

Stock code : 5521

*Kung Sing Engineering
Corporation*

2017 General Shareholders'
Meeting

Handbook

MEETING TIME: June 14, 2017

**PLACE: Linkou area, New Taipei City Xiafu Village 20
Neighborhood , Xiafu No.2(Kung Sing Engineering Corporation
of the Linkou Power Plant Works Department)**

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Agenda of 2017 General Meeting of Shareholders, Kung Sing Engineering Corporation

Time: June, 14th, 2017 (Wednesday), 9:00 A.M.

Location : Linkou area, New Taipei City Xiafu Village 20

Neighborhood ,Xiafu No.2(Kung Sing Engineering Corporation of the
Linkou Power Plant Works Department)

1.Call the meeting to Order

2.Chairperson Remarks

3.Report matters

(1)2016 Business Report.

(2) Audit Committee's Review Report on the 2016 Financial Statements.

(3) 2016 employees and directors remuneration assigned case report.

4. Recognition matters

(1)Adoption of the 2016 Business Report and Financial Statements.

(2) Adoption of the Proposal for Distribution of 2016 Profits.

5. Discussion matters

(1) Amend certain provisions of the Company " Operational procedures for
Acquisition and Disposal of Assets".

6.Questions and Motions

7.Adjournment

Report matters

(1) 2016 Annual Business Report

(a) Implementation results of the business plan :

The operating revenue of the year 2016 was \$4,503,755 thousand, the net operating profit was \$148,201 thousand, and the net operating profit after tax was \$90,716 thousand.

(b) 2016 Annual Budget Implementation :

Unit: NT\$ thousand

Item	Actual Amount	Budget Amount	Achievement Rate
Operating Revenue	4,503,755	Unannounced	Not applicable
Gross Profit	316,648		
Operating Expense	(154,417)		
Net Operating Profit (Loss)	148,201		
Non-operating income	30,389		
Non-operating expenditure	(68,538)		
Net Operating Profit Before Tax (Loss)	110,052		
Net Operating Profit After Tax (Loss)	90,716		

(c) Financial revenue and expenditure and profitability :

Unit: NT\$ thousand

Item analysis		The year of 2016
Financial ability	Interest income	(2,727)
	Interest expense	30,751
Profitability	Return on equity %	2.18%
	Pre-tax profit as a percentage of paid-in capital ratio	3.17%
	Profit ratio %	2.01%
	EPS (dollar)	0.26

Today in Taiwan, the construction industry is fulfilled with sharp changes, making competitions more intense and severe. In the face of the new environment and the implementation of new Construction Industry Act, this is the moment of transformation in Taiwan's construction industry, based on the excellent tradition, performance, and magnificent team spirit, the Company will continue to seek technology innovations, strict quality and progress controls, and provide the best world-class construction service.

(2) Audit Committee's Review Report on the 2016 Financial Statements.

Review Report of Audit Committee

The Board of Directors has submitted the 2016 annual business report, financial statements and consolidated financial statements. In it of which the financial statements and consolidated financial statements have been checked by accounts Chang, Tso- ch'eng and Wang, Fang-yu from PwC Taiwan, and an audit report was issued.

The above-mentioned business report, financial statements and consolidated financial statements, verified by the Audit Committee, was found complied with related provisions of Company Act, in accordance with requirement in Article 219, reported as above.

For your honor's approval

Sincerely,

The 2017 General Meeting of Shareholders, Kung Sing Engineering Corporation

Audit Committee Convenor : Tu,yi- yang

Audit Committee : Chen, chin- yueh

Audit Committee : Chang, liang- ming

March 24th, 2017

Review Report of Audit Committee

The Board of Directors has submitted the 2016 annual dividend distribution proposal, verified by the Audit Committee, was found complied with related provisions of Company Act, in accordance with requirement in Article 219, reported as above.

For your honor's approval

Sincerely,

The 2017 General Meeting of Shareholders, Kung Sing Engineering Corporation

Audit Committee Convenor : Tu,yi- yang

Audit Committee : Chen, chin- yueh

Audit Committee : Chang, liang- ming

April 28th, 2017

(3) 2016 employees and directors remuneration assigned case report.

Description:

A. According to the Articles of Association, When the Company in accordance with the annual profit after deducting accumulated deficit situation, as there are balance, employee compensation should distribution 3-5%, and the remuneration of directors not more than 3%.

B. proposed dispatching 2016 annual employee reward 3,764,812 yuan and directors the amount of remuneration to 2,258,887 yuan , are paid in cash.

Recognition Matters

Case 1 : (By the Board)

Proposal : The 2016 Annual Business Report and Financial Statements, submit for recognition.

Description:

- 1.The Company's financial statements of the year 2016 (and the consolidated financial statements) have been checked by accountants Chang ,Tso-ch'eng and Wang, Fang-yu from PWC Taiwan, together with the business report, have been submitted to the supervisor for verification, a written examination report was issued on file.
- 2.For the business report, report of independent auditors, and the above-mentioned financial statements, please refer to Page 5 in this manual.
- 3.Please recognize.

Resolution :

Case 2 : (By the Board)

Proposal : Adoption of the Proposal for Distribution of 2016 Profits.

Description :

1. The Company's 2016 annual dividend distribution proposal has been resolved and passed by the Board of Directors on April 28th, 2017.
2. For the "2016 Annual Dividend Distribution Proposal", please refer to Page 12 in this manual.
3. The cash dividend is calculated on the basis of the distribution ratio, and the amount of the cash dividend is less than one NT dollar, and the total number of cash dividends is adjusted from the top to the back of the decimal point.
4. It was passed in the general meeting of shareholders, the Chairman of the board was authorized to stipulate the dividend base date and other matters.
5. Please recognize.

Resolution :

Kung Sing Engineering Corporation
Dividend Distribution Proposal
The Year of 2016

Unit: NT\$

Beginning retained earnings	22,127,655
Plus: retained earnings adjustments	2,952,832
Plus: Net income for the year 2016	90,716,007
Less: Provision for 10% of Legal reserve	(9,071,601)
Available for the surplus allocation	106,724,893
Less: surplus distribution cash dividend 0.2 yuan	(69,505,483)
Unallocated surplus at the end of period	37,219,410

Notes :

The surplus allocation is based on the 2016 annual surplus.

Discussion Matters

Case 1 : (By the Board)

Proposal : Amend certain provisions of the Company " Operational procedures for Acquisition and Disposal of Assets". Please proceed to discuss.

Description :

- 1.In order to conform to the amendments to related laws,the company Hereby proposes to amendment of the Company " Operational procedures for Acquisition and Disposal of Assets".
- 2.Please Refer to page15-19 for details.
- 3.Please recognize.

Resolution :

Kung Sing Engineering Corporation
Synopsis of “Operational procedures for Acquisition and Disposal of Assets”
before and after amendments

Article	Content		Basis and reasons
	Before	After	
Article 3	<p>Article 3 Evaluation and operation procedure for acquiring or disposing of assets</p> <p>1.The company shall acquire or dispose of assets after evaluating and being approved according to the regulations of its internal control system.</p> <p>2.The operation procedure for acquiring or disposing of negotiable securities:</p> <p>(1) The investment in long-term and short-term negotiable securities shall be evaluated according to generally accepted accounting principles and make proper allowances for reduction of investment to market. The financial department shall enter all negotiable securities into the account book and put them into the safe.</p> <p>(2)-(3) ellipsis</p> <p>3. The operation procedure for acquiring or disposing of real estate:</p> <p>(1) If the company intend to invest more than 20 % of its paid-in capital or NT\$ 30,000,000 in real estate or other fixed assets or dispose of its real estate or other fixed assets investments worth more than 20 % of its paid-in capital or NT\$ 30,000,000, the company shall at first hire an objective, impartial, and independent real estate appraisal organization to make an appraisal and produce an appraisal report.</p> <p>(2) The company shall buy insurance for the real estate or fixed assets immediately after it acquires them to avoid losses.</p> <p>(3) The company shall register, manage and use the assets immediately after acquirement.</p>	<p>Article 3 Evaluation and operation procedure for acquiring or disposing of assets</p> <p>1.The company shall acquire or dispose of assets after evaluating and being approved according to the regulations of its internal control system.</p> <p>2.The operation procedure for acquiring or disposing of negotiable securities:</p> <p>(1) The investment in long-term and short-term negotiable securities shall be evaluated according to generally accepted accounting principles and make proper allowances for reduction of investment to market. The financial department shall enter all negotiable securities into the account book and put them into the safe.</p> <p>(2)-(3) ellipsis</p> <p>3.The operation procedure for acquiring or disposing of real estate:</p> <p>(1)If the company intend to invest more than 20 % of its paid-in capital or NT\$ 30,000,000 in real estate or other fixed assets or dispose of its real estate or other fixed assets investments worth more than 20 % of its paid-in capital or NT\$ 30,000,000, the company shall at first hire an objective, impartial, and independent real estate appraisal organization to make an appraisal and produce an appraisal report.</p> <p>(2)The company shall buy insurance for the real estate or fixed assets immediately after it acquires them to avoid losses.</p> <p>(3)The company shall register, manage and use the assets immediately after acquirement.</p>	text correction

	Company acquires or disposes membership card or intangible assets or 20% of the transaction amount of NT \$ 300 million or more paid-in capital, in addition to transactions with government agencies, should be the fact that a CPA would occur before the transaction price the reasonableness of an opinion, and should be handled in accordance with accountants accounting Research and Development Foundation issued Statement of Auditing Standards No. 20.	Company acquires or disposes membership card or intangible assets or 20% of the transaction amount of NT \$ 300 million or more paid-in capital, in addition to transactions with <u>government agencies</u> , should be the fact that a CPA would occur before the transaction price the reasonableness of an opinion, and should be handled in accordance with accountants accounting Research and Development Foundation issued Statement of Auditing Standards No. 20.	
Article 6	Article 6 The standards of announcement and reporting Companies acquire or dispose of assets under the conditions listed as below shall announce and report such event using the regulated form within two days from its occurrence on the website designated by Securities and Futures Commission: 1. Acquire or dispose of real property to the relationship, or the relationship between man-made and disposal of real estate or other assets outside the company and the transaction amounted to twenty percent of paid-in capital, total assets of 10% or NT \$ 300 million or more. But trading in bonds, repurchase, redemption bond conditions, purchase or redemption of domestic money market funds, this restriction. 2. Carry out merge, split, purchase or transfer of shares; 3. Engage in the transaction of derivatives and the loss reach the upper loss limit of all contracts or single contract regulated by the procedure established by the company. 4. When the amount of the transaction of assets not stipulated by the previous three subparagraphs or of financial institutions' financial claims investment, or engage in mainland China reaches 20% of the company's paid-in capital or NT\$ 300,000,000, they shall be announced and reported. But the conditions listed as follows are excluded:	Article 6 The standards of announcement and reporting Companies acquire or dispose of assets under the conditions listed as below shall announce and report such event using the regulated form within two days from its occurrence on the website designated by Securities and Futures Commission: 1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; <u>provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</u> 2. Carry out merge, split, purchase or transfer of shares; 3. Engage in the transaction of derivatives and the loss reach the upper loss limit of all contracts or single contract regulated by the procedure established by the company. 4. When the amount of the transaction of assets not stipulated by the previous three subparagraphs or of financial institutions' financial claims investment, or engage in mainland China reaches 20% of the company's paid-in capital or NT\$ 300,000,000, they shall be announced and reported. But the conditions listed as follows are excluded:	Amended in accordance with the relevant laws and regulations

Article	Content		Basis and reasons
	Before	After	
	<p>(1) Buy and sell government bonds;</p> <p>(2) Businesses specialized in investment buy and sell at domestic or overseas securities exchanges or securities dealers' business premises; or dealer in accordance with the provisions of the subscription and the subscription of securities in the primary market.</p> <p>(3) Buy and sell securities attached with conditions of buying back or selling back; Purchase or redemption of the domestic money market fund.</p> <p>(ellipsis)</p>	<p>(1) Buy and sell government bonds;</p> <p>(2) Businesses specialized in investment buy and sell at domestic or overseas securities exchanges <u>or in the domestic primary market to subscribe for the issuance of ordinary corporate bonds and not involved in the general financial bonds, or securities firms due to underwriting business needs, as a cabinet company counseling recommended securities firms according to the provisions of the Republic of China Securities counters trading center to subscribe for the price Securities.</u></p> <p>(3) Buy and sell securities attached with conditions of buying back <u>or buy back the money market fund domestic securities investment trust issued</u></p> <p>(ellipsis)</p>	
Article 7	<p>Article 7 The deadline for announcement and reporting Companies shall input monthly using regulated form the transactions of derivatives they and their subsidiaries who are not domestic public companies carried out during the last month on the information report website designated by Securities and Futures Commission prior to the tenth day of every month.</p> <p>If there are errors or omissions in the items that companies should announce, all items should be announced and reported again when they need to be corrected.</p> <p>(ellipsis)</p>	<p>Article 7 The deadline for announcement and reporting Companies shall input monthly using regulated form the transactions of derivatives they and their subsidiaries who are not domestic public companies carried out during the last month on the information report website designated by Securities and Futures Commission prior to the tenth day of every month.</p> <p>If there are errors or omissions in the items that companies should announce, all items should be announced and <u>Should be within two days of knowing</u>and reported again to be corrected.</p> <p>(ellipsis)</p>	

Article 8	<p>Article 8 Consult experts Except for a company deals with government organizations, commission others to construct buildings on its land, commission others to construct buildings on the land it rent, or acquires or disposes of machinery equipment for business operation, if the transaction amount of the real estate or other fixed assets acquired or disposed by the company is equal to or larger than 20% of its paid-in capital or NT\$ 300,000,000, the company shall before the date on which the transaction actually occurs at first obtain the evaluation report by professional valuator and follow regulations listed as below: 1. When the price of a transaction is referred to a limit price, specific price or special price because of special reasons, the transaction shall be submitted to the board of directors for approval in the first place. When conditions of the transaction change, it also shall be handled likewise. (ellipsis)</p>	<p>Article 8 Consult experts Except for a company deals with government <u>agencies</u>, commission others to construct buildings on its land, commission others to construct buildings on the land it rent, or acquires or disposes of machinery equipment for business operation, if the transaction amount of the real estate or other fixed assets acquired or disposed by the company is equal to or larger than 20% of its paid-in capital or NT\$ 300,000,000, the company shall before the date on which the transaction actually occurs at first obtain the evaluation report by professional valuator and follow regulations listed as below: 1. When the price of a transaction is referred to a limit price, specific price or special price because of special reasons, the transaction shall be submitted to the board of directors for approval in the first place. When conditions of the transaction change, it also shall be handled likewise. (ellipsis)</p>	text correction
Article 9	<p>Article 9 Acquire a party's real estate 1. The company has made to related parties or disposition of real estate, or obtain related disposal of real estate or other assets outside the company and the transaction amounted to twenty percent of paid-in capital, total assets of 10% or more than NT \$ 300 million the latter, In addition to trading in bonds, repurchase, redemption of the bond conditions, purchase or redemption of the domestic money market funds the following information should be submitted to the Board of Directors and the Audit Committee acknowledged that the transaction may only enter into contracts and payments: (1) The purpose of the acquisition or disposition of assets, the necessity and expected benefits. (ellipsis)</p>	<p>Article 9 Acquire a party's real estate 1. The company has made to related parties or disposition of real estate, or obtain related disposal of real estate or other assets outside the company and the transaction amounted to twenty percent of paid-in capital, total assets of 10% or more than NT \$ 300 million the latter, In addition to trading in bonds, repurchase, redemption of the bond conditions, <u>purchase or buy back the securities investment trust issued money market</u> information should be submitted to the Board of Directors and the Audit Committee acknowledged that the transaction may only enter into contracts and payments: (1) The purpose of the acquisition or disposition of assets, the necessity and expected benefits. (ellipsis)</p>	Amended in accordance with the relevant laws and regulations

<p>Article 11</p>	<p>A public company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.</p> <p>(ellipsis)</p>	<p>A public company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. <u>However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</u></p> <p>(ellipsis)</p>
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Questions and Motions

Adjournment

Attachments

Appendix 1

The Constitution of Kung Sing Engineering Co., Ltd.

Chapter 1 General Provisions

Article 1

The company was organized according to the company Act and its name is Kung Sing Engineering Company Limited.

Article 2

The businesses operated by the company are as follows:

1. E101011 General Construction
2. E401010 Dredging
3. E599010 Plumbing
4. E801010 Interior Renovation
5. E801020 Doors and Windows Installation
6. E801030 Interior Light Steel Frame Engineering
7. E801040 Glass Installation
8. E801070 Kitchen and Bathroom Equipment Installation
9. E901010 Painting Works
10. E903010 Corrosion and Rust-Proof Works
11. EZ02010 Crane Engineering
12. EZ207010 Drilling Engineering
13. EZ99990 Other Engineering
14. C901040 Ready-Mix Concrete Manufacturing
15. C901050 Cement and Concrete Manufacturing
16. CD01020 Rail Vehicles and Parts Manufacturing
17. CD01990 Other Vehicles and Parts Manufacturing
18. F111090 Building Materials Wholesale
19. F113010 Machinery Wholesale
20. F401010 International Trade
21. F113030 Precision Instruments Wholesale
22. H701010 Residences and Buildings Development, Sale and Lease
23. H701020 Industrial Factory Buildings Development, Sale and Lease
24. H701040 Specialized Fields Construction and

Development

25. H701050 Public Works Construction and Investment
26. H701060 New County and Community Development
27. H701070 Zone Expropriation and Urban Land Consolidation Agencies
28. H703090 Real Estate Trading
29. H703100 Real Estate Lease
30. H701080 Urban Renewal
31. J101040 Wastes Treatment
32. J101990 Other Sanitation and Pollution Protection Services
33. E501011 Water Supply Piping
34. E601010 Electrical Equipment Installation
35. E602011 Frozen and Air-conditioning Engineering
36. E603040 Fire Safety Equipment Installation Engineering
37. ZZ99999 In addition to licensed businesses, the company may operate those businesses that are not prohibited or restricted by law.

Article 2.1

The company's investment in other businesses may not be restricted by article 13 of Company Act, which stipulates that the amount of a company's investment in other businesses must not exceed 40% of its paid-up capital.

Article 2.2

After the board of directors pass the resolution, the company may give endorsements and guarantees to others due to business needs or the need of the businesses invested by the company, and the chairperson sign the relevant documents on behalf of the company. But the balance of the amount of endorsement and guarantee must not exceed the amount stipulated by the company's regulations governing endorsements and guarantees.

Article 3

The head office of the company is based in Taipei City. If necessary, the company may set up domestic and foreign branch offices according to the resolution of the board of directors.

Chapter 2 Shares of Stock

Article 4

The total capital of the company is NT\$ 3,500,000,000, divided by 350,000,000 shares of stock. The face value of each share is NT\$ 10 and the stock are issued stage by stage.

Article 5

The transfer, inheritance, gifting, renewing, mortgage, loss or damage of the company's stock shares shall be handled according to Company Act and "Criteria Governing Handling of Stock Affairs by Public Stock Companies" issued by the authorities.

Article 6

The company's shares all are inscribed and signed or sealed by more than three directors, and then issued after certified by law. After the issuance of shares, the company does not need to print the shares, but it must contact Taiwan Depository and Clearing Corporation (TDCC) to register all the shares and their holders.

Article 7

The change of the records in shareholders list shall be stopped within the sixty days before the opening of the regular shareholders' meeting, within the thirty days before the beginning of the extraordinary shareholders' meeting or within the five days before the base date on which the company decides to allot dividends, bonus or other interests.

Chapter 3 Shareholders' Meeting

Article 8

There are two kinds of shareholders' meetings called by the company, regular shareholders' meeting and extraordinary shareholders' meeting. The former one is held within the six months after the end of every fiscal year and the latter one is held according to the regulations of Company Act and as occasion requires.

Article 9

When shareholders can not attend the shareholders' meeting for some reason, they may sign or seal powers of attorney stating clearly scope of authority and hand to their proxies to attend the meeting.

Article 10

Each share has a voting power, but those shares under the conditions stipulated by article 179 of Company Act have no voting power.

Article 11

Unless otherwise regulated by the company Act, the resolution of shareholders' meeting only can be passed under the condition that more than half the voting powers of the shareholders present agree with the resolution and shareholders owning more than half the shares issued attend the meeting.

Chapter 4 Directors and Audit Committee

Article 12

The Company shall have five to seven directors, adopting the nomination system, serving a term of three years, the Board of Directors shall elect the list of candidates Directors, shall be reappointed. As for the previous Article that the total amount of registered shares held by the Board must not be less than a certain number of the total amount of issued shares regulated by the authorities. In the list of the above-mentioned directors, two independent directors are included. Since 2015, the shareholders elected new directors from set number of independent directors shall not be less than three, and the number of directors shall not be less than one-fifth.

The actual term of independent director in office not more than nine years.

Regarding the professional qualifications, shareholding, part-time restrictions, nomination, and election methods and other matters to be followed, shall base on related regulations set by the securities authorities.

Article 12.1

The meeting of the board of directors should be held at least once a season. The reasons of calling the meeting should be stated clearly on the

notice, which should be sent to each director. However, the meeting may be summoned if necessary. The meeting may be summoned by notice in written form, fax, or email etc.

Article 13

The board of directors consists of directors, the chairperson of which is elected from among all directors present by winning more than 50% of the vote. The chairperson is the representative of the company.

Article 14

Unless otherwise regulated by the company Act, the resolution of the board of directors only can be passed under the condition that more than half the directors present agree with the resolution and more than half directors attend the meeting. When directors can not attend the meeting for some reason, they may sign or seal powers of attorney stating clearly scope of authority and hand to other directors to attend the meeting according to article 205 of Company Act, but one director can only act as a proxy in another one's absence. Directors living overseas may entrust a director living in Taiwan in written form to act as his proxy regularly.

Article 15

Directors' and supervisors' pay is offered according to each one's level of participation in the company's operation and value of dedication and the criteria of pay to directors at domestic and foreign companies in same industry.

Article 15.1

The company set up according to the law of the Audit Committee comprises all independent directors.

Companies Act, the Securities and Exchange Act and other legal requirements shall exercise the powers of supervisors matters exercised by the Audit Committee.

The number of the Audit Committee, tenure, terms, rules of procedure and the exercise of powers issues companies should provide resources to the Audit Committee Charter separately prescribed by law.

The first three requirements applicable appoint a new director from 2015 onwards.

Chapter 5 Manager

Article 16.

The company may employ a general manager, whose appointment, dismissal and remuneration comply with article 29 of Company Act.

Chapter 6 Accounting

Article 17

The company shall settle final accounts at the end of every year. The company's final accounts are written in different book of forms under the supervision of the board of directors, which shall be handed to the Audit Committee for audit within the thirty days before the beginning of regular shareholders' meeting. The three documents as below shall be submitted to the shareholders' meeting for recognition.

1. Business Report
2. Financial Statements
3. A motion for earnings distribution or an offset to the loss

Article 18

When the Company in accordance with the annual profit after deducting accumulated deficit situation, as there are balance, employee compensation should be set aside 3-5%, not more than 3% of the remuneration of directors.

Employee compensation in the preceding paragraph to whom shares or cash, the payment must include the object in line with the conditions set by the Board of Directors of subordinate employees, to authorize the Board to develop the relevant measures, the directors only to cash remuneration.

The first two issues by the board resolution and to report shareholders' meeting.

Article 18-1

If there are earnings after the company's annual closing, the tax shall be paid and the loss of previous years shall be made up first. Then, 10% of the earnings shall be kept as legal reserve. After this if there is still earnings left, the amount of which shall be added by that of the distributable earnings at opening of the period. The board of directors

shall make proposals concerning the total amount of earnings to the regular shareholders' meeting for resolution. The allotment of dividends among shareholders will be granted by stock dividends and cash dividends, but the latter shall account for at least 10% of the shareholders' dividends.

Chapter 7 Supplementary Provisions

Article 19.

Any matters not stipulated by this constitution shall be handled according to the company Act and relevant regulations.

Article 20

The constitution was concluded on January 5, 1947.

It was revised on January 1, 1950 for the first time.

It was revised on November 10, 1971 for the second time.

It was revised on November 5, 1981 for the third time.

It was revised on May 28, 1983 for the fourth time.

It was revised on August 1, 1983 for the fifth time.

It was revised on August 16, 1983 for the sixth time.

It was revised on August 18, 1987, for the seventh time.

It was revised on July 1, 1991 for the eighth time.

It was revised on October 22, 1992 for the ninth time.

It was revised on June 25, 1993 for the tenth time.

It was revised on October 20, 1994 for the eleventh time.

It was revised on June 29, 1995 for the twelfth time.

It was revised on June 10, 1997 for the thirteenth time.

It was revised on June 29, 1998 for the fourteenth time.

It was revised on June 27, 2000 for the fifteenth time.

It was revised on June 26, 2002 for the sixteenth time.

It was revised on May 27, 2004 for the seventeenth time.

It was revised on May 25, 2005 for the eighteenth time.

It was revised on June 20, 2006 for the nineteenth time.

It was revised on May 15, 2007 for the twentieth time.

It was revised on May 20, 2008 for the twenty-first time.

It was revised on June 16, 2009 for the twenty- second time.

It was revised on June 18, 2010 for the twenty- third time.

It was revised on June 9, 2011 for the twenty- fourth time.

It was revised on June 18, 2012 for the twenty-fifth time.

It was revised on June 26, 2014 for the twenty- sixth time.
The twenty- seven amendment was made on June 28th, 2016.

Appendix 2

The Regulations of the Meeting of the Shareholders of Kung Sing Engineering Co., Ltd.

- 1 、 The meeting of shareholders shall be carried out in accordance with this approach.
- 2 、 The so-called shareholder here is referred to the shareholder him/herself or the attendance representative of shareholder.
- 3 、 Please wear the attendance certification or sign in or turn in the signing card. The number of shares at present shall be counted in accordance with the signing list or the submitted signing cards. For those who turn in the signing card to the Company are regarded as attending in person or by representatives, the Company is responsible for identification.
- 4 、 Attendance and resolution of the Board of Directors shall be counted based on the number of shares.
- 5 、 The venue shall be located somewhere around the Company for the convenience of shareholders. The time shall not be earlier than 9:00 in the morning or later than 3:00 in the afternoon.
- 6 、 The shareholders' meeting notice states reporting time, reported everywhere location, and other considerations. Shareholders accepting the preceding paragraph shall report at least thirty minutes prior to the start of the handle; reported everywhere should be clearly labeled, and sent to an adequate handling of the qualified person.

I commissioned the shareholders or shareholder nominee (hereinafter referred to as the Shareholders) shall, with attendance certificates, attendance attendance attendance cards or other documents to attend the shareholders' meeting; supporting documents of Shareholders can not ask to add other documents. solicit proxies are solicited person shall also carry the identity documents to prepare for verification.

If the Meeting is called by the board of directors, the board chairman shall preside at the Meeting. In case the chairman is on leave of absence, or cannot exercise his powers and authority, the vice chairman shall act in lieu of him. If the vice chairman is also on leave of absence, or cannot exercise his powers and authority, the chairman shall designate a director to act in lieu of him. If the chairman does not designate a director, the directors shall elect one from among

themselves to act in lieu of the chairman. If the Meeting is called by any other person than the board of directors, who has the right to call the Meeting, the said person shall preside at that Meeting.

- 7、Former chairman of the Department of Managing Directors or by the agent in order to serve more than six months, and to understand the company's financial and business conditions as the managing director or directors. If the President is a legal representative director who likewise.

The Company may appoint attorneys, accountants or related persons to attend the shareholders' meeting. Conduct a shareholders' meeting shall wear identification badges or armbands.

- 8、The meeting process shall be audio or video recorded and kept for at least a year.
- 9、The Chairman shall announce the beginning the meeting when the time comes, only if representatives of shareholders do not exceed half of the number of shares, the Chairman may postpone the meeting, for the meeting can only be postponed no more than two times, and all together shall not exceed one hour. If the attendance is still not sufficient after two times of delay, but the number of representatives reaches 1/3 of the total shares, false resolution can be performed in accordance with Article 175 Provision 1 of Company Act. And before such meeting ends, if the number of shareholders or representatives exceeds more than half, the Chairman may ask for another resolution of the false resolution in accordance with Article 174 of Company Act.
- 10、If the meeting of shareholders is called up by the Board of Directors, the agenda will be determined by the Board of Directors, and the meeting shall be carried out in accordance accordingly, cannot be changed unless the meeting of shareholders has made a resolution of making changes. Before the arranged agenda (including other business) ends, the Chairman must not announce the closing without resolutions. After the meeting is over, shareholders must not appoint another individual as the Chairman to continue the meeting at the same location or other locations.
- 11、Before making a speech in the meeting of shareholders, must fill out the speech note to notify the topic, shareholder number (or attendance number) and account name, the Chairman will decide the order of giving speeches. Shareholders who have turned in speech notes will get to speak up, for those who do not speak up will be regarded as not spoken. If the content of speech does not match the content in the speech note, shall base on the content of speech. As a

shareholder speaks, others must not interfere unless he/she is approved by the Chairman or the shareholder who gives a speech, any violations shall be prevented.

- 12 ∙ Description concerning a new proposal is limited to five minutes, discussion concerning questioning and debating is limited to three minutes per person; may be extended once if the Chairman approves it, but is still limited to three minutes.
- 13 ∙ The same shareholder in terms of the same matter may not speak up more than twice unless the Chairman approves, and each time must not exceed five minutes. Any shareholder violates the aforementioned rules or the content is beyond the scope of content, the Chairman may stop him/her from speaking up.
- 14 ∙ If a corporate trustee is entrusted to attend the meeting of shareholders, such trustee only gets to assign one person on behalf. A corporate shareholder may assign two or more individuals to attend the meeting, but only one person gets to speak up.
- 15 ∙ The Chairman must answer the questions or assign specific personnel to answer the questions after a shareholders give his/her opinions.
- 16 ∙ As for discussions regarding a proposal, the Chairman may end the discussion at anytime he/she finds sufficient for making a resolution.
- 17 ∙ Voting and counting of scrutineers personnel designated by the President, but scrutineers shall have shareholder status. Shareholders will vote on the motion or election vote counting operations should be open at the shareholders to whom the venue and should be in the vote count is completed, voting results announced on the spot, including the statistical weights and maintain records. Shareholders will elect directors and supervisors should be laid down under this company handled the relevant electoral methods, and shall announce the election results field, including elected directors, and their election lists weights. For electoral matters before the ballot, signed by the scrutineer sealed, properly safeguarded and preserved for at least one year. But by the shareholders in accordance with the Companies Law Article 189 proceedings, shall be kept until the end to litigation.
- 18 ∙ The Chairman may decide on his/her own whether to have a break during the meeting.
- 19 ∙ For resolutions towards proposals, in addition to the Companies Act and Articles of Association as otherwise provided, can be determined by the consent from more than half of shareholders at present, when comes to vote, if no objections are made, the resolution shall be deemed adopted, the effect and votes take into account.

- 20 · If an amendment or alternative case happens on the same proposal, the Chairman shall determine the sequence of voting by including the original case. If one case passes, others will be deemed as rejected, needless to conduct the vote again.
- 21 · The Chairman may command the pickets (or securities) to help maintain the order. The picket (or security) shall wear an “identification card” or “arm badge” while helping maintain the order.
- 22 · Conference conducted in case of natural disasters (typhoons, earthquakes, etc.) or accidents (fire, air strikes, etc.), occurs, the Chairman may declare the suspension of a meeting or change the meeting date.
- 23 · Rules not provided for the matters shall be handled in accordance with Company Act of Articles of Association of the Company.
- 24 · This approach was established on June 30th, 1994.
 The first amendment was made on June 29th, 1998.
 The second amendment was made on June 26th, 2002.
 The third amendment was made on June 20th, 2006.
 The Fourth amendment was made on June 25th, 2013.
 The Fifth amendment was made on June 26th, 2015.
 This approach will take into account after the Board of Directors approves and passes it, amendments shall follow the same procedure.

Appendix 3

The procedures for Acquisition and Disposal of Assets of Kung Sing Engineering Co., Ltd.

Article 1

The Company is strengthening asset management, and based on Article 36 of the Securities Exchange Act and the Financial Supervisory Commission issued "public company acquisition or Disposition of Assets" regulations provide for the final version of the program.

Article 2 The scope of the assets

1. Stocks, government bonds, corporate bonds, financial bonds, in recognition of the fund's securities, depositary receipts, call (put) warrants, to benefit from investment securities and asset-based securities.
- 2 Real Estate (including inventory construction industry) and equipment.
3. Membership card.

- 4 patents, copyrights, trademarks, licenses and other intangible assets.
- 5 claims (including receivables purchased discounts and loans, delinquent loans) financial institutions.
- 6 derivatives.
- 7 in accordance with the laws merger, demerger, acquisition or transfer of shares to acquire or dispose of assets.
- 8 other important assets.

Article 3 Evaluation and operation procedure for acquiring or disposing of assets

1. The company shall acquire or dispose of assets after evaluating and being approved according to the regulations of its internal control system.
2. The operation procedure for acquiring or disposing of negotiable securities:
 - (1) The investment in long-term and short-term negotiable securities shall be evaluated according to generally accepted accounting principles and make proper allowances for reduction of investment to market. The financial department shall enter all negotiable securities into the account book and put them into the safe.
 - (2) If the company invests equity and convertible bonds as a initial shareholder or buyer, it shall acquire the negotiable securities as an investor within the thirty days after the invested company issues the stock shares or corporate bonds under Company Law. If the company acquires the securities through a transfer, it shall transfer the right immediately.
 - (3) If the company intend to invest more than 20 % of its paid-in capital or NT\$ 30,000,000 in negotiable securities or dispose of its negotiable securities investment worth more than 20 % of its paid-in capital or NT\$ 30,000,000, the company shall consult securities analysts about the rationality of the trade before it occurs.
3. The operation procedure for acquiring or disposing of real estate:
 - (1) If the company intend to invest more than 20 % of its paid-in capital or NT\$ 30,000,000 in real estate or other fixed assets or dispose of its real estate or other fixed assets investments worth more than 20 % of its paid-in capital or NT\$ 30,000,000, the company shall at first hire an objective, impartial, and independent real estate appraisal organization to make an appraisal and produce an appraisal report.
 - (2) The company shall buy insurance for the real estate or fixed assets immediately after it acquires them to avoid losses.
 - (3) The company shall register, manage and use the assets immediately after acquirement.
 - (4) Company acquires or disposes membership card or intangible assets or 20% of the transaction amount of NT \$ 300 million or more paid-in capital, in addition to transactions with government agencies, should be

the fact that a CPA would occur before the transaction price the reasonableness of an opinion, and should be handled in accordance with accountants accounting Research and Development Foundation issued Statement of Auditing Standards No. 20.

Article 4 The procedure for deciding the trading conditions

1. The method of prices decision and references

(1) If the negotiable securities the company intends to acquire or dispose of have already been traded in centralized securities trading market or at securities dealers' business premises, their prices are determined by the market.

(2) If the company intends to acquire or dispose of the negotiable securities that have already been traded in centralized securities trading market or at securities dealers' business premises, it shall consider their net value per share, profit-earning ability, potential, market interest rates, coupon rates, and debtors' credit, as well as consult security experts' opinions and the current transaction prices. Then, it begins to negotiate the prices with the potential sellers or buyers.

(3) If a unit proposes acquiring or disposing of real estate or other fixed asset, it shall submit its explanations, and the financial department and the executive unit shall refer to announced current value and assessed current value of the assets, and the real transaction prices of nearby real estate, as well as inquire, compare, and bargain the relevant prices. Then the price of the asset will be determined. If the asset meets the standard of this procedure, the company shall hire a professional evaluation organization to evaluate the asset.

2. Authorization levels

(1) The purchase or sale of the company's long-term equity investment shall be approved by the general manager, if the amount of the value is smaller than NT\$ 50,000,000. If the amount is larger than NT\$ 50,000,000 and smaller than NT\$ 100,000,000, the chairperson shall make the decision. If the amount is larger than NT\$ 100,000,000, the case must be approved by the board of directors.

(2) The purchase or sale of the company's short-term equity investment shall be approved by the general manager, if the amount of the value is smaller than NT\$ 50,000,000. If the amount is larger than NT\$ 50,000,000 and smaller than NT\$ 100,000,000, the chairperson shall make the decision. If the amount is larger than NT\$ 100,000,000, the case must be approved by the board of directors.

(3) The acquirement or disposal of the company's real estate or other fixed asset investment shall be approved by the chairperson and report to the next meeting of the board of directors for reference, if the amount of the value is smaller than NT\$ 20,000,000. If the amount is larger than

NT\$ 20,000,000 and smaller than NT\$ 50,000,000, the case must be approved by the board of directors. If the amount is larger than NT\$ 50,000,000, the case must be approved by the board of directors, with more than two thirds of the directors attending meeting and more than half of the directors present agreeing.

Article 5 Executive unit

The company's financial department is responsible for carrying out the long-term and short-term investment of negotiable securities. The executive units of real estate and other fixed assets is the departments using them and relevant units.

Article 6 The standards of announcement and reporting

Companies acquire or dispose of assets under the conditions listed as below shall announce and report such event using the regulated form within two days from its occurrence on the website designated by Securities and Futures Commission:

1. Acquire or dispose of real property to the relationship, or the relationship between man-made and disposal of real estate or other assets outside the company and the transaction amounted to twenty percent of paid-in capital, total assets of 10% or NT \$ 300 million or more. But trading in bonds, repurchase, redemption bond conditions, purchase or redemption of domestic money market funds, this restriction.
2. Carry out merge, split, purchase or transfer of shares;
3. Engage in the transaction of derivatives and the loss reach the upper loss limit of all contracts or single contract regulated by the procedure established by the company.
4. When the amount of the transaction of assets not stipulated by the previous three subparagraphs or of financial institutions' financial claims investment, or engage in mainland China reaches 20% of the company's paid-in capital or NT\$ 300,000,000, they shall be announced and reported. But the conditions listed as follows are excluded:

- (1) Buy and sell government bonds;
- (2) Businesses specialized in investment buy and sell at domestic or overseas securities exchanges or securities dealers' business premises; or dealer in accordance with the provisions of the subscription and the subscription of securities in the primary market.
- (3) Buy and sell securities attached with conditions of buying back or selling back; Purchase or redemption of the domestic money market fund.
- (4) The asset acquired or disposed of is machinery equipment for business operation and the buyer or seller is not a party and the

transaction amount is smaller than NT\$ 500,000,000.

- (5) Companies engaging in construction business acquire or dispose of the real estate used for construction and the buyer or seller is not a party and the transaction amount is smaller than NT\$ 500,000,000.
- (6) Companies acquire the real estate by commissioning others to construct buildings on its land, constructing buildings cooperating with others and being allotted a portion of the buildings, or constructing buildings cooperating with others and sell them separately, and the companies' investment amount is smaller than NT\$ 500,000,000.

The calculation of the amount of transactions mentioned in the previous paragraph:

1. The amount of each transaction;
2. The accumulated amount of the transaction with the same person, acquiring or disposing the same kind of targets in a year.
3. The accumulated amount of the real estate in the same develop project acquired or disposed of (accumulating the amount separately) in a year.
4. The accumulated amount of the same negotiable securities acquired or disposed of (accumulating the amount separately) in a year.

The "in a year" mentioned in the preceding paragraph of this article means in a year before the date on which the transaction actually occurs, excluding the period of announcement according to the regulation of this standard.

Article 7 The deadline for announcement and reporting

Companies shall input monthly using regulated form the transactions of derivatives they and their subsidiaries who are not domestic public companies carried out during the last month on the information report website designated by Securities and Futures Commission prior to the tenth day of every month.

If there are errors or omissions in the items that companies should announce, all items should be announced and reported again when they need to be corrected.

After acquiring or disposing of assets, companies shall keep the relevant contracts, meeting records, reference books, evaluation reports, accounts', lawyers' or securities dealers' suggestion reports in the company for at least 5 years, unless otherwise regulated.

After companies announce and report the items according to the previous

article, the company shall announce and report the relevant information about such event as listed as below using regulated form on the website designated by Securities and Futures Commission within two days from its occurrence:

1. The contract signed for the transaction has been changed, terminated or canceled;
2. The merge, split, acquirement or shares transfer has not completed by the scheduled date under the relevant contract.

Article 8 Consult experts

Except for a company deals with government organizations, commission others to construct buildings on its land, commission others to construct buildings on the land it rent, or acquires or disposes of machinery equipment for business operation, if the transaction amount of the real estate or other fixed assets acquired or disposed by the company is equal to or larger than 20% of its paid-in capital or NT\$ 300,000,000, the company shall before the date on which the transaction actually occurs at first obtain the evaluation report by professional valuator and follow regulations listed as below:

1. When the price of a transaction is referred to a limit price, specific price or special price because of special reasons, the transaction shall be submitted to the board of directors for approval in the first place. When conditions of the transaction change, it also shall be handled likewise.
2. When the amount of transaction exceeds NT\$ 100,000,000, the company shall hire two or more professional valutors to evaluate the price.
3. The company shall commission an accountant in accordance with the ROC Accounting Research and Development Foundation (hereinafter referred to as the Accounting Research and Development Foundation) No. 20 published by Accounting Research and Development Foundation and express specific opinions about causes of difference and proper transaction prices, if the professional valuator finds that
 - (1) the difference between the amount of the evaluation result and that of transaction exceeds 20% of the amount of transaction; or
 - (2) the difference between the amounts of the two or more evaluation results exceeds 10% of the amount of transaction.
4. If the evaluation is made before the contract comes into force, the period between the date of the evaluation report being offered and the date for the contract coming into force shall not be longer than three months. However, if the valuator adopts the current announced present value and shorter than six months, the company may request the valuator submit a report of suggestions.

If a construction company refers to a limit price, specific price or special price to determine the transaction price but it can not receive evaluation reports in reasonable time, it shall obtain the evaluation reports and the accountant's suggestions stipulated by the third subparagraph of the previous paragraph within two weeks after the event happens.

When a company intends to acquire or dispose of negotiable securities, it shall obtain the target company's latest financial statements certified or reviewed by accountants as a reference for the evaluation of transaction prices at first.

The company has one of the following circumstances, the company and the transaction amount of 20% of paid-in capital of NT \$ 300 million or more, or should the facts occurred before a CPA to express an opinion on the reasonableness of the transaction price, accountants if requires the use of expert reports, shall be handled in accordance with accounting Research and Development Foundation issued Statement of Auditing Standards No. 20. But otherwise provided by the securities quoted prices in active markets or the Financial Supervisory Commission(Hereinafter referred to as the Council),unless:

1. Obtain copies of or at the stock exchange or securities firms in non-business premises to buy
- 2 private equity acquisition or disposition of securities.
3. Acquisition or disposition of membership card or intangible assets.

Article 9 Acquire a party's real estate

1. The company has made to related parties or disposition of real estate, or obtain related disposal of real estate or other assets outside the company and the transaction amounted to twenty percent of paid-in capital, total assets of 10% or more than NT \$ 300 million the latter, In addition to trading in bonds, repurchase, redemption of the bond conditions, purchase or redemption of the domestic money market funds the following information should be submitted to the Board of Directors and the Audit Committee acknowledged that the transaction may only enter into contracts and payments:

- (1) The purpose of the acquisition or disposition of assets, the necessity and expected benefits.
- (2) Reason for choosing the related party as trading counterpart.
- (3) To related parties Acquisition of real estate ,the relevant data used to evaluate the reasonableness of the predetermined conditions according to the second and third paragraph;
- (4) The data concerning the date, the price and the seller of the real estate when the party acquired it as well as the relationship between

- the company and the party;
- (5) The expected monthly cash flow table for a year from the month in which the contract is signed and the evaluation of the transaction's necessity and the reasonableness of funds operation;
 - (6) The limit conditions and other important agreed matters of the transaction.
 - (7) Restrictions and other important stipulations of this transaction.

The transaction amount is calculated in the preceding paragraph shall be in accordance with the second paragraph of Article handled within a year and is based on the alleged date of occurrence of the facts on the basis of the transaction, forward projections retrospective year has been submitted to the Board for approval under this standard requires and the Audit Committee admitted that some free re-credited.

The Company and its parent or subsidiary Rooms, acquisition or disposition of machinery and equipment for business use, the Board may, in accordance authorize the chairman to decide within a certain amount of first time, and approved by the Board on recent reports.

The Company's independent directors, in accordance with the provisions of the preceding paragraph of the asset reported to the Board discussion, should fully consider the views of independent directors, independent directors, if any objections or reservations should be stated in the Board proceedings.

The Company established an audit committee, accordance with the provisions, shall be approved by all members of the Audit Committee of more than half agreed, and mentioned resolution of the Board.

If all the members of the preceding paragraph above unaudited half Commission may approve an agreed line of more than two thirds of all directors and the audit committee of the resolution should be set out in the Board proceedings.

All members of the Audit Committee referred to in the preceding paragraph and the preceding paragraph shall director, the actual number of those calculations.

2. If a company intends to acquire a party's real estate, it shall evaluate the reasonableness of the transaction cost using the methods listed as follows:

- (1) The transaction price plus the interest of necessary funds and the cost that the buyer should pay. The interest of necessary funds is equal to multiplying the amount the company borrows in the year when it acquire the asset by the weighted average interest rate, but it must not higher the

highest borrowing rate of non-financial institutions announced by Ministry of Finance.

(2) If the party has mortgaged the target to a financial institution, the target's total value evaluated by the financial institution can be used as a criterion to assess the transaction cost, but the accumulated amount of loan granted by the financial institution must exceed 70% of the evaluated total value and the loan period must be longer than one year. Nonetheless, if the institution is a party of the seller or the buyer, this method can't be adopted.

If a company buy a target with land and building, it may adopt one of methods mentioned above to the evaluation of transaction cost of the land and the building separately.

When the company intends to acquire a party's real estate and assesses its cost according to subparagraph 1 and 2, the company shall consult accountants for review and specific suggestions.

A company acquires a party's real estate according to paragraph 1 and the previous three subparagraphs can't be adopted, if

- (1) The party inherited or was gifted the real estate; or
- (2) It is longer than 5 years from the date of the party's signing the contract to acquire the real estate to the date of signing this contract; or
- (3) Signed a contract with the joint construction or to entrust the construction of its own, lease land entrusted construction and acquisition of real estate related.

3. If the company evaluates the price of the real estate according to paragraph 1 and 2 of the previous article and the assessed prices are lower than the transaction price, it shall handle that according to this paragraph. But that does not apply, if

(1) The party acquired vacant land or rent land to construct buildings, its evidence fulfills one of following conditions:

A. The value of the vacant land is assessed using the methods described in the previous article and the value of the building is the construction cost plus reasonable construction profits, if the total amount of their value is larger than that of the actual transaction price. The construction profit mentioned here is equal to the lower one of the average of the last three years of gross profit margin of the party's construction department compared with the latest average gross profit margin of the construction industry announced by Ministry of Finance.

B. There was transaction case in the recent year the party was not involved in, which is related to the other floor of the target real estate or real estate in nearby area, the size of it is similar to that of the target, and

after estimated according to the real estate transaction convention that there are reasonable variations between the prices of different floors and between the prices of different districts, the transaction conditions are also similar to those of the target.

C. There was lease case in the recent year the party was not involved in, which is related to the other floor of the target real estate, after estimated according to the real estate lease convention that there are variations between the rents of different floors, the transaction conditions are similar to those of the target.

(2) The company brings forward evidence to show that the transaction conditions of buying a party's real estate are similar to those of a transaction case in the recent year the party was not involved in, and their sizes are also similar.

and brings forward objective evidence and obtains specific and reasonable opinions by professional real estate valuers and accountants.

The transaction case in nearby area mentioned in the previous paragraph means the relevant real estate is located in the same or a neighboring block that it not more than 500 meters away from the target, or its announced current value is similar to that of the target. The similar size mentioned above means that the size of the real estate in the transaction case is not smaller than 50% of that of the target. The "in the recent year" means a year before the date of the fact that the target is acquired by the company.

4. When the company acquires a party's real estate and evaluate the value of the target according to paragraph 2 and 3, if the evaluated prices are lower than the transaction price, the following matters should be handled:

(1) Enter the difference between the transaction price and evaluated cost into the entry of special reserve according to regulations, and can not be allotted or transferred to capital for issuing shares. If the investor is a public company and adopts equity method for evaluation, it also needs to recognize special reserve in proportion to shareholding ratio.

(2) The Audit Committee shall be handled in accordance with the four provisions of Article XIV of the Securities Exchange Act.

(3) How the company handles according to subparagraph 1 and 2 shall to reported to shareholders' meeting and the detailed transaction contents shall be revealed on annual report and prospectus.

If a company recognizes a special reserve according to the previous paragraph, it may use the reserve after it has recognized the falling price loss for the asset bought at high prices, or disposed of the asset, or made adequate compensation, or reinstate the asset, or it had other evidence to ensure reasonableness, and the Securities and Futures Commission

agreed.

If a company acquires a party's real estate and other evidence shows that the transaction is not consistent to business conventions, the company shall handle that according to the previous subparagraphs.

Article 10 The scope of investment and amount limits

1. The company may buy the assets stipulated by article 2 of this procedure, including long-term, short-term negotiable securities, real estate (for business use and non-business use) and other fixed assets.
2. The total amount of non-business use real estate and short-term securities the company purchased shall not exceed 40% of the shareholders' equity showed in the latest financial statements certified by accountants. A single short-term securities investment shall not exceed 10% of the shareholders' equity mentioned above.
3. The total amount of the long-term securities the company invests shall not exceed the company's capital, but the amount of investment (the actual funds invested in) in a single company shall not exceed 50% of the company's capital.
4. The company's subsidiaries may purchase the assets stipulated by article 2 of this procedure, including long-term, short-term negotiable securities, real estate (for business use and non-business use) and other fixed assets.
5. The total amount of non-business use real estate and short-term securities a subsidiary purchases shall not exceed 40% of the shareholders' equity showed in the latest financial statements certified by accountants. Individual short-term securities investment shall not exceed 10% of the shareholders' equity mentioned above.
6. The total amount of the long-term securities a subsidiary invests shall not exceed the company's capital, but the amount of investment (the actual funds invested in) in a single company shall not exceed 50% of the company's capital.

Article 11

A public company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.

A public company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger,

demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 12

The procedure will be put in force after being passed by the board of directors, sent to supervisors, and approved at the shareholders' meeting. The revision of them will be done likewise.

Article 13 Other Matters

1. reinvested subsidiary of the Company, as a domestic non-public company, its acquisition or disposition of assets of the program by reporting standards should notice, from the date of occurrence of the fact to be two days, notify the Company in accordance with the procedure laid announcement, reporting and copied to the relevant units. Article IX of the subsidiary prior to the applicable reporting standards should notice about the paid-up capital of 20 per cent or ten percent of the total assets of requirements to paid-in capital or total assets prevail. The most recent individual or the individual financial statements of the paid-in capital or total assets in securities of the issuer to calculate the amount of Preparation of Financial Statements prescribed.

Shares no par value or par value not NT 10 Yuan. The guidelines on the amount of paid-up capital requirement of 20% of the transaction amount to vested interests of the owners of the parent calculated at 10%.

2. Second, in accordance with the provisions of the announcement when there are missing items, such as at the time the announcement and should be corrected, the entire project should be re-announcement declared.

Article 13-1 Penalties

The Company's managers and organizers who violate this process, in accordance with the company's personnel management practices and

employee handbook reported assessment, according to their seriousness punishment.

Article 13-2

The criteria are defined as follows:

1. Derivatives: refers to a composite value of the assets of its forward contracts, interest rate, exchange rate, index or other benefits derived from other commodities, options contracts, futures contracts, leveraged margin contracts, swap contracts, and a combination of the above commodities type contracts and so on. Referred to as forward contracts, excluding insurance contracts, performance contracts, service contracts, and long-term into long-term lease contracts (sales) contracts.
2. By legal merger, demerger, acquisition or transfer of shares to acquire or dispose of assets: refers to mergers and acquisitions in accordance with law, the Financial Holding Company Law, Financial Institutions Merger Act or any other law to merge, split or acquisition to acquire or dispose of assets, or issuance of new shares transferee of shares of his company (hereinafter referred to as transfer of shares) were in accordance with Article 156 of the Companies Act eighth regulations.
3. Related subsidiaries: Standards should be prepared in accordance with the provisions of the securities of the issuer identified financial reporting.
4. Professional appraiser: Real Estate Appraisers, or other means in accordance with the law was engaged in real estate, equipment appraisal business person.
5. Date of occurrence: refers to the signing date of the transaction, the payment date, commissioned by the Closing Date, the transfer date, the Board of Directors' resolutions or other object and sufficient to determine the date of the transaction, such as the date of the transaction amount, whichever is the former. But investors are subject to the approval of the competent authority, more open date or receipt date of approval by the competent authority what the former shall prevail.
6. Investment in Mainland China: refers to the Investment Commission of Ministry of Economic Affairs Investment or Technical Cooperation licensing requirements to engage in the Mainland Area mainland investment.

Article 14

After this process through the implementation of the Board of Directors, and reported shareholders' meeting. When modifying likewise.

After the Company's independent directors, in accordance with the provisions of the preceding paragraph acquisition or disposition of assets

reported to the Board discussing the transaction should fully consider the views of the independent directors, independent directors, if any objections or reservations should be stated in the Board proceedings.

The Company established an audit committee, a major asset, shall be approved by all members of the Audit Committee of more than half agreed, and mentioned resolution of the Board.

If all the members of the preceding paragraph above unaudited half Commission may approve an agreed line of more than two thirds of all directors and the audit committee of the resolution should be set out in the Board proceedings.

All members of the Audit Committee referred to in the preceding paragraph and all directors mentioned in the preceding paragraph, the actual number of those calculations.

After setting the Audit Committee in accordance with the provisions of the 14-4-3 of the Securities Exchange Act, the provisions of supervisors, on the Audit Committee mutatis mutandis, in accordance with the Securities and Exchange Act 14-4-4, the audit committee independent board member mutatis mutandis.

Appendix 4

Shareholding of Directors

1. The Company's paid-up capital is \$3,475,274,130, the number of shares issued is about 347,527,413.
2. In accordance with Article 26 of Securities and Exchange Act, all the directors shall hold a minimum of 13,901,096 shares, The Company has an audit committee, it does not apply to the number of shares specified supervisors.
3. By "public offering of company directors, supervisors and Review Procedures stake into Rules" Article II, the number of holdings into two or more independent directors elected, all directors outside independent directors, supervisors calculated according to the ratio of 80% .
4. By the closure date of transfer in the general meeting shareholders this time (April 16th, 2017), the number of shares the individual and all directors and supervisors as recorded on the list of shareholders is as follows:

Type of shares held: Ordinary shares

Position	Name	Date elected	Term (Years)	Number of shares held on the elected date		The number of shares recorded on the list of shareholders on the closure date of transfer	
				Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Chairman of the board	Chun Fu Investment Co. Ltd. Representative: Chen, huang-ming	2015.6.26	3	6,794,068	1.95%	9,844,068	2.83%
Director	Chun Fu Investment Co. Ltd. Representative: Chiang, chi-ching	2015.6.26	3				
Director	Ju hsiang Investment Co., Ltd Representative: Lin, Chung-chen	2015.6.26	3	4,070,000	1.17%	4,070,000	1.17%
Director	Ju hsiang Investment Co., Ltd Representative: Chiang, jung- ching	2015.6.26	3				
Independent Directors	Chen, chin- yueh	2015.6.26	3	0	0.00%	0	0.00%
Independent Directors	Chang, liang- ming	2015.6.26	3	50,000	0.01%	50,000	0.01%
Independent Directors	Tu, yi- yang	2015.6.26	3	0	0.00%	0	0.00%
Total directors				10,914,068	3.14%	13,964,068	4.01%