622,889	622,889
Balance at December 31, 2022	$ **349,356**	**1,190,062**	**1,539,418**
Carrying amounts:			
Balance at December 31, 2023	$ **7,613,769**	**401,464**	**8,015,233**
Balance at December 31, 2022	$ **7,613,769**	**417,260**	**8,031,029**
Fair value:			
Balance at December 31, 2023			$ **12,068,055**
Balance at December 31, 2022			$ **11,982,620**

The Group sets out standards in identifying the investment property. Investment property is a kind of property held for the purpose of earning rentals or capital appreciation, or for both. One factor to be considered is if the main cash flow generated by a property can be independent to other assets held by the Group. Properties of the Group are partly held for earning rentals or capital appreciation, and partly are held for management purposes, for the portions that can be sold separately, they are accounted for separately. For the portions that can not be sold separately, only in the event that the portions used for management purpose are not significant, the property is deemed as an investment property.

Investment property comprises a number of commercial properties that are leased to third parties. Please refer to Note 6(t) for detail information (include rental revenues and other direct operating expenses).

The fair value of investment property is based on a valuation by an independent evaluator who has certified professional qualification and related valuation experience in areas and types of the valuated investment property. Under the valuation techniques for financial instruments measured at fair value, the inputs are categorized as Level 3.

On November 15, 2022, CCD, a subsidiary of the Group, resolved to develop investment properties - land by the Board of Directors. As all of the existing investment properties - buildings is demolished in April, 2023, the Group recognized impairment loss $622,889 thousand based on the recoverable amount. Please refer to Note 6(ab) for the details.

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

(m) Intangible assets

	Goodwill	Service Concession Agreements	Other	Total
Cost:				
Balance at January 1, 2023	$ 30,249	1,501,121	4,662	1,536,032
Additions	-	764,721	82	764,803
Effect of exchange rate changes	-	-	(2)	(2)
Balance at December 31, 2023	$ **30,249**	**2,265,842**	**4,742**	**2,300,833**
Balance at January 1, 2022	$ 30,249	1,443,339	-	1,473,588
Additions	-	57,782	4,524	62,306
Effect of exchange rate changes	-	-	138	138
Balance at December 31, 2022	$ **30,249**	**1,501,121**	**4,662**	**1,536,032**
Amortization and impairment loss:				
Balance at January 1, 2023	$ -	430,966	-	430,966
Amortization	-	68,749	-	68,749
Balance at December 31, 2023	$ **-**	**499,715**	**-**	**499,715**

		Goodwill	Service Concession Agreements	Other	Total
Balance at January 1, 2022	$	-	365,392	-	365,392
Amortization		-	65,574	-	65,574
Balance at December 31, 2022	$	**-**	**430,966**	**-**	**430,966**
Carrying amounts:					
Balance at December 31, 2023	$	**30,249**	**1,766,127**	**4,742**	**1,801,118**
Balance at December 31, 2022	$	**30,249**	**1,070,155**	**4,662**	**1,105,066**

(i) For the years ended December 31, 2023 and 2022, the amortization of intangible assets were recognized as operating costs.

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

(n) Short-term borrowings

		December 31, 2023	December 31, 2022
Unsecured loans	$	5,732,996	4,880,000
Secured loans		10,132,695	9,910,012
	$	**15,865,691**	**14,790,012**
Unused credit limit	$	**21,104,686**	**17,220,695**
Range of interest rate		**1.78%~8.5%**	**1.655%~7.75%**

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

(o) Short-term notes and bills payable

	December 31, 2023			
	Guarantee or acceptance institutes	Range of interest rate		Amount
Bills payable	Financial institutions	2.082%~2.516%	$	**800,000**

	December 31, 2022			
	Guarantee or acceptance institutes	Range of interest rate		Amount
Bills payable	Financial institutes	1.938%~2.546%	$	**436,000**

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

(p) Bonds payable

		December 31, 2023	December 31, 2022
Secured ordinary bonds issued	$	2,000,000	2,000,000
Unamortized discount on bonds payable		(1,445)	(2,168)
	$	**1,998,555**	**1,997,832**

(i) On November 5, 2020 the Group's Board of Directors approved to issue secured ordinary corporate bonds amounted to no more than $2 billion, which had been approved by the Taipei Exchange (TPEx) on December 31, 2020. The offering information and main rights and obligations were as follows:

Item	1st secured ordinary corporate bond issued in 2020
Issued amount	The band was issued at $2 billion
Par value	Each unit was valued at $1 million
Issued price	The bond was issued at par value on the issued date
Tenor	The bond issued with maturities of 5 years. The tenor was from January 11, 2021 to January 11, 2026.
Coupon rate	Fixed rate 0.55%
Repayment	The principal of the bond will be repaid on the maturity
Interest Payment	Interests was paid once a year at coupon rate since the issued date.
Guarantee	The corporate bond was guaranteed by Mega International Commercial Bank in accordance with the guaranty deed of appointment.

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

(q) Long-term borrowings

	December 31, 2023			
	Currency	Range of interest rate	Matured Period	Amount
Unsecured loans	NTD	2.0970%~2.6361%	2024~2029	$ 4,029,000
Secured loans	NTD	1.878%~2.319%	2024~2028	6,742,833
	USD	7.60059~7.76047%	2025~2030	658,717
	MYR	5.42%~6.48%	2027	39,140
				11,469,690
Less: current portion				(1,269,382)
Less: Sponsorship fee for the joint loan bank and Quota Establishment Fee				(9,762)
Total				**$ 10,190,546**
Unused credit limit				**$ 20,896,537**

	December 31, 2022			
	Currency	Range of interest rate	Matured Period	Amount
Unsecured loans	NTD	1.53%~2.44209%	2023~2026	$ 4,094,000
Secured loans	NTD	1.2479%~2.475%	2023~2029	6,643,500
	USD	2.64663%~7.75871%	2023	695,738
	MYR	5.42%~5.92%	2027	36,607
				11,469,845
Less: current portion				(1,985,405)
Total				**$ 9,484,440**
Unused credit limit				**$ 11,367,786**

(i) CXC mortgaged its BOT land for its bank loan.(ii) Please refer to Note 8 for the details of the related assets pledged as collateral.

(iii) For the years ended December 31, 2023 and 2022, CEC did not breach any of its long-term loan agreements that have financial restrictions wherein the current ratio ≧ 100%, the financial debt-to-equity ratio ≦ 100%, the long-term capital suitability ratio ≧ 100%, and the fixed long-term suitability ratio ≦ 100%.

(iv) The loan agreement requires HDEC to maintain certain financial ratios: debt ratio ≦ 130%, and net worth>$2 billion. As of December 31, 2023 and 2022, HDEC did not violate any terms in the loan agreement.

(v) The loan agreement requires NSC to maintain certain financial ratios. As of December 31, 2023 and 2022, NSC did not violate any terms in the loan agreement.

Financial ratio	2021 ～ 2027
Debt ratio ≦	100%
Financial ratio	**2021 ～ 2027**
Liquidity ratio ≧	100%

(vi) The loan agreement requires LHC to maintain certain financial ratios: total amount of borrowings/ paid-in capital ≦ 234%, and total credit limit (including guarantee)/ paid-in capital or net worth (whichever is higher) ≦ 234%. As of December 31, 2023 and 2022, LHC did not violate any terms in the loan agreement.

(vii) For the years ended December 31, 2023 and 2022, PDC did not breach any of the conditions of its long-term loan agreement that have financial restrictions wherein the net worth > $2 billion.

(viii) For the year ended December 31, 2023, CTC did not breach any of the conditions of its long-term loan agreement that have financial restrictions wherein the total amount of borrowings/ paid-in capital ≦ 234%, and the total credit limit (including guarantee)/ paid-in capital or net worth (whichever is higher) ≦ 234%.

(ix) For the year ended December 31, 2023, CXC did not breach any of the conditions of its long-term loan agreement that have financial restrictions wherein the debt ratio ≦ 100%.

(r) Lease liabilities

	December 31, 2023	December 31, 2022
Current	**$ 88,554**	**93,795**
Non-current	**$ 49,870**	**54,623**

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

The amounts recognized in profit or loss were as follows:

		2023	2022
Interest on lease liabilities	$	**2,799**	**2,317**
Variable lease payments not included in the measurement of lease liabilities	$	**10,392**	**12,975**
Expenses relating to short-term leases	$	**34,025**	**11,343**
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	$	**9,364**	**2,943**

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

		2023	2022
Total cash outflow for leases	$	**128,102**	**124,527**

(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.

(s) Provision

		Onerous contracts	Warranties	After-sales service	Total
Balance at January 1, 2023	$	108,312	421,211	157,266	686,789
Addition		-	23,501	3,401	26,902
Realized		-	(10,724)	(7,127)	(17,851)
Reversal		(47,584)	(255,164)	(85,992)	(388,740)
Effect of exchange rate changes		79	-	-	79
Balance at December 31, 2023	$	**60,807**	**178,824**	**67,548**	**307,179**
Balance at January 1, 2022	$	122,359	132,662	155,822	410,843
Addition		32	348,840	4,210	353,082
Realized		-	(22,487)	(2,766)	(25,253)
Reversal		(14,963)	(37,804)	-	(52,767)
Effect of exchange rate changes		884	-	-	884
Balance at December 31, 2022	$	**108,312**	**421,211**	**157,266**	**686,789**

(i) Onerous contract

Total future construction cost is likely to surpass total contract revenue with adopting IFRS 15 that the Group would evaluate onerous contract based on IAS 37 Provision, Contingent Liabilities and Contingent Assets.

(ii) Warranties

The provision for warranties and after sales service relates mainly to construction contracts and sales premises for the years ended December 31, 2023 and 2022. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to settle the majority of the liability within one to five years after the construction completed.

(t) Operating leases

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after reporting date are as follows:

		December 31, 2023	December 31, 2022
Less than one year	$	189,586	203,837
Between one and five years		582,361	618,167
More than five years		1,473,059	1,605,440
Total undiscounted lease payments	$	**2,245,006**	**2,427,444**

For the years ended December 31, 2023 and 2022, the rental revenue of investment properties was $172,389 thousand and $221,992 thousand, respectively.

Repair and direct operation expense arising from investment properties (recognized as rental costs) were as follows:

		2023	2022
Expenses that generated rental revenue	$	52,310	77,882
Expenses unrelated to the derivation of rental revenue		9,041	10,845
	$	**61,351**	**88,727**

(u) Long-term accounts payable

The Group established subsidiaries in the United States in 2017.

Due to the agreements entered into by the Group with its prior shareholders, the Group will have to pay after the completion of the construction projects of its subsidiaries. Unpaid amount to December 31, 2023 and 2022, are $122,981 thousand and $129,267 thousand, respectively.

(v) Employee benefits

(i) Defined benefit plan

		December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$	540,306	531,007
Fair value of plan assets		(408,132)	(413,566)
Recognized as other payables		(22,799)	(14)
Net defined benefit liability	**$**	**109,375**	**117,427**

The Group established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on an employee's length of service and average monthly salary for six-month period prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings in the annual distributions shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to $408,132 thousand. The information related to the pension fund includes the asset allocation and yield of the fund. Please refer to the website of the Bureau of Labor Fund, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

		2023	2022
Defined benefit obligation, January 1	$	531,007	576,057
Current service costs and interest		9,690	6,010
Remeasurements of the net defined benefit liability (asset)			
-Actuarial gain arose from changes in financial assumption		4,245	(27,545)
-Experience adjustment		18,510	14,176
Benefits paid by the plan		(23,146)	(37,691)
Defined benefit obligation, December 31	**$**	**540,306**	**531,007**

3) Movements of defined benefit plan assets

		2023	2022
Fair value of plan assets, January 1	$	413,566	374,083
Interest revenues		5,637	2,025
Remeasurements of the net defined benefit liability (asset)			
-Return on plan assets (excluding interest)		3,143	29,885
Contributions made		8,889	32,216
Benefits paid by the plan		(23,103)	(24,643)
Fair value of plan assets, December 31	**$**	**408,132**	**413,566**

4) Expenses recognized in profit or loss

		2023	2022
Current service costs	$	2,586	3,040
Net interest on net defined benefit liability (asset)		1,467	945
	$	**4,053**	**3,985**

		2023	2022
Operating costs	$	1,179	1,273
Administrative expenses		2,874	2,712
	$	**4,053**	**3,985**

5) Remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income

		2023	2022
Accumulated amount, January 1	$	56,602	99,856
Recognized during the period		19,612	(43,254)
Accumulated amount, December 31	**$**	**76,214**	**56,602**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	2023.12.31	2022.12.31
Discount rate	1.25%	1.4%
Future salary increase rate	3.25%	3.25%

The Group is expected to make a contribution payment of $45,883 thousand to the defined benefit plans for the one year period after reporting date.

The weighted-average lifetime of the defined benefit plan is 1.40 to 9.98 years.

7) Sensitivity Analysis

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions, including discount rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

As of December 31, 2023 and 2022, the changes in the principal actuarial assumptions will impact the present value of the defined benefit obligation were as follows:

	Impact on the defined benefit obligations	
	Increase	Decrease
December 31, 2023		
Discount (change by 0.25%)	(0.25)%~(1.4)%	0.26%~1.43%
Future salary increase (change by 1.00%)	1.23%~4.88%	(1.19)%~(4.52)%
December 31, 2022		
Discount (change by 0.25%)	(0.35)%~(1.54)%	0.36%~1.58%
Future salary increase (change by 1.00%)	1.63%~5.53%	(1.57)%~(5.09)%

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets.

The analysis is performed on the same basis for prior year.

(ii) Defined contribution plan

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The pension incurred from the contributions to the Bureau of the Labor Insurance amounted to $79,482 thousand and $65,989 thousand for the years ended December 31, 2023 and 2022, respectively.

(w) Income Tax

(i) Income tax expenses

		2023	2022
Current income tax expenses			
Current period	$	318,965	192,584

	2023	2022
Land value increment tax	19,059	97,174
Surtax on unappropriated earnings	29,022	12,051
Adjustment for prior periods	(26,449)	(110,454)
	340,597	191,355
Deferred income tax expense		
Origination and reversal of temporary differences	39,278	37,215
	$ 379,875	**228,570**

(ii) Income tax recognized in other comprehensive (loss) income:

	2023	2022
Items that will not be reclassified to profit or loss		
Remeasurement from defined benefit plans	**$ 4,903**	**(10,814)**

(iii) The reconciliation of income tax expense and income before tax were as follows:

	2023	2022
Income before tax	$ 1,710,270	2,817,571
Income tax expense at domestic statutory tax rate	$ 342,054	563,514
Effect of difference tax rates on foreign countries	(4,078)	(5,297)
Tax-exempt income	(10,350)	(287,268)
Investment gain accounted for using equity method	(6,277)	(1,214)
Recognize taxable loss from prior period	(120,662)	(204,682)
Current tax loss from unrecognized deferred tax assets	250,615	6,121
Adjustment for prior periods	(26,449)	(110,454)
Surtax on unappropriated earnings	29,022	12,051
Land value increment tax	19,059	97,174
Income basic tax	6,582	5,620
Temporary deductible difference from unrealized deferred tax assets	(142,521)	170,002
Others	42,880	(16,997)
Total	**$ 379,875**	**228,570**

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets:

	December 31, 2023	December 31, 2022
Deductible temporary difference	$ 100,330	245,994
Tax loss	478,672	221,941
	$ 579,002	**467,935**

In accordance with the R.O.C. Income Tax Act, net losses for prior ten years assessed by the tax authorities were deducted from current profit and the assessed. As a result of such items unrecognized as deferred tax assets, the Group is not likely to have enough taxable income for temporary difference.

As of December 31, 2023, the Group's estimated unused loss carry forwards was as follows:

Years of loss	Unused tax loss	Year of expiry
2015 (assessed)	$ 349,714	2025
2016 (assessed)	536	2026
2017 (assessed)	54	2027
2018 (declared)	103	2028
2019 (assessed)	131	2029
2020 (declared)	44	2030
2021 (declared)	90	2031
2022 (declared)	4,384	2032
2023 (estimated)	661,994	2033
	$ 1,017,050	

2) Recognized deferred tax assets and liabilities:

Deferred tax assets:

		Others
Balance at January 1, 2023	$	21,497
Current tax expense		(7,077)
Others		(1,990)
Balance at December 31, 2023	**$**	**12,430**
Balance at January 1, 2022	$	38,470
Current tax expense		(17,171)
Effect of exchange rate changes		198
Balance at December 31, 2022	**$**	**21,497**

Deferred tax liabilities:

		Others
Balance at January 1, 2023	$	150,863
Current tax expense		30,182
Balance at December 31, 2023	**$**	**181,045**
Balance at January 1, 2022	$	130,819
Current tax expense		20,044
Balance at December 31, 2022	**$**	**150,863**

(v) Status of approval of income tax

1) The Company's income tax returns for the year up to 2019 have been assessed by the tax authorities. (Not yet assessed for 2018)

2) The Group's income tax returns have been assessed by the tax authorities were as follows:

Year of assessed	Company
2019	CEC (Not yet assessed for 2018), and CDC (Not yet assessed for 2018)
2020	CCD
2021	HDEC, SDC, BWC, LHC, PDC, NSC and CCLC

(x) Capital and other equity

As of December 31, 2023 and 2022, the total value of nominal authorized ordinary shares amounted to $10,000,000 thousand. Face value of each share is $10, which means in total there were 1,000,000 thousand ordinary shares, of which 823,216 thousand shares, were issued and paid upon issuance.

(i) Capital surplus

		December 31, 2023	December 31, 2022
Premiums from issuance of share capital	$	6,397,913	6,397,913
Treasury stock transactions		406,518	406,518
Change on subsidiaries equity		12,767	12,767
	$	**6,817,198**	**6,817,198**

1) The Company was established on April 8, 2010, it became the holding company of CEC via a share swap. The net equity of CEC's stock in excess of par value of the Company's stock was $7,368,919 thousand, this amount was credited to capital surplus. In 2011, the Company used capital surplus to distribute Year 2010 cash dividends for an amount of $504,695 thousand.

2) In accordance with the R.O.C. Company Act, the realized capital surplus can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to increase share capital shall not exceed 10% of the actual share capital amount.

(ii) Retained earnings

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

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

1) Legal Reserve

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

2) Special Reserve

The Company applied the exemptions at the first-time adoption of IFRSs and increased its retained earnings by $4,448,666 thousand, which were resulted from unrealized revaluation increments, exchange differences on translation of foreign financial statements, and the fair value of investment properties being used as the cost on initial recognitions at the transition date, as well as the amount of $2,592,640 thousand being appropriated to special reserve according to Ruling issued by the FSC. The aforementioned special reserve may be reversed in proportion with the usage, disposal, or reclassification of the related assets, and then, be distributed afterwards. As of December 31, 2023 and 2022, the special reserve related to all IFRSs adjustments amounted to $2,262,233 thousand.

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earning distribution. The amount to be reclassified should equal the current-period total net reduction of other stockholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other stockholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other stockholders' equity shall qualify for additional distributions.

3) Earnings distribution

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

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

(iii) Other equity

	Exchange differences on translation of foreign financial statements	**Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income**	**Gains (losses) on hedging instruments**	**Total**
Balance at January 1, 2023	$ (695,150)	1,140,119	(1,549)	443,420
Exchange differences on foreign operations	21,798	-	-	21,798
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	1,387,325	-	1,387,325
Change in fair value of hedging instrument	-	-	(18,994)	(18,994)
Balance at December 31, 2023	**$ (673,352)**	**2,527,444**	**(20,543)**	**1,833,549**
Balance at January 1, 2022	$ (969,251)	1,228,678	(16,124)	243,303
Exchange differences on foreign operations	274,101	-	-	274,101
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	(88,559)	-	(88,559)
Change in fair value of hedging instrument	-	-	14,575	14,575
Balance at December 31, 2022	**$ (695,150)**	**1,140,119**	**(1,549)**	**443,420**

(y) Earnings per share

(i) Basic earnings per share

The details on the calculation of basic earnings per share as of December 31, 2023 and 2022 was based on net income attributable to ordinary shareholders of the Company amounted to $1,716,736 thousand, and $2,888,392 thousand, respectively; and the weighted average number of ordinary shares outstanding of 823,216 thousand. The related calculations are as follows:

1) Net income attributable to ordinary shareholders

		2023	2022
Net income attributable to ordinary shareholders	$	**1,716,736**	**2,888,392**

2) Weighted average number of ordinary shares

	2023	2022
Weighted average number of ordinary shares, at December 31	**823,216**	**823,216**

(ii) Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2023 and 2022 was based on net income attributable to ordinary shareholders of the Company amounted to $1,716,736 thousand and $2,888,392 thousand, respectively; and the weighted average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares of 823,657 thousand and 823,826 thousand, respectively. The related calculations are as follows:

1) Net income attributable to ordinary shareholders

		2023	2022
Net income attributable to ordinary shareholders	$	**1,716,736**	**2,888,392**

2) Weighted average number of ordinary shares (Diluted)

	2023	2022
Weighted average number of ordinary shares (Basic)	823,216	823,216
Effect of the employee share bonuses	441	610
Weighted average number of ordinary shares (Diluted) at December 31	**823,657**	**823,826**

(z) Revenue from contracts with customers

(i) Disaggregation of revenue

		2023			
		Construction Engineering	Real Estate Development	Environmental Project Development & Water Treatment	Total
Primary geographical markets:					
Taiwan	$	18,352,090	6,438,278	4,778,935	29,569,303
Other		308,677	728,864	-	1,037,541
	$	**18,660,767**	**7,167,142**	**4,778,935**	**30,606,844**
Main products:					
Construction engineering	$	18,481,854	-	-	18,481,854
Environmental project development & water treatment		-	-	4,778,935	4,778,935
Real estate revenue		-	6,239,619	-	6,239,619
Rental revenue		31,070	141,319	-	172,389
Other		147,843	786,204	-	934,047
	$	**18,660,767**	**7,167,142**	**4,778,935**	**30,606,844**

		2022			
		Construction Engineering	Real Estate Development	Environmental Project Development & Water Treatment	Total
Primary geographical markets:					
Taiwan	$	17,715,925	8,921,110	4,705,061	31,342,096
Other		286,224	517,283	-	803,507
	$	**18,002,149**	**9,438,393**	**4,705,061**	**32,145,603**

	2022			
	Construction Engineering	Real Estate Development	Environmental Project Development & Water Treatment	Total
Main products:				
Construction engineering	$ 17,836,457	-	-	17,836,457
Environmental project development & water treatment	-	-	4,705,061	4,705,061
Real estate revenue	-	8,986,911	-	8,986,911
Rental revenue	30,622	191,370	-	221,992
Other	135,070	260,112	-	395,182
	$ 18,002,149	**9,438,393**	**4,705,061**	**32,145,603**

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	$ 684	12,087	325,540
Accounts receivable (including long-term accounts receivable)	8,854,396	7,760,058	8,596,773
Less: Allowance for impairment	-	-	-
Total	**$ 8,855,080**	**7,772,145**	**8,922,313**
Contract assets-construction engineering	$ 1,048,756	2,174,604	1,481,752
Contract assets-retention receivables	4,192,736	3,740,327	2,862,303
Total	**$ 5,241,492**	**5,914,931**	**4,344,055**
Contract liabilities-construction engineering	$ 5,072,341	4,495,600	4,581,006
Contract liabilities-environment project development & water treatment	-	212,529	113,145
Contract liabilities-advance real estate receipts	2,578,879	2,798,043	4,061,925
Contract liabilities-advance rent receipts	12,009	2,192	4,199
Total	**$ 7,663,229**	**7,508,364**	**8,760,275**

1) Please refer to Note 6(e) for the accounts receivable and allowance for impairment.
2) Please refer to Note 6(s) for the onerous contracts.
3) The amounts of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the year were $1,176,608 thousand and $2,277,254 thousand, respectively.
4) Please refer to Note 9 for the amounts of the above contracts.

(aa) Remuneration for employees and directors

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

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration to be $9,961 thousand and $14,764 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.

The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2023 and 2022.

(ab) Non-operating income and expenses

(i) Interest income

	2023	2022
Interest income from bank deposits	$ 79,791	37,060
Other interest income	17,958	10,105
	$ 97,749	**47,165**

(ii) Other income

		2023	2022
Dividend income	$	177,422	126,094
Income from counter-party default		8,647	-
Gain on overdue payables written off		1,278	5,000
Other income-other		76,122	29,423
	$	**263,469**	**160,517**

(iii) Other gains and losses

		2023	2022
Net gains (losses) on disposals of property, plant and equipment	$	735	(634)
Net foreign exchange (losses) gains		(75,490)	65,528
Gains on financial assets at fair value through profit or loss		-	462,553
Impairment losses		-	(622,889)
Other		(9,297)	(68,826)
	$	**(84,052)**	**(164,268)**

(iv) Financial costs

		2023	2022
Interest expenses-borrowings	$	853,024	609,103
Interest expenses-bonds payables (including amortization expenses)		24,392	24,392
Interest expenses-lease liabilities		2,799	2,317
Less: capitalized interest and other		(109,334)	(146,334)
	$	**770,881**	**489,478**

(ac) Financial instruments

(i) Credit risk

1) Credit risk exposure

As of December 31, 2023 and 2022, the Group's maximum credit risk exposure resulting from un-collectability of accounts receivable from transaction parties and financial losses from offering financial guarantee was as follows:

The book value of financial assets and contract assets recognized on the balance sheet; and

The financial guarantee provided by the Group amounted to $3,764,675 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 Nnote 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 years ended December 31, 2023 and 2022

(ii) Liquidity risk

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

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

	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	More than 5 years
December 31, 2023					
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
	$ 38,937,567	**42,379,480**	**13,939,153**	**24,367,769**	**4,072,558**
December 31, 2022					
Non-derivative financial liabilities					
Secured loans	$ 17,285,857	20,578,024	3,030,037	14,733,052	2,814,935
Unsecured loans	8,974,000	9,286,837	5,314,810	3,972,027	-
Short-term notes and bills payable	436,000	436,000	436,000	-	-
Bonds payable	1,997,832	2,044,000	11,000	2,033,000	-
Accounts and notes payable	6,093,149	6,093,149	3,595,179	2,278,908	219,062
Other payables	1,759,356	1,759,356	745,502	1,013,853	1
Guarantee deposit received	130,006	130,006	30	64,903	65,073
Long-term accounts payable	129,267	129,267	-	129,267	-
Lease liabilities	148,418	154,173	93,983	55,411	4,779
	$ 36,953,885	**40,610,812**	**13,226,541**	**24,280,421**	**3,103,850**

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

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial Assets						
Monetary items						
USD： NTD	$ 5,940	30.7050	182,377	50,905	30.7100	1,563,297
HKD：NTD	19,893	3.9290	78,158	4,756	3.9380	18,728
MYR：NTD	134,968	6.6978	903,989	123,417	7.0050	864,533
USD：MYR	1,030	4.5900	31,613	2,464	4.3900	75,673
Financial Liabilities						
Monetary items						
USD： MYR	21,450	4.5900	658,622	22,650	4.3900	695,582

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 years ended December 31, 2023 and 2022 would have increased or decreased the income before tax by $5,132 thousand and by $5,417 thousand, and the equity by $243 thousand and $12,849 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 years ended December 31, 2023 and 2022, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $75,490 thousand and $65,528 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.

If the interest rate increases or decreases by 1%, the Group's income before tax will decrease or increase by $237,204 thousand and $193,317 thousand for the years ended December 31, 2023 and 2022, respectively, with all other variable factors remain constant. This is mainly due to the Group's borrowing at variable rates.

(v) Other market price risk

The sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the years ended December 31			
	2023		2022	
Price of securities at the reporting date	**Other comprehensive Income after tax**	**Net Income**	**Other comprehensive Income after tax**	**Net Income**
Increase 1%	**$ 33,716**	**10,689**	**19,843**	**10,689**
Decrease 1%	**$ (33,716)**	**(10,689)**	**(19,843)**	**(10,689)**

(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 :

	December 31, 2023				
		Fair Value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Unlisted common shares	$ 1,068,858	-	-	1,068,858	1,068,858
Financial assets for hedging	$ 28,839	28,839	-	-	28,839
Financial assets at fair value through other comprehensive income					
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**
Financial liabilities for hedging	**$ 19,444**	**19,444**	**-**	**-**	**19,444**

	December 31, 2022				
		Fair Value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Unlisted common shares	$ 1,068,858	-	-	1,068,858	1,068,858
Financial assets for hedging	$ 1,299,684	1,299,684	-	-	1,299,684
Financial assets at fair value through other comprehensive income					
Listed common shares	$ 1,323,329	1,323,329	-	-	1,323,329
Unlisted common shares	660,980	-	-	660,980	660,980
Subtotal	1,984,309	1,323,329	-	660,980	1,984,309
Total	**$ 4,352,851**	**2,623,013**	**-**	**1,729,838**	**4,352,851**

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 date at the reporting date.

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 years ended December 31, 2023 and 2022.

4) The movement of Level 3

	Financial assets at fair value though profit or loss	Financial assets at fair value through other comprehensive income
	Non-derivative financial assets mandatorily measured at fair value through profit or loss	Equity instruments without quoted market price
Balance at January 1, 2023	$ 1,068,858	660,980
In other comprehensive income	-	43,480
Balance at December 31, 2023	**$ 1,068,858**	**704,460**
Balance at January 1, 2022	$ 606,305	662,343
In other comprehensive income	-	(1,363)
In profit or loss	462,553	-
Balance at December 31, 2022	**$ 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.

Item	Valuation Technique	Significant unobservable input	Relationship between input and fair value
Financial assets at fair value through profit or loss-equity investments without an active market	Discounted cash flow method	• Return on equity (December 31, 2023 and 2022 were 11.2466% and 12.4176%, respectively)	• The higher return of equity, the lower the fair value.
Financial assets at fair value through other comprehensive income-equity investments without an active market	Market Method	• The multiplier of price-to-earnings ratio (December 31, 2023 and 2022 were 17.17 and 16.38, respectively) • Market illiquidity discount (December 31, 2023 and 2022 were 75%)	• The higher multiplier of price-to-earnings ratio, the higher the fair value. • The higher market illiquidity discount, the lower the fair value.
Financial assets at fair value through other comprehensive income-equity investments without an active market	Income Method	• The growth rate of earnings- per-share (December 31, 2023 and 2022 were 0%) • Weighted average cost of capital (December 31, 2023 and 2022 were 5%)	• The higher the growth rate of earnings-per- share, the higher the fair value. • The higher weighted average cost of capital , the lower the fair value.

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

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

	Input	Change up or down	Profit or loss		Other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
December 31, 2023						
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)
December 31, 2022						
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.(ad)Financial risk management

(i) Overview

The Group is exposed to the following risks from its financial instruments:

1) Credit risk
2) Liquidity risk
3) Market risk

According to the exposed risks stated above, the following notes are the objectives, policies and procedures of the risk measurement and management of the Group.

(ii) Risk management framework

1) The daily operation of the Group is affected by multiple financial risks, including credit risk, liquidity risk and market risk. The overall risk control policy focuses on unpredictable events in financial market and seeks reduction of potential adverse impact on financial status and financial performance.
2) The Group's finance department implements risk management in accordance with the policy approved by the Board of Directors. The Group's financial department works to identify, assess and minimize various financial risks.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

1) Accounts receivables and other receivables

Clients of the Group's Construction Engineering and Environmental project Development & Water Treatment are concentrated in the real estate development industries and government entities. To minimize credit risks, the Group reviews the financial positions of the clients periodically and requests collateral or guarantees if necessary. The Group also evaluates the collectability of receivables and provides an allowance for doubtful accounts on a regular basis. The relevant losses on bad debts are generally under the Group's expectation.

The Group's Real Estate Development is mainly affected by its client. Accounts receivable generated by selling real estate has a lower credit risk since the payment is completed by the masses with transferring, check and bank financing of real estate.

The Group discloses the estimation of accounts receivable's, other receivables' and investments' loss with allowance for bad debt account. Allowance for bad debt account is composed with specific losses and batch of unrecognized losses components. Unrecognized losses components are determined by historically statistical data from similar financial assets.

2) Investment

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Group's finance department. Since the Group's transactions are with the banks, financial institutions, corporate organizations, with good credit ratings, there are no noncompliance issues and therefore no significant credit risk.

3) Guarantee

As of December 31, 2023 and 2022, the Group's construction guarantee for other construction company amounted to $9,358,000 thousand.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation

As of December 31, 2023 and 2022, the Group has unused credit limit for $42,001,223 thousand and $28,588,481 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on purchases that are denominated in a currency other than the functional currency of the Group's entities, primarily New Taiwan Dollars (NTD), USD, Hong Kong Dollars (HKD), Macau Pataca (MOP), India Rupee (INR) and Malaysia Ringgit (MYR), etc. The respective entities use in these transactions are denominated in NTD, EUR, JPY, USD, HKD, MOP, INR, and MYR.

The interest is denominated in the currency used in the borrowings. Generally, borrowings are denominated in currencies that match with the cash flows generated by the underlying operations of the Group, primarily NTD, USD, and MYR

The Group's investments in its subsidiaries and associates are not hedged.

2) Interest rate risk

As of December 31, 2023 and 2022, financial liabilities exposed to cash flow interest rate risk are amounted to $11,469,690 thousand and $11,469,845 thousand, respectively. Since the Group's long-term borrowings are floating rates, the changes in effective interest rate of the long-term borrowings will affect the Group's future cash flow.

3) Other market price risk

The Group is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading.

(ae) Capital Management

The Group meets its objectives of managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

The Group uses the debt-to-equity ratio to manage capital. This ratio is using the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities, less, cash and cash equivalents. The total capital and equity includes capital stock, capital surplus, retained earnings, other equity and non-controlling interests, plus, net debt.

The Group's debt to equity ratio as of December 31, 2023 and 2022 were as follows:

		December 31, 2023	**December 31, 2022**
Total liabilities	$	47,634,970	45,668,793
Less: cash and cash equivalents		(6,878,141)	(5,822,416)

		December 31, 2023	December 31, 2022
Net debt		40,756,829	39,846,377
Total equity		30,775,702	29,381,449
Adjusted capital	$	**71,532,531**	**69,227,826**
Debt to equity ratio		**56.98%**	**57.56%**

(af) Non-cash investing and financing activities

(i) Please refer to Note 6(k) for the acquisition right-of-use assets by leasing.

(ii) Please refer to Note 6(g) for offsetting accounts payable by inventories.

(iii) Reclassification of prepayments for business facilities to property, plant and equipment.

		2023	2022
Inventories reclassified to property, plant and equipment	$	-	4,946,447
Prepayments for busines facilities reclassified to property, plant and equipment		32,531	-
Property, plant and equipment reclassified to inventories		9,942	-
	$	**42,473**	**4,946,447**

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

			Non-cash changes			
	January 1, 2023	Cash flows	Foreign exchange movement	Other	Changes in lease payments	December 31, 2023
Short-term borrowings	$ 14,790,012	1,043,245	32,434	-	-	15,865,691
Long-term borrowings (including due within one year)	11,469,845	4,943	(5,098)	(9,762)	-	11,459,928
Lease liabilities	148,418	(71,522)	1,375	-	60,153	138,424
Bonds payable	1,997,832	-	-	723	-	1,998,555
	$ 28,406,107	**976,666**	**28,711**	**(9,039)**	**60,153**	**29,462,598**

			Non-cash changes			
	January 1, 2022	Cash flows	Foreign exchange movement	Other	Changes in lease payment	December 31, 2022
Short-term borrowings	$ 9,398,912	4,872,997	518,103	-	-	14,790,012
Long-term borrowings (including due within one year)	11,962,386	(528,875)	36,334	-	-	11,469,845
Lease liabilities	131,095	(94,949)	826	-	111,446	148,418
Bonds payable	1,997,110	-	-	722	-	1,997,832
	$ 23,489,503	**4,249,173**	**555,263**	**722**	**111,446**	**28,406,107**

(7) Related-party transactions

(a) Parent Group and Ultimate Controlling Party

Montrion Corporation is the parent company of the Group.

(b) Names and relationship with related parties

Name of related party	Relationship with the Group
CTCI-HDEC (Chungli) Corp. (CTCI-HDEC)	Investment for using equity method (Associate)
Fanlu Construction Industry Co., Ltd. (Fanlu)	Investment for using equity method (Associate)
Han-De Construction Co., Ltd.	Other related party
Wei-Dar Development Co., Ltd.	Other related party
Metropolis Property Management Corporation	Other related party
TSRC Corporation	Other related party
WFV Corporation	Other related party
Hao Ran Foundation	Other related party

Name of related party	Relationship with the Group
La Mer Corporation	Other related party
Chang ○○	Other related party (Excluded on January 9, 2022)
Chung ○○	Other related party (Excluded on January 31, 2022)
Chiang ○	Other related party

(c) Other related party transactions

(i) Contracted construction

2023	Total Contract Amount (Before tax)	Current Amount	Accumulated Amount
Associate (CTCI-HDEC)	**$ 6,607,731**	**438,981**	**973,540**
Associate (Fanlu)	**$ 1,544,284**	**598,975**	**1,045,258**

2022	Total Contract Amount (Before tax)	Current Amount	Accumulated Amount
Associate (CTCI-HDEC)	**$ 6,607,731**	**401,097**	**534,559**
Associate (Fanlu)	**$ 1,544,284**	**322,986**	**633,486**

According to contracted construction regulations, the construction contract price is determined based on the budget of each construction, plus reasonable administrative handling fees. The amount shall be approved by the management team.

(ii) labor services revenue

	2023	2022
Associates	**$ 3,933**	**-**

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

	2023	2022
Associates	10,679	6,600
Other related parties	10,369	5,795
	$ 21,048	**12,395**

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

	2023	2022
Other related parties	**$ 803**	**4,085**

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

	December 31, 2023	December 31, 2022
Associates	**$ 210,352**	**146,096**

(vi) Receivables from related parties

	December 31, 2023	December 31, 2022
Accounts receivable-Other related parties	$ 1,162	32
Accounts receivable-Associates	6,141	-
Other receivables-Other related parties	80	79
Other receivables-Associates	2,815	2,214
	$ 10,198	**2,325**

(vii) Payables to related parties

	December 31, 2023	December 31, 2022
Accounts payable-Other related parties	$ -	337
Other payables-Other related parties	756	92
	$ 756	**429**

(viii) Rental

1) Rental revenues

	2023	2022
Other related parties	**$ 3,283**	**3,025**

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 years ended December 31, 2023 and 2022, the Group recognized the amount of $363 thousand and $85 thousand as interest expenses, respectively. As of December 31, 2023 and 2022, the balance of lease liabilities amounted to $17,866 thousand and $18,981 thousand, respectively.

(ix) Transaction of properties

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

(x) Endorsements and Guarantees

	Guarantee classification	December 31, 2023	December 31, 2022
Associate (CTCI-HDEC)	Guarantee for bank loans	$ 2,207,675	2,060,675
Associate (Fanlu)	Guarantee for bank loans	1,557,000	1,557,000
		$ 3,764,675	**3,617,675**

(xi) Other

1) Interest revenues

	2023	2022
Associates	$ 3,246	2,316
Other related parties	-	8
	$ 3,246	**2,324**

2) Other expenses

	2023	2022
Other related parties	**$ 39,231**	**35,030**

3) Other income

	2023	2022
Associates	$ 10,338	9,311
Other related parties	106	164
	$ 10,444	**9,475**

4) On August 31, 2022, the Group purchased 17,430,438 shares of Fanlu amounting to $174,304 thousand.

(d) Key Management Personnel Transaction

	2023	2022
Short-term employee benefits	**$ 153,380**	**151,512**

As of December 31, 2023 and 2022, the Group provides seventeen vehicles at a cost of $25,509 thousand and twelve vehicles at a cost of $17,789 thousand, respectively, for the key management personnel.

(8) Pledged assets

Asset	Purpose of pledge	December 31, 2023	December 31, 2022
Inventories (development corp.)	Loan collateral	$ 16,468,089	15,694,702
Restricted deposits (other current assets)	Time deposits collateral	168,870	583,676
Property, plant and equipment	Loan collateral and construction guarantee	7,856,770	8,047,783
Investment properties, net	Loan collateral and construction guarantee	7,470,336	7,484,579
Total		**$ 31,964,065**	**31,810,740**

(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:

	December 31, 2023	December 31, 2022
Total sales of completed construction and real estate	**$ 11,805,520**	**13,514,016**
Receipts based on the contracts	**$ 2,578,879**	**2,798,043**

(ii) As of December 31, 2023 and 2022, 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 and $542,322 thousand, within which, $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:

	December 31, 2023	December 31, 2022
Total contract amount - NTD	$ 160,657,096	170,518,410
- INR	35,074,796	35,182,380
- HKD	4,585,034	4,635,044
- MOP	982,544	982,544
- MYR	-	394,926
Accumulated billing amount	129,755,641	117,310,051

(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~January 2056
BWC	Kaohsiung area	Kaohsiung City	BTO of wastewater reclamation and reuse	August 2016~December 2055
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:

	December 31, 2023	December 31, 2022
Outstanding stand by letter of credit	**$ 1,364,576**	**-**

(b) Contingent liability:

(i) As of December 31, 2023 and 2022, the Group provided promissory notes for contract performance, issuance of commercial paper, and construction warranty, amounted to $53,191,348 thousand and $48,896,899 thousand, respectively.

(ii) As of December 31, 2023 and 2022, promissory notes receivable for construction contracts amounted to $14,855,261 thousand and $13,626,523 thousand, respectively.

(c) Other

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

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other

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

	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	1,607,381	757,875	2,365,256	1,254,939	720,647	1,975,586
Labor and health	127,009	56,092	183,101	100,964	47,896	148,860
Pension	56,261	34,947	91,208	45,118	30,971	76,089
Others	206,751	135,649	342,400	161,128	137,012	298,140
Depreciation	440,566	44,708	485,274	426,254	54,487	480,741
Amortization	68,749	-	68,749	65,574	-	65,574

(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 peri-od	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 busi-nesses 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	-	-	-	5,470,427	10,940,855
0	CHC	HDEC	Other receivables	Yes	500,000	500,000	500,000	1.3%	2	-	Replenish working capital	-	-	-	5,470,427	10,940,855

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the peri-od	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 busi-nesses 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		
1	CDC	BANGSAR	Other receivables	Yes	296,317	289,345	241,121	2.5%	2	-	Land purchases and operation requirements	-	-	-	6,520,250	6,520,250
1	CDC	MEGA	Other receivables	Yes	839,151	796,664	662,843	2.5%	2	-	Land purchases and operation requirements	-	-	-	6,520,250	6,520,250
1	CDC	Grand River D. Limited	Other receivables	No	751,595	751,595	678,034	2.525%	2	-	Land purchases and operation requirements	-	-	-	6,520,250	6,520,250
1	CDC	950 Investment LLC	Other receivables	Yes	107,468	107,468	-	8.40%	2	-	Operation requirements	-	-	-	6,520,250	6,520,250

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: $27,352,137 thousand × 40% = 10,940,855 thousand

Maximum amount of loans provided to a single business enterprise is limited to 20% of net equity value: $27,352,137 thousand × 20% = 5,470,427 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: $16,300,626 thousand × 40% = 6,520,250 thousand

Maximum amount of loans provided to a single business enterprise is limited to 40% of net equity value: $16,300,626 thousand × 40% = 6,520,250 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 en-dorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements over net worth in the latest financial statements	Maximum amount of guarantees and endorsements	Parent company's endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary's en-dorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of compa-nies in Mainland China
		Name	Relationship with the Company										
0	CHC	CICI	2	109,408,548	487,031	461,648	461,648	-	1.69%	109,408,548	Y	N	N
0	CHC	HDEC	2	109,408,548	4,679,302	4,312,282	2,567,082	-	15.77%	109,408,548	Y	N	N
0	CHC	CEC	2	109,408,548	16,131,048	16,075,990	6,576,369	-	58.77%	109,408,548	Y	N	N
1	CEC	CDC	4,7	14,900,924	1,071,000	1,071,000	443,932	-	14.37%	14,900,924	N	N	N
2	CDC	CDC US.	2	32,601,252	162,125	153,525	-	-	0.94%	32,601,252	N	N	N
2	CDC	CCD	2	32,601,252	3,770,000	3,770,000	1,885,000	-	23.13%	32,601,252	N	N	N
2	CDC	BANGSAR	2,6	32,601,252	177,786	168,785	40,904	-	1.04%	32,601,252	N	N	N
2	CDC	MEGA	2,6	32,601,252	839,706	382,508	362,242	-	2.35%	32,601,252	N	N	N
2	CDC	950P	2,6	32,601,252	1,945,156	166,114	157,467	-	1.02%	32,601,252	N	N	N
2	CDC	950H & 950R	2,6	32,601,252	1,736,092	1,644,000	1,644,000	-	10.09%	32,601,252	N	N	N
2	CDC	Fanlu	6	32,601,252	1,557,000	1,557,000	1,438,500	-	9.55%	32,601,252	N	N	N
3	CCD	CDC	3	10,933,336	6,232,200	6,232,200	768,500	9,458,110	228.01%	10,933,336	N	N	N
4	HDEC	NSC	2	40,744,296	2,495,000	2,495,000	1,780,000	-	48.99%	40,744,296	N	N	N
4	HDEC	PDC	2	40,744,296	1,295,000	1,295,000	887,000	-	25.43%	40,744,296	N	N	N
4	HDEC	CTC	2	40,744,296	3,100,000	3,100,000	526,000	-	60.87%	40,744,296	N	N	N
4	HDEC	LHC	2,6	40,744,296	1,485,000	1,100,000	686,032	-	21.60%	40,744,296	N	N	N
4	HDEC	BWC	2,6	40,744,296	1,004,705	1,004,705	121,895	-	19.73%	40,744,296	N	N	N

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 en-dorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements over net worth in the latest financial statements	Maximum amount of guarantees and endorsements	Parent company's endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary's en-dorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of compa-nies in Mainland China
		Name	Relationship with the Company										
4	HDEC	CTCI-HDEC	6	40,744,296	2,207,675	2,207,675	772,343	-	43.35%	40,744,296	N	N	N
4	HDEC	CEC	4,5	40,744,296	3,995,629	528,215	515,715	-	10.37%	40,744,296	N	N	N
4	HDEC	CXC	2	40,744,296	4,900,000	4,900,000	400,000	-	96.21%	40,744,296	N	N	N
5	SDC	HDEC	3	407,816	100	100	-	-	0.20%	407,816	N	N	N
5	SDC	NSC	4	407,816	100	100	-	-	0.20%	407,816	N	N	N

Note 1: According to the policy of CHC, the total amount of endorsements/guarantees is limited to four times the net equity value in accordance with the Company's most recent financial statements: $27,352,137 thousand × 4 = $109,408,548 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: $27,352,137 thousand × 4 = $109,408,548 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: $7,450,462 thousand × 6 = $44,702,772 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: $7,450,462 thousand × 3 = $22,351,386 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: $7,450,462 thousand × 2 = $14,900,924 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: $7,450,462 thousand × 2 = $14,900,924 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: $16,300,626 thousand × 2 = $32,601,252 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: $16,300,626 thousand × 2 = $32,601,252 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 thousand × 4 = $10,933,336 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 thousand × 4 = $10,933,336 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: $5,093,037 thousand × 8 = $40,744,296 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: $5,093,037 thousand × 8 = $40,744,296 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 thousand × 8 = $407,816 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 thousand × 8 = $407,816 thousand

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

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance				Highest Percentage of ownership (%)	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	2,667,174	6.15%	2,667,174	6.15%	
CEC	Xinrong Enterprise	-	Non-current financial assets at fair value through other comprehensive income	12,256,347	700,770	8.45%	700,770	8.45%	

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
CEC	Metro Consulting Service Ltd.	-	Non-current financial assets at fair value through other comprehensive income	300,000	3,690	6.00%	3,690	6.00%	
CEC	International Property & Finance Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	26,301	-	1.64%	-	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%	-	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	10.00%	

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

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter party	Relationship with the com-pany	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
CDC	CDC US	Investment accounted for using equity method	CDC US	Parent and subsidiary	5,000,000	1,981,290	-	1,847,822	-	-	-	-	5,000,000	3,386,889

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter party	Relationship with the Company	If the counter party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relation-ship with the Com-pany	Date of transfer	Amount			
CDC	Land	2023.03.31	1,393,960	1,393,960	CNCK Ltd.	Not related party	-	-	-	-	Evaluation report	Real estate development	-

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually receivable	Gain from disposal	Counter party	Nature of relationship	Purpose of disposal	Price reference	Other terms
CDC	55 Timeless-Inventory	2023.05.09	Not applicable	-	333,420	333,420	-	Mojoy Co., Ltd.	Not related party	Profit	Evaluation report	-
CDC	Dazhi Jintai Building	2023.06.30	Not applicable	-	533,190	53,319	-	Taiwan Given Co., Ltd.	Not related party	Profit	Evaluation report	-
CCD	Dazhi Jintai Building	2023.06.30	Not applicable	-	767,274	76,727	-	Taiwan Given Co., Ltd.	Not related party	Profit	Evaluation report	-

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
CEC	CDC	Related party of the Company	Construction contract	(2,142,926) (Note 3)	10.27%	Same as those in general transactions	-	-	640,085 (Note 3)	11.24%	Note 1
CDC	CEC	Related party of the Company	Construction project	2,142,926 (Note 3)	47.64%	Same as those in general transactions	-	-	(640,085) (Note 3)	49.10%	
CEC	Fanlu	Associate	Construction contract	(580,855)	2.78%	Same as those in general transactions	-	-	82,603	1.45%	Note 1
Fanlu	CEC	Associate	Construction project	580,855	45.75%	Same as those in general transactions	-	-	(82,603)	93.82%	
HDEC	NSC	Parent and subsidiary	Construction contract	(168,538) (Note 3)	4.86%	Same as those in general transactions	-	-	31,691 (Note 3)	3.62%	Note 1
NSC	HDEC	Parent and subsidiary	Construction project	168,538 (Note 3)	61.27%	Same as those in general transactions	-	-	(31,691) (Note 3)	80.35%	
HDEC	PDC	Parent and subsidiary	Construction contract	(506,597) (Note 3)	14.60%	Same as those in general transactions	-	-	110,901 (Note 3)	12.68%	Note 1
PDC	HDEC	Parent and subsidiary	Construction project	506,597 (Note 3)	87.40%	Same as those in general transactions	-	-	(110,901) (Note 3)	87.71%	
SDC	HDEC	Parent and subsidiary	Construction contract	(150,397) (Note 3)	63.99%	Same as those in general transactions	-	-	24,910 (Note 3)	66.04%	Note 1
HDEC	SDC	Parent and subsidiary	Construction project	150,397 (Note 3)	4.64%	Same as those in general transactions	-	-	(24,910) (Note 3)	5.29%	
HDEC	CXC	Parent and subsidiary	Construction contract	(418,167) (Note 3)	12.05%	Same as those in general transactions	-	-	180,686 (Note 3)	20.66%	Note 1
CXC	HDEC	Parent and subsidiary	Construction project	418,167 (Note 3)	65.31%	Same as those in general transactions	-	-	(180,686) (Note 3)	59.86%	
HDEC	CTC	Parent and subsidiary	Construction contract	(510,329) (Note 3)	14.70%	Same as those in general transactions	-	-	84,786 (Note 3)	9.69%	Note 1
CTC	HDEC	Parent and subsidiary	Construction project	510,329 (Note 3)	100.00%	Same as those in general transactions	-	-	(84,786) (Note 3)	98.16%	
HDEC	CTCI-HDEC	Associate	Construction contract	(595,884) (Note 3)	17.17%	Same as those in general transactions	-	-	130,425 (Note 3)	14.91%	Note 1
CTCI-HDEC	HDEC	Associate	Construction project	595,884 (Note 3)	54.66%	Same as those in general transactions	-	-	(130,425) (Note 3)	31.40%	

Note 1: The Company recognized its construction contract income using the percentage-of-completion method.
Note 2: Aforesaid notes and accounts receivable are including contract assets.
Note 3: The above transactions were eliminated when preparing the consolidated financial statements.

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

(In Thousands of New Taiwan Dollars)

Name of company	Counter party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
CEC	CDC	Related party of the Company	Accounts receivable 640,085	4.01	-	-	298,007	-

Name of company	Counter party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
HDEC	PDC	Parent and subsidiary	Accounts receivable 110,901	5.19	-	-	53,843	-
HDEC	CXC	Parent and subsidiary	Accounts receivable 180,686	4.63	-	-	161,194	-
HDEC	CTCI-HDEC	Associate	Accounts receivable 130,425	4.88	-	-	38,039	-

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 December 31, 2023, the Group's Forward Exchange Agreement JPY4,665,000 thounsand hedging instruments in amounts of USD689 thousand, JPY3,218 thousand and EUR105 thousand, GBP7 thounsand and HKD802 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	1.28%
		HDEC	1	Other receivables	18,863	Same as those in normal transactions	0.02%
		HDEC	1	Interest revenues	19,919	Same as those in normal transactions	0.07%
1	CCLC	CEC	3	Operating revenues	157,523	Same as those in normal transactions	0.51%
		CDC	3	Operating revenues	29,897	Same as those in normal transactions	0.10%
		HDEC	3	Operating revenues	42,261	Same as those in normal transactions	0.14%
		CEC	3	Accounts receivable	18,950	Same as those in normal transactions	0.02%
2	CEC	CDC	3	Operating revenues	2,142,926	Same as those in normal transactions	7.00%
		CDC	3	Accounts receivable	323,241	Same as those in normal transactions	0.41%
		CDC	3	Contract assets	316,844	Same as those in normal transactions	0.40%
		CCLC	3	Administrative expenses	157,523	Same as those in normal transactions	0.51%
		CCLC	3	Other payables	18,950	Same as those in normal transactions	0.02%
3	CDC	CEC	3	Operating costs	2,142,926	Same as those in normal transactions	7.00%
		CEC	3	Accounts payable	640,085	Same as those in normal transactions	0.81%
		MEGA	3	Other receivables	834,949	Same as those in normal transactions	1.07%
		BANGSAR	3	Other receivables	277,839	Same as those in normal transactions	0.35%
		CCLC	3	Administrative expenses	29,897	Same as those in normal transactions	0.10%
		CCD	3	Non-current other assets-other	165,000	Same as those in normal transactions	0.21%
4	MEGA	CDC	3	Other payables	834,949	Same as those in normal transactions	1.07%
5	BANGSAR	CDC	3	Other payables	277,839	Same as those in normal transactions	0.35%
6	HDEC	CHC	2	Non-current other liabilities-other	1,000,000	Same as those in normal transactions	1.28%

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
		CHC	2	Other payables	18,863	Same as those in normal transactions	0.02%
		CHC	2	Interest expenses	19,919	Same as those in normal transactions	0.07%
		NSC	3	Operating revenues	168,538	Same as those in normal transactions	0.55%
		NSC	3	Accounts receivable	31,691	Same as those in normal transactions	0.04%
		SDC	3	Operating costs	150,397	Same as those in normal transactions	0.49%
		SDC	3	Accounts payable	24,910	Same as those in normal transactions	0.03%
		PDC	3	Operating revenues	506,597	Same as those in normal transactions	1.65%
		PDC	3	Accounts receivable	53,843	Same as those in normal transactions	0.07%
		PDC	3	Contract assets	57,058	Same as those in normal transactions	0.07%
		CTC	3	Operating revenues	510,329	Same as those in normal transactions	1.67%
		CTC	3	Accounts receivable	62,989	Same as those in normal transactions	0.08%
		CTC	3	Contract assets	21,798	Same as those in normal transactions	0.03%
		CXC	3	Operating revenues	418,167	Same as those in normal transactions	1.37%
		CXC	3	Accounts receivable	161,194	Same as those in normal transactions	0.21%
		CXC	3	Contract assets	19,492	Same as those in normal transactions	0.02%
		CCLC	3	Administrative expenses	42,261	Same as those in normal transactions	0.14%
7	NSC	HDEC	3	Operating costs	168,538	Same as those in normal transactions	0.55%
		HDEC	3	Accounts payable	31,691	Same as those in normal transactions	0.04%
8	SDC	HDEC	3	Operating revenue	150,397	Same as those in normal transactions	0.49%
		HDEC	3	Accounts receivable	6,494	Same as those in normal transactions	0.01%
		HDEC	3	Contract assets	18,416	Same as those in normal transactions	0.02%
		PDC	3	Operating revenue	76,392	Same as those in normal transactions	0.25%
		PDC	3	Accounts receivable	9,358	Same as those in normal transactions	0.01%
		PDC	3	Contract assets	4,277	Same as those in normal transactions	0.01%
9	PDC	HDEC	3	Operating costs	506,597	Same as those in normal transactions	1.65%
		HDEC	3	Accounts payable	110,901	Same as those in normal transactions	0.14%
		SDC	3	Operating costs	76,392	Same as those in normal transactions	0.25%
		SDC	3	Accounts payable	9,358	Same as those in normal transactions	0.01%
10	CTC	HDEC	3	Operating costs	510,329	Same as those in normal transactions	1.67%
		HDEC	3	Accounts payable	84,787	Same as those in normal transactions	0.11%
11	CXC	HDEC	3	Operating costs	418,167	Same as those in normal transactions	1.37%
		HDEC	3	Accounts payable	180,686	Same as those in normal transactions	0.23%

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 December 31, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value				
CHC	CEC	Taiwan	Civil, Building and M&E engineering	6,884,583	6,884,583	372,061,987	99.99% (Note 2)	7,287,086	99.99% (Note 2)	1,033,977	965,223	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)	16,300,623	99.99% (Note 2)	727,759	727,759	Note 1
CHC	HDEC	Taiwan	Environmental project development & Water treatment	2,860,365	2,860,365	362,499,866	99.99% (Note 3)	5,093,035	99.99% (Note 3)	425,623	425,623	Note 1
CHC	CCLC	Taiwan	Management consulting	20,000	20,000	-	100.00%	22,340	100.00%	3,019	3,019	-
CEC	CICI	India	Civil and Building engineering	497,839	497,839	73,981,492	100.00%	(11,540)	100.00%	(7,823)	Disclosure not required	-
CEC	CIC	British Virgin Islands	Investment and holding	2,048,252	2,048,252	64,380,940	100.00%	6,517	100.00%	(7,833)	〃	-
CEC	CIMY	Malaysia	Civil and Building engineering	179,257	179,257	22,340,476	85.14%	5,673	85.14%	(440)	〃	-
CEC	CEC HK	Hong Kong	Civil and Building engineering	10,815	10,815	3,000,000	100.00%	897	100.00%	(26)	〃	-
CDC	BANGSAR	Malaysia	Real estate development on residential	4,444	4,444	600,000	60.00%	(19,556)	60.00%	(17,169)	〃	-
CDC	CCD	Taiwan	Real estate lease	976,539	976,539	48,198,292	80.65%	2,204,435	80.65%	(47,572)	〃	-
CDC	Fanlu	Taiwan	Real estate development on residential and hotels	915,950	915,950	91,595,000	35.00%	776,804	35.00%	(74,327)	〃	-
CDC	MEGA	Malaysia	Real estate development on hotels	7,375	7,375	825,000	55.00%	(122,826)	55.00%	(85,733)	〃	-
CDC	CDC US.	The U.S.	Investment and holding	4,132,782	2,284,960	5,000,000	100.00%	3,386,889	100.00%	(461,157)	〃	-
CDC	CDCAM	Malaysia	Management consulting	7,524	7,524	1,000,000	100.00%	8,602	100.00%	605	〃	-
HDEC	SDC	Taiwan	Construction of underground pipeline and environmental protection project, plumbing	49,600	49,600	3,000,000	100.00%	50,977	100.00%	14,087	〃	-
HDEC	NSC	Taiwan	Environmental project	1,112,000	1,112,000	166,000,000	100.00%	2,842,364	100.00%	182,198	〃	-
HDEC	BWC	Taiwan	Environmental project	362,100	362,100	37,740,000	51.00%	418,683	51.00%	33,506	〃	-
HDEC	PDC	Taiwan	Environmental project	540,000	340,000	59,726,000	100.00%	640,296	100.00%	36,667	〃	-
HDEC	CTCI - HDEC	Taiwan	Environmental project	735,000	735,000	73,500,000	49.00%	821,569	49.00%	117,143	〃	-
HDEC	LHC	Taiwan	Environmental project	550,000	550,000	56,100,000	55.00%	625,731	55.00%	84,964	〃	-
HDEC	CTC	Taiwan	Environmental project	450,000	450,000	45,000,000	100.00%	451,916	100.00%	4,068	〃	-
HDEC	CXC	Taiwan	Environmental project	1,000,000	1,000,000	100,000,000	100.00%	1,032,130	100.00%	32,211	〃	-

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value				
CCLC	CEC	Taiwan	Civil, Building and M&E engineering	1	1	84	-% (Note 4)	2	-% (Note 4)	1,033,977	〃	-
CCLC	CDC	Taiwan	Real estate development on residential, commercial, hotels and communities	3	3	102	-% (Note 4)	3	-% (Note 4)	727,759	〃	-
CCLC	HDEC	Taiwan	Environmental project development & Water treatment	1	1	134	-% (Note 5)	2	-% (Note 5)	425,623	〃	-

Note 1: The information on investment income/loss was derived from the investees' financial statements audited by the auditors for the same period.
Note 2: The shareholding ration is 99.99998% at the end of the period.
Note 3: The shareholding ration is 99.99996% at the end of the period.
Note 4: The shareholding ration is 0.00002% at the end of the period.
Note 5: The shareholding ration is 0.00004% at the end of the period.

(c) Information on investment in Mainland China: None

(d) Major shareholders:

Shareholding / Shareholder's Name	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

Operating segments required to be disclosed are categorized as Construction Engineering, Real Estate Development, Environmental Project Development & Water Treatment and Investment. The Group assessed performance of the segments based on the segments' income before tax, and report the amount of revenues based on the financial information used to prepare the consolidated financial report.

1. Construction Engineering: civil construction and building construction.
2. Real Estate Development: real estate development and lease.
3. Environmental Project Development & Water Treatment: expertise in processing sewage, industrial wastewater, solid waste, etc..
4. Investment: to integrate operating strategy, supervising and monitoring each operating segments'operation, and control and allocate each operating segments'operating resources.

	2023					
	Construction Engineering	**Real Estate Development**	**Environmental project Development & Water Treatment**	**Investment**	**Adjustment and write off**	**Total**
Revenues:						
Segment revenues from external customers	$ 18,660,767	7,167,142	4,778,935	-	-	30,606,844
Intersegment revenues	2,202,017	-	-	2,351,305	(4,553,322)	-
Total revenues	**$ 20,862,784**	**7,167,142**	**4,778,935**	**2,351,305**	**(4,553,322)**	**30,606,844**
Reportable segment profit or loss	**$ 1,033,932**	**309,085**	**571,688**	**1,985,943**	**(2,190,378)**	**1,710,270**
Assets:						
Investments accounted for using equity method	$ -	776,804	821,569	28,703,089	(28,703,089)	1,598,373

	2023					
	Construction Engineering	Real Estate Development	Environmental project Development & Water Treatment	Investment	Adjustment and write off	Total
Capital expenditure	3,686,496	13,779,272	42,906	9,778	27,015	17,545,467
Reportable segment assets	**$ 19,511,840**	**45,801,925**	**14,038,278**	**29,987,197**	**(30,928,568)**	**78,410,672**
Reportable segment liabilities	**$ 12,060,389**	**26,992,950**	**8,031,015**	**2,612,720**	**(2,062,104)**	**47,634,970**

	2022					
	Construction Engineering	Real Estate Development	Environmental project Development & Water Treatment	Investment	Adjustment and write off	Total
Revenues:						
Segment revenues from external customers	$ 18,002,149	9,438,393	4,705,061	-	-	32,145,603
Intersegment revenues	1,551,222	-	-	3,215,276	(4,766,498)	-
Total revenues	**$ 19,553,371**	**9,438,393**	**4,705,061**	**3,215,276**	**(4,766,498)**	**32,145,603**
Reportable segment profit or loss	**$ 797,241**	**1,597,679**	**599,439**	**2,937,092**	**(3,113,880)**	**2,817,571**
Assets:						
Investments accounted for using equity method	$ -	802,819	791,319	27,451,970	(27,451,970)	1,594,138
Capital expenditure	3,469,703	14,029,141	41,517	5,952	36,020	17,582,333
Reportable segment assets	**$ 16,308,819**	**45,030,880**	**14,198,726**	**28,701,242**	**(29,189,425)**	**75,050,242**
Reportable segment liabilities	**$ 10,608,666**	**25,759,683**	**8,584,282**	**2,358,997**	**(1,642,835)**	**45,668,793**

(a) Geographic information

The revenues from external customers are categorized by the geographical location of customers and the non-current assets are categorized based on the region of where the assets are located:

Area	2023	2022
Revenues from external customers:		
Taiwan	$ 29,569,303	31,342,096
Others	1,037,541	803,507
	$ 30,606,844	**32,145,603**
Non-current assets		
Taiwan	$ 12,559,502	11,641,671
Others	6,989,515	7,230,186
	$ 19,549,017	**18,871,857**

Non-current assets include property, plant and equipment, right-of-use assets, investment properties, intangible assets, and other assets, but excluding financial instruments and deferred tax assets of non-current assets.

(b) Information on major customers

	2023	2022
Governments	$ 8,328,850	13,991,862
Construction corporations	14,336,464	8,268,412
Others	7,941,530	9,885,329
Total	**$ 30,606,844**	**32,145,603**

Independent Auditors' Report

To the Board of Directors of CONTINENTAL HOLDINGS CORPORATION:

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

KPMG
Taipei, Taiwan
March 8, 2024

CONTINENTAL HOLDINGS CORPORATION

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			December 31, 2023			December 31, 2022	
	Assets		**Amount**	**%**		**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$	19,207	-		80,568	-
1200	Other receivables (notes 6(b) and 7)		21,734	-		18,067	-
1220	Current tax assets		750	-		750	-
1410	Prepayments		21	-		160	-
			41,712	-		99,545	-
	Non-current assets:						
1550	Investments accounted for using equity method (note 6(c))		28,703,084	96		27,451,964	96
1600	Property, plant and equipment (note 6(d))		2,699	-		3,534	-
1755	Right-of-use assets (note 6(e))		48,638	-		3,540	-
1920	Guarantee deposits paid		1	-		1	-
1990	Other non-current assets, others (notes 6(b) and 7)		1,000,000	4		1,000,000	4
			29,754,422	100		28,459,039	100
	Total assets	**$**	**29,796,134**	**100**		**28,558,584**	**100**

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

(See accompanying notes to financial statements.)

Chairman：Nita Ing　　Manager：Cindy Chang　　Chief Accountant：Eva Lin

CONTINENTAL HOLDINGS CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenues(note 6(m))**	$ 2,121,624	100	3,075,624	100
5000	**Operating costs**	-	-	-	-
	Gross profit from operations	2,121,624	100	3,075,624	100
	Operating expensesd (notes 6(h), (i) and (n)):				
6200	Administrative expenses	146,771	7	146,057	5
	Net operating income	1,974,853	93	2,929,567	95
	Non-operating income and expenses(note 6(o)):				
7100	Interest income(note 7)	20,157	1	19,973	1
7020	Other gains and losses, net	13,521	1	12,907	-
7050	Finance costs, net(notes 6(g), (h) and 7)	(26,243)	(1)	(24,507)	(1)
		7,435	1	8,373	-
	Income before tax	1,982,288	94	2,937,940	95
7950	Less: Income tax expenses (note 6(j))	265,552	13	49,548	2
	Net income	1,716,736	81	2,888,392	93
8300	**Other comprehensive income (loss):**				
8310	**Item that will not be reclassified to profit or loss**				
8311	Remeasurements of defined benefit plans	204	-	1,141	-
8330	Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	1,343,612	63	(21,057)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	4,903	-	(10,814)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	1,348,719	63	(30,730)	(1)
8360	**Item that will be reclassified to profit or loss**				
8380	Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	21,798	1	274,101	9
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	21,798	1	274,101	9
8300	**Other comprehensive income (loss)**	1,370,517	64	243,371	8
8500	**Total comprehensive income**	**$ 3,087,253**	**145**	**3,131,763**	**101**
	Earnings per share (note 6(l))				
9750	Basic earnings per share (NT dollars)	**$**	**2.09**		**3.51**
9850	Diluted earnings per share (NT dollars)	**$**	**2.08**		**3.51**

(See accompanying notes to financial statements.)

Chairman：Nita Ing　　Manager：Cindy Chang　　Chief Accountant：Eva Lin

CONTINENTAL HOLDINGS CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Total other equity				
	Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total	Total equity
Balance at January 1, 2022	$ 8,232,160	6,817,198	946,139	2,262,233	6,073,131	9,281,503	(969,251)	1,228,678	(16,124)	243,303	24,574,164
Net income	-	-	-	-	2,888,392	2,888,392	-	-	-	-	2,888,392
Other comprehensive income (loss)	-	-	-	-	43,254	43,254	274,101	(88,559)	14,575	200,117	243,371
Total comprehensive income (loss)	-	-	-	-	2,931,646	2,931,646	274,101	(88,559)	14,575	200,117	3,131,763
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	180,428	-	(180,428)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,383,003)	(1,383,003)	-	-	-	-	(1,383,003)
Balance at December 31, 2022	8,232,160	6,817,198	1,126,567	2,262,233	7,441,346	10,830,146	(695,150)	1,140,119	(1,549)	443,420	26,322,924
Net income	-	-	-	-	1,716,736	1,716,736	-	-	-	-	1,716,736
Other comprehensive income (loss)	-	-	-	-	(19,612)	(19,612)	21,798	1,387,325	(18,994)	1,390,129	1,370,517
Total comprehensive income (loss)	-	-	-	-	1,697,124	1,697,124	21,798	1,387,325	(18,994)	1,390,129	3,087,253
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	293,164	-	(293,164)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,058,040)	(2,058,040)	-	-	-	-	(2,058,040)
Balance at December 31, 2023	**$ 8,232,160**	**6,817,198**	**1,419,731**	**2,262,233**	**6,787,266**	**10,469,230**	**(673,352)**	**2,527,444**	**(20,543)**	**1,833,549**	**27,352,137**

(See accompanying notes to financial statements.)

CONTINENTAL HOLDINGS CORPORATION

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

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

(See accompanying notes to financial statements.)

Chairman：Nita Ing　　Manager：Cindy Chang　　Chief Accountant：Eva Lin

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

CONTINENTAL HOLDINGS CORPORATION (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.

(2) Approval date and procedures of the financial statements:

The financial statements were approved and authorized for issue by the Board of Directors on March 8, 2024.

(3) New standards, amendments and interpretations adopted:

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

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

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

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

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

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

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

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

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

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

(4) Summary of material policies:

The accounting policies presented in the financial statements are summarized follows. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

1) The defined benefit liabilities are measured at the present value of the defined benefit obligation less fair value of the plan assets.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The Company's financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

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

An asset is classified 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 helds 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 and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified 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 helds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(d) Cash and cash equivalents

Cash comprises cash on hand, time deposit and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes that should be recognized as cash equivalents.

(e) Financial instruments

Account receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. An accounts receivable without a significant financing component is initially measured at the transaction price.

The purchase or sale of financial assets conforms to customary trading practices, and the Company will classify its financial assets in the same manner, wherein all purchases and sales will be accounted for on a consistent basis.

(i) Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

・it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

・its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

・contingent events that would change the amount or timing of cash flows;

・terms that may adjust the contractual coupon rate, including variable rate features;

・prepayment and extension features; and

・terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features)

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, other receivables and other non-current assets-others).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

・Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial asset carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

・significant financial difficulty of the borrower or issuer;
・a breach of contract such as a default or being more than 90 days past due;
・the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
・it is probable that the borrower will enter bankruptcy or other financial reorganization; or
・the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate clients , the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. For corporate accounts, the Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities

1) Financial liabilities

Financial liabilities are classified as measured at amortized cost.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations has been discharged, cancelled, or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(f) Subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the financial statements. Under equity method, the net income, other comprehensive income and equity in the financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

The changes of equity not losing controlling are regarded as the trading of equity between the Company and the owners.

(g) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The estimated useful lives of property, plant and equipment are as follows:

(1) Transportation equipment	3 ～ 5 years
(2) Computer equipment	3 years
(3) Office equipment	3 ～ 5 years

Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(h) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) fixed payments;
2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
3) amounts expected to be payable under a residual value guarantee; and
4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

1) there is a change in future lease payments arising from the change in an index or rate; or
2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
4) there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents its right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize its right-of-use assets and lease liabilities for variable lease payments of parking lot and office facilities. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(i) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGUs exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. The carrying amounts of the other assets are reduced in the CGU on a pro rata basis.

For non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(j) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(k) Income Taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

The Company has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Company has applied a temporary andatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it s a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profits (losses) and does not give rise to equal taxable and deductible temporary differences.

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they are reserved.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Although the adoption of consolidated tax return system by the Company, calculation for income tax still abide by the abovementioned accounting principles. Based on the consolidated income tax reported by the Company, it needs to adjust the current tax assets or liabilities for the Company.

(l) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Company. The basic earnings per share are calculated based on the profit attributable to the ordinary shareholders of the Company divided by weighted- average number of ordinary shares outstanding. The diluted earnings per share are calculated based on the profit attributable to the ordinary shareholders of the Company, divided by weighted- average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares, such as employee remuneration.

(m) Operating Segments

Please refer to the consolidated financial report.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the financial statements requires the management to make judgment, 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 management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2023	December 31, 2022
Cash	$	150	150
Cash in banks		19,057	80,418
	$	**19,207**	**80,568**

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

(ii) Please refer to Note 6(p) for sensitivity analysis and interest rate risk of financial assets and liabilities.

(b) Other receivables

		December 31, 2023	December 31, 2022
Other receivables-loans to subsidiary (recognized as other non-current assets - others)	$	1,000,000	1,000,000
Other receivables-related parties		21,734	18,067
Less: Allowance for impairment		-	-
	$	**1,021,734**	**1,018,067**

Please refer to Note 6(p) for other credit risk information.

(c) Investments accounted for using equity method

		December 31, 2023	December 31, 2022
Subsidiaries	**$**	**28,703,084**	**27,451,964**

(i) Subsidiaries

Please refer to the consolidated financial statement.

(ii) Guarantee

The investments accounted for using equity method were not pledged as collateral.

(d) Property, plant and equipment

		Transportation equipment	Office equipment	Computer equipment	Total
Cost or deemed cost:					
Balance at January 1, 2023	$	4,233	323	-	4,556
Additions		-	-	110	110
Balance at December 31, 2023	**$**	**4,233**	**323**	**110**	**4,666**
Balance at January 1, 2022	$	3,392	233	-	3,625
Additions		3,294	90	-	3,384
Disposals		(2,453)	-	-	(2,453)
Balance at December 31, 2022	**$**	**4,233**	**323**	**-**	**4,556**
Depreciation and impairment losses:					
Balance at January 1, 2023	$	824	198	-	1,022
Depreciation		870	61	14	945
Balance at December 31, 2023	**$**	**1,694**	**259**	**14**	**1,967**
Balance at January 1, 2022	$	999	128	-	1,127
Depreciation		899	70	-	969
Disposals		(1,074)	-	-	(1,074)
Balance at December 31, 2022	**$**	**824**	**198**	**-**	**1,022**
Carrying amount					
Balance at December 31, 2023	**$**	**2,539**	**64**	**96**	**2,699**
Balance at December 31, 2022	**$**	**3,409**	**125**	**-**	**3,534**

The property, plant and equipment were not pledged as collateral.

(e) Right-of-use assets

		Buildings	Transportation equipment	Total
Cost:				
Balance at January 1, 2023	$	52,904	1,514	54,418
Additions		57,757	-	57,757
Disposals		(52,904)	(1,514)	(54,418)
Balance at December 31, 2023	**$**	**57,757**	**-**	**57,757**
Balance at December 31, 2022	**$**	**52,904**	**1,514**	**54,418**
Depreciation and impairment losses:				
Balance at January 1, 2023	$	49,700	1,178	50,878
Depreciation		12,323	336	12,659
Disposals		(52,904)	(1,514)	(54,418)
Balance at December 31, 2023	**$**	**9,119**	**-**	**9,119**
Balance at of January 1, 2022	$	36,884	673	37,557

	Buildings	Transportation equipment	Total
Depreciation	12,816	505	13,321
Balance at December 31, 2022	$ **49,700**	**1,178**	**50,878**
Carrying amounts:			
Balance at December 31, 2023	$ **48,638**	**-**	**48,638**
Balance at December 31, 2022	$ **3,204**	**336**	**3,540**

(f) Short-term loans

	December 31, 2023
Unsecured bank loans	$ **65,000**
Unused short-term credit lines	$ **685,000**
Range of interest rates	**1.78%~1.80%**

(g) Bonds payable

	December 31, 2023	December 31, 2022
Secured ordinary bonds issued	$ 2,000,000	2,000,000
Unamortized discounted on bonds payable	(1,445)	(2,168)
	$ **1,998,555**	**1,997,832**

(i) On November 5, 2020, the Company's Board of Directors approved to issue the secured ordinary corporate bond amounted to no more than $2 billion, which had been approved by the Taipei Exchange (TPEx) on December 31, 2020. The offering information and main rights and obligations were as follows:

Item	1st secured ordinary corporate bond issued in 2020
Issued amount	The bond was issued at $2 billion.
Par value	Each unit was valued at $1 million.
Issued price	The bond was issued at par value on the issued date.
Tenor	The bond issued with maturities of 5 years. The tenor was from January 11, 2021 to January 11, 2026.
Coupon rate	Fixed rate 0.55%.
Repayment	The principal of the bond will be repaid on the maturity.
Interest Payment	Interests was paid once a year at coupon rate since the issued date.
Guarantee	The corporate bond was guaranteed by Mega International Commercial Bank in accordance with the guaranty deed of appointment.

(ii) Please refer to Note 6(o) for the amounts of interest expenses.

(h) Lease liabilities

	December 31, 2023	December 31, 2022
Current	$ **11,738**	**3,747**
Non-current	$ **37,631**	**-**

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

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	$ **709**	**112**
Variable lease payments not included in the measurement of lease liabilities	$ **1,063**	**1,331**

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

	2023	2022
Total cash outflow for leases	$ **13,907**	**15,482**

(i) Real estate leases

The Company leases buildings for its office space, with lease terms of five 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.

(ii) Other leases

The Company leases transportation equipment, with lease terms of three years.

In addition, the Company leases office equipment and parking lots, with lease terms of one to three years which are variable lease payments. The Company has elected not to recognize right-of-use assets and leases liabilities for these leases.

(i) Employee benefits

(i) Defined benefit plan

The present value of the defined benefit obligations and fair value of plan assets were as follows:

		December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$	25,363	25,218
Fair value of plan assets		-	-
Net defined benefit liability	**$**	**25,363**	**25,218**

1) Composition of plan asset

The Company failed to comply with the Labor Standards Act. to compensate retirement funds.

2) Movements in present value of the defined benefit obligations

		2023	2022
Defined benefit obligation, January 1	$	25,218	25,987
Current service costs and interest		352	143
Remeasurement of the net defined benefit liability (asset)			
— Actuarial gains arose from changes in financial assumption		68	(427)
— Experience adjustments		(231)	(485)
Benefits paid by the plan		(44)	-
Defined benefit obligation, December 31	**$**	**25,363**	**25,218**

3) Movements of defined benefit plan assets in fair value

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2023 and 2022 were $0.

4) Expenses recognized in profit or loss

		2023	2022
Net interest on net defined benefit liability	**$**	**352**	**143**
Administrative expenses	**$**	**352**	**143**

5) Remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income

		2023	2022
Accumulated amount, January 1	$	(3,603)	(2,691)
Recognized during the period		(163)	(912)
Accumulated amount, December 31	**$**	**(3,766)**	**(3,603)**

6) Actuarial assumptions

	December 31, 2023	December 31, 2022
Discount rate	1.25%	1.40%
Future salary increase rate	3.25%	3.25%

The Company is expected to make a contribution payment of $83 thousand to the defined benefit plans for the one year period after reporting date.

The weighted-average lifetime of the defined benefit plan is 9.98 years.

7) Sensitivity Analysis

When calculating the present value of the defined benefit obligations, the Company uses judgments and estimations to determine the actuarial assumptions, including discount rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

The changes in the principal actuarial assumptions will impact the present value of the defined benefit obligation as follows:

	Impact on the defined benefit obligations	
	Increase	Decrease
December 31, 2023		
Discount (change in 0.25%)	(2.44)%	2.53%
Future salary increase (change in 1.00%)	15.65%	(14.12)%

	Impact on the defined benefit obligations	
	Increase	Decrease
December 31, 2022		
Discount (change in 0.25%)	(2.59)%	2.68%
Future salary increase (change in 1.00%)	16.85%	(15.12)%

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets. The analysis is performed on the same basis for prior year.

(ii) Defined contribution plan

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations. The Company's pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $2,671 thousand and $2,370 thousand for the years ended December 31, 2023 and 2022, respectively.

(j) Income Tax

(i) Income tax expenses

		2023	2022
Current income tax expenses	$	263,108	147,788
Additional surtax on unappropriated earnings		29,022	12,042
Adjustment for prior periods		(26,578)	(110,282)
	$	**265,552**	**49,548**

Income tax recognized in other comprehensive income (expense) benefit were as follows:

		2023	2022
Items that will not be reclassified to profit or loss			
Remeasurement from defined benefit plans	**$**	**4,903**	**(10,814)**

The reconciliation of income tax expense and income before tax were as follows:

		2023	2022
Income before tax	$	1,982,288	2,937,940
Income tax expense at domestic statutory tax rate	$	396,457	587,588
Investment gain accounted for using equity method		(424,325)	(615,125)
Dividend revenues		30,105	29,416
Consolidated tax		260,773	145,743
Additional surtax on unappropriated earnings		29,022	12,042
Others		98	166
Adjustment for prior periods		(26,578)	(110,282)
Total	**$**	**265,552**	**49,548**

(ii) Status of approval of income tax

The Company's income tax returns for the year up to 2019 have been approved by the tax authorities, except for the year 2018 has yet to be approved.

(k) Capital and other equity

As of December 31, 2023 and 2022, the total value of nominal authorized ordinary shares amounted to $10,000,000 thousand. Face value of each share is $10, which means in total there were 1,000,000 thousand ordinary shares, of which 823,216 thousand shares, were issued and paid upon issuance.

(i) Capital surplus

		December 31, 2023	December 31, 2022
Premiums from issuance of share capital	$	6,397,913	6,397,913
Treasury stock transactions		406,518	406,518
Change on subsidiaries equity		12,767	12,767
	$	**6,817,198**	**6,817,198**

1) The Company was established on April 8, 2010, it became the holding company of CEC via a share swap. The net equity of CEC's stock in excess of par value of the Company's stock was $7,368,919 thousand, this amount was credited to capital surplus. In 2011, the Company used capital surplus to distribute Year 2010 cash dividends for an amount of $504,695 thousand.

2) In accordance with the R.O.C. Company Act, the realized capital surplus can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to increase share capital shall not exceed 10% of the actual share capital amount.

(ii) Retained earnings

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

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

1) Legal Reserve

When the Company incurs no loss, it may, pursuant to a resolution by the 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 the paid in capital.

2) Special Reserve

The Company applied the exemptions at the first-time adoption of IFRSs and increased its retained earnings by $4,448,666 thousand, which were resulted from unrealized revaluation increments, exchange differences on translation of foreign financial statements, and the fair value of investment properties being used as the cost on initial recognitions at the transition date, as well as the amount of $2,592,640 thousand being appropriated to special reserve according to the 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 December 31, 2023 and 2022, the special reserve related to all IFRSs adjustments amounted to $2,262,233 thousand.

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earning distribution. The amount to be reclassified should equal the current-period total net reduction of other stockholders' equity. Similarly, a portion of unappropriated 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 2022 and 2021 had been approved during the board meeting on March 10, 2023 and March 15, 2022, respectively. The other distributions of the appropriations of earnings had been approved during the shareholders' meeting on May 30, 2023 and June 9, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

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

(iii) Other equity

	Exchange differences on translation of foreign financial statements	**Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income**	**Gains (losses) on hedging instruments**	**Total**
Balance at January 1, 2023	$ (695,150)	1,140,119	(1,549)	443,420
Exchange differences on subsidiaries accounted for using equity method	21,798	-	-	21,798

	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
Unrealized gains from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	1,387,325	-	1,387,325
Gains from hedging instrument measured at other comprehensive income, subsidiaries accounted for using equity method	-	-	(18,994)	(18,994)
Balance at December 31, 2023	**$ (673,352)**	**2,527,444**	**(20,543)**	**1,833,549**
Balance at January 1, 2022	$ (969,251)	1,228,678	(16,124)	243,303
Exchange differences on subsidiaries accounted for using equity method	274,101	-	-	274,101
Unrealized gains from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	(88,559)	-	(88,559)
Gains from hedging instrument measured at other comprehensive income, subsidiaries accounted for using equity method	-	-	14,575	14,575
Balance at December 31, 2022	**$ (695,150)**	**1,140,119**	**(1,549)**	**443,420**

(l) Earnings per share

(i) Basic earnings per share

The basic earnings per share that are calculated based on net income attributable to ordinary shareholders of the Company for the years ended December 31, 2023 and 2022 are $1,716,736 thousand and $2,888,392 thousand, respectively; the weighted average number of ordinary shares outstanding are 823,216 thousand. The related calculations are as follows:

1) Net income attributable to ordinary shareholders

	2023	2022
Net income attributable to ordinary shareholders	**$ 1,716,736**	**2,888,392**

2) Weighted average number of ordinary shares

	2023	2022
Weighted average number of ordinary shares at December 31	**823,216**	**823,216**

(ii) Diluted earnings per share

The diluted earnings per share that are calculated based on net income attributable to ordinary shareholders of the Company for the years ended December 31, 2023 and 2022 are $1,716,736 thousand and $2,888,392 thousand, respectively. After adjusting the effect of dilution of ordinary share, the weighted average number of ordinary shares outstanding for the years ended December 31, 2023 and 2022 are 823,657 thousand and 823,826 thousand, respectively. The related calculations are as follows:

1) Net income attributable to ordinary shareholders

	2023	2022
Net income attributable to ordinary shareholders	**$ 1,716,736**	**2,888,392**

2) Weighted average number of ordinary shares (Diluted)

	2023	2022
Weighted average number of ordinary shares (Basic)	823,216	823,216
Effect of employee bonuses	441	610
Weighted average number of ordinary shares (Diluted) at December 31	**823,657**	**823,826**

(m) Revenue from contracts with customers

	2023	2022
Investment revenues	**$ 2,121,624**	**3,075,624**

(n) Remuneration for employees and directors

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

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration to be $9,961 thousand and $14,764 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 during 2023 and 2022. The amounts, as stated in the parent company only financial statements, are identical to those of the actual distributions for the years ended December 31, 2023 and 2022. Related information would be available at the Market Observation Post System website.

(o) Non-operating income and expenses

(i) Interest income

		2023	2022
Bank deposits	$	238	2,667
Loans of funds		13,000	13,000
Endorsement		6,919	4,306
	$	**20,157**	**19,973**

(ii) Other gains and losses

		2023	2022
Gains on disposals of property, plant and equipment	$	-	96
Other		13,521	12,811
	$	**13,521**	**12,907**

(iii) Financial costs

		2023	2022
Interest expenses			
Bank borrowings	$	1,142	3
Lease liabilities		709	112
Bonds payables (including amortization expenses)		24,392	24,392
	$	**26,243**	**24,507**

(p) Financial instruments

(i) Credit risk

1) Credit risk exposure

As of December 31, 2023 and 2022, the Company'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 recognized on the balance sheet; and
- The financial guarantee provided by the Company amounted to $19,311,094 thousand and $19,097,329 thousand, respectively.

2) Credit risk concentrations: None.

3) Other receivables of credit risk

Other receivables are considered to have low risk, and thus the impairment provision recognized during the period was limited to 12 months expected losses.

(ii) Liquidity risk

The following tables show the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

		Carrying amount	Contractual cash flows	Within 1 year	1-5 years	More than 5 years
December 31, 2023						
Non-derivative financial liabilities						
Unsecured loans	$	65,000	65,262	65,262	-	-
Other payables		51,239	51,239	51,239	-	-
Lease liabilities		49,369	51,132	12,502	38,630	-

		Carrying amount	Contractual cash flows	Within 1 year	1-5 years	More than 5 years
Bonds payable		1,998,555	2,033,000	11,000	2,022,000	-
	$	**2,164,163**	**2,200,633**	**140,003**	**2,060,630**	**-**
December 31, 2022						
Non-derivative financial liabilities						
Other payables	$	51,742	51,742	51,742	-	-
Lease liabilities		3,747	3,751	3,751	-	-
Bonds payable		1,997,832	2,044,000	11,000	2,033,000	-
	$	**2,053,321**	**2,099,493**	**66,493**	**2,033,000**	**-**

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

(iii) Fair value of financial instruments

1) Categories and fair value of financial instruments

The carrying amounts of the Company's financial assets and financial liabilities measured at amortized cost approximate their fair value.

(q) Financial risk management

(i) Overview

The Company is exposed to the following risks from its financial instruments:

1) Credit risk
2) Liquidity risk
3) Market risk

According to the exposed risks stated above, the following notes are the objectives, policies and procedures of the risk measurement and management of the Company.

(ii) Risk management framework

1) The daily operation of the Company is affected by multiple financial risks, including credit risk, liquidity risk and market risk. The overall risk control policy focuses on unpredictable events in financial market and seeks reduction of potential adverse impact on financial status and financial performance.
2) The Company's finance department implements risk management in accordance with the policy approved by the Board of Directors. The Company's financial department work to identify, assess and minimize various financial risks.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from other receivables.

1) Investment

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Company's finance department. Since the Company's transactions are with the banks, financial institutions, and corporate organizations, with good credit ratings there are no non-compliance issues and therefore no significant credit risk.

2) Guarantee

As of December 31, 2023 and 2022, the Company's guarantee for project construction and bank loans for related parties amounted to $20,849,920 thousand and $20,644,073 thousand, respectively.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to manage liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company is an investment holding company established on the basis of share conversion. The assets are long-term investments and the working capital requirements are very low. Therefore, there is no liquidity risk due to the inability to raise funds to meet contractual obligations.

The Company's capital and operating funds is adequate to meet demands, and there is no related liquidity risk. As of December 31, 2023 and 2022, the Company has unused credit limit for $685,000 thousand and 150,000 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(r) Capital Management

The Company meets its objectives of managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

The Company uses the debt-to-equity ratio to manage capital. This ratio is using the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities, less, cash and cash equivalents. The total capital and equity includes capital stock, capital surplus, retained earnings and other equity, plus, net debt.

The Company's ratio as of December 31, 2023 and 2022 is as follows:

		December 31, 2023	December 31, 2022
Total liabilities	$	2,443,997	2,235,660
Less: cash and cash equivalents		(19,207)	(80,568)
Net debt		2,424,790	2,155,092
Total equity		27,352,137	26,322,924
Adjusted capital	**$**	**29,776,927**	**28,478,016**
Debt-to-equity ratio		**8.14%**	**7.57%**

(s) Non-cash financing activities

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follows:

(i) For right-of-use assets under leases, please refer to note 6(e).

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

		January 1, 2023	Cash flows	Other	December 31, 2023
Lease liabilities	$	3,747	(12,135)	57,757	49,369
Bonds payable		1,997,832	-	723	1,998,555
Total liabilities from financing activities	**$**	**2,001,579**	**(12,135)**	**58,480**	**2,047,924**

		January 1, 2022	Cash flows	Other	December 31, 2022
Lease liabilities	$	17,786	(14,039)	-	3,747
Bonds payable		1,997,110	-	722	1,997,832
Total liabilities from financing activities	**$**	**2,014,896**	**(14,039)**	**722**	**2,001,579**

(7) Related-party transactions:

(a) Parent Group and Ultimate Controlling Party

Montrion Corporation is the parent company of the Company.

(b) Names and relationship with related parties

Name of related party	Relationship with the Company
Continental engineering Corp.(CEC)	Subsidiary
Continental Development Corp.(CDC)	Subsidiary
HDEC Corp.(HDEC)	Subsidiary
Continental Consulting Limited Company (CCLC)	Subsidiary
CEC International Corp.	Subsidiary
CEC International Corp.(India) Private Limited(CICI)	Subsidiary
CEC International Malaysia Sdn. Bhd.	Subsidiary
Continental Engineering Corp. (Hong Kong) Limited	Subsidiary
CDC Commercial Development Corp. (CCD)	Subsidiary
MEGA Capital Development Sdn. Bhd.	Subsidiary
Bangsar Rising Sdn. Bhd.	Subsidiary
CDC Asset Management Malaysia Sdn. Bhd.	Subsidiary
CDC US Corp.	Subsidiary
CDC Investment Management LLC	Subsidiary

Name of related party	Relationship with the Company
Trimosa Holdings LLC	Subsidiary
950 Investment LLC	Subsidiary
950 Property LLC	Subsidiary
950 Hotel Property LLC	Subsidiary
950 Retail Property LLC	Subsidiary
950 F&B LLC	Subsidiary
HDEC Construction Corp.	Subsidiary
North Shore Environment Corp.	Subsidiary
Blue Whale Water Technologies Corp.	Subsidiary
HDEC (Puding) Environment Corp.	Subsidiary
HDEC-CTCI (Linhai) Corp.	Subsidiary
HDEC (Chengxi) Corporation	Subsidiary
HDEC (Ciaotou) Corporation	Subsidiary
Metropolis Property Management Corporation	Other related party
WFV Corporation	Other related party
Wei-Dar Development Co., Ltd.	Other related party
Han-De Construction Co., Ltd.	Other related party
Chiang ○	Other related party
Chung ○○	Other related party (who became a non-related party beginning on January 31, 2022)

(c) Other related party transactions

(i) Other receivables - related parties

	December 31, 2023	December 31, 2022
Subsidiary － CEC	$ 782	1,323
Subsidiary － HDEC	18,863	14,669
Subsidiary － CDC	559	500
Subsidiary － CCLC	1,530	1,575
	$ 21,734	**18,067**

(ii) Other payables - related parties

	December 31, 2023	December 31, 2022
Other related parties	**$ 416**	**-**

(iii) Loans to related parties

	December 31, 2023	December 31, 2022
Subsidiary － HDEC	**$ 1,000,000**	**1,000,000**

The rates of unsecured loans to related parties is similar to the market rates. After assessment, no provisions for bad debt expenses were accrued.

(iv) Rental

In April 2018, the Company leased an office building from other related party. A five-year lease contract were signed.

The lease agreement with the other related party for the Company's head office building, which mature in April 2023, had been renewed until December 2027.

For the years ended December 31, 2023 and 2022, the Company recognized the amounts of $708 thousand and $106 thousand as interest expenses, respectively. As of December 31, 2023 and 2022, the balance of lease liabilities amounted to $49,369 thousand and $3,406 thousand, respectively.

(v) Endorsements and Guarantees

	Guarantee classification	December 31, 2023	December 31, 2022
Subsidiary － CICI	Project construction guarantee	$ 461,648	464,023
Subsidiary － CEC	Project construction guarantee	1,077,178	1,082,721
Subsidiary － CEC	Guarantee for bank loans	14,998,812	15,014,060
Subsidiary － HDEC	Guarantee for bank loans	4,312,282	4,083,269
		$ 20,849,920	**20,644,073**

(vi) Other income

1) Deduction of administrative expenses

		2023	2022
Subsidiary — CEC	$	2,699	5,412
Subsidiary — HDEC		1,200	777
Subsidiary — CDC		1,205	778
Subsidiary — CCLC		12,769	9,247
	$	**17,873**	**16,214**

2) Interest revenues

		2023	2022
Subsidiary — CEC	$	-	1,266
Subsidiary — HDEC		19,919	16,041
	$	**19,919**	**17,307**

3) Other non-operating income

		2023	2022
Subsidiary — CEC	$	5,742	5,657
Subsidiary — CDC		3,783	3,730
Subsidiary — HDEC		1,938	1,778
Subsidiary — CCLC		2,057	1,605
	$	**13,520**	**12,770**

(vii) Other expenses

		2023	2022
Other related parties	**$**	**15,270**	**13,774**

(viii) Other transactions

1) Purchase of properties

For the year 2022, the Company purchased transportation equipment from subsidiary-CEC for a total amount of $190 thousand (before tax). As of December 31, 2022, all the payments had been made. For further information about property, plant and equipment, please see Note 6(d).

2) Disposal of properties

For the year, 2022, the Company sold transportation equipment to other related parties and subsidiaries for $810 thousand (before tax) and $665 thousand (before tax), respectively, and the gain on disposal of assets was $96 thousand, for which the Company received the full amount. For further information about property, plant and equipment, please see Note 6(d).

(d) Key Management Personnel Transaction

Key Management Personnel Compensation

		2023	2022
Short-term employee benefits	**$**	**33,530**	**31,717**

As of December 31, 2023 and 2022, the Company provided three vehicles at a cost of $4,234 thousand, for the key management personnel.

(8) Pledged assets: None

(9) Commitments and contingencies:

As of December 31, 2023 and 2022, the Company provided promissory notes for performance guarantee amounted to $50,000 thousand and $52,760 thousand, respectively.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

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

	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits (Note)						
Salary	-	50,552	50,552	-	51,344	51,344
Labor and health insurance	-	5,226	5,226	-	4,577	4,577
Pension	-	3,023	3,023	-	2,513	2,513
Remuneration of directors	-	23,200	23,200	-	20,770	20,770
Others	-	12,133	12,133	-	16,771	16,771
Depreciation	-	13,604	13,604	-	14,290	14,290
Depletion	-	-	-	-	-	-
Amortization	-	-	-	-	-	-

Note: The salary expenses at the company's request to its subsidiaries were accounted under the employee benefits.

For the years ended December 31, 2023 and 2022, the information on the number of employees and employee benefit expenses of the Company are as follows:

	2023	2022
Number of employees	43	41
Number of directors (non-employee)	7	7
Average employee benefit expense	$1,970	2,212
Average employee salary expense	$1,404	1,510
Percentage of average employee salary expense	(7.02)%	

The Company's remuneration policy (including directors, managers and employees) are as follow:

(i) Directors' remuneration policy:

If the Company turns a profit during the year then 0.5% should be allocated as employee remuneration and no more than 0.5% as directors' remuneration. After taking the level of directors' involvement in the Company operations as well as domestic/overseas trends in the structure of directors' compensation into account, the 10th meeting of the 3rd Board of Directors session resolved that directors' remuneration will be paid as fixed compensation instead. A distinction shall also be made between Independent Directors and ordinary Directors.

All Independent Directors are members of the Company's Audit Committee and Compensation Committee. Reasonable compensation is paid to Independent Directors based on their level of engagement, the business performance of the Company, linkage to future risks, as well as prevailing industry standards.

(ii) Managers' and employees' remuneration policy:

The Company strives to provide competitive total reward packages. To ensure internal fairness and external competitiveness, salary surveys are conducted each year to serve as a reference for adjustments to compensation and to respond to changes in the external salary market in a timely manner. To ensure equal working rights regardless of gender, there is no gender-based difference in compensation at every level. Gender equality in the workplace is enforced by basing compensation purely on the qualifications required for each position, individual ability and performance. To encourage the continued pursuit of excellence among employees, the Company has drawn up regulations governing performance bonuses. Employees that make a contribution to the Company's development are rewarded with performance bonuses based on the Company's and their individual performance for the year. The performance-based bonuses establish a fair and reasonable reward system for encouraging greater employee initiative.

Management and employee remuneration at the Company consist of fixed compensation and variable bonuses. Fixed compensation is the monthly salary based mainly on factors such as roles, skills, market rates, and company operations. Variable bonuses are based on the Company's operating performance for the year, the contributions made by managers and employees during the year, as well as the Company's operating risks. The procedure for determining remuneration requires approval through the internal the Level of Authority Table. Management compensation should be submitted to the Remuneration Committee for review before being presented to the Board for approval.

(b) Condensed balance sheet and income statement of significant subsidiaries

(i) CONTINENTAL ENGINEERING CORPRATION.

CONTINENTAL ENGINEERING CORPRATION.

Balance Sheets

December 31, 2023 and 2022

Assets	December 31, 2023	December 31, 2022
Current assets	$ 12,261,499	10,641,065
Fund and long-term investments	3,384,720	2,005,790
Property, plant and equipment	1,551,343	1,324,843
Right-of-use assets	77,085	91,343
Investment properties and other assets	2,202,380	2,207,762
Total assets	**$ 19,477,027**	**16,270,803**
Liabilities and equity		
Current liabilities	$ 11,349,643	9,865,297
Long-term liabilities	536,000	536,000
Other liabilities	140,922	170,455
Total liabilities	12,026,565	10,571,752
Capital stock	3,720,621	3,720,621
Capital surplus	12,763	12,763
Retained earnings	1,896,278	1,528,439
Other equity	1,820,800	437,228
Total equity	7,450,462	5,699,051
Total liabilities and equity	**$ 19,477,027**	**16,270,803**

CONTINENTAL ENGINEERING CORPRATION.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

Subject	2023	2022
Operating revenues	$ 20,856,637	19,551,589
Operating costs	(19,302,154)	(18,261,815)
Gross profit from operations	1,554,483	1,289,774
Operating expenses	(713,015)	(660,762)
Net operating income	841,468	629,012
Non-operating income and expenses	192,511	168,228
Income before tax	1,033,979	797,240
Income tax expenses	(2)	(5,592)
Net income	1,033,977	791,648
Other comprehensive income	1,365,951	37,137
Total comprehensive income	**$ 2,399,928**	**828,785**

(ii) CONTINENTAL DEVELOPMENT CORPORATION

CONTINENTAL DEVELOPMENT CORPORATION

Balance Sheets

December 31, 2023 and 2022

Assets		December 31, 2023	December 31, 2022
Current assets	$	25,102,716	23,832,126
Fund and long-term investments		7,445,588	6,104,146
Property, plant and equipment		4,449	3,408
Right-of-use assets		74,867	16,984
Investment properties and other assets		2,761,768	2,559,894
Total assets	**$**	**35,389,388**	**32,516,558**

Liabilities and equity			
Current liabilities	$	16,894,993	12,744,166
Long-term liabilities		1,968,500	2,501,833
Other liabilities		225,269	129,197
Total liabilities		19,088,762	15,375,196
Capital stock		6,014,197	5,919,485
Capital surplus		3,253,687	3,253,687
Retained earnings		7,000,549	7,961,998
Other equity		32,193	6,192
Total equity		16,300,626	17,141,362
Total liabilities and equity	**$**	**35,389,388**	**32,516,558**

CONTINENTAL DEVELOPMENT CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

Subject		2023	2022
Operating revenues	$	6,435,551	8,821,832
Operating costs		(4,426,451)	(5,908,412)
Gross profit from operations		2,009,100	2,913,420
Operating expenses		(530,632)	(606,800)
Net operating income		1,478,468	2,306,620
Non-operating income and expenses		(731,650)	(337,152)
Income before tax		746,818	1,969,468
Income tax expenses		(19,059)	(97,174)
Net income		727,759	1,872,294
Other comprehensive income		23,846	205,324
Total comprehensive income	**$**	**751,605**	**2,077,618**

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

(i) Loans 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	-	Operation requirements	-	-	-	5,470,427	10,940,855
0	CHC	HDEC	Other receivables	Yes	500,000	500,000	500,000	1.3%	2	-	Operation requirements	-	-	-	5,470,427	10,940,855
1	CDC	BANGSAR	Other receivables	Yes	296,317	289,345	241,121	2.50%	2	-	Land purchases and operation requirements	-	-	-	6,520,250	6,520,250
1	CDC	MEGA	Other receivables	Yes	839,151	796,664	662,843	2.50%	2	-	Land purchases and operation requirements	-	-	-	6,520,250	6,520,250
1	CDC	Grand River D. Limited	Other receivables	No	751,595	751,595	678,034	2.525%	2	-	Land purchases and operation requirements	-	-	-	6,520,250	6,520,250
1	CDC	950 Investment LLC	Other receivables	No	107,468	107,468	-	8.40%	2	-	Operation requirements	-	-	-	6,520,250	6,520,250

Note 1: According to the policy of CHC, 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:

Maximum amount of loans is limited to 40% of net equity value: $27,352,137 thousand ×40%=10,940,855 thousand

Maximum amount of loans provided to a single business enterprise is limited to 20% of net equity value:$27,352,137 thousand ×20%=5,470,427 thousand

According to the policy of CDC, 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:

Maximum amount of loans is limited to 40% of net equity value: $16,300,626 thousand × 40% = 6,520,250 thousand

Maximum amount of loans provided to a single business enterprise is limited to 40% of net equity value: $16,300,626 thousand × 40% = 6,520,250 thousand

Note 2: 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's endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary's endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	CHC	CICI	2	109,408,548	487,031	461,648	461,648	-	1.69%	109,408,548	Y	N	N
0	CHC	HDEC	2	109,408,548	4,679,302	4,312,282	2,567,082	-	15.77%	109,408,548	Y	N	N
0	CHC	CEC	2	109,408,548	16,131,048	16,075,990	6,576,369	-	58.77%	109,408,548	Y	N	N
1	CEC	CDC	4and 7	14,900,924	1,071,000	1,071,000	443,932	-	14.37%	14,900,924	N	N	N
2	CDC	CDC US Corporation	2	32,601,252	162,125	153,525	-	-	0.94%	32,601,252	N	N	N
2	CDC	CCD	2	32,601,252	3,770,000	3,770,000	1,885,000	-	23.13%	32,601,252	N	N	N
2	CDC	BANGSAR	2 and 6	32,601,252	177,786	168,785	40,904	-	1.04%	32,601,252	N	N	N
2	CDC	MEGA	2 and 6	32,601,252	839,706	382,508	362,242	-	2.35%	32,601,252	N	N	N
2	CDC	950P	2 and 6	32,601,252	1,945,156	166,114	157,467	-	1.02%	32,601,252	N	N	N
2	CDC	950H & 950R	2and 6	32,601,252	1,736,092	1,644,000	1,644,000	-	10.09%	32,601,252	N	N	N
2	CDC	Fanlu	6	32,601,252	1,557,000	1,557,000	1,438,500	-	9.55%	32,601,252	N	N	N

No.	Name of guarantor	Counter-party of guarantee and endorsement		Maximum amount of guarantees and endorsements for a specific enterprise	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements over net worth in the latest financial statements	Maximum amount of guarantees and endorsements	Parent company's endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary's endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
3	CCD	CDC	3	10,933,336	6,232,200	6,232,200	768,500	9,458,110	228.01%	10,933,336	N	N	N
4	HDEC	NSC	2	40,744,296	2,495,000	2,495,000	1,780,000	-	48.99%	40,744,296	N	N	N
4	HDEC	PDC	2	40,744,296	1,295,000	1,295,000	887,000	-	25.43%	40,744,296	N	N	N
4	HDEC	CTC	2	40,744,296	3,100,000	3,100,000	526,000	-	60.87%	40,744,296	N	N	N
4	HDEC	LHC	2and 6	40,744,296	1,485,000	1,100,000	686,032	-	21.60%	40,744,296	N	N	N
4	HDEC	BWC	2 and 6	40,744,296	1,004,705	1,004,705	121,895	-	19.73%	40,744,296	N	N	N
4	HDEC	CTCI-HDEC	6	40,744,296	2,207,675	2,207,675	772,343	-	43.35%	40,744,296	N	N	N
4	HDEC	CEC	4 and 5	40,744,296	3,995,629	528,215	515,715	-	10.37%	40,744,296	N	N	N
4	HDEC	CXC	2	40,744,296	4,900,000	4,900,000	400,000	-	96.21%	40,744,296	N	N	N
5	SDC	HDEC	3	407,816	100	100	-	-	0.20%	407,816	N	N	N
5	SDC	NSC	4	407,816	100	100	-	-	0.20%	407,816	N	N	N

Note 1: According to the policy of CHC, the total amount of endorsements/guarantees is limited to four times the net equity value in accordance with the Company's most recent financial statements: $27,352,137 thousand × 4 = $109,408,548 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: $27,352,137 thousand × 4 = $109,408,548 thousand

According to the policy of CEC, the total amount of endorsements/guarantees is limited to six times the net equity value in accordance with the Company's most recent financial statements in the event of joint liability in joint ventures with other companies in the same industry: $7,450,462 thousand × 6 = $44,702,772 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: $7,450,462 thousand × 3 = $22,351,386 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: $7,450,462 thousand × 2 = $14,900,924 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: $7,450,462 thousand × 2 = $14,900,924 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: $16,300,626 thousand × 2 = $32,601,252 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: $16,300,626 thousand × 2 = $32,601,252 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 thousand × 4 = $10,933,336 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 thousand × 4 = $10,933,336 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: $5,093,037 thousand × 8 = $40,744,296 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: $5,093,037 thousand × 8 = $40,744,296 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 thousand × 8 = $407,816 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 thousand × 8 = $407,816 thousand

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

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

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
CEC	Evergreen Steel Corp.	-	Non-current financial assets at fair value through other comprehensive income	25,645,907	2,667,174	6.15%	2,667,174	
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:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
CDC	CDC US.	Investment for using equity method	CDC US.	Parent and subsidiary	5,000,000	1,981,290	-	1,847,822	-	-	-	-	5,000,000	3,386,889

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				Factors for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
CDC	Land	2023.03.31	1,393,960	1,393,960	CNCK Ltd.	Non related party	-	-	-	-	Evaluation report	Real estate development	-

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually receivable	Gain from disposal	Counter-party	Nature of relationship	Purpose of disposal	Price reference	Other terms
CDC	55 Timeless-Inventory	2023.05.09	Not applicable	-	333,420	333,420	-	Mojoy Co., Ltd.	Not related party	Profit	Evaluation report	-
CDC	Dazhi Jintai Building	2023.06.30	Not applicable	-	533,190	53,319	-	Taiwan Given Co., Ltd.	〃	〃	〃	-
CCD	Dazhi Jintai Building	2023.06.30	Not applicable	-	767,274	76,727	-	Taiwan Given Co., Ltd.	〃	〃	〃	-

(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	(2,142,926)	10.27%	Same as those in general transactions	-	-	640,085	11.24%	Note 1
CDC	CEC	Related party of the Company	Construction project	2,142,926	47.64%	Same as those in general transactions	-	-	(640,085)	49.10%	
CEC	Fanlu	Associate	Construction contract	(580,855)	2.78%	Same as those in general transactions	-	-	82,603	1.45%	Note 1
Fanlu	CEC	Associate	Construction project	580,855	45.75%	Same as those in general transactions	-	-	(82,603)	93.82%	
HDEC	NSC	Parent and subsidiary	Construction contract	(168,538)	4.86%	Same as those in general transactions	-	-	31,691	3.62%	Note 1
NSC	HDEC	Parent and subsidiary	Construction project	168,538	61.27%	Same as those in general transactions	-	-	(31,691)	80.35%	
HDEC	PDC	Parent and subsidiary	Construction contract	(506,597)	14.60%	Same as those in general transactions	-	-	110,901	12.68%	Note 1
PDC	HDEC	Parent and subsidiary	Construction project	506,597	87.40%	Same as those in general transactions	-	-	(110,901)	87.71%	
SDC	HDEC	Parent and subsidiary	Construction contract	(150,397)	63.99%	Same as those in general transactions	-	-	24,910	66.04%	Note 1
HDEC	SDC	Parent and subsidiary	Construction project	150,397	4.64%	Same as those in general transactions	-	-	(24,910)	5.29%	
HDEC	CXC	Parent and subsidiary	Construction contract	(418,167)	12.05%	Same as those in general transactions	-	-	180,686	20.66%	Note 1
CXC	HDEC	Parent and subsidiary	Construction project	418,167	65.31%	Same as those in general transactions	-	-	(180,686)	59.86%	
HDEC	CTC	Parent and subsidiary	Construction contract	(510,329)	14.70%	Same as those in general transactions	-	-	84,786	9.69%	Note 1
CTC	HDEC	Parent and subsidiary	Construction project	510,329	100.00%	Same as those in general transactions	-	-	(84,786)	98.16%	
HDEC	CTCI-HDEC	Associate	Construction contract	(595,884)	17.17%	Same as those in general transactions	-	-	130,425	14.91%	Note 1
CTCI-HDEC	HDEC	Associate	Construction project	595,884	54.66%	Same as those in general transactions	-	-	(130,425)	31.40%	

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.

(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	640,085	4.01	-	-	298,007	-
HDEC	PDC	Parent and subsidiary	Accounts receivable	110,901	5.19	-	-	53,843	-
HDEC	CXC	Parent and subsidiary	Accounts receivable	180,686	4.63	-	-	161,194	-
HDEC	CTCI-HDEC	Associate	Accounts receivable	130,425	4.88	-	-	38,039	-

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

(ix) Trading in derivative instruments:

As of December 31, 2023, the Group’s Forward Exchange Agreement JPY4,665,000 thounsand hedging instruments in amounts of USD689 thousand, JPY3,218 thousand and EUR105 thousand, GBP7 thounsand and HKD802 thousand.

(b) Information on investees:

The following table provides investee’ information as of December 31, 2023:

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original invest ment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
CHC	CEC	Taiwan	Civil, Building and M&E engineering	6,884,583	6,884,583	372,061,987	99.99% (Note 2)	7,287,086	1,033,977	965,223	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)	16,300,623	727,759	727,759	Note 1
CHC	HDEC	Taiwan	Environmemtal project development & Water treatment	2,860,365	2,860,365	362,499,866	99.99% (Note 3)	5,093,035	425,623	425,623	Note 1
CHC	CCLC	Taiwan	Management consulting	20,000	20,000	-	100.00%	22,340	3,019	3,019	-
CEC	CICI	India	Civil and Building engineering	497,839	497,839	73,981,492	100.00%	(11,540)	(7,823)	Disclosure not required	-
CEC	CIC	British Virgin Islands	Investment and holding	2,048,252	2,048,252	64,380,940	100.00%	6,517	(7,833)	〃	-
CEC	CIMY	Malaysia	Civil and Building engineering	179,257	179,257	22,340,476	85.14%	5,673	(440)	〃	-
CEC	CEC HK	Hong Kong	Civil and Building engineering	10,815	10,815	3,000,000	100.00%	897	(26)	〃	-
CDC	BANGSAR	Malaysia	Real estate development on residential	4,444	4,444	600,000	60.00%	(19,556)	(17,169)	〃	-
CDC	CCD	Taiwan	Real estate lease	976,539	976,539	48,198,292	80.65%	2,204,435	(47,572)	〃	-
CDC	Fanlu	Taiwan	Real estate development on residential and hotels	915,950	915,950	91,595,000	35.00%	776,804	(74,327)	〃	-
CDC	MEGA	Malaysia	Real estate development on hotels	7,375	7,375	825,000	55.00%	(122,826)	(85,733)	〃	-

Name of investor	Name of investee	Location	Main businesses and products	Original invest ment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
CDC	CDC US.	The U.S.	Investment and holding	4,132,781	2,284,960	5,000,000	100.00%	3,386,889	(461,157)	〃	-
CDC	CDCAM	Malaysia	Management consulting	7,524	7,524	1,000,000	100.00%	8,602	605	〃	-
HDEC	SDC	Taiwan	Construction of underground pipeline and environmental protection project, plumbing	49,600	49,600	3,000,000	100.00%	50,977	14,087	〃	-
HDEC	NSC	Taiwan	Environmental project	1,112,000	1,112,000	166,000,000	100.00%	2,842,364	182,198	〃	-
HDEC	BWC	Taiwan	Environmental project	362,100	362,100	37,740,000	51.00%	418,683	33,506	〃	-
HDEC	PDC	Taiwan	Environmental project	540,000	340,000	59,726,000	100.00%	640,296	36,667	〃	-
HDEC	CTCI-HDEC	Taiwan	Environmental project	735,000	735,000	73,500,000	49.00%	821,569	117,143	〃	-
HDEC	LHC	Taiwan	Environmental project	550,000	550,000	56,100,000	55.00%	625,731	84,964	〃	-
HDEC	CTC	Taiwan	Environmental project	450,000	450,000	45,000,000	100.00%	451,916	4,068	〃	-
HDEC	CXC	Taiwan	Environmental project	1,000,000	1,000,000	100,000,000	100.00%	1,032,130	32,211	〃	-
CCLC	CEC	Taiwan	Civil, Building and M&E engineering	1	1	84	-% (Note 4)	2	1,033,977	〃	-
CCLC	CDC	Taiwan	Real estate development on residential, commercial, hotels and communities	3	3	102	-% (Note 4)	3	727,759	〃	-
CCLC	HDEC	Taiwan	Environmemtal project development & Water treatment	1	1	134	-% (Note 5)	2	425,623	〃	-

Note 1: The information on investment income/loss was derived from the investees' financial statements audited by the auditors for the same period.
Note 2: The shareholding ration is 99.99998% at the end of the period.
Note 3: The shareholding ration is 99.99996% at the end of the period.
Note 4: The shareholding ration is 0.00002% at the end of the period.
Note 5: The shareholding ration is 0.00004% at the end of the period.

(c) Information on investment in mainland China: None

(d) Major shareholders:

Shareholding / Shareholder's Name	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:

Please refer to the consolidated financial statements.

The impact of financial difficulties in the Company and its affiliates on the Company's financial situation: None

Review of Financial Conditions, Financial Performance

I. Financial Status

Unit: NT$ thousands

Item \ Year	2023	2022	Difference	%
Current Assets	46,332,680	45,575,133	757,547	1.66
Property, plant and equipment	9,530,234	9,551,304	(21,070)	(0.22)
Intangible assets	1,801,118	1,105,066	696,052	62.99
Other Assets	20,746,640	18,818,739	1,927,901	10.24
Total Assets	78,410,672	75,050,242	3,360,430	4.48
Current liabilities	34,911,917	33,604,335	1,307,582	3.89
Non-current liabilities	12,723,053	12,064,458	658,595	5.46
Total liabilities	47,634,970	45,668,793	1,966,177	4.31
Equity attributable to owners of parent	27,352,137	26,322,924	1,029,213	3.91
Ordinary shares	8,232,160	8,232,160	0	0.00
Capital surplus	6,817,198	6,817,198	0	0.00
Retained earnings	10,469,230	10,830,146	(360,916)	(3.33)
Other equity interest	1,833,549	443,420	1,390,129	313.50
Non-controlling interest	3,423,565	3,058,525	365,040	11.94
Total equity	30,775,702	29,381,449	1,394,253	4.75

(I) Analysis of differences over 20%:

1. The increase in intangible assets was mainly due to increase of service concession agreement.
2. The increase in other equity interest was mainly due to increase of unrealized gains on financial assets measured at fair value through other comprehensive income.

(II) Effect of changes on the Group's financial condition: The Group's financial condition has not changed significantly.

(III) Future response actions: Not applicable.

II. Financial Performance

Unit: NT$ thousands

Item \ Year	2023	2022	Difference	%
Operating revenues	30,606,844	32,145,603	(1,538,759)	(4.79)
Operating costs	26,330,971	27,093,614	(762,643)	(2.81)
Gross profit from operations	4,275,873	5,051,989	(776,116)	(15.36)
Operating expenses	2,103,274	1,794,425	308,849	17.21
Net operating income	2,172,599	3,257,564	(1,084,965)	(33.31)
Non-operating income and expenses	(462,329)	(439,993)	(22,336)	5.08
Income before tax	1,710,270	2,817,571	(1,107,301)	(39.30)
Income tax expenses	379,875	228,570	151,305	66.20
Net income	1,330,395	2,589,001	(1,258,606)	(48.61)

(I) Analysis of differences over 20%:

1. The decrease in net operating income, income before tax and net income were mainly due to decrease of operating revenues.
2. The increase in income tax expenses was mainly due to subsidiary's decrease of tax-exempt income and unused tax loss has been used up.

(II) Sales Volume Forecast and Related Information: Please refer to “1. Letter to Shareholders”.

(III) Effect of changes on the Group’s future business: The Group’s business scope has not changed significantly.

(VI) Future response actions: Not applicable

III. Cash Flow, and Impact of Recent Years Major Capital Expenditures

(I) Analysis on Changes in the Most Recent Years

Unit: NT$ thousands

Cash balance - beginning (1)	Annual net cash inflow from operating activities (2)	Annual net cash inflow from non-operating activities (3)	Cash balance (deficit) amount (1)+(2)+(3)	Remedial measures for cash insufficiency	
				Investment plan	Financial plan
$5,822,416	$439,225	$616,500	$6,878,141	NA	NA

The change of cash flow in 2023 is analyzed below.

Net cash inflow from operating activities amounted to approximately NT$439 million, primarily due to cash inflow generated from operations exceeding interest and income tax paid.

Net cash inflow from investment activities amounted to approximately NT$605 million, mainly from the disposal of hedging-purpose assets and the collection of dividends.

Net cash inflow from financing activities amounted to approximately NT$16 million.

The effect of exchange rate changes on cash and cash equivalents resulted in a net cash outflow of approximately NT$5 million.

(II) Analysis on Liquidity for the Coming Year

Unit: NT$ thousands

Cash balance - beginning (2022/12/31) (1)	Estimated annual net cash inflow from operating activities (2)	Estimated annual net cash outflow from non-operating activities (3)	Estimated cash balance (deficit) Amount (2023/12/31) (1) + (2) + (3)	Remedial measures for cash insufficiency	
				Investment plan	Financial plan
$6,878,141	$924,050	($587,933)	$7,214,258	NA	NA

In 2024, the subsidiary will engage in business activities such as construction engineering, construction sales, and water resources center operations, which should generate net cash inflow.

IV. Impact Posed by Material Capital Expenditure to Finance/Business in the Most Recent Year: N/A.

V. The investment policy for the most recent year, major causes for profits or losses thereof, corrective measures, and investment plans in the next year:

(I) Reinvestment policy

The Company is a professional investment holding company, the main sub-investment entities of which are Continental Engineering Corporation, Continental Development Corporation, and HDEC Corporation, which focus on construction engineering, real estate development, and environmental engineering and water resources treatment, respectively. At present, the Company's reinvestment policy is to strengthen the core competitiveness of the existing business, focusing on expanding the business scope and regional market.

(II) Main reason for profit or loss

Unit: NT$ thousands

Item / Reinvestment Companies	Profit / Loss in 2023	Main Reason for Profit/Loss
Continental Engineering Corporation	1,033,976	Continuous profits from construction engineering
Continental Development Corporation	727,759	Continuous profits from real estate development
HDEC Corporation	425,623	Continuous profits from environmental engineering and water resource treatment

(III) Improvement plan

The Company will continue to focus on managing reinvestment companies and improve and streamline the Group's business strategy and resource coordination.

(IV) Investment plan for the coming year

On the construction engineering side of the business, we will continue to compete for projects such as rail transit, and quality residential and commercial buildings, and carefully evaluate new business areas.

In the real estate development business, we will continue to develop the existing regional market in Taiwan, adjust the type of housing products, and develop office products.

On the environmental engineering and water treatment side, we will continue to enhance our expertise in water resources and waste treatment, and expand the scale of operations.

VI. Risk management and assessment

(I) The impact of interest rates, exchange rate, and inflation on the Company's profit and loss and future countermeasures:

The Company is an investment holding company, and subsidiaries are mainly engaged in construction engineering, real estate development, and environmental engineering and water resources treatment. In recent years and as of April 5, 2024, changes in interest rates, foreign exchange rates, and inflation had no material impact on the profit or loss of the Company or its subsidiaries.

The Company and its subsidiaries will continue to pay close attention to domestic and international regulations and changes in the financial market, maintain good relations with financial institutions, actively seek the most favorable financing rates, and effectively control the cost of capital through capital planning and allocation among Group companies. In addition, hedging transactions are conducted through appropriate financial instruments to reduce the risk of exchange rate fluctuations. We continue to monitor price and raw material price changes, maintain good interaction with customers and suppliers, and adopt appropriate business and purchasing strategies to reduce inflation risks.

(II) Policies for engaging in high-risk and highly leveraged investments, loans to others, endorsement guarantees and derivatives trading, the main reasons for profits or losses therefrom, and future countermeasures:

The Company and its subsidiaries focus on the development of their core businesses and have not engaged in high-risk, highly leveraged investments in recent years until April 5, 2024.

Due to business needs and industry characteristics of the Company and its subsidiaries, we provide necessary loan and endorsement guarantees for the subsidiaries and reinvestment companies. Derivative trading by the Company and its subsidiaries is limited to hedging purposes; the Company and its subsidiaries do not engage in non-hedging transactions, so they have no material impact on the profit and loss of the Company or its subsidiaries.

(III) Future R&D plans and expected R&D expenditure:

As an investment holding company, the Company has no R&D needs. The Company’s subsidiaries also have no needs for material and current R&D expenditure, in consideration of their industrial characteristics.

(IV) Risk associated with changes in the political and regulatory environment:

No material impact was found posed by changes in policies and laws to the Company’s finance in the most recent year until the date of publication of the annual report.

(V) Impact of New Technology and Industry Changes (Including Cybersecurity Risk) and Response Strategies:

The Company constantly observes the technological changes and technological development and evolution of the industry in which it operates, and grasps the market development and industry information. The Company while facing diversified information security attacks adopts a deep defense structure to have multiple security areas distinguished. Firewalls are installed between security zones; also, intrusion prevention system (IPS), web application firewall (WAF), and other information security equipment are constructed to prevent attacks from hackers. In addition, the Company regularly arranges core information system disaster recovery drills, external website penetration tests, and company-wide social engineering drills to substantiate the security of information infrastructure, to protect network security, and to protect the Companys sensitive data and personal data.

(VI) Changes in corporate image and impact on Company’s crisis management: None

(VII) Risks associated with merger and acquisition: None

(VIII) Risks associated with facility expansion: None

(IX) Risks associated with purchase concentration and sales concentration: None

(X) Risks associated with sales of significant number of shares by the Company’s directors and major shareholders who own 10% or more the Company’s total outstanding shares: None

(XI) Risk associated with the change in management: None

(XII) Litigation or non-litigation event: the Company: None

Major Subsidiary – Continental Engineering Corp.:

1. Continental Engineering had undertaken Project E802~E806 East-West Expressway Kaohsiung-Chaozhou Line 0K+500~8K+950 Wuchia-Sunliao Section Project (hereinafter referred to as the “major engineering”) from the East-West Expressway Kaohsiung-Tainan District Engineering Office of the Directorate General of Highways, MOTC (hereinafter referred to as the “project owner”), and Project E802~E806 East-West Expressway Kaohsiung-Chaozhou Line 0K+500~8K+950 Wuchia-Sunliao Section Project (entrusted with telecommunications, Taipower pipelines, Taipower power transmission and transformation, Guopi Road water pipelines, water pipelines, etc., hereinafter collectively referred to as “entrusted works”) for a total of six contracts. Continental Engineering sued the project owner on September 8, 2006, to have the major engineering contract and entrusted engineering contract adjusted for an amount of NT$466,670,704 (same currency hereinafter) plus 5% per annum deferred interest for the period starting from April 6, 2005, due to the price increase of sand and gravel, the extension of the construction period, the design change, the development of the situation, etc., which were not attributable to Continental Engineering. Taiwan High Court - Kaohsiung Court had ruled in the 2nd instance that the project owner was obliged to pay NT$169,247,213 (same currency hereinafter) to Continental Engineering plus deferred interest calculated at 5% per annum. Continental Engineering and the project owner had an appeal filed in January 2014, which was ruled by the court in the 3rd instance with the ruling of the 2nd instance overturned on June 3, 2014, and had it remanded to the 2nd instance court of Taiwan High Court - Kaohsiung Court for re-trial. Taiwan High Court - Kaohsiung Court ruled on September 26, 2018, that the project owner should pay NT$318,498,306 to Continental Engineering plus deferred interest incurred at 5% per annum on the principal of NT$238,863,790 for the period starting from April 6, 2005; and deferred interest incurred at 5% per annum on the principal of NT$79,634,516 for the period starting from the day when the judgment was determined. Both parties of this lawsuit appealed to the court for the 3rd instance. The Supreme Court ruled on March 19, 2020. The principal of NT$85,833,083 (interest not included) out of the total amount claimed was ruled for the Company by the court with the rest of the claims remanded for retrial. The lawsuit is currently in the process of the 2nd instance by Taiwan High Court - Kaohsiung Court.
2. Continental Engineering and Huayi Construction Co., Ltd. (hereinafter referred to as “Huayi Company”) signed a construction contract in December 2011 to undertake the new project of Banqiao Yuandi (Building No. 99 Ban-Jen-Tzi No. 0491 Construction Project). This construction project was originally jointly built by Huayi Company and the landowner. The said project was suspended in August 2012 due to the failure of Huayi Company in making payment on time. East Asia Construction Co., Ltd. (hereinafter referred to as “East Asia Company”) then replaced Huayi Company to continue this construction project, and signed a construction contract with Continental Engineering in August 2014 to have the construction resumed. East Asia Company and Continental Engineering successively signed a tripartite agreement with the original home buyers and agreed to the construction completion date on May 30, 2017. However, East Asia Company had the said construction completion date postponed due to the reasons of reinforcing structural safety, a design change in response to regulatory requirements, etc. The project was awarded the use license on April 28, 2019, the inspection, acceptance, and transfer of the project were also completed. East Asia Company had confirmed to Continental Engineering the completion of inspection, acceptance, and transfer of assets on time. However, 18 homebuyers filed a lawsuit to Taiwan Taipei District Court in January 2020 with claims made as follows: (1) the landlord and Huayi Company should pay deferred interest, (2) East Asia Company and Continental Engineering should pay deferred interest for an amount over NT$80 million. The home buyers claimed that East Asia Company and Continental Engineering should be liable for the breach of contract due to a delay of 697 days in completing the construction project. The said deferred interest was calculated in accordance with the aforementioned tripartite agreement, the “Real Estate Pre-Sale Matters” published by the Ministry of the Interior, and a 0.05% interest rate on the buying price paid. The Company had retained an external lawyer to actively defend the lawsuit. Taiwan Taipei District Court had ruled for the Company in the first instance. However, the plaintiff had filed an appeal. The lawsuit is currently in the process of the 2nd instance by Taiwan High Court.

3. In October 2014, the company signed an engineering contract with Senda Development Co., Ltd. (hereinafter referred to as "Senda") for the construction of the "Sunland 41 Residential Building" in Linkou District, New Taipei City. The project was jointly subcontracted to Chuang Kuan Curtain Wall Engineering Co., Ltd. (hereinafter referred to as "Chuang Kuan") designated by Senda for the tower project. During the final settlement of the project payment, due to delays in completion by Chuang Kuan, Senda requested a penalty and deducted it from the project payment. Chuang Kuan then sued the company and Senda for payment of engineering fees. The claim amount after addition is NT$325,897,324. The case is currently being heard at first instance by Taiwan Taipei District Court. Taiwan Taipei District Court also commissioned the National Institute of Building Technology to conduct a quantitative appraisal of the spectacular project.
4. In the Indian Metro project of “Design and construction of TBM tunnel and underground stations bw chandpole, Badi chouper and reversal line”, CEC and the client Jaipur Metro Rail Corporation Limited (JMRC), have disputes over the repair warranty and other contract-related expense claims. Due to the disputes, JMRC requested the bank to encash the guarantee bond that guaranteed by the bank for CEC on April 5, 2024. The aforementioned project has started operations in September 2020. CEC believes that the project has been completed and delivered in accordance with the contract and has fulfilled its warranty and repair obligations. As the result, CEC is not convinced by JMRC's reasons for requesting the encashment of the guarantee bond and will seek legal remedies to request JMRC to return the encashed project guarantee bond.

Important Subsidiary - Continental Dovelopment Corporation

1. Continental Development Corporation signed a pre-sale and purchase agreement for a house and land with a consumer surnamed Chen (hereinafter referred to as "Chen") on January 25, 2018, to purchase one house. However, Chen subsequently filed a lawsuit requesting the cancellation of the contract, restoration of the original state, and compensation for damages, with a total claim amount of NT$ 56,126, 978.
   The case is currently being heard in the first instance by the Taiwan Taipei District Court.

(XIII) Other material risks and responsive measures: None

VII. Other important Matters: None

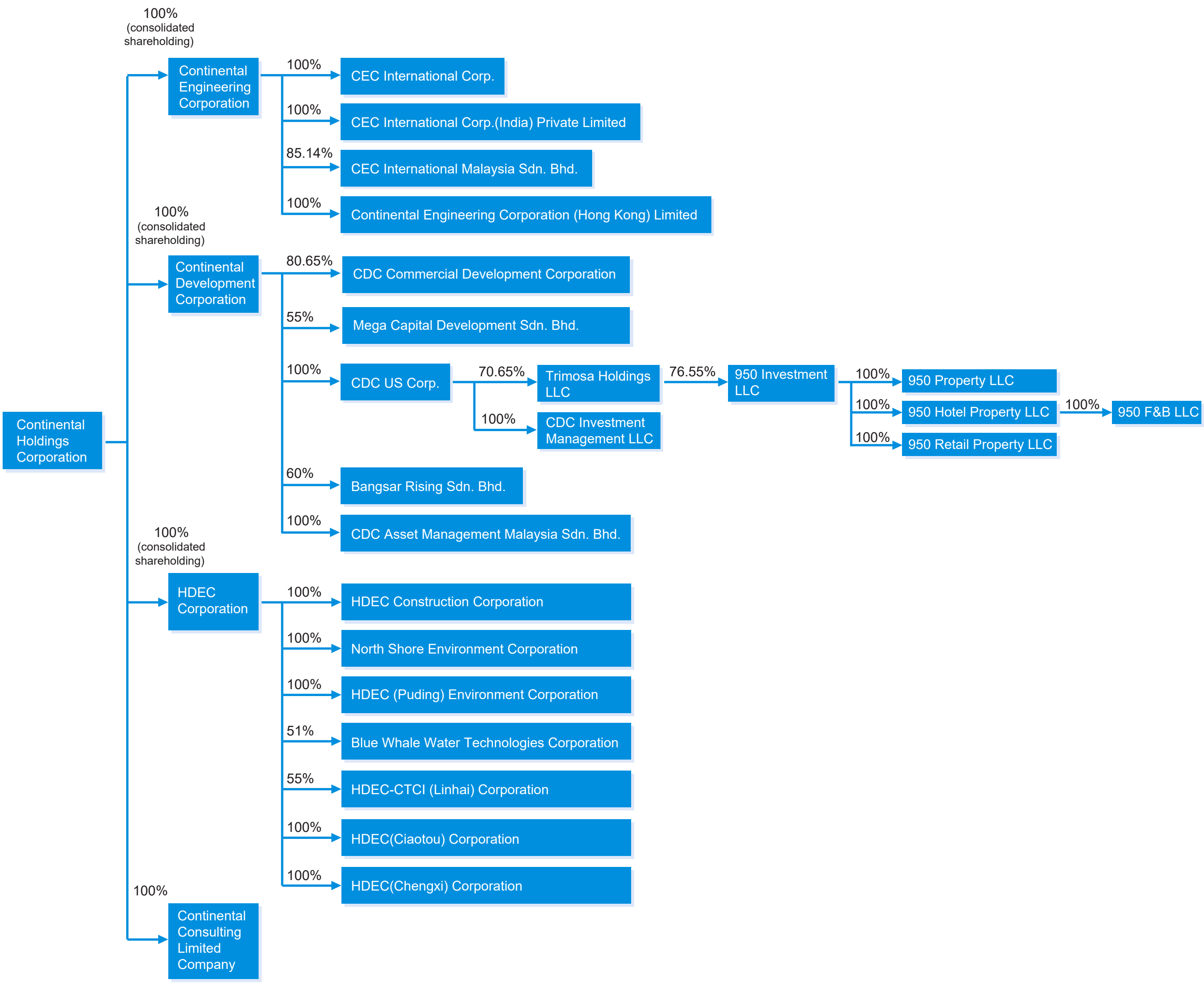
Special items to be included

I. Summary of affiliated companies

(I) Consolidated business report of affiliates

1. Organizational chart of the affiliates

(1) Organizational chart of the affiliates



(2) Profiles of the affiliates

December 31, 2023

Company	Date of incorporation	Address	Paid-in capital	Major business
Continental Engineering Corporation	1945.12	No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	TWD 3,720,621 thousands	Civil, Building and M&E engineering
CEC International Corp.	2003.12	BVI	USD 64,381 thousands	Investment and holding
CEC International Corp. (India) Private Limited	2005.12	India	INR 739,815 thousands	Civil and Building engineering
CEC International Malaysia Sdn. Bhd.	2012.05	Malaysia	MYR 26,240 thousands	Civil and Building engineering

Company	Date of incorporation	Address	Paid-in capital	Major business
Continental Engineering Corp. (Hong Kong) Limited	2018.02	Hong Kong	HKD 3,000 thousands	Civil and Building engineering
Continental Development Corporation	2010.06	12F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	TWD 6,014,197 thousands	Real estate development on residential, commercial, hotels and communities
CDC Commercial Development Corporation	2003.10	No. 218, Legun 3rd Road, Taipei 104, Taiwan	TWD 597,676 thousands	Real estate lease
MEGA Capital Development Sdn. Bhd.	2013.09	Malaysia	MYR 1,500 thousands	Real estate development on hotels
Bangsar Rising Sdn. Bhd.	2018.11	Malaysia	MYR 1,000 thousands	Real estate development on residential
CDC Asset Management Malaysia Sdn. Bhd.	2019.09	Malaysia	MYR 1,000 thousands	Management consulting
CDC US Corp.	2017.09	U.S.A.	USD 500	Investment and holding
CDC Investment Management LLC	2017.10	U.S.A.	USD 10 thousands	Investment management
Trimosa Holdings LLC	2017.10	U.S.A.	USD 190,537 thousands	Investment and holding
950 Investment LLC	2017.09	U.S.A.	USD 223,318 thousands	Investment and holding
950 Property LLC	2017.09	U.S.A.	USD 223,318 thousands	Real estate development on residential
950 Hotel Property LLC	2019.11	U.S.A.	USD 83,876 thousands	Hotel industry
950 Retail Property LLC	2020.03	U.S.A.	USD 4,152 thousands	Real estate lease and management
950 F&B LLC	2023.03	U.S.A	USD 168 thousands	Liquor sale
HDEC Corporation	2006.05	15F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	TWD 3,625,000 thousands	Environmental project development & Water treatment
North Shore Environment Corporation	2005.05	15F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	TWD 1,660,000 thousands	Sewer system design and construction in Danshui area, New Taipei City
HDEC Construction Corporation	2006.07	15F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	TWD 30,000 thousands	Construction of underground pipeline and environmental protection project, plumbing
Blue Whale Water Technologies Corporation	2016.08	13F., No.366, Bo'ai 1st Rd., Sanmin Dist., Kaohsiung City 807373, Taiwan	TWD 740,000 thousands	Feng Shan River wastewater reclamation and reuse BTO project in Kaohsiung City
HDEC (Puding) Environment Corporation	2016.09	15F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	TWD 597,260 thousands	Pu Ding area sewerage construction in Taoyuan City
HDEC-CTCI (Linhai) Corporation	2018.10	13F., No.366, Bo'ai 1st Rd., Sanmin Dist., Kaohsiung City 807373, Taiwan	TWD 1,020,000 thousands	Feng Shan River wastewater reclamation and reuse BTO project in Kaohsiung City
HDEC (Ciaotou) Corporation	2022.09	6F.-1, No. 80, Minzu 1st Rd., Sanmin Dist., Kaohsiung City 807413, Taiwan	TWD 450,000 thousands	Ciaotou wastewater reclamation and reuse BTO project in Kaohsiung City
HDEC (Chengxi) Corporation	2022.11	15F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	TWD 1,000,000 thousands	Aninan area incineration plant construction in Tainan City
Continental Consulting Limited Company	2021.11	23F., No.95, Section 2, Dunhua South Road, Taipei 106, Taiwan	TWD 10,000 thousands	Management consulting

(3) Companies presumed to have a relationship of control and subordination: None.

(4) Industries covered by Affiliates' Business Operation
The Company is the holding company to integrate Construction Engineering, Real Estate Development and Environmental Project Development & Water Treatment businesses.

(5) Profiles of Directors, Supervisors and Presidents of the affiliates

December 31, 2023

Company	Title	Name or Representative	Shareholding	
			Shares	%
Continental Engineering Corporation	Chairman Supervisor CEO	Continental Holdings Corporation Continental Consulting Limited Company Simon Buttery	372,061,987 84	99.99998% 0.00002%
CEC International Corp.	 Director Director Director	Continental Engineering Corporation Simon Buttery Mark Smith Hsiung Chiang	64,380,940	100.00%
CEC International Corp. (India) Private Limited	 Director Director Director Director	Continental Engineering Corporation Simon Buttery Rajiv Kumar Stephen Mathew Thompson	73,981,492	100.00%
CEC International Malaysia Sdn. Bhd.	 Director Director Director	Continental Engineering Corporation Hsiung Chiang Simon Buttery Marlina Binti Budin	22,340,476	85.14%
Continental Engineering Corp. (Hong Kong) Limited	 Director Director Director	Continental Engineering Corporation Stephen Mathew Thompson Simon Buttery Mark Smith	3,000,000	100.00%
Continental Development Corporation	Chairman Supervisor CEO	Continental Holdings Corporation Continental Consulting Limited Company Tsun-Sen Liao	601,419,561 102	99.99998% 0.00002%
CDC Commercial Development Corporation	 Chairman Director Director Supervisor	Continental Development Corporation Representative: Tsun-Sen Liao Representative: Cindy Chang Representative: John Huang Richard Huang	48,198,292 -	80.65% -
MEGA Capital Development Sdn. Bhd.	 Executive Director Director Director	Continental Development Corporation Tsun-Sen Liao Cindy Chang Moderate Investment Chao-Chien Chang	825,000 675,000	55.00% 45.00%
Bangsar Rising Sdn. Bhd.	 Executive Director Director Director	Continental Development Corporation Tsun-Sen Liao Cindy Chang Foremost Asset Co., Ltd. Chao-Chien Chang	600,000 400,000	60.00% 40.00%
CDC Asset Management Malaysia Sdn. Bhd.	 Director Director Director	Continental Development Corporation Tsun-Sen Liao Cindy Chang Chao-Chien Chang	1,000,000	100.00%
CDC US Corp.	 Director and CEO Director	Continental Development Corporation Tsun-Sen Liao Cindy Chang	5,000,000	100.00%
CDC Investment Management LLC	Manager	Tsun-Sen Liao	CDC US Corp. investment USD 10 thousands	100.00%
Trimosa Holdings LLC	Manager	Tsun-Sen Liao	CDC US Corp. investment USD 134,620 thousands	70.65%

Company	Title	Name or Representative	Shareholding	
			Shares	%
950 Investment LLC	Manager	Tsun-Sen Liao	Trimosa Holdings LLC investment USD 190,172 thousands	76.55%
950 Property LLC	Manager	Tsun-Sen Liao	950 Investment LLC investment USD 223,318 thousands	100.00%
950 Hotel Property LLC	Manager	Tsun-Sen Liao	950 Investment LLC investment USD 83,876 thousands	100.00%
950 Retail Property LLC	Manager	Tsun-Sen Liao	950 Investment LLC investment USD 4,152 thousands	100.00%
950 F&B LLC	Manager	Tsun-Sen Liao	950 Hotel Property LLC investment USD 168 thousands	100.00%
HDEC Corporation	Chairman Supervisor CEO	Continental Consulting Limited Company Continental Holdings Corporation Jerry Chou	134 362,499,866	0.00004% 99.99996%
North Shore Environment Corporation	 Chairman and President Director	HDEC Corporation Representative: Jerry Chou Representative: De-Chuan Chen	166,000,000	100.00%
HDEC Construction Corporation	 Chairman and President Director	HDEC Corporation Representative: Jerry Chou Representative: De-Chuan Chen	3,000,000	100.00%
Blue Whale Water Technologies Corporation	 Chairman Director Director Director Director Supervisor Supervisor President	HDEC Corporation Representative: Jerry Chou Representative: De-Chuan Chen Representative: Ray Huang CTCI Corporation Representative: Jeffrey Hsu Representative: Chih-Chun Liu Vicky Yang N/A Wen-Chang Hsieh	37,740,000 36,260,000 - -	51% 49.00% - -
HDEC (Puding) Environment Corporation	 Chairman and President Director	HDEC Corporation Representative: Jerry Chou Representative: De-Chuan Chen	59,726,000	100.00%
HDEC-CTCI (Linhai) Corporation	 Chairman Director Director Director Director Supervisor Supervisor President	HDEC Corporation Representative: Jerry Chou Representative: De-Chuan Chen Representative: Ray Huang CTCI Corporation Representative: Kuo-Long Tsai Representative: Chih-Chun Liu Vicky Yang N/A Wen-Chang Hsieh	56,100,000 45,900,000 - -	55.00% 45.00% - -
HDEC (Ciaotou) Corporation	 Chairman Director President	HDEC Corporation Representative: Jerry Chou Representative: De-Chuan Chen Wen-Chang Hsieh	45,000,000	100.00%
HDEC (Chengxi) Corporation	 Chairman Director President	HDEC Corporation Representative: Jerry Chou Representative: Ray Huang Gordon Chiu	100,000,000	100.00%
Continental Consulting Limited Company	Director	Continental Holdings Corporation	Investment TWD 20,000 thousands	100.00%

(6) Overview of the operations of the affiliates

Unit: NT$ thousands

Company	Ordinary Stock	Total assets	Total liabilities	Total equity	Operating revenues	Net operating income (loss)	Net income (loss)	Earnings per share (NT$)
Continental Engineering Corporation	3,720,621	19,477,026	12,026,565	7,450,462	20,856,638	841,468	1,033,977	2.80
CEC International Corp.	1,976,817	6,517	-	6,517	-	(7,935)	(7,833)	(0.12)
CEC International Corp. (India) Private Limited	273,140	35,301	45,348	(10,047)	601	(8,231)	(7,823)	(0.11)
Continental Engineering Corp. (Hong Kong) Limited	11,787	983	86	897	-	(26)	(26)	(0.01)
CEC International Malaysia Sdn. Bhd.	175,753	6,854	191	6,663	-	(473)	(440)	(0.02)
Continental Development Corporation	6,014,197	35,389,389	19,088,763	16,300,625	6,435,551	1,478,468	727,759	1.21
CDC Commercial Development Corporation	597,676	4,870,054	2,136,720	2,733,334	2,727	(23,083)	(47,572)	(0.80)
MEGA Capital Development Sdn. Bhd.	10,047	1,958,142	2,236,461	(278,318)	221,154	27,167	(85,733)	(57.16)
Bangsar Rising Sdn. Bhd.	6,698	503,980	536,573	(32,593)	-	(20,147)	(17,169)	(17.17)
CDC Asset Management Malaysia Sdn. Bhd.	6,698	11,003	2,401	8,602	16,969	749	605	0.61
CDC US Corp.	15	3,386,889	-	3,386,889	-	(460,080)	(461,157)	(92.23)
CDC Investment Management LLC	307	360	3	357	3,593	1,426	1,401	-
Trimosa Holdings LLC	5,850,450	4,817,624	44	4,817,581	-	(644,713)	(644,627)	-
950 Investment LLC	6,856,981	5,519,829	1,290	5,518,539	-	(840,536)	(840,561)	-
950 Property LLC	6,856,981	4,710,037	1,269,479	3,440,559	64,218	(285,678)	(351,275)	-
950 Hotel Property LLC	2,575,422	5,007,525	3,022,344	1,985,181	442,620	(217,907)	(457,789)	-
950 Retail Property LLC	127,482	228,477	134,548	93,929	872	(18,113)	(30,742)	-
950 F&B LLC	5,161	5,185	24	5,161	-	-	(67)	-
HDEC Corporation	3,625,000	9,536,494	4,443,457	5,093,037	3,470,704	38,434	425,623	1.17
North Shore Environment Corporation	1,660,000	4,757,961	1,915,597	2,842,364	561,997	262,625	182,198	1.10
HDEC Construction Corporation	30,000	116,365	65,387	50,977	235,018	17,649	14,087	4.70
Blue Whale Water Technologies Corporation	740,000	1,106,743	285,796	820,948	333,124	35,622	33,506	0.45
HDEC (Puding) Environment Corporation	597,260	1,592,718	952,421	640,296	631,610	51,690	36,667	0.61
HDEC-CTCI (Linhai) Corporation	1,020,000	1,611,665	473,972	1,137,693	284,781	117,934	84,964	0.83
HDEC (Ciaotou) Corporation	450,000	669,757	217,841	451,916	463,757	3,659	4,068	0.09
HDEC (Chengxi) Corporation	1,000,000	1,434,923	402,793	1,032,130	678,655	37,088	32,211	0.32
Continental Consulting Limited Company	20,000	191,063	168,723	22,340	229,681	5,876	3,018	-

(II) Consolidated Financial Statements of the Affiliates

Please refer to Consolidated Financial Statements with Independent Auditors' Report.

(III) Affiliation Report

Statement

This is to state that the Company's Related Company Report in 2023 (from January 1, 2023 to December 31, 2023) was prepared in accordance with Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises, and information disclosed and the related information disclosed in the Notes to Financial Statements in the aforementioned period do not contain material discrepancies.

Hereby declare by

Company: CONTINENTAL HOLDINGS CORPORATION

Chairman: Nita Ing

Date: March 8, 2024

安侯建業聯合會計師事務所
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CPA Review Opinion on the Affiliation Report

To the Board of Directors of CONTINENTAL HOLDINGS CORPORATION:

The 2023 Affiliation Report of CONTINENTAL HOLDINGS CORPORATION was prepared in accordance with “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”. The relevant financial information was reviewed according to the information disclosed in the notes of the consolidated financial statements during the aforementioned period by the accountants.

Our review result shows that no significant inconsistencies between the information disclosed in the 2023 Affiliation Report of CONTINENTAL HOLDINGS CORPORATION and the supplementary information disclosed in the notes to financial statements for the above period. And no violation of the "Criteria Governing Preparation of Affiliation Reports, Affiliated Business Consolidated Business Report and Consolidated Financial Statements of Affiliated Enterprises".

KPMG Taiwan
CPA: Chung-Che Chen and Shu -Ying Chang
Date: March 8, 2024

1. Relation between the controlling company and its subordinates:

Name of controlling company	Controlled reason	Shareholdings and pledges of the controlling company			Employees sent by controlling company as directors, supervisors or managers	
		Shareholdings	Shareholding ratio	Pledged shares	Position	Name
Wei-Dar Development Co., Ltd.	Jointly control subordinate company with over half of the board	206,025,200	25.02%	77,550,000	Chairman Director	Nita Ing Helena Kuo
Han-De Construction Co., Ltd.		63,755,667	7.74%	31,677,000	Director	John Huang Hsiung Chiang
Maoshi Corporation	Controlling company of Wei Dah Development Co., Ltd. and Han-De Construction Co., Ltd.					
Jade Fortune Enterprises Inc.	Controlling company of Maoshi Corporation					
Palmy Corporation	Controlling company of Jade Fortune Enterprises Inc.					
Pan Asia Corporation	Controlling company of Palmy Corporation					
Vanteva Corporation	Controlling company of Pan Asia Corporation					
Montrion Corporation	Controlling company of Vanteva Corporation					

2. Purchase and sale of goods: None.
3. Property transaction: None.
4. Capital financing: None.
5. Asset leasing: None.
6. Other significant transactions: None.
7. Endorsement and guarantee: None.

II. Private Placement Securities in 2023 and as of the Date of this Annual Report: None.

III. Information on Shares Held or Sold by Subsidiaries in 2023 and the Date of this Annual Report: None

IV. Other Necessary Supplement: None

Any Events in 2023 and as of the Date of this Annual Report that Had Material Impacts on Shareholders' Interests or Securities Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None

CONTINENTAL HOLDINGS CORPORATION

Chairman: Nita Ing

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