

Stock code : 5521

*Kung Sing Engineering
Corporation*

**2018 General Shareholders'
Meeting**

Handbook

MEETING TIME: June 29, 2018

**PLACE: Linkou area, New Taipei City Xiafu Village 20
Neighborhood , Xiafu No.2(Kung Sing Engineering Corporation
of the Linkou Coal bunker construction site)**

Content

I. Meeting Agenda -----	3
II. Report matters -----	4
III. Proposals Matters -----	9
IV. Discussion Matters -----	13
V. Election Matters -----	15
VI. Other Matters -----	19
VII. Questions and Motions -----	21

Attachments :

1. Corporate Charter -----	23
2. Regulations of the Meeting of Shareholders -----	30
3. Rules for Director Elections of Assets -----	34
4. Directors holdings -----	36

Agenda of 2018 General Meeting of Shareholders, Kung Sing Engineering Corporation

Time: June, 29th, 2018 (Friday), 9:00 A.M.

Location : Linkou area, New Taipei City Xiafu Village 20

Neighborhood ,Xiafu No.2(Kung Sing Engineering Corporation of the Linkou Coal bunker construction site)

1.Call the meeting to Order

2.Chairperson Remarks

3.Report matters

(1)2017 Business Report.

(2) Audit Committee's Review Report on the 2017 Financial Statements.

(3) 2017 employees and directors remuneration assigned case report.

4. Recognition matters

(1)Adoption of the 2017 Business Report and Financial Statements.

(2) Approve the 2017 profit and loss appropriation. Proposed statutory surplus reserve and capital reserve to make up losses.

5. Discussion matters

Capital reserve cash return

6. Election Matters

Full re-election of directors.

7. Other Matters

Restrictions on Disqualification of New Directors and Their Representatives from Prohibition of Competition.

8. Questions and Motions

9. Adjournment

Report matters

(1) 2017 Annual Business Report

(a) Implementation results of the business plan :

The operating revenue of the year 2017 was \$3,836,972 thousand, the net operating profit was \$(365,364) thousand, and the net operating profit after tax was \$(350,373) thousand.

(b) 2016 Annual Budget Implementation :

Unit: NT\$ thousand

Item	Actual Amount	Budget Amount	Achievement Rate
Operating Revenue	3,836,972	Unannounced	Not applicable
Gross Profit	(237,579)		
Operating Expense	(127,785)		
Net Operating Profit (Loss)	(365,364)		
Non-operating income	35,329		
Non-operating expenditure	(82,676)		
Net Operating Profit Before Tax (Loss)	(412,711)		
Net Operating Profit After Tax (Loss)	(350,373)		

(c) Financial revenue and expenditure and profitability :

Unit: NT\$ thousand

Item analysis		The year of 2017
Financial ability	Interest income	(14,460)
	Interest expense	26,144
Profitability	Return on equity %	(8.72)%
	Pre-tax profit as a percentage of paid-in capital ratio	(11.88)%
	Profit ratio %	(9.13)%
	EPS (dollar)	(1.01)

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 2017 Financial Statements.

Review Report of Audit Committee

The Board of Directors has submitted the 2017 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 Wang, Fang-yu and Hsiao,Chin-mu 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 2018 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 14th, 2018

Review Report of Audit Committee

The Board of Directors has submitted the 2017 profit and loss appropriation, 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 2018 General Meeting of Shareholders, Kung Sing Engineering Corporation

Audit Committee Convenor : Tu,yi- yang

Audit Committee : Chen, chin- yueh

Audit Committee : Chang, liang- ming

May 14th, 2018

(3) 2017 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. The company 2017 annual pre-tax net loss of NT \$ 412,711 thousand, does not allocate staff remuneration and directors remuneration

Recognition Matters

Case 1 :

Proposal : The 2017 Annual Business Report and Financial Statements, Submit approval

. (By the board)

Description:

- 1.The Company's financial statements of the year 2017 (and the consolidated financial statements) have been checked by accountants Wang, Fang-yu and Hsiao,Chin-mu from PWC Taiwan, together with the business report, have been submitted to the Audit Committee 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 :

Proposal : Profits and Losses Appropriation for 2017. It is recommended to draw up statutory surplus reserve and capital reserve to make up for losses.

Submit approval. (by the board)

Description :

1. The Company's 2017 profit and loss appropriation has been resolved and passed by the Board of Directors on May 14th, 2018.
2. The company's loss for the current period was NT\$350,372,798. After the beginning of the accumulative period, the undistributed earnings of NT\$37,219,410 and after deducting other consolidated profit and loss of NT\$242,421, still have yet to make up the losses. It is proposed to use statutory surplus reserves and capital reserves to make up Loss, after making up for the company's closing loss to be made up to 0 yuan.
3. For the "2017 Profit and Loss Allowance Schedule", please refer to page 12 of this manual.

Resolution :

Kung Sing Engineering Corporation
Profit and Loss Allowance Schedule

The Year of 2017

Unit: NT\$

Beginning retained earnings	37,219,410
Less: after-tax loss in 2017	(350,372,798)
Less: Other comprehensive profit and loss in 2017	(242,421)
Plus: Statutory surplus reserve to make up for losses	230,095,466
Plus: Capital reserve to make up for losses	83,300,343
Accumulated losses for the current period	0
Notes :	

Discussion Matters

Proposal : Capital reserve cash return. Please proceed to discuss. (by the board)

Description :

1. The company intends to allocate NT\$208,516,448 from the capital reserve. According to the shareholders and their shares held on the shareholder's name list issued on the base date, the company will allocate NT\$ 0.6 per share.
2. The cash distribution ratio of the capital reserve is calculated up to the NT\$ yuan, and the NT\$ yuan is unconditionally rounded down to below one yuan. Distortion of the total number of zero, from the decimal point of the figure to the small and the number from the front to the rear to adjust the order Capital reserves total cash distribution. After the resolution passed by the ordinary shareholders, this case was authorized by the chairman of the board. Issue base dates and other related issues.
3. if the amount of outstanding shares due to changes in the share capital of the company affects the share ratio of the cash dividends, When needs to make corrections, he intends to ask the general meeting of shareholders to authorize the chairman to handle the matter completely.

Resolution :

Election Matters

Proposal : Full re-election of directors. (by the board)

Description :

- 1 、 The term of directors and supervisors of the Company will be expired on June 25th, 2018, in accordance with the Company Law stipulates that the shareholders intends to apply for regular comprehensive re-election of directors.
- 2 、 In accordance with Article 12 of the Company' s Articles of Association, shall elect seven directors (including three independent directors), with a three-year term.
- 3 、 The new directors three-year term ending June 29, 2018 to June 28, 2021, former directors to hold office until this shareholders' meeting.
- 4 、 On May 14th, 2018, the nomination system applied to candidates for director, reviewed and passed by the Board , the related information is as follows:

Candidates Category	Name	Educational background	Experiences	Current position	Shareholding
director	Ch'uan fu Investment Co., Ltd. Representative : Chen, huang-ming	PhD in Management , Nankai University .	Kung Sing Engineering Corporation Chairman of the board	Kung Sing Engineering Corporation Chairman of the board	9, 844, 068
director	Ch'uan fu Investment Co., Ltd. Representative : Chiang, chi-ching	PhD in Management , Nankai University .	Kung Sing Engineering Corporation General manager	Kung Sing Engineering Corporation General manager	
director	Chia ho Investment Co. Ltd. Representative : Tseng, mei-ling	Taipei Shilin Senior Business Vocational School Business Division	Ching Kang Kuang Tien Corporation Chairman of the board	Ching Kang Kuang Tien Corporation Chairman of the board	2, 000, 000

director	J u hsiang Investment Co., Ltd. Representative Chang, liang- ming	George Washington University Master of Commerce	Waterland Venture Capital Co., Ltd. Consultants	Kung Sing Engineering Corporation independent director	4,070,000
independent director	Chen, chin- yueh	PhD in Management , Nankai University .	Hsin Fu hsing Co., Ltd. independent directors	Kung Sing Engineering Corporation independent director. Hsin Fu hsing Co., Ltd. independent directors	0
independent director	Tu, yi- yang	Bachelor Business, Tamkang University	Ch' un Yi Joint CPA group Accountants	Kung Sing Engineering Corporation independent director. Ch' un Yi Joint CPA group Accountants	0
independent director	Wang, chih- lung	Taiwan University of Science and Technology Institute of Industrial Management	SHUN ON ELECTRONIC CO., LTD Executive Deputy General Manager. GREAT KNIVES MANUFACTURE CO., LTD Special assistant to the chairman	GREAT KNIVES MANUFACTURE CO., LTD Special assistant to the chairman EISO Enterprise Co., Ltd independent director	0

			EISO Enterprise Co., Ltd independent director		
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4、The Method of election of directors of this Corporation , see page 34 of this manual.

5、Please Election

Election results:

Other Matters

Proposal : Restrictions on Disqualification of New Directors and Their Representatives from Prohibition of Competition. (by the board)

Description :

1. According to the provisions of the Company Law Article 209 director for themselves or others belonging to behavior within the scope of the company's business, to deal with an important part of the shareholders' meeting described their acts, and to obtain their permission."
2. The directors of the company or other investment or business of the company's business scope of the same or similar to the company, and served as a director of the behavior, in order to recruit professionals to serve as a director of the company, without prejudice to the interests of the company would agree to lift restrictions of directors elected its new representative of the non-compete, in order to facilitate the promotion of the business.

Resolution :

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.
The sixth amendment was made on June 28th, 2016.
This approach will take into account after the Board of Directors approves and passes it, amendments shall follow the same procedure.

The Method of election of directors of Kung Sing Engineering Co., Ltd.

Article 1 : Directors of the Company shall be elected in accordance with this approach.

Article 2 : Directors of the Company are to be elected, the election shall be carried out together, by using the cumulative open ballot method, each share has the same voting right that is applicable to electing directors and supervisors, may concentrate on one individual or vote on a number of individuals, Successively individuals receive the most votes will take posts of directors respectively. Electors may use the attendance number to represent the name.

Article 3 : As to find out the election results, the Chairman will assign tells and canvassers.

Article 4 : Election of Directors, if the number of votes of two or more than two individuals is the same, or exceeds the quota, shall take a draw, the Chairman will take the draw on behalf of those who are not at present. Election of directors shall use the nomination system in accordance with Article 192 Provision 1 of Company Act, General meeting elected the person has the capacity and shall be recorded in Articles of Associations. When companies such as setting up an audit committee of independent directors elect at least one of whom shall have accounting or financial expertise.

Article 4-1: Qualifications of the Company's independent directors shall meet Articles 2, 3, and 4 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". Election of the Company's independent directors shall meet Articles 5, 6, 7, 8, and 9 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", as well as Article 24 of "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies".

Article 5: Electoral votes are to prepared by the Company, based on attendance number, plus the right to vote.

Article 6 : The elector shall write his/her name clearly in the “candidate” column, as well as shareholder number or ID number.

Article 7 : If the electoral vote meets one of situations on the left, the vote will be invalid.

- (1) An elector who is not applied to regulations stated in Article 5.
- (2) The number of candidates filled on the form exceeds the quota.
- (3) Texts are found besides the candidate’s name and his/her shareholder number.
- (4) Handwritings are unable to recognize.
- (5) Candidates who have the same name must add the shareholder number or ID number in order for identification.

Article 8 : After the voting is finished, invoicing results shall be announced right away.

Article 9 : Elected notice will be passed to every elected director by the Board of Directors, and the elected person will sign the petition.

Article 10 : This approach will take into account after the Board of Directors passes it, amendments shall follow the same procedure.

(Revised on June 26th, 2014)

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 (May 1th, 2018), the number of shares the individual and all directors 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	Ch'uan Fu Investment Co. Ltd. Representative: Chen ,huang-ming	2015.6.26	3	6,794,068	1.95%	9,844,068	2.83%
Director	Ch'uan 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%

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
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%