

**RUN LONG CONSTRUCTION CO.,
LTD. AND SUBSIDIARIES**

**Consolidated Financial Statements
With Independent Auditors' Review
Report**

For the Six Months Ended June 30, 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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Independent Auditors' Review Report

To the Board of Directors of Run Long Construction Co., Ltd.:

Introduction

We have reviewed the consolidated financial statements of Run Long Construction Co., Ltd. and its subsidiaries (Run Long Group), which comprise the consolidated balance sheets as of June 30, 2025 and 2024, the consolidated statements of comprehensive income for the three months and six months ended June 30, 2025 and 2024, the statements of changes in equity and cash flows for the six months ended June 30, 2025 and 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies. It is the responsibility of the management to prepare and ensure fair presentation of consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the version of IAS 34 - "Interim Financial Reporting" approved and published by the Financial Supervisory Commission. Our responsibility as auditor is to form a conclusion based on our review.

Scope of Review

We, the auditors, have performed the review in accordance with Standards on Review Engagements No. 2410 - "Financial Statement Review." The procedures executed in our review of consolidated financial statements include inquiry (mainly with employees responsible for financial and accounting affairs), analysis and other review-related processes. The scope of financial statement review is significantly smaller than a financial statement audit, therefore we may not be able to detect all material issues through the steps we have taken, and are therefore unable to provide an audit opinion.

Conclusion

Based on the outcome of our review, none of the material disclosures of the consolidated financial statements mentioned above exhibited any misstatement that did not conform with Regulations Governing the Preparation of Financial Reports by Securities Issuers or the version of IAS 34 - "Interim Financial Reporting" approved by the Financial Supervisory Commission, or compromised the fair view of the consolidated financial position of Run Long Group as of June 30, 2025 and 2024, consolidated business performance for the three months and six months ended June 30, 2025 and 2024, and cash flow for six months ended June 30, 2025 and 2024.

The engagement partners on the reviews resulting in this independent auditors' review report are Han, Yi-Lien and Tsou, Emily.

KPMG

Taipei, Taiwan (Republic of China)

August 11, 2025

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its 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 auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' review report and consolidated financial statements, the Chinese version shall prevail.

RUN LONG CONSTRUCTION CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

As of June 30, 2025, December 31, 2024, and June 30, 2024

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

Assets		June 30, 2025		December 31, 2024		June 30, 2024		Liabilities and Equity		June 30, 2025		December 31, 2024		June 30, 2024	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 3,849,273	7	6,477,170	13	4,017,881	9	2100	Short-term borrowings (note 6(i))	\$ 18,859,180	36	17,451,932	34	11,128,838	24
1120	Current financial assets at fair value through other comprehensive income (notes 6(b) and 8)	731,044	2	767,243	1	836,351	2	2110	Short-term notes and bills payable (note 6(i))	1,934,273	4	2,233,739	5	1,655,734	4
1140	Current contract assets (note 6(s))	122	-	107	-	59	-	2130	Current contract liabilities (notes 6(s), 7 and 9)	4,201,396	8	3,656,986	7	3,091,574	7
1150	Notes receivable, net (notes 6(c) and 8)	232,039	-	357,713	1	590,592	1	2150	Notes payable	-	-	-	-	77	-
1170	Accounts receivable, net (note 6(c))	2,320	-	2,205	-	1,200,048	3	2170	Accounts payable	2,073,807	4	2,775,748	6	2,720,872	6
1200	Other receivables (note 6(v) and 7)	39,676	-	3,201	-	11,458	-	2180	Accounts payable to related parties (note 7)	832	-	666	-	2,039	-
1220	Current tax assets	2,781	-	1,117	-	-	-	2200	Other payables (note 7)	2,351,647	5	564,404	1	2,439,928	5
1320	Inventories (for construction business) (notes 6(d), 7 and 8)	36,072,035	70	33,241,816	64	27,843,754	60	2230	Current tax liabilities (note 6(p))	-	-	81,697	-	280,342	1
1410	Prepayments	422,118	1	299,064	1	298,025	1	2250	Current provisions (notes 6(m) and (o))	76,094	-	78,220	-	82,650	-
1476	Other current financial assets (notes 6(h), 7 and 8)	4,772,422	9	4,443,052	9	5,563,642	12	2280	Current lease liabilities (note 6(l))	71,978	-	76,693	-	30,598	-
1479	Other current assets, others	53,751	-	51,111	-	40,594	-	2321	Bonds payable, current portion or putable bonds (note 6(k))	-	-	-	-	1,888,656	4
1480	Current assets recognized as incremental costs to obtain contract with customers (note 6(h))	1,162,536	2	1,148,571	2	1,185,465	2	2322	Long-term borrowings, current portion (note 6(j))	26,730	-	26,409	-	26,093	-
		47,340,117	91	46,792,370	91	41,587,869	90	2399	Other current liabilities, others (note 7)	103,209	-	106,679	-	143,469	-
										29,699,146	57	27,053,173	53	23,490,870	51
Non-current assets:								Non-Current liabilities:							
1600	Property, plant and equipment (notes 6(e))	232,973	-	228,246	-	226,848	1	2530	Bonds payable (note 6(k))	9,482,876	19	9,492,424	18	7,970,785	17
1755	Right-of-use assets (note 6(f))	78,665	-	92,250	-	61,292	-	2541	Long-term borrowings (note 6(j))	227,830	-	241,276	1	254,560	1
1760	Investment property, net (notes 6(g) and 8)	927,591	2	936,115	2	1,065,315	2	2550	Non-current provisions (note 9(b))	167,080	-	167,080	-	-	-
1780	Intangible assets	13,239	-	15,410	-	14,378	-	2570	Deferred tax liabilities (note 6(p))	2,844	-	2,844	-	2,844	-
1840	Deferred tax assets (note 6(p))	13,912	-	13,912	-	15,111	-	2580	Non-current lease liabilities (note 6(l))	7,389	-	16,540	-	30,647	-
1984	Other non-current financial assets, others (notes 6(h) and 8)	3,019,900	6	3,081,688	6	2,912,372	6			9,888,019	19	9,920,164	19	8,258,836	18
1990	Other non-current assets, others (notes 6(v) and 8)	252,010	1	353,270	1	279,372	1	Total liabilities		39,587,165	76	36,973,337	72	31,749,706	69
		4,538,290	9	4,720,891	9	4,574,688	10								
Equity (note 6(q)):															
3110	Ordinary shares	9,922,575	19	9,922,575	19	4,510,261	10								
3150	Stock dividends to be distributed	-	-	-	-	5,412,314	11								
3200	Capital surplus	26,735	-	24,737	-	24,737	-								
3300	Retained earnings	2,068,918	4	4,283,399	8	4,087,218	9								
3400	Other equity interest	273,014	1	309,213	1	378,321	1								
	Total equity	12,291,242	24	14,539,924	28	14,412,851	31								
	Total liabilities and equity	\$ 51,878,407	100	51,513,261	100	46,162,557	100								
Total assets		\$ 51,878,407	100	51,513,261	100	46,162,557	100								

(Please refer to the notes to consolidated financial statements afterwards)

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

RUN LONG CONSTRUCTION CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Three Months and Six Months Ended June 30, 2025 and 2024

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

		For the three months ended June 30, 2025		For the three months ended June 30, 2024		For the six months ended June 30, 2025		For the six months ended June 30, 2024	
		Amount	%	Amount	%	Amount	%	Amount	%
Operating Revenues (notes 6(n), (s) and 7):									
4511	Construction revenue	\$ 32,296	85	5,256,629	100	57,390	83	6,572,863	100
4521	Engineering service revenue	271	1	299	-	280	1	26,350	-
4800	Other operating revenue	5,391	14	5,724	-	11,198	16	11,558	-
		<u>37,958</u>	<u>100</u>	<u>5,262,652</u>	<u>100</u>	<u>68,868</u>	<u>100</u>	<u>6,610,771</u>	<u>100</u>
5000	Operating costs (note 7)	<u>31,670</u>	<u>83</u>	<u>2,755,900</u>	<u>52</u>	<u>50,348</u>	<u>73</u>	<u>3,477,141</u>	<u>53</u>
	Gross profit from operations	<u>6,288</u>	<u>17</u>	<u>2,506,752</u>	<u>48</u>	<u>18,520</u>	<u>27</u>	<u>3,133,630</u>	<u>47</u>
Operating expenses:									
6100	Selling expenses (notes 6(h), (t) and 7)	66,281	175	391,855	8	108,570	158	497,073	8
6200	Administrative expenses (note 6(t) and 7)	62,039	164	92,861	2	142,283	206	163,063	2
		<u>128,320</u>	<u>339</u>	<u>484,716</u>	<u>10</u>	<u>250,853</u>	<u>364</u>	<u>660,136</u>	<u>10</u>
	Net operating (loss) profit	<u>(122,032)</u>	<u>(322)</u>	<u>2,022,036</u>	<u>38</u>	<u>(232,333)</u>	<u>(337)</u>	<u>2,473,494</u>	<u>37</u>
Non-operating income and expenses (notes 6(u) and 7):									
7100	Interest income	33,319	88	31,044	1	41,873	61	36,503	1
7010	Other income	39,314	103	4,471	-	42,960	62	19,693	1
7020	Other gains and losses	8,979	24	10,517	-	6,465	9	18,350	-
7050	Finance costs	<u>(36,998)</u>	<u>(97)</u>	<u>(24,827)</u>	<u>-</u>	<u>(86,326)</u>	<u>(125)</u>	<u>(51,336)</u>	<u>(1)</u>
		<u>44,614</u>	<u>118</u>	<u>21,205</u>	<u>1</u>	<u>4,972</u>	<u>7</u>	<u>23,210</u>	<u>1</u>
	Net (loss) profit from continuing operations before tax	<u>(77,418)</u>	<u>(204)</u>	<u>2,043,241</u>	<u>39</u>	<u>(227,361)</u>	<u>(330)</u>	<u>2,496,704</u>	<u>38</u>
7950	Less: Income tax expenses (note 6(p))	<u>2,605</u>	<u>7</u>	<u>319,150</u>	<u>6</u>	<u>2,605</u>	<u>4</u>	<u>434,915</u>	<u>7</u>
	Net (loss) profit in the current period	<u>(80,023)</u>	<u>(211)</u>	<u>1,724,091</u>	<u>33</u>	<u>(229,966)</u>	<u>(334)</u>	<u>2,061,789</u>	<u>31</u>
8300	Other comprehensive income:								
8310	Components of other comprehensive income that will not be reclassified to profit or loss								
8316	Unrealized gains from (losses on) investments in equity instruments measured at fair value through other comprehensive income	<u>(36,199)</u>	<u>(95)</u>	<u>191,832</u>	<u>3</u>	<u>(36,199)</u>	<u>(53)</u>	<u>192,634</u>	<u>3</u>
8300	Other comprehensive income (net after tax)	<u>(36,199)</u>	<u>(95)</u>	<u>191,832</u>	<u>3</u>	<u>(36,199)</u>	<u>(53)</u>	<u>192,634</u>	<u>3</u>
8500	Total comprehensive income	<u><u>(\$ 116,222)</u></u>	<u><u>(306)</u></u>	<u><u>1,915,923</u></u>	<u><u>36</u></u>	<u><u>(266,165)</u></u>	<u><u>(387)</u></u>	<u><u>2,254,423</u></u>	<u><u>34</u></u>
Earnings per share (note 6(r))									
9750	Basic earnings per share (NT dollars)	<u><u>(\$ 0.08)</u></u>		<u><u>1.74</u></u>		<u><u>(0.23)</u></u>		<u><u>2.08</u></u>	
9850	Diluted earnings per share (NT dollars)	<u><u>(\$ 0.08)</u></u>		<u><u>1.74</u></u>		<u><u>(0.23)</u></u>		<u><u>2.08</u></u>	

(Please refer to the notes to consolidated financial statements afterwards)

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
RUN LONG CONSTRUCTION CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the Six Months Ended June 30, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	Equity attributable to owners of parent						Total other equity interest	Total equity
	Share capital			Retained earnings			Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
	Ordinary shares	Stock dividends to be distributed	Capital surplus	Legal reserve	Unappropriated retained earnings	Total		
Balance on January 1, 2024	\$ 4,510,261	-	23,854	1,084,122	7,706,699	8,790,821	185,687	13,510,623
Profit	-	-	-	-	2,061,789	2,061,789	-	2,061,789
Other comprehensive income	-	-	-	-	-	-	192,634	192,634
Total comprehensive income	-	-	-	-	2,061,789	2,061,789	192,634	2,254,423
Appropriation and distribution of retained earnings:								
Provision for legal reserve	-	-	-	770,155	(770,155)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,353,078)	(1,353,078)	-	(1,353,078)
Stock dividends of ordinary share	-	5,412,314	-	-	(5,412,314)	(5,412,314)	-	-
Other changes in capital surplus	-	-	883	-	-	-	-	883
Balance on June 30, 2024	\$ 4,510,261	5,412,314	24,737	1,854,277	2,232,941	4,087,218	378,321	14,412,851
Balance on January 1, 2025	\$ 9,922,575	-	24,737	1,854,277	2,429,122	4,283,399	309,213	14,539,924
Loss	-	-	-	-	(229,966)	(229,966)	-	(229,966)
Other comprehensive income	-	-	-	-	-	-	(36,199)	(36,199)
Total comprehensive income	-	-	-	-	(229,966)	(229,966)	(36,199)	(266,165)
Appropriation and distribution of retained earnings:								
Provision for legal reserve	-	-	-	225,797	(225,797)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,984,515)	(1,984,515)	-	(1,984,515)
Other changes in capital surplus	-	-	1,998	-	-	-	-	1,998
Balance on June 30, 2025	\$ 9,922,575	-	26,735	2,080,074	(11,156)	2,068,918	273,014	12,291,242

(Please refer to the notes to consolidated financial statements afterwards)

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

RUN LONG CONSTRUCTION CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Six Months Ended June 30, 2025 and 2024

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

	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Cash flows used in operating activities:		
Net (loss) profit before tax in the current period	(\$ 227,361)	2,496,704
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation	35,339	28,533
Amortization	2,232	2,590
Interest expenses	86,326	51,336
Interest income	(41,873)	(36,503)
Dividend income	(35,316)	(8,026)
Loss (gain) on disposal of property, plant and equipment	2	(4)
Gain on disposal of investment property	-	(7,128)
Gain on lease modification	-	(8)
Total adjustments to reconcile profit (loss)	46,710	30,790
Changes in operating assets and liabilities:		
Decrease (increase) in contract assets	(15)	27,406
Decrease in notes receivable	125,674	38,949
Increase in accounts receivable	(115)	(1,102,139)
Increase in other receivables	(3,509)	(1,302)
Increase in inventories (construction)	(2,514,798)	(2,590,303)
Increase in prepayments	(132,304)	(250,639)
Decrease (increase) in other current assets	(2,640)	8,210
Increase in other financial assets - current	(396,003)	(383,196)
Increase in assets recognized as incremental costs to obtain contract with customers	(13,965)	(255,511)
Increase in other financial assets - non-current	(2,216)	(1,458)
Decrease (increase) in other non-current assets	101,260	(229,881)
Increase in contract liabilities	544,410	555,465
Increase in notes payable	-	77
Decrease in accounts payable	(701,941)	(233,887)
Increase (decrease) in accounts payable to related parties	166	(1,075)
Increase (decrease) in other payables	(159,949)	247,503
Increase (decrease) in provisions	(2,126)	1,994
Decrease in other current liabilities	(3,470)	(79,971)
Total adjustments	(3,114,831)	(4,218,968)
Cash outflows generated from operations	(3,342,192)	(1,722,264)
Income taxes paid	(85,966)	(1,575,007)
Net cash outflows from (used in) operating activities	(3,428,158)	(3,297,271)

RUN LONG CONSTRUCTION CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (continued)

For the Six Months Ended June 30, 2025 and 2024

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

	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(8,328)	(581)
Proceeds from disposal of property, plant and equipment	-	4
Acquisition of intangible assets	(61)	(34)
Proceeds from disposal of investment property	-	21,922
Interest received	44,223	36,277
Net cash flows from investing activities	35,834	57,588
Cash flows from financing activities:		
Increase in short-term borrowings	2,961,800	3,280,900
Decrease in short-term borrowings	(1,554,850)	(1,251,582)
Increase in short-term notes and bills payable	6,113,000	5,820,800
Decrease in short-term notes and bills payable	(6,409,000)	(5,788,800)
Proceeds from issuing bonds	-	4,000,000
Repayment of corporate bond	-	(4,000,000)
Repayments of long-term borrowings	(13,125)	(12,861)
Payment of lease liabilities	(23,483)	(16,129)
Other financial assets - current	75,796	3,116,859
Other financial assets - non-current	54,841	(1,827,861)
Interest paid	(440,552)	(262,924)
Net cash inflows from financing activities	764,427	3,058,402
Net decrease in cash and cash equivalents	(2,627,897)	(181,281)
Cash and cash equivalents at beginning of period	6,477,170	4,199,162
Cash and cash equivalents at end of period	\$ 3,849,273	4,017,881

(Please refer to the notes to consolidated financial statements afterwards)

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

RUN LONG CONSTRUCTION CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Six Months Ended June 30, 2025 and 2024

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

(1) Company history

Run Long Construction Co., Ltd. (the "Company") was incorporated in January 1977 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The Company's registered address is 8F., No. 267, Lequn 2nd Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.). Shares of the Company were approved for listing by Taiwan Stock Exchange Corporation on August 3, 1994. The consolidated financial statements of the Company as of and for the period ended June 30, 2025 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group primarily engages in the business of construction, sale, and leasing of residential and commercial buildings. Please refer to note 14 for details.

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

The accompanying consolidated financial statements were authorized for issue by the Board of Directors on August 11, 2025.

(3) New standards, amendments and interpretations adopted

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

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

- Amendments to IAS 21 "Lack of Exchangeability"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" in relation to Application Guidance to Section 4.1 of IFRS 9 and related disclosure requirements of IFRS 7

- (b) Impact of not adopting the IFRSs endorsed by the FSC

Based on the Group's own evaluation, adopting the newly revised international financial reporting standards listed below that take effect from January 1, 2026 onwards does not have material impact on the consolidated financial statements.

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

- 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" in relation to Application Guidance to Sections 3.1 and 3.3 of IFRS 9 and related disclosure requirements of IFRS 7
 - IFRS improvements for the year
 - Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"
- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

Below is a list of standards and interpretations amended and announced by International Accounting Standards Board (IASB) that are yet to be approved by FSC but may be relevant to the Group:

Standards or Interpretations	Content of Amendments	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. 	January 1, 2027

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

Standards or Interpretations	Content of Amendments	Effective Date per IASB
IFRS 18 - "Presentation and Disclosure in Financial Statements"	<ul style="list-style-type: none"> 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

The Group continues to evaluate how revisions of the above standards and interpretations affect its financial position and business performance. Outcomes of these assessments will be disclosed upon completion.

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

(4) Summary of material accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the version of International Accounting Standards No. 34 - "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC), R.O.C. The consolidated financial statements do not necessarily include all the information to be disclosed in full-year consolidated financial statements that are prepared in accordance with FSC-approved IFRS, IAS, and interpretations thereof (collectively referred to as "FSC-approved IFRS/IAS" below).

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

(b) Basis of consolidation

(i) Principles for preparing consolidated financial statements

The consolidated financial statements were prepared using the same principles as the 2024 consolidated financial statements. Except for note 4 (c) mentioned below, all significant accounting policies are identical to the 2024 consolidated financial statements. For more information, please refer to note 4 in the 2024 consolidated financial statements.

(ii) List of subsidiaries included in the consolidated financial statements

List of subsidiaries in the consolidated financial statements:

Name of investor	Subsidiaries	Principal activity	Shareholding			Description
			June 30, 2025	December 31, 2024	June 30, 2024	
The Company	Jin Jyun Construction Co., Ltd.	Construction, housing and building development rental services etc.	100.00%	100.00%	100.00%	

(iii) List of subsidiaries which are not included in the consolidated financial statements:
None.

(c) Income tax

The Group measures and discloses income tax expenses for the interim period according to section B12 of IAS 34 - "Interim Financial Reporting."

Income tax expense is measured by multiplying interim profit before tax with the management's best estimate of estimated average effective tax rate for the year.

Where income tax expense is recognized directly in equity or other comprehensive income, the amount is measured using the temporary differences between asset/liability figures presented for financial reporting purpose and asset/liability figures used for taxation basis and the tax rate applicable at the time when assets/liabilities are expected to be realized/settled.

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

The management is required to make certain judgments and estimates about the future, including climate-related risks and opportunities, when preparing consolidated financial statements that comply with FSC-approved IAS 34 "Interim Financial Reporting." These judgments and estimates may affect the types of accounting policies adopted and amounts of asset, liability, income, and expense reported. Actual results may differ from these estimates.

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

The accounting policies and major sources of uncertainty to significant judgments, estimates, and assumptions involved in the preparation of the consolidated financial statements were identical to note 5 of the 2024 consolidated financial statements.

(6) Explanation of significant accounts

There was no significant difference in the explanation of significant accounts between the current consolidated financial statements and the 2024 consolidated financial statements, except for the matters discussed below. Please refer to note 6 of the 2024 consolidated financial statements for more details.

(a) Cash and cash equivalents

	June 30, 2025	December 31, 2024	June 30, 2024
Cash on hand and petty cash	\$ 706	952	838
Demand deposits	3,848,489	6,247,381	3,985,179
Check deposits	78	610	1,864
Time deposits	-	228,227	30,000
Cash and cash equivalents	<u><u>\$ 3,849,273</u></u>	<u><u>6,477,170</u></u>	<u><u>4,017,881</u></u>

Please refer to note 6(v) for the disclosure of the Group's financial assets and liabilities interest risk and sensitivity analysis.

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

	June 30, 2025	December 31, 2024	June 30, 2024
Equity investments at fair value through other comprehensive income:			
Stocks listed on domestic market	<u><u>\$ 731,044</u></u>	<u><u>767,243</u></u>	<u><u>836,351</u></u>

- (i) The Group designated the investments shown above as equity investment 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 and not hold for sale.

During the six months ended June 30, 2025 and 2024, dividends of \$35,316 thousand and \$8,026 thousand, respectively, related to equity investments at fair value through other comprehensive income, were recognized.

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

- (ii) There was no disposal of strategic investment or transfer of any cumulative gain or loss within equity relating to these investments for the six months ended June 30, 2025 and 2024.
- (iii) For credit risk (including the impairment of the debt investment) and market risk, please refer to note 6(v).
- (iv) The financial assets at fair value through other comprehensive income of the Group had been pledged as collateral. Please refer to note 8.
- (c) Note and account receivables, net

	June 30, 2025	December 31, 2024	June 30, 2024
Notes receivable	\$ 232,039	357,713	590,592
Accounts receivable - measured at amortized cost	2,320	2,205	1,200,048
Total	\$ 234,359	359,918	1,790,640

- (i) The Group applies the simplified approach to provide for its expected credit losses, i.e. expected loss provision over the useful life, for all note and account receivables measured at amortized cost. To measure the expected credit losses, note and trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information.
- (ii) The expected credit losses of the note receivables and trade receivables were as follows:

June 30, 2025			
	Gross carrying amount	Weighted average loss rate	Loss allowance Provision
Current	\$ 234,359	-	-
December 31, 2024			
	Gross carrying amount	Weighted average loss rate	Loss allowance Provision
Current	\$ 359,918	-	-
June 30, 2024			
	Gross carrying amount	Weighted average loss rate	Loss allowance Provision
Current	\$ 1,790,640	-	-

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

For the six months ended June 30, 2025 and 2024, there were no expected credit losses recognized or reversed.

As of June 30, 2025, December 31, 2024, and June 30, 2024, note receivables had been pledged as collateral; please refer to note 8.

(d) Inventories

	June 30, 2025	December 31, 2024	June 30, 2024
Prepaid for land purchase	\$ 14,557	-	30,962
Land held for construction sites	4,199,498	6,354,630	3,397,608
Construction in progress	30,062,875	25,053,829	21,248,240
Properties and land held for sale	1,795,105	1,833,357	3,166,944
Total	<u>\$ 36,072,035</u>	<u>33,241,816</u>	<u>27,843,754</u>

For the six months ended June 30, 2025 and 2024, there were no write-offs or reversals of inventories.

For the six months ended June 30, 2025 and 2024, the cost of inventory recognized as cost of goods sold and expense were NT\$41,585 thousand and NT\$3,444,111 thousand, respectively.

For the six months ended June 30, 2024, the Group changed the usage of partial assets, and reclassified properties and land held for sale to investment property according to definition of investment property. Please see note 6(g) for details.

For the six months ended June 30, 2025 and 2024, construction in progress of the Group were calculated using a capitalization rate of 2.66% and 2.36%, respectively. Please see note 6(u) for the amounts of interest capitalized.

The inventories of the Group had been pledged as collateral, please refer to note 8.

(e) Acquisition of property, plant and equipment

	Land (Including improvement)	Buildings and construction	Machinery and equipment	Other equipment (Including transportation, office, leased improvements and other equipment)	Construction in progress	Total
Carrying amounts:						
January 1, 2025	\$ 207,990	1,844	283	12,175	5,954	228,246
June 30, 2025	\$ 207,895	2,566	212	21,973	327	232,973
January 1, 2024	\$ 208,180	3,008	425	15,301	2,720	229,634
June 30, 2024	\$ 208,085	2,373	354	13,316	2,720	226,848

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

There was no significant addition, disposal, impairment, or impairment reversal of the Group's property, plant, and equipment for the six months ended June 30, 2025 and 2024. Please refer to note 12(a) for depreciation in the current period, and note 6(e) of the 2024 consolidated financial statements for other relevant information.

As of June 30, 2025, December 31, 2024, and June 30, 2024, the above-mentioned property, plant and equipment of the Group were not pledged as collateral.

(f) Right-of-use assets

The Group leases assets including land and buildings, and transportation equipment. Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost of right-of-use assets:				
Balance on January 1, 2025	\$ 24,694	183,121	-	207,815
Addition	-	-	9,631	9,631
Balance on June 30, 2025	\$ 24,694	183,121	9,631	217,446
Balance on January 1, 2024	\$ 11,508	152,503	-	164,011
Lease modification	58	-	-	58
Disposals	(2,815)	-	-	(2,815)
Balance on June 30, 2024	\$ 8,751	152,503	-	161,254
Depreciation and impairment of right-of-use assets:				
Balance on January 1, 2025	\$ 3,056	112,509	-	115,565
Depreciation for the period	5,451	16,926	839	23,216
Balance on June 30, 2025	\$ 8,507	129,435	839	138,781
Balance on January 1, 2024	\$ 2,822	81,720	-	84,542
Depreciation for the period	2,259	13,864	-	16,123
Disposals	(703)	-	-	(703)
Balance on June 30, 2024	\$ 4,378	95,584	-	99,962
Carrying amounts:				
January 1, 2025	\$ 21,638	70,612	-	92,250
June 30, 2025	\$ 16,187	53,686	8,792	78,665
January 1, 2024	\$ 8,686	70,783	-	79,469
June 30, 2024	\$ 4,373	56,919	-	61,292

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

(g) Investment property

The information of investment properties of the Group were as follows:

	<u>Land and improvement</u>	<u>Buildings and construction</u>	<u>Total</u>
Cost or deemed cost:			
Balance on January 1, 2025	\$ 542,159	455,208	997,367
Balance on June 30, 2025	<u>\$ 542,159</u>	<u>455,208</u>	<u>997,367</u>
Balance on January 1, 2024	\$ 602,663	496,450	1,099,113
Transfer from inventory	20,418	13,916	34,334
Disposals	(8,832)	(6,021)	(14,853)
Balance on June 30, 2024	<u>\$ 614,249</u>	<u>504,345</u>	<u>1,118,594</u>
Depreciation and impairment:			
Balance on January 1, 2025	\$ -	61,252	61,252
Depreciation for the period	-	8,524	8,524
Balance on June 30, 2025	<u>\$ -</u>	<u>69,776</u>	<u>69,776</u>
Balance on January 1, 2024	\$ -	44,295	44,295
Depreciation for the period	-	9,043	9,043
Disposals	-	(59)	(59)
Balance on June 30, 2024	<u>\$ -</u>	<u>53,279</u>	<u>53,279</u>
Carrying amounts:			
January 1, 2025	<u>\$ 542,159</u>	<u>393,956</u>	<u>936,115</u>
June 30, 2025	<u>\$ 542,159</u>	<u>385,432</u>	<u>927,591</u>
January 1, 2024	<u>\$ 602,663</u>	<u>452,155</u>	<u>1,054,818</u>
June 30, 2024	<u>\$ 614,249</u>	<u>451,066</u>	<u>1,065,315</u>

The investment property includes the Group's own assets leased to third parties as office buildings and parking lots under operating leases. Please refer to note 6(n) for more information.

There was no significant change in the Group's fair value of investment properties from those disclosed in note 6(g) of the 2024 consolidated financial statements.

Please refer to note 8 for details on the Group's investment properties that have been placed as collateral.

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

(h) Other financial assets and incremental costs of obtaining a contract

	June 30, 2025	December 31, 2024	June 30, 2024
Other current and non-current financial assets	\$ 7,792,322	7,524,740	8,476,014
Current incremental costs of obtaining a contract	1,162,536	1,148,571	1,185,465
Total	\$ 8,954,858	8,673,311	9,661,479

(i) Other financial assets

Other financial assets include trust accounts for presale of properties, endorsements and performance guarantees, corporate bond and loan repayment reserve accounts, and joint construction project guarantee deposits.

(ii) Current incremental costs of obtaining a contract

The Group expects that incremental commission fees paid to intermediaries, and the bonus for the internal sales department are recoverable. The Group has therefore capitalized them as contract costs. Capitalized commission fees are amortized when the related revenues are recognized. For the six months ended June 30, 2025 and 2024, the Group recognized NT\$3,111 thousand and NT\$408,074 thousand of selling expense, respectively.

(i) Short-term borrowings, notes and bills payable

The details of short-term borrowings, notes and bills payable of the Group were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Secured bank loans	\$ 16,909,180	15,050,932	10,419,838
Unsecured bank loans	1,950,000	2,401,000	709,000
Short-term notes and bills payable	1,934,273	2,233,739	1,655,734
	\$ 20,793,453	19,685,671	12,784,572
Interest rate	1.63%~3.14%	1.72%~3.14%	1.73%~3.14%

(i) Issue of bank loan and repayment

For six months ended June 30, 2025 and 2024, the incremental amounts were NT\$9,074,800 thousand and NT\$9,101,700 thousand, respectively; the repayment amounts were NT\$7,963,850 thousand and NT\$7,040,382 thousand, respectively.

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

(ii) Collateral for bank loans

The Group had pledged as collateral for bank loans, please refer to note 8.

(j) Long-term borrowings/Long-term borrowings, current portion

The details of long-term borrowings of the Group were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Secured bank loans	\$ 254,560	267,685	280,653
Less: current portion	(26,730)	(26,409)	(26,093)
	\$ 227,830	241,276	254,560
Interest rate	2.42%	2.42%	2.42%

(i) Issue of bank loan and repayment

There was no addition for the six months ended June 30, 2025 and 2024, whereas the amounts of repayment were NT\$13,125 thousand and NT\$12,861 thousand, respectively.

(ii) Collateral for bank loans

The Group had pledged as collateral for bank loans, please refer to note 8.

(k) Bonds payable/Bonds payable current portion or putable bonds

The details of the Group's bonds payable were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Secured ordinary bonds	\$ 9,520,000	9,520,000	9,900,000
Discount on bonds payable - unamortized amount	(37,124)	(27,576)	(40,559)
Ending balance: bonds payable	\$ 9,482,876	9,492,424	9,859,441
Secured ordinary corporate bond - current	\$ -	-	1,888,656
Secured ordinary corporate bond - non-current	9,482,876	9,492,424	7,970,785
Total	\$ 9,482,876	9,492,424	9,859,441

- (i) No issuance, recall, or early repayment of corporate bonds payable had occurred to the Group for the six months ended June 30, 2025. In addition, the Group issued secured ordinary corporate bonds amounting to NT\$2,000,000 thousand with a coupon rate of 1.70% and 1.73% in March and May 2024. The tenor for the corporate bonds were 5 years. For the six months ended June 30, 2024, the Group repaid NT\$4,000,000 thousand of corporate bonds issued back in 2019.

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

- (ii) The Group issued secured ordinary corporate bonds amounting to NT\$1,520,000 thousand, NT\$2,000,000 thousand, NT\$2,000,000 thousand, and NT\$1,900,000 thousand with coupon rates of 2.05%, 0.85%, 0.57% and 0.78% in December 2024, April 2022, November 2021, and December 2019, respectively. The tenor for the corporate bonds was 5 years.
- (iii) For the details of collateral of secured both ordinary corporate bonds, please refer to note 8.

(l) Lease liabilities

The carrying amount of lease liabilities were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Current	\$ 71,978	76,693	30,598
Non-current	\$ 7,389	16,540	30,647

For the maturity analysis, please refer to note 6(v).

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Interest on lease liabilities	\$ 472	309	958	686
Expenses relating to short-term leases	\$ 910	736	2,565	2,481

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

	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Total cash outflow for leases	\$ 27,006	19,296

The Group sold and leased back its office buildings, leased official vehicles, and leased land for reception center. The leases run for a period of 2 to 20 years. The Group also leases out its office equipment, reception center and outdoor advertising. These leases are short-term and leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

(m) Provisions

	Warranty
Balance on January 1, 2025	\$ 69,559
Provisions reversed at current period	(1)
Balance on June 30, 2025	\$ 69,558
Balance on January 1, 2024	\$ 72,308
Provisions made at current period	5,929
Provisions reversed at current period	(2,683)
Balance on June 30, 2024	\$ 75,554

The Group's warranty provision is related to construction contract. The warranty measured by the historical record; the Group expects most of the liabilities will realize within 1-3 years after construction completion.

(n) Operating lease

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(g) for information about the operating leases of investment property.

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

	June 30, 2025	December 31, 2024	June 30, 2024
Less than one year	\$ 22,086	14,223	23,633
One to two years	22,082	12,288	17,416
Two to three years	21,891	11,869	15,600
Three to four years	14,465	10,376	15,229
Four to five years	10,051	-	5,876
More than five years	26,475	-	-
Total undiscounted lease payments	\$ 117,050	48,756	77,754

For the three months ended June 30, 2025 and 2024 and six months ended June 30, 2025 and 2024, rental income generated from investment properties amounted to NT\$5,391 thousand, NT\$5,724 thousand, NT\$11,198 thousand, and NT\$11,558 thousand, respectively.

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

(o) Employee benefits

(i) Defined benefit plans

The Group's employee benefit liabilities were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Short-term paid leave liability	<u>\$ 6,536</u>	<u>8,661</u>	<u>7,096</u>

(ii) Defined contribution plans

The Group had recognized the following pension expenses for the defined contribution plan, and contributed them to the Bureau of Labor Insurance:

	For the three months ended June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Operating cost	\$ 734	477	1,391	1,078
Selling expenses	317	309	634	615
Administrative expenses	1,433	1,505	2,934	2,966
Total	<u>\$ 2,484</u>	<u>2,291</u>	<u>4,959</u>	<u>4,659</u>

(p) Income tax

(i) Components of income tax expense:

	For the three months ended June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Current tax expense				
Current period	\$ -	222,775	-	275,611
Land value increment tax	177	84,949	177	148,941
Adjustment to previous year's income tax expense	45	2,713	45	2,713
Additional tax on unappropriated earnings	2,383	8,300	2,383	8,300
	<u>2,605</u>	<u>318,737</u>	<u>2,605</u>	<u>435,565</u>
Deferred tax expense				
Origination and reversal of temporary differences	-	413	-	(650)
Tax expense	<u>\$ 2,605</u>	<u>319,150</u>	<u>2,605</u>	<u>434,915</u>

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

(ii) Assessment of tax

Profit-seeking enterprise income tax filing has been certified by the tax authority up to 2023 for the Company and up to 2022 for domestic subsidiaries.

(q) Capital and other equity

There was no significant change in the Group's share capital and other equity for the six months ended June 30, 2025 and 2024, except for the matters discussed below. Please refer to note 6(q) of the 2024 consolidated financial statements for more information.

(i) Ordinary shares

On June 17, 2025, the shareholders' meeting resolved to process cash capital reduction in an amount of NT\$992,258 thousand, and eliminate 99,226 thousand shares in order to adjust the capital structure and increase the rate of return on stockholders' equity. The aforementioned cash capital reduction has authorized the Chairman to determine the effective date of the capital reduction and other related matters upon approval by the competent authority.

A resolution was passed during the general meeting of shareholders held on June 13, 2024, for the issuance of 1,200 new shares per one thousand shares, using retained earnings, with an amount totaling NT\$5,412,314 thousand. The Company has received the approval from the Financial Supervisory Commission for the above-mentioned capital increase on August 1, 2024. Also, a resolution was passed during the board meeting, to set October 2, 2024, as the base date for the stock allotment. The relevant statutory registration procedures have since been completed.

(ii) Capital surplus

The components of the capital surplus were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Premium on issuance of capital stock	\$ 12,021	12,021	12,021
Others	14,714	12,716	12,716
	\$ 26,735	24,737	24,737

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding. Furthermore, changes in other capital surplus represented the difference between acquisition price and book value of subsidiaries' shares and dividends that remain uncollected by shareholders past the deadline.

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

(iii) Retained earnings

In accordance with the Company's Articles of Incorporation, stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval. Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long-term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. When distributing dividends, the Company determines the stock or cash dividends to be paid. The limit of dividend distribution is maintained between 10% and 100% of current-year earnings distribution. The cash dividends shall not be below 10% of total dividends.

As the Company distributes all or part of dividends, or legal reserve, or capital with cash, the Company should hold a Board meeting to pass the resolution by more than half of the directors present at the Board meeting, which meeting requires a quorum of two thirds of all the directors present. The resolution should be submitted to the Shareholder's meeting.

1) Legal reserve

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

2) Special reserve

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

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

3) Earnings distribution

On June 17, 2025 and June 13, 2024, the general meeting of shareholders resolved the amount of cash dividends of earnings distribution for the years ended December 31, 2024 and 2023. The amount of dividends distribution was as follows:

	2024		2023	
	Amount Per Share (Dollars)	Amount	Amount Per Share (Dollars)	Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 2.00	1,984,515	3.00	1,353,078
Shares	-	-	12.00	5,412,314
Total		<u>\$ 1,984,515</u>		<u>6,765,392</u>

(iv) Other equity items (net after tax)

	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Balance on January 1, 2025	\$ 309,213
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(36,199)
Balance on June 30, 2025	<u>\$ 273,014</u>
Balance on January 1, 2024	\$ 185,687
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	192,634
Balance on June 30, 2024	<u>\$ 378,321</u>

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

(r) Earnings per share

The calculations of basic and diluted earnings per share were as follows:

(i) Basic earnings per share

	For the three months ended June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
1) Net (loss) profit attributable to ordinary shareholders of the Company	(\$ <u>80,023</u>)	<u>1,724,091</u>	(<u>229,966</u>)	<u>2,061,789</u>
2) Weighted-average number of ordinary shares	<u>992,257</u>	<u>992,257</u>	<u>992,257</u>	<u>992,257</u>

(ii) Diluted earnings per share

	For the three months ended June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
1) Net (loss) profit attributable to ordinary shareholders of the Company (diluted)	(\$ <u>80,023</u>)	<u>1,724,091</u>	(<u>229,966</u>)	<u>2,061,789</u>
2) Weighted-average number of ordinary shares (basic)	992,257	992,257	992,257	992,257
Effect of restricted employee shares unvested (Note)	<u>-</u>	<u>225</u>	<u>-</u>	<u>314</u>
Weighted-average number of ordinary shares (after adjusting for dilutive effect of potential common shares)	<u>992,257</u>	<u>992,482</u>	<u>992,257</u>	<u>992,571</u>

Note: For the three months and six months ended June 30, 2025, diluted earnings per share was not included in the calculation due to the anti-dilutive effect.

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended June 30, 2025			
	Sales of Real Estate Department	Construction Contractor Department	Total
Primary geographical markets:			
Taiwan	<u>\$ 37,687</u>	<u>271</u>	<u>37,958</u>
Major products/services lines:			
Sales revenue (sales of real estate)	\$ 32,296	-	32,296
Construction contracts	-	271	271
Other revenue	<u>5,391</u>	<u>-</u>	<u>5,391</u>
	<u>\$ 37,687</u>	<u>271</u>	<u>37,958</u>
Timing of revenue recognition:			
Revenue transferred over time	\$ 5,391	271	5,662
Products and services transferred at a point in time	<u>32,296</u>	<u>-</u>	<u>32,296</u>
Total	<u>\$ 37,687</u>	<u>271</u>	<u>37,958</u>
For the three months ended June 30, 2024			
	Sales of Real Estate Department	Construction Contractor Department	Total
Primary geographical markets:			
Taiwan	<u>\$ 5,262,353</u>	<u>299</u>	<u>5,262,652</u>
Major products/services lines:			
Sales revenue (sales of real estate)	\$ 5,256,629	-	5,256,629
Construction contracts	-	299	299
Other revenue	<u>5,724</u>	<u>-</u>	<u>5,724</u>
	<u>\$ 5,262,353</u>	<u>299</u>	<u>5,262,652</u>
Timing of revenue recognition:			
Revenue transferred over time	\$ 5,724	299	6,023
Products and services transferred at a point in time	<u>5,256,629</u>	<u>-</u>	<u>5,256,629</u>
Total	<u>\$ 5,262,353</u>	<u>299</u>	<u>5,262,652</u>

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

For the six months ended June 30, 2025			
	Sales of Real Estate Department	Construction Contractor Department	Total
Primary geographical markets:			
Taiwan	\$ 68,588	280	68,868
Major products/services lines:			
Sales revenue (sales of real estate)	\$ 57,390	-	57,390
Construction contracts	-	280	280
Other revenue	11,198	-	11,198
	\$ 68,588	280	68,868
Timing of revenue recognition:			
Revenue transferred over time	\$ 11,198	280	11,478
Products and services transferred at a point in time	57,390	-	57,390
Total	\$ 68,588	280	68,868
For the six months ended June 30, 2024			
	Sales of Real Estate Department	Construction Contractor Department	Total
Primary geographical markets:			
Taiwan	\$ 6,584,421	26,350	6,610,771
Major products/services lines:			
Sales revenue (sales of real estate)	\$ 6,572,863	-	6,572,863
Construction contracts	-	26,350	26,350
Other revenue	11,558	-	11,558
	\$ 6,584,421	26,350	6,610,771
Timing of revenue recognition:			
Revenue transferred over time	\$ 11,558	26,350	37,908
Products and services transferred at a point in time	6,572,863	-	6,572,863
Total	\$ 6,584,421	26,350	6,610,771

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

(ii) Contract balances

	June 30, 2025	December 31, 2024	June 30, 2024
Contract assets — Construction	\$ 122	107	59
Less: Allowance for impairment	-	-	-
Total	<u>\$ 122</u>	<u>107</u>	<u>59</u>
Contract liabilities — Construction	\$ 35	-	-
Contract liabilities — Sales of real estate	4,199,284	3,654,535	3,090,826
Contract liabilities — Advance receipt	2,077	2,451	748
Total	<u>\$ 4,201,396</u>	<u>3,656,986</u>	<u>3,091,574</u>

For details on note and account receivable, and allowance for impairment, please refer to note 6(c).

The amount of revenue recognized for the six months ended June 30, 2025 and 2024 that was included in the contract liability - Sales of real estate balance at the beginning of the period were NT\$5,091 thousand and NT\$815,147 thousand, respectively.

The major change in the balance of contract assets and liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no other significant changes for the six months ended June 30, 2025 and 2024.

(t) Employee and directors' remuneration

On June 17, 2025, the Company's shareholders' meeting resolved to amend the Articles of Incorporation to align with Article 14, Paragraph 6 of the Securities and Exchange Act, explicitly stipulating the minimum ratio of remuneration to be allocated to basic-level employees. According to the amended Articles, when the Company records a profit for the year, no less than 0.1% shall be appropriated as employee remuneration (of which no less than 10% must be allocated to basic-level employees), and no more than 1% shall be appropriated as director remuneration. The allocation shall be determined by the Board of Directors and reported to the shareholders' meeting. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Employee remuneration and basic-level employee remuneration may be distributed either in the form of shares or cash. Eligible recipients include employees of controlled or subordinate companies who meet certain criteria, with such criteria authorized to be determined by the Board of Directors.

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

Due to net loss before tax for the six months ended June 30, 2025, the Company is not required to estimate employee/director remuneration. The Company had estimated employee remuneration at NT\$20,700 thousand and NT\$25,269 thousand, and director remuneration at NT\$10,350 thousand and NT\$12,635 thousand, respectively, for the three months and six months ended June 30, 2024. These figures were estimated by multiplying the amount of profit before tax and before employee/director remuneration with the percentages of employee/director remuneration stated in the Articles of Incorporation, and are presented as operating expense for the respective periods. If a resolution is made by the meeting of Board of Directors to distribute employee remuneration by shares, the number of shares to be distributed will be calculated based on the closing price of the Company's ordinary shares, one day before the date of the meeting of Board of Directors.

For the years 2024 and 2023, the Company estimated employee remuneration at NT\$20,000 thousand and NT\$25,000 thousand, and directors' remuneration at NT\$8,000 thousand and NT\$10,000 thousand, respectively. These amounts were indifferent from the actual amounts paid. More information can be found on the Market Observation Post System.

(u) Non-operating income and expense

(i) Interest income

The details of interest income:

	For the three months ended June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Interest income from bank deposit and bills	\$ 33,299	31,042	41,844	36,490
Others	20	2	29	13
	<u>\$ 33,319</u>	<u>31,044</u>	<u>41,873</u>	<u>36,503</u>

(ii) Other income

The details of other income:

	For the three months ended June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Dividend income	\$ 35,316	-	35,316	8,026
Rent income	3,998	4,471	7,644	11,667
	<u>\$ 39,314</u>	<u>4,471</u>	<u>42,960</u>	<u>19,693</u>

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

(iii) Other gains and losses

The details of other gains and losses:

	For the three months ended June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Gain on disposal of investment property	\$ -	7,128	-	7,128
Gain (loss) on disposal of property, plant and equipment	-	-	(2)	4
Net foreign exchange (loss) (gain)	(4)	1	(1)	3
Gain on lease modification	-	-	-	8
Other income	8,989	3,938	12,674	12,310
Other expenses	(6)	(550)	(6,206)	(1,103)
	<u>\$ 8,979</u>	<u>10,517</u>	<u>6,465</u>	<u>18,350</u>

(iv) Finance costs

The details of finance costs:

	For the three months ended June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Interest expenses				
Bank loans and collateral	\$ 136,859	80,847	271,031	152,848
Guarantee fees	3,397	3,065	12,440	6,608
Interest on corporate bond (including fees)	57,478	51,855	117,318	99,417
Other financial expenses	472	309	958	686
Less: capitalized interest	(161,208)	(111,249)	(315,421)	(208,223)
	<u>\$ 36,998</u>	<u>24,827</u>	<u>86,326</u>	<u>51,336</u>

(v) Financial instruments

There was no significant change in the fair value of the Group's financial instruments or credit risk, liquidity risk, and market risk exposures arising from use of financial instruments, except for the matters discussed below. Please refer to note 6(v) of the 2024 consolidated financial statements for more information.

(i) Credit risk

1) Credit risk exposure

The carrying amounts of financial assets and contract assets represent the maximum amount of credit risk exposure.

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

2) Concentration of credit risk

The Group's major receivables are derived from the Construction Business and the Construction Contractor Departments. The accounts receivable from the Construction Contractor Department mainly consist of intra-group companies and listed companies with good credit ratings. Therefore, there is no significant credit risk.

The real estate receivables generated from real estate development and sales business by the Construction Business Department are mainly from individuals. The receivables are mainly in the form of remittances, cash receipts, and bank loans for real estate financing, etc. Therefore, the related credit risk is low, and there is no allowance for loss for overdue receivables upon assessments.

3) Credit risk of receivables

For credit risk information on notes and accounts receivable and other non-current assets, please refer to Note 6(c).

(ii) Liquidity risk

The following 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 - 3 years</u>	<u>3 - 5 years</u>	<u>Over 5 years</u>
June 30, 2025						
Non derivative financial liabilities:						
Secured bank loans	\$ 17,163,740	18,114,657	4,610,239	8,909,980	4,474,971	119,467
Unsecured bank loans	1,950,000	1,993,438	1,416,871	576,567	-	-
Short-term notes and bills payable	1,934,273	1,939,000	1,939,000	-	-	-
Ordinary corporate bonds	9,482,876	9,952,491	128,160	4,972,361	4,851,970	-
Notes payable, accounts payable and other payables	4,426,286	4,426,286	4,426,286	-	-	-
Lease liabilities	79,367	81,568	50,383	24,058	6,431	696
	<u>\$ 35,036,542</u>	<u>36,507,440</u>	<u>12,570,939</u>	<u>14,482,966</u>	<u>9,333,372</u>	<u>120,163</u>

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

	Carrying amount	Contractual cash flows	Within 1 year	1 - 3 years	3 - 5 years	Over 5 years
December 31, 2024						
Non derivative financial liabilities:						
Secured bank loans	\$ 15,318,617	16,311,536	4,267,532	7,616,662	4,291,583	135,759
Unsecured bank loans	2,401,000	2,465,755	1,881,742	584,013	-	-
Short-term notes and bills payable	2,233,739	2,235,000	2,235,000	-	-	-
Ordinary corporate bonds	9,492,424	10,053,650	128,160	4,997,130	4,928,360	-
Notes payable, accounts payable and other payables	3,340,818	3,340,818	3,340,818	-	-	-
Lease liabilities	93,233	96,011	46,757	38,698	9,860	696
	\$ 32,879,831	34,502,770	11,900,009	13,236,503	9,229,803	136,455
June 30, 2024						
Non derivative financial liabilities:						
Secured bank loans	\$ 10,700,491	11,475,843	335,032	8,446,512	2,542,249	152,050
Unsecured bank loans	709,000	739,582	366,631	372,951	-	-
Short-term notes and bills payable	1,655,734	1,659,000	1,659,000	-	-	-
Ordinary corporate bonds (including current portion)	9,859,441	10,343,020	2,011,820	4,194,000	4,137,200	-
Notes payable, accounts payable and other payables	5,162,916	5,162,916	5,162,916	-	-	-
Lease liabilities	61,245	62,585	30,611	31,060	145	769
	\$ 28,148,827	29,442,946	9,566,010	13,044,523	6,679,594	152,819

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. Interest rate sensitivity analyses are reported to the management by applying a variance of 0.5% above and below. This variance conforms with the management's expectation about the possible and reasonable range of interest rate variation.

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
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If the interest rate had increased/ decreased by 0.5%, the Group's interest expenses would have increased/ decreased by NT\$47,785 thousand and NT\$28,526 thousand, respectively, for the six months ended June 30, 2025 and 2024, with all other variable factors remaining constant. After taking capitalized interest into account, net profit would have decreased or increased by NT\$10,268 thousand and NT\$5,642 thousand, respectively. This is mainly due to the Group's borrowing at variable rates.

2) Other market price risk

For the six months ended June 30, 2025 and 2024, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the six months ended June 30, 2025	For the six months ended June 30, 2024
	Other	Other
Price of Securities at Reporting Date	Comprehensive Income after Tax	Comprehensive Income after Tax
10% increase	<u>\$ 73,104</u>	<u>83,635</u>
10% decrease	<u>(\$ 73,104)</u>	<u>(83,635)</u>

(iv) Information of fair value

1) Valuation techniques for financial instruments measured at fair value

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
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		June 30, 2025				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value						
through other comprehensive income						
Stocks listed on domestic markets	\$	731,044	731,044	-	-	731,044
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	3,849,273	-	-	-	-
Notes and accounts receivable		234,359	-	-	-	-
Other receivables		39,676	-	-	-	-
Other financial assets - current		4,772,422	-	-	-	-
Other financial assets - non-current		3,019,900	-	-	-	-
Other non-current assets		204,759	-	-	-	-
Subtotal		12,120,389	-	-	-	-
Total	\$	12,851,433	731,044	-	-	731,044
Financial liabilities measured at amortized cost						
Short-term loans	\$	18,859,180	-	-	-	-
Short-term notes and bills payable		1,934,273	-	-	-	-
Notes payable, accounts payable and other payables		4,426,286	-	-	-	-
Lease liabilities		79,367	-	-	-	-
Corporate bonds payable		9,482,876	-	-	-	-
Long-term loans (including current portion)		254,560	-	-	-	-
Total	\$	35,036,542	-	-	-	-

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

	December 31, 2024				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	\$ 767,243	767,243	-	-	767,243
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 6,477,170	-	-	-	-
Notes and accounts receivable	359,918	-	-	-	-
Other receivables	3,201	-	-	-	-
Other financial assets - current	4,443,052	-	-	-	-
Other financial assets - non-current	3,081,688	-	-	-	-
Other non-current assets	306,020	-	-	-	-
Subtotal	14,671,049	-	-	-	-
Total	<u>\$ 15,438,292</u>	<u>767,243</u>	<u>-</u>	<u>-</u>	<u>767,243</u>
Financial liabilities measured at amortized cost					
Short-term loans	\$ 17,451,932	-	-	-	-
Short-term notes and bills payable	2,233,739	-	-	-	-
Notes payable, accounts payable and other payables	3,340,818	-	-	-	-
Lease liabilities	93,233	-	-	-	-
Corporate bonds payable	9,492,424	-	-	-	-
Long-term loans (including current portion)	267,685	-	-	-	-
Total	<u>\$ 32,879,831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

		June 30, 2024				
		Carrying amount	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income						
Stocks listed on domestic markets	\$	836,351	836,351	-	-	836,351
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	4,017,881	-	-	-	-
Notes and accounts receivable		1,790,640	-	-	-	-
Other receivables		11,458	-	-	-	-
Other financial assets - current		5,563,642	-	-	-	-
Other financial assets - non-current		2,912,372	-	-	-	-
Other non-current assets		231,676	-	-	-	-
Subtotal		14,527,669	-	-	-	-
Total	\$	15,364,020	836,351	-	-	836,351
Financial liabilities measured at amortized cost						
Short-term loans	\$	11,128,838	-	-	-	-
Short-term notes and bills payable		1,655,734	-	-	-	-
Notes payable, accounts payable and other payables		5,162,916	-	-	-	-
Lease liabilities		61,245	-	-	-	-
Corporate bonds payable (including current portion)		9,859,441	-	-	-	-
Long-term loans (including current portion)		280,653	-	-	-	-
Total	\$	28,148,827	-	-	-	-

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments that are openly quoted in an active market will have fair value determined at the openly quoted price. Fair values of public-listed (OTC-traded) equity instruments and debt instruments openly quoted in active markets are determined using market prices quoted on major exchange and OTC center for actively traded government bonds.

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
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A financial instrument is deemed to be openly quoted on an active market if reliable quotations (that are representative of transactions actually and frequently taking place in a fair market) can be obtained from stock exchange, brokers, underwriters, industry associations, pricing institutions, or the authority on a timely and frequent basis. A market is deemed inactive if it fails to satisfy the above conditions. Determining whether a market is active involves judgment.

Fair values and extents of financial instruments quoted in active markets are listed as follows:

Fair value of listed stocks and corporate bonds are determined by market prices, for they are issued with standard terms and conditions, and are quoted in active markets.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate. Structured Interest Rate Derivatives financial instruments are based on appropriate option pricing models (such as the Black-Scholes model) or other evaluation methods.

The discounted cash flow method is used to estimate the fair value. The main assumptions are considering the probability of occurrence base on the surplus before the tax, interest, depreciation and amortization to estimate the price to be paid, and are estimated as the present value after discounting, whose discount rate is adjusted base on the risk.

3) Transfers between levels

Stock held by the Group quoted in an active market is sorted to Level 1. There was no change in valuation techniques for the six months ended June 30, 2025 and 2024. There was no transfer between levels of fair value input for the six months ended June 30, 2025 and 2024.

(w) Financial risk management

There was no significant change in the Group's financial risk management goals and policies from those disclosed in Note 6(w) of the 2024 consolidated financial statements.

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

(x) Capital management

The Group's capital management goals, policies, and procedures were consistent with those disclosed in the 2024 consolidated financial statements. There was no change in the quantitative data used for capital management from that disclosed in the 2024 consolidated financial statements. Please see note 6(x) of the 2024 consolidated financial statements for more information.

(y) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the six months ended June 30, 2025 and 2024, were as follows:

(i) Please refer to note 6(f) for right-of-use assets acquired through lease.

(7) Related-party transactions

(a) Parent company and ultimate controlling company

On June 30, 2025, December 31, 2024, and June 30, 2024, Guang Yang Investment Co., Ltd (Guang Yang) was the parent company of the Group and it owned 5.81%, 5.81%, and 5.95% of all shares outstanding of the Group, respectively. Chyi Yuh Construction Co., Ltd. is the parent company of Guang Yang. Highwealth Construction Corp. is the ultimate controlling party of the Group. It has issued Consolidated Financial Statements available for Public Use.

(b) Names and relationship with related party

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the group</u>
Guang Yang Investment Co., Ltd	Parent company of the Group
Chyi Yuh Construction Co., Ltd.	Parent company of Guang Yang Investment Co., Ltd
Highwealth Construction Corp.	Ultimate controlling company of the Group
Well Rich International Co., Ltd.	Same ultimate controlling company with the Group
Bo-Yuan Construction Co., Ltd.	"
Ju Feng Hotel Management Consultant Co., Ltd.	"
Highwealth Real Estate Co., Ltd.	"
Heng Yuan Contractor Co., Ltd.	"
Da Li Investment Co., Ltd.	Corporate director of the Group
Fang ○○ architectural firm	Key management personnel of the Group who is in charge of the architectural firm (Note)
Zhuo ○ architectural firm	Key management personnel of the Group who is in charge of the architectural firm
A party of 4 including Chiu, ○○	Relatives by blood within the second degree of relationship of key management personnel of the Group
Chen, ○	Relatives by blood within the second degree of relationship of key management personnel of the Group's ultimate parent

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
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Note: Not a key management personnel of the Group since March 1, 2024.

(c) Significant transactions with related parties

(i) Operating revenue

For the six months ended June 30, 2025 and 2024, the Group's board of directors resolved to sell real estates to related parties in accordance with the employee purchase policy, which resulted in an amount of NT\$0 being recognized as sales revenue, and advance real estate receipts of NT\$5,910 thousand, NT\$5,300 thousand, and NT\$3,770 thousand being recognized as contract liabilities on June 30, 2025, December 31, 2024, and June 30, 2024, respectively. The values of the above transactions were NT\$57,620 thousand, NT\$57,620 thousand, and NT\$46,290 thousand (all including tax), respectively. The collection terms were indifferent from non-related party transactions.

(ii) Purchase

- 1) The amounts of purchases from contract construction by the Group from related parties were as follows:

		Purchase (Charged)			
		For the three months ended June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Other related parties:					
Heng Yuan Contractor Co., Ltd.	\$	7,203	-	7,203	-
Other related parties		1,579	936	2,315	1,856
	\$	8,782	936	9,518	1,856

There were no significant differences of the price and conditions for related parties and ordinary contract mentioned above.

- 2) The Group commissioned related parties to administer construction properties. Administration fees were as follows:

		Expense paid			
		For the three months ended June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Parent company					
Highwealth Construction Corp.	\$	643	-	1,014	371

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
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(iii) Receivables from related parties

The receivables from related parties were as follows:

Accounted items	Categories	June 30, 2025	December 31, 2024	June 30, 2024
Other receivables	Parent company — Highwealth Construction Corp.	\$ 35,316	-	8,026
"	Other related parties	-	-	1,166
		\$ 35,316	-	9,192

(iv) Payables to related parties

The payables to related parties were as follows:

Accounted items	Categories	June 30, 2025	December 31, 2024	June 30, 2024
Accounts payable	Other related party - Well Rich International Co., Ltd.	\$ -	-	1,067
"	Other related parties	832	666	971
Other payables	Parent company	152	42	1,152
"	Other related party - Ju Feng Hotel Management Consultant Co., Ltd.	23,158	42,442	43,529
"	Other related parties	774	-	822
		\$ 24,916	43,150	47,541

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

(v) Leases

The leases between the Group and related parties were as follows:

1) Rent income

	Guarantee deposits			Rent income			
	June 30,	December 31,	June 30,	For the three	For the three	For the six	For the six
	2025	2024	2024	months ended June 30, 2025	months ended June 30, 2024	months ended June 30, 2025	months ended June 30, 2024
Parent company	\$ -	-	-	15	15	29	29
Other related parties:							
Bo-Yuan Construction Co., Ltd.	1,278	1,378	1,378	2,397	1,975	4,944	3,970
Highwealth Real Estate Co., Ltd.	200	200	200	285	1,395	571	6,121
Other related parties	-	-	-	11	11	21	21
	<u>\$ 1,478</u>	<u>1,578</u>	<u>1,578</u>	<u>2,708</u>	<u>3,396</u>	<u>5,565</u>	<u>10,141</u>

For the three months ended June 30, 2025 and 2024 and six months ended June 30, 2025 and 2024, rental income generated from investment properties for the Group amounted to NT\$6 thousand, NT\$1 thousand, NT\$13 thousand, and NT\$18 thousand, respectively.

2) Rent expense

	Refundable deposits			Rent expense			
	June 30,	December 31,	June 30,	For the three	For the three	For the six	For the six
	2025	2024	2024	months ended June 30, 2025	months ended June 30, 2024	months ended June 30, 2025	months ended June 30, 2024
Parent company	\$ 215	215	215	449	449	898	898
Other related parties	140	140	140	195	195	389	389
	<u>\$ 355</u>	<u>355</u>	<u>355</u>	<u>644</u>	<u>644</u>	<u>1,287</u>	<u>1,287</u>

For the three months and six months ended June 30, 2025 and 2024, the Group's imputed interest on rent deposit leased from parent company were NT\$1 thousand, NT\$1 thousand, NT\$2 thousand, and NT\$2 thousand, respectively. For the three months and six months ended June 30, 2025 and 2024, the Group's imputed interest on rent deposit leased from other related parties were NT\$0 thousand, NT\$0 thousand, NT\$1 thousand, and NT\$1 thousand, respectively.

3) The above lease amounts are determined with reference to prevailing market rents in nearby areas or based on the standard terms under which the Group leases from non-related parties, and are collected or paid on a monthly basis.

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

(vi) Others

- 1) As of June 30, 2025, December 31, 2024, and June 30, 2024, the Group's contracts with related parties for construction cooperation were as follows:

Property	Land Owner/ Investor	Type	Portion	Construction Deposits
June 30, 2025				
Shr Jeng Ai Yue (Huei An section)	Parent company – Highwealth	Redistribution under cooperative construction	57%	Refundable deposits \$ 100,000
December 31, 2024				
Shr Jeng Ai Yue (Huei An section)	Parent company – Highwealth	Redistribution under cooperative construction	57%	Refundable deposits \$ 100,000 Refundable notes \$ 100,000
June 30, 2024				
Shr Jeng Ai Yue (Huei An section)	Parent company – Highwealth	Redistribution under cooperative construction	57%	Refundable deposits \$ 100,000 Refundable notes \$ 100,000

- 2) The Group commissioned related parties to sell real estate and administer the construction sites. Related consulting fees and commission and sales expense were as follows:

	Expense paid			
	For the three months ended June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Parent company	\$ 2,857	2,857	5,714	5,714
Other related parties	2,180	28,803	4,049	29,337
	\$ 5,037	31,660	9,763	35,051

- 3) Details of income received by the Group from related parties for site management fees and other charges are as follows:

	Income collecting			
	For the three months ended June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Other related parties	\$ 38	-	38	-

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

(d) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the three months ended June 30, 2025</u>	<u>For the three months ended June 30, 2024</u>	<u>For the six months ended June 30, 2025</u>	<u>For the six months ended June 30, 2024</u>
Short-term employee benefits	\$ 3,218	18,629	6,317	25,004

(8) Pledged assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Financial assets at fair value through other comprehensive income-current	Bank loans	\$ 731,041	-	684,855
Notes receivable	Bank loans, short-term notes and bills payable and bonds	435,722	662,260	821,448
Other financial assets-current and non-current	Trust account, performance guarantee, short-term notes and bills payable, bank loans, guarantees and endorsements, and bonds	6,785,624	6,511,380	7,436,586
Inventories (construction)	Bank loans, short-term notes and bills payable and long-term borrowings	32,819,736	30,137,974	22,701,654
Investment property	Long-term borrowings and short-term notes and bills payable	811,221	814,929	1,062,648
		<u>\$ 41,583,344</u>	<u>38,126,543</u>	<u>32,707,191</u>

As of June 30, 2025, December 31, 2024, and June 30, 2024, the Group provided notes receivable on presale cases totaling NT\$2,034,009 thousand, NT\$2,589,477 thousand, and NT\$1,556,005 thousand, respectively, as collateral for bank loans.

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

(9) Commitments and contingencies

(a) Unrecognized contractual commitments

- (i) Amount of signed contract and received amount from contracts for construction released, for properties sold in advance and sold after completion, were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Amounts of signed contracts	<u>\$ 44,541,712</u>	<u>44,076,304</u>	<u>41,579,134</u>
Received amount from contracts	<u>\$ 4,199,284</u>	<u>3,654,535</u>	<u>3,090,826</u>

- (ii) As of June 30, 2025, December 31, 2024, and June 30, 2024, the amount of refundable deposits placed for joint construction with land owners amounted to NT\$3,875,000 thousand, NT\$3,975,000 thousand, and NT\$4,005,000 thousand, respectively. For the above-mentioned joint construction projects, the Group will settle the amounts on dates agreed by both parties.
- (iii) As of June 30, 2025, December 31, 2024, and June 30, 2024, the contract price of administration services the Group provided to joint investors was NT\$14,286 thousand, and the amount received was NT\$11,429 thousand for all of the above dates.
- (iv) The Group had the following contractual commitments for inventory acquisition that were not recognized on balance sheet:

	June 30, 2025	December 31, 2024	June 30, 2024
Inventory acquisition (construction)	<u>\$ 131,013</u>	<u>-</u>	<u>64,101</u>

- (v) Construction contract price signed by subsidiaries was as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Amount of signed contracts	<u>\$ 813</u>	<u>813</u>	<u>457</u>
Received amount from contracts	<u>\$ 780</u>	<u>480</u>	<u>457</u>
Guarantee notes issued	<u>\$ 4,135</u>	<u>4,135</u>	<u>4,135</u>

(b)

Regarding the fraud allegations against Tsai, Tsung-Pin, the former chairman of the Group, in connection with the Kuobin Dayuan case, the Taipei District Court ruled on February 26, 2025 that Tsai, Tsung-Pin should be sentenced to imprisonment and an amount of NT\$308,980 thousand obtained by the Group should be confiscated. In order to protect the Group's rights and interests, the Group has filed an appeal in accordance with the law.

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Others

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

Function Item	For the three months ended June 30, 2025			For the three months ended June 30, 2024		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	29,464	27,850	57,314	18,679	58,625	77,304
Labor and health insurance	2,583	3,592	6,175	2,074	3,654	5,728
Pension	734	1,750	2,484	477	1,814	2,291
Others	666	2,513	3,179	359	4,743	5,102
Depreciation	4,472	13,716	18,188	4,725	9,252	13,977
Amortization	-	1,340	1,340	-	1,284	1,284

Function Item	For the six months ended June 30, 2025			For the six months ended June 30, 2024		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	58,314	59,483	117,797	38,594	88,857	127,451
Labor and health insurance	5,062	8,311	13,373	4,166	8,144	12,310
Pension	1,391	3,568	4,959	1,078	3,581	4,659
Others	1,258	4,514	5,772	768	7,122	7,890
Depreciation	9,121	26,218	35,339	9,631	18,902	28,533
Amortization	-	2,232	2,232	-	2,590	2,590

- (b) Seasonality of operations:

The Group's operations are not affected by seasonal or cyclical variations.

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the six months ended June 30, 2025:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties:

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

No.	Name of Guarantor	Counter-Party of Guarantee and Endorsement		Limitation on Amount of Guarantees and Endorsements for a Specific Enterprise	Highest Balance for 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 to Net Worth of the Latest Financial Statements	Maximum Amount for Guarantees and Endorsements	Parent Company Endorsements/ Guarantees to Third Parties on Behalf of Subsidiary	Subsidiary Endorsements/ Guarantees To Third Parties On Behalf Of Parent Company	Endorsements/Guarantees To Third Parties On Behalf Of Companies In Mainland China
		Company Name	Nature of Relationship										
0	The Company	Jin Jyun Construction Co., Ltd.	2	12,291,242	1,100,000	1,100,000	400,000	300,000	8.95%	24,582,484	Y	N	N
1	Jin Jyun Construction Co., Ltd.	The Company	3	3,480,720	1,000,000	1,000,000	-	-	57.46%	6,961,441	N	Y	N

Note 1 : The numbering is as follows:

- 1) "0" represents the company
- 2) Investees are sequentially numbered from 1 by company

Note 2 : The 7 relationships between the guaranteed and the guarantor are as follows:

- 1) Transactions between the companies.
- 2) The Company directly or indirectly holds more than 50% voting right.
- 3) When other companies directly or indirectly hold more than 50% voting rights of the Company.
- 4) The Company directly or indirectly holds more than 90% voting right.
- 5) A company that is mutually protected under contractual requirements based on the needs of the contractor.
- 6) A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.
- 7) Under the Consumer Protection Act, performance guarantees for pre-sale contracts for companies in the same industry.

Note 3 : The Company endorsed the operation method for the total amount of guarantees and the limit for endorsement of a single enterprise:

- 1) The aggregate amount of endorsements and guarantees endorsed by the company and its subsidiaries shall not exceed 200% of current net value of the Company.
- 2) The aggregate amount of endorsements and guarantees endorsed by the company and its subsidiaries for a single enterprise shall not exceed 100% of current net value of the Company.

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

Note 4 : Jin Jyun Construction Co., Ltd. endorsed the operation method for the total amount of guarantees and the limit for endorsement of a single enterprise:

- 1) The aggregate amount of endorsements and guarantees endorsed by the company shall not exceed 400% of the net value of the company.
- 2) The aggregate amount of endorsements and guarantees endorsed by the company for a single enterprise shall not exceed 200% of the net value of the company.

(iii) Significant securities held as of June 30, 2025 (excluding investment in subsidiaries, associates and joint ventures):

(Amount in Thousands of New Taiwan Dollars; Shares, Unless specified Otherwise)

Name of Holder	Category and Name of Security	Relationship with Company	Accounted Name	Ending Balance				Note
				Shares/ Unit	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Shares-Highwealth Construction Corp.	Ultimate Controlling company of the Company	Financial assets at fair value through other comprehensive income - current	17,658,081	731,044	0.85 %	731,044	Note

Note: The securities are subject to restrictions due to guarantees, pledged loans, or other contractual agreements. For details, please refer to Note 8.

(iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

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

Name of Company	Counter-Party	Nature of 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)	
The Company	Jin Jyun Construction Co., Ltd.	Subsidiary of the Company	Contracting project management fee	2,951,955	83.55%		-	-	(998,553)	(55.77)%	Note 1, Note 3
Jin Jyun Construction Co., Ltd.	The Company	Parent company	Contracted project management responsibility	(2,005,827)	(99.99)%		-	-	998,553	99.77%	Note 2, Note 3

Note 1 : The contracting company records its import price through estimates of amount of purchase through number of trials.

Note 2 : The contracted company recognizes its construction revenue through percentage of completion method, and the amount of sales included.

Note 3 : Reconciliated in the preparation of consolidated report.

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

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

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

Name of Company	Counter-Party	Nature of Relationship	Related Party Receivables Balance	Turnover Rate	Overdue Receivables from Related Parties		Amounts Received from Related Parties in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Jin Jyun Construction Co., Ltd.	The Company	Parent company	998,553	4.67	-	-	701,619	-

Note: Reconciliated in the preparation of consolidated report.

- (vi) Business relationships and significant intercompany transactions:

No.	Name of Company	Name of Counter-Party	Relationship with the Transaction Counterparty	Intercompany Transactions			
				Account Name	Amount	Trading Terms	Percentage of the Consolidated Net Revenue or Total Assets
0	The Company	Jin Jyun Construction Co., Ltd.	1	Accounts payable	\$ 998,553	Same with peer terms	1.92%
			1	Operating cost	2,005,827	Same with peer terms	2,912.57%
1	Jin Jyun Construction Co., Ltd.	The Company	2	Accounts receivable	998,553	Same with peer terms	1.92%
			2	Operating revenue	2,005,827	Same with peer terms	2,912.57%

Note 1 : The numbering is as follows:

- 1) "0" represents the parent company.
- 2) Subsidiaries are sequentially numbered from 1 by company.

Note 2 : Relation between related parties are as follows:

- 1) Parent company and its subsidiaries
- 2) Subsidiaries and its parent company

- (b) Information on investees (excluding information on investees in Mainland China):

The following is the information on investees for the six months ended June 30, 2025:

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

Name of Investor	Name of Investee	Location	Primary Business Activities	Amount of Initial Investment		End-of-Period Holding Position			Current Period Profit or Loss of Investee	Investment Gains or Losses Recognized in the Current Period	Note
				End of Current Period	Previous Year	Shares/ Unit	Percentage	Carrying Amount			
Run Long Construction Co., Ltd.	Stock-Jin Jyun Construction Co., Ltd.	Taiwan	Construction, housing and building development rental services etc.	1,718,300	1,718,300	170,000,000	100.00%	1,420,343	(19,335)	(77,312)	Note

Note: Reconciliated in the preparation of consolidated report.

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

(c) Information on investment in Mainland China: None.

(14) Segment information

Information on the Group's segments and reconciliation:

	<u>Developing Segment</u>	<u>Constructing Segment</u>	<u>Reconciliation and Elimination</u>	<u>Total</u>
For the three months ended June 30, 2025				
Revenue:				
Revenue from External Customers	\$ 37,687	271	-	37,958
Intersegment	-	1,486,295	(1,486,295)	-
Total Revenue	<u>\$ 37,687</u>	<u>1,486,566</u>	<u>(1,486,295)</u>	<u>37,958</u>
Reportable Segment Profit or Loss	<u>(\$ 104,973)</u>	<u>26,164</u>	<u>1,391</u>	<u>(77,418)</u>
For the three months ended June 30, 2024				
Revenue:				
Revenue from External Customers	\$ 5,262,353	299	-	5,262,652
Intersegment	-	1,242,485	(1,242,485)	-
Total Revenue	<u>\$ 5,262,353</u>	<u>1,242,784</u>	<u>(1,242,485)</u>	<u>5,262,652</u>
Reportable Segment Profit or Loss	<u>\$ 2,038,939</u>	<u>20,912</u>	<u>(16,610)</u>	<u>2,043,241</u>
For the six months ended June 30, 2025				
Revenue:				
Revenue from External Customers	\$ 68,588	280	-	68,868
Intersegment	-	2,005,827	(2,005,827)	-
Total Revenue	<u>\$ 68,588</u>	<u>2,006,107</u>	<u>(2,005,827)</u>	<u>68,868</u>
Reportable Segment Profit or Loss	<u>(\$ 258,115)</u>	<u>11,418</u>	<u>19,336</u>	<u>(227,361)</u>

Notes to Consolidated Financial Statements of Run Long Construction Co., Ltd. and Subsidiaries
(continued)

	<u>Developing Segment</u>	<u>Constructing Segment</u>	<u>Reconciliation and Elimination</u>	<u>Total</u>
For the six months ended June 30, 2024				
Revenue:				
Revenue from External Customers	\$ 6,584,421	26,350	-	6,610,771
Intersegment	-	1,895,221	(1,895,221)	-
Total Revenue	\$ 6,584,421	1,921,571	(1,895,221)	6,610,771
Reportable Segment Profit or Loss	\$ 2,489,011	40,325	(32,632)	2,496,704
Reportable Segment Assets				
June 30, 2025	\$ 52,577,271	2,468,511	(3,167,375)	51,878,407
December 31, 2024	\$ 51,274,594	2,795,419	(2,556,752)	51,513,261
June 30, 2024	\$ 44,071,691	4,695,486	(2,604,620)	46,162,557