

**CONTINENTAL HOLDINGS CORPORATION
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the consolidated financial statements of CONTINENTAL HOLDINGS CORPORATION as of and for the year ended December 31, 2025 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 consolidated financial statements is included in the consolidated financial statements. Consequently, CONTINENTAL HOLDINGS CORPORATION and Subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: CONTINENTAL HOLDINGS CORPORATION
Chairman: Nita Ing
Date: March 10, 2026.



安侯建業聯合會計師事務所
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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, 2025 and 2024, 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, 2025 and 2024, 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. Based on our audits and the reports of other auditors, 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(aa) 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 15.05% and 19.16% of the consolidated total assets at December 31, 2025 and 2024, respectively, and the total revenues constituting 3.16% and 3.55% of the consolidated total revenues for the years ended December 31, 2025 and 2024, respectively.

Continental Holdings Corporation has prepared its parent-company-only financial report for the years ended December 31, 2025 and 2024, 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 Chen, Chung-Che and Han, Yi-Lien.

KPMG

Taipei, Taiwan (Republic of China)
March 10, 2026

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

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

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the years ended December 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

	2025		2024	
	Amount	%	Amount	%
4000 Operating revenues (Notes (aa) and 7)	\$ 34,378,309	100	30,701,377	100
5000 Operating costs (Notes 6(g), (w), 7 and 12)	<u>30,251,907</u>	<u>88</u>	<u>26,973,804</u>	<u>88</u>
Gross profit from operations	<u>4,126,402</u>	<u>12</u>	<u>3,727,573</u>	<u>12</u>
Operating expenses (Notes 6(s), (w), (ab), 7 and 12):				
6100 Selling expenses	575,159	2	664,305	2
6200 Administrative expenses	<u>1,898,548</u>	<u>5</u>	<u>1,814,447</u>	<u>6</u>
	<u>2,473,707</u>	<u>7</u>	<u>2,478,752</u>	<u>8</u>
Net operating income	<u>1,652,695</u>	<u>5</u>	<u>1,248,821</u>	<u>4</u>
Non-operating income and expenses (Notes 6(g), (h), (s), (ac) and 7):				
7100 Interest income	135,628	-	111,794	-
7010 Other income	197,977	1	260,256	1
7020 Other gains and losses, net	606,689	2	202,820	1
7050 Finance costs, net	(780,658)	(2)	(757,257)	(3)
7060 Share of losses of associates and joint ventures accounted for using equity method	<u>(16,132)</u>	<u>(1)</u>	<u>(53,165)</u>	<u>-</u>
	<u>143,504</u>	<u>-</u>	<u>(235,552)</u>	<u>(1)</u>
7900 Income before tax	1,796,199	5	1,013,269	3
7950 Less: Income tax expenses (Note 6(x))	<u>373,620</u>	<u>1</u>	<u>343,361</u>	<u>1</u>
Net income	<u>1,422,579</u>	<u>4</u>	<u>669,908</u>	<u>2</u>
8300 Other comprehensive income:				
8310 Items that will not be reclassified to profit or loss				
8311 Remeasurements of defined benefit plans	24,922	-	14,489	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	186,345	1	(331,830)	(1)
8317 Gains on hedging instrument	4,021	-	22,135	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(4,984)</u>	<u>-</u>	<u>(2,898)</u>	<u>-</u>
Components of other comprehensive income that will not be reclassified to profit or loss	<u>210,304</u>	<u>1</u>	<u>(298,104)</u>	<u>(1)</u>
8360 Items that will be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(317,906)	(1)	344,835	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	<u>(317,906)</u>	<u>(1)</u>	<u>344,835</u>	<u>1</u>
8300 Other comprehensive income	<u>(107,602)</u>	<u>-</u>	<u>46,731</u>	<u>-</u>
Total comprehensive income	<u>\$ 1,314,977</u>	<u>4</u>	<u>716,639</u>	<u>2</u>
Net income, attributable to:				
8610 Owners of parent	\$ 1,481,364	4	1,174,632	4
8620 Non-controlling interests	<u>(58,785)</u>	<u>-</u>	<u>(504,724)</u>	<u>(2)</u>
	<u>\$ 1,422,579</u>	<u>4</u>	<u>669,908</u>	<u>2</u>
Total comprehensive income attributable to:				
8710 Owners of parent	\$ 1,464,966	4	1,131,479	3
8720 Non-controlling interests	<u>(149,989)</u>	<u>-</u>	<u>(414,840)</u>	<u>(1)</u>
	<u>\$ 1,314,977</u>	<u>4</u>	<u>716,639</u>	<u>2</u>
Earnings per share (Note 6(z))				
9750 Basic earnings per share (NT dollars)	<u>\$ 1.80</u>		<u>1.43</u>	
9850 Diluted earnings per share (NT dollars)	<u>\$ 1.80</u>		<u>1.43</u>	

See accompanying notes to financial statements.

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

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent														
	Capital stock					Retained earnings		Total other equity						Non-controlling interests	Total equity
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total other equity	Total equity attributable to owners of parent				
Balance at January 1, 2024	\$ 8,232,160	6,817,198	1,419,731	2,262,233	6,787,266	10,469,230	(673,352)	2,527,444	(20,543)	1,833,549	27,352,137	3,423,565	30,775,702		
Net income	-	-	-	-	1,174,632	1,174,632	-	-	-	-	1,174,632	(504,724)	669,908		
Other comprehensive income (loss)	-	-	-	-	11,591	11,591	254,951	(331,830)	22,135	(54,744)	(43,153)	89,884	46,731		
Total comprehensive income (loss)	-	-	-	-	1,186,223	1,186,223	254,951	(331,830)	22,135	(54,744)	1,131,479	(414,840)	716,639		
Appropriation and distribution of retained earnings:															
Legal reserve appropriated	-	-	169,713	-	(169,713)	-	-	-	-	-	-	-	-		
Cash dividends	-	-	-	-	(1,234,824)	(1,234,824)	-	-	-	-	(1,234,824)	-	(1,234,824)		
Reversal of special reserve	-	-	-	(1,355,143)	1,355,143	-	-	-	-	-	-	-	-		
Disposal of subsidiaries	-	-	-	-	-	-	(80,948)	-	-	(80,948)	(80,948)	-	(80,948)		
Changes in ownership interests in subsidiaries	-	66,817	-	-	-	-	-	-	-	-	66,817	(66,817)	-		
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(441,566)	(441,566)		
Balance at December 31, 2024	8,232,160	6,884,015	1,589,444	907,090	7,924,095	10,420,629	(499,349)	2,195,614	1,592	1,697,857	27,234,661	2,500,342	29,735,003		
Net income	-	-	-	-	1,481,364	1,481,364	-	-	-	-	1,481,364	(58,785)	1,422,579		
Other comprehensive income (loss)	-	-	-	-	19,938	19,938	(226,702)	186,345	4,021	(36,336)	(16,398)	(91,204)	(107,602)		
Total comprehensive income (loss)	-	-	-	-	1,501,302	1,501,302	(226,702)	186,345	4,021	(36,336)	1,464,966	(149,989)	1,314,977		
Appropriation and distribution of retained earnings:															
Legal reserve appropriated	-	-	253,016	-	(253,016)	-	-	-	-	-	-	-	-		
Cash dividends	-	-	-	-	(864,377)	(864,377)	-	-	-	-	(864,377)	-	(864,377)		
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(61,586)	(61,586)		
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(816,066)	(816,066)		
Others	-	3	-	-	-	-	-	-	-	-	3	-	3		
Balance at December 31, 2025	\$ 8,232,160	6,884,018	1,842,460	907,090	8,308,004	11,057,554	(726,051)	2,381,959	5,613	1,661,521	27,835,253	1,472,701	29,307,954		

See accompanying notes to financial statements.

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

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Income before tax	\$ 1,796,199	1,013,269
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation expense	472,379	546,116
Amortization expense	78,496	72,607
Interest expense (under operating costs)	779,936	756,534
Interest income	(135,628)	(111,794)
Dividend income	(159,146)	(215,958)
Amortization of issuance costs on bonds payable	722	723
Share of loss (gain) of associates and joint ventures accounted for using equity method	16,132	53,165
(Gain) loss on disposal of property, plant and equipment	(1,675)	191
Gain on disposal of property, plant and equipment (under construction costs)	(18,310)	(88,544)
Gain on disposal of investment properties	(111,135)	(57,534)
Reversal of impairment loss on investment properties	(298,753)	-
Warranty provisions recognition (write-off)	26,416	(41,238)
Gain on reversal of estimated account payable	(2,216)	(883)
Reclassification of prepaid equipment to construction in progress	3,500	-
Total adjustments to reconcile profit and loss	<u>650,718</u>	<u>913,385</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	185,717	(2,851)
Notes receivable	605	79
Accounts receivable	(1,221,826)	(596,343)
Other receivables	46,247	(210,129)
Inventories	(6,351,596)	(5,601,496)
Prepayments	63,992	(489,178)
Other current assets	340,529	(669,482)
Current assets recognised as incremental costs to obtain contract with customers	(42,507)	(232,454)
Total changes in operating assets	<u>(6,978,839)</u>	<u>(7,801,854)</u>
Changes in operating liabilities:		
Contract liabilities	6,715,791	5,341,619
Notes and accounts payable	1,079,937	413,592
Other payables	207,924	475,728
Provisions	(17,149)	(13,965)
Receipts in advance	93,260	(39,682)
Other current liabilities	573,651	34,034
Net defined benefit liability	(2,497)	(3,402)
Total changes in operating liabilities	<u>8,650,917</u>	<u>6,207,924</u>
Total changes in operating assets and liabilities	<u>1,672,078</u>	<u>(1,593,930)</u>
Total adjustments	<u>2,322,796</u>	<u>(680,545)</u>
Cash inflow generated from operations	4,118,995	332,724
Interest received	130,758	90,211
Interest paid	(1,093,529)	(968,769)
Income taxes paid	(325,646)	(402,664)
Net cash flows from (used in) operating activities	<u>2,830,578</u>	<u>(948,498)</u>

See accompanying notes to financial statements.

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

CONTINENTAL HOLDINGS CORPORATION AND ITS SUBSIDIARIES**Consolidated Statements of Cash Flows(CONT'D)****For the years ended December 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2025</u>	<u>2024</u>
Cash flows from investing activities:		
Acquisition of financial assets for hedging	(1,227,921)	(799,840)
Disposal of financial assets for hedging	1,337,632	541,119
Price of associates acquisition	-	(51,940)
Acquisition of property, plant and equipment	(247,275)	(394,448)
Disposal of property, plant and equipment	28,541	118,919
Non-current other receivables	(170,674)	(295,880)
Acquisition of intangible assets	(2,948,011)	(3,351,759)
Disposal of investment properties	553,720	62,850
Other financial assets	(291,369)	1,066,259
Other non-current assets	(29,775)	(17,982)
Prepayments for business facilities	(23,913)	(71,970)
Dividends received	190,028	267,618
Long-term accounts payable	(2)	2
Net cash flow used in investing activities	<u>(2,829,019)</u>	<u>(2,927,052)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	18,242,219	48,922,477
Decrease in short-term borrowings	(17,982,696)	(43,077,732)
Increase in short-term notes and bills payable	1,870,000	4,530,000
Decrease in short-term notes and bills payable	(1,070,000)	(5,130,000)
Increase in long-term borrowings	13,658,523	12,786,782
Decrease in long-term borrowings	(9,177,183)	(12,265,420)
Guarantee deposits received	8,125	14,993
Payment of lease liabilities	(94,194)	(77,714)
Cash dividends paid	(925,963)	(1,284,010)
Other payables	(7,754)	12,304
Change in non-controlling interests	(31,756)	(392,380)
Other financing activities	3	-
Net cash flows from financing activities	<u>4,489,324</u>	<u>4,039,300</u>
Effect of exchange rate changes on cash and cash equivalents	(398)	42,376
Net increase in cash and cash equivalents	4,490,485	206,126
Cash and cash equivalents at beginning of year	<u>7,084,267</u>	<u>6,878,141</u>
Cash and cash equivalents at end of year	<u><u>\$ 11,574,752</u></u>	<u><u>7,084,267</u></u>

See accompanying notes to financial statements.

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

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(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, 2025 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 10, 2026.

(3) New standards, amendments and interpretations adopted

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS21 “Lack of Exchangeability”

- (b) The impact of IFRS Accounting Standards endorsed 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, 2026, would not have a significant impact on its consolidated financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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- (c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

(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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (altogether referred to “IFRS Accounting Standards” endorsed 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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD 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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Subsidiaries included in the consolidated financial statements

Investor Company	Subsidiary	Main Business	Percentage of ownership		Note
			December 31, 2025	December 31, 2024	
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. (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 development and lease	80.65 %	80.65 %	
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	70.88 %	70.88 %	
CDC US Corp.	950 Property LLC	Real estate development on residential	100.00 %	-	Note G
Trimosa Holdings LLC	950 Investment LLC	Investment and holding	100.00 %	100.00 %	
950 Investment LLC	950 Property LLC	Real estate development on residential	-	100.00 %	Note G
950 Investment LLC	950 Hotel Property LLC	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 %	100.00 %	
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) Water Treatment Corp. (CTC)	Ciaotou wastewater reclamation and reuse BTO project in Kaohsiung City	100.00 %	100.00 %	Note E
HDEC	HDEC (Chengxi) Energy Corp. (CXC)	Aninan area incineration plant renewal in Tainan City	100.00 %	100.00 %	Note F
HDEC	HDEC (Baoshan) Water Treatment Crop. (HBS)	Wastewater Treatment and Water Reclamation	100.00 %	-	Note H

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- Note A: NSC was founded as a Special Purpose Company (SPC) to build then operate Danshui Area Sewer System BOT project in New Taipei City. The sewer system construction and facility will be transferred to the authority at the end of the concession period without condition.
- Note B: BWC was founded as a SPC to perform the contract for Feng Shan River wastewater reclamation and reuse, which is a BTO project in Kaohsiung City. Upon the completion of the wastewater treatment plant, BWC will transfer all the operating assets to the authority and be engaged by the authority to operate the wastewater treatment plant and water recycling plant. BWC will transfer the operating rights to the authority without condition at the end of the operating period.
- Note C: PDC was founded as a SPC to build then operate Pu Ding area sewer system, which is a BOT project in Taoyuan City. The Pu Ding area sewer system will be transferred to the authority at the end of the concession period without condition.
- Note D: LHC was founded as a SPC to perform the contract for Kaohsiung coastal area wastewater reclamation and reuse, which is a BTO project in Kaohsiung City. Upon the completion of the wastewater treatment plant, BWC will transfer all the operating assets to the authority and be engaged by the authority to operate the wastewater treatment plant and water recycling plant. BWC will transfer the operating rights to the authority without condition at the end of the operating period.
- Note E: CTC was founded as a SPC to perform the contract for Kaohsiung Ciaotou water recycling, which is a BTO project in Kaohsiung City. Upon the completion of the water recycling plant, CTC will transfer all the operating assets to the authority and be engaged by the authority to operate the water recycling plant. CTC will transfer the operating rights to the authority without condition at the end of the operating period.
- Note F: CXC was founded as a SPC in accordance with the investment contract for the BOT of the Tainan Chengxi area waste incineration plant. The Chengxi area waste incineration plant will be transferred to the authority at the end of the concession period without condition.
- Note G: In June 2025, the Group underwent a corporate reorganization, under which, its equity interest in 950 Property LLC, originally held by 950 Investment LLC, was transferred to CDC US Corp. As of October 2025, the Group entered into a distribution agreement with the non controlling shareholder of 950 Property LLC., wherein the Group distributed the inventories and borrowings of 950 Property LLC to the non controlling shareholder in proportion to its ownership interest, resulting in the Group's shareholding to increase from 70.88% to 100%. Please refer to Note 6(i) for further details.
- Note H: HBS was established in July 2025.
- (iii) Subsidiaries excluded from the consolidated financial statements: None.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 planned 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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

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

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

The Group is primarily engaged in construction, development, and environmental engineering, with operating cycles that run for at least three to five years. Therefore, its assets and liabilities related to construction contracts, as well as real estate development and sales, are classified as current or non current.

(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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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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

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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- 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.

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 month 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 Group 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 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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

The Group designates only the spot component of forward exchange contracts as hedging instruments in cash flow hedge relationships. The changes in fair value attributable to the forward element are recognized as costs of hedging and are accumulated in a separate component of equity under "Other equity items – Gains (losses) on hedging instruments".

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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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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'.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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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.

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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	2~15 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 lessee

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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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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 lessor

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

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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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. Goodwill 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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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(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.

(iv) Provision for Litigation

The Group assesses the likelihood of its legal obligations arising from litigation and the related legal costs on a periodic basis by taking into account its historical experience. When a present obligation is considered probable and the amount can be reasonably estimated, a provision for legal claims is recognized as a liability.

(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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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(t).

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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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(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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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(s) 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 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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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(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 are 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 under Pillar 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 (i) affects neither accounting nor taxable profits (losses) and (ii) 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 reverse, 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

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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- 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 the Group 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 the Group, it needs to adjust the current tax assets or liabilities for the Group.

(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

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate related risks and opportunities, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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- (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(n).

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:

(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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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- (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(ad), Financial instruments for assumptions used in measuring fair value.

(6) Explanation of significant accounts

- (a) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash	\$ 23,723	24,558
Cash in banks	4,652,078	4,182,663
Cash in transit	-	13
Time deposits	2,052,616	946,502
Cash equivalents	<u>4,846,335</u>	<u>1,930,531</u>
	<u>\$ 11,574,752</u>	<u>7,084,267</u>

- (i) The cash and cash equivalents were not pledged as collateral.
- (ii) Please refer to Note 8 for the time deposits in pledge and restricted bank deposits reclassified to other current assets.
- (iii) Please refer to Note 6(ad) 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, 2025	December 31, 2024
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Stocks of unlisted company	<u>\$ 1,068,858</u>	<u>1,068,858</u>

- (i) The aforementioned financial assets were not pledged as collateral.
- (ii) Please refer to note 6(ad) for the credit risk and market risk.

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Equity investments at fair value through other comprehensive income:		
Listed common share—Evergreen Steel Corp.	\$ 2,477,395	2,287,614
Unlisted common share—Xinrong Enterprise	741,895	747,866
Unlisted common share—Taipei Metro Consulting Service Ltd. (Note 1)	6,860	4,324
Total	<u>\$ 3,226,150</u>	<u>3,039,804</u>

(Note 1) Metro Consulting Service Ltd. was renamed to Taipei Metro Consulting Service Ltd. on July 10, 2025.

- (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 \$159,146 thousand and \$215,958 thousand related to equity investments designated at fair value through other comprehensive income for the years ended December 31, 2025 and 2024.
- (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, 2025 and 2024.
- (iv) The aforementioned financial assets were not pledged as collateral.
- (v) Please refer to note 6(ad) for the credit risk and market risk.

(d) Financial instruments used for hedging

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Cash flow hedge:		
Financial assets used for hedging	\$ 184,561	293,290
Financial liabilities used for hedging	-	(3,039)
Total	<u>\$ 184,561</u>	<u>290,251</u>

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

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

<u>Item Hedged</u>	<u>Hedge instrument</u>	<u>Hedge instrument designated to be hedge and fair value</u>	
		<u>December 31, 2025</u>	<u>December 31, 2024</u>
Expected foreign assets	Foreign deposits	\$ 178,948	288,659
	Change in value of Foreign currency	\$ 753	4,631
Expected cash flow period		2026	2024~2025

<u>Item Hedged</u>	<u>Hedge instrument</u>	<u>Hedge instrument designated to be hedge and fair value</u>	
		<u>December 31, 2025</u>	<u>December 31, 2024</u>
Expected foreign assets (liabilities)	Forward exchange	\$ 4,860	(3,039)
Amount (National principal)		USD6,510 thousand	JPY352,500 thousand
Delivery Date		2026.10~2028.01	2025.02~2025.03

(iii) The transactions of cash flow hedges for the years ended December 31, 2025 and 2024, were all effective.

(e) Notes and accounts receivable(including related-party)

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Notes receivable	\$ -	605
Accounts receivable	4,420,348	2,547,429
Long-term accounts receivable	6,399,927	7,059,284
Less: Allowance for bad debts	-	-
	<u>\$ 10,820,275</u>	<u>9,607,318</u>

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

	<u>December 31, 2025</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Not overdue	\$ 10,504,393	-	-
Pass due less than one year	136,679	-	-
Pass due over one year	179,203	-	-
	<u>\$ 10,820,275</u>		<u>-</u>

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2024		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Not overdue	\$ 9,300,549	-	-
Pass due less than one year	250,475	-	-
Pass due over one year	56,294	-	-
	\$ 9,607,318		-

(i) The dispute between the Group and its customer over construction payments, arising from a contracted project, resulted in the Group to recognize the amounts of NT\$13,417 thousand and NT\$142,165 thousand as trade receivables that were not past due and contract assets, respectively, as of December 31, 2025. In response to the above matter, the Group filed a civil lawsuit to claim the construction payments in January 2026 in accordance with the contract and will continue to assess the impact on its financial performance.

(ii) The notes and accounts receivable were not pledged as collateral.

(f) Other receivables

	December 31, 2025	December 31, 2024
Other receivables – lending of capital (including other non-current assets)	\$ 1,144,588	973,914
Other receivables – lawsuit	376,656	398,256
Other receivables – related parties	4,275	7,649
Other (including other non-current assets)	190,434	195,924
	\$ 1,715,953	1,575,743

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

(g) Inventories

	December 31, 2025	December 31, 2024
Hotel:		
Catering	\$ 3,390	6,416
Real estate:		
Real estate held for sale	10,988,633	10,245,433
Land held for development	2,695,631	4,142,070
Building construction in progress	21,797,139	19,469,421
Prepayment for land	-	276,864
Subtotal	35,481,403	34,133,788
Less: Allowance for impairment loss	(712,324)	(559,743)
	\$ 34,772,469	33,580,461

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (i) For the years ended December 31, 2025 and 2024, the details of the cost of inventory were as follows:

	For the years ended December 31	
	2025	2024
Inventory that has been sold	\$ 4,747,266	2,512,273
Write-down (reversal) of inventories	240,718	309,550
Effect in exchange rates	-	6,540
Total	\$ 4,987,984	2,828,363

- (ii) Capitalizing interest costs were as follows:

	For the years ended December 31	
	2025	2024
Capitalized interests	\$ 288,074	186,499
Capitalization interest rate	2.69%~6.59%	2.3196%~6.59%

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

- (h) Investments accounted for using equity method

	December 31, 2025	December 31, 2024
Associates	\$ 1,498,474	1,545,488

- (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, 2025	December 31, 2024
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.

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Summary of CTCI - HDEC's financial figures

	December 31, 2025	December 31, 2024
Current assets	\$ 542,109	698,547
Non-current assets	4,009,232	3,223,403
Current liabilities	(853,395)	(545,964)
Non-current liabilities	(1,969,044)	(1,628,718)
Net assets	<u>\$ 1,728,902</u>	<u>1,747,268</u>
	For the years ended December 31	
	2025	2024
Revenues	<u>\$ 947,901</u>	<u>711,281</u>
Net income / Total comprehensive income	<u>\$ 44,658</u>	<u>70,028</u>
Net assets attributable to the Group, beginning balance	\$ 856,162	821,569
Additions	-	51,940
Dividend	(30,882)	(51,660)
Total comprehensive income attributable to the Group	21,882	34,313
Net assets attributable to the Group, ending balance	<u>\$ 847,162</u>	<u>856,162</u>

2) Summary of Fanlu's financial figures

	December 31, 2025	December 31, 2024
Current assets	\$ 5,505,434	7,087,603
Non-current assets	125,652	148,326
Current liabilities	(370,143)	(5,266,373)
Non-current liabilities	(3,400,000)	-
Net assets	<u>\$ 1,860,943</u>	<u>1,969,556</u>
	For the years ended December 31	
	2025	2024
Revenues	<u>\$ 1,187,028</u>	<u>2,231,104</u>
Net loss/ Total comprehensive income	<u>\$ (108,612)</u>	<u>(249,937)</u>
Net assets attributable to the Group, beginning balance	\$ 689,326	776,804
Total Comprehensive income attributable to the Group	(38,014)	(87,478)
Net assets attributable to the Group, ending balance	<u>\$ 651,312</u>	<u>689,326</u>

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

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Changes in a parent's ownerships in a subsidiary

As of October 2025, the Group entered into a distribution agreement with the non controlling shareholder of 950 Property LLC. for USD 25,522 thousand (equivalent to NT\$784,310 thousand), wherein the Group distributed the inventories and borrowings of 950 Property LLC to the non-controlling shareholder in proportion to its ownership interest, resulting in the Group's shareholding to increase from 70.88% to 100%.

In 2024, the Group acquired the equities of Trimosa Holdings LLC Corporation and 950 Investment LLC Corporation for USD \$8,655 thousand and \$11,800 thousand in cash.

The effects of the changes in shareholdings were as follows:

	Amount
Carrying amount of non-controlling interest on acquisition	\$ 341,949
Consideration paid to non-controlling interests	(275,132)
Capital surplus - changes in ownership interests in subsidiaries	\$ 66,817

(j) Material non-controlling interest of subsidiaries

Subsidiaries	Country of registration	Equity ownership of non-controlling interest	
		December 31, 2025	December 31, 2024
CDC US Corp. and subsidiaries	The United States	29.12 %	29.12 %

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, 2025	December 31, 2024
Current assets	\$ 2,642,830	4,398,762
Non-current assets	4,931,792	5,299,901
Current liabilities	(3,378,315)	(4,965,743)
Non-current liabilities	(126,309)	(131,314)
Net assets	\$ 4,069,998	4,601,606
Non-controlling interest	\$ 556,280	1,346,412

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the years ended December 31	
	2025	2024
Revenues	\$ <u>796,678</u>	<u>814,312</u>
Net loss	\$ (869,300)	(1,262,562)
Other comprehensive income	-	-
Total comprehensive income	\$ <u>(869,300)</u>	<u>(1,262,562)</u>
Net loss attributable to non-controlling interest	\$ <u>(160,601)</u>	<u>(550,590)</u>
Total comprehensive income attributable to non-controlling interest	\$ <u>(160,601)</u>	<u>(550,590)</u>
Cash flows used in operating activities	\$ (64,983)	(402,588)
Cash flows used in investing activities	(11,675)	(386,917)
Cash flows from financing activities	<u>117,987</u>	<u>805,980</u>
Net increase (decrease) in cash and cash equivalents	\$ <u>41,329</u>	<u>16,475</u>

(k) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Transportation equipment</u>	<u>Computer equipment</u>	<u>Office equipment</u>	<u>Operating equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost or deemed cost:									
Balance at January 1, 2025	\$ 2,765,320	7,395,305	1,269,387	214,758	127,734	204,675	156,145	-	12,133,324
Additions	-	97	117,227	27,011	32,799	36,974	16,541	16,626	247,275
Reclassification	-	-	51,203	5,865	1,664	-	6,720	-	65,452
Disposals	-	-	(179,223)	(11,103)	(761)	(4,737)	(70)	-	(195,894)
Effect of exchange rate changes	<u>2,633</u>	<u>(115,668)</u>	<u>(2,497)</u>	<u>(110)</u>	<u>(185)</u>	<u>(1,776)</u>	<u>(50)</u>	-	<u>(117,653)</u>
Balance at December 31, 2025	\$ <u>2,767,953</u>	<u>7,279,734</u>	<u>1,256,097</u>	<u>236,421</u>	<u>161,251</u>	<u>235,136</u>	<u>179,286</u>	<u>16,626</u>	<u>12,132,504</u>
Balance at January 1, 2024	\$ 2,342,257	6,878,889	1,361,207	200,455	98,792	181,660	141,827	-	11,205,087
Additions	-	512	287,333	27,439	22,110	53,982	3,072	-	394,448
Reclassification	365,248	47,798	65,033	-	8,473	1,763	-	-	488,315
Disposals	-	-	(447,446)	(13,281)	(1,953)	(35,616)	(45)	-	(498,341)
Effect of exchange rate changes	<u>57,815</u>	<u>468,106</u>	<u>3,260</u>	<u>145</u>	<u>312</u>	<u>2,886</u>	<u>11,291</u>	-	<u>543,815</u>
Balance at December 31, 2024	\$ <u>2,765,320</u>	<u>7,395,305</u>	<u>1,269,387</u>	<u>214,758</u>	<u>127,734</u>	<u>204,675</u>	<u>156,145</u>	-	<u>12,133,324</u>
Depreciation :									
Balance at January 1, 2025	\$ -	703,882	577,463	136,323	76,974	141,875	75,309	-	1,711,826
Depreciation	-	171,909	102,826	23,348	21,099	20,584	25,582	-	365,348
Disposals	-	-	(171,473)	(10,661)	(761)	(4,415)	(28)	-	(187,338)
Effect of exchange rate changes	-	<u>(3,577)</u>	<u>(525)</u>	<u>(110)</u>	<u>(180)</u>	<u>(709)</u>	<u>636</u>	-	<u>(4,465)</u>
Balance at December 31, 2025	\$ -	<u>872,214</u>	<u>508,291</u>	<u>148,900</u>	<u>97,132</u>	<u>157,335</u>	<u>101,499</u>	-	<u>1,885,371</u>
Balance at January 1, 2024	\$ -	486,207	821,700	126,549	65,409	130,441	44,547	-	1,674,853
Depreciation	-	174,346	201,057	20,635	13,256	19,368	26,358	-	455,020
Reclassification	-	23,051	-	-	-	-	-	-	23,051
Disposals	-	-	(445,902)	(11,001)	(1,953)	(8,909)	(10)	-	(467,775)
Effect of exchange rate changes	-	<u>20,278</u>	<u>608</u>	<u>140</u>	<u>262</u>	<u>975</u>	<u>4,414</u>	-	<u>26,677</u>
Balance at December 31, 2024	\$ -	<u>703,882</u>	<u>577,463</u>	<u>136,323</u>	<u>76,974</u>	<u>141,875</u>	<u>75,309</u>	-	<u>1,711,826</u>
Carrying amounts:									
Balance at December 31, 2025	\$ <u>2,767,953</u>	<u>6,407,520</u>	<u>747,806</u>	<u>87,521</u>	<u>64,119</u>	<u>77,801</u>	<u>77,787</u>	<u>16,626</u>	<u>10,247,133</u>
Balance at December 31, 2024	\$ <u>2,765,320</u>	<u>6,691,423</u>	<u>691,924</u>	<u>78,435</u>	<u>50,760</u>	<u>62,800</u>	<u>80,836</u>	-	<u>10,421,498</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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- (i) Please refer to Note 6(ac) for the details of the gain and loss on disposal of property, plant and equipment.
- (ii) Please refer to Note 8 for the property, plant and equipment had been pledged as collateral for long-term borrowing, short-term borrowing and constructions guarantee.

(l) Right-of-use assets

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2025	\$ 88,320	181,806	5,477	275,603
Additions	118,244	54,221	2,395	174,860
Disposals	(24,723)	(49,284)	-	(74,007)
Effect of exchange rate changes	-	(130)	-	(130)
Balance at December 31, 2025	<u>\$ 181,841</u>	<u>186,613</u>	<u>7,872</u>	<u>376,326</u>
Balance at January 1, 2024	\$ 66,620	171,365	6,463	244,448
Additions	24,923	52,150	355	77,428
Disposals	(3,223)	(42,421)	(1,341)	(46,985)
Effect of exchange rate changes	-	712	-	712
Balance at December 31, 2024	<u>\$ 88,320</u>	<u>181,806</u>	<u>5,477</u>	<u>275,603</u>
Depreciation and impairment losses:				
Balance at January 1, 2025	\$ 51,687	86,675	3,029	141,391
Depreciation	31,618	61,082	2,060	94,760
Disposals	(24,723)	(43,320)	-	(68,043)
Effect of exchange rate changes	-	(22)	-	(22)
Balance at December 31, 2025	<u>\$ 58,582</u>	<u>104,415</u>	<u>5,089</u>	<u>168,086</u>
Balance at January 1, 2024	\$ 33,920	71,617	2,430	107,967
Depreciation	20,946	55,953	1,940	78,839
Disposals	(3,179)	(41,204)	(1,341)	(45,724)
Effect of exchange rate changes	-	309	-	309
Balance at December 31, 2024	<u>\$ 51,687</u>	<u>86,675</u>	<u>3,029</u>	<u>141,391</u>
Carrying amounts:				
Balance at December 31, 2025	<u>\$ 123,259</u>	<u>82,198</u>	<u>2,783</u>	<u>208,240</u>
Balance at December 31, 2024	<u>\$ 36,633</u>	<u>95,131</u>	<u>2,448</u>	<u>134,212</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Investment properties

	<u>Owned</u>		
	<u>Land and improvements</u>	<u>Buildings</u>	<u>Total</u>
Cost or deemed cost:			
Balance at January 1, 2025	\$ 2,863,996	635,621	3,499,617
Disposals	<u>(442,585)</u>	<u>-</u>	<u>(442,585)</u>
Balance at December 31, 2025	<u>\$ 2,421,411</u>	<u>635,621</u>	<u>3,057,032</u>
Balance at January 1, 2024	\$ 7,963,125	698,510	8,661,635
Reclassification	(5,094,304)	(61,601)	(5,155,905)
Disposals	<u>(4,825)</u>	<u>(1,288)</u>	<u>(6,113)</u>
Balance at December 31, 2024	<u>\$ 2,863,996</u>	<u>635,621</u>	<u>3,499,617</u>
Depreciation and impairment losses :			
Balance at January 1, 2025	\$ 349,356	285,455	634,811
Depreciation	-	12,271	12,271
Reversal of impairment loss	<u>(298,753)</u>	<u>-</u>	<u>(298,753)</u>
Balance at December 31, 2025	<u>\$ 50,603</u>	<u>297,726</u>	<u>348,329</u>
Balance at January 1, 2024	\$ 349,356	297,046	646,402
Depreciation	-	12,257	12,257
Reclassification	-	(23,051)	(23,051)
Disposals	<u>-</u>	<u>(797)</u>	<u>(797)</u>
Balance at December 31, 2024	<u>\$ 349,356</u>	<u>285,455</u>	<u>634,811</u>
Carrying amounts:			
Balance at December 31, 2025	<u>\$ 2,370,808</u>	<u>337,895</u>	<u>2,708,703</u>
Balance at December 31, 2024	<u>\$ 2,514,640</u>	<u>350,166</u>	<u>2,864,806</u>
Fair value:			
Balance at December 31, 2025			<u>\$ 4,254,688</u>
Balance at December 31, 2024			<u>\$ 4,903,325</u>

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(u) for detail information (include rental revenues and other direct operating expenses).

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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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.

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

(n) Intangible assets

	<u>Goodwill</u>	<u>Service Concession Agreements</u>	<u>Other</u>	<u>Total</u>
Cost:				
Balance at January 1, 2025	\$ 30,249	5,642,668	5,063	5,677,980
Additions	-	3,025,913	-	3,025,913
Effect of exchange rate changes	-	-	(209)	(209)
Balance at December 31, 2025	<u>\$ 30,249</u>	<u>8,668,581</u>	<u>4,854</u>	<u>8,703,684</u>
Balance at January 1, 2024	\$ 30,249	2,265,842	4,742	2,300,833
Additions	-	3,376,826	-	3,376,826
Effect of exchange rate changes	-	-	321	321
Balance at December 31, 2024	<u>\$ 30,249</u>	<u>5,642,668</u>	<u>5,063</u>	<u>5,677,980</u>
Amortization and impairment loss:				
Balance at January 1, 2025	\$ -	572,322	-	572,322
Amortization	-	78,496	-	78,496
Balance at December 31, 2025	<u>\$ -</u>	<u>650,818</u>	<u>-</u>	<u>650,818</u>
Balance at January 1, 2024	\$ -	499,715	-	499,715
Amortization	-	72,607	-	72,607
Balance at December 31, 2024	<u>\$ -</u>	<u>572,322</u>	<u>-</u>	<u>572,322</u>
Carrying amounts:				
Balance at December 31, 2025	<u>\$ 30,249</u>	<u>8,017,763</u>	<u>4,854</u>	<u>8,052,866</u>
Balance at December 31, 2024	<u>\$ 30,249</u>	<u>5,070,346</u>	<u>5,063</u>	<u>5,105,658</u>

- (i) Amortization expenses of intangible assets are recorded under operating costs.
- (ii) The intangible assets were not pledged as collateral.

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(o) Short-term borrowings

	December 31, 2025	December 31, 2024
Unsecured loans	\$ 8,477,135	8,160,538
Secured loans	13,551,042	13,837,750
Less: Sponsorship fee for the joint loan bank	(27,579)	(21,450)
	<u>\$ 22,000,598</u>	<u>21,976,838</u>
Unused credit limit	<u>\$ 31,217,845</u>	<u>35,813,533</u>
Range of interest rate	<u>1.88%~6.65%</u>	<u>1.88%~7.65%</u>

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

(p) Short-term notes and bills payable

	December 31, 2025		
	Guarantee or acceptance institutes	Range of interest rate	Amount
Bills payable	Financial institutes	2.1%	<u>\$ 1,000,000</u>
	December 31, 2024		
	Guarantee or acceptance institutes	Range of interest rate	Amount
Bills payable	Financial institutes	2.352%	<u>\$ 200,000</u>

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

(q) Bonds payable

	December 31, 2025	December 31, 2024
Secured ordinary bonds issued	\$ 2,000,000	2,000,000
Unamortized discount on bonds payable	-	(722)
Current portion of bonds payable	<u>(2,000,000)</u>	<u>-</u>
	<u>\$ -</u>	<u>1,999,278</u>

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (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:

<u>Item</u>	<u>1st secured ordinary corporate bond issued in 2020</u>
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(ac) for the interest expenses.

- (r) Long-term borrowings

<u>December 31, 2025</u>				
	<u>Currency</u>	<u>Range of interest rate</u>	<u>Matured Period</u>	<u>Amount</u>
Unsecured loans	NTD	2.125%~2.8309%	2026~2030	\$ 7,841,849
Secured loans	NTD	2.1421%~2.6%	2026~2032	8,006,667
	USD	6.083%~7.7605%	2026~2030	639,522
	MYR	6.23%~6.59%	2029	<u>22</u>
				16,488,060
Less: current portion				(1,503,194)
Less: Sponsorship fee for the joint loan bank and quota establishment fee				<u>(14,518)</u>
Total				<u>\$ 14,970,348</u>
Unused credit limit				<u>\$ 11,314,613</u>

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2024				
	Currency	Range of interest rate	Matured Period	Amount
Unsecured loans	NTD	2.125%~2.8288%	2025~2029	\$ 4,606,000
Secured loans	NTD	2.1512%~2.5119%	2025~2029	6,667,000
	USD	6.75%~7.7605%	2025~2030	703,822
	MYR	6.34%~6.59%	2029	<u>63,966</u>
				12,040,788
Less: current portion				(678,524)
Less: Sponsorship fee for the joint loan bank and quota establishment fee				<u>(8,955)</u>
Total				<u>\$ 11,353,309</u>
Unused credit limit				<u>\$ 12,217,766</u>

- (i) Please refer to Note 8 for the details of the related assets pledged as collateral.
- (ii) For the years ended December 31, 2025 and 2024, CEC did not breach any of its long-term loan agreements that have financial restrictions wherein the current ratio $\geq 100\%$, the financial debt-to-equity ratio $\leq 100\%$, the long-term capital suitability ratio $\geq 100\%$.
- (iii) The loan agreement requires HDEC to maintain certain financial ratios: debt ratio $\leq 130\%$, and net worth $> \$2$ billion. As of December 31, 2025 and 2024, HDEC did not violate any terms in the loan agreement.
- (iv) The loan agreement requires NSC to maintain certain financial ratios. As of December 31, 2025 and 2024, NSC did not violate any terms in the loan agreement.

Financial ratio	2021~2027
Debt ratio \leq	100%
Financial ratio	2021~2027
Liquidity ratio \geq	100%

- (v) The loan agreement requires LHC to maintain certain financial ratios: total amount of borrowings/ paid-in capital $\leq 234\%$, and total credit limit (including guarantee)/ paid-in capital or net worth (whichever is higher) $\leq 234\%$. As of December 31, 2025 and 2024, LHC did not violate any terms in the loan agreement.
- (vi) For the years ended December 31, 2025 and 2024, PDC did not breach any of the conditions of its long-term loan agreement that have financial restrictions wherein the net worth $\geq \$200$ million.
- (vii) For the year ended December 31, 2025 and 2024, 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 $\leq 234\%$, and the total credit limit (including guarantee)/ paid-in capital or net worth (whichever is higher) $\leq 234\%$.

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(viii) For the year ended December 31, 2025 and 2024, CXC did not breach any of the conditions of its long-term loan agreement that have financial restrictions wherein the debt ratio \leq 230%.

(s) Lease liabilities

	December 31, 2025	December 31, 2024
Current	<u>\$ 124,855</u>	<u>102,354</u>
Non-current	<u>\$ 86,161</u>	<u>34,580</u>

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

The amounts recognized in profit or loss were as follows:

	For the years ended December 31	
	2025	2024
Interest on lease liabilities	<u>\$ 4,858</u>	<u>3,133</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 12,035</u>	<u>11,275</u>
Expenses relating to short-term leases	<u>\$ 33,026</u>	<u>24,763</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	<u>\$ 19,372</u>	<u>10,312</u>

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

	For the year ended December 31	
	2025	2024
Total cash outflow for leases	<u>\$ 163,485</u>	<u>127,197</u>

(i) Real estate leases

The Group leases land and buildings for its office space, work station and staff dormitory which leases typically run for a period of one to ten 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

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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Provision

	Onerous contracts	Warranties	After-sales service	Provision for Litigation	Total
Balance at January 1, 2025	\$ 37,461	145,765	68,848	-	252,074
Addition	-	26,532	25,485	31,400	83,417
Realized	-	(13,017)	(4,132)	-	(17,149)
Reversal	(17,777)	(16,578)	(22,646)	-	(57,001)
Effect of exchange rate changes	-	-	-	61	61
Balance at December 31, 2025	<u>\$ 19,684</u>	<u>142,702</u>	<u>67,555</u>	<u>31,461</u>	<u>261,402</u>
Balance at January 1, 2024	\$ 60,807	178,824	67,548	-	307,179
Addition	-	44,433	5,931	-	50,364
Realized	-	(9,339)	(4,626)	-	(13,965)
Reversal	(23,444)	(68,153)	(5)	-	(91,602)
Effect of exchange rate changes	98	-	-	-	98
Balance at December 31, 2024	<u>\$ 37,461</u>	<u>145,765</u>	<u>68,848</u>	<u>-</u>	<u>252,074</u>

(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 and After-sale services

The provision for warranties and after sales service relates mainly to construction contracts and sales premises. 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.

(iii) Provision for Litigation

The Group assesses the likelihood of its legal obligations arising from litigation and the related legal costs on a periodic basis by taking into account its historical experience. When a present obligation is considered probable and the amount can be reasonably estimated, a provision for legal claims is recognized as a liability.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Operating leases

The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(m) that sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after reporting date are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Less than one year	\$ 155,162	177,200
Between one and five years	553,567	543,964
More than five years	<u>1,236,865</u>	<u>1,351,505</u>
Total undiscounted lease payments	<u>\$ 1,945,594</u>	<u>2,072,669</u>

For the years ended December 31, 2025 and 2024, the rental revenue of investment properties was \$174,689 thousand and \$166,746 thousand, respectively.

Repair and direct operation expense arising from investment properties (recognized as rental costs) were as follows:

	<u>2025</u>	<u>2024</u>
Expenses that generated rental revenue	\$ 51,422	49,504
Expenses unrelated to the derivation of rental revenue	<u>778</u>	<u>825</u>
	<u>\$ 52,200</u>	<u>50,329</u>

(v) Long-term accounts payable

The U.S. subsidiary of the Group obtained a loan from its former shareholder, whose funding source consisted of contributions from investors participating in an immigration investment program (with the former shareholder responsible for handling and managing immigration related matters). The loan will be repaid upon the completion and sale of the construction project, based on the repayment date separately agreed upon with the creditor. As of December 31, 2025 and 2024, the outstanding loan balances amounted to \$125,885 thousand and \$131,314 thousand, respectively.

(w) Employee benefits

(i) Defined benefit plan

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligations	\$ 513,209	541,170
Fair value of plan assets	(441,242)	(446,766)
Recognized as other payables	<u>(20)</u>	<u>(22)</u>
Net defined benefit liability	<u>\$ 71,947</u>	<u>94,382</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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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 \$441,243 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

	<u>2025</u>	<u>2024</u>
Defined benefit obligation, January 1	\$ 541,170	540,306
Current service costs and interest	9,792	9,071
Remeasurements of the net defined benefit liability		
— Actuarial gain arose from changes in financial assumption	6,585	9,670
— Experience adjustment	5,482	16,082
Benefits paid by the plan	<u>(49,820)</u>	<u>(33,959)</u>
Defined benefit obligation, December 31	<u>\$ 513,209</u>	<u>541,170</u>

3) Movements of defined benefit plan assets

	<u>2025</u>	<u>2024</u>
Fair value of plan assets, January 1	\$ 446,766	408,132
Interest revenues	6,313	5,070
Remeasurements of the net defined benefit liability		
— Return on plan assets (excluding interest)	32,005	37,343
Contributions made	5,979	29,373
Benefits paid by the plan	<u>(49,821)</u>	<u>(33,152)</u>
Fair value of plan assets, December 31	<u>\$ 441,242</u>	<u>446,766</u>

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Expenses recognized in profit or loss

	<u>2025</u>	<u>2024</u>
Current service costs	\$ 2,303	2,638
Net interest on net defined benefit liability	1,176	1,363
	<u>\$ 3,479</u>	<u>4,001</u>
Operating costs	\$ 747	1,096
Administrative expenses	2,732	2,905
	<u>\$ 3,479</u>	<u>4,001</u>

5) Remeasurement of the net defined benefit liability recognized in other comprehensive income

	<u>2025</u>	<u>2024</u>
Accumulated amount, January 1	\$ 64,623	76,214
Recognized during the period	(19,938)	(11,591)
Accumulated amount, December 31	<u>\$ 44,685</u>	<u>64,623</u>

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<u>2025.12.31</u>	<u>2024.12.31</u>
Discount rate	1.20%	1.50%
Future salary increase rate	4.00%	4.00%

The Group is expected to make a contribution payment of \$33,099 thousand to the defined benefit plans for the one year period after reporting date.

The weighted-average lifetime of the defined benefit plan is 0.85 to 8.22 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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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As of December 31, 2025 and 2024, 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, 2025		
Discount (change by 0.25%)	(0.11)%~(1.22)%	0.11%~1.24%
Future salary increase (change by 1.00%)	0.65%~4.25%	(0.64)%~(3.99)%
December 31, 2024		
Discount (change by 0.25%)	(0.18)%~(1.31)%	0.18%~1.34%
Future salary increase (change by 1.00%)	0.89%~4.58%	(0.87)%~(4.29)%

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 \$100,359 thousand and \$88,908 thousand for the years ended December 31, 2025 and 2024, respectively.

(x) Income Tax

(i) Income tax expenses

	For the years ended December 31	
	2025	2024
Current income tax expenses		
Current period	\$ 132,065	296,326
Land value increment tax	45,146	19,157
Surtax on unappropriated earnings	2,881	14,735
Adjustment for prior periods	131,434	(49,937)
Deferred income tax expense		
Origination and reversal of temporary differences	62,094	63,080
	\$ 373,620	343,361

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Income tax recognized in other comprehensive (loss) income:

	<u>2025</u>	<u>2024</u>
Items that will not be reclassified to profit or loss		
Remeasurement from defined benefit plans	\$ <u>(4,984)</u>	<u>(2,898)</u>

(iii) The reconciliation of income tax expense and income before tax were as follows:

	<u>2025</u>	<u>2024</u>
Income before tax	\$ 1,796,199	1,013,269
Income tax expense at domestic statutory tax rate	\$ 359,240	202,654
Effect of difference tax rates on foreign countries	2,235	(547)
Tax-exempt income	(143,046)	(85,874)
Investment gain accounted for using equity method	(3,226)	(10,633)
Recognize taxable loss from prior period	-	(51,786)
Current tax loss from unrecognized deferred tax assets	138,634	264,862
Adjustment for prior periods	131,434	(49,937)
Surtax on unappropriated earnings	2,881	14,735
Land value increment tax	45,146	19,157
Income basic tax	37,447	18,356
Temporary deductible difference from unrealized deferred tax assets	68,439	37,826
Realized investment loss	(409,335)	-
Others	143,771	(15,452)
Total	\$ <u>373,620</u>	<u>343,361</u>

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Deductible temporary difference	\$ 683,967	188,062
Tax loss	176,566	155,247
	\$ <u>860,533</u>	<u>343,309</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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As of December 31, 2025, the Group's estimated unused loss carry forwards was as follows:

<u>Years of loss</u>	<u>Unused tax loss</u>	<u>Year of expiry</u>
2016 (assessed)	\$ 536	2026
2017 (assessed)	54	2027
2018 (assessed)	103	2028
2019 (assessed)	131	2029
2020 (assessed)	44	2030
2021 (assessed)	90	2031
2022 (assessed)	4,384	2032
2023 (assessed)	672,225	2033
2024 (declared)	98,615	2034
2025 (estimated)	106,648	2035
	<u>\$ 882,830</u>	

2) Recognized deferred tax assets and liabilities:

Deferred tax assets:

	<u>Others</u>
Balance at January 1, 2025	\$ 16,107
Current tax benefit	2,345
Balance at December 31, 2025	<u>\$ 18,452</u>
Balance at January 1, 2024	\$ 12,430
Current tax benefit	3,661
Others	16
Balance at December 31, 2024	<u>\$ 16,107</u>

Deferred tax liabilities:

	<u>Others</u>
Balance at January 1, 2025	\$ 247,786
Current tax expense	64,439
Balance at December 31, 2025	<u>\$ 312,225</u>
Balance at January 1, 2024	\$ 181,045
Current tax expense	66,741
Balance at December 31, 2024	<u>\$ 247,786</u>

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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.
- 2) The Group's income tax returns have been assessed by the tax authorities were as follows:

<u>Year of assessed</u>	<u>Company</u>
2019	CEC, and CDC
2023	PDC, HDEC, CCLC, CXC, CCD (2021 not yet assessed), BWC, LHC, NSC, SDC and CTC

(vi) Global minimum top-up tax

The Group's 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.

The Group's had subsidiaries registered in Malaysia and Hong Kong, where local governments have enacted or substantively enacted legislation regarding the Pillar Two Income Tax Act, which took effect from January 1, 2025. The Group assessed that it did not have a significant impact on its consolidated financial statement for the year ended December 31, 2025. The Group will continue to monitor the impact of the Pillar Two Income Tax Act on its future financial performance.

(y) Capital and other equity

As of December 31, 2025 and 2024, 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, 2025	December 31, 2024
Additional paid-in capital	\$ 6,397,913	6,397,913
Treasury share transactions	406,518	406,518
Change in ownership interests in subsidiaries	79,584	79,584
Others	3	-
	\$ 6,884,018	6,884,015

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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 Accounting Standards increased its retained earnings by \$4,448,666 thousand, which were resulted from unrealized revaluation increments, exchange differences on translation of foreign financial statements, and the fair value of investment properties being used as the cost on initial recognitions at the transition date, as well as the amount of \$2,592,640 thousand being appropriated to special reserve according to Ruling issued by the FSC. The aforementioned special reserve may be reversed in proportion with the usage, disposal, or reclassification of the related assets, and then, be distributed afterwards. In the first quarter of 2024, the Company reclassified \$1,355,143 thousand to retained earnings due to the realization of assets. As of December 31, 2025 and 2024, the special reserve related to all IFRSs adjustments amounted to \$907,090 thousand.

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earning distribution. The amount to be reclassified should equal the current-period total net reduction of other stockholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other stockholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other stockholders' equity shall qualify for additional distributions.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2024 and 2023 had been approved during the board meeting on March 5, 2025, and March 8, 2024, respectively. The other distributions on the appropriations of earnings for 2024 and 2023 had been approved during the shareholders' meeting on June 17, 2025 and June 3, 2024, respectively. The relevant dividend distributions to shareholders were as follows:

	2024		2023	
	Amount per share (NT dollars)	Total Amount	Amount per share (NT dollars)	Total Amount
Dividends distributed to common shareholders:				
Cash	\$ 1.05	864,377	1.50	1,234,824

(iii) Other equity

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance at January 1, 2025	\$ (499,349)	2,195,614	1,592	1,697,857
Exchange differences on foreign operations	(226,702)	-	-	(226,702)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	186,345	-	186,345
Change in fair value of hedging instrument	-	-	4,021	4,021
Balance at December 31, 2025	\$ (726,051)	2,381,959	5,613	1,661,521
Balance at January 1, 2024	\$ (673,352)	2,527,444	(20,543)	1,833,549
Exchange differences on foreign operations	254,951	-	-	254,951
Disposal of subsidiaries	(80,948)	-	-	(80,948)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	(331,830)	-	(331,830)
Change in fair value of hedging instrument	-	-	22,135	22,135
Balance at December 31, 2024	\$ (499,349)	2,195,614	1,592	1,697,857

(z) Earnings per share

(i) Basic earnings per share

The details on the calculation of basic earnings per share as of December 31, 2025 and 2024 was based on net income attributable to ordinary shareholders of the Company amounted to \$1,481,364 thousand, and \$1,174,632 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

	2025	2024
Net income attributable to ordinary shareholders	\$ 1,481,364	1,174,632

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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2) Weighted average number of ordinary shares

	2025	2024
Weighted average number of ordinary shares, at December 31	<u>\$ 823,216</u>	<u>823,216</u>

(ii) Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2025 and 2024 was based on net income attributable to ordinary shareholders of the Company amounted to \$1,481,364 thousand and \$1,174,632 thousand, respectively; and the weighted average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares of 823,617 thousand and 823,507 thousand, respectively. The related calculations are as follows:

1) Net income attributable to ordinary shareholders

	2025	2024
Net income attributable to ordinary shareholders	<u>\$ 1,481,364</u>	<u>1,174,632</u>

2) Weighted average number of ordinary shares (Diluted)

	2025	2024
Weighted average number of ordinary shares (Basic)	<u>\$ 823,216</u>	<u>823,216</u>
Effect of the employee share bonuses	<u>401</u>	<u>291</u>
Weighted average number of ordinary shares (Diluted) at December 31	<u>\$ 823,617</u>	<u>823,507</u>

(aa) Revenue from contracts with customers

(i) Disaggregation of revenue

	2025			
	Construction Engineering	Real Estate Development	Environmental Project Development & Water Treatment	Total
Primary geographical markets:				
Taiwan	\$ 19,364,918	6,152,488	7,723,639	33,241,045
Other	<u>49,623</u>	<u>1,087,641</u>	<u>-</u>	<u>1,137,264</u>
	<u>\$ 19,414,541</u>	<u>7,240,129</u>	<u>7,723,639</u>	<u>34,378,309</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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	2025			
	Construction Engineering	Real Estate Development	Environmental Project Development & Water Treatment	Total
Main products:				
Construction engineering	\$ 19,307,248	-	-	19,307,248
Environmental project development & water treatment	-	-	7,723,639	7,723,639
Real estate revenue	-	6,149,828	-	6,149,828
Rental revenue	18,462	156,227	-	174,689
Other	88,831	934,074	-	1,022,905
	<u>\$ 19,414,541</u>	<u>7,240,129</u>	<u>7,723,639</u>	<u>34,378,309</u>
	2024			
	Construction Engineering	Real Estate Development	Environmental Project Development & Water Treatment	Total
Primary geographical markets:				
Taiwan	\$ 17,852,165	3,849,419	7,872,172	29,573,756
Other	38,102	1,089,519	-	1,127,621
	<u>\$ 17,890,267</u>	<u>4,938,938</u>	<u>7,872,172</u>	<u>30,701,377</u>
Main products:				
Construction engineering	\$ 17,837,145	-	-	17,837,145
Environmental project development & water treatment	-	-	7,872,005	7,872,005
Real estate revenue	-	3,928,049	-	3,928,049
Rental revenue	20,486	146,093	167	166,746
Other	32,636	864,796	-	897,432
	<u>\$ 17,890,267</u>	<u>4,938,938</u>	<u>7,872,172</u>	<u>30,701,377</u>

(ii) Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Notes receivable	\$ -	605	684
Accounts receivable (including long-term accounts receivable)	10,820,275	9,606,713	8,854,396
Less: Allowance for impairment	-	-	-
Total	<u>\$ 10,820,275</u>	<u>9,607,318</u>	<u>8,855,080</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Contract assets-construction engineering	\$ 847,765	1,053,089	1,048,756
Contract assets-retention receivables	<u>4,012,372</u>	<u>4,039,627</u>	<u>4,192,736</u>
Total	<u>\$ 4,860,137</u>	<u>5,092,716</u>	<u>5,241,492</u>
Contract liabilities-construction engineering	\$ 6,828,427	4,955,614	5,072,341
Contract liabilities-environment project development & water treatment	168,509	257,861	-
Contract liabilities-advance real estate receipts	6,269,936	5,601,364	2,578,879
Contract liabilities-advance rent receipts	<u>611</u>	<u>3,126</u>	<u>12,009</u>
Total	<u>\$ 13,267,483</u>	<u>10,817,965</u>	<u>7,663,229</u>

- 1) Please refer to Note 6(e) for the accounts receivable and allowance for impairment.
- 2) Please refer to Note 6(t) for the onerous contracts.
- 3) The amounts of revenue recognized for the years ended December 31, 2025 and 2024 that were included in the contract liability balance at the beginning of the year were \$1,647,367 thousand and \$452,279 thousand, respectively.
- 4) Please refer to Note 9 for the amounts of the above contracts.

(ab) Remuneration for employees and directors

The Company resolved at the shareholders' meeting to amend the Company's Articles of Incorporation on June 17, 2025. Under the revised Articles of Incorporation, remuneration for employees and directors is appropriated at the rate of 0.5% (of which 0.1% shall be reserved specifically for non-executive employees) and a rate of no more than 0.5%, respectively, if there is a profit for the year. The Company should make up for its prior year's accumulated deficit before any appropriation of profits. Employees of subsidiaries may also be entitled to the employee remuneration in the form of cash or stock. Based on the Company's articles of incorporation prior to the amendment, remuneration for employees and directors is appropriated at the rate of 0.5% and a rate of no more than 0.5%, respectively, of the income before tax. The Company should make up its prior year's accumulated deficit before any appropriation of profits. Employees of subsidiaries may also be entitled to the employee remuneration in the form of cash or stock.

For the years ended December 31, 2025 and 2024, the Company estimated its employee remuneration to be \$8,117 (of which \$1,623 thousand is remuneration for non-executive employees) thousand and \$6,772 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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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There were no differences between the actual and the estimated amounts of remunerations to employees and directors in 2025 and 2024. Related information is available on the Market Observation Post System (MOPS).

(ac) Non-operating income and expenses

(i) Interest income

	For the years ended December 31	
	2025	2024
Interest income from financial institutions	\$ 104,494	83,666
Other interest income	31,134	28,128
	\$ 135,628	111,794

(ii) Other income

	For the years ended December 31	
	2025	2024
Dividend income	\$ 159,146	215,958
Income from counter-party default	2,845	592
Gain on overdue payables written off	2,216	883
Other income-other	33,770	42,823
	\$ 197,977	260,256

(iii) Other gains and losses

	For the years ended December 31	
	2025	2024
Net gain(losses) on disposals of property, plant and equipment	\$ 1,675	(191)
Net gains on disposals of investment properties	111,135	57,534
Gains on disposals of investments	-	80,948
Net foreign exchange gains (losses)	205,358	136,067
Reversal of impairment loss	298,753	-
Other losses	(10,232)	(71,538)
	\$ 606,689	202,820

(iv) Financial costs

	For the years ended December 31	
	2025	2024
Interest expenses-borrowings	\$ 1,117,499	941,298
Interest expenses-bonds payables (including amortization expenses)	24,392	24,392
Interest expenses-lease liabilities	4,743	3,133
Less: capitalized interest and other	(365,976)	(211,566)
	\$ 780,658	757,257

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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(ad) Financial instruments

(i) Credit risk

1) Credit risk exposure

As of December 31, 2025 and 2024, 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 \$4,200,257 thousand and \$5,175,675 thousand, respectively.

2) Credit risk concentrations

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

3) Receivables of credit risk

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

Other financial assets at amortized cost includes other receivables.

All of these financial assets are considered to have low risk, and thus the impairment provision recognized during the period was limited to 12 months expected losses. There were no recognition or reversal of impairment losses for the years ended December 31, 2025 and 2024.

(ii) Liquidity risk

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

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
December 31, 2025					
Non-derivative financial liabilities					
Secured loans	\$ 22,161,526	25,038,948	2,748,930	16,903,155	5,386,863
Unsecured loans	16,312,614	17,208,953	8,411,593	7,323,641	1,473,719
Short-term notes and bills payable	1,000,000	1,000,000	1,000,000	-	-
Bonds payable (including current portion)	2,000,000	2,011,000	2,011,000	-	-
Accounts and notes payable	8,054,835	8,054,835	4,407,145	3,506,521	141,169
Other payables	2,645,442	2,645,442	1,392,909	1,252,533	-
Guarantee deposit received	93,807	93,807	2,297	80,405	11,105
Long-term accounts payable	125,885	125,885	-	125,885	-
Lease liabilities	211,016	221,306	78,366	134,932	8,008
	<u>\$ 52,605,125</u>	<u>56,400,176</u>	<u>20,052,240</u>	<u>29,327,072</u>	<u>7,020,864</u>
December 31, 2024					
Non-derivative financial liabilities					
Secured loans	\$ 21,242,133	23,851,821	3,657,705	14,903,046	5,291,070
Unsecured loans	12,766,538	13,489,509	6,318,528	7,170,981	-
Short-term notes and bills payable	200,000	200,000	200,000	-	-
Bonds payable	1,999,278	2,022,000	11,000	2,011,000	-
Accounts and notes payable	6,992,556	6,992,556	3,830,502	2,996,663	165,391
Other payables	2,391,251	2,391,251	1,280,224	1,111,027	-
Guarantee deposit received	85,674	85,674	963	76,723	7,988
Long-term accounts payable	131,314	131,314	-	131,314	-
Lease liabilities	136,934	142,431	70,970	64,569	6,892
	<u>\$ 45,945,678</u>	<u>49,306,556</u>	<u>15,369,892</u>	<u>28,465,323</u>	<u>5,471,341</u>

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

	<u>December 31, 2025</u>			<u>December 31, 2024</u>			
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	
Financial Assets							
<u>Monetary items</u>							
USD : NTD	\$	12,212	31.4300	383,816	16,282	32.7850	533,788
HKD : NTD		13,348	4.0380	53,898	8,235	4.2220	34,769
MYR : NTD		136,914	7.7357	1,059,128	138,214	7.3389	1,014,343
INR : NTD		517,172	0.3495	180,752	517,172	0.3829	198,025
USD : MYR		353	4.0610	11,089	343	4.4755	11,243
Financial Liabilities							
<u>Monetary items</u>							
USD : MYR		20,378	4.0610	640,465	21,450	4.4755	703,238

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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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, 2025 and 2024 would have increased or decreased the income before tax by \$8,770 thousand and by \$8,240 thousand, and the equity by \$1,712 thousand and \$2,649 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, 2025 and 2024, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$205,358 thousand and \$136,067 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 \$320,886 thousand and \$297,701 thousand for the years ended December 31, 2025 and 2024, respectively, with all other variable factors remain constant. This is mainly due to the Group's borrowing at variable rates.

(v) Other market price risk

The sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

<u>Price of securities at the reporting date</u>	<u>For the years ended December 31</u>			
	<u>2025</u>		<u>2024</u>	
	<u>Other comprehensive Income after tax</u>	<u>Net Income</u>	<u>Other comprehensive Income after tax</u>	<u>Net Income</u>
Increase 1%	<u>\$ 32,262</u>	<u>10,689</u>	<u>30,398</u>	<u>10,689</u>
Decrease 1%	<u>\$ (32,262)</u>	<u>(10,689)</u>	<u>(30,398)</u>	<u>(10,689)</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

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, 2025 and 2024.

4) The movement of Level 3

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income
	Non-derivative financial assets mandatorily measured at fair value through profit or loss	Equity instruments without quoted market price
Balance at January 1, 2025	\$ 1,068,858	752,190
In other comprehensive income	-	(3,435)
Balance at December 31, 2025	<u>\$ 1,068,858</u>	<u>748,755</u>
Balance at January 1, 2024	\$ 1,068,858	704,460
In other comprehensive income	-	47,730
Balance at December 31, 2024	<u>\$ 1,068,858</u>	<u>752,190</u>

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

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

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

<u>Item</u>	<u>Valuation Technique</u>	<u>Significant unobservable input</u>	<u>Relationship between input and fair value</u>
Financial assets at fair value through profit or loss-equity investments without an active market	Discounted cash flow method	· Return on equity (December 31, 2025 and 2024 were 12.0408% and 11.0732%, 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, 2025 and 2024 were 17.72 and 17.61, respectively) · Market illiquidity discount (December 31, 2025 and 2024 were 80% and 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, 2025 and 2024 were 0%) · Weighted average cost of capital (December 31, 2025 and 2024 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:

	<u>Input</u>	<u>Change up or down</u>	<u>Profit or loss</u>		<u>Other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
December 31, 2025						
Financial assets at fair value through profit or loss						
Equity instruments without an active market	Return on equity	1%	\$ 3,363	(3,348)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market liquidity discount	5%	\$ -	-	46,368	(46,368)
Equity instruments without an active market	Weighted average cost of capital	1%	\$ -	-	304	(288)

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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	Input	Change up or down	Profit or loss		Other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
December 31, 2024						
Financial assets at fair value through profit or loss						
Equity instruments without an active market	Return on equity	1%	\$ 3,799	(3,780)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market liquidity discount	5%	\$ -	-	49,858	(49,858)
Equity instruments without an active market	Weighted average cost of capital	1%	\$ -	-	192	(181)

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

(ae) Financial risk management

(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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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, 2025 and 2024, the Group's construction guarantee for other construction company amounted to \$0.

(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, 2025 and 2024 ,please refer to Note 6(o) and (r) for unused credit limit.

(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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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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, 2025 and 2024, financial liabilities exposed to cash flow interest rate risk are amounted to \$16,488,060 thousand and \$12,040,788 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.

(af) 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, 2025 and 2024 were as follows:

	December 31, 2025	December 31, 2024
Total liabilities	\$ 67,539,001	57,656,154
Less: cash and cash equivalents	<u>(11,574,752)</u>	<u>(7,084,267)</u>
Net debt	55,964,249	50,571,887
Total equity	<u>29,307,954</u>	<u>29,735,003</u>
Adjusted capital	<u>\$ 85,272,203</u>	<u>80,306,890</u>
Debt to equity ratio	<u>65.63%</u>	<u>62.97%</u>

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

- (i) Please refer to Note 6(l) for the acquisition right-of-use assets by leasing.
- (ii) Reclassification of assets:

	For the years ended December 31	
	2025	2024
Prepayments for business facilities reclassified to property, plant and equipment	\$ 65,452	62,424
Investment properties reclassified to inventories	-	4,729,055
Investment properties reclassified to property, plant and equipment	-	403,798
	\$ 65,452	5,195,277

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

	January 1, 2025	Cash flows	Non-cash changes			December 31, 2025
			Foreign exchange movement	Other	Changes in lease payments	
Short-term borrowings	\$ 21,976,838	259,523	(229,634)	(6,129)	-	22,000,598
Long-term borrowings (including due within one year)	12,031,833	4,481,340	(34,068)	(5,563)	-	16,473,542
Lease liabilities	136,934	(94,194)	(620)	-	168,896	211,016
Bonds payable (including due within one year)	1,999,278	-	-	722	-	2,000,000
	\$ 36,144,883	4,646,669	(264,322)	(10,970)	168,896	40,685,156

	January 1, 2024	Cash flows	Non-cash changes			December 31, 2024
			Foreign exchange movement	Other	Changes in lease payment	
Short-term borrowings	\$ 15,865,691	5,844,745	287,852	(21,450)	-	21,976,838
Long-term borrowings (including due within one year)	11,459,928	521,362	49,735	808	-	12,031,833
Lease liabilities	138,424	(77,714)	57	-	76,167	136,934
Bonds payable	1,998,555	-	-	723	-	1,999,278
	\$ 29,462,598	6,288,393	337,644	(19,919)	76,167	36,144,883

(Continued)

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions

(a) Parent Group and Ultimate Controlling Party

Montrion Corporation is the parent company of the Group.

(b) Names and relationship with related parties

<u>Name of related party</u>	<u>Relationship with the Group</u>
CTCI-HDEC (Chungli) Corp. (CTCI-HDEC)	Investment for using equity method (Associate)
Fanlu Construction Industry Co., Ltd. (Fanlu)	Investment for using equity method (Associate)
Han-De Construction Co., LTD	Other related party
Wei-Dar Development Co., Ltd.	Other related party
Metropolis Property Management Corporation	Other related party
TSRC Corporation	Other related party
WFV Corporation	Other related party
Hao Ran Foundation	Other related party
La Mer Corporation	Other related party
Wang o Fan	Other related party

(c) Significant transaction with related parties

(i) Contracted construction

<u>2025</u>	<u>Total Contract Amount (Before tax)</u>	<u>Current Amount</u>	<u>Accumulated Amount</u>
Associate (CTCI-HDEC)	\$ <u>9,442,055</u>	<u>179,043</u>	<u>1,499,280</u>
Associate (Fanlu)	\$ <u>2,015,271</u>	<u>100,244</u>	<u>1,990,256</u>
Other related parties	\$ <u>18,403</u>	<u>2,144</u>	<u>2,144</u>
<u>2024</u>	<u>Total Contract Amount (Before tax)</u>	<u>Current Amount</u>	<u>Accumulated Amount</u>
Associate (CTCI-HDEC)	\$ <u>6,607,731</u>	<u>346,697</u>	<u>1,320,237</u>
Associate (Fanlu)	\$ <u>2,015,271</u>	<u>657,551</u>	<u>1,890,012</u>

According to contracted construction regulations, the construction contract price is determined based on the budget of each construction, plus reasonable administrative handling fees. The amount shall be approved by the management team.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Labor services revenue

	For the years ended December 31	
	2025	2024
Associates	\$ 44,893	38,961

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

	For the years ended December 31	
	2025	2024
Associates	\$ 11,392	9,795
Other related parties	6,817	10,461
	\$ 18,209	20,256

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

	For the years ended December 31	
	2025	2024
Other related parties	\$ 186	137

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, 2025	December 31, 2024
Associates	\$ 219,943	211,418

(vi) Receivables from related parties

	December 31, 2025	December 31, 2024
Accounts receivable-Other related parties	\$ -	1,071
Accounts receivable-Associates	21,394	39,258
Other receivables-Other related parties	79	79
Other receivables-Associates	4,196	7,570
	\$ 25,669	47,978

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Payables to related parties

	December 31, 2025	December 31, 2024
Other payables-Other related parties	<u>\$ 494</u>	<u>433</u>

(viii) Rental

1) Rental revenues

	For the years ended December 31	
	2025	2024
Other related parties	<u>\$ 3,107</u>	<u>3,087</u>

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

2) Rental costs

The Group leased an office building and a warehouse from other related parties. For the years ended December 31, 2025 and 2024, the Group recognized the amount of \$208 thousand and \$286 thousand as interest expenses, respectively. As of December 31, 2025 and 2024, the balance of lease liabilities amounted to \$9,140 thousand and \$13,565 thousand, respectively.

(ix) Transaction of properties

In March 2024, the Group sold transportation equipment to other related parties for \$495 thousand (before tax), without losses on disposal of assets, wherein the full amount had been fully collected as of the reporting date.

(x) Endorsements and Guarantees

	Guarantee classification	December 31, 2025	December 31, 2024
Associate (CTCI-HDEC)	Guarantee for bank loans	<u>\$ 3,003,257</u>	<u>3,089,675</u>
Associate (Fanlu)	Guarantee for bank loans	<u>1,197,000</u>	<u>2,086,000</u>
		<u>\$ 4,200,257</u>	<u>5,175,675</u>

(xi) Other

1) Interest revenues

	For the years ended December 31	
	2025	2024
Associates	<u>\$ 4,127</u>	<u>5,120</u>

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
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2) Other expenses

For the years ended December 31

	2025	2024
Other related parties	\$ 34,217	33,087

3) Other income

For the years ended December 31

	2025	2024
Associates	\$ 10,470	10,089
Other related parties	155	154
	\$ 10,625	10,243

- 4) In June 2024, the Group subscribed for 5,194,000 new shares from its associate, CTCI-HDEC, totaling \$51,940 thousand.

(d) Key Management Personnel Transaction

For the years ended December 31

	2025	2024
Short-term employee benefits	\$ 206,312	178,625

As of December 31, 2025 and 2024, the Group provides 19 vehicles at a cost of \$36,076 thousand and 17 vehicles at a cost of \$30,113 thousand, respectively, for the key management personnel.

(8) Assets pledged as security

Asset	Purpose of pledge	December 31, 2025	December 31, 2024
Inventories (development corp.)	Loan collateral	\$ 22,869,592	22,139,040
Restricted deposits (other current assets)	Time deposits collateral	202,983	129,110
Property, plant and equipment	Loan collateral and construction guarantee	7,989,291	8,588,568
Investment properties, net	Loan collateral and construction guarantee	2,316,131	2,326,807
Total		\$ 33,377,997	33,183,525

(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, 2025	December 31, 2024
Total sales of completed construction and real estate	\$ 25,859,217	26,431,468
Receipts based on the contracts	\$ 6,269,936	5,601,364

- (ii) As of December 31, 2025 and 2024, the Group has entered into contracts for the purchase of land but for which it has not received the legal title amounted to \$0 thousand and \$1,497,287 thousand, within which, \$0 thousand and \$274,925 thousand had been paid.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (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, 2025	December 31, 2024
Total contract amount – NTD	\$ 231,091,253	192,841,434
– INR	35,135,402	35,084,322
– HKD	4,162,626	4,162,379
– MOP	853,803	853,803
Accumulated billing amount	146,349,457	143,549,241

- (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.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 7) The Group's construction and operation contracts with the government were as follows:

<u>The subsidiary as an operator</u>	<u>Location</u>	<u>Grantor</u>	<u>Agreement type</u>	<u>Concession period</u>
NSC	Danshui area	New Taipei City	BOT of wastewater	May 2005~ May 2040
PDC	Pu Ding area	Taoyuan City	BOT of wastewater	January 2021~December 2055
BWC	Kaohsiung area	Kaohsiung City	BTO of wastewater reclamation and reuse	August 2016~August 2033
LHC	Kaohsiung area	Kaohsiung City	BTO of wastewater reclamation and reuse	October 2018~December 2036
CTC	Kaohsiung area	Kaohsiung City	BTO of wastewater reclamation and reuse	October 2022~October 2040
CXC	Tainan area	Tainan City	BOT of incineration plant	February 2023~February 2048

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Outstanding stand by letter of credit	<u>\$ 121,359</u>	<u>194,446</u>

- (b) Contingent liability:

- (i) As of December 31, 2025 and 2024, the Group provided promissory notes for contract performance, issuance of commercial paper, and construction warranty, amounted to \$76,904,002 thousand and \$60,740,048 thousand, respectively.
- (ii) As of December 31, 2025 and 2024, promissory notes receivable for construction contracts amounted to \$17,719,737 thousand and \$16,730,887 thousand, respectively.

- (c) Other

- (i) In April 2005, the Group filed a lawsuit against Kao Nan Region Construction Office for the East West Expressway (Kao Nan), demanding for the compensation fee of \$466,671 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. In September 2025, the Taiwan High Court Kaohsiung Branch, in its second retrial judgment, ordered Kao Nan's engineering department to pay the Group a total of \$229,791 thousand, with interest to be calculated separately. Both the Group and Kao Nan have appealed to the Supreme Court, wherein the case was still in progress as of the reporting date.

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) In the Indian Metro project of “Design and construction of TBM tunnel and underground stations bw chandpole, Badi chouper and reversal line”, the Group 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 \$226,026 thousand (INR\$646,713 thousand) that guaranteed by the bank for the Group on April 5, 2024. In order to maintain a good creditworthiness record, the Group provided the guarantee bond (recorded as other receivable) to the bank, wherein JMRC was able to receive the whole amount on April 8, 2024. The aforementioned project has started operations in September 2020. The Group 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, the Group is not convinced by JMRC's reasons for requesting the encashment of the guarantee bond. As of December 31, 2025, the Group continued to request JMRC to return the project guarantee in accordance with the ICC international arbitration procedures.

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other

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

	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	1,800,246	974,262	2,774,508	1,716,317	892,111	2,608,428
Labor and health	165,138	72,036	237,174	142,992	62,673	205,665
Pension	68,102	43,884	111,986	61,612	40,084	101,696
Others	241,575	129,356	370,931	210,581	98,857	309,438
Depreciation	408,099	64,280	472,379	492,159	53,957	546,116
Amortization	78,496	-	78,496	72,607	-	72,607

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CONTINENTAL HOLDINGS CORPORATION
Notes to Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions

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

(i) Loans provided to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 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	CDC	Other receivables	Yes	300,000	-	-		2	-	Replenish working capital	-	-	-	5,567,051	11,134,101
0	CHC	CDC	Other receivables	Yes	500,000	500,000	500,000	2.05%	2	-	Replenish working capital	-	-	-	5,567,051	11,134,101
0	CHC	CDC	Other receivables	Yes	300,000	300,000	300,000	2.05%	2	-	Replenish working capital	-	-	-	5,567,051	11,134,101
1	CDC	950 Investment LLC	Other receivables	Yes	243,583	243,583	-	5.000%	2	-	Loan Repayment	-	-	-	6,786,472	6,786,472
1	CDC	Bangsar Rising Sdn. Bhd	Other receivables	Yes	334,182	334,182	324,899	2.00%	2	-	Land purchases and operation requirements	-	-	-	6,786,472	6,786,472
1	CDC	MEGA Capital Development Sdn. Bhd.	Other receivables	Yes	920,116	920,116	734,210	2.00%	2	-	Land purchases and operation requirements	-	-	-	6,786,472	6,786,472
1	CDC	Grand River D.Limited	Other receivables	No	1,218,595	1,218,595	1,144,588	2.525%	2	-	Operation requirements	-	-	-	6,786,472	6,786,472
2	CEC	CDC	Other receivables	Yes	1,000,000	1,000,000	1,000,000	Taibor+0.5%	2	-	Operation requirements	-	-	-	3,405,033	3,405,033
3	CDC US Corporation	950 Investment LLC	Other receivables	Yes	506,377	479,308	479,308	5.00%	2	-	Loan Repayment	-	-	-	1,520,402	1,520,402
3	CDC US Corporation	950 Investment LLC	Other receivables	Yes	233,924	233,924	66,836	5.00%	2	-	Operation requirements	-	-	-	1,520,402	1,520,402

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: \$27,835,253 thousand \times 40% = 11,134,101 thousand

Maximum amount of loans provided to a single business enterprise is limited to 20% of net equity value: \$27,835,253 thousand \times 20% = 5,567,051 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: \$16,966,180 thousand \times 40% = 6,786,472 thousand

Maximum amount of loans provided to a single business enterprise is limited to 40% of net equity value: \$16,966,180 thousand \times 40% = 6,786,472 thousand

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

CEC:

Maximum amount of loans is limited to 40% of net equity value: \$8,512,583 thousand \times 40% = 3,405,033 thousand

Maximum amount of loans provided to a single business enterprise is limited to 40% of net equity value: \$8,512,583 thousand \times 40% = 3,405,033 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 US Corporation:

Maximum amount of loans is limited to 40% of net equity value: \$3,801,006 thousand \times 40% = 1,520,402 thousand

Maximum amount of loans provided to a single business enterprise is limited to 40% of net equity value: \$3,801,006 thousand \times 40% = 1,520,402 thousand

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

Note 3: Financing purposes:

- 1) Business dealings: 1
- 2) Short-term financing needs: 2

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Maximum amount of guarantees and endorsements for a specific enterprise	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements over net worth in the latest financial statements	Maximum amount of guarantees and endorsements	Parent company'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	HDEC	2	111,341,012	4,320,882	3,509,736	1,614,436	-	12.61 %	111,341,012	Y	N	N
0	CHC	CEC	2	111,341,012	15,908,701	14,551,830	6,428,300	-	52.28 %	111,341,012	Y	N	N
1	CEC	CDC	4 and 7	17,025,166	1,071,000	-	-	-	- %	17,025,166	N	N	N
2	CDC	950 Property LLC	2 and 6	33,932,360	1,005,760	1,005,760	706,625	-	5.93 %	33,932,360	N	N	N
2	CDC	CDC US Corporation	2	33,932,360	166,025	157,150	-	-	0.93 %	33,932,360	N	N	N
2	CDC	CCD	2	33,932,360	1,885,000	1,885,000	1,885,000	-	11.11 %	33,932,360	N	N	N
2	CDC	950 Hotel Property LLC & 950 Retail Property LLC	2 and 6	33,932,360	2,165,630	-	-	-	- %	33,932,360	N	N	N
2	CDC	950 Investment LLC	2 and 6	33,932,360	1,562,966	1,562,966	1,481,649	-	9.21 %	33,932,360	N	N	N
2	CDC	BANGSAR RISING SDN. BHD	2 and 6	33,932,360	194,940	194,940	20,772	-	1.15 %	33,932,360	N	N	N

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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										
2	CDC	MEGA Capital Development Sdn. Bhd.	2 and 6	33,932,360	413,651	391,539	352,256	-	2.31 %	33,932,360	N	N	N
2	CDC	Fanlu	6	33,932,360	2,086,000	1,197,000	1,190,000	-	7.06 %	33,932,360	N	N	N
3	CCD	CDC	3	10,421,616	5,250,000	5,250,000	2,623,472	4,729,055	201.50 %	10,421,616	N	N	N
4	HDEC	NSC	2	49,256,840	2,495,000	2,395,000	1,590,000	-	38.90 %	49,256,840	N	N	N
4	HDEC	PDC	2	49,256,840	2,045,000	2,045,000	1,327,500	-	33.21 %	49,256,840	N	N	N
4	HDEC	CTC	2	49,256,840	3,100,000	3,100,000	2,021,849	-	50.35 %	49,256,840	N	N	N
4	HDEC	CXC	2	49,256,840	4,900,100	4,900,100	4,560,000	-	79.58 %	49,256,840	N	N	N
4	HDEC	LHC	2 and 6	49,256,840	1,100,000	770,000	679,795	-	12.51 %	49,256,840	N	N	N
4	HDEC	BWC	2 and 6	49,256,840	229,500	127,500	25,500	-	2.07 %	49,256,840	N	N	N
4	HDEC	CTCI-HDEC	6	49,256,840	3,089,675	3,003,257	1,494,140	-	48.78 %	49,256,840	N	N	N
4	HDEC	CEC	4 and 5	49,256,840	183,586	-	-	-	- %	49,256,840	N	N	N
4	HDEC	CDC	4	49,256,840	1,251,600	1,251,600	1,022,470	-	20.33 %	49,256,840	N	N	N
5	SDC	HDEC	3	1,162,520	100	100	100	-	0.07 %	1,162,520	N	N	N
5	SDC	NSC	4	1,162,520	200	200	200	-	0.14 %	1,162,520	N	N	N
6	950 Investment LLC	950 Hotel Property LLC	2	3,809,156	66,410	62,860	58,669	-	3.30 %	3,809,156	N	N	N
7	950 Hotel Property LLC	950 Investment LLC	3	9,194,016	2,104,095	2,104,095	1,994,625	4,677,789	45.77 %	9,194,016	N	N	N
8	950 Retail Property LLC	950 Investment LLC	3	443,324	100,905	100,905	95,655	221,580	45.52 %	443,324	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: \$27,835,253 thousand \times 4 = \$111,341,012 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: \$27,835,253 thousand \times 4 = \$111,341,012 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: \$8,512,583 thousand \times 6 = \$51,075,498 thousand

The total amount of endorsements/guarantees provided to a single business is limited to three times the net equity value in accordance with the Company's most recent financial statements: \$8,512,583 thousand \times 3 = \$25,537,749 thousand

According to the policy of CEC, the total amount of endorsements/guarantees is limited to two times the net equity value in accordance with the Company's most recent financial statements except in the event of joint liability in joint ventures with other companies in the same industry: \$8,512,583 thousand \times 2 = \$17,025,166 thousand

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The total amount of endorsements/guarantees provided to a single business is limited to two times the net equity value in accordance with the Company's most recent financial statements: $\$8,512,583 \text{ thousand} \times 2 = \$17,025,166 \text{ thousand}$

According to the policy of CDC, the total amount of endorsements/guarantees is limited to two times the net equity value in accordance with the Company's most recent financial statements: $\$16,966,180 \text{ thousand} \times 2 = \$33,932,360 \text{ thousand}$

The total amount of endorsements/guarantees provided to a single business is limited to two times the net equity value in accordance with the Company's most recent financial statements: $\$16,966,180 \text{ thousand} \times 2 = \$33,932,360 \text{ thousand}$

According to the policy of CCD the total amount of endorsements/guarantees is limited to four times the net equity value in accordance with the Company's most recent financial statements: $\$2,605,404 \text{ thousand} \times 4 = \$10,421,616 \text{ thousand}$

The total amount of endorsements/guarantees provided to a single business is limited to four times the net equity value in accordance with the Company's most recent financial statements: $\$2,605,404 \text{ thousand} \times 4 = \$10,421,616 \text{ thousand}$

According to the policy of HDEC, the total amount of endorsements/guarantees is limited to eight times the net equity value in accordance with the Company's most recent financial statements: $\$6,157,105 \text{ thousand} \times 8 = \$49,256,840 \text{ thousand}$

The total amount of endorsements/guarantees provided to a single business is limited to eight times the net equity value in accordance with the Company's most recent financial statements: $\$6,157,105 \text{ thousand} \times 8 = \$49,256,840 \text{ thousand}$

According to the policy of SDC, the total amount of endorsements/guarantees is limited to eight times the net equity value in accordance with the Company's most recent financial statements: $\$145,315 \text{ thousand} \times 8 = \$1,162,520 \text{ thousand}$

The total amount of endorsements/guarantees provided to a single business is limited to eight times the net equity value in accordance with the Company's most recent financial statements: $\$145,315 \text{ thousand} \times 8 = \$1,162,520 \text{ thousand}$

According to the policy of 950 Investment LLC, 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: $\$1,904,578 \text{ thousand} \times 2 = \$3,809,156 \text{ thousand}$

The total amount of endorsements/guarantees provided to a single business is limited to two times the net equity value in accordance with the Company's most recent financial statements: $\$1,904,578 \text{ thousand} \times 2 = \$3,809,156 \text{ thousand}$

According to the policy of 950 Hotel Property LLC, 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: $\$4,597,008 \text{ thousand} \times 2 = \$9,194,016 \text{ thousand}$

The total amount of endorsements/guarantees provided to a single business is limited to two times the net equity value in accordance with the Company's most recent financial statements: $\$4,597,008 \text{ thousand} \times 2 = \$9,194,016 \text{ thousand}$

According to the policy of 950 Retail Property LLC, 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: $\$221,662 \text{ thousand} \times 2 = \$443,324 \text{ thousand}$

The total amount of endorsements/guarantees provided to a single business is limited to two times the net equity value in accordance with the Company's most recent financial statements: $\$221,662 \text{ thousand} \times 2 = \$443,324 \text{ thousand}$

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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, 2025 (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	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	2,477,395	6.15 %	2,477,395	6.15 %	
CEC	Xinrong Enterprise	-	Non-current financial assets at fair value through other comprehensive income	12,256,347	741,895	8.45 %	741,895	8.45 %	
CEC	Taipei Metro Consulting Service Ltd.	-	Non-current financial assets at fair value through other comprehensive income	300,000	6,860	6.00 %	6,860	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) 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)
CCLC	CEC	Related Party of the Company	Construction contract	(175,079)	62.30%	Same as those in general transactions	-	-	30,754	89.88%	
CEC	CCLC	Related Party of the Company	Construction project	175,079	0.80%	Same as those in general transactions	-	-	(30,754)	0.51%	
CEC	CDC	Related Party of the Company	Construction contract	(3,902,126)	16.69%	Same as those in general transactions	-	-	780,926	13.75%	

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CONTINENTAL HOLDINGS CORPORATION
Notes to Consolidated Financial Statements

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)	
CDC	CEC	Related Party of the Company	Construction project	3,902,126	31.48%	Same as those in general transactions	-	-	(780,926)	48.26%	
CEC	Fanlu	Associate	Construction contract	(102,463)	0.44%	Same as those in general transactions	-	-	49,590	0.87%	
Fanlu	CEC	Associate	Construction project	102,463	8.93%	Same as those in general transactions	-	-	(49,590)	12.05%	
HDEC	NSC	Parent and subsidiary	Construction contract	(251,308)	5.67%	Same as those in general transactions	-	-	35,441	3.42%	
NSC	HDEC	Parent and subsidiary	Construction project	251,308	66.61%	Same as those in general transactions	-	-	(35,441)	79.08%	
HDEC	PDC	Parent and subsidiary	Construction contract	(199,213)	4.49%	Same as those in general transactions	-	-	94,472	9.10%	
PDC	HDEC	Parent and subsidiary	Construction project	199,213	43.32%	Same as those in general transactions	-	-	(94,472)	63.42%	
HDEC	CXC	Parent and subsidiary	Construction contract	(1,404,927)	31.68%	Same as those in general transactions	-	-	406,769	39.20%	
CXC	HDEC	Parent and subsidiary	Construction project	1,404,927	52.38%	Same as those in general transactions	-	-	(406,769)	60.18%	
HDEC	CTC	Parent and subsidiary	Construction contract	(1,091,011)	24.60%	Same as those in general transactions	-	-	194,198	18.72%	
CTC	HDEC	Parent and subsidiary	Construction project	1,091,011	74.44%	Same as those in general transactions	-	-	(194,198)	98.66%	
HDEC	CTCI-HDEC	Associate	Construction contract	(353,289)	7.97%	Same as those in general transactions	-	-	191,748	18.48%	
CTCI-HDEC	HDEC	Associate	Construction project	353,289	42.72%	Same as those in general transactions	-	-	(191,748)	100.00%	
SDC	HDEC	Parent and subsidiary	Construction contract	(199,523)	41.99%	Same as those in general transactions	-	-	54,948	50.69%	
HDEC	SDC	Parent and subsidiary	Construction project	199,523	5.02%	Same as those in general transactions	-	-	(54,948)	9.14%	
SDC	PDC	Related Party of the Company	Construction contract	(271,087)	57.05%	Same as those in general transactions	-	-	53,458	49.31%	
PDC	CCLC	Related Party of the Company	Construction project	271,087	58.95%	Same as those in general transactions	-	-	(53,458)	35.88%	

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(v) 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 780,926	5.12	-	-	240,223	-
HDEC	CXC	Parent and subsidiary	Accounts receivable 406,769	3.10	-	-	-	-
HDEC	CTC	Parent and subsidiary	Accounts receivable 194,198	4.26	-	-	-	-
HDEC	CTCI-HDEC	Associate	Accounts receivable 191,748	2.44	-	-	114,667	-

(vi) 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	CDC	1	Other receivables	800,422	Same as those in normal transactions	0.83%
				Interest revenues	10,035	Same as those in normal transactions	0.03%
1	CCLC	CEC	3	Operating revenues	175,079	Same as those in normal transactions	0.51%
				Account receivable	30,754	Same as those in normal transactions	0.03%
				Operating revenues	40,501	Same as those in normal transactions	0.12%
				Operating revenues	65,152	Same as those in normal transactions	0.19%
				Account receivable	11,598	Same as those in normal transactions	0.01%
2	CEC	CDC	3	Operating revenues	3,902,126	Same as those in normal transactions	11.35%
				Account receivable	240,223	Same as those in normal transactions	0.25%
				Contract assets	540,703	Same as those in normal transactions	0.56%
				Other receivables	1,001,381	Same as those in normal transactions	1.03%
				Interest revenues	20,913	Same as those in normal transactions	0.06%
				Adminstator expenses	175,079	Same as those in normal transactions	0.51%
				Other payables	30,754	Same as those in normal transactions	0.03%
3	CDC	CHC	2	Other payables	800,422	Same as those in normal transactions	0.83%
				Interest expense	10,035	Same as those in normal transactions	0.03%
				Operating cost	3,902,126	Same as those in normal transactions	11.35%
				Account payable	780,926	Same as those in normal transactions	0.81%
				Other payables	1,001,381	Same as those in normal transactions	1.03%
				Interest expense	20,913	Same as those in normal transactions	0.06%
				Other receivables	966,876	Same as those in normal transactions	1.00%
				Interest revenues	13,830	Same as those in normal transactions	0.04%
				Other receivables	381,671	Same as those in normal transactions	0.39%
				Adminstator expenses	40,501	Same as those in normal transactions	0.12%
		CCD	3	Other-non-current assets	330,000	Same as those in normal transactions	0.34%

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No.	Name of company	Name of counter-party	Relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
3	CDC	CCD	3	Other receivables	13,124	Same as those in normal transactions	0.01%
4	CCD	CDC	3	Guarantee deposits received	330,000	Same as those in normal transactions	0.34%
		CDC	3	Other payables	13,124	Same as those in normal transactions	0.01%
5	MEGA	CDC	3	Other payables	966,876	Same as those in normal transactions	1.00%
		CDC	3	Interest expense	13,830	Same as those in normal transactions	0.04%
6	BANGSAR	CDC	3	Other payables	381,671	Same as those in normal transactions	0.39%
7	HDEC	NSC	3	Operating revenues	251,308	Same as those in normal transactions	0.73%
		NSC	3	Account receivable	31,107	Same as those in normal transactions	0.03%
		NSC	3	Contract assets	4,334	Same as those in normal transactions	-%
		SDC	3	Operating cost	199,523	Same as those in normal transactions	0.58%
		SDC	3	Account payable	54,948	Same as those in normal transactions	0.06%
		PDC	3	Operating revenues	199,213	Same as those in normal transactions	0.58%
		PDC	3	Account receivable	23,140	Same as those in normal transactions	0.02%
		PDC	3	Contract assets	71,332	Same as those in normal transactions	0.07%
		CTC	3	Operating revenues	1,091,011	Same as those in normal transactions	3.17%
		CTC	3	Contract assets	194,198	Same as those in normal transactions	0.20%
		CXC	3	Operating revenues	1,404,927	Same as those in normal transactions	4.09%
		CXC	3	Account receivable	204,919	Same as those in normal transactions	0.21%
		CXC	3	Contract assets	201,850	Same as those in normal transactions	0.21%
		HBS	3	Operating revenues	15,123	Same as those in normal transactions	0.04%
		CCLC	3	Adminstator expenses	65,152	Same as those in normal transactions	0.19%
		CCLC	3	Other payables	11,598	Same as those in normal transactions	0.01%
8	NSC	HDEC	3	Operating cost	251,308	Same as those in normal transactions	0.73%
		HDEC	3	Account payable	35,441	Same as those in normal transactions	0.03%
9	SDC	HDEC	3	Operating revenues	199,523	Same as those in normal transactions	0.58%
		HDEC	3	Account receivable	15,637	Same as those in normal transactions	0.02%
		HDEC	3	Contract assets	39,311	Same as those in normal transactions	0.04%
		PDC	3	Operating revenues	271,087	Same as those in normal transactions	0.79%
		PDC	3	Account receivable	32,291	Same as those in normal transactions	0.03%
		PDC	3	Contract assets	21,167	Same as those in normal transactions	0.02%
10	PDC	HDEC	3	Operating cost	199,213	Same as those in normal transactions	0.58%
		HDEC	3	Account payable	94,472	Same as those in normal transactions	0.09%
		SDC	3	Operating cost	271,087	Same as those in normal transactions	0.79%
		SDC	3	Account payable	53,458	Same as those in normal transactions	0.05%
11	CTC	HDEC	3	Operating cost	1,091,011	Same as those in normal transactions	3.17%
		HDEC	3	Account payable	194,198	Same as those in normal transactions	0.20%
12	CXC	HDEC	3	Operating cost	1,404,927	Same as those in normal transactions	4.09%
		HDEC	3	Account payable	406,769	Same as those in normal transactions	0.42%
13	HBS	HDEC	3	Property, plant and equipment	15,123	Same as those in normal transactions	0.04%

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

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CONTINENTAL HOLDINGS CORPORATION
Notes to Consolidated Financial Statements

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, 2025			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value				
CHC	CEC	Taiwan	Civil, Building and M&E engineering	8,184,583	6,884,583	502,061,987	99.99 % (Note 2)	8,184,975	99.99 % (Note 2)	784,457	721,370	Note 1
CHC	CDC	Taiwan	Real estate development on residential, commercial, hotels and communities	6,220,745	6,220,745	666,733,726	99.99 % (Note 2)	16,966,177	99.99 % (Note 2)	431,713	431,713	Note 1
CHC	HDEC	Taiwan	Environmental project development & Water treatment	2,860,365	2,860,365	436,899,838	99.99 % (Note 3)	6,157,102	99.99 % (Note 3)	626,692	626,692	Note 1
CHC	CCLC	Taiwan	Management consulting	20,000	20,000	-	100.00 %	27,341	100.00 %	2,341	2,341	Note 1
CEC	CEC International Corp. (India) Private Limited	India	Civil and Building engineering	497,839	497,839	73,981,492	100.00 %	13,397	100.00 %	1,628	Disclosure not required	-
CEC	CEC International Malaysia SDN. BHD	Malaysia	Civil and Building engineering	179,257	179,257	22,340,476	85.14 %	5,691	85.14 %	(435)	"	-
CEC	Continental Engineering Corporation(Hong Kong) Limited	Hong Kong	Civil and Building engineering	10,815	10,815	3,000,000	100.00 %	779	100.00 %	(50)	"	-
CDC	BANGSAR RISING SDN. BHD	Malaysia	Real estate development on residential	4,444	4,444	600,000	60.00 %	(58,150)	60.00 %	(35,260)	"	-
CDC	CCD	Taiwan	Real estate development and lease	976,539	976,539	48,198,292	80.65 %	2,101,259	80.65 %	(63,741)	"	-
CDC	Fanlu	Taiwan	Real estate development on residential and hotels	915,950	915,950	91,595,000	35.00 %	651,312	35.00 %	(108,612)	"	-
CDC	MEGA Capital Development SDN. BHD.	Malaysia	Real estate development on hotel	7,375	7,375	825,000	55.00 %	(111,129)	55.00 %	65,507	"	-
CDC	CDC US Corporation	The U.S.	Investment and Holding	5,564,711	4,420,559	5,000,000	100.00 %	3,513,718	100.00 %	(869,300)	"	-
CDC	CDC Asset Management Malaysia Sdn. Bhd.	Malaysia	Management consulting	7,524	7,524	1,000,000	100.00 %	10,828	100.00 %	452	"	-
CDC US Corporation	CDC Investment Management LLC	The U.S.	Investment Management	USD 10	USD 10	USD 10	100.00 %	(19,448)	100.00 %	14,624	"	-
CDC US Corporation	Trimosa Holdings LLC	The U.S.	Investment and Holding	USD 63,530	USD 143,276	USD 63,530	70.88 %	1,347,472	70.88 %	(481,086)	"	-

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2025			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value				
CDC US Corporation	950 Property LLC	The U.S.	Real estate development on residential	USD 63,734	USD -	USD 63,734	100.00 %	1,612,686	100.00 %	(546,464)	Disclosure not required	-
Trimosa Holdings LLC	950 Investment LLC	The U.S.	Investment and Holding	USD 88,468	USD 200,972	USD 88,468	100.00 %	1,904,578	100.00 %	(480,261)	"	-
950 Investment LLC	950 Hotel Property LLC	The U.S.	Hotel industry	USD 194,144	USD 104,290	USD 194,144	100.00 %	4,597,008	100.00 %	(348,692)	"	-
950 Investment LLC	950 Retail Property LLC	The U.S.	Real estate leasing and management	USD 9,660	USD 4,813	USD 9,660	100.00 %	221,662	100.00 %	(20,528)	"	-
950 Hotel Property LLC	950 F&B LLC	The U.S.	Liquor sale	USD 173	USD 169	USD 173	100.00 %	4,850	100.00 %	(190)	"	-
HDEC	SDC	Taiwan	Construction of underground pipeline and environmental protection project, plumbing	119,600	49,600	10,000,000	100.00 %	145,181	100.00 %	36,012	"	-
HDEC	NSC	Taiwan	Environmental project	1,112,000	1,112,000	166,000,000	100.00 %	2,871,590	100.00 %	176,564	"	-
HDEC	BWC	Taiwan	Environmental project	362,100	362,100	37,740,000	51.00 %	460,999	51.00 %	105,397	"	-
HDEC	PDC	Taiwan	Environmental project	540,000	540,000	64,496,000	100.00 %	706,372	100.00 %	49,747	"	-
HDEC	CTCI-HDEC	Taiwan	Environmental project	786,940	786,940	81,046,000	49.00 %	847,162	49.00 %	44,658	"	-
HDEC	LHC	Taiwan	Environmental project	55,000	385,000	6,600,000	55.00 %	150,092	100.00 %	104,880	"	-
HDEC	CTC	Taiwan	Environmental project	1,300,000	850,000	132,005,000	100.00 %	1,311,166	100.00 %	(11,305)	"	-
HDEC	CXC	Taiwan	Environmental project	2,200,000	1,500,000	236,720,000	100.00 %	2,507,316	100.00 %	121,532	"	-
HDEC	HBS	Taiwan	Environmental project	100,000	-	10,000,000	100.00 %	96,161	100.00 %	(409)	"	-
CCLC	CEC	Taiwan	Civil, Building and M&E engineering	1	1	84	- (Note 4)	2	-	784,457	"	-
CCLC	CDC	Taiwan	Real estate development on residential, commercial, hotels and communities	3	3	113	- (Note 4)	3	-	431,713	"	-
CCLC	HDEC	Taiwan	Environmental project development & Water treatment	1	1	162	- (Note 5)	2	-	626,692	"	-

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

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

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

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

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

(c) Information on investment in Mainland China: None

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CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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.

	2025					
	Construction Engineering	Real Estate Development	Environmental project Development & Water Treatment	Investment	Adjustment and write-off	Total
Revenues:						
Segment revenues from external customers	\$ 19,414,541	7,240,129	7,723,639	-	-	34,378,309
Intersegment revenues	3,970,291	-	-	2,063,148	(6,033,439)	-
Total revenues	<u>\$ 23,384,832</u>	<u>7,240,129</u>	<u>7,723,639</u>	<u>2,063,148</u>	<u>(6,033,439)</u>	<u>34,378,309</u>
Reportable segment profit or loss	<u>\$ 784,701</u>	<u>345,594</u>	<u>893,209</u>	<u>1,617,898</u>	<u>(1,845,203)</u>	<u>1,796,199</u>
Assets:						
Investments accounted for using equity method	\$ -	651,312	847,162	31,335,602	(31,335,602)	1,498,474
Capital expenditure	3,902,621	8,914,312	67,944	48,714	22,245	12,955,836
Reportable segment assets	<u>\$ 22,601,421</u>	<u>55,991,725</u>	<u>20,291,523</u>	<u>32,462,436</u>	<u>(34,500,150)</u>	<u>96,846,955</u>
Reportable segment liabilities	<u>\$ 14,087,845</u>	<u>38,119,561</u>	<u>13,568,695</u>	<u>4,599,842</u>	<u>(2,836,942)</u>	<u>67,539,001</u>
	2024					
	Construction Engineering	Real Estate Development	Environmental project Development & Water Treatment	Investment	Adjustment and write-off	Total
Revenues:						
Segment revenues from external customers	\$ 17,890,267	4,938,938	7,872,172	-	-	30,701,377
Intersegment revenues	3,089,879	-	-	1,753,201	(4,843,080)	-
Total revenues	<u>\$ 20,980,146</u>	<u>4,938,938</u>	<u>7,872,172</u>	<u>1,753,201</u>	<u>(4,843,080)</u>	<u>30,701,377</u>
Reportable segment profit or loss	<u>\$ 871,075</u>	<u>(401,999)</u>	<u>785,024</u>	<u>1,350,839</u>	<u>(1,591,670)</u>	<u>1,013,269</u>
Assets:						
Investments accounted for using equity method	\$ -	689,326	856,162	29,221,222	(29,221,222)	1,545,488
Capital expenditure	3,821,406	9,354,965	58,508	33,416	18,009	13,286,304
Reportable segment assets	<u>\$ 19,352,323</u>	<u>52,396,409</u>	<u>17,787,202</u>	<u>29,851,850</u>	<u>(31,996,627)</u>	<u>87,391,157</u>
Reportable segment liabilities	<u>\$ 12,298,326</u>	<u>33,970,164</u>	<u>11,306,360</u>	<u>2,592,189</u>	<u>(2,510,885)</u>	<u>57,656,154</u>

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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:

<u>Area</u>	<u>2025</u>	<u>2024</u>
Revenues from external customers:		
Taiwan	\$ 33,241,045	29,573,756
Others	<u>1,137,264</u>	<u>1,127,621</u>
	<u>\$ 34,378,309</u>	<u>30,701,377</u>
Non-current assets		
Taiwan	\$ 14,231,423	11,286,180
Others	<u>7,015,207</u>	<u>7,315,121</u>
	<u>\$ 21,246,630</u>	<u>18,601,301</u>

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

	<u>2025</u>	<u>2024</u>
Governments	\$ 16,612,240	16,819,422
Construction corporations	10,065,358	8,437,063
Others	<u>7,700,711</u>	<u>5,444,892</u>
Total	<u>\$ 34,378,309</u>	<u>30,701,377</u>