

Stock Code: 1808



RUN LONG CONSTRUCTION CO., LTD.

2022 Annual Shareholders' Meeting
Meeting Handbook

Form of Shareholders' Meeting: Physical shareholders meeting

Time and date of the shareholders' meeting: 9:00 a.m. on June 9, 2022

Place of shareholders' meeting: No.8 Zhifu Rd, Zhongshan District, Taipei City
(Shimmer Hall, Dazhi Denwell Hotel)

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RUN LONG CONSTRUCTION CO., LTD.

2022 Annual Shareholders' Meeting Agenda

Time and Date: 9:00 a.m. on June 9, 2022 (Thursday)

Venue: No. 8 Zhifu Rd., Zhongshan District, Taipei City (Shimmer Hall, Dazhi Denwell Hotel)

Agenda

- I. Call the meeting to order (Report the number of shares attending)
- II. Chairman's Address
- III. Report Items
 - (I) 2021 Business Report.
 - (II) 2021 Audit Report of the Audit Committee.
 - (III) Report on the distribution status for the 2021 remuneration to employees and directors.
 - (IV) Report on the distribution of cash dividends from the 2021 earnings.
 - (V) Report on the issuance of corporate bonds.
- IV. Proposals for Acceptance and Approval
 - (I) Proposal for the Company's 2021 business report and financial statements.
 - (II) Proposal for the Company's 2021 earnings distribution.
- V. Discussion Items
 - (I) Proposal for the Company's 2021 earnings and capital increase by way of issuance of new shares.
 - (II) Proposal for amendments to the Company's "Articles of Incorporation."
 - (III) Proposal for amendments to the Company's "Asset Acquisition and Disposal Procedures."
- VI. Extemporaneous Motions
- VII. Adjournment

Report Items

Item I

Proposal: 2021 business report for review.

Explanation: The Company's 2021 business report is as follows:

RUN LONG CONSTRUCTION CO., LTD.
Business Report



Dear Shareholders,

Thank you all for being here with us. On behalf of Run Long, I would like to express my sincere gratitude for your support over the past year!

The COVID-19 pandemic has ravaged the world for more than two years. Looking back on 2021, Taiwan raised the pandemic alert level to level 3 for more than two months, and domestic demand-oriented industries bore the brunt. Taiwan stocks have also experienced a year of turbulence with an intraday drop by more than 1,400 points, breaking the record in history. It was a bloodbath for the major stocks. Although the housing market was once impacted by the level 3 alert, after the alert was lifted, the consumption in the housing market hit a new high again as driven by the outstanding domestic economic performance, low interest rates, and the monetary easing policy. In 2021, the number of buildings sold and transferred in six special municipalities broke the record, with 267,751 buildings, setting a new record in eight years.

In 2021, the housing market in Taiwan was extremely vibrant, and the rise in housing prices also raised the government's concern that it would affect real home buyers with rigid demand. Various government agencies managed to curb property speculation, including the Financial Supervisory Commission's real estate project financial examination, the Central Bank's loan-to-value restriction measure, the Ministry of the Interior's prohibition of resale of pre-sale housing agreements, private legal persons' home purchase permit system, whistleblowing bonus system, actual price registration 2.0, and the city and county governments' active discussion on the housing tax rate for property not for self-occupation. The government has actively launched policies to improve the housing market by suppressing real estate speculation without undermining the market. Although it will still impact some housing market transactions in 2022, the rigid demand is strong. Also, with abundant upstream capital and factory expansion and building by technology companies in various places, it, based on the estimation, will also boost the confidence in home buying and continue to create a home buying boom.

Looking ahead to 2022, everyone expects the pandemic to become a norm like influenza and even hopes that 2022 will be the "last year of the pandemic". However, due to the rapid spread of Omicron in Taiwan at the beginning of 2022, it is still uncertain whether the level 3 alert will be launched again or whether the new variant will impact the world again. However, in 2022, Taiwan's real estate market is still supported by several factors. First, real estate has long been regarded as a protection against inflation. When Taiwanese people have enough

funds, they often tend to invest in the real estate market. Second, the current general housing loan interest rate is about 1.33%. Even if the Central Bank raises the interest rate by 0.25% in 2022, the interest rate will only rise slowly from the historic low, with a limited impact on the real estate market. Third, semiconductor companies invest and build factories in succession in various places, which will be interlinked with the development of the housing market. These will be favorable factors for the real estate market in 2022.

In 2022, the market will still be dominated by the rigid demand from first-time home buyers and people who wish to replace their homes. Run Long aims to promote the products, featuring “young people to start a family”, “large replaced with small”, “old replaced with new”, and launched "small property units", "small second property units", and "two-plus-one-room units" not only for self-occupation but for multiple purposes, such as investment and renting. In terms of product design, building materials, or public facilities planning, we create a healthy home space and strengthen the anti-pandemic function of overall buildings.

In recent years, Run Long has been actively launching cases in major cities in northern, central, and southern Taiwan. In 2021, we launched the “Shihengbin-Ueno District” and the “Shihengbin-Hoshino District” in Keelung and the “National Central City” in Taoyuan, which all witnessed excellent performance. In addition, the remaining unsold units of “Taichung Dibao” in Taichung and the finished projects of “Chungyen A+” in Xizhi, New Taipei City, and “Shicheng Run Long” in Taoyuan also demonstrated outstanding sales results.

In 2022, we will strive to eliminate our remaining houses while focusing on apartments for first-time home buyers and those who wish to replace their homes. At present, the projects we are planning and expecting to launch are mainly located in De'an CEF (Keelung), Chungho Yuanton (New Taipei City), Wanfang in Wenshan (Taipei), Shanjie in Guishan (Taoyuan), Zhongzheng in Xitun (Taichung), and Xinnan in Anping (Tainan).

Finally, I would like to thank all of our colleagues for their efforts. With the completion and handover of the “Bokelai Park” in Banqiao,” Jinai No. 2” in Tainan, and “Wenhua Run Long” in Kaohsiung in 2021, and projects due to be completed and handed over to the owners in 2022, including the “Shihengbin-Ueno District” and the “Shihengbin-Hoshino District” in Keelung and the “National Central City” in Taoyuan, the Company's revenue grew remarkably throughout the year. In the future, we will continue to uphold our management principle of a pragmatic and steady business approach, to maintain stable revenue while at the same time pursuing regular profitability for our shareholders.

The Company's 2021 business report is as follows:

1. Implementation result of the 2021 business plan:

- (1) In 2021, the Company's consolidated net operating revenue totaled NT\$10,479,267 thousand, an increase of NT\$2,823,031 thousand from NT\$7,656,236 thousand in 2020, representing a growth rate of 36.87%.
- (2) In 2021, the Company's consolidated net income before tax totaled NT\$2,060,201 thousand, an increase of NT\$1,850,171 thousand from NT\$210,030 thousand in 2020.

(3) To sum up, the revenue and net income before tax for 2021 increased compared with 2020, mainly due to the increase in both the construction revenue and the sales of remaining unsold units of the Company's newly completed construction projects recognized for 2021 compared with 2020.

2. Budget implementation status:

In accordance with the “Regulations Governing the Publication of Financial Forecasts of Public Companies,” it is not necessary for the Company to prepare financial forecasting for 2021.

3. Analysis of financial income and expense and profitability:

(Expressed in Thousands of New Taiwan Dollar)

Item		Year	2021	2020
Financial income and expenses	Net operating income		10,479,267	7,656,236
	Gross profit from operations		2,738,473	1,016,928
	Profit after tax		1,671,830	117,248
Solvency	Current ratio (%)		145.80	139.74
	Quick ratio (%)		32.88	33.17
Profitability	Return on assets (%)		5.33	1.4
	Return on equity (%)		28.46	2.21
	Operating profit to paid-in capital ratio (%)		53.29	10.93
	Pre-tax net profit to paid-in capital ratio (%)		52.52	5.67
	Net profit rate (%)		15.95	1.53
	Earnings per share(NT\$)		4.26	0.32

Note: Consolidated information of the Company and its subsidiaries.

4. Status of research and development:

(1) Architectural planning and design:

- ① The residential building is designed for first-time buyers and home exchangers. In terms of design space, the apartments are divided into 2 or 3 rooms using safe and healthy building materials. We value the needs of users in a bid to achieve both aesthetics and practicality.
- ② We will work with famous architectural teams at home and abroad and learn from international teams' experience to improve the four major know-hows of flow planning, space design, delicate construction techniques, and hotel butler service; then, launch building products that are more in alignment with customers' needs and even beyond their expectations.
- ③ The ideas of “green building” and “smart living space” will be combined. Using the green building as the foundation, we will introduce the application of smart high-end technology that meets the needs of a rapidly changing market.

- ④ In the design and planning stages, the visual communication platform of the 3D modeling software "Building Information Modeling" (BIM) is used. By taking this approach, we can facilitate horizontal and vertical communication, coordination and integration among design, construction and user units to improve efficiency as well as quality.
- ⑤ Due to the effects of the pandemic outbreak, “epidemic-proof building materials” are the trend for future projects. Public spaces and homes will be upgraded with epidemic-proof building materials.

(2) Construction and management:


- ① The 3D modeling software “BIM” will be used to review the project interface, resolve conflicts to achieve accurate construction standards, and improve deficiencies of traditional construction management, reducing overall construction costs.
- ② As there is a shortage of manpower for traditional technology, we will do our utmost to research and develop methods or adjust the process to reduce the traditional wet construction mode so as to decrease environmental pollution (e.g. the possibility to grout wall tiles instead of reinforced concrete walls, dry flooring instead of floor tiles, etc.).
- ③ We will adopt aluminum molds for structural systems, reduce the cost of material damage, increase the number of replacements, and effectively reduce the number of construction workers to accelerate the construction progress and reduce the cost.
- ④ We will research and develop and test the pre-assembly approach for structural beams and columns and implement the complicated steel bar fastening procedure in the processing plant to avoid weather problems and check the quality first; as such, we can assemble them on-site, to reduce the floating time caused by overlapping of many tasks, to effectively control the progress.

(3) Market research and development:

- ① The Group’s official “House Appreciate Platform” has been launched with the website divided into sections including "Market Pulse", "Proposal Hotspots", "Fashion Taste", "Architecture School", "Group Brand" and "Event Zone". We provide information on the Group's latest projects in Taiwan so that consumers can get hold of the latest information and services available.
- ② We will continue to operate in the mainstream residential building market, focusing on homeownership and home exchange needs to meet the market demand. We will also strive to improve our after-sales services and quality control processes to gain recognition from home buyers and increase our brand awareness.
- ③ In response to the era of digital community, the Company has launched online issue-specific digital videos. By integrating our brand principles into the videos, we can capture the hearts and minds of home buyers while gaining recognition from target consumers.

Chairman: 

Managerial Officer: 

Head of Accounting: 

Item II

Proposal: 2021 audit report of the Audit Committee for review.

Explanation: The 2021 audit report of the Audit Committee is as follows:

RUN LONG CONSTRUCTION CO., LTD.
Audit Committee's Review Report



The Board of Directors has submitted the Company's 2021 business report, financial statements (including consolidated financial statements) and the proposal for earnings distribution; among these, the financial statements (including consolidated financial statements) have been audited by Yilien Han and Ti-Nuan Chien of KPMG and the audit report has been issued. The said business report, financial statements and the proposal for earnings distribution have been audited by the Audit Committee, with no discrepancy found. We have presented you the reports based on the provisions stipulated in Article 14-4 in the Securities and Exchange Act and Article 219 in the Company Act.

Regards,
2022 Annual General Meeting of Run Long construction Co., Ltd.

Audit Committee Convener: Li Wencheng



March 14, 2022

Item III

Proposal: Report on the distribution status for the 2021 remuneration to employees and directors for review.

Explanation:

- I. In accordance with Article 29 in the Company's "Articles of Incorporation," if there is a profit within the Company in the year, no less than one-thousandth of the profit shall be set aside as remuneration to employees, and no more than one-hundredth of the profit to directors.
- II. For 2021, the Board of Directors resolved to distribute remuneration of NT\$27,000,000 (approximately 1.30%) to employees and NT\$10,000,000 (approximately 0.48%) to directors.
- III. The amount of distribution was estimated and proposed based on the Company's financial statements, and there was no difference from the estimated amount of the recognized expenses for 2021.

Item IV

Proposal: Report on the distribution of cash dividends from the 2021 earnings for review.

Explanation:

- I. In accordance with Article 29-1 of the Company's "Articles of Incorporation," the Board of Directors is authorized to resolve the distribution of all or part of the dividends and bonuses or legal reserve and capital surplus in cash.
- II. The proposed appropriation of earnings totaling NT\$784,393,274 will be allotted, with cash dividends of NT\$2 per share (e.g. NT\$2,000 per thousand shares). The cash dividends are calculated up to NT\$1.0, decimal points are not accounted for. The total uncounted shares in fractions of NT\$1.0 shall be listed as other income of the Company.
- III. The proposal has been resolved by the board meeting and the Board of Directors has been authorized to set the base date for dividend distribution, payment date and other related matters. In case of changes to laws and regulations or adjustments made by competent agencies or the buyback, cancellation, share exchange of corporate bonds, issuance of new stocks or other changing factors affecting the shares by the Company afterward, resulting in changes to the current number of shares and pay-out ratio, full authorization shall be given to Board of Directors to fully handle these matters.

Item V

Proposal: Report on the issuance of corporate bonds for review.

Explanation:

- I. On November 3, 2021, approved with Letter Zheng-Gui-Zhai No. 11000120671 issued by the Taipei Exchange, the 2021 first domestic secured ordinary convertible corporate bonds for NT\$2 billion were issued.
- II. Please refer to Attachment I on page 12 of the Handbook for the issuance of said corporate bonds.

Proposals for Acceptance and Approval

Item I: Proposed by the Board of Directors

Proposal: The Company's Business Report and Financial Statements of 2021 shall be proposed for acceptance and approval.

Explanation:

- I. The Company's 2021 financial statements, including the balance sheet, the statement of comprehensive income, statement of changes in equity, cash flow statement and consolidated statements with subsidiaries, have been certified by the accountants Yilian Han and Ti-Nuan Chien of KPMG. The audit report has been submitted together with the business report (please refer to Pages 2-5 of the Handbook), which the Audit Committee has audited.
- II. Please refer to "Attachment II and Attachment III" on pages 13-30 of the Handbook for the CPAs' audit report and the above financial statements.

Resolution:

Item II: Proposed by the Board of Directors

Proposal: Proposal of the Company's 2021 earnings distribution for recognition.

Explanation:

- I. The Company's net income after tax for 2021 was NT\$1,671,830,319, plus NT\$2,837,017 of undistributed earnings at the beginning of the period and NT\$167,183,032 of the legal reserve, and the distributable earnings at the end of the period totaled NT\$1,507,484,304.
- II. The 2021 earnings distribution table is as follows:

RUN LONG CONSTRUCTION CO., LTD.


The 2021 earnings distribution table




Unit: NT\$

Item	Amount	
	Subtotal	Total
Beginning balance of undistributed earnings		2,837,017
Add: Current net profit after tax	1,671,830,319	
Less: 10% legal reserve set aside	(167,183,032)	
Distributable earnings		1,507,484,304
Less: Distribution items for the period:		
Bonus to shareholders – stock (NT\$1.5/share)	(588,294,960)	
Dividend to shareholders - cash (NT\$2/share)	(784,393,274)	
End balance of undistributed earnings		134,796,070

Chairman: 

Managerial Officer: 

Head of Accounting: 

Resolution:

Discussion Items

Item I: Proposed by the Board of Directors

Proposal: Proposal for the Company's 2021 earnings and capital increase by way of issuance of new shares for recognition.

Explanation:

- I. In an attempt to increase the working capital, the Company intended to transfer NT\$588,294,960 from the distributable earnings in 2021 to capital increase by issuing 58,829,496 new shares with a par value of NT\$10 per share.
- II. For the new shares issued in the capital increase this time, the shares will be distributed in proportion to the shareholders' ownership as stated in the shareholder register on the record date of the allotment (capital increase), and 150 shares will be allotted per 1,000 shares.
- III. Fractional shares shall be handled by the shareholders themselves to company's stock agency for patchwork within 5 days from the date of book closure at the time of ex-rights. Fractional shares shall be distributed in cash and rounded down to NT\$1 as per the face value in accordance with Article 240 of the Company Act, and the Chairman shall be authorized to request specific persons to subscribe for such fractional shares as per the face value. For the shareholders engaging in the issuance of stocks by book-entry, the fractional shares shall be used to pay for the expenses for handling the book-entries.
- IV. Regarding the new stock issued for capital increase, the rights and obligations are the same as the originally issued common stock.
- V. Regarding the issuance of new stock for capital increase, after this proposal has been approved by shareholders' meeting and submitted for approval by competent agencies, authorization is given to the Board to establish relevant matters for the record date of capital increase (bonus shares). In case of changes to laws and regulations or adjustments made by competent agencies or the buyback, cancellation, share exchange of corporate bonds, issuance of new stocks or other changing factors affecting the shares by the Company afterwards, resulting changes to the current number of shares and pay-out ratio, full authorization shall be given to Board of Directors to fully handle these matters.

Resolution:

Item II: Proposed by the Board of Directors

Proposal: Proposal for amendments to the Company's "Articles of Incorporation."

Explanation:

- I. Part of the Articles of Incorporation is amended as per the actual operational needs and in accordance with the amendments to Article 172-2 of the Company Act.
- II. For the comparison table of amendments to the Articles of Incorporation, please refer to Attachment IV on page 31 of the Handbook.

Resolution:

Item III: Proposed by the Board of Directors

Proposal: Proposal for amendments to the Company's "Asset Acquisition and Disposal Procedures"

Explanation:

- I. Part of the Company's "Asset Acquisition and Disposal Procedures" are amended as per the Financial Supervisory Commission's Order Jin-Guan-Zeng-Fa No. 1110380465 dated January 28, 2022.
- II. For the comparison table of amendments to the "Asset Acquisition and Disposal Procedures", please refer to Attachment V on pages 32-41 of the Handbook.

Resolution:

Extemporary Motions

Adjournment

Attachment I**Issuance of Corporate Bonds**

April 11, 2022

Type of Corporate Bonds	2021 1 st Secured Ordinary Corporate Bonds (Code: B85108)	
Issuance (handling) date	November 10, 2021	
Denomination	NT\$1,000,000	
Place of issuance and transaction (Note)	Not applicable.	
Issuing price	At face value	
Total	NT\$2 billion in total	
Interest rate	Coupon rate: fixed rate at 0.57% per annum	
Period	5-year period, maturity date: November 10, 2026	
Guarantee Organization	Taiwan Business Bank Co., Ltd.	
Trustee	Land Bank of Taiwan Co., Ltd.	
Underwriting institution	Bank Taiwan Securities Co., Ltd.	
Certified Lawyer	Zhong-Jie Wei	
Certified Public Accountant	Yilian Han	
Reimbursement Method	The principal of this corporate bond shall be repaid in full at the expiration of five-year duration from the issuance date.	
Outstanding principal amount	NT\$2,000,000,000	
Redemption and Advanced Redemption Provisions	Not applicable.	
Restrictions	None	
Credit rating agency, assessment date and results	Not applicable.	
Other rights attached	Amount of Converted (Exchanged or Subscribed) Ordinary shares, Overseas Depository Receipts or Other Negotiable Securities	Not applicable.
	Issuance and Conversion (Exchange or Subscription) Method	Please refer to the prospectus of the 2021 1 st Secured Ordinary Corporate Bonds.
Potential impact of issuance, conversion, exchange, subscription, or issuing method and conditions on the dilution of equity and existing shareholders' rights	Please refer to the prospectus of the 2021 1 st Secured Ordinary Corporate Bonds.	
Name of the Custodian Institution for Underlying Exchange	Not applicable.	

Note: Filled in by overseas bond holders

Attachment II

CPAs' Audit Report



安侯建業聯合會計師事務所
KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web home.kpmg/tw

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Run Long Construction Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition on sales of properties and land

Please refer to note 4(o), and 6(t) of the consolidated financial statements for the accounting policy on revenue recognition and the details of revenue.

Description of key audit matter

The real estate industry, in which the Group is into, has a higher tendency of revenue fluctuation, therefore the management has set up relevant internal control procedures. The Group's sales revenue was \$9,638,471 thousand in 2021, whether revenue is presented fairly has a significant impact on financial statement. Therefore, the recognition of sales revenue is one of the most important evaluation in performing our audit procedures.

Auditing procedures performed

Our principal audit procedures included the following: We test the effectiveness of the design and implementing the internal control system of sales revenue; Inspect of sales contracts, bank account transaction record and real estate ownership transfer document, etc.; Test the samples of sales transaction before and after the end of the year to ensure the correctness of sales revenue.

2. Construction contracts

Please refer to note 4(o), 5, and 6(t) of the consolidated financial statements for the accounting policies on revenue recognition, assumption used, and uncertainties considered in determining the total estimated costs, and revenue recognized from contracts.

Description of key audit matter

The Group is into industry of civil engineering and building construction contractors. The Group's sales revenue from these contracts was \$825,576 thousand in 2021, the revenue constituted 8% of the consolidated revenue. Revenues and costs of construction contracts are recognized and evaluated according to IFRS15. Management judgment and estimation may be involved in determining total revenue, total estimated cost, and the extent of completion. Therefore, the recognition of revenue and cost of construction contracts is one of the most important evaluation in performing our audit procedures.

Auditing procedures performed

Our principal audit procedures included the following: We test the effectiveness of internal controls system of engineering revenue, receivable collection, contracting out and purchasing, payments and budgeting, which are relevant to financial report; compare and evaluate whether there is significant exception of change in total revenue, total estimated cost and the extent of completion; We obtain the revenue and cost the business estimated, review the completion and rationality in total contract price, budget, and accumulated involvement, to assess whether there is significant exception in contract revenue and cost that the business recognized.

3. Inventory valuation

Please refer to note 4(g), 5, and 6(d) of the consolidated financial statements for the accounting policies on measuring inventory, assumption used, and uncertainties considered in determining the net realizable value and the details of inventory.

Description of key audit matter

As of December 31, 2021, inventory of the Group valued \$27,246,899 thousand, constituting 69% of the consolidated total assets, which was presented with lower of cost or net realizable value method. The judgment of net realizable value of inventory relies on management since the Group focuses on real estate industry, which is not only deeply affected by politics, macroeconomics, prosperity, and revolution of housing and land taxation, but also an industry involving a large portion of capital infusion and long-term payback. Thus, the valuation of inventory is one of the most important evaluation in performing our audit procedures.

Auditing procedures performed

Our principal audit procedures included the following: We understand the Group's operating and accounting procedures for inventory valuation; Obtain the Group management's data of inventory valuation; verify and inspect market value of the afore mentioned information. The net realizable value can be assessed in the following ways: through reviewing the recent selling price of the premises, by inquiring the selling price of premises nearby from the "Actual Selling Price of Real Estate" website, or by obtaining project investment analysis tables, inspecting and recalculating the net realizable value of inventory to ensure if it is adequate.

Other Matter

Run Long Construction Co., Ltd. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yilien Han and Ti-Nuan Chien.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2022

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' 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' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
RUN LONG CONSTRUCTION CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2021		December 31, 2020		Liabilities and Equity		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 2,178,382	6	2,109,643	6	2100	Short-term borrowings (note 6(j))	\$ 14,074,657	36	11,936,172	32
1120	Current financial assets at fair value through other comprehensive income (notes 6(b) and 8)	607,956	2	602,698	2	2110	Short-term notes and bills payable (note 6(j))	1,236,759	3	2,758,113	8
1140	Current contract assets (note 6(t))	34,959	-	114,388	-	2130	Current contract liabilities (notes 6 (t) and 9)	3,268,109	8	3,365,105	9
1150	Notes receivable, net (note 6(c) and 8)	363,485	1	160,692	-	2150	Notes payable	3,720	-	71	-
1170	Accounts receivable, net (note 6(c))	121,145	-	113,103	-	2170	Accounts payable	2,304,761	6	1,616,669	5
1180	Accounts receivable due from related parties, net (notes 6(c) and 7)	96,679	-	197,249	1	2180	Accounts payable to related parties (note 7)	181,778	1	562,306	2
1200	Other receivables	27,340	-	1,594	-	2200	Other payables (note 7)	748,292	2	342,077	1
1210	Other receivables due from related parties (note 7)	-	-	47,457	-	2230	Current tax liabilities (note 6(q))	332,883	1	98,983	-
1220	Current tax assets	-	-	4,869	-	2250	Current provisions (notes 6(n) and (p))	46,791	-	21,262	-
1310	Inventories, manufacturing business, net (note 6(d))	-	-	10,598	-	2280	Current lease liabilities (note 6(m))	29,149	-	8,827	-
1320	Inventories (for construction business) (notes 6(d), 7 and 8)	27,246,899	69	24,811,953	67	2321	Bonds payable, current portion or puttable bonds (note 6(l))	1,989,327	5	1,481,281	4
1410	Prepayments	269,153	1	248,904	1	2322	Long-term borrowings, current portion (note 6(k))	25,944	-	1,018,091	3
1461	Non-current assets held for sale (notes 6(e) and 8)	-	-	1,187,386	3	2399	Other current liabilities, others	125,636	-	318,466	1
1476	Other current financial assets (notes 6(i), 7 and 8)	3,600,921	9	2,799,983	8			<u>24,367,806</u>	<u>62</u>	<u>23,527,423</u>	<u>65</u>
1479	Other current assets, others	48,771	-	56,616	-	Non-Current liabilities:					
1480	Current assets recognized as incremental costs to obtain contract with customers (note 6(i))	934,204	2	410,475	1	2530	Bonds payable (note 6(l))	7,861,799	20	7,851,491	21
		<u>35,529,894</u>	<u>90</u>	<u>32,877,608</u>	<u>89</u>	2541	Long-term borrowings (note 6(k))	318,538	1	344,482	1
	Non-current assets:					2570	Deferred tax liabilities (note 6(q))	2,844	-	2,844	-
1600	Property, plant and equipment (notes 6(f) and 8)	237,243	1	243,860	1	2580	Non-current lease liabilities (note 6(m))	99,013	-	814	-
1755	Right-of-use assets (note 6(g))	129,364	-	12,173	-			<u>8,282,194</u>	<u>21</u>	<u>8,199,631</u>	<u>22</u>
1760	Investment property, net (notes 6(h) and 8)	755,059	2	681,434	2	Total liabilities		<u>32,650,000</u>	<u>83</u>	<u>31,727,054</u>	<u>87</u>
1780	Intangible assets	14,380	-	15,051	-	Equity (note 6(r)):					
1840	Deferred tax assets (note 6(q))	8,639	-	3,555	-	3110	Ordinary share	3,921,966	10	3,699,966	10
1915	Prepayments for business facilities	-	-	58,424	-	3200	Capital surplus	21,376	-	168,389	-
1984	Other non-current financial assets, others (note 6(i) and 8)	2,595,296	7	2,905,885	8	3300	Retained earnings	2,575,943	7	1,052,113	3
1990	Other non-current assets, others	55,136	-	-	-	3400	Other equity interest	155,726	-	150,468	-
		<u>3,795,117</u>	<u>10</u>	<u>3,920,382</u>	<u>11</u>	Total equity		6,675,011	17	5,070,936	13
	Total assets	<u>\$ 39,325,011</u>	<u>100</u>	<u>36,797,990</u>	<u>100</u>	Total liabilities and equity		<u>\$ 39,325,011</u>	<u>100</u>	<u>36,797,990</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
RUN LONG CONSTRUCTION CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
Operating Revenues (notes 6(o), (t) and 7):					
4511	Construction revenue	\$ 9,638,471	92	3,930,087	51
4521	Engineering service revenue	825,576	8	3,711,639	49
4800	Other operating revenue	<u>15,220</u>	<u>-</u>	<u>14,510</u>	<u>-</u>
		<u>10,479,267</u>	<u>100</u>	<u>7,656,236</u>	<u>100</u>
5000	Operating costs (notes 6(u) and 7)	<u>7,740,794</u>	<u>74</u>	<u>6,639,308</u>	<u>87</u>
	Gross profit from operations	<u>2,738,473</u>	<u>26</u>	<u>1,016,928</u>	<u>13</u>
Operating expenses:					
6100	Selling expenses (notes 6(i) 、(u) and 7)	340,109	3	347,003	5
6200	Administrative expenses (note 6(u))	<u>308,317</u>	<u>3</u>	<u>265,471</u>	<u>3</u>
		<u>648,426</u>	<u>6</u>	<u>612,474</u>	<u>8</u>
	Operating income	<u>2,090,047</u>	<u>20</u>	<u>404,454</u>	<u>5</u>
Non-operating income and expenses (note 6(v) and 7):					
7100	Interest income	5,892	-	11,278	-
7010	Other income	34,948	-	31,774	-
7020	Other gains and losses	59,801	1	(91,353)	(1)
7050	Finance costs	<u>(130,487)</u>	<u>(1)</u>	<u>(146,123)</u>	<u>(2)</u>
		<u>(29,846)</u>	<u>-</u>	<u>(194,424)</u>	<u>(3)</u>
	Profit from continuing operations before tax	2,060,201	20	210,030	2
7950	Less: Income tax expenses (note 6(q))	<u>388,371</u>	<u>4</u>	<u>92,782</u>	<u>1</u>
	Profit	<u>1,671,830</u>	<u>16</u>	<u>117,248</u>	<u>1</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	<u>5,258</u>	<u>-</u>	<u>49,668</u>	<u>1</u>
8300	Other comprehensive income (net after tax)	<u>5,258</u>	<u>-</u>	<u>49,668</u>	<u>1</u>
8500	Total comprehensive income	<u>\$ 1,677,088</u>	<u>16</u>	<u>166,916</u>	<u>2</u>
Earnings per share (note 6(s))					
9750	Basic earnings per share (NT dollars)	<u>\$ 4.26</u>		<u>0.30</u>	
9850	Diluted earnings per share (NT dollars)	<u>\$ 4.26</u>		<u>0.30</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
RUN LONG CONSTRUCTION CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Total other equity interest	Total equity
	Share capital	Retained earnings			Total retained earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings			
Balance on January 1, 2020	\$ 3,083,305	779,297	823,949	727,323	1,551,272	101,054	5,514,928
Profit	-	-	-	117,248	117,248	-	117,248
Other comprehensive income	-	-	-	-	-	49,668	49,668
Total comprehensive income	-	-	-	117,248	117,248	49,668	166,916
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	65,576	(65,576)	-	-	-
Cash dividends of ordinary share	-	-	-	(308,330)	(308,330)	-	(308,330)
Stock dividends of ordinary share	308,331	-	-	(308,331)	(308,331)	-	-
Cash dividends from capital surplus	-	(308,331)	-	-	-	-	(308,331)
Stock dividends from capital surplus	308,330	(308,330)	-	-	-	-	-
Due to donated assets received	-	73	-	-	-	-	73
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	254	254	(254)	-
Other changes in capital surplus	-	5,680	-	-	-	-	5,680
Balance on December 31, 2020	3,699,966	168,389	889,525	162,588	1,052,113	150,468	5,070,936
Profit	-	-	-	1,671,830	1,671,830	-	1,671,830
Other comprehensive income	-	-	-	-	-	5,258	5,258
Total comprehensive income	-	-	-	1,671,830	1,671,830	5,258	1,677,088
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	11,750	(11,750)	-	-	-
Cash dividends of ordinary share	-	-	-	(74,000)	(74,000)	-	(74,000)
Stock dividends of ordinary share	74,000	-	-	(74,000)	(74,000)	-	-
Stock dividends from capital surplus	148,000	(148,000)	-	-	-	-	-
Due to donated assets received	-	987	-	-	-	-	987
Balance on December 31, 2021	\$ 3,921,966	21,376	901,275	1,674,668	2,575,943	155,726	6,675,011

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
RUN LONG CONSTRUCTION CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 2,060,201	210,030
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation	42,202	19,475
Amortization	3,005	3,045
Net loss on financial assets or liabilities at fair value through profit or loss	-	62
Interest expense	130,487	146,123
Interest income	(5,892)	(11,278)
Dividend income	(26,352)	(23,900)
Gain on disposal of property, plant and equipment	-	(1,944)
Impairment loss on disposal of non-current assets held for sale	-	165,479
Gain on lease modifications	(76)	(142)
Total adjustments to reconcile profit (loss)	143,374	296,920
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	-	146,207
Decrease (increase) in contract assets	79,429	(58,341)
Increase in notes receivable	(202,793)	(30,872)
Decrease (increase) in accounts receivable	(8,042)	163,821
Decrease in accounts receivable due from related parties	100,570	210,181
Increase in other receivables	(25,920)	(198)
Decrease (increase) in other receivables due from related parties	47,457	(45,420)
Decrease in inventories	10,598	487
Increase in inventories (construction)	(2,188,514)	(5,659,393)
Increase in prepayments	(1,993)	(135,860)
Decrease in other current assets	66,283	50,735
Increase in other financial assets- current	(200,085)	(1,315,124)
Increase in assets recognized as incremental costs to obtain contract with customers	(523,729)	(193,415)
Increase in other financial assets—non-current	(3,662)	(822)
Increase in contract liabilities	205,668	1,288,602
Increase in notes payable	3,649	71
Increase in accounts payable	688,092	330,937
Increase (decrease) in accounts payable to related parties	(380,528)	210,490
Increase in other payables	404,171	45,515
Increase in provisions	25,529	12,697
Increase (decrease) in other current liabilities	(192,830)	226,290
Total adjustments	(1,953,276)	(4,456,492)
Cash inflow (outflow) generated from operations	106,925	(4,246,462)
Income taxes paid	(154,686)	(22,490)
Net cash flows used in operating activities	(47,761)	(4,268,952)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
RUN LONG CONSTRUCTION CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (CONT'D)

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(10,523)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	10,777
Proceeds from disposal of non-current assets classified as held for sale	884,722	302,664
Acquisition of property, plant and equipment	(1,755)	(10,145)
Proceeds from disposal of property, plant and equipment	-	4,290
Acquisition of intangible assets	(2,334)	(2,369)
Increase in other non-current assets	(64,291)	-
Increase in prepayments for business facilities	-	(58,424)
Interest received	3,867	8,944
Dividends received	26,352	23,900
Net cash flows from investing activities	846,561	269,114
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	8,813,283	8,200,610
Decrease in short-term borrowings	(6,674,700)	(4,712,910)
Increase in short-term notes and bills payable	13,671,400	10,638,000
Decrease in short-term notes and bills payable	(15,193,500)	(8,440,000)
Proceeds from issuing bonds	2,000,000	-
Repayments of bonds	(1,500,000)	-
Repayments of long-term borrowings	(1,018,091)	(58,762)
Payment of lease liabilities	(26,092)	(444)
Other financial assets—current	697,517	-
Other financial assets—non-current	(981,920)	(566,164)
Cash dividends paid	(74,000)	(616,661)
Interest paid	(443,958)	(431,968)
Net cash flows from (used in) financing activities	(730,061)	4,011,701
Net increase in cash and cash equivalents	68,739	11,863
Cash and cash equivalents at beginning of period	2,109,643	2,097,780
Cash and cash equivalents at end of period	\$ 2,178,382	2,109,643

See accompanying notes to consolidated financial statements.

Attachment III

CPAs' Audit Report



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web home.kpmg/tw

Independent Auditors' Report

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

Opinion

We have audited the financial statements of Run Long Construction Co., Ltd. (“the Company”), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition on sales of properties and land

Please refer to note 4(n), and 6(t) of the financial statements for the accounting policy on revenue recognition and the details of revenue.

Description of key audit matter

The real estate industry, in which the Company is into, has a higher tendency of revenue fluctuation, therefore the management has set up relevant internal control procedures. The Company's sales revenue was \$9,638,471 thousand in 2021, whether revenue is presented fairly has a significant impact on financial statement. Therefore, the recognition of sales revenue is one of the most important evaluation in performing our audit procedures.

Auditing procedures performed

Our principal audit procedures included the following: We test the effectiveness of the design and implementing the internal control system of sales revenue; Inspect of sales contracts, bank account transaction record and real estate ownership transfer document, etc.; Test the samples of sales transaction before and after the end of the year to ensure the correctness of sales revenue.

2. The share of profit of subsidiaries accounted for using equity method

Please refer to note 4(h), and 6(f) of the financial statements for the accounting policies on investments in subsidiaries and the details of investments in subsidiaries accounted for using equity method.

Description of key audit matter

The Jin Jyun Construction Co., Ltd., a subsidiary of Run Long Construction Co., Ltd.'s, is into industry of civil engineering and building construction contractors. Revenue and cost of construction contracts are recognized and evaluated according to IFRS15. Management judgment and estimation may be involved in determining total revenue, total estimated cost, and the extent of completion. Those including contract addition and reduction, the alternation of design, the inflation or deflation in cost, or other sub-cost, and the degree of completion based on contract activities on the end date of financial report, etc. High degree of uncertainty of accounting estimates are involved in all activities. Therefore, income recognition of the subsidiaries is one of the most critical assessments of financial reporting audit matters we perform.

Auditing procedures performed

Our principal audit procedures included the following: We test the effectiveness of internal controls system of engineering revenue, receivable collection, contracting out and purchasing, payments and budgeting of Jin Jyun Construction Co., Ltd., those mentioned above are relevant to financial report; compare and evaluate whether there is significant exception of change in total revenue, total estimated cost and the extent of completion; We obtain the revenue and cost the business estimated, review the completion and rationality in total contract price, budget, and accumulated involvement, to assess whether there is significant exception in contract revenue and cost that the business recognized.

3. Inventory valuation

Please refer to note 4(f), 5, and 6(d) of the financial statements for the accounting policies on measuring inventory, assumption used, and uncertainties considered in determining the net realizable value and the details of inventory.

Description of key audit matter

As of December 31, 2021, inventory of the Company valued \$26,749,946 thousand, constituting 71% of the total assets, which was presented with lower of cost or net realizable value method. The judgment of net realizable value of inventory relies on management since the Company focuses on real estate industry, which is not only deeply affected by politics, macroeconomics, prosperity, and revolution of housing and land taxation, but also an industry involving a large portion of capital infusion and long-term payback. Thus, the valuation of inventory is one of the most important evaluation in performing our audit procedures.

Auditing procedures performed

Our principal audit procedures included the following: We understand the Company's operating and accounting procedures for inventory valuation; Obtain the Company management's data of inventory valuation; verify and inspect market value of the afore mentioned information. The net realizable value can be assessed in the following ways: through reviewing the recent selling price of the premises, by inquiring the selling price of premises nearby from the "Actual Selling Price of Real Estate" website, or by obtaining project investment analysis tables, inspecting and recalculating the net realizable value of inventory to ensure if it is adequate.

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yilien Han and Ti-Nuan Chien.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2022

Notes to Readers

The accompanying parent company only financial statements are intended only to present the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying parent company only 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' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
RUN LONG CONSTRUCTION CO., LTD.

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2021		December 31, 2020		Liabilities and Equity		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 1,438,780	4	1,286,398	4	2100	Short-term borrowings (note 6(k))	\$ 13,874,657	37	11,936,172	34
1120	Current financial assets at fair value through other comprehensive income (notes 6(b) and 8)	607,956	2	602,698	2	2110	Short-term notes and bills payable (note 6(k))	1,236,759	3	2,758,113	8
1150	Notes receivable, net (note 6(c) and 8)	363,485	1	160,692	-	2130	Current contract liabilities (notes 6 (t), 7 and 9)	3,268,109	9	3,314,710	9
1170	Accounts receivable, net (note 6(c))	11,456	-	35,096	-	2150	Notes payable	3,674	-	-	-
1200	Other receivables	27,325	-	1,584	-	2170	Accounts payable	463,615	1	440,218	1
1210	Other receivables due from related parties (note 7)	-	-	47,457	-	2180	Total accounts payable to related parties (note 7)	734,353	2	846,934	2
1220	Current tax assets	-	-	4,869	-	2200	Other payables (note 7)	715,285	2	309,284	1
1310	Inventories, manufacturing business (note 6(d))	-	-	10,598	-	2230	Current tax liabilities	327,087	1	68,785	-
1320	Inventories (for construction business) (note 6(d), 7 and 8)	26,749,946	71	24,570,742	69	2251	Current provisions for employee benefits (note 6(p))	2,527	-	2,321	-
1410	Prepayments (note 7)	229,795	1	192,136	-	2280	Current lease liabilities (notes 6(n))	29,149	-	8,827	-
1460	Non-current assets held for sale (note 6(e) and 8)	-	-	1,187,386	3	2321	Bonds payable, current portion or putable bonds (note 6(m))	1,989,327	5	1,481,281	4
1476	Other current financial assets (notes 6(j), 7 and 8)	3,100,544	8	2,786,119	8	2322	Long-term borrowings, current portion (note (l))	25,944	-	1,018,091	3
1479	Other current assets, others	3,665	-	2,784	-	2399	Other current liabilities, others	112,311	-	305,459	1
1480	Current assets recognized as incremental costs to obtain contract with customers (notes 6(j))	934,204	2	410,475	1			22,782,797	60	22,490,195	63
		<u>33,467,156</u>	<u>89</u>	<u>31,299,034</u>	<u>87</u>	Non-Current liabilities:					
Non-current assets:						2530	Bonds payable (note 6(m))	7,861,799	21	7,851,491	22
1550	Investments accounted for using equity method (notes 6(f))	502,279	1	619,822	2	2541	Long-term borrowings (note 6(l))	318,538	1	344,482	1
1600	Property, plant and equipment (note 6(g) and 8)	234,619	1	240,696	1	2570	Deferred tax liabilities (note 6(q))	2,844	-	2,844	-
1755	Right-of-use assets (note 6(h))	129,364	-	12,173	-	2580	Non-current lease liabilities (note 6(n))	99,013	-	814	-
1760	Investment property, net (note 6(i) and 8)	755,059	2	681,434	2			8,282,194	22	8,199,631	23
1780	Intangible assets	1,471	-	2,129	-	Total liabilities		<u>31,064,991</u>	<u>82</u>	<u>30,689,826</u>	<u>86</u>
1984	Other non-current financial assets, others (note 6(j), 7 and 8)	2,594,918	7	2,905,474	8	Equity (note 6(r)):					
1990	Other non-current assets, others	55,136	-	-	-	3100	Ordinary shares	3,921,966	11	3,699,966	11
		4,272,846	11	4,461,728	13	3200	Capital surplus	21,376	-	168,389	-
						3300	Retained earnings	2,575,943	7	1,052,113	3
						3400	Other equity interest	155,726	-	150,468	-
						Total equity		<u>6,675,011</u>	<u>18</u>	<u>5,070,936</u>	<u>14</u>
Total assets		<u>\$ 37,740,002</u>	<u>100</u>	<u>35,760,762</u>	<u>100</u>	Total liabilities and equity		<u>\$ 37,740,002</u>	<u>100</u>	<u>35,760,762</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
RUN LONG CONSTRUCTION CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Operating Revenues (note 6(o), (t)):					
4511	Construction revenue	\$ 9,638,471	100	3,930,087	100
4800	Other operating revenue	<u>15,220</u>	<u>-</u>	<u>14,510</u>	<u>-</u>
		<u>9,653,691</u>	<u>100</u>	<u>3,944,597</u>	<u>100</u>
5000	Operating costs (note 7)	<u>7,012,433</u>	<u>73</u>	<u>3,108,623</u>	<u>79</u>
	Gross profit from operations	<u>2,641,258</u>	<u>27</u>	<u>835,974</u>	<u>21</u>
Operating expenses:					
6100	Selling expenses (note 6(j) and 7)	340,109	4	347,003	9
6200	Administrative expenses (note 6(u) and 7)	<u>227,300</u>	<u>2</u>	<u>180,136</u>	<u>4</u>
		<u>567,409</u>	<u>6</u>	<u>527,139</u>	<u>13</u>
	Operating income	<u>2,073,849</u>	<u>21</u>	<u>308,835</u>	<u>8</u>
Non-operating income and expenses: (note 6(v) and 7)					
7100	Interest income	5,528	-	10,849	-
7010	Other income	34,790	-	31,615	1
7020	Other gains and losses	43,551	1	(104,232)	(3)
7050	Finance costs	(130,075)	(1)	(145,783)	(4)
7070	Share of profit of associates and joint ventures accounted for using equity method	<u>12,457</u>	<u>-</u>	<u>73,387</u>	<u>2</u>
		<u>(33,749)</u>	<u>-</u>	<u>(134,164)</u>	<u>(4)</u>
	Profit from continuing operations before tax	2,040,100	21	174,671	4
7950	Less: Income tax expenses (note 6(q))	<u>368,270</u>	<u>4</u>	<u>57,423</u>	<u>1</u>
	Profit	<u>1,671,830</u>	<u>17</u>	<u>117,248</u>	<u>3</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	<u>5,258</u>	<u>-</u>	<u>49,668</u>	<u>1</u>
8300	Other comprehensive income (net after tax)	<u>5,258</u>	<u>-</u>	<u>49,668</u>	<u>1</u>
8500	Total comprehensive income	<u>\$ 1,677,088</u>	<u>17</u>	<u>166,916</u>	<u>4</u>
Earnings per share (note 6(s))					
9750	Basic earnings per share (NT dollars)	<u>\$ 4.26</u>		<u>0.30</u>	
	Diluted earnings per share (NT dollars)	<u>\$ 4.26</u>		<u>0.30</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
RUN LONG CONSTRUCTION CO., LTD.

Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings			Total other equity interest	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
Balance on January 1, 2020	\$ 3,083,305	779,297	823,949	727,323	1,551,272	101,054	5,514,928
Profit	-	-	-	117,248	117,248	-	117,248
Other comprehensive income	-	-	-	-	-	49,668	49,668
Total comprehensive income	-	-	-	117,248	117,248	49,668	166,916
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	65,576	(65,576)	-	-	-
Cash dividends of ordinary share	-	-	-	(308,330)	(308,330)	-	(308,330)
Stock dividends of ordinary share	308,331	-	-	(308,331)	(308,331)	-	-
Cash dividends from capital surplus	-	(308,331)	-	-	-	-	(308,331)
Stock dividends from capital surplus	308,330	(308,330)	-	-	-	-	-
Due to donated assets received	-	73	-	-	-	-	73
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	254	254	(254)	-
Other changes in capital surplus	-	5,680	-	-	-	-	5,680
Balance on December 31, 2020	3,699,966	168,389	889,525	162,588	1,052,113	150,468	5,070,936
Profit	-	-	-	1,671,830	1,671,830	-	1,671,830
Other comprehensive income	-	-	-	-	-	5,258	5,258
Total comprehensive income	-	-	-	1,671,830	1,671,830	5,258	1,677,088
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	11,750	(11,750)	-	-	-
Cash dividends of ordinary share	-	-	-	(74,000)	(74,000)	-	(74,000)
Stock dividends of ordinary share	74,000	-	-	(74,000)	(74,000)	-	-
Stock dividends from capital surplus	148,000	(148,000)	-	-	-	-	-
Due to donated assets received	-	987	-	-	-	-	987
Balance on December 31, 2021	\$ 3,921,966	21,376	901,275	1,674,668	2,575,943	155,726	6,675,011

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
RUN LONG CONSTRUCTION CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 2,040,100	174,671
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	40,750	18,361
Amortization expense	1,661	1,862
Net loss on financial assets or liabilities at fair value through profit or loss	-	62
Interest expense	130,075	145,783
Interest income	(5,528)	(10,849)
Dividend income	(26,352)	(23,900)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(12,457)	(73,387)
Gain on disposal of property, plant and equipment	-	(1,944)
Impairment loss on disposal of non-current assets held for sale	-	165,479
Gain on lease modifications	(76)	(142)
Total adjustments to reconcile profit (loss)	128,073	221,325
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in financial assets at fair value through profit or loss	-	146,207
Increase in notes receivable	(202,793)	(30,872)
Decrease (increase) in accounts receivable	23,640	(35,096)
Increase in other receivables	(25,920)	(656)
Decrease (increase) in other receivables due from related parties	47,457	(45,420)
Decrease in inventories	10,598	487
Increase in inventories (construction)	(1,932,772)	(5,451,634)
Increase in prepayments	(19,403)	(94,920)
Decrease (increase) in other current assets	(867)	59,673
Decrease (increase) in other financial assets—current	286,426	(1,311,143)
Increase in assets recognized as incremental costs to obtain contract with customers	(523,729)	(193,415)
Increase in other financial assets—non-current	(3,695)	(411)
Total changes in operating assets	(2,341,058)	(6,957,200)
Changes in operating liabilities:		
Increase in contract liabilities	256,063	1,418,302
Increase in notes payable	3,674	-
Increase in accounts payable	23,397	91,038
Increase (decrease) in accounts payable to related parties	(112,581)	360,498
Increase in other payables	404,001	41,298
Increase (decrease) in provisions	206	(122)
Increase (decrease) in other current liabilities	(193,148)	228,921
Total changes in operating liabilities	381,612	2,139,935
Total changes in operating assets and liabilities	(1,959,446)	(4,817,265)
Total adjustments	(1,831,373)	(4,595,940)
Cash inflow (outflow) generated from operations	208,727	(4,421,269)
Income taxes paid	(105,099)	(2,620)
Net cash flows from (used in) operating activities	103,628	(4,423,889)

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
RUN LONG CONSTRUCTION CO., LTD.

Statements of Cash Flows (CONT'D)

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(10,523)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	10,777
Proceeds from disposal of non-current assets held for sale	884,722	302,664
Acquisition of property, plant and equipment	(843)	(8,140)
Proceeds from disposal of property, plant and equipment	-	4,290
Acquisition of intangible assets	(1,003)	(1,113)
Increase in other non-current assets	(64,291)	-
Interest received	3,510	8,510
Dividends received	156,352	78,900
Net cash flows from investing activities	978,447	385,365
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	8,413,283	8,000,610
Decrease in short-term borrowings	(6,474,700)	(4,512,910)
Increase in short-term notes and bills payable	13,621,400	10,588,000
Decrease in short-term notes and bills payable	(15,143,500)	(8,390,000)
Proceeds from issuing bonds	2,000,000	-
Repayments of bonds	(1,500,000)	-
Repayments of long-term borrowings	(1,018,091)	(58,762)
Other financial assets – current	697,517	-
Other financial assets – non – current	(981,920)	(566,164)
Payment of lease liabilities	(26,092)	(444)
Cash dividends paid	(74,000)	(616,661)
Interest paid	(443,590)	(431,628)
Net cash flows from (used in) financing activities	(929,693)	4,012,041
Net increase (decrease) in cash and cash equivalents	152,382	(26,483)
Cash and cash equivalents at beginning of period	1,286,398	1,312,881
Cash and cash equivalents at end of period	\$ 1,438,780	1,286,398

See accompanying notes to parent company only financial statements.

Attachment IV

RUN LONG CONSTRUCTION CO., LTD.

Comparison Table of Amendments to the “Articles of Incorporation”

Provision after amendment	Current provision	Reason for amendment
<p>Article 6 The capital of the Company is NT\$<u>8</u> billion, divided into <u>800</u> million shares at NT\$10 per share, and the Board of Directors shall be authorized to issue the shares in installments based on actual needs.</p>	<p>Article 6 The capital of the Company is NT\$<u>5</u> billion, divided into <u>500</u> million shares at NT\$10 per share, and the Board of Directors shall be authorized to issue the shares in installments based on actual needs.</p>	<p>The amount of capital is raised.</p>
<p><u>Article 11-1</u> <u>The Company may convene the shareholders' meeting by video or in other methods announced by the central competent authority. The requirements, operating procedures, and other matters to be complied with when a video-based shareholder meeting is adopted shall be governed by the regulations of the competent authority if otherwise stipulated.</u></p>		<p>1. This article is added. 2. The amendment is made as per the amendment to Article 172-2 of the Company Act.</p>
<p>Article 33 The Articles of Incorporation were established on December 27, 1976. The 1st amendment was made on December 22, 1980. (Omitted) The 38th amendment was made on June 9, 2020. <u>The 39th amendment was made on June 9, 2022.</u></p>	<p>Article 33 The Articles of Incorporation were established on December 27, 1976. The 1st amendment was made on December 22, 1980. (Omitted) The 38th amendment was made on June 9, 2020.</p>	<p>The date and ordinal number of this amendment are added.</p>

Attachment V

RUN LONG CONSTRUCTION CO., LTD.

Comparison table of amendments to the “Acquisition and Disposal Procedures”

Provision after amendment	Current provision	Reason for amendment
<p>Article 6: Professional appraisers and their personnel, certified public accounts, attorneys, or securities underwriters that provide the Company with appraisal reports, certified public accountant's (CPA's) opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: (Paragraphs 1, 2, and 3 are not amended.)</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-discipline regulations of the associations to which they belong and</u> the following:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When <u>executing</u> a case, they shall appropriately plan and execute adequate procedures, in order to produce a conclusion and use the conclusion as the basis for issuing a report or opinion. The relevant working procedures, data collected, and conclusions shall be fully and accurately specified in the case working papers.</p> <p>III. They shall conduct an item-by-item evaluation of the <u>adequacy</u> and reasonableness of the sources of data, parameters, and information used, as the basis for issuance of an appraisal report or opinion.</p>	<p>Article 6: Professional appraisers and their personnel, certified public accounts, attorneys, or securities underwriters that provide the Company with appraisal reports, certified public accountant's (CPA's) opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: (Paragraphs 1, 2, and 3 are not amended.)</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When auditing a case, they shall appropriately plan and execute adequate procedures, in order to produce a conclusion and use the conclusion as the basis for issuing a report or opinion. The relevant working procedures, data collected, and conclusions shall be fully and accurately specified in the case working papers.</p> <p>III. They shall conduct an item-by-item evaluation of the completeness, accuracy, and reasonableness of the sources of data, parameters, and information used, as the basis for issuance of an appraisal report or opinion.</p>	<p>The amendment is made as per the amendment to Article 5 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

Provision after amendment	Current provision	Reason for amendment
<p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared such a report or opinion, and that they have evaluated and verified that the information used is <u>appropriate and accurate</u> and that they have complied with applicable laws and regulations.</p>	<p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared such a report or opinion, and that they have evaluated and verified that the information used is <u>reasonable and accurate</u> and that they have complied with applicable laws and regulations.</p>	
<p>Article 8: Procedures for the acquisition or disposal of real property, equipment, or right-of-use assets thereof (Paragraphs 1, 2, and 3 are not amended.) IV. Property, equipment, or right-of-use assets thereof appraisal report In the event of acquisition or disposal of real property, equipment, or right-of-use assets thereof, where the transaction amount reaches 20% or more of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence from a professional appraiser and shall further comply with the following provisions: (I) Where due to special circumstances, it is necessary to give a limited price, specific price, or special price as a reference for the transaction price, the transaction shall be</p>	<p>Article 8: Procedures for the acquisition or disposal of real property, equipment, or right-of-use assets thereof (Paragraphs 1, 2, and 3 are not amended.) IV. Property, equipment, or right-of-use assets thereof appraisal report In the event of acquisition or disposal of real property, equipment, or right-of-use assets thereof, where the transaction amount reaches 20% or more of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence from a professional appraiser and shall further comply with the following provisions: (I) Where due to special circumstances, it is necessary to give a limited price, specific price, or special price as a reference for the transaction price, the transaction shall be</p>	<p>The amendment is made as per the amendment to Article 9 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

Provision after amendment	Current provision	Reason for amendment
<p>submitted for approval in advance by the Board of Directors; the same procedure shall also apply to any subsequent change to the terms and conditions of the transaction.</p> <p>(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount. 2. The discrepancy between the appraisal results of two 	<p>submitted for approval in advance by the Board of Directors; the same procedure shall also apply to any subsequent change to the terms and conditions of the transaction.</p> <p>(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform an appraisal <u>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount. 2. The discrepancy between the appraisal results of two or 	

Provision after amendment	Current provision	Reason for amendment
<p>or more professional appraisers is 10% or more of the transaction amount.</p> <p>(IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(V) Except where a limited price, specific price, or special price is employed by the Company as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, <u>the report and the CPA's opinion under subparagraph 3 of this paragraph, shall be obtained within 2 weeks counting inclusively from the date of occurrence.</u></p> <p>(below has not been amended)</p>	<p>more professional appraisers is 10% or more of the transaction amount.</p> <p>(IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(V) Except where a limited price, specific price, or special price is employed by the Company as the reference basis for the transaction price, if an appraisal report or <u>the CPA's opinion under subparagraph 3 of this paragraph</u>, which cannot be obtained in time and there is a legitimate reason for the delay, shall be obtained within 2 weeks counting inclusively from the date of occurrence.</p> <p>(below has not been amended)</p>	
<p>Article 9: Procedures for acquisition or disposal of securities investments (Paragraphs 1, 2, and 3 are not amended.)</p> <p>IV. Obtaining an expert's opinion (I) In the event of acquisition or disposal of securities, the Company shall obtain such companies' most recent financial statements audited or reviewed by a CPA prior to the date of</p>	<p>Article 9: Procedures for acquisition or disposal of securities investments (Paragraphs 1, 2, and 3 are not amended.)</p> <p>IV. Obtaining an expert's opinion (I) In the event of acquisition or disposal of securities, the Company shall obtain such companies' most recent financial statements audited or reviewed by a CPA prior to the date of</p>	<p>The amendment is made as per the amendment to Article 10 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

Provision after amendment	Current provision	Reason for amendment
<p>occurrence, as a reference for evaluating the transaction price. In addition, if the transaction amount reaches 20% or more of its paid-in capital or NT\$300 million or more, it shall engage a CPA prior to the date of occurrence to render an opinion on the reasonableness of the transaction price. However, this does not apply if the securities are publicly quoted in an active market or otherwise as stipulated by the Financial Supervisory Commission (FSC).</p> <p>(below has not been amended)</p>	<p>occurrence, as a reference for evaluating the transaction price. In addition, if the transaction amount reaches 20% or more of its paid-in capital or NT\$300 million or more, it shall engage a CPA prior to the date of occurrence to render an opinion on the reasonableness of the transaction price. <u>Where a CPA needs to adopt an expert's report, they shall handle it in accordance with the Statement of Auditing Standards No. 20 published by the ARDF.</u> However, this does not apply if the securities are publicly quoted in an active market or otherwise as stipulated by the Financial Supervisory Commission (FSC).</p> <p>(below has not been amended)</p>	
<p>Article 10: Procedures for acquisition or disposal of intangible assets or right-to-use assets thereof or membership certificates (Paragraphs 1, 2, and 3 are not amended.)</p> <p>IV. Expert's appraisal report on intangible assets or right-to-use assets thereof or membership certificates Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or membership certificates and the transaction amount reach 20% or more of its paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, it shall engage a CPA prior to the date of occurrence to render an opinion on</p>	<p>Article 10: Procedures for acquisition or disposal of intangible assets or right-to-use assets thereof or membership certificates (Paragraphs 1, 2, and 3 are not amended.)</p> <p>IV. Expert's appraisal report on intangible assets or right-to-use assets thereof or membership certificates Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or membership certificates and the transaction amount reaches 20% or more of its paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, it shall engage a CPA prior to the date of occurrence to render an opinion on</p>	<p>The amendment is made as per the amendment to Article 11 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

Provision after amendment	Current provision	Reason for amendment
the reasonableness of the transaction price.	the reasonableness of the transaction price; <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u>	
<p>Article 11: Procedures for transactions with related parties (Paragraph 1 is not amended.)</p> <p>II. Evaluation and operating procedures When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party, and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds, bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, it may not proceed to enter into a transaction contract or make a payment until the following information has been approved by the Audit Committee and passed by the Board of Directors.</p> <p>(I) The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the related party as a transaction counterparty.</p>	<p>Article 11: Procedures for transactions with related parties (Paragraph 1 is not amended.)</p> <p>II. Evaluation and operating procedures When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party, and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds, bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, it may not proceed to enter into a transaction contract or make a payment until the following information has been approved by the Audit Committee and passed by the Board of Directors.</p> <p>(I) The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the related party as a transaction counterparty.</p>	<p>The amendment is made as per the amendment to Article 15 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

Provision after amendment	Current provision	Reason for amendment
<p>(III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms under paragraph 3 of this article.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship with the Company and the related party.</p> <p>(V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing the contract, and evaluation of the necessity of the transaction, and reasonableness of the fund's utilization.</p> <p>(VI) An appraisal report from a professional appraiser or a CPA's opinion obtained as per paragraph 1 of this article.</p> <p>(VII) Restrictive covenants and other important stipulations associated with the transaction.</p>	<p>(III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms under paragraphs 3 of this article.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship with the Company and the related party.</p> <p>(V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing the contract, and evaluation of the necessity of the transaction, and reasonableness of the fund's utilization.</p> <p>(VI) An appraisal report from a professional appraiser or a CPA's opinion obtained as per paragraph 1 of this article.</p> <p>(VII) Restrictive covenants and other important stipulations associated with the transaction.</p> <p><u>The transaction amount in the preceding paragraph shall be calculated as per Article 15, and the term “within the preceding year” refers to the year preceding the date of the current transaction. The portions that have been approved by the Audit Committee, and the Board of Directors as per the Procedures need not be counted toward the transaction amount.</u></p>	

Provision after amendment	Current provision	Reason for amendment
<p>With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries of which it directly or indirectly holds 100% of their outstanding shares or total capital, the Company's Board of Directors may, pursuant to Article 8, delegate the Chairman to decide such matters when the transaction amount is NT\$100 million or less and have the decision subsequently submitted to and ratified by the soonest Board meeting afterwards:</p> <p>I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>II. Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>When such a matter is submitted to the Board of Directors for discussion as per paragraph 2, the Board shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.</p> <p>Pursuant to the second paragraph, such matter shall be approved by a majority of all members of the Audit Committee first and then resolved by the Board of Directors, and Article 7, paragraphs 4 and 5 shall apply mutatis mutandis.</p> <p><u>Where the Company or its subsidiary that is not a domestic publicly listed company engages in a transaction under paragraph 2, and the transaction amount reaches 10% or more of the Company's total assets, the Company shall submit the information listed in paragraph 2 to</u></p>	<p>With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries of which it directly or indirectly holds 100% of their outstanding shares or total capital, the Company's Board of Directors may, pursuant to Article 8, delegate the Chairman to decide such matters when the transaction amount is NT\$100 million or less and have the decision subsequently submitted to and ratified by the soonest Board meeting afterwards:</p> <p>I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>II. Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>When such a matter is submitted to the Board of Directors for discussion as per paragraph 2, the Board shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.</p> <p>Pursuant to the second paragraph, such matter shall be approved by a majority of all members of the Audit Committee first and then resolved by the Board of Directors, and Article 7, paragraphs 4 and 5 shall apply mutatis mutandis.</p>	

Provision after amendment	Current provision	Reason for amendment
<p><u>the shareholders' meeting for approval before proceeding to enter into a transaction contract or make a payment. However, the transactions between the Company and its parent company or subsidiaries or between its subsidiaries are not subject to this provision. The transaction amount in paragraph 2 shall be calculated as per Article 15, and the term “within the preceding year” refers to the year preceding the date of the current transaction. The portions that have been approved by the shareholders’ meeting, the Audit Committee, and the Board of Directors as per the Procedures need not be counted toward the transaction amount.</u></p> <p>(below has not been amended)</p>	<p>(below has not been amended)</p>	
<p>Article 15: Information disclosure procedures (Paragraph 1, subparagraphs 1 to 6 are not amended)</p> <p>(VII) For an asset transaction other than any of those referred to in the preceding six subparagraphs, including a disposal of receivables by a financial institution or an investment in the mainland China area, the amount of the transaction reaches 20% or more of the Company's paid-in capital or NT\$300 million or more. However, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds <u>or foreign government bonds with a credit rating not lower than our country's sovereign rating.</u> 2. Where, done by investment professionals, securities trading 	<p>Article 15: Information disclosure procedures (Paragraph 1, subparagraphs 1 to 6 are not amended)</p> <p>(VII) For an asset transaction other than any of those referred to in the preceding six subparagraphs, including a disposal of receivables by a financial institution or an investment in the mainland China area, the amount of the transaction reaches 20% or more of the Company's paid-in capital or NT\$300 million or more. However, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds. 2. Where, done by investment professionals, securities trading 	<p>The amendment is made as per the amendment to Article 31 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

Provision after amendment	Current provision	Reason for amendment
<p>on the stock exchange or OTC markets, or subscription of <u>foreign government bonds</u> or ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, <u>or subscription or sellback of exchange traded notes</u>, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(below has not been amended)</p>	<p>on the stock exchange or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(below has not been amended)</p>	

Appendix I

RUN LONG CONSTRUCTION CO., LTD.

Articles of Incorporation

Approved by the annual general meeting held on 2020.06.09

Chapter I General Rules

- Article 1 The company shall be organized in accordance with the provisions of the Company Act as RUN LONG CONSTRUCTION CO., LTD.
- Article 2 The business scope of the Company is as follows:
1. C901010 Ceramic and Ceramic Products Manufacturing.
 2. F106050 Wholesale of Pottery, Porcelain and Glassware.
 3. F107010 Wholesale of Paints, Varnishes and Lacquers.
 4. F207010 Retail Sale of Paints, Varnishes and Lacquers.
 5. F107020 Wholesale of Dyes and Pigments.
 6. F207020 Retail Sale of Dyeing Mills and Dyestuff.
 7. C802200 Paints, Varnishes, Lacquers, Dyeing Mills and Dyestuff Manufacturing.
 8. C901050 Manufacture of Cement and Concrete Products.
 9. H701010 Housing and building development, lease, sale business.
 10. H701050 Public Works Construction and Investment.
 11. H701030 Funeral Places Lease Construction and Development.
 12. H701060 Development industry of new towns and new communities.
 13. JZ99050 Agency Services
 14. I103060 Management Consulting.
 15. I301010 Software Design Services.
 16. F118010 Wholesale of Computer Software.
 17. F119010 Wholesale of Electronic Materials.
 18. JE01010 Rental and Leasing Activities.
 19. F401010 International Trade.
 20. F106010 Wholesale of Ironware.
 21. F211010 Retail Sale of Construction Materials in Specialized Stores.
 22. F107200 Wholesale of Chemistry Raw Material.
 23. F207200 Retail sale of Chemistry Raw Material.
 24. C805010 Manufacture of Plastic Sheets, Pipes and Tubes.
 25. C805050 Industrial Plastic Products Manufacturing.
 26. CB01010 Machinery and Equipment Manufacturing.
 27. CB01030 Manufacture of Pollution Controlling Equipment.
 28. J101030 Collection of Waste Disposing.
 29. J101040 Waste Treatment.
 30. F111090 Wholesale of Building Materials.
 31. CA01070 Scrapped Car and Boat Dismantling and Scrap Iron and Steel Metal Processing.
 32. CA01080 Aluminum Refinery Manufacturing.

33. CA02010 Manufacture of Metal Structure and Architectural Components.
34. C501040 Manufacture of Veneer Sheets and Wood-Based Panels.
35. J101060 Wastewater (Sewage) Treatment.
36. J101080 Resource Recycling.
37. J101090 Waste Disposal.
38. E604010 Machinery Installation.
39. F113010 Wholesale of Machinery.
40. F213080 Retail Sale of Machinery and Equipment.
41. F113100 Wholesale of Pollution Controlling Equipment.
42. F213100 Retail Sale of Pollution Controlling Equipment.
43. CA01090 Aluminum Manufacturing.
44. CA01100 Aluminum Rolling, Drawing and Extruding.
45. CA01110 Smelting and Refining of Copper.
46. CA01120 Copper Casting.
47. CA01130 Copper Rolling, Drawing and Extruding.
48. CA01990 Other Non-ferrous Metal Basic Industries.
49. H703090 Real Estate Commerce.
50. H703100 Real Estate Rental and Leasing.
51. H701080 Urban Renewal Reconstruction.
52. H701020 Industrial Factory Buildings Lease Construction and Development.
53. H701040 Specific Area Development.
54. F219010 Retail Sale of Electronic Materials.
55. F218010 Retail Sale of Computer Software.
56. F601010 Intellectual Property Rights.
57. I301020 Data Processing Services.
58. I301030 Electronic Information Supply Services.
59. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 The Company is headquartered in Taipei City and shall, if necessary, establish branches in appropriate locations at home and abroad by resolution of the Board of Directors in accordance with the law.

Article 3-1 Due to business needs, the Company may engage in external mutual guarantees with affiliated companies or peers, which is subject to the approval of the Board of Directors in accordance with the Company's Regulations Governing Making external Endorsements/Guarantees.

Article 4 When the Company invests in another company and becomes a limited liability shareholder, the total amount of its investments may exceed 40% of the Company's paid-in capital, which is not limited by Article 13 of the Company Act.

Chapter II Shareholdings

Article 6 The capital of the Company is NT\$5 billion, divided into 500 million shares at NT\$10 per share, and the Board of Directors shall be authorized to issue the shares in installments based on actual needs.

- Article 7 The Company issues owner-registered shares only, which are affixed with the signatures or personal seals of the director representing the Company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance thereof.
- The shares issued by the Company may be exempted from printing but shall be registered with a centralized securities depository.
- Article 8 The shareholder shall use his/her own name. If the shareholder is a government agency or legal entity, his/her name shall be recorded, and no separate account name shall be set up or include only the representative. The shareholder shall include his/her real name or title, domicile or residence on the signature card as well as seal affixed to it, which shall be submitted to the Company for inspection, and the same shall apply in the event of any change. When the shareholder receives dividends or exercises other rights in writing, the affixed seal will be based on.
- Article 9 The transfer, inheritance, gift, loss, destruction and other stock-related matters concerning the shareholders' shares are handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies."
- Article 10 Registration for transfer of shares shall be suspended for sixty days immediately before the day of an annual general meeting, for thirty days immediately before the day of any extraordinary general meeting of shareholders, and for five days before the day on which dividends or any other benefit is scheduled to be paid by the Company. Other stock-related matters are handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies."

Chapter III Shareholders' Meeting

- Article 11 The shareholders meeting is divided into a general meeting and an extraordinary general meeting:
1. The general meeting shall be convened once a year within 6 months after the end of the fiscal year by the Board of Directors in accordance with the law.
 2. The extraordinary general meeting shall be held in accordance with the relevant laws when necessary.
- Article 12 The shareholders shall be notified of the date and place of the meeting and the reason for the meeting 30 days prior to the convening of the general meeting and 15 days prior to the convening of the extraordinary general meeting. The convening of shareholders' meeting shall be publicly announced.
- The notice of the shareholders' meeting may be given in the form of a public announcement for shareholders who own less than 1,000 shares.
- Article 13 The Chairman shall chair the shareholders' meeting. Where the Chairman is on leave or unable to perform the duties for any reason, the Chairman shall designate a director to act on his/her behalf. In the absence of such a designation, the directors shall elect from among themselves an acting Chairman of the Board of Directors.

Article 14 Matters concerning a shareholder not being able to attend a shareholders' meeting for any reason shall be handled in accordance with Article 177 of the Company Act and Article 25-1 of the Securities and Exchange Act.

Article 15 The Company's shareholders shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under the Company Act, Article 179, paragraph 2.

Unless otherwise provided by relevant laws and regulations, a resolution of a shareholders' meeting shall be attended by the shareholders, who are present on behalf of a majority of the shareholders of the total number of issued shares.

Shareholders of the Company may also exercise their voting rights electronically. Shareholders exercising their voting rights electronically shall be deemed to be present in person and relevant matters shall be handled in accordance with the relevant laws and regulations.

Article 16 The resolutions of the shareholders' meeting shall be signed or sealed by the Chairman, and the minutes shall be distributed to all shareholders within 20 days after the meeting. The summary and result of the motions in discussion and voting shall be noted in the meeting minutes on record. The meeting minutes on record, the sign-in book for tracking attendance of the Directors and a power of attorney for appointment of proxies shall be kept by the Company as required by Article 183 of the Company Act.

The minutes referred to in the preceding paragraph shall be distributed by way of public announcement.

Chapter IV Directors and Audit Committee

Article 17 The Company shall have 7 to 9 directors, and, by adopting the candidates' nomination system, shareholders shall elect the directors from among the nominees listed in the roster of director candidates. Each director shall hold a term of office for 3 years and shall be eligible for re-election.

If the term of office of Directors expires and no election of a new Board could be held, the tenure for these directors shall be extended until a Board of Directors is elected and assumed office. If one-third of the seats of directors are left vacant or if all independent directors are dismissed, a shareholders' meeting shall be convened immediately to hold a by-election to fill the original term of office in accordance with the law.

The total number of registered shares held by all directors of the Company shall not be less than a certain percentage of the total number of shares required to be issued by the competent authority.

Article 17-1 The number of directors of the Company shall not be less than two independent directors and less than one-fifth of the total number of directors.

The nomination and means of election of directors and independent directors and other compliance matters shall be handled in accordance with the applicable regulations of the competent authorities.

Article 18 When the directors organize a Board of Directors' meeting, it shall be attended by two-third of the total number of directors of a company. With approval by a majority of directors, they shall select from among themselves one person to serve as the Chairman. Internally, the Chairman is the Chairman of the shareholders' meeting and board meeting. Externally, the Chairman represents the Company and executes all affairs relating to the Company by following these Articles and resolutions approved by the shareholders and Board of Directors. Where the Chairman is unable to perform his/her duties for any reason, one of the directors shall be designated to act on behalf of the Chairman; where there is no such designation, the directors shall nominate one among themselves to presiding over the meeting.

In order to respond to major incidents or to meet the needs of the Company's operations, unless otherwise provided by law, the Chairman may adjust the Company's necessary bodies and their organizations, or hire consultants to determine business policies and operations associated with the Company.

Subject to the approval of the Board of Directors, an additional vice Chairman may be created to assist the Chairman.

Article 19 The powers and functions of the board of directors are as follows:

1. Determination of business policies and supervision of business implementation.
2. The appointment and dismissal of managerial officers at all levels.
3. Review and approval of budget and account settlement.
4. Planning of earnings distribution or loss recovery and capital increase or decrease.
5. Approval of investments and loans to other companies and pledge of assets.
6. Establishment, adjustment and revocation of the Company's important organizations and review of important Articles of Incorporation and important contracts.
7. Approval of the acquisition and disposal of important properties.
8. Convening of shareholders' meetings.
9. Review of proposals and matters determined by the Chairman and proposed by the president.
10. Other powers and functions given by the law or the shareholders' meeting.

Article 20 Unless otherwise provided for in the Company Act, resolutions of the board meeting shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. In case that directors are unable to attend such meetings in person for any reason, they may appoint another director as the proxy to do so by issuing a proxy form, listing the scope of authority for the meeting. However, a director may act as the proxy of only one other director. In case a meeting of the Board of Directors is proceeded via a visual communication network, the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 20-1 A notice of the reason for convening a board meeting shall be given to each director and other persons who should be present seven days in advance. However, in case of emergency, it may be convened at any time.

The notice of convening a board meeting referred to in the preceding paragraph may be done so by writing, fax or email.

Article 21 Resolutions adopted at a board meeting shall be recorded in the minutes of the meeting, which shall be affixed with the chairman of the meeting's signature or seal and shall be distributed to all directors within twenty days after the close of the meeting. The said meeting minutes are handled in accordance with Article 183 of the Company Act.

Article 22 The Board of Directors shall be authorized to determine the remuneration of the Chairman and directors in accordance with the extent of their participation in and the value of their contributions to the operations of the Company and the light of the normal level of the industry.

The board of directors shall determine a fixed remuneration to independent directors in accordance with the principles of the preceding paragraph and shall not participate in the Company's remuneration distribution for the board of directors or other bonuses.

The Company shall purchase liability insurance for the directors.

Article 23 The Company shall establish an Audit Committee, composed of all independent directors, in accordance with Article 14-4 of the Securities Exchange Act. The Audit Committee or members of the Audit Committee shall carry out the functions and powers required to be exercised by supervisors under the Company Act, the Securities Exchange Act and other laws and regulations.

Article 24 Delete.

Chapter V Managerial Officer

Article 25 The Company may have a president and several managerial officers. The president shall implement the Board of Directors' resolutions as ordered by the Chairman and manage all affairs of the Company.

Article 26 The appointment, dismissal and remuneration of the Company's managerial officers shall be handled in accordance with Article 29 of the Company Act.

Chapter VI Accounting

Article 27 The Company's accounting year is January 1 to December 31 each year.

Article 28 The Company's Board of Directors shall prepare the following reports at the end of each accounting year. These reports shall be submitted to the Audit Committee for review 30 days prior to the annual general meeting. A report shall be issued for recognition at the annual general meeting.

1. the business report;
2. the financial statements; and
3. the surplus earning distribution or loss off-setting proposals.

Article 29 If the Company records a profit in a year, it shall set aside not less than one-thousandth of the profit as remuneration to employees and not more than one-hundredth of the profit as remuneration to directors. The remuneration shall be distributed after the resolution of the Board of Directors and reported to the shareholders' meeting. However, if the Company still has accumulated losses, the compensation amount shall be reserved in advance.

The employee remuneration may be determined by shares or cash and its receiving parties must include its serving employees in accordance who meet certain criteria established by the board of directors.

Article 29-1 Where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, except when the legal reserve has reached the amount of the Company's paid-in capital. Depending on the Company's operation and legal requirements, special reserve may be set aside or reversed. The Company's Board of Directors shall use any remaining profit together with any undistributed retained earnings as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders.

The Company's dividend policy shall take into the Company's financial structure, operating situation and capital budget, as well as the interests of shareholders and balance of dividends. The distributable earnings may be retained or paid in shares or cash. The amount of dividend distribution shall be maintained at between 10% and 100% of the current year's distributable earnings. The dividends paid in cash shall be less than 10% of the total dividends distributed in the year.

If the Company distributes all or part of the dividends and bonuses or statutory surplus reserves and capital reserves by means of cash disbursement, it shall authorize the Board of Directors with over two-thirds of the directors attending the meeting and conduct after approval of a majority of the directors attending the meeting, which shall be reported to the shareholders' meeting.

Article 30 The issuance or transfer objects shall include employees of subsidiaries who match certain conditions for the Company issuing employee subscription certificate, issuing new stocks with restricted employee rights, issuing new stocks to employees, or repurchasing stocks and transferring to employees in accordance with the law. The Board of Directors is authorized to determine the conditions and method of purchase.

Article 31 The organization rules and handling details of the Company shall be separately prescribed by the Board of Directors.

Article 32 Matters not covered by the Articles of Incorporation shall be governed by the Company Act and other applicable laws.

Article 33 The Articles of Incorporation were established on December 27, 1976.

The 1st amendment was made on December 22, 1980.

The 2nd amendment was made on July 3, 1981.

The 3rd amendment was made on November 6, 1981.
The 4th amendment was made on October 20, 1983.
The 5th amendment was made on December 26, 1983.
The 6th amendment was made on January 20, 1984.
The 7th amendment was made on September 1, 1985.
The 8th amendment was made on September 10, 1986.
The 9th amendment was made on November 11, 1989
The 10th amendment was made on October 2, 1990.
The 11th amendment was made on June 20, 1992.
The 12th amendment was made on March 30, 1993.
The 13th amendment was made on April 10, 1995.
The 14th amendment was made on May 18, 1996.
The 15th amendment was made on July 31, 1997.
The 16th amendment was made on June 28, 1999.
The 17th amendment was made on June 30, 2000
The 18th amendment was made on April 30, 2001.
The 19th amendment was made on June 27, 2002.
The 20th amendment was made on April 28, 2003.
The 21st amendment was made on April 5, 2004.
The 22nd amendment was made on October 27, 2004.
The 23rd amendment was made on May 25, 2005.
The 24th amendment was made on June 15, 2006.
The 25th amendment was made on June 13, 2007.
The 26th amendment was made on June 13, 2008.
The 27th amendment was made on June 10, 2009.
The 28th amendment was made on June 18, 2010.
The 29th amendment was made on June 3, 2011.
The 30th amendment was made on June 5, 2012.
The 31st amendment was made on June 11, 2013.
The 32nd amendment was made on June 27, 2014.
The 33rd amendment was made on June 11, 2015.
The 34th amendment was made on June 13, 2016.
The 35th amendment was made on June 15, 2017.
The 36th amendment was made on June 11, 2018.
The 37th amendment was made on June 10, 2019.
The 38th amendment was made on June 9, 2020.

Appendix II

RUN LONG CONSTRUCTION CO., LTD.

Asset Acquisition and Disposal Procedures

Approved by the shareholders' meeting held on June 9, 2020.

Article 1: Purpose

The Procedures are particularly formulated to protect assets and implement information disclosure.

Article 2: Legal basis

The Procedures are formulated as per Article 36-1 of the Securities and Exchange Act (hereinafter referred to as the Act) and the relevant provisions of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

Article 3: Scope of assets

- I. Securities: Stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- II. Real property (including land, houses and buildings, investment property, land use rights, and construction enterprises' inventory) and equipment.
- III. Membership certificates.
- IV. Intangible assets: Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- V. Right-of-use assets.
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VII. Derivatives.
- VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- IX. Other major assets.

Article 4: Definitions of relevant terms

- I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specific interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables; or hybrid contracts combining the above contracts; or hybrid contracts of structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
- II. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or

disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act, and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

- III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. Professional appraiser: Refers to a real property appraiser or other personnel duly authorized by law to engage in the value appraisal of real property or equipment.
- V. Date of occurrence: Refers to the date of contract signing, date of payment, date of discretionary trade, date of transfer, dates of resolutions by the Board of Directors, or another date that can confirm the counterpart or the amount of the transaction, whichever is earlier. However, for investment for which the approval of the competent authority is required, the earlier of the above dates or the date of receipt of approval by the competent authority shall prevail.
- VI. Investment in the mainland China area: Refers to investment in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- VII. Investment professionals: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, which are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
- VIII. Securities exchange: Domestic securities exchange refers to the Taiwan Stock Exchange Corporation; foreign securities exchange refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
- IX. Over-the-counter venue ("OTC venue", "OTC"): Domestic OTC venue refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; foreign OTC venue refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

- X. "Within the preceding year" refers to the year preceding the date of occurrence of the current acquisition or disposal of assets. The portions that have been announced need not be counted toward the transaction amount.
- XI. The most recent financial statements mentioned in these Procedures refer to the financial statements that the Company has publicly disclosed and audited, certified, or reviewed by a CPA before acquiring or disposing of assets.

Article 5: Maximum amount of investment in real property or right-of-use assets thereof and securities that are not for business use

The respective maximum amount for the Company and its subsidiaries to acquire the above assets is determined as follows:

- I. The total amount of real property or right-of-use assets thereof not for business use shall not exceed 100% of the net worth.
- II. The total investment in long-term and short-term securities shall not exceed 60% of the net worth.
- III. The investment in individual securities shall not exceed 60% of the net worth.

Article 6: Professional appraisers and their personnel, certified public accounts, attorneys, or securities underwriters that provide the Company with appraisal reports, certified public accountant's (CPA's) opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

- I. May not have previously received a final and unappealable sentence to imprisonment for one year or longer for a violation of the Act, the Company Act, the Banking Act of the Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if three years have already passed since the completion of service of the sentence, since the expiration of the period of a suspended sentence, or since a pardon was received.
- II. May not be a related party or de facto related party of any party in the transaction.
- III. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

- I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- II. When auditing a case, they shall appropriately plan and execute adequate procedures, in order to produce a conclusion and use the conclusion as the basis for issuing a report or opinion. The relevant working procedures, data collected, and conclusions shall be fully and accurately specified in the case working papers.

- III. They shall conduct an item-by-item evaluation of the completeness, accuracy, and reasonableness of the sources of data, parameters, and information used, as the basis for issuance of an appraisal report or opinion.
- IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared such a report or opinion, and that they have evaluated and verified that the information used is reasonable and accurate and that they have complied with applicable laws and regulations.

Article 7: With respect to the Company's acquisition or disposal of assets that are subject to the approval by the Board of Directors under the Procedures or other laws or regulations, if a director expresses dissent and it is specified in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee.

When the proposal for acquisition or disposal of assets is submitted to the Board of Directors for discussion as per the preceding paragraph, the Board shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.

The Company's material asset or derivatives transactions shall be approved by at least a majority of all members of the Audit Committee and submitted to the Board of Directors for a resolution.

If approval of at least a majority of all members of the Audit Committee as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the Audit Committee's resolution shall be recorded in the minutes of the Board meeting.

The terms "all members of the Audit Committee" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 8: Procedures for the acquisition or disposal of real property, equipment, or right-of-use assets thereof

I. Evaluation and operating procedures

The Company's acquisition or disposal of real property, equipment, or right-to-use assets thereof shall be handled in accordance with the real property, plant and equipment cycle procedures under the Company's internal control system.

II. Procedures for determining transaction terms and maximum amounts

- (I) In the event of acquisition or disposal of real property or right-of-use assets thereof, the Company shall determine the transaction terms and prices as per the publicly announced current value, the assessed value, and the actual transaction price of neighboring real property and submit a report to the Chairman. Where the transaction amount is NT\$300 million (inclusive) or less, it shall be approved by the Chairman before

execution; where the amount exceeds NT\$300 million, it shall either be approved by the Chairman first and then approved by the Board of Directors before execution; or handled by the Chairman with full authority as delegated by the Board of Directors for designated areas and within a certain amount and then reported to the Board of Directors for ratification.

- (II) The acquisition or disposal of equipment shall be conducted in any of the methods of inquiry, price comparison, negotiation, or bidding. Where the transaction amount is NT\$300 million (inclusive) or less, it shall be approved level by level according to the approval hierarchy. Where the amount exceeds NT\$300 million, it shall be approved by the Chairman and then approved by the Board of Directors before execution.

III. Executive unit

The Company's acquisition or disposal of real property, equipment, or right-to-use assets thereof shall be approved as per the approval hierarchy in the preceding paragraph, and the user department and the Administration Department shall be responsible for execution.

IV. Property, equipment, or right-of-use assets thereof appraisal report

In the event of acquisition or disposal of real property, equipment, or right-of-use assets thereof, where the transaction amount reaches 20% or more of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence from a professional appraiser and shall further comply with the following provisions:

- (I) Where due to special circumstances, it is necessary to give a limited price, specific price, or special price as a reference for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also apply to any subsequent change to the terms and conditions of the transaction.
- (II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform an appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
- (IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.
- (V) Except where a limited price, specific price, or special price is employed by the Company as the reference basis for the transaction price, if an appraisal report or the CPA's opinion under subparagraph 3 of this paragraph, cannot be obtained in time and there is a legitimate reason for the delay, shall be obtained within 2 weeks counting inclusively from the date of occurrence.
- (VI) Where the assets are acquired or disposed of through court auction procedures, the supporting documents issued by the court may replace an appraisal report or a CPA's opinion.
- (VII) Where the assets are acquired or disposed of through government agencies' public invitation to bid, the supporting documents related to bid awarding issued by the government agencies may replace an appraisal report or a CPA's opinion.

Article 9: Procedures for acquisition or disposal of securities investments

I. Evaluation and operating procedures

The Company's acquisition or disposal of long-term and short-term securities shall be handled in accordance with the Company's internal control system and investment cycle.

II. Procedures for determining transaction terms and maximum amounts

- (I) The acquisition or disposal of securities traded in the centralized market or OTC shall be determined by the responsible unit as per the market condition. Where the amount is NT\$300 million (inclusive) or less, it shall be approved by the Chairman; where the amount exceeds NT\$300 million, it shall be approved by the Board of Directors.
- (II) In the event of acquisition or disposal of securities not traded in the centralized market or OTC, the Company shall obtain such companies' most recent financial statements audited or reviewed by a CPA as a reference for evaluating the transaction price and consider their net value per share, profitability, and future development potential. Where the amount is NT\$300 million (inclusive) or less, it shall be approved by the Chairman; where the amount exceeds NT\$300 million, it shall be approved by the Board of Directors before execution.

III. Executive unit

When the Company invests in long-term and short-term securities, the Finance Department shall be responsible for execution after such a transaction is approved as per the approval authority in the preceding paragraph.

IV. Obtaining an expert's opinion

- (I) In the event of acquisition or disposal of securities, the Company shall obtain such companies' most recent financial statements audited or reviewed by a CPA prior to the date of occurrence, as a reference for evaluating the transaction price. In addition, the transaction amount reaches 20% or more of its paid-in capital or NT\$300 million or more. It shall engage a CPA prior to the date of occurrence to render an opinion on the reasonableness of the transaction price. Where a CPA needs to adopt an expert's report, they shall handle it in accordance with the Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF). However, this does not apply if the securities are publicly quoted in an active market or otherwise as stipulated by the Financial Supervisory Commission (FSC).
- (II) Where the assets are acquired or disposed of through court auction procedures, the supporting documents issued by the court may replace an appraisal report or a CPA's opinion.

Article 10: Procedures for acquisition or disposal of intangible assets or right-to-use assets thereof or membership certificates

I. Evaluation and operating procedures

The Company's acquisition or disposal of intangible assets, right-to-use assets thereof, or membership certificates shall be handled in accordance with the real property, plant and equipment cycle procedures under the Company's internal control system.

II. Procedures for determining transaction terms and maximum amounts

- (I) In the event of acquisition or disposal of right-of-use assets or membership certificates, the Company shall determine the transaction terms and prices as per the fair market value and submit a report to the Chairman. Where the transaction amount is NT\$300 million (inclusive) or less, it shall be approved by the Chairman before execution; where the amount exceeds NT\$300 million, it shall be additionally approved by the Board of Directors before execution.
- (II) In the event of acquisition or disposal of intangible assets, the Company shall determine the transaction terms and prices as per an expert's appraisal report or the fair market value and submit a report to the Chairman. Where the transaction amount is NT\$300 million (inclusive) or less, it shall be approved by the Chairman before execution; where the amount exceeds NT\$300 million, it shall be additionally approved by the Board of Directors before execution.

III. Executive unit

The Company's acquisition or disposal of intangible assets, right-to-use assets thereof, or membership certificates shall be approved as per the approval hierarchy in the preceding paragraph, and the user department and the Administration Department shall be responsible for execution.

IV. Expert's appraisal report on intangible assets or right-to-use assets thereof or membership certificates

Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or membership certificates and the transaction amount reaches 20% or more of its paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, it shall engage a CPA prior to the date of occurrence to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 10-1: The transaction amount in the preceding three paragraphs shall be calculated as per Article 15, and the term "within the preceding year" refers to the year preceding the date of the current transaction. The portions on which appraisal reports are issued by professional appraisers or about which CPAs have issued opinions as per the Procedures need not be counted toward the transaction amount.

Article 11: Procedures for transactions with related parties

- I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised as per the provisions under Article 8 and this article, if the transaction amount reaches 10% or more of the Company's total assets, it shall also obtain an appraisal report from a professional appraiser or a CPA's opinion.

Said transaction amount shall be calculated as per the provisions under Article 10-1.

When whether the transaction counterparty is a related party is determined, the Company shall pay attention to legal formalities and consider the substance of the relationship.

- II. Evaluation and operating procedures

When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party, and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds, bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment

trust enterprises, it may not proceed to enter into a transaction contract or make a payment until the following information has been approved by the Audit Committee and passed by the Board of Directors.

- (I) The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets.
- (II) The reason for choosing the related party as a transaction counterparty.
- (III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms under paragraphs 3 of this article.
- (IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship with the Company and the related party.
- (V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing the contract, and evaluation of the necessity of the transaction, and reasonableness of the fund's utilization.
- (VI) An appraisal report from a professional appraiser or a CPA's opinion obtained as per paragraph 1 of this article.
- (VII) Restrictive covenants and other important stipulations associated with the transaction.

The transaction amount in the preceding paragraph shall be calculated as per Article 15, and the term “within the preceding year” refers to the year preceding the date of the current transaction. The portions that have been approved by the Audit Committee, and the Board of Directors as per the Procedures need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries of which it directly or indirectly holds 100% of their outstanding shares or total capital, the Company's Board of Directors may, pursuant to Article 8, delegate the Chairman to decide such matters when the transaction amount is NT\$100 million or less and have the decision subsequently submitted to and ratified by the soonest Board meeting afterwards:

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of real property right-of-use assets held for business use.

When such a matter is submitted to the Board of Directors for discussion as per paragraph 2, the Board shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.

Pursuant to the second paragraph, such matter shall be approved by a majority of all members of the Audit Committee first and then resolved by the Board of Directors, and Article 7, paragraphs 4 and 5 shall apply mutatis mutandis.

III. Evaluation of the reasonability of transaction costs

- (I) The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of transaction costs by the following means:
 - 1. It shall be based on the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on the borrowings in the year the Company purchases the property; however, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 - 2. It shall be based on the total loan value appraisal by a financial institution where the related party has previously created a mortgage on the property as security for a loan; however, the actual cumulative amount of loans from the financial institution shall reach 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall be one year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
- (II) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in subparagraph (I).
- (III) The Company that acquires real property or right-of-use assets thereof from a related party shall appraise the cost of the real property or right-of-use assets thereof in accordance with subparagraph (I) of paragraph 3 and also engage a CPA to check the appraisal and render a specific opinion.
- (IV) Where the Company acquires real property or right-of-use assets thereof from a related party under any of the following circumstances, the acquisition shall be conducted in accordance with the evaluation and operating procedures under paragraph 2 of this article, and the preceding three subparagraphs do not apply:
 - 1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
 - 2. More than five years have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.

3. The real property is acquired through signing a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
 4. The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries which are directly or indirectly holding 100% of their outstanding shares or total capital.
- (V) In the event of acquisition or disposal of real property, equipment, or right-of-use assets thereof, when the results of the Company's appraisal conducted in accordance with subparagraphs (I) and (II) of paragraph 3 under this article are all lower than the transaction price, it shall be handled in accordance with subparagraph (VI) of paragraph 3 under this article. However, in the event of any of the following circumstances, objective evidence has been submitted and specific opinions on the reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:
1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (1) Where undeveloped land is appraised in accordance with the means under the preceding four subparagraphs of paragraph 3 under this article, while structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be based on the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
 2. Where the Company, acquiring real property, or obtaining real property right-of-use assets through leasing from a related party, provides evidence that the terms of the transaction are similar to those of completed transactions of the neighboring similarly sized parcels by unrelated parties within the preceding year.

Completed transactions in the preceding paragraph, in principle, refer to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions of similarly sized parcels, in principle, refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property. Within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

(VI) In the event of acquisition or disposal of real property, equipment, or right-of-use assets thereof, when the results of the Company's appraisal conducted in accordance with subparagraphs (I) to (V) of paragraph 3 under this article are all lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the transaction price of the real property or right-of-use assets thereof and the appraised cost, and may not be distributed or used for allotment for capital increase. Where investors whose investments in the Company are accounted for under the equity method are publicly listed companies, then the special reserve under Article 41, paragraph 1 of the Securities and Exchange Act shall be set aside in proportion to the share of their equity stake in the Company.
2. The Audit Committee handle it in compliance with Article 218 of the Company Act.
3. Actions taken pursuant to items 1 and 2 of this subparagraph shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in the market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

(VII) When the Company acquires real property or right-of-use assets thereof from a related party, it shall also comply with this article, paragraph 3, subparagraph (VI) if there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 12: Procedures for acquisition or disposal of claims of financial institutions

In principle, the Company does not engage in the acquisition or disposal of the claims of financial institutions. If it intends to engage in such transactions, it shall report to the Board of Directors for approval and then formulate relevant appraisal and operating procedures.

Article 13: The Company and its subsidiaries may not conduct derivative trading.

Article 14: Procedures for mergers, demergers, acquisitions, and transfer of shares

I. Evaluation and operating procedures

- (I) The Company engaging in a merger, demerger, acquisition, or transfer of share, prior to convening the Board of Directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary that directly or indirectly holds 100% of its outstanding shares or total capital, or in the case of a merger between subsidiaries of which the Company directly or indirectly holds 100% of the respective subsidiaries' outstanding shares or total capital.
- (II) The Company engaging in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in this article, paragraph 1, subparagraph (I) in the notice of the shareholders meeting for reference for them to decide whether to approve the merger, demerger, or acquisition. However, where a provision of another act exempts the Company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. In addition, where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene a shareholders' meeting or pass a resolution due to lack of a quorum, insufficient votes, or other legal restrictions, or the proposal is rejected by the shareholders' meeting, the companies in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.

II. Other matters to be noted

- (I) Date of Board meeting: The Company participating in a merger, demerger, or acquisition shall convene a Board meeting and a shareholders' meeting on the same day as other companies in the

transaction to resolve matters related to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of special circumstances and gives its consent.

- (II) The Company participating in a transfer of shares shall call a Board meeting on the same day as other companies in the transaction, unless another act provides otherwise or the FSC is notified in advance of special circumstances and gives its consent.
- (III) When participating in a merger, demerger, acquisition, or transfer of shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for five years for reference:
 - 1. Basic information of personnel: Including the job titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of shares prior to the disclosure of the information.
 - 2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the Board meetings convened.
 - 3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board meetings.
- (IV) When participating in a merger, demerger, acquisition, or transfer of shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within two days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and through the Internet-based information system) the information set out in preceding items 1 and 2 to the FSC for review.
- (V) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is neither listed on an exchange nor has its shares traded on an OTC market, the company that is listed on an exchange or has its shares traded on an OTC market shall sign an agreement with such a company whereby the latter shall comply with subparagraphs 3 and 4.
- (VI) Confidentiality obligations: Every person participating in or privy to the plan for a merger, demerger, acquisition, or transfer of shares shall issue a written non-disclosure agreement and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or the name of another person, any stock or other equity securities of any company related to said plan.

(VII) Principles for changing the share exchange ratio or acquisition price: The Company engaging in a merger, demerger, acquisition, or transfer of share, before both parties convene the Board of Directors to resolve the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and report it to the shareholders' meeting. In principle, the share exchange ratio or the acquisition price cannot be changed without approval unless the conditions for change have been specified in the agreement and disclosed to the public. The conditions for changing the share exchange ratio or the acquisition price are as follows:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
2. An action, such as a disposal of major assets, that affects the Company's financial operations.
3. An event, such as a major disaster or major change in technology, that affects shareholders' equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be revised and that have been publicly disclosed.

(VIII) Matters that shall be specified in contracts: In addition to Article 317-1 of the Company Act and Article 22 of the Business Mergers And Acquisitions Act, the contract for participation by the Company in a merger, demerger, acquisition, or transfer of shares shall contain the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-based securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted to buy back as per laws after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The method of handling changes in the number of participating entities or companies.

5. Preliminary progress schedule for plan execution and anticipated completion date.
 6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion and relevant procedures.
- (IX) In the event of changes in the number of companies engaging in a merger, demerger, acquisition, or transfer of shares: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the Board of Directors to change the authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew.
- (X) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a publicly listed company, the Company shall sign an agreement with such a company whereby the latter shall comply with this article, paragraph 2, subparagraphs (I)–(VI) and (IX).

Article 15: Information disclosure procedures

- I. Items that shall be announced and declared and the announcement and declaration standards
 - (I) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10 % or more of the Company's total assets, or NT\$300 million or more. However, this shall not apply to the trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - (II) Merger, demerger, acquisition, or transfer of shares.
 - (III) Losses on derivatives trading reaching the upper limit on aggregate losses or losses on individual contracts set out in the operating procedures adopted by the Company.
 - (IV) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:

1. Where the Company's paid-in capital is less than NT\$10 billion, and the transaction amount reaches NT\$500 million or more.
 2. Where the Company's paid-in capital is NT\$10 billion or more, and the transaction amount reaches NT\$1 billion or more.
- (V) Where real property or right-of-use assets thereof for construction use are acquired or disposed of, and the transaction counterparty is not a related party, the transaction amount is NT\$500 million or more. Where the Company's paid-in capital is NT\$10 billion or more; the real property to be disposed of is constructed and completed by the Company itself; the transaction counterparty is not a related party, and the transaction amount reaches NT\$1 billion or more.
- (VI) Where real property is acquired under an arrangement of engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.
- (VII) For an asset transaction other than any of those referred to in the preceding six subparagraphs, including a disposal of receivables by a financial institution or an investment in the mainland China area, the amount of the transaction reaches 20% or more of the Company's paid-in capital or NT\$300 million or more. However, this shall not apply to the following circumstances:
1. Trading of domestic government bonds.
 2. Where, done by investment professionals, securities trading on the stock exchange or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
 3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- (VIII) The transaction amount in the preceding paragraph shall be calculated as follows, and the term "within the preceding year" refers to the year preceding the date of the current transaction. The portions that have been announced as per regulations need not be counted toward the transaction amount.

1. The amount of any individual transaction.
 2. The cumulative transaction amount of acquisitions and disposals of the same type of assets with the same transaction counterparty within the preceding year.
 3. The cumulative transaction amounts of respective acquisitions and disposals of real property or right-of-use assets thereof within the same development project within the preceding year.
 4. The cumulative transaction amounts of respective acquisitions and disposals of the same security within the preceding year.
- II. The deadline for making announcements and declarations
- In the event of the Company's acquisition or disposal of assets with items that shall be announced under paragraph 1 of this article and the transaction amount reaching the standards for announcement and declaration under this article, it shall make an announcement and declaration within two days from the date of occurrence in the prescribed format as per the nature.
- III. Announcement and declaration procedure
- (I) The company shall announce and declare relevant information on the website designated by the FSC.
 - (II) The Company shall prepare monthly reports on the status of derivatives traded up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
 - (III) When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again announced and declared in their entirety within two days counting inclusively from the date of knowledge of such error or omission.
 - (IV) The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, logbooks, appraisal reports, and CPA's, attorney's, and securities underwriter's opinions at the Company, in which they shall be retained for five years except where another act provides otherwise.
 - (V) Where any of the following circumstances occurs with respect to a transaction that the Company has already announced and declared as per the above regulations, an announcement of relevant information shall be made on the website designated by the FSC within two days counting inclusively from the date of occurrence:
 1. Change, termination, or rescission of a contract signed in regard to the original transaction.

2. The merger, demerger, acquisition, or transfer of shares not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

IV. Announcement format

The format of the Company's announcement and declaration of relevant information shall be handled in accordance with the announcement and declaration format prescribed by the FSC.

Article 16: The Company's subsidiaries shall comply with the rules below:

- I. The Company shall urge all its subsidiaries to formulate the asset acquisition and disposal procedures based on their business needs.
- II. The acquisition or disposal of assets by each subsidiary shall be governed by the Company's regulations.
- III. Where a subsidiary of the Company is not a domestic publicly listed company and the assets it acquired or disposed of meet the announcement and declaration standards under Article 31 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the parent company shall make an announcement on its behalf.
- IV. The announcement and declaration standards applicable to subsidiaries regarding the amount of paid-in capital or total assets shall be subject to the parent company's (Company's) amount of paid-in capital or total assets.

Article 16-1: For the calculation of 10 percent of total assets under these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be adopted.

In the case of a company with a no-par-value stock or shares with a par value other than NT\$10, the criterion for the transaction amount reaching 20% of paid-in capital under these Procedures shall be subject to 10% of equity attributable to owners of the parent; the criterion for the paid-in capital reaching NT\$10 billion under these Procedures shall be subject to NT\$20 billion of equity attributable to owners of the parent.

Article 17: Penalties

In the acquisition or disposal of assets by the Company's relevant personnel in violation of these Procedures, it shall be reported regularly as per the Company's personnel management regulations; disciplinary actions shall be imposed according to the severity of the circumstances.

Article 18: Implementation and amendment

These Procedures formulated by the Company shall be approved by the Audit Committee, submitted to and approved by the Board of Directors, and reported to and approved by the shareholders' meeting; the same shall apply to any amendment thereto. If a director expresses dissent, which is kept on record or in a written statement, the Company shall submit the director's dissent information to the Audit Committee.

When these Procedures are submitted to the Board of Directors for discussion as per the preceding paragraph, the Board shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.

Formulation of or amendment to these Procedures, such as matter shall be approved by a majority of all members of the Audit Committee first and then resolved by the Board of Directors, and Article 7, paragraphs 4 and 5 shall apply *mutatis mutandis*.

Article 19: Supplementary Provisions

If there are any matters not specified in these Procedures, relevant laws and regulations shall prevail.

Appendix III

RUN LONG CONSTRUCTION CO., LTD.

Rules of Procedures for Shareholders' Meetings

Approved by the shareholders' meeting held on August 16, 2021.

Article 1 The Rules are formulated in accordance with applicable regulations of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for the purpose of establishing a good governance system for shareholders' meetings of the Company, improving its supervisory functions and strengthening its management functions.

Article 2 Unless otherwise provided in laws, regulations or Articles of Incorporation, the rules of procedure for shareholders' meetings of the Company shall be governed by the Rules.

Article 3 The shareholders' meeting of the Company shall be convened by the Board of Directors unless otherwise provided by laws and regulations.

Thirty days prior to the ordinary meeting of shareholders or fifteen days prior to the extraordinary general meeting, the Company shall prepare an electronic file for transmission to the Market Observation Post System containing the notice of the meeting of shareholders, a power of attorney, the reasons for the various resolutions related to the recognition, discussion, appointment or dismissal of directors and the explanatory data. The handbook and supplementary meeting data of the shareholders' meeting shall be compiled and transmitted to the Open Information Observatory by electronic archives twenty-one days prior to the ordinary meeting or fifteen days prior to an extraordinary general meeting. Fifteen days prior to the meeting, the handbook of shareholders' meetings and supplementary information for the meeting shall be prepared and made available to the shareholders at any time and shall be displayed to the Company and the professional stock agents appointed by the Company and shall be distributed at the scene of the shareholders' meeting.

The notice and announcement shall state the reasons for convening the meeting; If the notice is approved by the other party, the notice shall be made electronically.

The essential content of the appointment or dismissal of directors, amendments to articles, reduction of capital, application for the approval of ceasing its status as a public company, approval of lifting of the non-competition restrictions on directors, capital increase by retained earnings, capital increase by capital reserve, dissolution, merger or division of corporation, or matters listed in the Company Act, Article 185, Paragraph 1, matters listed in the Securities Exchange Act, Article 26-1 and Article 43-6, and matters listed in the Regulations Governing the Offering and Issuance of Securities by Securities Issuer, Article 56-1 and Article 60-2 shall be explained in the shareholders' meeting notice and shall not be proposed as extemporary motions.

If re-election of the Board and the date of appointment thereof are both stated clearly on the reasons for convening a shareholders' meeting, then the date of

appointment shall not be changed by extemporary motion or other means during the same meeting after the re-election of the Board is completed.

A shareholder holding 1% or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting. Such proposals are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. If, however, the shareholder's proposal concerns recommendation advocating for the Company to promote public interest or fulfill social responsibilities, the Board of Directors shall include such proposal in the agenda. Where a shareholder proposes a resolution under any of the circumstances specified in Paragraph 4 of Article 172-1 of the Company Act, the Board of Directors shall not include it as a resolution. If the shareholder's proposal concerns recommendation advocating for the Company to promote public interest or fulfill social responsibilities, in accordance with the Company Act, Article 172-1, such proposals are allowed but limited to one item only, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the Company shall give a public notice announcing acceptance of proposal in writing or by way of electronic transmission, the place and the period for shareholders to submit proposals to be discussed at the meeting. The period for accepting such proposals shall not be less than ten (10) days.

A resolution proposed by a shareholder shall be limited to 300 words and shall not be included in the resolution if it exceeds 300 words; The proposing shareholder shall attend the ordinary meeting of shareholders in person or by proxy and participate in the discussion of the proposal.

The Company shall notify the proposing shareholders of the outcome of the shareholders' meeting prior to the date of the notice of convening the shareholders' meeting and shall list the resolutions in accordance with the provisions of the Article in the notice of the meeting. For shareholders' proposals that are not included in the resolution, the Board of Directors shall state the reasons for the exclusion at the shareholders' meeting.

Article 4 At each shareholders' meeting, a shareholder may issue a power of attorney issued by the Company specifying the scope of authorization and authorizing a proxy to attend the shareholders' meeting.

A shareholder shall issue a power of attorney limited to one person and shall deliver it five days prior to the meeting of shareholders. In the event of duplication of a power of attorney, the first one to be served shall prevail. However, the entrustment before the revocation of the declaration shall not be limited.

If a shareholder wishes to attend a shareholders' meeting in person or to exercise his/her voting rights in writing or electronic form after the proxy has been sent to the Company, he/she shall notify the Company in writing of the revocation of the proxy two days prior to the shareholders' meeting; The voting right exercised by

the proxy shall prevail in the event of revocation after the expiration of the prescribed time limit.

Article 5 A shareholders' meeting shall be held at the place where the Company is located or where shareholders are conveniently present, and it is appropriate to convene a shareholders' meeting. The starting time of the meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m. The meeting shall be held at a place and time where the views of the independent directors shall be fully considered.

Article 6 The Company shall specify in the notice of meeting the time for accepting the shareholders' register, the place of registration and other matters needing attention. The aforesaid time for accepting shareholders' register shall be at least 30 minutes prior to the commencement of the meeting. The registration desk shall be clearly marked and shall be handled by adequate and competent personnel.

Shareholders themselves or their proxies (hereinafter referred to as shareholders) shall attend the shareholders' meeting by presenting their attendance cards or other certificates of attendance. The Company shall not request shareholders to provide any other supporting documents for shareholders' attendance at the meeting. A requester with a power of attorney shall bring along identity documents for verification.

The Company shall set up an autograph book for the attending shareholders to sign in, or the attending shareholders shall submit a sign-in card to sign in.

The Company shall furnish attending shareholders with the meeting handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of Directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as a proxy, it shall designate only one person to represent it in the meeting.

Article 7 The Chairman of the Board of Directors shall chair the meeting in the case that the Board of Directors convenes the meeting. If the Chairman of the Board of Directors is on leave or absent or cannot exercise his power and authority for any cause, the vice Chairman shall act on his behalf. In case there is no vice Chairman, or the vice Chairman is also on leave or absent or unable to exercise his power and authority for any cause, the Chairman of the Board of Directors shall designate one of the managing directors, or where there are no managing directors, one of the directors to act on his behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting Chairman of the Board of Directors.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or the director shall be one who has held that position for 6 months or more and understands the company's financial and business conditions. The same applies if the chair is a representative of a director of a corporation.

For shareholders' meetings convened by the Board of Directors, the Chairman should preside in person, and a majority of the directors of the Board of Directors should attend in person, and at least one representative of each functional committee members shall attend. The attendance shall be recorded in the minutes of the shareholders' meeting.

If a shareholders' meeting is convened by a convener other than the Board of Directors, the convener holding convening rights shall act as the Chairman of the shareholders' meeting. If there are more than two conveners, they shall elect one convener to act as the Chairman.

The Company may appoint its attorneys, certified public accountants, or related persons to attend the meeting in a non-voting capacity.

Article 8 The Company shall record or videotape the whole process of the shareholders' meeting

and keep it for at least one year. However, any action instituted by a shareholder pursuant to Article 189 of the Company Act shall be preserved until the conclusion of the action.

Article 9 Attendance at a shareholders' meeting shall be calculated on the basis of shares. The number of shares present shall be calculated on the basis of the signature book or the signed-in card submitted, plus the number of shares in which voting rights are exercised in writing or electronically.

The Chairman shall call the meeting to order at the appointed meeting time and announce the number of shares without voting rights, the number of shares present and other relevant information.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. The Chairman shall announce the adjournment of the meeting if the shareholders representing one-third or more of the total number of issued shares are not present twice after the adjournment.

If the number of shareholders is still not sufficient after the above adjournment for twice and shareholders representing more than one-third of the total number of issued shares are present, a false resolution shall be made in accordance with Paragraph 1 of Article 175 of the Company Act, and each shareholder shall be notified of the false resolution to convene a shareholders' meeting within one month.

Before the conclusion of the meeting, the number of shares represented by the shareholders present at the meeting reaches a majority of the total number of issued shares, the Chairman shall, in accordance with Article 174 of the Company Act, make a false resolution and submit it to the shareholders' meeting for voting.

Article 10 If a shareholders' meeting is convened by the Board of Directors, its agenda shall be prescribed by the Board of Directors. Each proposal (including extemporary

motion and the amendment to the original agenda) shall be resolved one by one. The meeting shall be held in accordance with the scheduled agenda and shall not be changed without a resolution of the shareholders' meeting.

If a shareholders' meeting is held by conveners' rights to convene the meeting other than those of the Board of Directors, the aforesaid provisions can be used.

The Chairman shall not adjourn the meeting until the adjournment of the proceedings (including extemporary motions) referred to in the preceding two paragraphs has been decided. If the Chairman announces the adjournment of the meeting in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the shareholders present at the meeting in the procedure prescribed by law and elect a Chairman by a majority vote of the shareholders present at the meeting to continue the meeting.

The Chairman shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extemporary motions put forward by the shareholders; when the Chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chairman may announce the discussion closed, call for a vote and arrange for sufficient time for the voting.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the Chairman.

If a shareholder attending the meeting only raises a speech note but does not speak, he/she shall be deemed not to have spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

A shareholder may not speak more than twice on the same proposal, except with the chair's consent, and a single speech may not exceed 5 minutes. However, if the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder gives a speech, other shareholders shall not interfere with their speeches except with the consent of the Chairman and the speakers. Violators shall be stopped by the Chairman.

When a legal person shareholder appoints two or more representatives to attend a shareholders' meeting, only one person is allowed to be elected to speak on the same resolution.

After an attending shareholder gives a speech, the Chairman shall reply in person or by designating relevant persons.

Article 12 Voting at shareholders' meetings shall be calculated based on the number of shares. The number of shares of non-voting shareholders as resolved at a shareholders' meeting shall not be included in the total number of issued shares.

Shareholders shall not participate in voting or exercise their voting rights on behalf

of other shareholders when their own interests may cause harm to the interests of the Company in relation to the matters at the meeting.

The number of shares not permitted to exercise their voting rights as referred to in the preceding paragraph shall not be included in the number of voting rights of shareholders present.

Except in the case of a trust enterprise or a stock agency approved by the Competent Authority for Securities Affairs, if more than two shareholders consign one person at the same time, the proxy's voting rights shall not exceed 3% of the total voting rights of the issued shares. If the proxy's voting rights exceed the total voting rights of the issued shares, the exceeding part shall not be included.

Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under the Company Act, Article 179, paragraph 2.

When convening a shareholders' meeting, the Company shall exercise its voting rights electronically and in writing); When the voting right is exercised in writing or electronically, the method of exercising the voting right shall be specified in the notice of convening the shareholders' meeting. Shareholders exercising their voting rights in writing or electronically shall be deemed to have attended the shareholders' meeting in person. However, amendments to the extemporary motion and the original motion at such shareholders' meeting shall be deemed to have been abstained from voting. Therefore, it is advisable for the Company to refrain from proposing extemporary motions and amendments to the original motion.

Where the voting rights referred to in the preceding paragraph are exercised in writing or electronically, the declaration of intention shall be served on the Company two days before the meeting of shareholders. In case of duplication of intention, the first one shall prevail. However, the restriction shall not apply to a declaration of intention made prior to the revocation of a declaration.

If a shareholder wishes to attend a shareholders' meeting in person after exercising his/her voting rights in writing or electronically, he/she shall revoke his/her declaration of intention to exercise the voting rights referred to in the preceding paragraph in the same manner two days before the meeting. The voting right exercised in writing or electronically shall prevail in the event of late revocation. If the voting right is exercised in writing or electronically and the proxy is entrusted to attend the shareholders' meeting, the voting right exercised by the proxy shall prevail.

Except as otherwise provided in the Company Act and the Articles of Association, the resolution shall be passed by a majority vote of the shareholders present at the meeting. At the time of voting, the Chairman or his/her nominee shall announce the total number of voting rights of the shareholders present on a case-by-case basis, and the shareholders shall vote by poll on a case-by-case basis. On the day after the convening of the shareholders' meeting, the results of the shareholders' approval, opposition and abstention shall be submitted to the MOPS

If there are amendments or substitutions to the same motion, the Chairman shall decide on the order of voting with the original motion. If one of the motions is passed, the other motions shall be deemed to be negative and no further vote shall be required.

The scrutineers and tellers of the votes cast on the motion shall be appointed by the Chairman, but the scrutineers shall be shareholders.

The counting of votes for voting or electing resolutions at shareholders' meetings shall be conducted in a public place within the venue of the shareholders' meeting. After the counting of votes is completed, the voting result shall be announced on the spot, including the weighting of statistics and recording.

Article 14 The election of Directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on the spot immediately, including the names of those elected as Directors and the numbers of votes they received.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. However, any action instituted by a shareholder pursuant to Article 189 of the Company Act shall be preserved until the conclusion of the action.

Article 15 The resolutions of the shareholders' meeting shall be signed or sealed by the Chairman, and the minutes shall be distributed to all shareholders within 20 days after the meeting. The minutes shall be produced and distributed electronically.

The minutes referred to in the preceding Paragraph shall be distributed by way of an announcement entered by the Company into the Market Observation Post System.

The meeting minutes shall accurately record the year, month, day, and venue of the meeting, the Chairman's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results (including the voting outcome). If the election of Directors is held, the minutes shall disclose the votes received by the elected directors. The minutes shall be retained for the duration of the existence of the Company.

Article 16 On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies. It shall make an express disclosure of the same at the place of the shareholders' meeting.

If any matters resolved at the shareholders' meeting are subject to the provisions of laws and regulations and material information as prescribed by the Taiwan Stock Exchange Corporation (Juridical Person-Gretai Securities Market of the Republic of China), the Company shall submit the contents to the Market Observation Post System within the prescribed time limit.

Article 17 Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or armbands.

The Chairman shall direct the proctors or security personnel to assist in maintaining order at the meeting. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor" or identification cards.

If the meeting venue is equipped with amplification equipment, the Chairman shall stop others from speaking with the Company's equipment than shareholders.

When a shareholder violates the Rules and Procedures and defies the Chairman's instruction, obstructing the proceedings and refusing to heed calls to stop, the Chairman may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 When a meeting is in progress, the Chairman may announce a break based on time considerations. If a force majeure event occurs, the Chairman may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extemporary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within 5 days in accordance with the Company Act, Article 182.

Article 19 Matters not provided in these Rules and Procedures shall be handled in accordance with the relevant provisions of the Company Act, the Company's Articles of Incorporation and other applicable laws and regulations.

Article 20 These Rules and Procedures, and any amendments hereto, shall be implemented from the date the Shareholders' Meeting adopts it.

Appendix IV

RUN LONG CONSTRUCTION CO., LTD. Shareholdings of Directors

- I. The Company's paid-in capital was NT\$3,921,966,370 with 392,196,637 shares issued.
- II. According to Article 26 of the Securities and Exchange Act, the minimum number of shares required to be held by all directors is 15,687,865 shares.
- III. As of the closing date of the shareholders' meeting (April 11, 2022), the number of shares held by the directors is as follows. It has met the criteria for the number of shares required by Article 26 of the Securities and Exchange Act:

Job Title	Name	Number of shares held in the shareholder register on the date of suspension of share transfer	Holding shares ratio
Chairman	Da-Li Investment Co., Ltd Representative: Tsai Chungping	15,354,970	3.92%
Director	Kuang Yang Investment Co., Ltd. Representative: Chiu Pingse	24,022,699	6.13%
Director	Kuang Yang Investment Co., Ltd. Representative: Cheng Chiaowen	24,022,699	6.13%
Director	Kuang Yang Investment Co., Ltd. Representative: Chen Kuoyen	24,022,699	6.13%
Independent Director	Yen Yunchi	0	0%
Independent Director	Li Wencheng	0	0%
Independent Director	Chen Yungchang	0	0%
Total shareholding of all directors		39,377,669	10.05%

Appendix V

RUN LONG CONSTRUCTION CO., LTD.

The Impact of Issuance of Bonus Shares Proposed in this Shareholders' Meeting on the Company's Business Performances and Earnings per Share

Item	Year	2022 (estimation)	
Opening paid-in capital (thousand)		3,921,966	
Allotment of shares and dividend this year	Cash dividends per share (NT\$)	2 (Note 1)	
	Stock dividend from retained earnings transferred to capital increase (shares)	0.15 (Note 2)	
	Stock dividend from capital reserve transferred to capital increase (shares)	0	
Changes to operating performances	Operating profit	Not applicable. (Note3)	
	Increasing (decreasing) percentage of operating profit compared with the same period last year		
	Net income after tax		
	Increasing (decreasing) percentage of net income after tax compared with the same period last year		
	Earnings per share		
	Increasing (decreasing) percentage of earnings per share compared with the same period last year		
Proforma earnings per share and price-earnings ratio	If all the retained earnings transferred to the capital increase were distributed by the cash dividend	Proforma earnings per share (NT\$)	Not applicable. (Note3)
		Proforma annual average rate on investment	
	If capital reserve transferred to capital increase was not conducted	Proforma earnings per share (NT\$)	
		Proforma annual average rate on investment	
	If capital reserve transferred to capital increase and all the retained earnings transferred to capital increase distributed by cash dividend were not conducted	Proforma earnings per share (NT\$)	
		Proforma annual average rate on investment	

Note 1: The distribution of dividends in cash from earnings for 2021 was resolved by the Board of Directors on March 14, 2022.

Note 2: Not yet resolved by the 2022 annual general meeting.

Note 3: Not applicable, as the Company has not published its 2022 financial forecast