

Kuo Yang Construction Co., Ltd.

2021 Annual Shareholders' Meeting

Proceedings Manual

Time: 9:00 a.m. June 10, 2021 (Thursday)

Location: Triumph Hall, 7F, No. 20, Sec. 1, Changsha Street, Zhongzheng
District, Taipei City, Taiwan (Taipei Hero House)

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Kuo Yang Construction Co., Ltd.

Proceedings for 2021 General Shareholders Meeting

- I. Call meeting to order
- II. Chairman takes seat
- III. Chairman's speech
- IV. Reports
- V. Ratifications
- VI. Extraordinary Motions
- VII. Meeting Adjourned

Kuo Yang Construction Co., Ltd.

2021 General Shareholders Meeting Agenda

Time: 9:00 a.m. June 10, 2021 (Thursday)

Location: Triumph Hall, 7F, No. 20, Sec. 1, Changsha Street, Zhongzheng District, Taipei City, Taiwan (Taipei Hero House)

- I. Call meeting to order
- II. Chairman takes seat
- III. Chairman's speech
- IV. Reports:
 - (I) 2020 Business Report.
 - (II) The Audit Committee's Audit Report on the 2020 Financial Report.
 - (III) Report on the Company's distribution of 2020 remuneration to employees and Directors.
 - (IV) Report on the Company's distribution of cash dividends from 2020 earnings.
- V. Ratifications:
 - (I) 2020 Business Report and Financial Statements.
 - (II) 2020 earnings distribution proposal.
- VI. Extraordinary Motions

- VII. Meeting Adjourned

Reports

Reports

I. The Company's 2020 Business Report is hereby submitted for review.

Explanation: Refer to the Procedures Manual (Attachment 1) for the Company's 2020 Business Report.

II. The Audit Committee's Audit Report on the 2020 Financial Report is submitted for review.

Explanation: Refer to the Procedures Manual (Attachment 2) for the Company's 2020 Audit Report.

III. The report on the Company's distribution of 2020 remuneration to employees and Directors is submitted for review.

Explanation: (I) The remuneration is distributed in accordance with Article 29 of the Company's Articles of Incorporation.

(II) The Company proposed cash remunerations of NT\$26,058,896 to employees and NT\$26,058,896 to Directors for 2020.

IV. The report on the Company's distribution of cash dividends from 2020 earnings is submitted for review.

Explanation: (I) According to regulations in the Company Act and the Company's Articles of Incorporation, the Company may distribute earnings at the end of each quarter. Where the earnings are distributed in cash, they shall be processed in accordance with a resolution of the meeting of the Board of Directors and reported in the shareholders' meeting.

(II) The Company has completed the following:

(1) On August 3, the Board of Directors passed a resolution for the distribution of the earnings for the second quarter of 2020 in the form of cash dividends totaling NT\$1,044,873,719 (NT\$1.5 per share) which were distributed on September 21, 2020.

(2) On December 21, 2020, the Board of Directors passed a resolution for the distribution of the earnings for the third

quarter of 2020 and decided to retain all earnings instead of distribution.

- (3) On April 19, 2021, the Board of Directors passed a resolution for the distribution of the earnings for the fourth quarter of 2020 in the form of cash dividends totaling NT\$380,000,00 (NT\$1 per share). The Board of Directors also authorized the Chairman to set the ex-dividend date, distribution date, and other related matters. The distribution of cash dividends shall be calculated to one whole NTD, and any decimal figures below one NTD will be adjusted from the largest decimal figures to the small ones and then from the previous shareholder account numbers to the latest ones, until the total amount for the distribution of cash dividends has been distributed. If the stock dividend ratio is subsequently changed due to change in the number of outstanding shares as a result of changes in the Company's capital, the Chairman is fully authorized to handle the matter.

Ratifications

Ratifications

Proposal 1 Proposed by the Board of Directors

Proposal: The Company's 2020 Business Report and Financial Statements are submitted for ratification.

Explanation: I. The Company's 2020 Financial Statements (including the Consolidated Financial Statements and Individual Financial Statements) were passed in a resolution of the Board of Directors and audited by independent auditors, CPA Chun-Yuan Hsiao, and CPA Fang-Yu Wang of the CPA firm, PricewaterhouseCoopers, Taiwan. The aforementioned Financial Statements (including the Consolidated Financial Statements and Individual Financial Statements) were reviewed by the Audit Committee which has issued an Audit Report.

II. Refer to the Procedures Manual (Attachment 3) for the Company's 2020 Financial Statements.

III. The proposal is hereby submitted for ratification.

Resolution:

Proposal 2 Proposed by the Board of Directors

Proposal: The Company's 2020 earnings distribution proposal is submitted for ratification.

Explanation: I. The Company's 2020 Financial Report has been completed and the 2020 earnings distribution statement is provided in the Procedures Manual (Attachment 4).

II. The proposal is hereby submitted for ratification.

Resolution:

Extraordinary Motions

Meeting Adjourned

Attachment 1

2020 Business Report

I. Business Plan Implementation Results

- (I) 8 projects to be sold
 - 1. 6 projects completed
 - Kuo Yan, The Green Place A, The Green Place B, The Green Place C, Smile Era, South Manor
 - 2. 2 presale projects
 - Kuo Yang Silicon Valley, Good morning, Kuo Yang.
- (II) 1 new project delivery
 - South Manor was delivered in Q4 2020

II. Budget Implementation

The Company did not prepare a financial forecast for 2020 and therefore does not prepare an analysis report.

III. Financial Expenditures and Profitability Unit: NT\$1,000

| Item | 2020 | 2019 |
|-----------------------------------|-------------|-------------|
| Operating revenue | 14,277,915 | 1,923,024 |
| Operating costs | (8,752,481) | (1,458,300) |
| Operating profit | 5,525,434 | 464,724 |
| Operating expenses | (521,605) | (338,226) |
| Operating profit | 5,003,829 | 126,498 |
| Non-operating income and expenses | 155,761 | (63,023) |
| Pre-tax profit | 5,159,590 | 63,475 |
| Income tax expenses | (216,523) | (6,587) |
| Net profit of the term | 4,943,067 | 56,888 |
| EPS | 7.58 | 0.08 |

IV. Research and Development

- 1. Key development projects:
 - (1) Urban renewal projects: Xindian Baoyuan Project, New Jilin Urban Renewal Project, Ren'ai Road Urban Renewal Project
 - (2) Plants and offices: Neihu Jiuzong Section Project, Tucheng Zhongyi Section Project.
- 2. In terms of land development, we have begun the joint construction in urban renewal projects and land development in industrial zones. We also made use of idle assets such as land on Yunwen Street in Kaohsiung and land used in the Minquan East Road Project. We also supported the government's policy improving old and dangerous buildings and actively developed sites that meet the reconstruction criteria for old and dangerous buildings. The Company focused on tendering/investment solicitation for core areas in key development zones, and the development of urban renewal or land projects in areas near public transportation hubs. We also appointed a team of professional consultants to conduct assessments and analyses in accordance with the latest laws and policies to respond to supply and demand in the market and empower

business growth.

3. In terms of engineering quality, we enhanced cooperation with large-scale construction groups and introduced the building information management system to improve engineering quality and the construction management system. We also actively developed new construction methods to improve the Company's competitiveness and customer satisfaction and create a positive brand image

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang

Attachment 2

Kuo Yang Construction Co., Ltd. Audit Committee's Review Report

The 2020 Financial Statements (Consolidated Financial Statements and Individual Financial Statements) prepared by the Company's Board of Directors were audited by PricewaterhouseCoopers, Taiwan which issued an Audit Report. The aforementioned Financial Statements were reviewed by the Audit Committee which found them to be compliant with regulations. The Committee therefore issued the Audit Report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

Respectfully submitted to

The shareholders' meeting of 2021

Audit Committee Convener: Li-Yen Yang

March 22, 2021

Kuo Yang Construction Co., Ltd. Audit Committee's Review Report

The 2020 Business Report and Earnings Distribution Statement were reviewed by the Audit Committee which found them to be compliant with regulations. The Committee therefore issued the Audit Report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

Respectfully submitted to

The shareholders' meeting of 2021

Audit Committee Convener: Li-Yen Yang

April 19, 2021

Attachment 3 2020 Financial Statements and Independent Auditor's Report

Independent Auditor's Report

(2021) Cai-Shen-Bao-Zi No. 20004773

To Kuo Yang Construction Co., Ltd.:

Audit Opinions

The Consolidated Balance Sheet of Kuo Yang Construction Co., Ltd. and subsidiaries (hereinafter referred to as Kuo Yang Group) as of December 31, 2020 and 2019, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Cash Flow Statement, and Notes to the Consolidated Financial Statements (including a summary of material accounting policies) from January 1 to December 31, 2020 and 2019 have been audited by the CPA.

In our opinion, based on the results of the CPA's audit and the audit reports of other CPAs (refer to Other Supplementary Matters), the aforementioned Consolidated Financial Statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, and explanations/interpretations approved by FSC in all material respects and are therefore sufficient in presenting the consolidated financial conditions of the Kuo Yang Group as of December 31, 2020 and 2019, and the consolidated financial performance and consolidated cash flow from January 1 to December 31, 2020 and 2019.

Basis of Audit Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards in the Republic of China. Our responsibility based on these standards will be explained in greater detail in the section on our responsibilities for the review of the Consolidated Financial Statements. The personnel of the CPA firm who are governed by regulations on independence have acted according to the ROC CPA Code of Professional Ethics and remained independent of Kuo Yang Group when fulfilling other obligations set forth in the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matters pertain to the most important items of Kuo Yang Group's 2020 Consolidated Financial Statements as per the professional judgment of the CPA. 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.

Key audit matters of the Consolidated Financial Statements of Kuo Yang Group for 2020 are as follows:

Appropriateness of the period in which income from the sales of houses and land is recognized

Description

Refer to Note 4 (29) in the Consolidated Financial Statements for accounting policies on operating revenue from construction. Refer to Note 6 (18) of the Consolidated Financial Report for description of accounting items.

The revenue from the sales of houses and land in the construction business is recognized when the ownership of the real estate is transferred and the property inspection certificate is delivered to the customer. As the houses and land of a construction business are sold to many customers, the CPA is required to review all information on the transfer of ownership before recognizing sales revenue. The process generally involves a high amount of manual labor to determine the accuracy of the timing for recognizing sales revenue. Therefore, the CPA regarded the appropriateness of the period in which income from the sales of houses and land is recognized as one of the most important items in the audit.

Corresponding auditing procedures

The CPA has compiled the following corresponding procedures that were executed for the specific levels described in the aforementioned key audit matters:

- We interviewed the management to understand and review the procedures for recognizing sales revenue from the sales of houses and land and verify whether the procedures have been consistently adopted in the period of the Financial Statements.
- We assessed and tested the appropriateness of the period in which income from the sales of houses and land is recognized by the management within a certain period after the end of the period, including the information on the transfer of ownership of the land and houses and related dates to verify the accuracy of the timing for recognizing sales revenue.

Inventories valuation - land for construction

Description

Refer to Note 4 (13) of the Consolidated Financial Statements for accounting policies on construction land valuation. Refer to Note 5 of the Consolidated Financial Statements for accounting estimates and uncertainties of assumptions for inventory valuation. Refer to Note 6 (5) of the Consolidated Financial Statements for description of accounting items.

The inventory valuation of Kuo Yang Construction is measured based on the cost and net realizable value (NRV), whichever is lower. The houses and land for sale and houses and land under construction are compared with the most recent transaction prices in the vicinity of the sites or the Company's recent sales contracts. As it is difficult to obtain comparable sales prices for construction land, the valuation of the net realizable value of construction land requires the judgment or estimate of the management. Therefore, we consider the valuation of the net realizable value of a construction site as one of the most important items in the audit.

Corresponding auditing procedures

- Understand and assess the internal operating procedures and accounting procedures for the valuation of land for construction by the Company's management.
- Obtain data for the assessment of the net realizable value, confirm the reasonableness of the data sources, assumptions, or methods employed, and test the content of the data to confirm the reasonableness of the construction land valuation.

Other matters - Reference to audits of other CPAs

We did not audit certain investments accounted for through the equity method in the financial statements of Kuo Yang Group for 2020 and 2019. Those financial statements were audited by other CPAs. As such, our opinions in the aforementioned Consolidated Financial Statements on the amounts included in the aforementioned financial statements and related information disclosed in Note 13 were based on audit reports of other CPAs. The investment on equity method totaling NT\$564,559 thousand and NT\$202,017 thousand as of December 31, 2020 and 2019 accounted for 2.78% and 1.09% of the total assets, respectively. The comprehensive income recognized for 2020 and 2019 was NT\$34,168 thousand and NT\$(9,354) thousand, which accounted for 0.64% and (7.79%) of the total comprehensive income for the period, respectively.

Other matters - Individual Financial Statements

Kuo Yang Construction Co., Ltd. has prepared Individual Financial Statements for 2020, for which we have issued an audit report containing an unqualified opinion plus other matters for reference.

Responsibilities of the management and the governing bodies for the Consolidated Financial Statements

The responsibility of the management was to prepare the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" to properly indicate the company's financial status and to maintain necessary internal control with regard to establishment of consolidated financial statements to ensure such financial statements did not contain any false contents as a result of fraudulence or mistakes.

When the Consolidated Financial Statements were in the process of preparation, the responsibility of the management also included assessment of the capacity of Kuo Yang Group to continue operation, disclosure of related matters and the accounting approaches to be adopted when the company continued to operate unless the management intended to liquidate or suspend the business of Kuo Yang Group if there was not any other option except liquidation or suspension of the company's business.

The governance units (including the Audit Committee) of Kuo Yang Group are responsible for overseeing the 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 misstatements, whether due to fraud or error, and to issue an independent auditor's report. Reasonably reliable means highly reliable. However, auditing work carried out in accordance with the Generally Accepted Auditing Standards of the ROC cannot guarantee detection of significant misrepresentations in the Consolidated Financial Statements. 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.

When conducting the auditing work according to the Generally Accepted Auditing Standards of the ROC, we exercised our professional judgment and remained professionally skeptical. We also execute the following tasks:

1. Identified and evaluated the risk of material misstatement due to fraud or error in the Consolidated Financial Statements; Designed and carried out appropriate countermeasures for the evaluated risks; Obtained sufficient and appropriate evidence as the basis for the audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or violations of internal controls, the risks of material misstatements due to fraud are greater than those caused by errors.
2. Acquired necessary understanding about internal control which matters to audit and provide appropriate audit procedure under such circumstances. However, the purpose of such understanding is not for providing any opinion on the effectiveness of internal control of Kuo Yang Group.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Concluded on the appropriateness of the 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 Kuo Yang Group's ability to continue as a going concern. If we consider that material uncertainty exists in these matters or conditions, we are required to remind the users of the Consolidated Financial Statements to pay attention to relevant disclosure in the statements in their audit report, or revise the audit opinions when such disclosure is inappropriate. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Kuo Yang Group to cease to continue as a going concern.
5. Evaluated the overall expression, structure and content of the Consolidated Financial Statements (including related notes) and if these statements present fairly the related transactions and events.
6. Obtained sufficient and appropriate proof for audit on the finances of the individual entities in Kuo Yang Group to state our opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the consolidated audit. We remain solely responsible for the audit opinions of the Consolidated Financial Statements.

The CPAs' communications with the governance units include the planned scope and period of the audit and material finding in the audit (including significant defects identified in the internal control during auditing procedures).

We provided governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the ROC CPA Code of Professional Ethics to remain neutral and communicated with them about the all relations and other matters (including related preventive measures) that could affect the independence of the CPA.

From the matters communicated with those charged with governance, the CPA determines matters that were of most significance in the audit of the 2020 Consolidated Financial Statements of Kuo Yang Group for 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.

PricewaterhouseCoopers Taiwan

Chun-Yuan Hsiao

CPAs

Fang-Yu Wang

Former Securities and Futures Bureau, Financial Supervisory Commission
No. of Approval Document: Jin-Guan-Zheng-6 No. 0960042326
Financial Supervisory Commission
No. of Approval Document: Jin-Guan-Zheng-Shen No. 1030027246

March 22, 2021

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2020 and 2019

Unit: NT\$1,000

| Assets | Notes | December 31, 2020 | | December 31, 2019 | | |
|---------------------------|---|-------------------|----------------------|-------------------|----------------------|------------|
| | | Amount | % | Amount | % | |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6 (1) | \$ 5,724,939 | 28 | \$ 1,504,926 | 8 |
| 1110 | Current financial assets at fair value through profit or loss | 6 (2) | 32,275 | - | 36,939 | - |
| 1120 | Current financial assets at fair value through other comprehensive income | 6 (3) | 378,534 | 2 | 91,414 | 1 |
| 1150 | Notes receivable, net | 6 (4) | 52,548 | - | 61,748 | - |
| 1170 | Accounts receivable, net | 6 (4) and 7 | 249,514 | 1 | 37,800 | - |
| 1200 | Other receivables | 7 | 488,532 | 3 | 400,084 | 2 |
| 1220 | Current income tax assets | | 584 | - | 329 | - |
| 130X | Inventories | 6 (5) (6) and 8 | 9,918,081 | 49 | 14,025,233 | 76 |
| 1410 | Prepayments | | 586,214 | 3 | 365,978 | 2 |
| 1476 | Other financial assets - current | 8 | 229,340 | 1 | 310,313 | 2 |
| 1479 | Other current assets - other | | 76,676 | - | 70,671 | - |
| 11XX | Total current assets | | <u>17,737,237</u> | <u>87</u> | <u>16,905,435</u> | <u>91</u> |
| Non-current assets | | | | | | |
| 1517 | Non-current financial assets at fair value through other comprehensive income | 6 (3) and 7 | 1,024,216 | 5 | 359,330 | 2 |
| 1550 | Investments recognized under the equity method | 6 (7) and 7 | 565,612 | 3 | 202,949 | 1 |
| 1600 | Property, plant and equipment | 6 (8) and 8 | 86,325 | - | 72,178 | - |
| 1755 | Right-of-use assets | 6 (9) and 8 | 358,860 | 2 | 466,773 | 3 |
| 1760 | Investment properties, net | 6 (10) and 8 | 255,414 | 1 | 256,801 | 1 |
| 1840 | Deferred income tax assets | | - | - | 5,784 | - |
| 1920 | Refundable deposits | 7 | 104,287 | 1 | 122,867 | 1 |
| 1975 | Net defined benefit assets - non current | 6 (13) | - | - | 6,276 | - |
| 1980 | Other financial assets - non current | 8 | 59,435 | - | 59,431 | - |
| 1990 | Other non-current assets - other | | 117,700 | 1 | 113,968 | 1 |
| 15XX | Total non-current assets | | <u>2,571,849</u> | <u>13</u> | <u>1,666,357</u> | <u>9</u> |
| 1XXX | Total assets | | <u>\$ 20,309,086</u> | <u>100</u> | <u>\$ 18,571,792</u> | <u>100</u> |

(Continued)

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2020 and 2019

Unit: NT\$1,000

| Liabilities and Equity | Notes | December 31, 2020 | | December 31, 2019 | | |
|--|---|-------------------|----------------------|-------------------|----------------------|------------|
| | | Amount | % | Amount | % | |
| Current liabilities | | | | | | |
| 2100 | Short-term borrowings | 6 (11) | \$ 3,518,839 | 17 | \$ 5,576,476 | 30 |
| 2110 | Short-term notes and bills payable | 6 (12) | 1,883,373 | 9 | 2,799,635 | 15 |
| 2130 | Contract liabilities - current | 6 (18) and 7 | 1,012,044 | 5 | 1,036,014 | 6 |
| 2150 | Notes payable | | 107,188 | 1 | 64,911 | - |
| 2170 | Accounts payable | | 829,033 | 4 | 653,554 | 4 |
| 2219 | Other payables - other | 6 (14) and 7 | 3,456,579 | 17 | 79,198 | - |
| 2230 | Current income tax liabilities | | 33,005 | - | 5,075 | - |
| 2280 | Lease liabilities - current | | 21,991 | - | 22,014 | - |
| 2399 | Other current liabilities - other | | 89,102 | 1 | 29,566 | - |
| 21XX | Total current liabilities | | <u>10,951,154</u> | <u>54</u> | <u>10,266,443</u> | <u>55</u> |
| Non-current liabilities | | | | | | |
| 2580 | Lease liabilities - non-current | | 63,147 | - | 82,077 | 1 |
| 2645 | Deposits received | 7 | 2,996 | - | 4,643 | - |
| 2670 | Other non-current liabilities - other | | 1,195 | - | 1,170 | - |
| 25XX | Total non-current liabilities | | <u>67,338</u> | <u>-</u> | <u>87,890</u> | <u>1</u> |
| 2XXX | Total liabilities | | <u>11,018,492</u> | <u>54</u> | <u>10,354,333</u> | <u>56</u> |
| Equity | | | | | | |
| Equity attributable to owners of parent company | | | | | | |
| | Share capital | 6 (14) | | | | |
| 3110 | Capital stock - common | | 3,800,000 | 19 | 6,965,825 | 38 |
| | Capital surplus | 6 (15) | | | | |
| 3200 | Capital surplus | | 627,683 | 3 | 627,683 | 3 |
| | Retained earnings | 6 (16) | | | | |
| 3310 | Legal reserve | | 856,070 | 4 | 372,395 | 2 |
| 3350 | Undistributed earnings | | 3,456,890 | 17 | 130,048 | 1 |
| | Other equity | 6 (17) | | | | |
| 3400 | Other equity | | 516,025 | 3 | 95,510 | - |
| 31XX | Total equity attributable to owners of parent company | | <u>9,256,668</u> | <u>46</u> | <u>8,191,461</u> | <u>44</u> |
| 36XX | Non-controlling interest | | <u>33,926</u> | <u>-</u> | <u>25,998</u> | <u>-</u> |
| 3XXX | Total equity | | <u>9,290,594</u> | <u>46</u> | <u>8,217,459</u> | <u>44</u> |
| | Significant contingent liabilities and unrecognized contractual commitments | 9 | | | | |
| | Significant events after the balance sheet date | 11 | | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 20,309,086</u> | <u>100</u> | <u>\$ 18,571,792</u> | <u>100</u> |

The accompanying notes are an integral part of these individual financial statements.

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2020 and 2019

Unit: NT\$1,000

| | | (except earnings per share which is expressed in NT\$) | | | | | |
|------|---|--|-------|--------------|-------|--|--|
| | | 2020 | | 2019 | | | |
| Item | Notes | Amount | % | Amount | % | | |
| 4000 | Operating revenue | \$ 14,277,915 | 100 | \$ 1,923,024 | 100 | | |
| 5000 | Operating costs | | | | | | |
| | | (8,752,481) | (61) | (1,458,300) | (76) | | |
| 5900 | Operating profit | 5,525,434 | 39 | 464,724 | 24 | | |
| | Operating expenses | | | | | | |
| | | (204,193) | (2) | (117,671) | (6) | | |
| 6100 | Promotion expenses | (317,412) | (2) | (220,555) | (12) | | |
| 6200 | Administrative expenses | (521,605) | (4) | (338,226) | (18) | | |
| 6000 | Total operating expenses | (521,605) | (4) | (338,226) | (18) | | |
| 6900 | Operating profit | 5,003,829 | 35 | 126,498 | 6 | | |
| | Non-operating income and expenses | | | | | | |
| 7100 | Interest income | 55,593 | - | 14,302 | 1 | | |
| 7010 | Other income | 91,727 | 1 | 28,526 | 1 | | |
| 7020 | Other profits and losses | 44,829 | - | 330 | - | | |
| 7050 | Finance costs | (70,441) | - | (96,704) | (5) | | |
| 7060 | Share of profit or loss of affiliates and joint ventures recognized under the equity method | 34,053 | - | (9,477) | - | | |
| 7000 | Total non-operating income and expenses | 155,761 | 1 | (63,023) | (3) | | |
| 7900 | Pre-tax profit | 5,159,590 | 36 | 63,475 | 3 | | |
| 7950 | Income tax expenses | (216,523) | (1) | (6,587) | - | | |
| 8200 | Net profit of the term | \$ 4,943,067 | 35 | \$ 56,888 | 3 | | |
| | Other comprehensive income | | | | | | |
| | Components of other comprehensive income that will not be reclassified to profit or loss | | | | | | |
| 8311 | Remeasurements of defined benefit plan | \$ 578 | - | \$ - | - | | |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 436,826 | 3 | 63,263 | 3 | | |
| 8310 | Total components of other comprehensive income that will not be reclassified to profit or loss | 437,404 | 3 | 63,263 | 3 | | |
| | Components that may be reclassified to profit or loss | | | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | (136) | - | 24 | - | | |
| 8370 | Share of other comprehensive profit or loss of affiliates and joint ventures recognized under the equity method - components that may be reclassified to profit or loss | (14) | - | (29) | - | | |
| 8360 | Total components that may be reclassified to profit or loss | (150) | - | (5) | - | | |
| 8300 | Other comprehensive income (net) | \$ 437,254 | 3 | \$ 63,258 | 3 | | |
| 8500 | Total comprehensive income | \$ 5,380,321 | 38 | \$ 120,146 | 6 | | |
| | Net profit (loss) attributable to: | | | | | | |
| 8610 | Owners of the parent company | \$ 4,943,139 | 35 | \$ 56,890 | 3 | | |
| 8620 | Non-controlling interest | (72) | - | (2) | - | | |
| | Total comprehensive income attributable to: | | | | | | |
| 8710 | Owners of the parent company | \$ 5,380,393 | 38 | \$ 120,148 | 6 | | |
| 8720 | Non-controlling interest | (72) | - | (2) | - | | |
| | EPS | | | | | | |
| 9750 | Basic earnings per share | | 7.58 | | 0.08 | | |
| 9850 | Diluted earnings per share | | 7.57 | | 0.08 | | |

The accompanying notes are an integral part of these individual financial statements.

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2020 and 2019
Unit: NT\$1,000

| | Equity attributable to owners of parent company | | | | | | | | | |
|---|---|------------------------|-----------------|---------------|------------------------|---|---|---------------|--------------------------|---------------|
| | Notes | Retained earnings | | | | Other equity | | Total | Non-controlling interest | Total equity |
| | | Capital stock - common | Capital surplus | Legal reserve | Undistributed earnings | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | | | |
| <u>2019</u> | | | | | | | | | | |
| Balance as at January 1, 2019 | | \$ 6,965,825 | \$ 627,683 | \$ 372,395 | \$ 421,449 | \$ 22,271 | \$ 9,981 | \$ 8,419,604 | \$ - | \$ 8,419,604 |
| Net profit of the term | | - | - | - | 56,890 | - | - | 56,890 | (2) | 56,888 |
| Other comprehensive income for6 (17) the period | | - | - | - | - | (5) | 63,263 | 63,258 | - | 63,258 |
| Total comprehensive income | | - | - | - | 56,890 | (5) | 63,263 | 120,148 | (2) | 120,146 |
| Earnings appropriation and6 (16) distribution: | | | | | | | | | | |
| Cash dividends | | - | - | - | (348,291) | - | - | (348,291) | - | (348,291) |
| Changes in non-controlling interests for the period | | - | - | - | - | - | - | - | 26,000 | 26,000 |
| Balance at December 31, 2019 | | \$ 6,965,825 | \$ 627,683 | \$ 372,395 | \$ 130,048 | \$ 22,266 | \$ 73,244 | \$ 8,191,461 | \$ 25,998 | \$ 8,217,459 |
| <u>2020</u> | | | | | | | | | | |
| Balance as at January 1, 2020 | | \$ 6,965,825 | \$ 627,683 | \$ 372,395 | \$ 130,048 | \$ 22,266 | \$ 73,244 | \$ 8,191,461 | \$ 25,998 | \$ 8,217,459 |
| Net profit of the term | | - | - | - | 4,943,139 | - | - | 4,943,139 | (72) | 4,943,067 |
| Other comprehensive income for6 (17) the period | | - | - | - | 578 | (150) | 436,826 | 437,254 | - | 437,254 |
| Total comprehensive income | | - | - | - | 4,943,717 | (150) | 436,826 | 5,380,393 | (72) | 5,380,321 |
| Earnings appropriation and6 (16) distribution: | | | | | | | | | | |
| Allocation to legal reserve | | - | - | 483,675 | (483,675) | - | - | - | - | - |
| Cash dividends | | - | - | - | (1,149,361) | - | - | (1,149,361) | - | (1,149,361) |
| Changes in non-controlling interests for the period | | - | - | - | - | - | - | - | 8,000 | 8,000 |
| Cash refunded in capital reduction 6 (14) | | (3,165,825) | - | - | - | - | - | (3,165,825) | - | (3,165,825) |
| Disposal of equity instruments in6 (17) other comprehensive income measured at fair value through profit and loss | | - | - | - | 16,161 | - | (16,161) | - | - | - |
| Balance at December 31, 2020 | | \$ 3,800,000 | \$ 627,683 | \$ 856,070 | \$ 3,456,890 | \$ 22,116 | \$ 493,909 | \$ 9,256,668 | \$ 33,926 | \$ 9,290,594 |

The accompanying notes are an integral part of these individual financial statements.

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Cash Flow Statement
January 1 to December 31, 2020 and 2019

Unit: NT\$1,000
January 1 to
December 31, 2019

Cash Flows from Operating Activities

| | <u>Notes</u> | <u>January 1 to December 31, 2020</u> | <u>January 1 to December 31, 2019</u> |
|--|--------------|---|---|
| Net profit before tax of the current period | | \$ 5,159,590 | \$ 63,475 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation | 6 (23) | 34,013 | 31,311 |
| Amortization | 6 (23) | 178 | 67 |
| Interest expenses | 6 (22) | 70,441 | 96,704 |
| Interest income | 6 (19) | (55,593) | (14,302) |
| Share of profit (loss) of affiliates and joint ventures recognized under the equity method | 6 (7) | (34,053) | 9,477 |
| Dividend income | 6 (20) | (46,352) | (10,539) |
| Net gains on financial assets at fair value through profit or loss | 6 (21) | (336) | (3,739) |
| Disposal of gains from investments recognized under the equity method | | (52,460) | (5) |
| Gains on disposal of investments | | (358) | (486) |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Notes receivable, net | | 9,200 | 25,544 |
| Accounts receivable, net | | (211,714) | 134,813 |
| Other receivables | | (83,448) | (64,531) |
| Inventories | | 4,277,390 | (527,160) |
| Prepayments | | (219,227) | (80,087) |
| Other current assets | | (6,005) | (2,397) |
| Intangible assets | | (177) | (402) |
| Net defined benefit assets | | 6,854 | - |
| Other non-current assets | | (3,733) | 3,100 |
| Changes in operating liabilities | | | |
| Contract liabilities | | (23,970) | 172,999 |
| Notes payable | | 42,277 | (22,442) |
| Accounts payable | | 175,479 | 84,974 |
| Other payables | | 213,953 | 834 |
| Other current liabilities | | 59,536 | (9,716) |
| Cash inflow (outflow) generated from operations | | 9,311,485 | (112,508) |
| Interest received | | 55,593 | 14,302 |
| Interest paid | | (159,617) | (225,033) |
| Income tax paid and refunded | | 161 | 7,048 |
| Income tax paid | | (182,847) | (2,390) |
| Dividends received | | 41,352 | 10,539 |
| Net cash inflow (outflow) from operating activities | | <u>9,066,127</u> | <u>(308,042)</u> |

(Continued)

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Cash Flow Statement
January 1 to December 31, 2020 and 2019

Unit: NT\$1,000

| Notes | January 1 to December 31, 2020 | January 1 to December 31, 2019 |
|--|-----------------------------------|-----------------------------------|
| <u>Cash Flows from Investing Activities</u> | | |
| Current financial assets at fair value through profit or loss | \$ 5,358 | \$ 7,447 |
| Acquisition of current financial assets at fair value through other comprehensive income | (851,638) | - |
| Disposal of current financial assets at fair value through other comprehensive income | 528,140 | - |
| Acquisition of non-current financial assets at fair value through other comprehensive income 7 | (192,765) | (4,356) |
| Increase of other financial assets | 80,969 | (82,042) |
| Acquisition of payments for investments recognized under the equity method 7 | (480,000) | - |
| Disposal of payments for investments recognized under the equity method 7 | 204,086 | 1,400 |
| Acquisition of property, plant and equipment 6 (8) | (20,272) | (18,105) |
| Increase in refundable deposits | 18,580 | (36,062) |
| Other non-current liabilities - other increases | 25 | 225 |
| Net cash used in investing activities | (707,517) | (131,493) |
| <u>Cash Flows from Financing Activities</u> | | |
| Decrease in short-term borrowings 6 (27) | (2,057,637) | (1,247,378) |
| Increase (decrease) in short-term bills payable 6 (27) | (916,262) | 1,987,544 |
| Cash dividends paid 6 (16) | (1,149,361) | (348,291) |
| Repayments of lease liabilities 6 (27) | (21,001) | (14,966) |
| (Decrease) increase in guarantee deposits received 6 (27) | (1,647) | 2,761 |
| Changes in non-controlling interests | 8,000 | 26,000 |
| Net cash inflow (outflow) from financing activities | (4,137,908) | 405,670 |
| Effect of exchange rate changes on cash and cash equivalents | (689) | 2,759 |
| Increase (decrease) in cash and cash equivalents for the current period | 4,220,013 | (31,106) |
| Cash and cash equivalents at beginning of period | 1,504,926 | 1,536,032 |
| Cash and cash equivalents at end of period | \$ 5,724,939 | \$ 1,504,926 |

The accompanying notes are an integral part of these individual financial statements.

Independent Auditor's Report

(2021) Cai-Shen-Bao-Zi No. 20004774

To Kuo Yang Construction Co., Ltd.:

Audit Opinions

The Individual Balance Sheet of Kuo Yang Construction Co., Ltd. as of December 31, 2020 and 2019 and the Individual Statement of Comprehensive Income, Individual Statement of Changes in Equity, Individual Cash Flow Statement, and Notes to the Individual Financial Statements (including a summary of material accounting policies) from January 1 to December 31, 2020 and 2019 have been audited by the CPA.

In our opinion and based on our audits and reports of other CPAs, the Individual Financial Statements were prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" in all material respects, and present fairly the individual financial position of Kuo Yang Construction as of December 31, 2020 and 2019, and its individual financial performance and its individual cash flow from January 1 to December 31, 2020 and 2019.

Basis of Audit Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards in the Republic of China. Our responsibility based on these standards will be explained in greater detail in the section on our responsibilities for the review of the Individual Financial Statements. The personnel of the CPA firm who are governed by regulations on independence have acted according to the ROC CPA Code of Professional Ethics and remained independent of Kuo Yang Construction when fulfilling other obligations set forth in the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matters pertain to the most important items of Kuo Yang Construction's 2020 Individual Financial Statements as per the professional judgment of the CPA. These matters were addressed in the context of our audit of the Individual Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Individual Financial Statements of Kuo Yang Construction for 2020 are as follows:

Appropriateness of the period in which income from the sales of houses and land is recognized

Description

Refer to Note 4 (26) in the Individual Financial Statements for accounting policies on operating revenue from construction, and refer to Note 6 (17) for the explanation of accounting items.

The revenue from the sales of houses and land in the construction business is recognized when the ownership of the real estate is transferred and the property inspection certificate is delivered to the customer. As the houses and land of a construction business are sold to many customers, the CPA is required to review all information on the transfer of ownership before recognizing sales revenue. The process generally involves a high amount of manual labor to determine the accuracy of the timing for recognizing sales revenue. Therefore, the CPA regarded the appropriateness of the period in which income from the sales of houses and land is recognized as one of the most important items in the audit.

Corresponding auditing procedures

The CPA has compiled the following corresponding procedures that were executed for the specific levels described in the aforementioned key audit matters:

- We interviewed the management to understand and review the procedures for recognizing sales revenue from the sales of houses and land and verify whether the procedures have been consistently adopted in the period of the Financial Statements.
- We assessed and tested the appropriateness of the period in which income from the sales of houses and land is recognized by the management within a certain period after the end of the period, including the information on the transfer of ownership of the land and houses and related dates to verify the accuracy of the timing for recognizing sales revenue.

Inventories valuation - land for construction

Description

Refer to Note 4 (12) of the Individual Financial Statements for accounting policies on construction land valuation. Refer to Note 5 of the Individual Financial Report for accounting estimates and uncertainties of assumptions for inventory valuation. Refer to Note 6 (5) of the Individual Financial Report for description of accounting items.

The inventory valuation of Kuo Yang Construction is measured based on the cost and net realizable value (NRV), whichever is lower. The houses and land for sale and houses and land under construction are compared with the most recent transaction prices in the vicinity of the sites or the Company's recent sales contracts. As it is difficult to obtain comparable sales prices for construction land, the valuation of the net realizable value of construction land requires the judgment or estimate of the management. Therefore, we consider the valuation of the net realizable value of a construction site as one of the most important items in the audit.

Corresponding auditing procedures

- Understand and assess the internal operating procedures and accounting procedures for the valuation of land for construction by the Company's management.
- Obtain data for the assessment of the net realizable value, confirm the reasonableness of the data sources, assumptions, or methods employed, and test the content of the data to confirm the reasonableness of the construction land valuation.

Other matters - Reference to audits of other CPAs

We did not audit certain investments accounted for through the equity method in the financial statements of Kuo Yang Construction for 2020 and 2019. Those financial statements were audited by other CPAs. As such, our opinions in the aforementioned Individual Financial Statements on the amounts included in the aforementioned financial statements and related information disclosed in Note 13 were based on audit reports of other CPAs. The investment on equity method totaling NT\$564,559 thousand and NT\$202,017 thousand as of December 31, 2020 and 2019 accounted for 2.94% and 1.17% of the total assets, respectively. The comprehensive income recognized for 2020 and 2019 was NT\$34,168 thousand and NT\$(9,354) thousand, which accounted for 0.64% and (7.79%) of the total comprehensive income for the period, respectively.

Responsibilities of the management and the governing bodies for the Individual Financial Statements

The responsibility of the management was to prepare the individual financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" to properly indicate the company's financial status and to maintain necessary internal control with regard to establishment of individual financial statements to ensure such financial statements did not contain any false contents as a result of fraudulence or mistakes.

When the Individual Financial Statements were in the process of preparation, the responsibility of the management also included assessment of the capacity of Kuo Yang Construction to continue operation, disclosure of related matters and the accounting approaches to be adopted when the company continued to operate unless the management intended to liquidate or suspend the business of Kuo Yang Construction if there was not any other option except liquidation or suspension of the company's business.

The governance units (including the Audit Committee) of Kuo Yang Construction are responsible for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the Individual Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an independent auditor's report. Reasonably reliable means highly reliable. However, auditing work carried out in accordance with the Generally Accepted Auditing Standards of the ROC cannot guarantee detection of significant misrepresentations in the Individual Financial Statements. 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.

When conducting the auditing work according to the Generally Accepted Auditing Standards of the ROC, we exercised our professional judgment and remained professionally skeptical. We also execute the following tasks:

1. Identified and evaluated the risk of material misstatement due to fraud or error in the Individual Financial Statements. Designed and carried out appropriate countermeasures for the evaluated risks; Obtained sufficient and appropriate evidence as the basis for the audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or violations of internal controls, the risks of material misstatements due to fraud are greater than those caused by errors.
2. Acquired necessary understanding about internal control which matters to audit and provide appropriate audit procedure under such circumstances. However, the purpose of such understanding is not for providing any opinion on the effectiveness of internal control of Kuo Yang Construction.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Concluded on the appropriateness of the 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 Kuo Yang Construction's ability to continue as a going concern. If we consider that material uncertainty exists in these matters or conditions, we are required to remind the users of the Individual Financial Statements to pay attention to relevant disclosure in the statements in their audit report, or revise the audit opinions when such disclosure is inappropriate. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Kuo Yang Construction to cease to continue as a going concern.
5. Evaluated the overall expression, structure and content of the Individual Financial Statements (including related notes) and if these statements present fairly the related transactions and events.
6. Obtained sufficient and appropriate proof for audit on the finances of the individual entities in Kuo Yang Construction to state our opinion on the Individual Financial Statements. We are responsible for the direction, supervision and performance of the individual audit. We remain solely responsible for the audit opinions of the Individual Financial Statements.

The CPAs' communications with the governance units include the planned scope and period of the audit and material finding in the audit (including significant defects identified in the internal control during auditing procedures).

We provided governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the ROC CPA Code of Professional Ethics to remain neutral and communicated with them about the all relations and other matters (including related preventive measures) that could affect the

independence of the CPA.

From the matters communicated with those charged with governance, the CPA determines matters that were of most significance in the audit of the 2020 Individual Financial Statements of Kuo Yang Construction for 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.

PricewaterhouseCoopers Taiwan

Chun-Yuan Hsiao

CPA

Fang-Yu Wang

Former Securities and Futures Bureau, Financial Supervisory Commission

No. of Approval Document: Jin-Guan-Zheng-6 No. 0960042326

Financial Supervisory Commission

No. of Approval Document: Jin-Guan-Zheng-Shen No. 1030027246

March 22, 2021

Kuo Yang Construction Co., Ltd.
Individual Balance Sheet
December 31, 2020 and 2019

Unit: NT\$1,000

| Assets | Notes | December 31, 2020 | | December 31, 2019 | | |
|--------------------------------|---|-------------------|----------------------|-------------------|----------------------|------------|
| | | Amount | % | Amount | % | |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6 (1) | \$ 4,611,385 | 24 | \$ 1,154,077 | 7 |
| 1110 | Current financial assets at fair value through profit or loss | 6 (2) | 20,608 | - | 25,053 | - |
| 1120 | Current financial assets at fair value through other comprehensive income | 6 (3) | 378,534 | 2 | 91,414 | 1 |
| 1150 | Notes receivable, net | 6 (4) | 41,072 | - | 61,748 | - |
| 1170 | Accounts receivable, net | 6 (4) | 224,982 | 1 | 15,808 | - |
| 1200 | Other receivables | | 424,171 | 2 | 351,806 | 2 |
| 1210 | Other receivables - related parties | 7 | 154,395 | 1 | 164,192 | 1 |
| 1220 | Current income tax assets | 6 (23) | 332 | - | 161 | - |
| 130X | Inventories | 6 (5) (6) and 8 | 8,807,578 | 46 | 12,640,041 | 73 |
| 1410 | Prepayments | | 516,132 | 3 | 274,837 | 2 |
| 1476 | Other financial assets - current | 8 | 187,750 | 1 | 301,343 | 2 |
| 1479 | Other current assets - other | | 67,428 | - | 67,107 | - |
| 11XX | Total current assets | | <u>15,434,367</u> | <u>80</u> | <u>15,147,587</u> | <u>88</u> |
| Non-current assets | | | | | | |
| 1517 | Non-current financial assets at fair value through other comprehensive income | 6 (3) | 800,164 | 4 | 134,499 | 1 |
| 1550 | Investments recognized under the equity method | 6 (7) | 2,584,005 | 14 | 1,520,571 | 9 |
| 1600 | Property, plant and equipment | 8 | 34,250 | - | 34,808 | - |
| 1755 | Right-of-use assets | 6 (8) | 78,330 | - | 97,912 | - |
| 1760 | Investment properties, net | 6 (9) and 8 | 62,821 | - | 63,970 | - |
| 1840 | Deferred income tax assets | 6 (24) | - | - | 5,784 | - |
| 1920 | Refundable deposits | | 79,938 | 1 | 108,518 | 1 |
| 1975 | Net defined benefit assets - non current | 6 (12) | - | - | 6,276 | - |
| 1980 | Other financial assets - non current | 8 | 48,334 | - | 48,334 | - |
| 1990 | Other non-current assets - other | | 102,655 | 1 | 106,467 | 1 |
| 15XX | Total non-current assets | | <u>3,790,497</u> | <u>20</u> | <u>2,127,139</u> | <u>12</u> |
| 1XXX | Total assets | | <u>\$ 19,224,864</u> | <u>100</u> | <u>\$ 17,274,726</u> | <u>100</u> |
| Liabilities and Equity | | | | | | |
| Current liabilities | | | | | | |
| 2100 | Short-term borrowings | 6 (10) | \$ 3,193,962 | 17 | \$ 5,329,714 | 31 |
| 2110 | Short-term notes and bills payable | 6 (11) | 1,318,768 | 7 | 2,030,124 | 12 |
| 2130 | Contract liabilities - current | 6 (17) | 952,160 | 5 | 987,302 | 6 |
| 2150 | Notes payable | | 58,281 | - | 58,851 | - |
| 2170 | Accounts payable | | 808,296 | 4 | 466,152 | 3 |
| 2219 | Other payables - other | 6 (13) | 3,434,106 | 18 | 74,918 | - |
| 2230 | Current income tax liabilities | 6 (23) | 33,004 | - | 5,076 | - |
| 2280 | Lease liabilities - current | | 20,348 | - | 20,781 | - |
| 2399 | Other current liabilities - other | | 83,316 | 1 | 23,841 | - |
| 21XX | Total current liabilities | | <u>9,902,241</u> | <u>52</u> | <u>8,996,759</u> | <u>52</u> |
| Non-current liabilities | | | | | | |
| 2580 | Lease liabilities - non-current | | 63,147 | - | 82,076 | 1 |
| 2645 | Deposits received | | 1,613 | - | 3,260 | - |
| 2670 | Other non-current liabilities - other | | 1,195 | - | 1,170 | - |
| 25XX | Total non-current liabilities | | <u>65,955</u> | <u>-</u> | <u>86,506</u> | <u>1</u> |
| 2XXX | Total liabilities | | <u>9,968,196</u> | <u>52</u> | <u>9,083,265</u> | <u>53</u> |
| Equity | | | | | | |
| 3110 | Share capital | 6 (13) | | | | |
| | Capital stock - common | | 3,800,000 | 20 | 6,965,825 | 40 |

(Continued)

Kuo Yang Construction Co., Ltd.
Individual Balance Sheet
December 31, 2020 and 2019

Unit: NT\$1,000

| Liabilities and Equity | Notes | December 31, 2020 | | December 31, 2019 | |
|---|--------|----------------------|------------|----------------------|------------|
| | | Amount | % | Amount | % |
| Capital surplus | 6 (14) | | | | |
| 3200 Capital surplus | | \$ 627,683 | 3 | \$ 627,683 | 4 |
| Retained earnings | 6 (15) | | | | |
| 3310 Legal reserve | | 856,070 | 4 | 372,395 | 2 |
| 3350 Undistributed earnings | | 3,456,890 | 18 | 130,048 | 1 |
| Other equity | 6 (16) | | | | |
| 3400 Other equity | | 516,025 | 3 | 95,510 | - |
| 3XXX Total equity | | <u>9,256,668</u> | <u>48</u> | <u>8,191,461</u> | <u>47</u> |
| Commitment and contingencies | 9 | | | | |
| Significant events after the balance sheet date | 11 | | | | |
| 3X2X Total liabilities and equity | | <u>\$ 19,224,864</u> | <u>100</u> | <u>\$ 17,274,726</u> | <u>100</u> |

The accompanying notes are an integral part of these individual financial statements.

Kuo Yang Construction Co., Ltd.
Individual Statements of Comprehensive Income
January 1 to December 31, 2020 and 2019

Unit: NT\$1,000

(except earnings per share which is expressed in NT\$)

| Item | Notes | 2020 | | 2019 | |
|--|--------|---------------------|-----------|-------------------|-----------|
| | | Amount | % | Amount | % |
| 4000 Operating revenue | 6 (17) | \$ 13,789,342 | 100 | \$ 1,393,666 | 100 |
| 5000 Operating costs | 6 (22) | | | | |
| | (23) | (8,155,708) | (59) | (1,035,706) | (74) |
| 5900 Operating profit | | <u>5,633,634</u> | <u>41</u> | <u>357,960</u> | <u>26</u> |
| Operating expenses | 6 (22) | | | | |
| | (23) | | | | |
| 6100 Promotion expenses | | (149,249) | (1) | (74,348) | (6) |
| 6200 Administrative expenses | | (289,919) | (3) | (184,523) | (13) |
| 6000 Total operating expenses | | (439,168) | (4) | (258,871) | (19) |
| 6900 Operating profit | | <u>5,194,466</u> | <u>37</u> | <u>99,089</u> | <u>7</u> |
| Non-operating income and expenses | | | | | |
| 7100 Interest income | 6 (18) | 54,577 | - | 15,460 | 1 |
| 7010 Other income | 6 (19) | 59,362 | 1 | 7,586 | 1 |
| 7020 Other profits and losses | 6 (20) | 743 | - | 741 | - |
| 7050 Finance costs | 6 (21) | (41,767) | - | (62,674) | (4) |
| 7070 Share of profit or loss of subsidiaries, affiliates, and joint ventures recognized under the equity method | 6 (7) | (107,719) | (1) | 3,275 | - |
| 7000 Total non-operating income and expenses | | (34,804) | - | (35,612) | (2) |
| 7900 Pre-tax profit | | <u>5,159,662</u> | <u>37</u> | <u>63,477</u> | <u>5</u> |
| 7950 Income tax expenses | 6 (24) | (216,523) | (1) | (6,587) | (1) |
| 8200 Net profit of the term | | <u>\$ 4,943,139</u> | <u>36</u> | <u>\$ 56,890</u> | <u>4</u> |
| Other comprehensive income | | | | | |
| Components of other comprehensive income that will not be reclassified to profit or loss | | | | | |
| 8311 Remeasurements of defined benefit plan | 6 (12) | \$ 578 | - | \$ - | - |
| 8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | | 445,523 | 3 | 17,810 | 2 |
| 8330 Share of other comprehensive profit or loss of subsidiaries, affiliates, and joint ventures recognized under the equity method - components that will not be reclassified to profit or loss | | (8,697) | - | 45,453 | 3 |
| 8310 Total components of other comprehensive income that will not be reclassified to profit or loss | | <u>437,404</u> | <u>3</u> | <u>63,263</u> | <u>5</u> |
| Components that may be reclassified to profit or loss | | | | | |
| 8361 Exchange differences on translation of foreign financial statements | | (156) | - | 24 | - |
| 8380 Share of other comprehensive profit or loss of subsidiaries, affiliates, and joint ventures recognized under the equity method - components that may be reclassified to profit or loss | | 6 | - | (29) | - |
| 8360 Total components that may be reclassified to profit or loss | | (150) | - | (5) | - |
| 8500 Total comprehensive income | | <u>\$ 5,380,393</u> | <u>39</u> | <u>\$ 120,148</u> | <u>9</u> |
| Basic earnings per share | 6 (25) | | | | |
| 9750 Basic earnings per share | | \$ | 7.58 | \$ | 0.08 |
| Diluted earnings per share | 6 (25) | | | | |
| 9850 Diluted earnings per share | | \$ | 7.57 | \$ | 0.08 |

The accompanying notes are an integral part of these individual financial statements.

Kuo Yang Construction Co., Ltd.
Individual Statements of Changes in Equity
January 1 to December 31, 2020 and 2019

Unit: NT\$1,000

| | Notes | Retained earnings | | | Other equity | | Total equity | |
|---|--------|------------------------|-------------------|-------------------|------------------------|---|-------------------|---|
| | | Capital stock - common | Capital surplus | Legal reserve | Undistributed earnings | Exchange differences on translation of foreign financial statements | | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income |
| <u>2019</u> | | | | | | | | |
| Balance as at January 1, 2019 | | \$ 6,965,825 | \$ 627,683 | \$ 372,395 | \$ 421,449 | \$ 22,271 | \$ 9,981 | \$ 8,419,604 |
| Net profit of the term | | - | - | - | 56,890 | - | - | 56,890 |
| Other comprehensive income for the period | 6 (16) | - | - | - | - | (5) | 63,263 | 63,258 |
| Total comprehensive income | | - | - | - | 56,890 | (5) | 63,263 | 120,148 |
| Earnings appropriation and distribution: | 6 (15) | | | | | | | |
| Cash dividends | | - | - | - | (348,291) | - | - | (348,291) |
| Balance at December 31, 2019 | | <u>\$ 6,965,825</u> | <u>\$ 627,683</u> | <u>\$ 372,395</u> | <u>\$ 130,048</u> | <u>\$ 22,266</u> | <u>\$ 73,244</u> | <u>\$ 8,191,461</u> |
| <u>2020</u> | | | | | | | | |
| Balance as at January 1, 2020 | | \$ 6,965,825 | \$ 627,683 | \$ 372,395 | \$ 130,048 | \$ 22,266 | \$ 73,244 | \$ 8,191,461 |
| Net profit of the term | | - | - | - | 4,943,139 | - | - | 4,943,139 |
| Other comprehensive income for the period | 6 (16) | - | - | - | 578 | (150) | 436,826 | 437,254 |
| Total comprehensive income | | - | - | - | 4,943,717 | (150) | 436,826 | 5,380,393 |
| Earnings appropriation and distribution: | 6 (15) | | | | | | | |
| Allocation to legal reserve | | - | - | 483,675 | (483,675) | - | - | - |
| Cash dividends | | - | - | - | (1,149,361) | - | - | (1,149,361) |
| Cash refunded in capital reduction | 6 (13) | (3,165,825) | - | - | - | - | - | (3,165,825) |
| Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss | 6 (3) | - | - | - | 16,161 | - | (16,161) | - |
| Balance at December 31, 2020 | | <u>\$ 3,800,000</u> | <u>\$ 627,683</u> | <u>\$ 856,070</u> | <u>\$ 3,456,890</u> | <u>\$ 22,116</u> | <u>\$ 493,909</u> | <u>\$ 9,256,668</u> |

The accompanying notes are an integral part of these individual financial statements.

Kuo Yang Construction Co., Ltd.
Individual Cash Flow Statement
January 1 to December 31, 2020 and 2019

| | Notes | January 1 to December 31, 2020 | | Unit: NT\$1,000 January 1 to December 31, 2019 |
|--|-------------|-----------------------------------|----|--|
| <u>Cash Flows from Operating Activities</u> | | | | |
| Net profit before tax of the current period | | \$ 5,159,662 | \$ | 63,477 |
| Adjustments | | | | |
| Adjustments to reconcile profit (loss) | | | | |
| Depreciation | 6 (22) | 24,142 | | 22,442 |
| Amortization | 6 (22) | 178 | | 67 |
| Interest expenses | 6 (21) | 41,767 | | 62,674 |
| Interest income | 6 (19) | (54,577) | (| 15,460) |
| Dividend income | 6 (19) | (40,055) | (| 4,713) |
| Share of profit (loss) of affiliates and joint ventures recognized under the equity method | 6 (7) | 107,719 | (| 3,275) |
| Net (gains) losses on financial assets at fair value through profit or loss | 6 (20) | (555) | (| 2,288) |
| Gains on disposal of investments | 6 (20) | (358) | (| 465) |
| Lease amendment benefits | | - | (| 202) |
| Changes in operating assets and liabilities | | | | |
| Changes in operating assets | | | | |
| Notes receivable, net | | 20,676 | | 25,544 |
| Accounts receivable, net | | (209,174) | (| 115,376) |
| Other receivables | | (72,205) | (| 57,507) |
| Other receivables - related parties | | 9,798 | (| 8,729) |
| Inventories | | 3,917,914 | (| 685,189) |
| Prepayments | | (241,295) | (| 280,425) |
| Other current assets | | 113,272 | (| 78,157) |
| Intangible assets | | (177) | (| 402) |
| Net defined benefit assets | | 6,854 | | - |
| Other non-current assets | | 3,810 | | 8,228 |
| Changes in operating liabilities | | | | |
| Contract liabilities | | (35,142) | (| 178,786) |
| Notes payable | | (570) | (| 28,149) |
| Other payables | | 195,787 | | 6,426 |
| Accounts payable | | 342,144 | | 241,535 |
| Other current liabilities | | 59,475 | (| 9,604) |
| Cash inflow (outflow) generated from operations | | 9,349,090 | (| 450,010) |
| Interest received | | 54,577 | | 15,460 |
| Interest paid | | (129,617) | (| 188,410) |
| Income tax collected | | - | | 6,801 |
| Dividends received | | 40,055 | | 4,713 |
| Income tax paid | | (183,141) | (| 2,229) |
| Net cash inflow (outflow) from operating activities | | 9,130,964 | (| 613,675) |
| <u>Cash Flows from Investing Activities</u> | | | | |
| Acquisition of current financial assets at fair value through profit or loss | | (10,000) | | - |
| Disposal of current financial assets at fair value through profit or loss | | 15,358 | | 5,465 |
| Acquisition of current financial assets at fair value through other comprehensive income | | (851,638) | (| - |
| Disposal of current financial assets at fair value through other comprehensive income | | 528,140 | | - |
| Acquisition of non-current financial assets at fair value through other comprehensive income | 7 | (183,765) | (| 4,355) |
| Acquisition of payments for investments recognized under the equity method - subsidiaries | 7 | (700,000) | (| - |
| Acquisition of payments for investments recognized under the equity method - affiliates | 7 | (480,000) | | - |
| Acquisition of property, plant and equipment | | (2,853) | (| 17,554) |
| Refundable deposits | | 28,580 | (| 36,062) |
| Net cash used in investing activities | | (1,656,178) | (| 52,506) |
| <u>Cash Flows from Financing Activities</u> | | | | |
| Short-term borrowings | 6 (26) | (2,135,752) | (| 562,096) |
| Short-term notes and bills payable | 6 (26) | (711,356) | (| 1,218,033) |
| Repayments of lease liabilities | 6 (26) | (19,362) | (| 13,352) |
| Deposits received | 6 (26) | (1,647) | (| 1,378) |
| Cash dividends paid | 6 (15) (26) | (1,149,361) | (| 348,291) |
| Net cash inflow (outflow) from financing activities | | (4,017,478) | (| 295,672) |
| Increase (decrease) in cash and cash equivalents for the current period | | 3,457,308 | (| 370,509) |
| Cash and cash equivalents at beginning of period | | 1,154,077 | | 1,524,586 |
| Cash and cash equivalents at end of period | | \$ 4,611,385 | \$ | 1,154,077 |

The accompanying notes are an integral part of these individual financial statements.

Attachment 4

Kuo Yang Construction Co., Ltd.
Earnings Distribution Statement
2020

Unit: NT\$

| Item | Amount |
|---|-----------------|
| Opening undistributed earnings | 19,871,592 |
| Plus: After-tax net profit of the current period | 4,943,138,525 |
| Actuarial losses on defined benefit plan | 577,499 |
| Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss | 16,161,041 |
| Minus: 10% legal reserve | |
| Amount allocated in the first three quarters of 2020 (Note 1) | (477,985,374) |
| Amount allocated in the fourth quarter of 2020 | (18,002,333) |
| Distributable earnings | 4,483,760,950 |
| Distribution items: | |
| Shareholder dividends – cash (Note 3) | |
| Amount distributed from earnings from the first three quarters of 2020 (Note 1) | (1,044,873,719) |
| Amount from earnings from the fourth quarter of 2020 to be distributed (Note 2) | (380,000,000) |
| Shareholder dividends - stocks | 0 |
| Closing undistributed earnings | 3,058,887,231 |

Note 1: The Company has allocated NT\$454,823,903 and NT\$23,161,471 to the legal reserve from the mid-term distribution of earnings in the second and third quarters of 2020, respectively. The Company resolved to distribute cash dividends totaling NT\$1,044,873,719 and NT\$0.

Note 2: Cash dividends of NT\$1 per share earnings from the fourth quarter of 2020 shall be distributed.

Note 3: The 2020 earnings are prioritized for distribution.

: : r:

Appendix 1

Kuo Yang Construction Co., Ltd.

Rules of Procedure for Shareholders' Meetings

I. The shareholder' meetings of Kuo Yang Construction Co., Ltd. shall be conducted in accordance with these Rules and Procedures, unless otherwise specified by law or the Articles of Incorporation.

II. The Company shall provide an attendance log to record attendance of shareholders in attendance; alternatively, the shareholders in attendance may also submit attendance cards to register their attendance at the meeting.

The number of shares represented during the meeting is calculated based on the total amount registered in the attendance log or the attendance cards collected, plus the number of shares where voting rights are exercised through electronic means.

III. Shareholder attendance and votes are calculated by the number of shares represented during the meeting.

IV. The shareholders' meeting shall be held at locations that are suitable and convenient for shareholders to attend. The meeting shall not begin earlier than 9 a.m. or later than 3 p.m.

V. Shareholders' meetings that are convened by the Board of Directors shall be chaired by the Chairman. If the Chairman is unable to perform such duties due to leave of absence or any other reason, the Vice Chairman shall act on the Chairman's behalf. If the Vice Chairman is unavailable or if the Vice Chairman is also unable to perform such duties due to leave of absence or any other reason, the Chairman may appoint a Managing Director to act on behalf of the Chairman. If the Company does not have a Managing Director, one of the Directors shall be appointed to act on the Chairman's behalf. If no such designation is made by the Chairman, the Managing Directors or Directors shall select one person from among themselves to serve as chair.

If the shareholders' meeting is convened by an authorized party other than the Board of Directors, the said person shall chair the meeting. If more than one person has the right to convene the meeting, one shall be elected to chair the meeting.

If the chair violates the rules of procedure and adjourns the shareholders' meeting, one person may be elected chair with the consent of one half of

the votes represented by shareholders in attendance to resume the meeting.

- VI. The Company may designate retained lawyers, certified public accountants, or relevant personnel to attend the shareholders' meeting. Organizers of the shareholders' meeting must wear proper identification or arm badges.
- VII. The audio or video of the process of the shareholders' meeting shall be recorded and shall be retained for at least one year.
- VIII. The chair shall call the meeting to order at the time scheduled for the meeting. If the number of shares represented by the shareholders present at the meeting has not yet constituted the quorum at the time scheduled for the meeting, the chair may postpone the time for the meeting. The postponements shall be limited to two times and the meeting shall not be postponed for longer than one hour in aggregate. If no quorum can yet be constituted after two postponements, but the shareholders present at the meeting represent more than one-third of the total outstanding shares, tentative resolutions may be made in accordance with Article 175, Paragraph 1 of the Company Act.
If the number of shares represented during the meeting accumulates to more than half of all outstanding shares before the meeting ends, the chair may re-propose any tentative resolution for final voting, according to Article 174 of the Company Act.
- IX. The agenda of the meeting shall be set by the Board of Directors if the meeting is convened by the Board of Directors. Unless otherwise resolved at the meeting, the meeting shall proceed in accordance with the agenda. The above rule also applies if the shareholders' meeting is convened by any authorized party other than the Board of Directors.
Unless otherwise resolved at the meeting, the chair cannot announce adjournment of the meeting before all the discussion items (including extraordinary motions) listed in the agenda are resolved.
The shareholders may not designate any other person as chair and continue the meeting in the same or another place after the meeting is adjourned.
- X. When a shareholder present at the shareholders' meeting wishes to speak, a speech note should be filled out with a summary of the speech, the shareholder's number (or the number of attendance card), and the name of the shareholder. The sequence of speeches by shareholders shall be decided by the chair.

Shareholders who submit an opinion slip without actually speaking are considered to have remained silent. If the shareholder's actual comments differ from those stated on the opinion slip, only the actual comments spoken shall be recorded.

While a shareholder is speaking, other shareholders shall not speak simultaneously or interfere in any way, unless agreed upon by the chair and the person speaking. Any violators shall be stopped by the chair.

- XI. Unless otherwise permitted by the chair, each shareholder shall not speak more than two times for each discussion item (each time cannot exceed 5 minutes).

In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chair may stop the speech.

- XII. If the corporate shareholder is attending as proxy, only one representative shall be appointed to attend the shareholders' meeting.

Where a corporate shareholder has appointed two or more representatives to attend the shareholders' meeting, only one representative may speak per agenda item.

- XIII. After the speech of a shareholder, the chair may respond on one's own or appoint an appropriate person to respond.

- XIV. The chair may announce the end of the discussion of any resolution and proceed with voting if the chair deems it appropriate.

- XV. The ballot examiner and ballot counter during polls shall be designated by the chair. The ballot examiner must be a shareholder of the Company. The results of votes shall be announced on-site immediately and recorded.

- XVI. During the meeting, the chair may set time for intermission.

- XVII. Unless otherwise regulated by the Company Act or the Articles of Incorporation, an agenda item is passed when supported by shareholders who represent more than half of the total voting rights. At the time of a vote, the shareholders shall vote on each proposal and the results of shareholders' agreement, objection, and abstention shall be input on the Market Observation Post System on the same day of the shareholders' meeting.

- XVIII. If there is amendment to or substitution for a discussion item, the chair shall decide the sequence of voting for the discussion item, the amendment, or the substitute. If any resolution is passed, all other proposals shall be deemed rejected, and no further voting is necessary.

- XIX. The chair may instruct marshals (security personnel) to help maintain order in the meeting. The chair may direct the disciplinary officers or the

security guard to assist in keeping order in the meeting place.
While maintaining order in the meeting, all marshals (or security personnel) must wear arm bands which identify their roles.

Appendix 2

Kuo Yang Construction Co., Ltd. Articles of Incorporation

Chapter 1. General Provisions

Article 1. This Company has been established pursuant to the provisions of the Company Act governing limited liability companies and is named Kuo Yang Construction Co., Ltd.

Article 2. The Company operates the businesses specified below:

- I. Commissioned construction of public housing and commercial buildings for lease or sale, appointment by the government's competent authority of industries for the development, lease, and sales of industrial zones. (except for the construction business)
- II. Trading, manufacturing, and agency services for of construction materials.
- III. Garden landscaping and interior design and construction. (except for the construction business) (except for architect business)
- IV. Operations of hotel business.
- V. Operations of restaurant business.
- VI. Interior and exterior cleaning and maintenance services for buildings.
- VII. Operation, control, maintenance, and management of building HVAC equipment and machines for energy use.
- VIII. Investments and construction of public facilities such as markets, parks, underground malls, children's amusement parks, and parking lots in urban planning zones.
- IX. Operations of bowling, badminton, tennis, table tennis, volleyball, pelota, gateball, squash courts, and golf driving ranges with five holes or less.
- X. Operations of swimming pools, bathrooms, and fitness centers.
- XI. H701020 Industrial factory buildings lease construction and development.
- XII. H701040 Specialized field construction and development.
- XIII. H701050 Public works construction and investment.
- XIV. H701060 New county and community construction and investment.
- XV. H703010 Factory buildings leasing.
- XVI. H703020 Warehouse leasing.
- XVII. H703030 Office building leasing.
- XVIII. H703040 Booth leasing.
- XIX. H703050 Conference room leasing.
- XX. Import and export trade of the aforementioned products.
- XXI. I301030 I301030 Digital information supply services.
- XXII. ZZ99999 All business items that are not prohibited or restricted by law, except those within permitted scope.

- Article 3. The Company is headquartered in Taipei City and may establish branch institutions in other appropriate locations as necessary. The establishment, change, or abolishment of such institutions shall be determined by resolutions of the Board of Directors.
- Article 4. The public announcements made by the Company shall be published in accordance with Article 28 of the Company Act.
- Article 4-1. The Company may provide guarantees to third parties in accordance with regulations.
- Article 4-2. Where the Company is a shareholder of limited liability of another company, the Company may be exempted from the restriction on its investment amount.
- Chapter 2. Shares
- Article 5. The Company's capital is set at NT\$7,000,000,000, divided into 700,000,000 shares at NT\$10 par value. The Board of Directors is authorized to issue the shares in separate batches.
- Article 6. The Company's stocks shall be registered. Share certificates shall be affixed with the signatures or personal seals of the director representing the Company after registration and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance thereof. The total amount of all registered shares held by all Directors must not be lower than a certain percentage of the Company's total outstanding shares. The percentage shall be prescribed in accordance with an order of the competent authority.
- When issuing new shares, the Company may print the separately-issued shares on a combined basis and engage a centralized securities depository institute to safekeep the shares. Stocks issued by the Company are not required to be printed. The Company, however, should contact the centralized securities depository institution for registration of the share certificates.
- Article 7. The Company shall administer stock-related operations in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent authority.
- Article 8. (Deleted)
- Article 9. Title transfer of stocks is suspended within 60 days prior to a general shareholders meeting, 30 days prior to an extraordinary shareholders' meeting, or 5 days prior to the baseline date for the issuer's distribution of dividends, bonuses, or other interests.
- Chapter 3. Shareholders' Meetings
- Article 10. The Company holds general and extraordinary shareholders' meetings. General meetings are to be held once every year and shall be convened within six months after the close of each fiscal year by the Board of Directors in accordance with the law. Extraordinary meetings may be convened when necessary in accordance with the law.
- Article 11. The Chairman of the Board shall chair shareholders' meetings. If the Chairman is unable to attend, the Chairman may appoint one of

the Directors to act on the Chairman's behalf. If no delegate is appointed by the Chairman, one shall be elected from among the Directors.

Article 12. The Company's shareholders shall have one voting right per share unless otherwise provided in laws or regulations.

Article 13. When the Company convenes a shareholders' meeting, the voting right at such a meeting may be exercised in writing or by way of electronic transmission. If a shareholder is unable to attend the shareholders' meeting in person, a proxy may be appointed in accordance with Article 177 of the Company Act by presenting a proxy form printed in the Company's prescribed format on which the scope of delegated authority is specified.

Article 14. Resolutions at shareholders meetings shall, unless otherwise provided for under the Company Act, be adopted by a majority vote of the shareholders present who represent more than one-half of the total number of voting shares.

Article 15. The resolutions of shareholders' meetings must be compiled into meeting minutes, which must be signed or sealed by the chair. The meeting minutes shall include the date and venue of the meeting, the chair's name, the method of resolution, and the proceedings and results of various meeting agenda items. Meeting minutes must be preserved for as long as the company exists. The sign-in books and proxy authorization forms of shareholders in attendance shall be kept for at least one year. However, if a shareholder makes a litigious claim against the Company according to Article 189 of the Company Act, the above-mentioned documents must be retained until the litigation is concluded.

The meeting minutes shall be announced in accordance with Article 183 of the Company Act within 20 days after the meeting.

Chapter 4. Board of Directors

Article 16. The Company's Board of Directors shall have five to nine Directors. The Company adopts a candidate nomination system for the election of directors; shareholders shall elect directors from among the nominees listed on the roster of director candidates in accordance with Article 198 of the Company Act.

The number of Independent Directors of the Company shall be no less than three and no less than one fifth of the total number of Directors. The Company adopts a candidate nomination system for the election of Independent Directors; shareholders shall elect Independent Directors from among the nominees listed on the roster of independent director candidates. The professional qualifications, restrictions on both shareholding and concurrent positions held, method of nomination and election, and other requirements with regard to the Independent Directors shall be processed in accordance with related laws and regulations of the competent authority.

Article 17. Directors shall serve three-year terms and are eligible for reelection. When one-third of the director seats become vacant, an

extraordinary shareholders' meeting shall be called within 60 days to elect succeeding directors; each successor so elected shall hold office for the remaining term of their predecessors only.

Article 18. The Board of Directors is formed by the Directors in accordance with Article 208 of the Company Act. The Directors shall elect one person among themselves to serve as the Chairman who shall execute all matters of the Company in accordance with laws, regulations, the Articles of Incorporation, and resolutions of the shareholders' meeting and the Board of Directors.

Article 19. The Chairman shall convene and chair meetings of the Board of Directors. If the Chairman is unable to attend, the Chairman may appoint one of the Directors to act on the Chairman's behalf. If no delegate is appointed by the Chairman, one shall be elected from among the directors.

Article 20. Board meetings must be convened in accordance with regulations of the Company Act. If a Director is unable to attend a meeting, he/she may appoint a proxy to attend the meeting on his/her behalf. However, a Director may be made proxy for only one other Director. Unless otherwise stipulated in regulations, resolutions shall be adopted only if more than half of the Directors present vote in favor of the resolution.

If a meeting of the Board of Directors is held by video conference, all Directors attending the video conference shall be deemed to have attended the meeting in person.

Article 20-1. Directors shall be notified of board meetings seven days prior to the meeting with the reason indicated. However, a board meeting may be called at any time in the event of an emergency. Such notifications may be delivered in written format, by fax, or electronically.

Article 21. The powers of the Board of Directors are as follows:
I. Matters prescribed in Article 14-3 of the Securities and Exchange Act.
II. Matters prescribed in Article 12 of the Rules of Procedure for the Board of Directors' Meetings.

The Board of Directors is authorized to determine the remuneration paid to Directors based on their participation in the Company's operations, the value of their contributions, and prevailing rates in the industry.

Chapter 5. Audit Committee

Article 22. Deleted

Article 23. Deleted

Article 24. Deleted

Article 25. The Company has established an Audit Committee which is composed of all the Independent Directors in accordance with Article 14-4 of the Securities and Exchange Act. The duties of the Audit Committee and other matters for compliance shall be processed in accordance with related regulations and the Company's bylaws.

Chapter 6. Manager

Article 26. The Company may appoint a manager whose appointment, dismissal, and remuneration shall be made in compliance with Article 29 of the Company Act.

Article 27. The Company's level 1 supervisors shall be nominated by the President and appointed or dismissed by the Board of Directors. Other employees shall be appointed or dismissed by the President in accordance with human resources management rules.

Chapter 7. Accounting

Article 28. The Company's fiscal year begins on January 1 and ends on December 31 each year. The final accounts shall be prepared at the end of each fiscal year. The Board of Directors shall prepare the following documents which shall be submitted to the general shareholders' meeting for ratification in accordance with legal procedures.

I. Business Report

II. Financial Statements

III. Distribution of earnings or loss offsetting proposals.

Article 29.

In the event of profit in the year, the Company shall appropriate 0.5% to 5% of the pre-tax earnings (excluding remuneration for Directors and employees) as remuneration for employees and no more than 5% as remuneration for Directors. However, in the event the Company has sustained cumulative losses, a proportion of profit shall be reserved in advance to make up for losses.

The remuneration for employees in the preceding paragraph may be paid in stock or cash based on a resolution of the Board of Directors, and may be paid to employees of subsidiaries who meet the certain requirements.

The distribution of remuneration for employees and Directors shall be resolved by a majority vote at a board meeting attended by more than two thirds of the Directors and it shall be reported at the shareholders' meeting.

Article 29-1. In the event of surplus earnings after closing of annual accounts, due taxes shall be paid in accordance with the law, and losses incurred in previous years shall be compensated. Upon completion of the preceding actions, 10% of the remainder surplus shall be allocated as legal reserve. However, in the event that the accumulated legal reserve is equivalent to or exceeds the Company's total paid-in capital, such allocation may be exempted. In addition, the Board of Directors may, after allocating or reversing special reserve pursuant to the laws or regulations of the competent authority, retain parts of the earnings and prepare an earnings distribution proposal along with undistributed earnings at the beginning of the period.

Where the Company intends to distribute dividends, bonuses, legal surplus reserve, or capital reserve by issuing new shares, it shall be processed in accordance with Article 240 of the Company Act and

distributed based on a resolution of the shareholders' meeting. Where dividends are distributed in cash, the Board of Directors shall be authorized to determine such distribution by a resolution adopted by a majority vote at a meeting attended by over two thirds of the Directors and it shall be reported at the shareholders' meeting.

The Company may proceed with the distribution of earnings of making up for losses at the end of each quarter in accordance with the Company Act. Before distributing earnings, the Company shall estimate and retain payable taxes, make up for losses, and allocate funds to legal reserve. However, the allocation of legal reserve does not apply when the Company's legal surplus reserve has reached its paid-in capital. Where the earnings are distributed in cash, they shall be processed in accordance with a resolution of the meeting of the Board of Directors and reported in the shareholders' meeting. Where the Company intends to distribute dividends by issuing new shares, it shall be processed in accordance with Article 240 of the Company Act based on a resolution of the shareholders' meeting.

The Company's industry is a stable and mature industry. The dividend policy should account for the financial structure, earnings, and long-term business plans to meet the development and transformation needs. The ratio of stock dividends to cash dividends shall be determined each year based on the requirements for working capital, provided that the cash dividends shall not be less than 20%. When the paid-in capital has reached NT\$10 billion, the cash dividends shall not be less than 50%.

Chapter 8. Supplemental Provisions

Article 30. The organizational regulations, bylaws, and enforcement rules of the Company shall be established based on resolutions of the Board of Directors.

Article 31. Any matters not addressed in the Articles of Incorporation shall be governed by the Company Act and other related regulations.

Article 32. The Articles of Incorporation were established on May 18, 1972. The 1st amendment was on March 31, 1974. The 2nd amendment was on September 17, 1975. The 3rd amendment was on October 5, 1976. The 4th amendment was on June 15, 1978. The 5th amendment was on October 18, 1978. The 6th amendment was on February 9, 1979. The 7th amendment was on February 28, 1982. The 8th amendment was on July 28, 1983. The 9th amendment was on September 20, 1988. The 10th amendment was on June 12, 1989. The 11th amendment was on June 24, 1992. The 12th amendment was on May 12, 1992. The 13th amendment was on October 1, 1992. The 14th amendment was on May 1, 1993. The 15th amendment was on April 23, 1994. The 16th amendment was on May 29, 1995. The 17th amendment was on May 25, 1996. The 18th amendment was on May 25, 1996. The 19th amendment was on April 16, 1997. The 20th amendment was on January 7, 1998.

The 21st amendment was on March 12, 1998. The 22nd amendment was on May 11, 1999. The 23rd amendment was on April 24, 2000. The 24th amendment was on June 21, 2001. The 25th amendment was on May 15, 2002. The 26th amendment was on June 19, 2003. The 27th amendment was on June 9, 2005. The 28th amendment was on June 14, 2006. The 29th amendment was on June 13, 2007. The 30th amendment was on June 13, 2008. The 31st amendment was on June 18, 2010. The 32nd amendment was on December 27, 2011. The 33rd amendment was on June 18, 2012. The 34th amendment was on June 23, 2014. The 35th amendment was on June 7, 2016. The 36th amendment was on June 8, 2017. The 37th amendment was on June 18, 2019. The 38th amendment was on June 10, 2020.

Kuo Yang Construction Co., Ltd.

Chairman: Tzu-Kuan Lin

Appendix 3

Statement of Shares Held by Directors of the Company

The shareholdings of all Directors of Kuo Yang Construction as recorded in the shareholder register up until the book closure date (April 12, 2021) of the shareholders' meeting:

| Title | Name | Number of shares held | Related party | Name | Number of shares held by the individual |
|----------------------|-------------------------------|-----------------------|----------------|-----------------|---|
| Director | Chi Chan Industries Co., Ltd. | 698,880 | Representative | Tzu-Kuan Lin | 0 |
| Director | Chi Chan Industries Co., Ltd. | 698,880 | Representative | Chia-Chi Hou | 986,209 |
| Director | Cheng Chi Co., Ltd. | 23,124,570 | Representative | Wei-Hsiung Tsai | 0 |
| Director | Cheng Chi Co., Ltd. | 23,124,570 | Representative | Chien-Ping Juan | 0 |
| Director | Cheng Chi Co., Ltd. | 23,124,570 | Representative | Tung-Ming Su | 0 |
| Director | Pai Ti Development Co., Ltd. | 4,402,948 | Representative | Pei-Kui Su | 0 |
| Independent Director | Li-Yen Yang | 0 | | | |
| Independent Director | Wu-Po Kuo | 0 | | | |
| Independent Director | Chiu-Mu Tseng | 0 | | | |
| Total | | 28,226,398 | | | 986,209 |

The Company's paid-in capital as of April 12, 2021 is NT\$3,800,000,000 and the total number of shares issued is 380,000,000 shares.

The minimum number of shares that must be held by all Directors according to Article 26 of the Securities and Exchange Act is as follows:

Minimum number of shares that must be held by all Directors by law: 15,200,000 shares.

The number of shares held by all Directors meets the legally required percentage.

Appendix 4

Effect of free-gratis dividend proposed in the current shareholders' meeting on Company's business performance and earnings per share:

The Company did not distribute stock dividends this year and this item is therefore not applicable.

Appendix 5

Other Supplementary Matters: The Company accepts shareholders' proposals for the 2021 general shareholders' meeting but has not received any proposal from shareholders in the proposal period.