

*Kung Sing Engineering
Corporation*

**2020 General Shareholders'
Meeting**

Handbook

Notice to readers

This English version handbook is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

MEETING TIME: June 17, 2020

PLACE: NO.10, Ln.87, Sec.1, Zhongzheng Rd., Tamsui Dist., New Taipei City 251, Taiwan (Kung Sing Engineering Corporation, Tamkang Engineering Office meeting room)

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Agenda of 2020 General Meeting of Shareholders, Kung Sing Engineering Corporation

Time: June, 17th, 2020 (Wednesday), 9:00 A.M.

Location : NO.10, Ln.87, Sec.1, Zhongzheng Rd., Tamsui Dist., New Taipei City 251, Taiwan (Kung Sing Engineering Corporation, Tamkang Engineering Office meeting room)

1.Call the meeting to Order

2.Chairperson Remarks

3.Report matters

(1)2019 Business Report.

(2) Audit Committee's Review Report on the 2019 Financial Statements.

(3) 2019 employees and directors remuneration assigned case report.

(4) Amendment of the Company "Code of business integrity"

(5) Amendment of the Company "Procedures and Conduct Guidelines for Integrity Management"

(6) The company's sound operation plan implementation situation report.

4. Recognition matters

(1)Adoption of the 2019 Business Report and Financial Statements.

(2) Approve the 2019 profit and loss appropriation.

5. Discussion matters

(1) Amendment to the Rules of Procedure for Shareholder Meetings.

(2) Amendment to the Company's Corporate Charter.

6. Extemporary Motions

7. Adjournment

Report matters

(1) 2019 Annual Business Report

(a) Implementation results of the business plan :

The operating revenue of the year 2019 was \$4,204,288 thousand, the net operating profit was \$15,139 thousand, and the net operating profit after tax was \$(24,014) thousand.

(b) 2019 Annual Budget Implementation :

Unit: NT\$ thousand

Item	Actual Amount	Budget Amount	Achievement Rate
Operating Revenue	4,204,288	Unannounced	Not applicable
Gross Profit	158,477		
Operating Expense	(143,338)		
Net Operating Profit (Loss)	15,139		
Non-operating income and expenditure	(20,476)		
Net Operating Profit Before Tax (Loss)	(5,337)		
Net Operating Profit After Tax (Loss)	(24,014)		

(c) Financial revenue and expenditure and profitability :

Unit: NT\$ thousand

Item analysis		The year of 2019
Financial ability	Interest income	(2,426)
	Interest expense	37,235
Profitability	Return on equity %	(0.61)%
	Pre-tax profit as a percentage of paid-in capital ratio	(0.12)%
	Profit ratio %	(0.57)%
	EPS (dollar)	(0.07)

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 2019 Financial Statements.

Review Report of Audit Committee

The Board of Directors has submitted the 2019 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 Lin, Se-kai 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 2020 General Meeting of Shareholders, Kung Sing Engineering Corporation

Audit Committee Convenor : Tu,yi- yang

Audit Committee : Chen, chin- yueh

Audit Committee : Wang, chih- lung

March 26th, 2020

Review Report of Audit Committee

The Board of Directors has submitted the 2019 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 2020 General Meeting of Shareholders, Kung Sing Engineering Corporation

Audit Committee Convenor : Tu,yi- yang

Audit Committee : Chen, chin- yueh

Audit Committee : Wang, chih- lung

March 26th, 2020

(3) 2019 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 2019 annual pre-tax net loss of NT \$ 5,337 thousand, does not allocate staff remuneration and directors remuneration

(4) Amendment of the Company "Code of business integrity".

Description:

- A. According to the letter issued by the Taiwan Stock Exchange on May 23, 2019, the number is 10800083781. On August 13, 2019, the board of directors revised some provisions of the Company's " Code of business integrity " .
- B. Please refer to pages 10-14 of this manual for the comparison table of the company's "Code of business integrity" before and after the revision.
- C. Hereby report.

Kung Sing Engineering Corporation
Synopsis of “Code of business integrity” before and after amendments

Article	Before	After	Basis and reasons
Article 5	<p>Article 5(Policy) The company should present to the honest, transparent and responsible business philosophy, in good faith based policy of, and the establishment of good corporate governance and risk control mechanisms in order to create business environment and sustainable development.</p>	<p>Article 5(Policy) The company should <u>uphold the business philosophy of honesty, transparency and responsibility, and adopt the principle of honesty, passed by the board of directors,</u> and establish a good corporate governance and risk control mechanism to create a business environment and sustainable development.</p>	<p>According to the letter issued by the Taiwan Stock Exchange on</p>
Article 7	<p>Article 7(Range of prevention programs) The Company set prevention program, should be analyzed within the operating range of a high risk of bad faith conduct of the business activities and strengthen the relevant precautions. Set prevention program should include at least the following acts precautions: 1.bribery and bribery. 2.to provide illegal campaign contributions. 3.the improper charitable donations or sponsorship. 4.provide or accept unreasonable gifts, entertainment or other improper benefits. 5. Infringement of trade secrets, trademarks, patents, copyrights and other intellectual property rights. 6. Engaged in acts of unfair competition. 7. Products and services at the time of research and development, procurement, manufacturing, supply or sale, directly or indirectly harm the interests of consumers or other interested party, health and safety.</p>	<p>Article 7(Range of prevention programs) The company <u>should establish an assessment mechanism for the risk of dishonesty, regularly analyze and evaluate business activities with a high risk of dishonesty in the business scope, so as to formulate a prevention plan and regularly review the appropriateness and effectiveness of the prevention plan.</u> <u>The company should make reference to the standards or guidelines commonly used at home and abroad to formulate a preventive plan, which should at least cover the following measures:</u> 1.bribery and bribery. 2.to provide illegal campaign contributions. 3.the improper charitable donations or sponsorship. 4.provide or accept unreasonable gifts, entertainment or other improper benefits. 5. Infringement of trade secrets, trademarks, patents, copyrights and other intellectual property rights. 6. Engaged in acts of unfair competition. 7. Products and services at the time of research and development, procurement, manufacturing, supply or sale, directly or indirectly harm the interests of consumers or other interested party, health and safety.</p>	<p>May 23, 2019, the number is 10800083781</p>

Article	Before	After	Basis and reasons
Article 8	<p>Article 8(Commitment and execution) The Company shall set forth in its regulations and policies of foreign file integrity management, the board of directors and management should actively implement the policy of business integrity commitment, and indeed perform in internal management and external business activities.</p>	<p>Article 8(Commitment and execution) <u>The company shall require the directors and senior management to issue a statement of compliance with the integrity management policy, and require the employees to abide by the integrity management policy under the employment conditions.</u> <u>The company should express the integrity management policy in its regulations, external documents and company website, and</u> the board of directors and management should actively implement the integrity management policy commitment and implement it in internal management and external business activities. <u>For the first and second integrity management policies, statements, commitments and implementation, the company should produce documented information and keep it properly.</u></p>	<p>According to the letter issued by the Taiwan Stock Exchange on May 23, 2019, the number is 10800083781</p>
Article 17	<p>Article 17(Organization and Responsibility) The company's directors, supervisors, managers, servants, assignees and substantive controllers should do their duty to be kind managers, urge the company to prevent dishonesty, and review its implementation effectiveness and continuous improvement at any time to ensure honest operation Implementation of the policy. In order to improve the management of integrity management, the company is responsible for the formulation and supervision of the integrity management policy and prevention plan by the audit unit, and reports to the board of directors regularly.</p>	<p>Article 17(Organization and Responsibility) The company's directors, supervisors, managers, servants, assignees and substantive controllers should do their duty to be kind managers, urge the company to prevent dishonesty, and review its implementation effectiveness and continuous improvement at any time to ensure honest operation Implementation of the policy. In order to improve the management of integrity management, the company is equipped with sufficient resources and qualified personnel by the <u>Administration Department, responsible for the formulation and supervision of the integrity management policy and prevention plan, and regularly (at least once a year) report to the board of directors:</u> 1. <u>Assist in integrating integrity and ethical values into the company's Business strategy, and cooperate with the legal system to ensure that Relevant anti-fraud measures for operating in good faith.</u></p>	

Article	Before	After	Basis and reasons
(Continue from previous page)		<p><u>2. Regular analysis and evaluation of dishonesty in the business scope</u> <u>Behavioral risk, based on which to prevent dishonesty</u> <u>Behavioral plan, and work out in each plan</u> <u>Business-related standard operating procedures and behavior guideline south.</u> <u>3. Planning the internal organization, establishment and responsibility</u> <u>Within the scope of business, higher dissatisfaction with the scope of business</u> <u>Operation activities of trust behavior risk, mutual placement</u> <u>Supervise checks and balances.</u> <u>4. Promotion and coordination of integrity policy advocacy training.</u> <u>5. Planning and reporting system to ensure the effectiveness of implementation.</u> <u>6. Assist the board of directors and management to check and evaluate whether the preventive measures established by the integrity management are operating effectively, and regularly evaluate and follow the relevant business processes and make reports.</u></p>	<p>According to the letter issued by the Taiwan Stock Exchange on May 23, 2019, the number is 10800083781</p>
Article 20	<p>Article 20 (Accounting and internal control) The Company shall dishonest behavior with higher risk operating activities, the establishment of an effective accounting system and internal control system, without external accounts or keep secret accounts, and should be ready to review, serve to ensure that the design and implementation of the system of continuous and effective. The company's internal Audit Unit should regularly check the system to follow the situation in the preceding paragraph, and prepare audit reports mention the board of directors and was appointed public accountants to check and, if necessary, have the expertise to assist the Commission.</p>	<p>Article 20 (Accounting and internal control) <u>The company shall establish an effective accounting system and internal control system for business activities with a high risk of dishonest conduct. It shall not have external accounts or keep secret accounts, and shall be reviewed at any time to ensure that the design and implementation of the system continue to be effective.</u> <u>The internal audit unit of the company shall formulate the relevant audit plan based on the assessment results of the risk of dishonesty, including the audit object, scope, project, frequency, etc., and check the compliance with the prevention and prevention plan, and make an audit report to the board of directors. In addition, an accountant may be appointed to carry out the verification, and if necessary, a professional may be invited to assist.</u> <u>The results of the verification in the preceding paragraph shall be reported to the senior management and the administrative department of the company, and an audit report shall be prepared and submitted to the board of directors.</u></p>	

Article	Before	After	Basis and reasons
Article 23	<p>Article 23(Prosecution System) The company should provide justification Report pipeline, and for prosecutors to report the identity and contents should indeed be kept confidential. Report when receiving specialist staff or units, as the survey found major irregularities or companies subject to significant risk of injury, should immediately report to be made, in writing, notify the independent directors or supervisors.</p>	<p>Article 23(Prosecution System) The company <u>shall formulate a specific whistleblowing system, and shall implement it strictly, and its content shall at least cover the following matters:</u> <u>1. Establish and announce internal independent reporting mailboxes and dedicated lines or entrust other external independent institutions to provide reporting mailboxes and dedicated lines for use by internal and external personnel of the company.</u> <u>2. Designate a special person or unit for the acceptance of the report. The report shall involve the director or senior management, and shall be reported to the independent director, and the type of report and the standard operating procedures for the investigation shall be determined.</u> <u>3. After the investigation of the whistleblower case is completed, follow-up measures to be taken in accordance with the severity of the circumstances shall be reported to the competent authority or transferred to the judicial organ for investigation if necessary.</u> <u>4. Records and preservation of the acceptance of investigation cases, investigation process, investigation results and production of relevant documents.</u> <u>5. The confidentiality of the identity of the informant and the content of the report, and allow anonymous reporting.</u> <u>6. Measures to protect whistleblowers from improper disposal due to whistleblowing.</u> <u>7. Whistleblower incentives.</u> The company accepts and reports the special personnel or units. If an investigation reveals a major violation of the rules or the company is in danger of major damage, it shall immediately make a report and notify the independent director in writing.</p>	<p>According to the letter issued by the Taiwan Stock Exchange on May 23, 2019, the number is 10800083781</p>

Article 27	<p>Article 27 (Implementation)</p> <p>The company's code of integrity management is implemented by the board of directors, and is sent to all supervisors and to the shareholders' meeting with the same amendment. The company has established independent directors. When submitting the code of good faith management to the board of directors for discussion in accordance with the preceding paragraph, the opinions of each independent director should be fully considered, and the opinions opposed or retained should be stated in the minutes of the board meeting; if the independent director cannot personally Those who have expressed objections or reserved opinions at the board of directors shall, in addition to having a valid reason, issue written opinions in advance and set them in the minutes of the board meeting. After the company has set up an audit committee, the provisions of this code for supervisors are approved by the audit committee.</p>	<p>Article 27 (Implementation)</p> <p>The company's code of good faith management is implemented after the approval of the board of directors, and is sent to the audit committee and the shareholders' meeting.</p> <p>When the company submits the code of good faith management to the board of directors for discussion in accordance with the preceding paragraph, it shall fully consider the opinions of the independent directors and include their objections or reservations in the minutes of the board meeting. Those who have reserved their opinions shall, in addition to having a valid reason, issue written opinions in advance and set them out in the minutes of the board meeting.</p> <p>The provisions of this Code regarding supervisors are approved by the Audit Committee.</p>	
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(5) Amendment of the Company “Procedures and Conduct Guidelines for Integrity Management”

Description:

- A. On November 12, 2019, the board of directors approved the company's "integrity management policy" and "integrity management procedures and code of conduct", and in accordance with the letter of February 23, 2020, Taiwan Securities Governance No. 1090002299, on March 26, 2020 The Japanese Board of Directors revised some provisions of the Company's "Integrity Management Operating Procedures and Conduct Guidelines".
- B. Please refer to page 78 of this manual for the company's "integrity management policy" and "integrity management operation procedures and behavior guidelines". For a comparison table of provisions before and after the "integrity management operation procedures and behavior guidelines", please refer to pages 16-21 .
- C. Hereby report.

Kung Sing Engineering Corporation
Synopsis of “Procedures and Conduct Guidelines for Integrity Management” before and after amendments

Article	After	Before	Basis and reasons
Article 5	<p>Article 5(Responsible unit) The company designates the administrative department as the responsible unit (hereinafter referred to as the company's responsible unit), and allocates sufficient resources and qualified personnel to handle the revision, implementation, interpretation, consulting services and registration of the operation procedures and behavior guidelines, and the registration of the content of the report Relevant operations and supervision and implementation, the main duties are in charge of the following matters, and should report to the board of directors regularly (<u>at least once a year</u>):</p> <ol style="list-style-type: none"> 1. Assist in integrating integrity and moral values into the company's business strategy, and cooperate with the legal system to formulate relevant anti-fraud measures to ensure integrity management. 2. <u>Regularly analyze and evaluate the risks of dishonesty in the business scope, and formulate plans to prevent dishonesty, and formulate standard operating procedures and behavior guidelines for work business in each plan.</u> 3. Plan the internal organization, organization, and functions, and set up mutual supervision and checks and balances for business activities with a high risk of dishonesty in the business scope. 4. Promotion and coordination of integrity policy advocacy training. 5. Planning and reporting system to ensure the effectiveness of implementation. 6. Assist the board of directors and management to check and evaluate whether the preventive measures established by the integrity management are operating effectively, and regularly evaluate and follow the relevant business processes and make reports. 7. <u>Production and proper preservation of the documented information on the integrity management policy and its compliance statement, implementation commitment and execution status, etc.</u> 	<p>Article 5(Responsible unit) This Corporation shall designate the Administration Department as the solely responsible unit (hereinafter, "responsible unit") under the board of directors and in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the board of directors:</p> <p>Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p>Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.</p> <p>Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures</p>	<p>According to the letter issued by the Taiwan Stock, the number is 1090002299</p>

Article	After	Before	Basis and reasons
Article 11	<p>Article 11(Recusal)</p> <p>The directors, supervisors, managers and other stakeholders of the company who are present or attending the board of directors have an interest in the bills listed on the board of directors, and those who are interested in themselves or their legal representatives shall explain the important content of their interests on the board of directors. If it is harmful to the interests of the company, it shall not join the discussion and voting, and shall be avoided during the discussion and voting, and shall not act for other directors to exercise their voting rights. The directors should also be self-disciplined and have to support each other.</p> <p><u>If the director's spouse, immediate family members and other blood relatives or the company associated with the director are interested in the last meeting, the director is deemed to have a personal interest in the matter.</u> When carrying out the company's business, the personnel of the company find that they have conflicts with their own interests or the legal persons they represent, or they may obtain illegitimate benefits for themselves, spouses, parents, children or their interested parties. Relevant matters also report to the immediate supervisor and the company's dedicated unit, and the immediate supervisor should provide appropriate guidance.</p> <p>The personnel of the company shall not use company resources for business activities outside the company, and shall not affect their work performance by participating in business activities outside the company.</p>	<p>Article 11(Recusal)</p> <p>The directors, supervisors, managers and other stakeholders of the company who are present or attending the board of directors have an interest in the bills listed on the board of directors, and those who are interested in themselves or their legal representatives shall explain the important content of their interests on the board of directors. If it is harmful to the interests of the company, it shall not join the discussion and voting, and shall be avoided during the discussion and voting, and shall not act for other directors to exercise their voting rights. The directors should also be self-disciplined and have to support each other.</p> <p>When carrying out the company's business, the personnel of the company find that they have conflicts with their own interests or the legal persons they represent, or they may obtain illegitimate benefits for themselves, spouses, parents, children or their interested parties.</p> <p>Relevant matters also report to the immediate supervisor and the company's dedicated unit, and the immediate supervisor should provide appropriate guidance.</p> <p>The personnel of the company shall not use company resources for business activities outside the company, and shall not affect their work performance by participating in business activities outside the company.</p>	<p>According to the letter issued by the Taiwan Stock, the number is 1090002299</p>
Article 13	<p>Article 13(Prohibition against <u>engaging in unfair competition</u>)</p> <p>This Corporation shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.</p>	<p>Article 13(Prohibition against disclosure of confidential information)</p> <p>This Corporation shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.</p>	

Article	After	Before	Basis and reasons
Article 14	<p>Article 14(<u>To prevent damage to products or services</u>) This Corporation shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of this Corporation to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services. The company formulates and discloses on the company's website to protect the rights of consumers or other stakeholders to prevent products or services from directly or indirectly harming the rights, health and safety of consumers or other stakeholders.</p>	<p>Article 14(Prohibition against insider trading) This Corporation shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of this Corporation to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services. The company formulates and discloses on the company's website to protect the rights of consumers or other stakeholders to prevent products or services from directly or indirectly harming the rights, health and safety of consumers or other stakeholders.</p>	<p>According to the letter issued by the Taiwan Stock, the number is 1090002299</p>
Article 15	<p>Article 15(<u>Prohibition of insider trading and confidentiality agreements</u>) (The following is omitted)</p>	<p>Article 15(Non-disclosure agreement) (The following is omitted)</p>	
Article 16	<p>Article 16(<u>Follow and declare integrity management policies</u>) <u>The company shall require the directors and senior management to issue a statement of compliance with the integrity management policy, and require the employees to abide by the integrity management policy under the employment conditions.</u> This Corporation shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.</p>	<p>Article 16(Announcement of policy of ethical management to outside parties) This Corporation shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.</p>	

Article	After	Before	Basis and reasons
Article 21	<p>Article 21(Handling of unethical conduct by personnel of this Corporation) The company encourages internal and external personnel to report dishonesty or misconduct, according to the severity of the circumstances of the report, and the report bonus is discretionary. Internal personnel should be disciplined if there are false reports or malicious accusations, and those with serious circumstances should be dismissed. . The company establishes and announces internal independent reporting mailboxes and dedicated lines on the company's website and internal websites or entrusts other external independent institutions to provide reporting mailboxes and dedicated lines for use by internal and external personnel of the company. Whistleblower should provide at least the following information: 1. The name and ID number of the whistleblower <u>may also be reported anonymously, and the</u> address, telephone number, or e-mail address of the whistleblower may be contacted. 2. The name of the accused person or other sufficient information to identify the identity characteristics of the accused person. 3. Specific evidence available for investigation. The relevant personnel of the company handling the report should report the identity of the informant and the content of the report in a confidential manner. The company also promises to protect the informant from improper handling of the report. and handled by the company's special unit in accordance with the following procedures: 1.Reporting cases involving general employees should be reported to the department head, reporting cases involving directors or senior executives should be reported to the independent Director. 2.The responsible unit of the company and the supervisor or person reported in the preceding paragraph shall immediately ascertain the relevant facts, and if necessary, shall be assisted by regulations or other relevant departments.</p>	<p>Article 21(Handling of unethical conduct by personnel of this Corporation) The company encourages internal and external personnel to report dishonesty or misconduct, according to the severity of the circumstances of the report, and the report bonus is discretionary. Internal personnel should be disciplined if there are false reports or malicious accusations, and those with serious circumstances should be dismissed. . The company establishes and announces internal independent reporting mailboxes and dedicated lines on the company's website and internal websites or entrusts other external independent institutions to provide reporting mailboxes and dedicated lines for use by internal and external personnel of the company. Whistleblower should provide at least the following information: 1. The name and ID number of the whistleblower can be contacted to the whistleblower's address, telephone and e-mail address. 2. The name of the accused person or other sufficient information to identify the identity characteristics of the accused person. 3. Specific evidence available for investigation. The relevant personnel of the company handling the report should report the identity of the informant and the content of the report in a confidential manner. The company also promises to protect the informant from improper handling of the report. and handled by the company's special unit in accordance with the following procedures: 1. Reporting cases involving general employees should be reported to the department head, reporting cases involving directors or senior executives should be reported to the independent Director. 2. The responsible unit of the company and the supervisor or person reported in the preceding paragraph shall immediately ascertain the relevant facts, and if necessary, shall be assisted by regulations or other relevant departments.</p>	<p>According to the letter issued by the Taiwan Stock, the number is 1090002299</p>

Article	After	Before	Basis and reasons
(Continue from previous page)	<p>3. If it is confirmed that the accused has indeed violated the relevant laws or the company's integrity management policies and regulations, the accused should immediately be asked to stop the relevant behavior and be appropriately disposed of, and if necessary, <u>report to the competent authority and transfer it to the judicial authority for investigation</u> Or request damages through legal procedures to protect the company's reputation and rights.</p> <p>4. Whistleblower acceptance, investigation process, and investigation results should be kept in written documents and kept for five years, and their preservation can be done electronically. Before the expiration of the preservation period, when a lawsuit related to the content of the report occurs, the relevant materials shall be kept until the end of the lawsuit.</p> <p>5. Regarding the facts of the investigation, the relevant company of the cost company is responsible for reviewing the relevant internal control system and operating procedures, and proposing improvement measures to prevent the same behavior from happening again.</p> <p>6. the company's responsible unit should report the report of the matter, its handling and follow-up review and improvement measures to the board of directors.</p>	<p>3. If it is proved that the accused has indeed violated the relevant laws or the company's integrity management policies and regulations, it shall immediately request the accused to stop the relevant actions and take appropriate measures, and if necessary, request damages through legal procedures, in order to Maintain the company's reputation and rights.</p> <p>4. Whistleblower acceptance, investigation process, and investigation results should be kept in written documents and kept for five years, and their preservation can be done electronically. Before the expiration of the preservation period, when a lawsuit related to the content of the report occurs, the relevant materials shall be kept until the end of the lawsuit.</p> <p>5. Regarding the facts of the investigation, the relevant company of the cost company is responsible for reviewing the relevant internal control system and operating procedures, and proposing improvement measures to prevent the same behavior from happening again.</p> <p>6. the company's responsible unit should report the report of the matter, its handling and follow-up review and improvement measures to the board of directors.</p>	<p>According to the letter issued by the Taiwan Stock, the number is 1090002299</p>
Article 23	<p>Article 23(<u>Internal Publicity</u> 、 Establishment of a system for rewards, penalties, and complaints, and related disciplinary measures) The responsible unit of this Corporation shall organize once awareness sessions each year and arrange for the chairperson, general manager, or senior management to communicate the importance of ethics to its directors, employees, and mandataries. This Corporation shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.</p>	<p>Article 23(Establishment of a system for rewards, penalties, and complaints, and related disciplinary measures) The responsible unit of this Corporation shall organize once awareness sessions each year and arrange for the chairperson, general manager, or senior management to communicate the importance of ethics to its directors, employees, and mandataries. This Corporation shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.</p>	

Article	After	Before	Basis and reasons
(Continue from previous page)	<p>If any personnel of this Corporation seriously violates ethical conduct, this Corporation shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of this Corporation.</p> <p>This Corporation shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.</p>	<p>If any personnel of this Corporation seriously violates ethical conduct, this Corporation shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of this Corporation.</p> <p>This Corporation shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.</p>	<p>According to the letter issued by the Taiwan Stock, the number is 1090002299</p>
Article 25	<p>Article 25 (Supplementary Provisions) This operating procedure and behavior guideline is scheduled for November 12, 2019. <u>First revised on March 26, 2020</u></p>	<p>Article 25 (Supplementary Provisions) This operating procedure and behavior guideline is scheduled for November 12, 2019.</p>	<p>Updated revision date</p>

(6) The company's sound operation plan implementation situation report.

Description:

1. Please refer to page 23 of this manual for the report of the company's 2019 cash capital increase and sound operation plan.
2. Hereby report.

Kung Sing Engineering Corporation

Sound operation plan implementation situation report

The company's 2019 cash increase case improves the implementation of the operating plan

Unit: NT \$ thousand

year project	2019 estimated profit and loss	Actual profit and loss in 2019	Change ratio	Explanation of the difference
Operating income	4,082,395	4,282,904	5%	
Operating cost	(3,906,289)	(4,110,115)	-5%	
Operating margin	176,106	172,789	-2%	
Operating expenses	(157,976)	(165,845)	-5%	
Operating profit	18,130	6,944	-62%	The main reason for this year's cash capital increase employee share subscription plan project costs and project guarantee handling fees increased operating net profit was not as expected.
Total non-operating income and expenses	(41,776)	(9,026)	78%	The main reason is that the profit from the sale of idle machinery and the evaluation of asset impairment have turned into benefits, so that the operating income and profit and loss before tax have been reduced.
Net profit before tax	(23,646)	(2,082)	91%	

Recognition Matters

Case 1 :

Proposal : The 2019 Annual Business Report and Financial Statements, Submit approval

. (By the board)

Description:

- 1.The Company's financial statements of the year 2019 (and the consolidated financial statements) have been checked by accountants Lin, Se-kai 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 and Page 48-72 in this manual.
- 3.Please recognize.

Resolution :

Case 2 :

Proposal : Approve the 2019 profit and loss appropriation. (by the board)

Description :

1. The Company's 2019 profit and loss appropriation has been resolved and passed by the Board of Directors on March 26th, 2020.
2. The loss after tax for the current period was NT \$ 24,014,932, plus the amount of other comprehensive profit and loss changes in the current period, the disposal of equity instruments measured at fair value through other comprehensive profit and loss, the transfer of retained surplus, special surplus reserve reversal and the reduction of other retained earnings After the calculation, the accumulated loss for the year was NT \$ 208,357,073, and it is planned that no surplus will be distributed.
3. For the "2019 Profit and Loss Allowance Schedule", please refer to page 27 of this manual.

Resolution :

Kung Sing Engineering Corporation

Profit and Loss Allowance Schedule

The Year of 2019

Unit: NT\$

Undistributed surplus at the beginning of the period	53,381,075
Less: loss after tax for the current period	(24,014,932)
Other retained earnings adjustments	(330,935,176)
Add: Other comprehensive profit and loss for the current period	239,371
Disposition at fair value through other comprehensive income Equity instruments	91,100,303
Turnover Special Surplus Reserve	1,872,286
Accumulated losses at the end of the period	(208,357,073)
Notes :	

Discussion Matters

Case 1 :

Proposal : Amendment to the Company “Rules of Procedure for Shareholder Meetings.” (by the board)

Description :

- A. According to the letter issued by the Taiwan Stock Exchange on January 2, 2020, the number is 10800242211, and it cooperates with the reference example set by the competent authority to revise some provisions of the Company's "Rules of Procedure for Shareholders' Meetings"
- B. Please refer to pages 30-43 of this manual for the comparison table of the company's “Rules of Procedure for Shareholder Meetings” before and after the revision.
- C. Please discuss

Resolution :

Kung Sing Engineering Corporation
Synopsis of “Rules of Procedure for Shareholder Meetings” before and
after amendments

Article	Content		Basis and reasons
	After	Before	
Article 1	<u>In order to establish a good governance system of the shareholders' meeting of the company, improve the supervision function and strengthen the management function, the rules are formulated in accordance with Article 5 of the Code of Practice on Corporate Governance of Listed OTC Companies for compliance.</u>	The meeting of shareholders shall be carried out in accordance with this approach.	In order to cooperate with the competent authority to revise the provisions of the statutes, and in accordance with the "○○ Co., Ltd. Shareholders
Article 2	<u>The rules of procedure of the company's shareholders' meeting shall be in accordance with the provisions of these rules, unless otherwise provided by laws or regulations.</u>	The so-called shareholder here is referred to the shareholder him/herself or the attendance representative of shareholder.	"Meeting Rules of Procedures" reference example provided by the competent authority, the provisions of the company's shareholders' meeting rules of procedure shall be revised to facilitate future revisions of the provisions in accordance with the provisions of the competent authority Convenience.
Article 3	<u>The shareholders' meeting of the company shall be convened by the board of directors unless otherwise provided by law. The company shall, before 30 days before the shareholders' general meeting or 15 days before the shareholders' interim meeting, send the notice of the shareholders' meeting, the power of attorney, relevant recognition, discussion, election or dismissal of directors (including independent directors), etc. The bill of the bill is made into electronic files with explanatory data and sent to the public information observatory. And before the 21st meeting of the shareholders' general meeting or 15 days before the meeting of the shareholders' interim meeting, the shareholders' meeting handbook and meeting supplementary materials shall be prepared, and electronic files shall be prepared and sent to the public information observatory. Fifteen days before the shareholders' meeting, the handbook and supplementary materials of the current shareholders' meeting shall be prepared for shareholders to request for reading at any time, and displayed on the company and the professional stock agency appointed by the company, and shall be distributed on the spot at the shareholders' meeting. The notice and announcement shall contain the reason for the convening; the notification can be done electronically if the counterpart agrees.</u>	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.	

Article	Content		Basis and reasons
	After	Before	
(Continue from previous page)	<p><u>Election or dismissal of directors (including independent directors), change of articles of association, capital reduction, application for suspension of public offering, directors' business license, surplus capital increase, surplus capital increase, company dissolution, merger, division or Article 185 The items of each item shall be listed and stated in the convening reasons and their main contents shall not be proposed by a temporary motion; their main contents may be placed on the website designated by the securities authority or the company, and their website shall be stated in the notice.</u></p> <p><u>The convening of the shareholders' meeting has stated the full re-election of directors and the date of appointment. After the election of the shareholders' meeting is completed, the same meeting shall not change its appointment date by temporary motion or other means. Shareholders who hold more than 1% of the total number of issued shares may submit to the company a general meeting of shareholders. The limit is one, and no more than one proposal shall be included in the proposal. However, the shareholder proposal is a proposal to urge the company to promote public interest or fulfill social responsibilities, and the board of directors must still include the proposal. In addition, the proposal proposed by the shareholder is one of the circumstances in paragraph 4 of Article 172-1 of the Company Law, and the board of directors may not be included in the proposal.</u></p> <p><u>The company shall announce the acceptance of shareholders' proposals, written or electronic acceptance methods, acceptance premises, and acceptance period before the shareholders' closing date before the regular shareholders' meeting; its acceptance period shall not be less than ten days.</u></p>		<p>In order to cooperate with the competent authority to revise the provisions of the statutes, and in accordance with the "○○ Co., Ltd. Shareholders' Meeting Rules of Procedures" reference example provided by the competent authority, the provisions of the company's shareholders' meeting rules of procedure shall be revised to facilitate future revisions of the provisions in accordance with the provisions of the competent authority Convenience.</p>

Article	After	Before	Basis and reasons
(Continue from previous page)	<p><u>Proposals proposed by shareholders shall be limited to three hundred words. Those exceeding three hundred words shall not be included in the proposal; the shareholders of the proposal shall personally or entrust others to attend the general meeting of shareholders and participate in the discussion of the proposal.</u></p> <p><u>The company shall notify the shareholders of the proposal of the processing results before the date of the notice of the shareholders 'meeting, and shall list the resolutions stipulated in this article in the notice of the meeting. For shareholder proposals not included in the proposal, the board of directors shall explain the reasons for the non-inclusion in the shareholders meeting.</u></p>		<p>In order to cooperate with the competent authority to revise the provisions of the statutes, and in accordance with the "○○ Co., Ltd. Shareholders 'Meeting Rules of Procedures" reference example provided by the competent authority, the provisions of the company's shareholders ' meeting rules of procedure shall be revised to facilitate future revisions of the provisions in accordance with the provisions of the competent authority Convenience.</p>
Article 4	<p><u>Shareholders can obtain the power of attorney issued by the company at each shareholder meeting, stating the scope of authorization, and appointing agents to attend the shareholders meeting.</u></p> <p><u>A shareholder shall issue a power of attorney and limit the power to one person. It shall be served on the company five days before the meeting of the shareholders' meeting. In the case of duplicate power of attorney, the first one shall prevail. However, if the declaration is withdrawn, the former client is not limited to this.</u></p> <p><u>After the power of attorney is served on the company, shareholders who wish to attend the shareholders 'meeting in person or to exercise their voting rights in writing or electronically shall notify the company in writing of the cancellation of the entrustment in writing two days before the meeting of the shareholders' meeting; The voting rights exercised by persons attending shall prevail.</u></p>	<p>Attendance and resolution of the Board of Directors shall be counted based on the number of shares.</p>	

Article	After	Before	Basis and reasons
Article 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. <u>The venue and time of the meeting shall take into account the opinions of independent directors.</u>	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.	In order to cooperate with the competent authority to revise the provisions of the statutes,
Article 6	<p>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 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. <u>The company shall set up a signature book for the attending shareholders to sign in, or the attending shareholders shall pay the sign-in card to sign in instead.</u> <u>The company shall deliver the discussion manual, annual report, attendance card, speech, voting and other meeting materials to the shareholders present at the shareholders' meeting; if there are elected directors (including independent directors), additional voting votes shall be attached.</u> <u>When the government or legal person is a shareholder, the representative who attends the shareholders' meeting is not limited to one person. When a legal person is entrusted to attend the shareholders' meeting, only one person may be appointed to attend.</u></p>	<p>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 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.</p>	<p>and in accordance with the "○ ○ Co., Ltd. Shareholders' Meeting Rules of Procedures" reference example provided by the competent authority, the provisions of the company's shareholders' meeting rules of procedure shall be revised to facilitate future revisions of the provisions in accordance with the provisions of the competent authority Convenience.</p>

Article	After	Before	Basis and reasons
Article 7	<p><u>If the shareholders' meeting is convened by the board of directors, the chairman of the board of directors shall be the chairman of the board of directors. When the chairman of the board asks for leave or cannot exercise his powers, the deputy chairman shall act on his behalf. At that time, the chairman shall appoint one person as the managing director; if he does not have a managing director, he shall appoint one person as the agent; if the chairman does not appoint an agent, the managing director or the director shall appoint one person to act as the agent.</u></p> <p><u>The shareholders' meeting convened by the board of directors should be presided over by the chairman of the board, and more than half of the directors and at least one independent director of the board should be present in person. record.</u></p> <p><u>If the shareholders' meeting is convened by a convener other than the board of directors, the chairman shall be the convener. If there are more than two conveners, one person shall be elected.</u></p> <p>The Company may appoint attorneys, accountants or related persons to attend the shareholders' meeting.</p>	<p>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.</p> <p>The Company may appoint attorneys, accountants or related persons to attend the shareholders' meeting. Conduct a shareholders' meeting shall wear identification badges or armbands.</p>	<p>In order to cooperate with the competent authority to revise the provisions of the statutes, and in accordance with the "○ ○ Co., Ltd. Shareholders' Meeting Rules of Procedures" reference example provided by the competent authority, the provisions of the company's shareholders' meeting rules of procedure shall be revised to facilitate future revisions of the provisions in accordance with the provisions of the competent authority Convenience.</p>

Article	After	Before	Basis and reasons
Article 8	<p><u>The company shall report to the shareholders from the time when the shareholders report to the investors, the meeting shall proceed, and the voting process shall be continuous and uninterrupted. The audiovisual materials in the preceding paragraph shall be kept for at least one year. However, those who filed a lawsuit in accordance with Article 189 of the Company Law shall keep it until the end of the lawsuit.</u></p>	<p>The meeting process shall be audio or video recorded and kept for at least a year.</p>	<p>In order to cooperate with the competent authority to revise the provisions of the statutes, and in accordance with the "○</p>
Article 9	<p><u>The attendance of the shareholders' meeting shall be based on the shares. The number of shares present is calculated based on the signature book or the signed-in card paid, plus the number of shares exercising voting rights in writing or electronically.</u></p> <p>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. <u>When the second postponement is still not enough to represent more than one third of the total number of issued shares, the chairman will announce the circulation.</u></p> <p><u>An interim resolution was announced to notify shareholders to convene a general meeting of shareholders within one month.</u></p>	<p>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.</p>	<p>○ Co., Ltd. Shareholders' Meeting Rules of Procedures" reference example provided by the competent authority, the provisions of the company's shareholders' meeting rules of procedure shall be revised to facilitate future revisions of the provisions in accordance with the provisions of the competent authority Convenience.</p>

Article	After	Before	Basis and reasons
Article 10	<p>If the shareholders' meeting is convened by the board of directors, the agenda shall be determined by the board of directors. The relevant motions (<u>including interim motions and amendments to the original motions</u>) shall be voted on in a <u>case-by-case manner</u>. .</p> <p><u>If the shareholders' meeting is convened by a convening person other than the board of directors, the provisions of the preceding paragraph shall apply.</u></p> <p><u>The agenda set in the first two items shall not be declared by the chairman unless the resolution is concluded (including the provisional motion). If the chairman violates the rules of procedure and declares the adjournment, the other members of the board shall promptly assist the shareholders to attend the legal procedures to</u> The majority of the shareholders who voted more than half agreed to elect one person to be the chairman and continue the meeting.</p> <p><u>The chairman shall give the opportunity for full explanation and discussion of the motions and amendments or temporary motions proposed by shareholders. When he thinks that the voting has reached the level of voting, he may declare that the discussion shall be stopped, the voting shall be put forward, and adequate voting time shall be arranged.</u></p>	<p>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.</p>	<p>In order to cooperate with the competent authority to revise the provisions of the statutes, and in accordance with the "○ ○ Co., Ltd. Shareholders' Meeting Rules of Procedures" reference example provided by the competent authority, the provisions of the company's shareholders' meeting rules of procedure shall be revised to facilitate future revisions of the provisions in accordance with the provisions of the competent authority Convenience.</p>
Article 11	<p>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.</p> <p><u>Each shareholder of the same motion may speak no more than twice without the chairman's consent, and no more than five minutes each time. However, if the shareholder's speech violates the regulations or exceeds the scope of the agenda, the chairman may stop his speech.</u></p> <p>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.</p>	<p>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.</p>	

Article	After	Before	Basis and reasons
(Continue from previous page)	<p><u>When a legal person shareholder appoints two or more representatives to attend the shareholders' meeting, only one person may speak on the same proposal.</u></p> <p><u>After attending the shareholder speech, the chairman may reply in person or by designating relevant personnel.</u></p>		<p>In order to cooperate with the competent authority to revise the provisions of the statutes, and in accordance with the "○</p>
Article 12	<p><u>The voting of the shareholders' meeting shall be based on the shares.</u></p> <p><u>The resolution of the shareholders' meeting does not count the total number of shares issued by non-voting shareholders.</u></p> <p><u>Shareholders may not participate in voting on matters at the meeting that may be detrimental to the interests of the company due to their own interests, and may not exercise their voting rights on behalf of other shareholders.</u></p> <p><u>The number of shares that cannot exercise voting rights in the preceding paragraph is not included in the voting rights of shareholders who have attended.</u></p> <p><u>Except for a trust business or a stock agency approved by the securities authority, when one person is entrusted by two or more shareholders at the same time, the voting rights of his agent shall not exceed 3% of the total voting rights of the issued shares, and if it exceeds the voting rights, Not calculated.</u></p>	<p>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.</p>	<p>○ Co., Ltd. Shareholders' Meeting Rules of Procedures" reference example provided by the competent authority, the provisions of the company's shareholders' meeting rules of procedure shall be revised to facilitate future revisions of the provisions in accordance with the provisions of the competent authority Convenience.</p>

Article	After	Before	Basis and reasons
Article 13	<p><u>Shareholders have one voting right per share; however, those who are restricted or have no voting rights listed in the second paragraph of Article 179 of the Company Law are not subject to this limit.</u></p> <p><u>When the company convenes a shareholders' meeting, it shall adopt electronic means and may exercise its voting rights in writing; when it exercises its voting rights in writing or electronically, the method of exercise shall be stated in the notice of the shareholders' meeting. Shareholders who exercise their voting rights in writing or electronically are deemed to attend the shareholders' meeting in person. However, the provisional motion of the shareholders' meeting and the amendment of the original motion are regarded as abstentions, so the company should avoid proposing the motion and the amendment of the original motion.</u></p> <p><u>In the case of exercising voting rights in writing or electronically in the preceding paragraph, the intention means that it shall be served on the company two days before the meeting of the shareholders' meeting. If there is any duplication, the first one shall prevail. However, those who have expressed their intention before the withdrawal are not subject to this limit.</u></p> <p><u>After the shareholders exercise their voting rights in writing or electronically, if they wish to attend the shareholders' meeting in person, they shall withdraw the exercise of voting rights in the preceding paragraph in the same manner as the voting rights two days before the meeting of the shareholders' meeting; The right to vote shall prevail. If the voting right is exercised in writing or electronically and the proxy is used to entrust an agent to attend the shareholders' meeting, the voting right entrusted to the agent shall prevail.</u></p>	<p>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.</p>	<p>In order to cooperate with the competent authority to revise the provisions of the statutes, and in accordance with the "○○ Co., Ltd. Shareholders' Meeting Rules of Procedures" reference example provided by the competent authority, the provisions of the company's shareholders' meeting rules of procedure shall be revised to facilitate future revisions of the provisions in accordance with the provisions of the competent authority Convenience.</p>

Article	After	Before	Basis and reasons
(Continue from previous page)	<p><u>The voting on the resolutions shall be passed with the consent of more than half of the voting rights of the shareholders present, unless otherwise provided by the Company Law and the Articles of Association. When voting, the chairman or his designated person announces the total number of voting rights to attend the shareholders, and the shareholders vote on a case-by-case basis, and the results of shareholders 'consent, objections and abstentions are entered into the public information observatory on the day after the shareholders' meeting.</u></p> <p><u>When there are amendments or alternatives to the same bill, the chairman shall determine the order of voting with the original bill. If one of the cases has been passed, the other motions will be considered as vetoes. Please do not vote again.</u></p> <p><u>The scrutineers and vote counting staff for voting on the resolutions shall be designated by the chairman, but the scrutineers shall have the status of shareholders.</u></p> <p><u>The counting of votes at the shareholders 'meeting or the election proposal shall be made public in the shareholders' meeting, and the voting results shall be announced on the spot after the counting of votes is completed, including statistical weights, and a record shall be made.</u></p>		<p>In order to cooperate with the competent authority to revise the provisions of the statutes, and in accordance with the "○ ○ Co., Ltd. Shareholders ' Meeting Rules of Procedures" reference example provided by the competent authority, the provisions of the company's shareholders ' meeting rules of procedure shall be revised to facilitate future revisions of the provisions in accordance with the provisions of the competent authority Convenience.</p>

Article	After	Before	Basis and reasons
Article 14	<p><u>When the shareholders have elected directors (including independent directors), they shall be handled in accordance with the relevant selection rules stipulated by the company, and shall announce the election results on the spot, including the list of elected directors (including independent directors) and the number of their election rights. The electoral votes in the election matters in the preceding paragraph shall be properly sealed and sealed by the scrutineers and kept for at least one year. However, those who filed a lawsuit in accordance with Article 189 of the Company Law shall keep it until the end of the lawsuit.</u></p>	<p>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.</p>	<p>In order to cooperate with the competent authority to revise the provisions of the statutes, and in accordance with the "○ ○ Co., Ltd. Shareholders' Meeting Rules of Procedures"</p>
Article 15	<p><u>The matters discussed at the shareholders' meeting shall be made into the minutes, which shall be signed or sealed by the chairman, and the minutes shall be distributed to the shareholders within 20 days after the meeting. The production and distribution of proceedings can be done electronically. The distribution of the proceedings in the preceding paragraph allows the company to enter the announcement method of the public information observatory. Proceedings shall be recorded according to the year, month, day, venue, name of the chairman, resolution method, method of discussion and voting results (including statistical weights). When there are elected directors (including independent directors), each The number of votes for each candidate. During the existence of the company, it should be kept permanently.</u></p>	<p>The Chairman must answer the questions or assign specific personnel to answer the questions after a shareholders give his/her opinions.</p>	<p>reference example provided by the competent authority, the provisions of the company's shareholders' meeting rules of procedure shall be revised to facilitate future revisions of the provisions in accordance with the provisions of the competent authority Convenience.</p>

Article	After	Before	Basis and reasons
Article 16	<p><u>The number of shares solicited by the solicitor and the number of shares entrusted by the entrusted agent shall be clearly disclosed by the company on the day of the shareholders' meeting in the form of a statistical table prepared in accordance with the prescribed format in the shareholders' meeting.</u></p> <p><u>For matters decided by the shareholders' meeting, if there is any significant information required by laws and regulations or Taiwan Stock Exchange Co., Ltd., the company shall transmit the content to the public information observatory within the prescribed time.</u></p>	<p>As for discussions regarding a proposal, the Chairman may end the discussion at anytime he/she finds sufficient for making a resolution.</p>	<p>In order to cooperate with the competent authority to revise the provisions of the statutes, and in accordance with the "○○ Co., Ltd. Shareholders' Meeting</p>
Article 17	<p><u>Personnel handling the shareholders' meeting shall wear identification cards or armbands.</u></p> <p><u>The chairman may direct pickets or security personnel to help maintain order in the venue. The picket or security personnel shall wear the "picket" badge or identification card when they are present to help maintain order.</u></p> <p><u>If there is a public address facility in the venue, and the shareholder does not speak with the equipment provided by the company, the chairman may stop it.</u></p> <p><u>Shareholders who violate the rules of procedure and do not obey the chairman's rectification, which hinders the progress of the meeting and stop the non-compliance, the chairman may direct the picket or security personnel to ask them to leave the venue.</u></p>	<p>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.</p> <p>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.</p> <p>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.</p>	<p>Rules of Procedures" reference example provided by the competent authority, the provisions of the company's shareholders' meeting rules of procedure shall be revised to facilitate future revisions of the provisions in accordance with the provisions of the competent authority Convenience.</p>

Article	After	Before	Basis and reasons
Article 18	<p>The Chairman may decide on his/her own whether to have a break during the meeting. <u>In the event of an irresistible situation, the chairman may decide to temporarily suspend the meeting and announce the time for the continuation of the meeting as appropriate.</u></p> <p><u>The agenda scheduled by the shareholders' meeting cannot be used until the meeting (including temporary motions) has ended.</u></p> <p><u>The shareholders' meeting may decide to find another venue to continue the meeting.</u></p> <p><u>The shareholders' meeting may, in accordance with the provisions of Article 182 of the Company Law, decide to extend or renew the assembly within five days.</u></p>	<p>The Chairman may decide on his/her own whether to have a break during the meeting.</p>	<p>In order to cooperate with the competent authority to revise the provisions of the statutes, and in accordance with the "○ ○ Co., Ltd. Shareholders' Meeting Rules of Procedures" reference example provided by the competent authority, the provisions of the company's shareholders' meeting rules of procedure shall be revised to facilitate future revisions of the provisions in accordance with the provisions of the competent authority Convenience.</p>
Article 19	(delete)	<p>The Company held a shareholders' meeting shall adopt electronically and may adopt in writing to exercise their right to vote; the exercise of their voting rights in writing or by electronic means, the method should be set out in the exercise of shareholders convening notice. (The following is omitted)</p>	
Article 20	(delete)	<p>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.</p>	
Article 21	(delete)	<p>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.</p>	
Article 22	(delete)	<p>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.</p>	

Article	After	Before	Basis and reasons
Article 23	<p><u>Article 19</u> <u>This rule will be implemented after approval by the shareholders' meeting and will be the same when it is amended.</u></p>	<p>Rules not provided for the matters shall be handled in accordance with Company Act of Articles of Association of the Company.</p>	<p>In order to cooperate with the competent authority to revise the provisions of the statutes, and in accordance with the "○</p>
Article 24	<p>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. <u>The seventh amendment was made on June 17th, 2020.</u></p>	<p>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.</p>	<p>○ Co., Ltd. Shareholders' Meeting Rules of Procedures" reference example provided by the competent authority, the provisions of the company's shareholders' meeting rules of procedure shall be revised to facilitate future revisions of the provisions in accordance with the provisions of the competent authority Convenience.</p>

Case 2 :

Proposal : Amendment to the Company “Corporate Charter”. (by the board)

Description :

1. In accordance with the needs of the company's operations and business development, some provisions of the company's " Corporate Charter " were revised.
2. Please refer to pages 45 of this manual for the comparison table of the company's “Corporate Charter” before and after the revision.
3. Please recognize.

Resolution :

Kung Sing Engineering Corporation
Synopsis of “Corporate Charter” before and after amendments

Article	After	Before	Basis and reasons
Article 12	<p>The Company shall have <u>seven</u> to <u>nine</u> 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 shared regulated by the authorities. In the list of the above-mentioned directors, independent directors shall not be less than three, and the number of directors shall not be less than one-fifth.</p> <p>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.</p>	<p>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 shared 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.</p>	Amend the provisions to comply with the law
Article 20	<p>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. (slightly)</p> <p>It was revised on June 26, 2014 for the twenty- sixth time. The twenty- seven amendment was made on June 28th, 2016. The twenty- eihht amendment was made on June 27th, 2019. <u>The twenty- nine amendment was made on June 17th, 2020.</u></p>	<p>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. (slightly)</p> <p>It was revised on June 26, 2014 for the twenty- sixth time. The twenty- seven amendment was made on June 28th, 2016. The twenty- eihht amendment was made on June 27th, 2019.</p>	

Extemporaneous Motions

Adjournment

Attachments

Independent Auditors' Report

PWC19004716

To the Boards of Directors and Stockholders of Kung Sing Engineering Co., Ltd.

Opinion

We had audited the Parent Company Only Balance Sheets of Kung Sing Engineering Co., Ltd. ("the Company") as at December 31, 2019 and December 31, 2018, as well as Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flow for the years ended December 31, 2019 and 2018, and the Notes to the Parent Company Only Financial Statements, including a summary of significant accounting policies.

In our opinion, the above-mentioned Parent Company Only Financial Statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and December 31, 2018 as well as statement of cash flows and financial performance for the years ended December 31, 2019 and 2018 in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for Opinion

We conducted our audits in accordance with the generally accepted auditing standards in the Republic of China and the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants". Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements" section of our report. We are independent of the Company in accordance with the "The Norm of Professional Ethics for Certified Public Accountant of the Republic of China" ("the Norm"), and we have fulfilled our other ethical responsibilities with the Norm. We have faith in the audit evidence that we obtained is sufficient and appropriate to serve as the basis for our opinion.

Key Audit Matters

Key audit matters are the most important matters that, in our professional judgment, were of most significance in the audit of the Parent Company Only Financial Statements of the Company for the year ended December 31, 2019. These matters

were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Company's Parent Company Only Financial Statements for the year ended December 31, 2019 are as follows:

Assessment of Estimated Total Cost of the Construction Contract

Description

For the accounting policies of the construction contract, please refer to Note 4 (28); for the important judgments, accounting estimates and uncertainty of assumptions adopted in the accounting policy of construction contract, please refer to Note 5; the contract assets of the Company at December 31, 2019 - engineering construction contracts and contract liabilities - engineering construction contracts were respectively NT\$3,327,437(thousand) and NT\$1,192,034 (thousand), please refer to Note 6 (3).

The engineering income and cost of the Company's construction contract is mainly generated by the construction of civil projects. To make the estimates of the result of the construction contract accurate, the Company adopts proportional method and recognizes the engineering income according to the proportion of the completion of the project to the total contract price and cost. The completion progress is calculated according to the proportion of each contract that has been accepted by the owner. When the contract cost is likely to exceed the contract income, the expected loss is immediately recognized as cost.

Due to the estimates of total cost is assessed and judged from engineering properties, estimated subcontract amount, duration, construction operation and methods by the management. It's highly uncertain, which may affect the calculation of the profit and loss of the project. Therefore, we recognize the estimated total cost of the construction contract as one of the important matters for auditing.

Procedure

Implemented procedures of assessment of estimated total cost of the construction contract are as follows:

1. Evaluated the reasonableness of the estimated total cost of policies and procedures based on understanding of the properties of the industry and operating, including the basis of the estimated total cost of construction contracts

of the same properties in the past.

2. Obtained the projects with significant changes in the estimated total cost for the period, reviewed the description of changes and relevant information, and confirmed the appropriate approval of the competent authority to assess the reasonableness of the estimated changes.
3. Inspected outsourcing contracts randomly, as for the contracts which had not been contracted yet, we evaluated the basis and reasonableness of estimated cost.
4. Verified the proportion of actual cost to estimated total cost, and compared it with the completion schedule of the owner's acceptance to assess the reasonableness of the estimated total cost. If there was any difference, we obtained the management's description and verified the reasonableness.

Achievability of Deferred Tax Assets

Description

For the accounting policies of deferred tax assets, please refer to Note 4 (25); for the accounting estimates and the uncertainty of assumptions of the deferred tax assets, please refer to Note 5; the deferred tax assets of the Company at December 31, 2019 were NT\$125,389(thousand), please refer to Note 6 (28).

Deferred tax asset is recognized only if it is in the range of deductible future tax income. The estimates of deferred tax assets involving future income statements and potential tax income. And it may be influenced by certain subjective judgment of the management. The judgments mentioned above are related to the prediction of future. The assumptions used are highly uncertain and the estimates have a significant impact on tax income. Therefore, we recognized the achievability of deferred tax assets as one of the important matters for auditing.

Procedure

Implemented procedures of achievability of deferred tax assets are as follows:

1. Obtained future operating plan and estimated income statement approved by management.
2. Compared the estimated future income statement with past results.
3. Inspected the reasonableness of the items and amount of the estimated income statements adjusted to the future tax income.
4. Evaluated the achievability of deferred tax assets by comparing the estimated tax

income with the tax loss of the past year.

Other matters – the Audit Conducted by Other Auditors

The financial statements of some investment using equity method of the Company for the years ended December 31, 2019 and 2018 were not audited by us but by other auditors. Therefore, the opinions of the Parent Company Only Financial Statements mentioned above, including the amount of financial statements and the relevant information disclosed in Note 13 were based on the audit reports of other auditors. The balance of investments using equity method for the years ended December 31, 2019 and 2018 were respectively NT\$359,270(thousand) and NT\$355,131(thousand), accounting for 4.11% and 3.89% of the total assets; total comprehensive income recognized for the years ended December 31, 2019 and 2018 were respectively net profit NT\$5,597(thousand) and net loss NT\$2,855(thousand), accounting for (9.97%) and 6.55% of the total comprehensive income respectively.

Responsibilities of Management and Corporate Governance Units for Parent Company Only Financial Statements

It is the responsibility of the management to prepare Parent Company Only Financial Statements that expressed fairly in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and maintain the necessary internal controls related to the preparation of Parent Company Only Financial Statements to ensure that it was not affected by serious misrepresentation due to fraud or error.

In the preparation of the Parent Company Only Financial Statements, the management's responsibilities include the ability of the Company to operate continuously, the disclosure of related matters, and the adoption of the continuing operating accounting basis, unless the management intends to liquidate the Company or close down, or has no realistic alternative but to do so.

The governance unit of the Company (including the audit committee) is responsible for supervising the financial reporting process.

Auditors’ Responsibilities for Parent Company Only Financial Statements

The purposes of the auditors to inspect the Parent Company Only Financial Statements are to avoid obtaining reasonable assurance due to fraud or serious misrepresentation

and issue an auditor's report. Reasonable assurance means highly-confident, but the audit work performed in accordance with the generally accepted auditing standards of the Republic of China cannot guarantee that the serious misrepresentation of Parent Company Only Financial Statements will be detected. Misrepresentation may be caused by fraud or error. If the amount of the misrepresentation can reasonably be expected to affect the economic decision made by the users of the financial statements of the Company, it is considered to be significant.

When we audit in accordance with the generally accepted auditing standards of the Republic of China, we exercise professional judgment and maintain professional suspicion. We also perform the following tasks:

1. Identify and assess the risk of misrepresentation of Parent Company Only Financial Statements due to fraud or error; design and implement appropriate countermeasures for the risk; and obtain sufficient and appropriate evidence to be used as a basis for audit. Fraud may consist of collusion, forgery, intentional omission, false declaration and malfunction of internal control, hence the risk of not detecting significant misrepresentation due to fraud is higher than for one resulting from error.
2. Obtain the necessary understanding of the internal control of relevant to the audit to design appropriate audit procedures, but the purpose is not to express opinions on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of the accounting policies used by management, and the reasonableness of accounting estimates and related disclosures.
4. Draw conclusions based on the evidence about the appropriateness of the basis of continuous operating accounting adopted by the management and whether there are significant uncertain events or circumstances that may cause significant doubts about the ability of the Company to operate continuously. If we hold that there are material uncertainties in the events or circumstances, we'll remind the users to aware of the relevant disclosure in the Parent Company Only Financial Statements, or to amend the audit opinion when the disclosure is inappropriate. The conclusions are based on the audit evidence obtained as of the date of the audit report. However, events or circumstances in the future may cause the Company no longer has the ability to operate continuously.
5. Evaluate the overall expression, structure and content of Parent Company Only Financial Statements (including related notes) and whether it presents fairly about

relevant transactions and events.

6. Obtain sufficient and appropriate evidence of the financial information in the Company to express opinions on the Parent Company Financial Statements. We are responsible for the guidance, supervision and execution of individual audit cases, and forming audit opinions on Parent Company Financial Statements.

We communicated, including the scope and time of the audit and major audit findings (including significant lack of internal control identified during the audit process), with the governance units.

We also provided the auditor independence declaration that following the professional ethics of accountants of the Republic of China to the corporate governance units. And communicated with the governance units on any matters that may be considered to affect the independence of auditors (including protective measures).

After communicated with the governance units, we decided the key audit matters of the 2019 Parent Company Only Financial Statements of the Company. We described the matters in the audit's report, unless the law do not allow public disclosure of specific matters, or in the rare case, the auditors decided not to describe specific matters in the audit report, as it is reasonably expected that the negative impact is greater than promoting public interest.

PricewaterhouseCoopers Taiwan

Auditor

Lin, Se-kai

Hsiao, Chin-mu

Former Securities and Futures Bureau, Financial Supervision and Management Committee
(Chinese)Approved Visa Number: No. 0960072936

Former Treasury Securities Management Committee

(Chinese)Approved Visa Number: (81) Taiwan Financial Certificate (6) No. 33095

March 26, 2020

Kung Sing Engineering Co., Ltd.
Parent Company Only Balance Sheets
December 31, 2019 and December 31, 2018

Unit: NT\$1,000

ASSETS	NOTES	December 31, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
Current asset						
1100	Cash and cash equivalent	6(1)	\$ 296,209	3	\$ 638,354	7
1140	Contract assets-current	6(3)(22)	3,648,869	42	3,095,869	34
1170	Net accounts receivable	6(2) and 7	498,804	6	939,181	10
1200	Other receivables		100,416	1	5,024	-
1220	Current income tax assets		263	-	1,450	-
130X	Inventory	6(4) and 8	-	-	203,396	2
1410	Prepayment	6(5)	134,436	1	153,574	2
1460	Net non-current assets for sale	6(8)	551,665	6	-	-
1470	Other current assets	8	2,153,697	25	1,889,303	21
11XX	Total current assets		<u>7,384,359</u>	<u>84</u>	<u>6,926,151</u>	<u>76</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(6) and 8	68,684	-	201,394	2
1550	Investments using equity method	6(7) and 7	359,270	4	1,060,751	12
1600	Property, plant and equipment	6(9) and 8	300,604	3	338,780	4
1755	Right-of-use assets	6(10)	40,315	1	-	-
1760	Net investment property	6(11) and 8	406,537	5	408,450	4
1780	Intangible assets		5,822	-	-	-
1840	Deferred tax assets	6(28)	125,389	1	129,814	1
1900	Other non-current assets	6(12) and 8	55,126	2	55,747	1
15XX	Total non-current assets		<u>1,361,747</u>	<u>16</u>	<u>2,194,936</u>	<u>24</u>
1XXX	Total assets		<u>\$ 8,746,106</u>	<u>100</u>	<u>\$ 9,121,087</u>	<u>100</u>

(Continued)

Kung Sing Engineering Co., Ltd.
Parent Company Only Balance Sheets
December 31, 2019 and December 31, 2018

LIABILITIES AND EQUITY	NOTES	December 31, 2019		Unit: NT\$1,000 December 31, 2018		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term loan	6(13) and 8	\$ 911,720	10	\$ 1,875,000	21
2130	Contract liabilities - current	6(3)(22)	1,192,034	14	1,058,707	12
2150	Bills payable		592,242	7	798,342	9
2170	Accounts payable		651,688	8	669,983	7
2200	Other payables		15,674	-	15,793	-
2220	Other payables - related parties	7	200,368	2	200,398	2
2230	Income tax liabilities for the period		12,521	-	-	-
2250	Provisions for liabilities - current	6(15)	12,261	-	11,443	-
2260	Liabilities of directly related to the non-current assets for sale	6(8) and 7	475,333	5	-	-
2280	Lease liabilities - current	6(10)	8,973	-	-	-
2300	Other current liabilities	6(14)	42,668	1	128,013	1
21XX	Total current liabilities		<u>4,115,482</u>	<u>47</u>	<u>4,757,679</u>	<u>52</u>
Non-current liabilities						
2540	Long-term loans	6(14) and 8	177,132	2	154,938	2
2550	Provisions for liabilities - non-current	6(15) and 9	100,336	1	100,530	1
2570	Deferred tax liabilities	6(28)	-	-	18,066	-
2580	Lease liabilities - non-current	6(10)	31,592	-	-	-
2600	Other non-current liabilities	6(16) and 7	51,940	1	527,415	6
25XX	Total non-current liabilities		<u>361,000</u>	<u>4</u>	<u>800,949</u>	<u>9</u>
2XXX	Total liabilities		<u>4,476,482</u>	<u>51</u>	<u>5,558,628</u>	<u>61</u>
Equity						
Share capital						
3110	Common stock	6(18)	4,475,274	51	3,475,274	38
Capital surplus						
3200	Capital surplus	6(19)	519	-	18,545	-
Retained earnings						
3310	Legal reserve	6(20)	-	-	-	-
3320	Special reserve		1,872	-	1,872	-
3350	Undistributed earnings (waiting to make up for the accumulated deficit)		(210,229)	(2)	53,381	1
Other equity						
3400	Other equity	6(7)(21)	2,188	-	13,387	-
3XXX	Total equity		<u>4,269,624</u>	<u>49</u>	<u>3,562,459</u>	<u>39</u>
Significant contingent liabilities and unrecognized contract commitments						
3X2X	Total liabilities and equity		<u>\$ 8,746,106</u>	<u>100</u>	<u>\$ 9,121,087</u>	<u>100</u>

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

Kung Sing Engineering Co., Ltd.
Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31, 2019 and 2018

Unit: NT\$1,000
(Except for loss per share in NT\$)

ITEMS	NOTES	2019		2018	
		AMOUNT	%	AMOUNT	%
4000 Operating income	6(22) and 7	\$ 4,204,288	100	\$ 3,812,581	100
5000 Operating cost	6(3)(4)(26)(27) and 7	(4,048,538)	(96)	(3,786,102)	(99)
5900 Gross profit		<u>155,750</u>	<u>4</u>	<u>26,479</u>	<u>1</u>
5910 Unrealized losses from sales	6(7)	-	-	5,280	-
5920 Realized gains from sales	6(7)	<u>2,727</u>	-	<u>2,467</u>	-
5950 Net gross profit		<u>158,477</u>	<u>4</u>	<u>34,226</u>	<u>1</u>
Operating expense					
6200 Management expenses	6(26)(27)	(143,338)	(4)	(136,861)	(4)
6900 Total operating profit (loss)		<u>15,139</u>	<u>-</u>	<u>(102,635)</u>	<u>(3)</u>
Non-operating income and expenses					
7010 Other income	6(23), 7 and 9	10,112	-	63,130	2
7020 Other profits and losses	6(24)	13,986	1	(6,542)	-
7050 Financial costs	6(25)	(41,750)	(1)	(35,381)	(1)
7070 Shares of losses recognized by equity method of subsidiaries, affiliates and joint ventures	6(7)	(2,824)	-	(23,786)	(1)
7000 Total non-operating income and expenses		<u>(20,476)</u>	<u>-</u>	<u>(2,579)</u>	<u>-</u>
7900 Net loss before tax		<u>(5,337)</u>	<u>-</u>	<u>(105,214)</u>	<u>(3)</u>
7950 Income tax profits (expenses)	6(28)	(18,677)	(1)	36,264	1
8200 Net loss for the period		<u>(\$ 24,014)</u>	<u>(1)</u>	<u>(\$ 68,950)</u>	<u>(2)</u>
Other comprehensive income (net)					
Items that will not be reclassified to profit or loss					
8311 Remeasurement of determined benefit plans	6(16)	\$ 299	-	\$ 3,494	-
8316 Unrealized gains on equity instrument investment measured at fair value through other comprehensive income	6(6)(21)	64,306	2	26,075	1
8330 Shares of losses recognized by the equity method of subsidiaries, affiliates and joint ventures - items not be reclassified to profit or loss	6(7)(21)	37	-	(751)	-
8349 Income tax related to items that will not be reclassified to profit or loss	6(28)	(60)	-	(580)	-
8310 Total amount of items not be reclassified to profit or loss		<u>64,582</u>	<u>2</u>	<u>28,238</u>	<u>1</u>
Items that may be reclassified to profit or loss subsequently					
8361 Translation gain and loss on the financial statements of foreign operating entities	6(21)	15,558	-	(2,858)	-
8360 Total items that may be reclassified to profit or loss subsequently		<u>15,558</u>	<u>-</u>	<u>(2,858)</u>	<u>-</u>
8300 Other comprehensive income (net)		<u>\$ 80,140</u>	<u>2</u>	<u>\$ 25,380</u>	<u>1</u>
8500 Total comprehensive income for the period		<u>\$ 56,126</u>	<u>1</u>	<u>(\$ 43,570)</u>	<u>(1)</u>
Loss per share	6(29)				
9750 Basic earnings per share		<u>(\$ 0.07)</u>		<u>(\$ 0.20)</u>	
9850 Diluted earnings per share		<u>(\$ 0.07)</u>		<u>(\$ 0.20)</u>	

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

Kung Sing Engineering Co., Ltd.
Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2019 and 2018

Unit: NT\$1,000

Notes	Capital Surplus				Retained Earnings			Other Equity				Total Equity
	Common Stock	Issue Premium	Employee Stock Option	Others	Legal Reserve	Special Reserve	Undistributed Earnings	Translation Gain and Loss on the Financial Statements of Foreign Operating Entities	Unrealized Gain on Equity Instrument Investment Measured at Fair Value through Other Comprehensive Income	Unrealized Gain or Loss on Available-for-sale Financial Assets		
For the year ended December 31, 2018												
	\$ 3,475,274	\$ 310,362	\$ -	\$ -	\$ 230,096	\$ 1,872	(\$ 313,396)	(\$ 12,700)	\$ -	\$ 118,590	\$3,810,098	
6(21)	-	-	-	-	-	-	119,417	-	3,621	(118,590)	4,448	
	<u>3,475,274</u>	<u>310,362</u>	<u>-</u>	<u>-</u>	<u>230,096</u>	<u>1,872</u>	<u>(193,979)</u>	<u>(12,700)</u>	<u>3,621</u>	<u>-</u>	<u>3,814,546</u>	
	-	-	-	-	-	-	(68,950)	-	-	-	(68,950)	
6(21)	-	-	-	-	-	-	2,914	(2,858)	25,324	-	25,380	
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(66,036)</u>	<u>(2,858)</u>	<u>25,324</u>	<u>-</u>	<u>(43,570)</u>	
6(20)	-	-	-	-	(230,096)	-	230,096	-	-	-	-	
6(20)	-	(83,300)	-	-	-	-	83,300	-	-	-	-	
6(20)	-	(208,517)	-	-	-	-	-	-	-	-	(208,517)	
	<u>\$ 3,475,274</u>	<u>\$ 18,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,872</u>	<u>\$ 53,381</u>	<u>(\$ 15,558)</u>	<u>\$ 28,945</u>	<u>\$ -</u>	<u>\$3,562,459</u>	
For the year ended December 31, 2019												
	\$ 3,475,274	\$ 18,545	\$ -	\$ -	\$ -	\$ 1,872	\$ 53,381	(\$ 15,558)	\$ 28,945	\$ -	\$3,562,459	
	-	-	-	-	-	-	(24,014)	-	-	-	(24,014)	
6(21)	-	-	-	-	-	-	239	15,558	64,343	-	80,140	
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,775)</u>	<u>15,558</u>	<u>64,343</u>	<u>-</u>	<u>56,126</u>	
6(18)	1,000,000	(18,545)	(2,145)	-	-	-	(330,935)	-	-	-	648,375	
	-	-	2,664	-	-	-	-	-	-	-	2,664	
	-	-	(519)	519	-	-	-	-	-	-	-	
6(6)	-	-	-	-	-	-	96,613	-	(96,613)	-	-	
	-	-	-	-	-	-	(5,513)	-	5,513	-	-	
	<u>\$ 4,475,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 519</u>	<u>\$ -</u>	<u>\$ 1,872</u>	<u>(\$ 210,229)</u>	<u>\$ -</u>	<u>\$ 2,188</u>	<u>\$ -</u>	<u>\$4,269,624</u>	

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

Kung Sing Engineering Co., Ltd.
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

Unit: NT\$ 1,000

	<u>NOTES</u>	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Net loss before tax		(\$ 5,337)	(\$ 105,214)
Adjustments			
Income charges			
Depreciation (including right-of-use assets and investment property)	6(24)(26)	55,801	68,807
Amortization	6(25)(26)	3,871	2,584
Amortization of long-term loan handling fees	6(25)	2,211	198
Interest expenses	6(25)	37,235	33,179
Interest income	6(23)	(2,426)	(2,958)
Dividends income	6(23)	(138)	(6,933)
Shares of investment losses (profits) of subsidiaries and affiliates recognized by equity method	6(7)(24)	2,824	23,786
Gains on disposal of property, plant and equipment	6(24)	(20,144)	(4,377)
Gains on disposal of investment property	6(24)	(2,995)	-
Losses on disposal of investment using equity method	6(7)(24)	10,439	-
Gains on reversal of impairment loss of property, plant and equipment	6(24)	(5,221)	-
Gains on reversal of impairment loss of investment property	6(24)	(8,295)	-
(Un)Realized gross profit of affiliated companies	6(7)	(2,727)	(7,747)
Compensation cost of employee stock option	6(17)	2,664	-
Changes in operating assets and liabilities			
Net changes in operating assets			
Contract assets		(553,000)	(192,510)
Accounts receivable		440,377	(493,180)
Other receivables		(95,404)	(4,563)
Inventories		203,396	(698)
Prepayments		18,068	(115,289)
Net changes in operating liabilities			
Contract liability		133,327	268,921
Bills payable		(206,100)	322,621
Accounts payable		(18,295)	(54,692)
Other payables		376	(37,453)
Provisions		624	(34,030)
Other current liabilities		10,812	607
Net defined benefit liabilities	6(30)	(4,558)	(15,724)
Cash outflows generated from operations		(2,615)	(354,665)
Interest received		2,438	2,972
Dividends received		138	6,933
Interest paid		(37,760)	(32,502)
Income tax paid		(19,857)	-
Income tax refunded		1,187	-
Net cash outflows from operating activities		(56,469)	(377,262)

(Continued)

Kung Sing Engineering Co., Ltd.
Parent Company Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

Unit: NT\$ 1,000

	<u>NOTES</u>	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in other current assets		(\$ 264,394)	(\$ 95,260)
Acquisition of financial assets at fair value through other comprehensive income		(37)	-
Disposal of financial assets at fair value through other comprehensive income	6(6)	197,053	-
Acquired investment using equity method - subsidiary price	6(7)	-	(80,000)
Disposal investments using equity method of - the price of the subsidiary	6(7)	74,730	-
Investments using equity method – remittance of subsidiary surplus	6(7)	24,844	-
Liquidation return of shares using the equity method	6(7)	55,301	-
Acquisition of property, plant and equipment price	6(9)	(2,195)	(1,276)
Disposal of property, plant and equipment price		32,341	21,013
Acquisition of intangible assets		(5,569)	-
Disposal of investment property price		3,239	-
Decrease(Increase) in other non-current assets		(2,101)	(10,159)
Net cash flows (outflows) from investing activities		<u>113,212</u>	<u>(145,364)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Borrow short-term loans	6(30)	300,000	1,315,000
Repayment of short-term loans	6(30)	(1,263,280)	(650,000)
Borrow long-term loans	6(30)	100,000	621,590
Repayment of long-term loans	6(30)	(176,174)	(648,574)
Increase (Decrease) in other non-current assets	6(30)	4,715	(14,644)
Increase in related parties accommodation of funds	7	-	200,000
Capital surplus cash dividend return	6(20)	-	(208,517)
Lease debt principal repayment	6(30)	(12,524)	-
Cash capital increase	6(18)	<u>648,375</u>	<u>-</u>
Net cash flows (outflows) from financing activities		<u>(398,888)</u>	<u>614,855</u>
Net decrease (increase) in cash and cash equivalents		(342,145)	92,229
Cash and cash equivalents balance at beginning of the period		<u>638,354</u>	<u>546,125</u>
Cash and cash equivalents balance at end of the period		<u>\$ 296,209</u>	<u>\$ 638,354</u>

Kung Sing Engineering Co., Ltd.

Declaration of Affiliates Consolidated Financial Statements

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2019 are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as of and for the years ended December 31, 2019 and 2018, as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies as of and for the years ended December 31, 2019 and 2018. Hence, we did not prepare a separate set of consolidated financial statements of affiliates for the year ended December 31, 2019.

Hereby certify

Company name: Kung Sing Engineering Co., Ltd.

Principal: Chen, huang-ming

March 26, 2020

Independent Auditors' Report

PWC19004912

To the Boards of Directors and Stockholders of Kung Sing Engineering Co., Ltd.

Opinion

We had audited the Consolidated Balance Sheets of Kung Sing Engineering Co., Ltd. and its subsidiaries ("the Group"), as at December 31, 2019 and December 31, 2018, as well as the Consolidated Statements of Comprehensive Income, the Statement of Changes in Equity and of Cash Flows for the years ended December 31, 2019 and 2018, and the Notes to the Consolidated Financial Statements, including a summary of significant accounting policies.

In our opinion, the above-mentioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Group at December 31, 2019 and December 31, 2018, as well as its consolidated statement of cash flows and consolidated financial performance for the years ended December 31, 2019 and 2018 in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", "International Financial Reporting Standards" and "International Accounting Standards" endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the generally accepted auditing standards in the Republic of China and the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants". Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the "The Norm of Professional Ethics for Certified Public Accountant of the Republic of China" ("the Norm"), and we have fulfilled our other ethical responsibilities with the Norm. We have faith in the audit evidence that we obtained is sufficient and appropriate to serve as the basis for our opinion.

Key audit matters

Key audit matters are the most important matters that, in our professional judgment, were of most significance in the audit of the Consolidated Financial Statements of the Group for the year ended December 31, 2019. These matters were addressed in the

context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Group's Consolidated Financial Statements for the year ended December 31, 2019 are as follows:

Assessment of Estimated Total Cost of the Construction Contract

Description

For the accounting policies of the construction contract, please refer to Note 4 (29); for the important judgments, accounting estimates and uncertainty of assumptions adopted in the accounting policy of construction contract, please refer to Note 5; the contract assets of the Group at December 31, 2019 - engineering construction contracts and contract liabilities - engineering construction contracts were respectively NT\$3,327,437(thousand) and NT\$1,192,034 (thousand), please refer to Note 6 (3).

The engineering income and cost of the Group's construction contract is mainly generated by the construction of civil projects. To make the estimates of the result of the construction contract accurate, the Group adopts proportional method and recognizes the engineering income according to the proportion of the completion of the project to the total contract price and cost. The completion progress is calculated according to the proportion of each contract that has been accepted by the owner. When the contract cost is likely to exceed the contract income, the expected loss is immediately recognized as cost.

Due to the estimates of total cost is assessed and judged from engineering properties, estimated subcontract amount, duration, construction operation and methods by the management. It's highly uncertain, which may affect the calculation of the profit and loss of the project. Therefore, we recognize the estimated total cost of the construction contract as one of the important matters for auditing.

Procedure

Implemented procedures of assessment of estimated total cost of the construction contract are as follows:

5. Evaluated the reasonableness of the estimated total cost of policies and procedures based on understanding of the properties of the industry and operating, including the basis of the estimated total cost of construction contracts of the same properties in the past.
6. Obtained the projects with significant changes in the estimated total cost for the

period, reviewed the description of changes and relevant information, and confirmed the appropriate approval of the competent authority to assess the reasonableness of the estimated changes.

7. Inspected outsourcing contracts randomly, as for the contracts which had not been contracted yet, we evaluated the basis and reasonableness of estimated cost.
8. Verified the proportion of actual cost to estimated total cost, and compared it with the completion schedule of the owner's acceptance to assess the reasonableness of the estimated total cost. If there was any difference, we obtained the management's description and verified the reasonableness.

Achievability of Deferred Tax Assets

Description

For the accounting policies of deferred tax assets, please refer to Note 4 (26); for the accounting estimates and the uncertainty of assumptions of the deferred tax assets, please refer to Note 5; the deferred tax assets of the Group at December 31, 2019 were NT\$125,389(thousand), please refer to Note 6 (29).

Deferred tax asset is recognized only if it is in the range of deductible future tax income. The estimates of deferred tax assets involving future income statements and potential tax income. And it may be influenced by certain subjective judgment of the management. The judgments mentioned above are related to the prediction of future. The assumptions used are highly uncertain and the estimates have a significant impact on tax income. Therefore, we recognized the achievability of deferred tax assets as one of the important matters for auditing.

Procedure

Implemented procedures of achievability of deferred tax assets are as follows:

5. Obtained future operating plan and estimated income statement approved by management.
6. Compared the estimated future income statement with past results.
7. Inspected the reasonableness of the items and amount of the estimated income statements adjusted to the future tax income.
8. Evaluated the achievability of deferred tax assets by comparing the estimated tax income with the tax loss of the past year.

Other matters – the Audit Conducted by Other Auditors

Some subsidiaries' financial statements of the Group for the years ended December 31, 2019 and 2018 were not audited by us but by other auditors. Therefore, the opinions of the Consolidated Financial Statements mentioned above, including the amount of financial statements and the relevant information disclosed in Note 13 were based on the audit reports of other auditors. The balance of the subsidiaries for the years ended December 31, 2019 and 2018 were respectively NT\$916,786(thousand) and NT\$912,484(thousand), accounting for 9.63% and 9.26% of the total consolidated assets; the net operating income recognized for the years ended December 31, 2019 and 2018 were respectively NT\$78,616(thousand) and NT\$59,866(thousand), accounting for 1.84% and 1.56% of the net consolidated operating income respectively.

Other matters – Parent Company Only Financial Reports

We have audited and expressed an unmodified opinion as well as other matters on the Parent Company Only Financial Statements of Kung Sing Engineering Co., Ltd. for the years ended December 31, 2019 and 2018.

Responsibilities of Management and Corporate Governance Units for Consolidated Financial Statements

It is the responsibility of the management to prepare Consolidated Financial Statements that expressed fairly in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", "International Financial Reporting Standards" and "International Accounting Standards" endorsed by the Financial Supervisory Commission and maintain the necessary internal controls related to the preparation of Consolidated Financial Statements to ensure that it was not affected by serious misrepresentation due to fraud or error.

In the preparation of the Consolidated Financial Statements, the management's responsibilities include the ability of the Group to operate continuously, the disclosure of related matters, and the adoption of the continuing operating accounting basis, unless the management intends to liquidate the Group or close down, or has no realistic alternative but to do so.

The governance unit of the Group (including the audit committee) is responsible for supervising the financial reporting process.

Auditors' Responsibilities for Consolidated Financial Statements

The purposes of the auditors to inspect the Consolidated Financial Statements are to

avoid obtaining reasonable assurance due to fraud or serious misrepresentation and issue an auditor's report. Reasonable assurance means highly-confident, but the audit work performed in accordance with the generally accepted auditing standards of the Republic of China cannot guarantee that the serious misrepresentation of Consolidated Financial Statements will be detected. Misrepresentation may be caused by fraud or error. If the amount of the misrepresentation can reasonably be expected to affect the economic decision made by the users of the financial statements of the Group, it is considered to be significant.

When we audit in accordance with the generally accepted auditing standards of the Republic of China, we exercise professional judgment and maintain professional suspicion. We also perform the following tasks:

7. Identify and assess the risk of misrepresentation of Consolidated Financial Statements due to fraud or error; design and implement appropriate countermeasures for the risk; and obtain sufficient and appropriate evidence to be used as a basis for audit. Fraud may consist of collusion, forgery, intentional omission, false declaration and malfunction of internal control, hence the risk of not detecting significant misrepresentation due to fraud is higher than for one resulting from error.
8. Obtain the necessary understanding of the internal control of relevant to the audit to design appropriate audit procedures, but the purpose is not to express opinions on the effectiveness of the internal control of the Group.
9. Evaluate the appropriateness of the accounting policies used by management, and the reasonableness of accounting estimates and related disclosures.
10. Draw conclusions based on the evidence about the appropriateness of the basis of continuous operating accounting adopted by the management and whether there are significant uncertain events or circumstances that may cause significant doubts about the ability of the Group to operate continuously. If we hold that there are material uncertainties in the events or circumstances, we'll remind the users to aware of the relevant disclosure in the Consolidated Financial Statements, or to amend the audit opinion when the disclosure is inappropriate. The conclusions are based on the audit evidence obtained as of the date of the audit report. However, events or circumstances in the future may cause the Group no longer has the ability to operate continuously.
11. Evaluate the overall expression, structure and content of Consolidated Financial Statements (including related notes) and whether it presents fairly about relevant transactions and events.

12. Obtain sufficient and appropriate evidence of the financial information in the Group to express opinions on the Consolidated Financial Statements. We are responsible for the guidance, supervision and execution of individual audit cases, and forming audit opinions on Consolidated Financial Statements.

We communicated, including the scope and time of the audit and major audit findings (including significant lack of internal control identified during the audit process), with the governance units.

We also provided the auditor independence declaration that following the professional ethics of accountants of the Republic of China to the corporate governance units. And communicated with the governance units on any matters that may be considered to affect the independence of auditors (including protective measures).

After communicated with the governance units, we decided the key audit matters of the 2019 Consolidated Financial Statements of the Group. We described the matters in the audit's report, unless the law do not allow public disclosure of specific matters, or in the rare case, the auditors decided not to describe specific matters in the audit report, as it is reasonably expected that the negative impact is greater than promoting public interest.

PricewaterhouseCoopers Taiwan

Auditor

Lin, Se-kai

Hsiao, Chin-mu

Former Securities and Futures Bureau, Financial Supervision and Management Committee
(Chinese)Approved Visa Number: No. 0960072936

Former Treasury Securities Management Committee

(Chinese)Approved Visa Number: (81) Taiwan Financial Certificate (6) No. 33095

March 26, 2020

Kung Sing Engineering Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2019 and December 31, 2018

Unit: NT\$1,000

ASSETS	NOTES	December 31, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalent	6(1)	\$ 394,873	4	\$ 739,312	8
1140	Contract assets-current	6(3)(22)	3,648,869	38	3,095,869	31
1170	Net accounts receivable	6(2)	498,804	5	912,160	9
1200	Other receivables	7	180,102	2	105,147	1
1220	Current income tax assets		263	-	1,450	-
130X	Inventory	6(4) and 8	479,962	5	1,669,435	17
1410	Prepayment	6(5)	159,346	2	180,002	2
1460	Net non-current assets for sale	6(12)	990,912	10	-	-
1470	Other current assets	8	2,153,696	23	1,889,303	19
11XX	Total current assets		<u>8,506,827</u>	<u>89</u>	<u>8,592,678</u>	<u>87</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(8) and 8	68,684	1	201,394	2
1550	Investment using equity method	6(7)	-	-	37,335	-
1600	Property, plant and equipment	6(8) and 8	521,496	6	647,203	7
1755	Right-of-use assets	6(9)	40,315	-	-	-
1760	Net investment property	6(10) and 8	185,646	2	180,302	2
1780	Intangible assets		5,822	-	-	-
1840	Deferred tax assets	6(29)	125,389	1	129,814	1
1900	Other non-current assets	6(11) and 8	63,125	1	63,748	1
15XX	Total non-current assets		<u>1,010,477</u>	<u>11</u>	<u>1,259,796</u>	<u>13</u>
1XXX	Total assets		<u>\$ 9,517,304</u>	<u>100</u>	<u>\$ 9,852,474</u>	<u>100</u>

(Continued)

Kung Sing Engineering Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2019 and December 31, 2018

Unit: NT\$1,000

	LIABILITIES AND EQUITY	NOTES	December 31, 2019		December 31, 2018	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term loan	6(13) and 8	\$ 911,720	10	\$ 2,507,002	25
2130	Contract liabilities - current	6(3)(22)	1,192,034	12	1,058,707	11
2150	Bills payable		598,218	6	800,364	8
2170	Accounts payable		660,211	7	683,887	7
2200	Other payables		16,664	-	22,544	-
2230	Income tax liabilities for the period		12,521	-	-	-
2250	Provisions for liabilities - current	6(15)	12,261	-	11,443	-
2260	Liabilities of directly related to the non-current assets for sale	6(12)	914,580	10	-	-
2280	Lease liabilities - current	6(9)	8,973	-	-	-
2300	Other current liabilities	6(10)	303,645	3	148,088	2
21XX	Total current liabilities	6(14) and 7	<u>4,630,827</u>	<u>48</u>	<u>5,232,035</u>	<u>53</u>
	Non-current liabilities					
2540	Long-term loans	6(14) and 8	177,132	2	634,513	6
2550	Provisions for liabilities - non-current	6(15) and 9	100,336	1	100,530	1
2570	Deferred tax liabilities	6(29)	-	-	18,066	-
2580	Lease liabilities - non-current	6(9)	31,592	-	-	-
2600	Other non-current liabilities		51,695	1	52,028	1
25XX	Non-current liabilities		<u>360,755</u>	<u>4</u>	<u>805,137</u>	<u>8</u>
2XXX	Total liabilities		<u>4,991,582</u>	<u>52</u>	<u>6,037,172</u>	<u>61</u>
	Equity					
	Share capital	6(18)				
3110	Common stock		4,475,274	47	3,475,274	35
	Capital surplus	6(19)				
3200	Capital surplus		519	-	18,545	-
	Retained earnings	6(20)				
3310	Legal reserve		-	-	-	-
3320	Special reserve		1,872	-	1,872	-
3350	Undistributed earnings		(210,229)	(2)	53,381	1
	Other equity	6(21)				
3400	Other equity		2,188	-	13,387	-
31XX	Total equity attributable to owners of the parent company		<u>4,269,624</u>	<u>45</u>	<u>3,562,459</u>	<u>36</u>
36XX	Non-controlling interests	6(31)	<u>256,098</u>	<u>3</u>	<u>252,843</u>	<u>3</u>
3XXX	Total equity		<u>4,525,722</u>	<u>48</u>	<u>3,815,302</u>	<u>39</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
3X2X	Total liabilities and equity		<u>\$ 9,517,304</u>	<u>100</u>	<u>\$ 9,852,474</u>	<u>100</u>

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

Kung Sing Engineering Co., Ltd.
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2019 and 2018

Unit: NT\$1,000
(Except for loss per share in NT\$)

ITEMS	NOTES	2019		2018	
		AMOUNT	%	AMOUNT	%
4000		\$ 4,282,904	100	\$ 3,844,011	100
5000	6(22)				
	6(3)(4)(23)(27)(28)				
)	(4,110,115)	(96)	(3,812,023)	(99)
5900		172,789	4	31,988	1
	6(27)(28)				
6100		(2,953)	-	(9,875)	(1)
6200		(162,892)	(4)	(155,932)	(4)
6000		(165,845)	(4)	(165,807)	(5)
6900		6,944	-	(133,819)	(4)
7010	6(24) and 9	10,630	-	62,570	2
7020	6(25)	22,516	1	727	-
7050	6(26)	(42,160)	(1)	(35,815)	(1)
7060		(12)	-	2	-
7000		(9,026)	-	27,484	1
7900		(2,082)	-	(106,335)	(3)
7950	6(29)	(18,677)	(1)	36,264	1
8200		(\$ 20,759)	(1)	(\$ 70,071)	(2)
8311	6(16)	\$ 299	-	\$ 3,494	-
8316	6(6)(21)	64,343	2	25,324	1
8349	6(29)	(60)	-	(580)	-
8310		64,582	2	28,238	1
8361	6(21)	15,558	-	(2,082)	-
8370	6(21)	-	-	(776)	-
8360		15,558	-	(2,858)	-
8300		\$ 80,140	2	\$ 25,380	1
8500		\$ 59,381	1	(\$ 44,691)	(1)
8610		(\$ 24,014)	(1)	(\$ 68,950)	(2)
8620		\$ 3,255	-	(\$ 1,121)	-
8710		\$ 56,126	1	(\$ 43,570)	(1)
8720		\$ 3,255	-	(\$ 1,121)	-
9750	6(30)	(\$ 0.07)		(\$ 0.20)	
9850		(\$ 0.07)		(\$ 0.20)	

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

Kung Sing Engineering Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2019 and 2018

Unit: NT\$1,000

	Equity Attributable to Owners of Parent Company											Non-controlling Interest	Total Equity	
	Capital Surplus				Retained Earnings			Other Equity						
	Notes	Common Stock	Issue Premium	Employee Stock Option	Others	Legal Reserve	Special Reserve	Undistributed earning waiting to make up for the deficit	Translation Gain and Loss on the Financial Statements of Foreign Operating Entities	Instrument Investment Measured at Fair Value through Other Comprehensive Income	Unrealized Gain or Loss on Available-for-sale Financial Assets			Total
<u>For the year ended December 31, 2018</u>														
Balance, January 1, 2018		\$ 3,475,274	\$ 310,362	\$ -	\$ -	\$ 230,096	\$ 1,872	(\$ 313,396)	(\$ 12,700)	\$ -	\$ 118,590	\$ 3,810,098	\$ 253,964	\$ 4,064,062
Retrospective application effects	6(21)	-	-	-	-	-	-	119,417	-	3,621	(118,590)	4,448	-	4,448
Balance after adjusted, January 1, 2018		<u>3,475,274</u>	<u>310,362</u>	<u>-</u>	<u>-</u>	<u>230,096</u>	<u>1,872</u>	<u>(193,979)</u>	<u>(12,700)</u>	<u>3,621</u>	<u>-</u>	<u>3,814,546</u>	<u>253,964</u>	<u>4,068,510</u>
Net loss for the period		-	-	-	-	-	-	(68,950)	-	-	-	(68,950)	(1,121)	(70,071)
Other comprehensive income	6(21)	-	-	-	-	-	-	2,914	(2,858)	25,324	-	25,380	-	25,380
Total comprehensive income		-	-	-	-	-	-	(66,036)	(2,858)	25,324	-	(43,570)	(1,121)	(44,691)
Legal reserve to make up for losses	6(20)	-	-	-	-	(230,096)	-	230,096	-	-	-	-	-	-
Capital surplus to make up for losses	6(20)	-	(83,300)	-	-	-	-	83,300	-	-	-	-	-	-
Capital surplus cash return	6(20)	-	(208,517)	-	-	-	-	-	-	-	-	(208,517)	-	(208,517)
Balance, December 31, 2018		<u>\$ 3,475,274</u>	<u>\$ 18,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,872</u>	<u>\$ 53,381</u>	<u>(\$ 15,558)</u>	<u>\$ 28,945</u>	<u>\$ -</u>	<u>\$ 3,562,459</u>	<u>\$ 252,843</u>	<u>\$ 3,815,302</u>
<u>For the year ended December 31, 2019</u>														
Balance, January 1, 2019		\$ 3,475,274	\$ 18,545	\$ -	\$ -	\$ -	\$ 1,872	\$ 53,381	(\$ 15,558)	\$ 28,945	\$ -	\$ 3,562,459	\$ 252,843	\$ 3,815,302
Net loss for the period		-	-	-	-	-	-	(24,014)	-	-	-	(24,014)	3,255	(20,759)
Other comprehensive income	6(21)	-	-	-	-	-	-	239	15,558	64,343	-	80,140	-	80,140
Total comprehensive income		-	-	-	-	-	-	(23,775)	15,558	64,343	-	56,126	3,255	59,381
Cash capital increase	6(18)(19)	1,000,000	(18,545)	(2,145)	-	-	-	(330,935)	-	-	-	648,375	-	648,375
Employee stock option		-	-	2,664	-	-	-	-	-	-	-	2,664	-	2,664
Invalid employee stock option		-	-	(519)	519	-	-	-	-	-	-	-	-	-
Disposal of equity instrument measured at fair value through other comprehensive income	6(6)	-	-	-	-	-	-	96,613	-	(96,613)	-	-	-	-
Subsidiaries' disposal of equity instrument measured at fair value through other comprehensive income		-	-	-	-	-	-	(5,513)	-	5,513	-	-	-	-
Balance, December 31, 2019		<u>\$ 4,475,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 519</u>	<u>\$ -</u>	<u>\$ 1,872</u>	<u>(\$ 210,229)</u>	<u>\$ -</u>	<u>\$ 2,188</u>	<u>\$ -</u>	<u>\$ 4,269,624</u>	<u>\$ 256,098</u>	<u>\$ 4,525,722</u>

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

Kung Sing Engineering Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

Unit: NT\$1,000

	NOTES	2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Net loss before tax		(\$ 2,082)	(\$ 106,335)
Adjustments			
Income charges			
Depreciation (including right-of-use assets and investment property)	6(25)(27)	60,180	73,680
Amortization	6(26)(27)	3,871	2,584
Amortization of long-term loan handling fees	6(26)	2,211	198
Interest expenses	6(26)	37,645	33,613
Interest income	6(24)	(2,627)	(3,200)
Dividends income	6(24)	(138)	(6,933)
Shares of investment losses (profits) of subsidiaries and affiliates recognized by equity method		12	(2)
Gains on disposal of property, plant and equipment	6(25)	(20,144)	(4,377)
Gains on disposal of investment property	6(25)	(2,995)	-
Gains on reversal of impairment loss of property, plant and equipment	6(25)	(5,221)	-
Gains on reversal of impairment loss of investment property	6(25)	(8,295)	-
Disposal of subsidiaries investment losses		9,077	-
Compensation cost of employee stock option	6(17)	2,664	-
Changes in operating assets and liabilities			
Net changes in operating assets			
Contract assets		(553,000)	(256,585)
Accounts receivable		413,356	(466,158)
Other receivables		(86,870)	(83,439)
Inventories		224,959	(267,910)
Prepayments		19,256	(111,324)
Net changes in operating liabilities			
Contract liabilities		133,327	268,921
Bills payable		(202,146)	322,073
Accounts payable		(23,676)	(41,763)
Other payables		12,291	(34,515)
Provisions		624	(34,030)
Other current liabilities		810	(16,544)
Net defined benefit liabilities	6(33)	(4,558)	(15,724)
Cash inflow(outflow) generated from operations		8,531	(747,770)
Interest received		2,639	3,213
Interest paid		(38,090)	(33,261)
Dividends received		138	6,933
Income tax refunded		1,187	-
Income tax paid		(19,857)	-
Net cash outflows from operating activities		(45,452)	(770,885)

(Continued)

Kung Sing Engineering Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

Unit: NT\$1,000

	NOTES	2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in other current assets		(\$ 264,393)	(\$ 95,260)
Disposal of financial assets at fair value through other comprehensive income	6(6)	197,053	-
Disposal of subsidiaries (deduct the cash disposition)	6(32)	118,246	-
Acquisition of property, plant and equipment price	6(8)	(2,195)	(1,276)
Disposal of property, plant and equipment price		32,341	21,013
Acquisition of intangible assets		(5,569)	-
Disposal of investment property price		3,239	-
Decrease(Increase) in other non-current assets		(2,101)	24,507
Net cash flows (outflows) from investing activities		<u>76,621</u>	<u>(51,016)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Borrow short-term loans	6(33)	300,000	1,315,000
Repayment of short-term loans	6(33)	(1,268,003)	(656,090)
Borrow long-term loans	6(33)	140,904	1,111,165
Repayment of long-term loans	6(33)	(176,174)	(648,574)
Increase (Decrease) in other non-current assets	6(33)	4,524	(14,644)
Capital surplus cash dividend return	6(20)	-	(208,517)
Lease debt principal repayment	6(33)	(12,524)	-
Cash capital increase	6(18)	<u>648,375</u>	<u>-</u>
Net cash flows (outflows) from financing activities		<u>(362,898)</u>	<u>898,340</u>
Exchange rate impact		<u>1,785</u>	<u>(409)</u>
Net decrease (increase) in cash and cash equivalents		(329,944)	76,030
Cash and cash equivalents balance at beginning of the period		<u>739,312</u>	<u>663,282</u>
Cash and cash equivalents balance at end of the period		<u>\$ 409,368</u>	<u>\$ 739,312</u>
Composition of cash and cash equivalents:			
Cash and cash equivalents on balance sheets		\$ 394,873	\$ 739,312
Cash and cash equivalents classified as (non-current) assets(disposal group) for sale		<u>14,495</u>	<u>-</u>
Cash and cash equivalents balance at end of the period		<u>\$ 409,368</u>	<u>\$ 739,312</u>

The Code of business integrity of Kung Sing Engineering Co., Ltd. (Before revision)

Article 1(Set purpose and scope of application)

To assist the company to establish credibility and sound management of the corporate culture and development, to establish a good business to provide its operation of the reference architecture, tailor-made business integrity final version of the Code (hereinafter referred to as the Code).

Article 2(Prohibited acts of bad faith)

The directors of the Company, supervisor, manager, servant, to be appointed or who has substantial control (hereinafter referred to as the actual control person), engaged in the process of commercial activity, and must not indirectly offer, promise, request or accept any improper direct or interests, or to make other acts of bad faith breach of trust, illegal or breach of fiduciary duty, etc., in order to obtain or maintain benefits (hereinafter referred to as acts of bad faith).

Object behavior in the preceding paragraph, including public officials, politics candidates, political parties or party crew, as well as any public, private enterprises or institutions and their directors (directors), supervisors (supervisors), managers, servants, the real controllers or other interested parties.

Article 3 (Interests form)

Term interests of the Code, which refers to the interests of any thing of value, including money in any form or on behalf of, gifts, commissions, jobs, services, benefits, rebates. However, normal social etiquette, and the Department no effect when the risk of accidental specific rights and obligations.

Article 4(Regulatory compliance)

The company shall comply with the Companies Act, the Securities Exchange Act, commercial accounting law, political contributions law, corruption Offences Ordinance, the Government Procurement Law, public officials avoid conflicts of interest law, publicly traded business practices related regulations or other relevant laws, as the implementation of the basic premise of integrity management.

Article 5(Policy)

The company should present to the honest, transparent and responsible business philosophy, in good faith based policy of, and the establishment of good corporate governance and risk control mechanisms in order to create business environment and sustainable development.

Article 6(Prevention program)

The company should set clear and detailed program to the specific practices of Integrity management and prevent acts of bad faith (hereinafter referred to as the prevention program), contain operating procedures, guidelines and education and training, behavior, and then to set the course of prevention programs, with employees or their representatives, Important business transactions to objects or other interested person should be consulted communication.

Article 7(Range of prevention programs)

The Company set prevention program, should be analyzed within the operating range of a high risk of bad faith conduct of the business activities and strengthen the relevant precautions. Set prevention program should include at least the following acts precautions:

1. bribery and bribery.
2. to provide illegal campaign contributions.
3. the improper charitable donations or sponsorship.
4. provide or accept unreasonable gifts, entertainment or other improper benefits.
5. Infringement of trade secrets, trademarks, patents, copyrights and other intellectual property rights.
6. Engaged in acts of unfair competition.
7. Products and services at the time of research and development, procurement, manufacturing, supply or sale, directly or indirectly harm the interests of consumers or other interested party, health and safety.

Article 8(Commitment and execution)

The Company shall set forth in its regulations and policies of foreign file integrity management, the board of directors and management should actively implement the policy of business integrity commitment, and indeed perform in internal management and external business activities.

Article 9(Integrity management business activities)

The company should be principles of business integrity and in a fair and transparent way of doing business. The company's business dealings before, should consider its agents, the legality of suppliers, customers or other business dealings with trading partners and whether of acts of bad faith, should be avoided and there is bad faith conduct those transactions.

The company signed a contract with Its agents, suppliers, customers or other business dealings with trading partners, its contents should be included to comply with the terms of the integrity of business policy and trading counterpart involving acts of bad faith, have the right to terminate or rescind the contract.

Article 10(Prohibition of bribery and bribery)

The directors of the Company, supervisor, manager, servant, to be appointed or who has substantial control, at the time of execution of business shall not, directly or indirectly, promise, request or accept any form of improper benefits, including rebates, commissions, facilitation payments or to customers, agents, contractors, suppliers, public officials or other interested person or accepting improper benefits provided through other means. But excluding those comply with the law.

Article 11(Prohibition of providing illegal campaign contributions)

The directors of the Company, supervisor, manager, servant, to be appointed or who has substantial control, for political parties or organizations or individuals to participate in political activities directly or indirectly to donate, political contributions should be consistent with the relevant laws and internal operating procedures, can not order for commercial gain or trading edge.

Article 12(Prohibiting improper charitable donations or sponsorship)

The company and its directors, supervisors, managers, servants, to be appointed and substantial control, for charitable donations or sponsorship, should comply with the relevant laws and regulations and internal operating procedures, must not be disguised bribes.

Article 13(Prohibiting unreasonable gifts, entertainment or other improper benefits).

The company and its directors, supervisors, managers, servants , to be appointed with substantial control, shall not, directly or indirectly, offer or accept any unreasonable gifts, entertainment or other improper benefits, in order to establish a business relationship or affecting commerce transactions.

Article 14(Prohibiting infringement of intellectual property rights)

The company and its directors, supervisors, managers, servants, to be appointed and the actual control, should comply with intellectual property-related laws and regulations, internal operating procedures and contractual provisions; without the consent of the owner of intellectual property rights may not be used, leakage , disposition, damage or other acts of infringement of intellectual property rights.

Article 15(Prohibited from engaging in acts of unfair competition)

The company should be engaged in business activities in accordance with the relevant competition rules, can not fix prices, rig bids, to limit production and quotas, or allocate customers, suppliers, operational area or business types, etc., to share or divide markets.

Article 16(To prevent damage to the interested party products or services)

Directors, supervisors, managers, servants,to be appointed and substantive controller, on the development of products and services, procurement, manufacturing, supply or sales process should follow relevant laws and regulations with international standards, to ensure that products and services transparency of information and security, to develop and make public its customers or other interested protection policy and implementation in operational activities to prevent products or services directly or indirectly harm the interests of consumers and other interested parties, the health and security. When there is sufficient evidence to identify their goods, services, there are risks to consumers or other interested parties the safety and health at risk, in principle, that is recalling the product or should stop its services.

Article 17(Organization and Responsibility)

The company's directors, supervisors, managers, servants, assignees and substantive controllers should do their duty to be kind managers, urge the company to prevent dishonesty, and review its implementation effectiveness and continuous improvement at any time to ensure honest operation Implementation of the policy.

In order to improve the management of integrity management, the company is responsible for the formulation and supervision of the integrity management policy and prevention plan by the audit unit, and reports to the board of directors regularly.

Article 18 (Decree business execution of compliance).Directors, supervisors, managers, servants,to be appointed and substantive controller at the time of execution of business, shall comply with laws and regulations and prevention program.

Article 19 (interest to avoid)

The company should develop policies to prevent conflicts of interest, according to identify, monitor and manage conflicts of interest that could lead to the risk of acts of bad faith, and to provide appropriate conduit for directors, supervisors, managers and other interested parties or attend the Board initiative to explain it with the company for potential conflicts of interest. Directors, supervisors, managers, and other interested parties to attend or to attend the Board, the Board motions listed, with its own legal entity or their representatives of all stakeholders, should explain an important part of its stake in when the Board meeting as harmful to the interests of the company at risk, not allowed to join the discussion and the vote, and the discussion and the vote should be avoided, and can not act for other directors to exercise their right to vote. Self-discipline

among the directors should be had when mutual support. Directors, supervisors, managers, servants, ,to be appointed and substantive control are not allowed by his office or influence in the company as of, lends itself, spouse, parent, child or any other person to obtain improper benefits.

Article 20 (Accounting and internal control)

The Company shall dishonest behavior with higher risk operating activities, the establishment of an effective accounting system and internal control system, without external accounts or keep secret accounts, and should be ready to review, serve to ensure that the design and implementation of the system of continuous and effective.

The company's internal Audit Unit should regularly check the system to follow the situation in the preceding paragraph, and prepare audit reports mention the board of directors and was appointed public accountants to check and, if necessary, have the expertise to assist the Commission.

Article 21(Operating procedures and behavioral guidelines)

The Company pursuant to Article 6 operating procedures and behavioral guidelines, the specification of directors, supervisors, managers, servants with substantial control to execute the business shall precautions shall at least cover the following matters:

1. Providing or receiving recognized standards of improper benefits.
2. Provide handlers of legal political contributions.
3. Provide standards of due process procedures and the amount of charitable donations or sponsorship.
4. Avoid job-related conflict of interest provisions, and reporting and handling procedures.
5. Confidentiality of confidential business and get it on the provisions of commercially sensitive information.
6. The norms of supplier acts of bad faith business customers, trading and partners of the handler.
7. Handler companies found to have breached the Code of integrity management.
8. Violators take disciplinary action.

Article 22(Education and training and assessment)

Chairman of the Board, the General Manager or Senior management should regularly importance of the integrity of its directors, servants and to be appointed convey.

The Company shall regularly or irregularly organize education and training and advocacy for the directors, supervisors, managers, servants ,to be appointed and substantive controller, and invite a relative who engaged in commercial activity and the participation to fully understand the company's business integrity determination, policies, programs and prevent acts of bad faith in violation of the consequences. The company should be operating integrity policies and staff performance appraisal and human resources policies combined with the establishment of clear and effective rewards and penalties.

Article 23(Prosecution System)

The company should provide justification Report pipeline, and for prosecutors to report the identity and contents should indeed be kept confidential. Report when receiving specialist staff or units, as the survey found major irregularities or companies subject to significant risk of injury, should immediately report to be made, in writing, notify the independent directors or supervisors.

Article 24(Disciplinary and appeals system)

The Company shall publish an express violation of the integrity of business and the provisions of the disciplinary and appeals system, and real-time in the company's

internal Web site to expose violations of professional titles, the name, date of violation, in violation of the content and handling situations and other information.

Article 25(Disclosure of Information)

The company should be on the company website, annual report and prospectus disclose integrity management execution scenario. and to expose the contents of the Code of integrity management at MOPS.

Article 26(review amendments the Policies and Measures of business integrity)

The company should pay attention to the domestic and international relevant norms of integrity and business development, and to encourage the directors, supervisors, managers and servants to make recommendations to improve the integrity of data in order to review the Policies and measures to promote the integrity of management of practice set the company to enhance the effectiveness of the company's integrity management.

Article 27 (Implementation)

The company's code of integrity management is implemented by the board of directors, and is sent to all supervisors and to the shareholders' meeting with the same amendment. The company has established independent directors. When submitting the code of good faith management to the board of directors for discussion in accordance with the preceding paragraph, the opinions of each independent director should be fully considered, and the opinions opposed or retained should be stated in the minutes of the board meeting; if the independent director cannot personally Those who have expressed objections or reserved opinions at the board of directors shall, in addition to having a valid reason, issue written opinions in advance and set them in the minutes of the board meeting.

After the company has set up an audit committee, the provisions of this code for supervisors are approved by the audit committee.

Kung Sing Engineering Co., Ltd. Integrity management policy

Kung Sing Engineering has set up the "Integrity Management Code" and "Integrity Management Operation Procedures and Conduct Guidelines" to establish a good corporate governance and risk control mechanism, clearly regulating the compliance of directors, managers and employees with the relevant regulations on listing and listing The relevant laws and regulations of the place where the enterprise and the organization operate, in order to implement the integrity management, and strive to achieve:

- (1) Oppose corruption and refuse bribery
- (2) Unblocked reporting, responsible for confidentiality
- (3) Attach importance to goodwill and comply with laws and regulations
- (4) Regular inspections to assess risks
- (5) Integrity-based, sustainable operation

Procedures and Conduct Guidelines for Integrity Management of Kung Sing Engineering Co., Ltd. (Before revision)

Article 1(Purpose of adoption and scope of application)

This Corporation engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines") are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the applicable laws and regulations of the places where this Corporation and its business groups and organizations operate, with a view to providing all personnel of this Corporation with clear directions for the performance of their duties.

The scope of application of these Procedures and Guidelines includes the subsidiaries of this Corporation, any incorporated foundation in which this Corporation's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by this Corporation.

Article 2(Applicable subjects)

For the purposes of these Procedures and Guidelines, the term "personnel of this Corporation" refers to any director, supervisor, managerial officer, employee, mandatary or person having substantial control, of this

Corporation or its group enterprises and organizations.

Any provision, promise, request, or acceptance of improper benefits by any personnel of this Corporation through a third party will be presumed to be an act by the personnel of this Corporation.

Article 3(Unethical conduct)

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of this Corporation, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

Article 4(Types of benefits)

For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

Article 5(Responsible unit)

This Corporation shall designate the Administration Department as the solely responsible unit (hereinafter, "responsible unit") under the board of directors and in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the board of directors:

Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.

Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.

Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.

Promoting and coordinating awareness and educational activities with respect to ethics policy.

Developing a whistle-blowing system and ensuring its operating effectiveness.

Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures

Article 6(Prohibition against providing or accepting improper benefits)

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of this Corporation shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and these Procedures and Guidelines, and the relevant procedures shall have been carried out:

The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.

The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.

Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.

Attendance at folk festivals that are open to and invite the attendance of the general public.

Rewards, emergency assistance, condolence payments, or honorariums from the management.

Those whose property value is not more than NT \$ 20,000 for engagement, marriage, childbirth, housewarming, employment, promotion, retirement, resignation, resignation, and injury, death, or death of the person, spouse, or immediate family.

Other conduct that complies with the rules of this Corporation.

Article 7(Procedures for handling the acceptance of improper benefits)

Except under any of the circumstances set forth in the preceding article, when any personnel of this Corporation are provided with or are

promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

If there is no relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.

If a relationship of interest does exist between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.

When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.

Other circumstances in which a decision regarding this Corporation's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of this Corporation shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported and approved.

Article 8(Prohibition of and handling procedure for facilitating payments)

This Corporation shall neither provide nor promise any facilitating payment.

If any personnel of this Corporation provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

Article 9(Procedures for handling political contributions)

Political contributions by this Corporation shall be made in accordance with the following provisions, reported to the supervisor in charge for approval, and a notification given to the responsible unit, and when the amount of a contribution is NT\$ 1,000,000 or more, it shall be made only after being reported to and approved by the board of directors:

It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.

A written record of the decision-making process shall be kept.

Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.

In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of this Corporation with the related government agencies shall be avoided.

Article 10(Procedures for handling charitable donations or sponsorships)

Charitable donations or sponsorships by this Corporation shall be provided in accordance with the following provisions and reported to the supervisor in charge for approval, and a notification shall be given to the responsible unit. When the amount is NT\$1,000,000 or more, the donation or sponsorship shall be provided only after it has been submitted for adoption by the board of directors:

It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where this Corporation is doing business.

A written record of the decision making process shall be kept.

A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.

The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of this Corporation's commercial dealings or a party with which any personnel of this Corporation has a relationship of interest.

After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

Article 11(Recusal)

The directors, supervisors, managers and other stakeholders of the company who are present or attending the board of directors have an interest in the bills listed on the board of directors, and those who are interested in themselves or their legal representatives shall explain the important content of their interests on the board of directors. If it is harmful to the interests of the company, it shall not join the discussion and voting, and shall be avoided during the discussion and voting, and shall not act for other directors to exercise their voting rights. The directors should also be self-disciplined and have to support each other.

When carrying out the company's business, the personnel of the company find that they have conflicts with their own interests or the legal persons they represent, or they may obtain illegitimate benefits for themselves, spouses, parents, children or their interested parties. Relevant matters also report to the immediate supervisor and the company's dedicated unit, and the immediate supervisor should provide appropriate guidance.

The personnel of the company shall not use company resources for business activities outside the company, and shall not affect their work performance by participating in business activities outside the company.

Article 12(Special unit in charge of confidentiality regime and its responsibilities)

This Corporation shall set up a special unit charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of this Corporation's trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.

All personnel of this Corporation shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of this Corporation of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of this Corporation unrelated to their individual duties.

Article 13(Prohibition against disclosure of confidential information)

This Corporation shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 14(Prohibition against insider trading)

This Corporation shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of this Corporation to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

The company formulates and discloses on the company's website to protect the rights of consumers or other stakeholders to prevent products or services from directly or indirectly harming the rights, health and safety of consumers or other stakeholders.

Article 15(Non-disclosure agreement)

All Company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading. Any organization or person outside of this Corporation that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by this Corporation shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of this Corporation acquired as a result, and that they may not use such information without the prior consent of this Corporation.

Article 16(Announcement of policy of ethical management to outside parties)

This Corporation shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

Article 17(Ethical management evaluation prior to development of commercial relationships)

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, this Corporation shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a

record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

When this Corporation carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.

Whether the enterprise has adopted an ethical management policy, and the status of its implementation.

Whether enterprise's business operations are located in a country with a high risk of corruption.

Whether the business operated by the enterprise is in an industry with a high risk of bribery.

The long-term business condition and degree of goodwill of the enterprise.

Consultation with the enterprise's business partners on their opinion of the enterprise.

Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

Article 18(Statement of ethical management policy to counterparties in commercial dealings)

Any personnel of this Corporation, when engaging in commercial activities, shall make a statement to the trading counterparty about this Corporation's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

Article 19(Avoidance of commercial dealings with unethical operators)

All personnel of this Corporation shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement this Corporation's ethical management policy.

Article 20(Stipulation of terms of ethical management in contracts)

When the company signs a contract with another person, it should fully understand the other party's integrity management status and will abide by this

The company's integrity management policy incorporates the terms of the contract, and at least the following items should be clearly stated in the contract:

1. Any party who knows that a person violates the contractual clause prohibiting the receipt of commissions, rebates or other illegitimate benefits shall immediately and faithfully identify the identity, offer, promise, request or manner, amount or other illegitimate benefits of such personnel Inform other parties, provide relevant evidence and cooperate with other parties in the investigation. If one party suffers damage as a result, it may request damages from the other party and deduct it from the contract price due.
2. If any party is involved in dishonest conduct in commercial activities, the other party may terminate or terminate the contract unconditionally at any time.
3. Specify clear and reasonable payment content, including payment location, method, and relevant tax regulations to be met.

Article 21(Handling of unethical conduct by personnel of this Corporation)

The company encourages internal and external personnel to report dishonesty or misconduct, and according to the severity of the report, the report bonus will be issued as appropriate. Internal personnel should be disciplined if they make false reports or malicious accusations, and those with serious circumstances should be dismissed.

This Corporation shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for Company insiders and outsiders to submit reports. A whistleblower shall at least furnish the following information:

the whistleblower's name and I.D. number, and an address, telephone number and e-mail address where it can be reached.

the informed party's name or other information sufficient to distinguish its identifying features.

specific facts available for investigation.

Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. This Corporation also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing.

The responsible unit of this Corporation shall observe the following

procedure:

An information shall be reported to the department head if involving the rank and file and to an independent director or supervisor if involving a director or a senior executive.

The responsible unit of this Corporation and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.

If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or this Corporation's policy and regulations of ethical management, this Corporation shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, this Corporation will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.

Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.

With respect to a confirmed information, this Corporation shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.

The responsible unit of this Corporation shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

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Article 22(Actions upon event of unethical conduct by others towards this Corporation)

If any personnel of this Corporation discovers that another party has engaged in unethical conduct towards this Corporation, and such unethical conduct involves alleged illegality, this Corporation shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, this Corporation shall additionally notify the governmental anti-corruption agency.

Article 23(Establishment of a system for rewards, penalties, and complaints, and related disciplinary measures)

The responsible unit of this Corporation shall organize once awareness sessions each year and arrange for the chairperson, general manager, or senior management to communicate the importance of ethics to its

directors, employees, and mandataries.

This Corporation shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.

If any personnel of this Corporation seriously violates ethical conduct, this Corporation shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of this Corporation.

This Corporation shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.

Article 24(Enforcement)

These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the board of directors, and shall be delivered to each supervisor and reported to the shareholders meeting.

When these Procedures and Guidelines are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.

Article 25 (Supplementary Provisions)

This operating procedure and behavior guideline is scheduled for November 12, 2019.

The Regulations of the Meeting of the Shareholders of Kung Sing Engineering Co., Ltd. (Before revision)

- 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 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 · The Company held a shareholders' meeting shall adopt electronically and may adopt in writing to exercise their right to vote; the exercise of their voting rights in writing or by electronic means, the method should be set out in the exercise of shareholders convening notice. The exercise of shareholders 'voting rights in writing or by electronic means shall be deemed to attend the shareholders' meeting. However, in respect of the temporary motion shareholders' meeting amended the original motion and, as a waiver, the Company is advised to avoid temporary move an amendment and the original motion.

Exercise voting rights in writing or by electronic means in the preceding paragraph, the intention should be to serve the shareholders' meeting two days prior to the company, there are repeated intention to serve whichever is first. But the revocation statement of intention, unless.

Shareholders exercise their voting rights in writing or by electronic means, wish to attend the shareholders 'meeting, should be in the shareholders' meeting on the 2nd to the exercise of the same way of the voting rights revoked the voting rights of the meaning of the preceding paragraph represents; overdue withdrawal were exercised in written or electronic form the right to vote shall prevail. As the exercise of voting rights in writing or by electronic means and the power of attorney to appoint proxies to attend shareholders who exercised the right to vote to appoint proxies to attend prevail.

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.
Vote, should the cause of action by the Chairman or his designee has announced the total number of voting shareholders attending, case by case by the shareholders to vote on the same day will be held after the shareholders, shareholder consent, object and enter the result in the MOPS.

- 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 Constitution of Kung Sing Engineering Co., Ltd. (Before revision)

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\$ 6,000,000,000, divided by 600,000,000 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

revolution 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 shared 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.
The twenty- eihht amendment was made on June 27th, 2019.

Appendix 6

Directors holdings

- 1.The Company's paid-up capital is \$4,475,274,130, the number of shares issued is about 447,527,413.
- 2.In accordance with Article 26 of Securities and Exchange Act, all the directors shall hold a minimum of 16,000,000 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 19th, 2020),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 (Year s)	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	2018.6.29	3	9,844,068	2.83%	12,110,149	2.71%
Director	Ch'uan Fu Investment Co. Ltd. Representative:: Chiang,chi-ching	2018.6.29	3				
Director	Chia ho Investment Co. Ltd. Representative: Tseng, mei- ling	2018.6.29	3	2,000,000	0.58%	2,460,395	0.55%
Director	Ju hsiang Investment Co., Ltd Representative: Chang, liang- ming	2018.6.29	3	4,070,000	1.17%	5,006,904	1.12%
Independent Directors	Chen, chin- yueh	2018.6.29	3	0	0.00%	0	0.00%
Independent Directors	Wang, chih- lung	2018.6.29	3	0	0.00%	0	0.00%
Independent Directors	Tu,yi- yang	2018.6.29	3	0	0.00%	0	0.00%
Total directors				15,914,068	4.58%	19,577,448	4.38%