

*Kung Sing Engineering
Corporation*

2022 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.

Convening method: physical shareholders meeting

MEETING TIME: June 29, 2022

**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)**

Content

I. Meeting Agenda -----	3
II. Report matters -----	4
III. Recognition matters -----	13
IV. Discussion matters -----	17
V. Extemporany motions -----	45

Attachments :

1. 2021 Individual and Consolidated Financial Statements---	47
2. Acquiring and Disposing of Assets Handling Procedures (Before revision)-----	73
3. Corporate Charter(Before revision)-----	86
4. Rules of Procedure for Shareholder Meetings (Before revision) -----	93
5. Directors holdings-----	101

Agenda of 2022 General Meeting of Shareholders, Kung Sing Engineering Corporation

Time: June, 29th, 2022 (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), physical shareholders meeting

1. Announce a meeting (report the number of shares attended)
2. Chairperson Remarks
3. Report matters
 - (1) 2021 Business Report.
 - (2) Audit Committee's Review Report on the 2021 Financial Statements.
 - (3) 2021 employees and directors remuneration assigned case report.
 - (4) Report the company's director's remuneration policy and individual remuneration content.
4. Recognition matters
 - (1) Adoption of the 2021 Business Report and Financial Statements.
 - (2) The 2021 surplus distribution case.
5. Discussion matters
 - (1) Amendment of the Company " Acquiring and Disposing of Assets Handling Procedures "
 - (2) Amendments to some provisions of the company's "Articles of Association".
 - (3) Amendment to the Rules of Procedure for Shareholder Meetings.
6. Extemporaneous Motions
7. Adjournment

Report matters

(1) 2021 Annual Business Report

(a) Implementation results of the business plan :

The operating revenue of the year 2021 was NT\$3,550,232 thousand, the net operating profit was NT\$75,484 thousand, and the net operating profit after tax was NT\$35,181 thousand.

(b) 2021 Annual Budget Implementation :

Unit: NT\$ thousand

Item	Actual Amount	Budget Amount	Achievement Rate
Operating Revenue	3,550,232	Unannounced	Not applicable
Gross Profit	296,738		
Operating Expense	(223,720)		
Net Operating Profit (Loss)	75,484		
Non-operating income and expenditure	3,618		
Net Operating Profit Before Tax (Loss)	79,102		
Net Operating Profit After Tax (Loss)	35,181		

(c) Financial revenue and expenditure and profitability :

Unit: NT\$ thousand

Item analysis		The year of 2021
Financial ability	Interest income	(1,596)
	Interest expense	6,559
Profitability	Return on equity %	0.66%
	Pre-tax profit as a percentage of paid-in capital ratio	1.61%
	Profit ratio %	0.99%
	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 2021 Financial Statements.

Review Report of Audit Committee

The Board of Directors has submitted the 2021 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 Wen, Ya-Fang 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 2022 General Meeting of Shareholders, Kung Sing Engineering Corporation

Audit Committee Convenor : Tu,yi- yang

Audit Committee : Chen, chin- yueh

Audit Committee : Ts'ai,lien-shêng

March 29th, 2022

Review Report of Audit Committee

The Board of Directors has submitted the 2021 surplus distribution case, 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 2022 General Meeting of Shareholders, Kung Sing Engineering Corporation

Audit Committee Convenor : Tu,yi- yang

Audit Committee : Chen, chin- yueh

Audit Committee : Ts'ai,lien-shêng

May 11th, 2022

(3) 2021 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. As recommended by the Salary and Compensation Committee on March 29, 2022, it is proposed to set aside NT\$2,484,857 for 3% of employee remuneration and NT\$1,242,428 for directors' remuneration for 1.5%, both of which will be paid in cash.
- C. This case has been passed by the resolutions of the 5th 2022 First Salary and Compensation Committee and the 27th 2022 First Board of Directors, and submitted to the 2022 regular shareholders meeting report.

(4) Report the company's director's remuneration policy and individual remuneration content.

Description:

A. Remuneration Policy:

According to Article 15 of the Articles of Association:

The remuneration of all directors shall be determined by the board of directors according to the level of their participation in the operation of the company and the value of their contribution, taking into account the industry standards at home and abroad.

And Article 18 of the Articles of Association:

After deducting the accumulated losses according to the profit status of the current year, if there is any balance, the company shall allocate 3% to 5% of the remuneration of employees, and the remuneration of directors shall not be higher than 3%.

B. Remuneration content and amount:

The company's 2021 director's remuneration includes director's remuneration allocated by surplus, travel expenses for business execution costs, and salaries, bonuses, pensions, and employee's remuneration of some employees who serve as directors concurrently. Please refer to pages 10-12 of this handbook for detailed amounts.

C. Remuneration procedures and their relationship to business performance:

Directors' remuneration is given with reference to the overall environmental performance of the company in terms of environment, society and governance, future risks of the industry and operational development trends, as well as the individual's performance achievement rate, investment time, responsibilities and contribution to the company's operational performance. Reasonable remuneration, relevant performance appraisal and the rationality of remuneration have been reviewed and approved by the Remuneration Committee and the Board of Directors, and the remuneration system will be reviewed in a timely manner in accordance with the actual operating conditions and relevant laws and regulations, in order to achieve a balance between the company's sustainable operation and risk control.

Unit: NT\$ thousand

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
															Cash	Stock	Cash	Stock				
Chairman of the board	Ch'uan Fu Representative: Chen ,huang-ming	0	0	0	0	177	177	275	275	1.28	1.28	4,017	4,017	0	0	32	0	32	0	12.79	12.79	None
Directors	Ch'uan Fu Representative: Chiang,chi-ching	0	0	0	0	177	177	275	275	1.28	1.28	3,220	3,220	185	185	32	0	32	0	11.05	11.05	None
Directors	Chia ho Representative: Tseng, mei-ling(2021.07.22 dismissal)	0	0	0	0	0	0	135	135	0.38	0.38	0	0	0	0	0	0	0	0	0.38	0.38	None
Directors	Ju hsiang Representative: Chang , liang - ming (2021.07.22 dismissal)	0	0	0	0	0	0	135	135	0.38	0.38	0	0	0	0	0	0	0	0	0.38	0.38	None

Directors	Ju Hsiang Representative: Li, shu-hsi (2021.07. 22 Newly appointed)	0	0	0	0	177	177	140	140	0.90	0.90	0	0	0	0	0	0	0	0	0.90	0.90	None
Directors	Ju Hsiang Representative: Pan, Kuan -ju (2021.07. 22 Newly appointed)	0	0	0	0	177	177	140	140	0.90	0.90	629	629	52	52	16	0	16	0	2.88	2.88	None
Independent Directors	Chen, Chin- yueh	0	0	0	0	177	177	475	475	1.85	1.85	0	0	0	0	0	0	0	0	1.85	1.85	None
Independent Directors	Tu, Yi- yang	0	0	0	0	177	177	475	475	1.85	1.85	0	0	0	0	0	0	0	0	1.85	1.85	None
Independent Directors	Wang, Chih- lung	0	0	0	0	0	0	275	275	0.78	0.78	0	0	0	0	0	0	0	0	0.78	0.78	None
Independent Directors	Ts'ai, Lien- sheng	0	0	0	0	177	177	200	200	1.07	1.07	0	0	0	0	0	0	0	0	1.07	1.07	None

1. Please describe the payment policy, system and structure in accordance with the remuneration regulations and standards, and bear the responsibilities, risks, time and other factors, and describe the relevance of the remuneration payment:
(1) According to Article 15 of the company's articles of association, the salary standard for everyone is based on the payment standard of the company operating the company, and participates in determining the size of its operation, and the meeting decides the implementation.
(2) It is also clearly stipulated that 3% of the company's annual profit will not be increased as the performance.
Because the three indicators are subject to fixed-term supervision at the same time, the committee and its members need to review the review report, select companies other than remuneration in the manager's core to review, review, review and audit, as well as regular review and review, endorsement guarantee etc. related The competent department, responsible and responsible for the time, are all responsible for the implementation of the cost index on the index because of the trust fund, which is generally a high responsibility.

2. In addition to those disclosed in the above table, the remuneration received by the directors of the company for providing services in the most recent year (such as serving as a consultant for the parent company/all companies listed in the financial report/transferring enterprises that are not employees of the company, etc.) Remuneration received by all companies for providing services (such as serving as a consultant for non-employees, etc.): None.

Range of Remuneration (The amount has a range : contain/Not included)	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Under NT\$1 ,000,000	Chen ,huang-ming 、Chiang,chi-ching Chang,liang-ming Tseng, mei- ling 、 Li, shu-hsü 、 P'an,kuan-ju 、Chen, chin- yueh 、 Tu,yi- yang 、Wang, chih- lung Ts'ai,lien-shêng	Chen ,huang-ming 、 Chiang,chi-ching Chang,liang-ming Tseng, mei- ling 、 Li, shu-hsü 、 P'an,kuan-ju 、Chen, chin- yueh 、 Tu,yi- yang 、Wang, chih- lung Ts'ai,lien-shêng	0	0
NT\$1,000,000 ~ NT\$2,000,000	0	0	P'an,kuan-ju	P'an,kuan-ju
NT\$2,000,000 ~ NT\$3,500,000	0	0	0	0
NT\$3,500,000 ~ NT\$5,000,000	0	0	Chen ,huang-ming 、 Chiang,chi-ching	Chen ,huang-ming 、 Chiang,chi-ching
NT\$5,000,000~ NT\$10,000,000	0	0	0	0
NT\$10,000,000 ~ NT\$15,000,000	0	0	0	0
NT\$15,000,000~ NT\$30,000,000	0	0	0	0
NT\$30,000,000 ~ NT\$50,000,000	0	0	0	0
NT\$50,000,000 ~ NT\$100,000,000	0	0	0	0
Over NT\$100,000,000	0	0	0	0
Total	10	10	10	10

Recognition Matters

Case 1 :

Proposal : The 2021 Annual Business Report and Financial Statements, Submit approval

. (By the board)

Description:

- 1.The Company's financial statements of the year 2021 (and the consolidated financial statements) have been checked by accountants Lin, Se-kai and Wen, Ya-Fang 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 47-72 in this manual.
- 3.Please recognize.

Resolution :

Case 2 :

Proposal : Approve the 2021 surplus distribution case. (by the board)

Description :

1. The 2021 surplus distribution proposal was approved by the board of directors on May 11, 2022.
2. The undistributed surplus at the beginning of the current period is NT\$214,000,032, plus the after-tax surplus of NT\$35,180,166 in 2021, minus other comprehensive gains and losses of NT\$4,311,325 in 2021, minus the 10% statutory surplus reserve of NT\$3,086,884. Distributable surplus is NT\$ 241,781,989 ,considering that the surplus is too small, it is planned not to distribute dividends to shareholders.
3. Please refer to page 16 of this manual for the "2021 Earnings distribution statement ".

Resolution :

Kung Sing Engineering Corporation

Earnings distribution statement

The Year of 2021

Unit: NT\$

Undistributed surplus at the beginning of the period	214,000,032
Plus: 2021 after-tax surplus	35,180,166
Less: Other comprehensive gains and losses in 2021	(4,311,325)
Less: Set aside 10% of statutory surplus reserve	(3,086,884)
Distributable surplus for the current period	241,781,989
Minus: Earnings Distribution Stock Dividends	0
Less: Cash dividends distributed from surplus	0
end-of-period retained earnings	241,781,989

Discussion Matters

Case 1 :

Proposal : Amendment of the Company " Acquiring or Disposing of Assets Handling Procedures " (by the board)

Description :

A. In accordance with the Financial Supervision and Administration Commission's letter of Jin Guan Zheng Fa Zi No. 1110380465 dated January 28, 2022, on March 29, 2022, the Audit Committee and the Board of Directors approved the revision of some provisions of the Company's "Acquisition or Disposal of Assets Handling Procedures".

B. Please refer to pages 19-29 of this manual for a comparison table of the provisions before and after the revision of the Company's " Acquiring or Disposing of Assets Handling Procedures ".

C. Please discuss

Resolution :

Kung Sing Engineering Corporation
Synopsis of “Acquiring or Disposing of Assets Handling Procedures”
before and after amendments

Article	After	Before	Basis and reasons
Article 6	<p>Article 6 The standards of announcement and reporting announcement and reporting Companies acquire or dispose of assets under the conditions listed as below shall announce and report such event using the regulated form within two days from its occurrence on the website designated by Securities and Futures Commission:</p> <ol style="list-style-type: none"> 1. Obtain or dispose of the real property or right-of-use assets from the related party, or acquire or dispose of other assets other than the real property or the right-of-use assets, and the transaction amount shall be 20% of the company's paid-in capital, 10% of the total assets or NT\$300 million. But buying and selling domestic bonds, repurchase, redemption bond conditions, purchase or redemption of domestic money market funds, this restriction. 2. Carry out merge, split, purchase or transfer of shares; 3. Engage in the transaction of derivatives and the loss reach the upper loss limit of all contracts or single contract regulated by the procedure established by the company. 4. When the amount of the transaction of assets not stipulated by the previous three subparagraphs or of financial institutions' financial claims investment, or engage in mainland China reaches 20% of the company's paid-in capital or NT\$ 300,000,000, they shall be announced and reported. But the conditions listed as follows are excluded: <ol style="list-style-type: none"> (1) Buying and selling domestic government bonds or foreign government bonds with a credit rating not lower than my country's sovereign rating. (2) Specializing in investment, trading of securities on stock exchanges or the business offices of securities firms, or subscribing to foreign public bonds in the primary market or issuing ordinary corporate bonds and general financial bonds that do not involve equity (excluding subordinated bonds), 	<p>Article 6 The standards of announcement and reporting announcement and reporting Companies acquire or dispose of assets under the conditions listed as below shall announce and report such event using the regulated form within two days from its occurrence on the website designated by Securities and Futures Commission:</p> <ol style="list-style-type: none"> 1. Obtain or dispose of the real property or right-of-use assets from the related party, or acquire or dispose of other assets other than the real property or the right-of-use assets, and the transaction amount shall be 20% of the company's paid-in capital, 10% of the total assets or NT\$300 million. But buying and selling domestic bonds, repurchase, redemption bond conditions, purchase or redemption of domestic money market funds, this restriction. 2. Carry out merge, split, purchase or transfer of shares; 3. Engage in the transaction of derivatives and the loss reach the upper loss limit of all contracts or single contract regulated by the procedure established by the company. 4. When the amount of the transaction of assets not stipulated by the previous three subparagraphs or of financial institutions' financial claims investment, or engage in mainland China reaches 20% of the company's paid-in capital or NT\$ 300,000,000, they shall be announced and reported. But the conditions listed as follows are excluded: <ol style="list-style-type: none"> (1) Buy and sell domestic government bonds; (2) Businesses specialized in investment buy and sell at domestic or overseas securities exchanges or securities dealers' business premises; or dealer in accordance with the provisions of the subscription and the subscription of securities in the primary market. and ordinary financial bonds not involving equity(excluding subordinated bonds, 	<ol style="list-style-type: none"> 1. According to the Financial Supervision and Administration Commission's letter of Jin Guan Zheng Fa Zi No. 1110380465 5 dated January 28, 2022, some provisions will be amended. 2. In order to cooperate with practical operation and strengthen the management of related party transactions, this standard is amended.

<p>(Continued from previous page)</p>	<p>Or <u>subscribe</u> for or buy back securities investment trust funds or futures trust funds, <u>or subscribe for or sell back index investment securities</u>, or securities firms act as counseling and recommend securities firms for emerging companies for underwriting business needs to subscribe in accordance with the regulations of the Republic of China Securities OTC Trading Center of securities.</p> <p>(3) Buy and sell securities attached with conditions of buying back or selling back; Purchase or redemption of the domestic money market fund.</p> <p>(4) The asset acquired or disposed of is machinery equipment or the right-of-use assets for business operation and the buyer or seller is not a party and the transaction amount is smaller than NT\$ 500,000,000.</p> <p>(5) The company that operates the construction business obtains or disposes of the real estate or its right-to-use assets for construction and construction and its trading objects are not related parties. The transaction amount does not reach NT\$500 million</p> <p>(6) Real estate is obtained through local construction, <u>construction of leased land</u>, joint housing construction, joint construction and joint construction. There is no correlation in the trading object. The company expects the transaction amount will not reach NT\$500 million.</p> <p>The calculation of the amount of transactions mentioned in the previous paragraph:</p> <ol style="list-style-type: none"> 1. The amount of each transaction; 2. The accumulated amount of the transaction with the same person, acquiring or disposing the same kind of targets in a year. 3. The amount of the same development plan real estate or its right-of-use assets accumulated or acquired (accumulated and disbursed separately) within one year. 4. The accumulated amount of the same negotiable securities acquired or disposed of (accumulating the amount separately) in a year. <p>The “in a year” mentioned in the preceding paragraph of this article means in a year before the date on which the transaction actually occurs, excluding the period of announcement according to the regulation of this standard.</p>	<p>or Purchase or buy back a securities investment trust fund or futures trust fund), or the securities firm's need for underwriting business, and serve as a securities for the securities company recommended by the securities company of the Republic of China.</p> <p>(3) Buy and sell securities attached with conditions of buying back or selling back; Purchase or redemption of the domestic money market fund.</p> <p>(4) The asset acquired or disposed of is machinery equipment or the right-of-use assets for business operation and the buyer or seller is not a party and the transaction amount is smaller than NT\$ 500,000,000.</p> <p>(5) The company that operates the construction business obtains or disposes of the real estate or its right-to-use assets for construction and construction and its trading objects are not related parties. The transaction amount does not reach NT\$500 million</p> <p>(6) Real estate is obtained through local construction, joint housing construction, joint construction and joint construction. There is no correlation in the trading object. The company expects the transaction amount will not reach NT\$500 million.</p> <p>The calculation of the amount of transactions mentioned in the previous paragraph:</p> <ol style="list-style-type: none"> 1. The amount of each transaction; 2. The accumulated amount of the transaction with the same person, acquiring or disposing the same kind of targets in a year. 3. The amount of the same development plan real estate or its right-of-use assets accumulated or acquired (accumulated and disbursed separately) within one year. 4. The accumulated amount of the same negotiable securities acquired or disposed of (accumulating the amount separately) in a year. <p>The “in a year” mentioned in the preceding paragraph of this article means in a year before the date on which the transaction actually occurs, excluding the period of announcement according to the regulation of this standard.</p>	
---------------------------------------	---	---	--

<p>Article 8</p>	<p>Article 8 Consult experts The company acquires or disposes of real estate, equipment or <u>its right-to-use assets</u>, except for transactions with <u>domestic</u> government agencies, self-contracted construction, leased land for construction, or acquisition or disposal of equipment for business use or <u>its right-to-use</u> assets, the transaction amount reaches the company. For 20% of the paid-in capital or NT\$300 million or more, a valuation report issued by a professional appraiser shall be obtained before the date of the fact, and shall meet the following requirements:</p> <ol style="list-style-type: none"> 1. When the price of a transaction is referred to a limit price, specific price or special price because of special reasons, the transaction shall be submitted to the board of directors for approval in the first place. When conditions of the transaction change, it also shall be handled likewise. 2. When the amount of transaction exceeds NT\$ 100,000,000, the company shall hire two or more professional valuers to evaluate the price. 3. <u>If the appraisal result of a professional appraiser is in any of the following situations, except that the appraisal result of the acquired assets is higher than the transaction amount, or the appraisal result of the disposed assets is all lower than the transaction amount, the accountant should be consulted for the reason for the difference and the fairness of the transaction price Express specific comments:</u> (1) the difference between the amount of the evaluation result and that of transaction exceeds 20% of the amount of transaction; or (2) the difference between the amounts of the two or more evaluation results exceeds 10% of the amount of transaction. 4. If the evaluation is made before the contract comes into force, the period between the date of the evaluation report being offered and the date for the contract coming into force shall not be longer than three months. However, if the valuator adopts the current announced present value and shorter than six months, the company may request the valuator submit a report of suggestions. 	<p>Article 8 Consult experts Except for a company deals with government organizations, commission others to construct buildings on its land, commission others to construct buildings on the land it rent, or acquires or disposes of machinery equipment for business operation, if the transaction amount of the real estate or other fixed assets acquired or disposed by the company is equal to or larger than 20% of its paid-in capital or NT\$ 300,000,000, the company shall before the date on which the transaction actually occurs at first obtain the evaluation report by professional valuator and follow regulations listed as below:</p> <ol style="list-style-type: none"> 1. When the price of a transaction is referred to a limit price, specific price or special price because of special reasons, the transaction shall be submitted to the board of directors for approval in the first place. When conditions of the transaction change, it also shall be handled likewise. 2. When the amount of transaction exceeds NT\$ 100,000,000, the company shall hire two or more professional valuers to evaluate the price. 3. The company shall commission an accountant in accordance with the ROC Accounting Research and Development Foundation (hereinafter referred to as the Accounting Research and Development Foundation) No. 20 published by Accounting Research and Development Foundation and express specific opinions about causes of difference and proper transaction prices, if the professional valuator finds that (1) the difference between the amount of the evaluation result and that of transaction exceeds 20% of the amount of transaction; or (2) the difference between the amounts of the two or more evaluation results exceeds 10% of the amount of transaction. 4. If the evaluation is made before the contract comes into force, the period between the date of the evaluation report being offered and the date for the contract coming into force shall not be longer than three months. However, if the valuator adopts the current announced present value and shorter than six months, the company may request the valuator submit a report of suggestions. 	
------------------	---	--	--

<p>(Continued from previous page)</p>	<p>In addition to using the limited price, specific price or special price as the reference basis for the transaction price in the construction industry, if there are legitimate reasons for failing to obtain a valuation report immediately, it shall obtain the valuation report within two weeks from the date of the occurrence of the fact, <u>and obtain the valuation report within two weeks</u>. Obtain the accountant's opinion in Subparagraph 3 of the preceding paragraph within two weeks from the date of the report.</p> <p>When a company acquires or disposes of negotiable securities, it shall obtain the most recent financial statements of the subject company that have been verified, certified or reviewed by an accountant before the date of the fact as a reference for evaluating the transaction price, and the transaction amount shall be 20% of the company's paid-in capital or For NT\$300 million or more, an accountant should be consulted for an opinion on the reasonableness of the transaction price prior to the date of the fact. However, this does not apply if the securities are publicly quoted in the active market or otherwise stipulated by the Financial Supervisory Commission (hereinafter referred to as the Commission).</p> <p>If the company acquires or disposes of intangible assets or its right-of-use assets or the transaction amount of the membership card exceeds 20% of the company's paid-in capital or NT\$300 million or more, except for transactions with domestic government agencies, the transaction amount should be Ask the accountant to express their opinion on the reasonableness of the transaction price.</p>	<p>If a construction company refers to a limit price, specific price or special price to determine the transaction price but it can not receive evaluation reports in reasonable time, it shall obtain the evaluation reports and the accountant's suggestions stipulated by the third subparagraph of the previous paragraph within two weeks after the event happens.</p> <p>When a company intends to acquire or dispose of negotiable securities, it shall obtain the target company's latest financial statements certified or reviewed by accountants as a reference for the evaluation of transaction prices at first.</p> <p>The company has one of the following circumstances, the company and the transaction amount of 20% of paid-in capital of NT \$ 300 million or more, or should the facts occurred before a CPA to express an opinion on the reasonableness of the transaction price, accountants if requires the use of expert reports, shall be handled in accordance with accounting Research and Development Foundation issued Statement of Auditing Standards No. 20. But otherwise provided by the securities quoted prices in active markets or the Financial Supervisory Commission(Hereinafter referred to as the Council),unless:</p> <ol style="list-style-type: none"> 1. Obtain copies of or at the stock exchange or securities firms in non-business premises to buy 2. private equity acquisition or disposition of securities. 3. Acquisition or disposition of membership card or intangible assets. 	
<p>Article 9</p>	<p>Article 9 Acquire a party's real estate</p> <ol style="list-style-type: none"> 1. The company has made to related parties or its right-of-use assets or disposition of real estate, or obtain related disposal of real estate or <u>its right-of-use assets</u> or other assets outside the company and the transaction amounted to twenty percent of paid-in capital, total assets of 10% or more than NT \$ 300 million the latter, In addition to trading in bonds, repurchase, redemption of the bond conditions, purchase or redemption of the domestic money market funds the following 	<p>Article 9 Acquire a party's real estate</p> <ol style="list-style-type: none"> 1. The company has made to related parties or its right-of-use assets or disposition of real estate, or obtain related disposal of real estate or other assets outside the company and the transaction amounted to twenty percent of paid-in capital, total assets of 10% or more than NT \$ 300 million the latter, In addition to trading in bonds, repurchase, redemption of the bond conditions, purchase or redemption of the domestic money market funds the following 	

<p>(Continued from previous page)</p>	<p>information should be submitted to the Board of Directors and the Audit Committee acknowledged that the transaction may only enter into contracts and payments:</p> <ol style="list-style-type: none"> (1) The purpose of the acquisition or disposition of assets, the necessity and expected benefits. (2) Reason for choosing the related party as trading counterpart. (3) Obtaining real estate <u>or right-of-use assets</u> from a related party, and evaluating the reasonableness of the predetermined transaction conditions in accordance with the provisions of Paragraphs 2 and 3. (4) The data concerning the date, the price and the seller of the real estate when the party acquired it as well as the relationship between the company and the party; (5) The expected monthly cash flow table for a year from the month in which the contract is signed and the evaluation of the transaction's necessity and the reasonableness of funds operation; (6) The limit conditions and other important agreed matters of the transaction. (7) Restrictions and other important stipulations of this transaction. <p>The Company and its parent company, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital are engaged in the following transactions with each other. The board of directors ratified:</p> <ol style="list-style-type: none"> 1. <u>Acquiring or disposing of equipment for business use or its right-to-use assets.</u> 2. <u>Acquiring or disposing of real estate use rights assets for business use.</u> 	<p>information should be submitted to the Board of Directors and the Audit Committee acknowledged that the transaction may only enter into contracts and payments:</p> <ol style="list-style-type: none"> (1) The purpose of the acquisition or disposition of assets, the necessity and expected benefits. (2) Reason for choosing the related party as trading counterpart. (3) To related parties Acquisition of real estate ,the relevant data used to evaluate the reasonableness of the predetermined conditions according to the second and third paragraph; (4) The data concerning the date, the price and the seller of the real estate when the party acquired it as well as the relationship between the company and the party; (5) The expected monthly cash flow table for a year from the month in which the contract is signed and the evaluation of the transaction's necessity and the reasonableness of funds operation; (6) The limit conditions and other important agreed matters of the transaction. (7) Restrictions and other important stipulations of this transaction. <p>The transaction amount is calculated in the preceding paragraph shall be in accordance with the second paragraph of Article handled within a year and is based on the alleged date of occurrence of the facts on the basis of the transaction, forward projections retrospective year has been submitted to the Board for approval under this standard requires and the Audit Committee admitted that not calculations are required</p> <p>The Company and its parent or subsidiary Rooms, acquisition or disposition of machinery and equipment for business use, the Board may, in accordance authorize the chairman to decide within a certain amount of first time, and approved by the Board on recent reports.</p> <p>The Company's independent directors, in accordance with the provisions of the preceding paragraph of the asset reported to the Board discussion, should fully consider the views of independent directors, independent directors, if any objections or reservations should be stated in the Board proceedings.</p>
---------------------------------------	---	--

<p>(Continued from previous page)</p>	<p>If the company establishes an audit committee, the matters that should be approved by the audit committee in accordance with the provisions of the preceding paragraph shall be approved by more than half of all members of the audit committee, and shall be submitted to the board of directors for resolution.</p> <p><u>If the company or its subsidiaries that are not domestic public companies have the first transaction, and the transaction amount is more than 10% of the company's total assets, the company shall submit the materials listed in the first paragraph to the shareholders' meeting for approval. Before signing the transaction contract and making payment. However, the transaction between the company and its parent company, subsidiaries, or its subsidiaries is not limited to this.</u></p> <p><u>The calculation of the transaction amount in Paragraph 1 and the preceding Paragraph shall be carried out in accordance with the provisions of Paragraph 2 of Article 6, and the term within one year shall be based on the date when the actual transaction of this transaction occurred, and shall be retrospectively calculated for one year in accordance with this standard. The provisions submitted to the shareholders' meeting, the board of directors for approval and the audit committee's approval are partially exempted from re-counting.</u></p> <p>If all the members of the preceding paragraph above unaudited half Commission may approve an agreed line of more than two thirds of all directors and the audit committee of the resolution should be set out in the Board proceedings.</p> <p>All members of the Audit Committee referred to in the preceding paragraph and the preceding paragraph shall director, the actual number of those calculations.</p> <p>2. If a company intends to acquire a party's real estate, it shall evaluate the reasonableness of the transaction cost using the methods listed as follows:</p>	<p>The Company established an audit committee, accordance with the provisions, shall be approved by all members of the Audit Committee of more than half agreed, and mentioned resolution of the Board.</p> <p>(NEW)</p> <p>If all the members of the preceding paragraph above unaudited half Commission may approve an agreed line of more than two thirds of all directors and the audit committee of the resolution should be set out in the Board proceedings. All members of the Audit Committee referred to in the preceding paragraph and the preceding paragraph shall director, the actual number of those calculations.</p> <p>2. If a company intends to acquire a party's real estate, it shall evaluate the reasonableness of the transaction cost using the methods listed as follows:</p>	
---------------------------------------	--	---	--

<p>(Continued from previous page)</p>	<p>(1) The transaction price plus the interest of necessary funds and the cost that the buyer should pay. The interest of necessary funds is equal to multiplying the amount the company borrows in the year when it acquire the asset by the weighted average interest rate, but it must not higher the highest borrowing rate of non-financial institutions announced by Ministry of Finance.</p> <p>(2) If the party has mortgaged the target to a financial institution, the target's total value evaluated by the financial institution can be used as a criterion to assess the transaction cost, but the accumulated amount of loan granted by the financial institution must exceed 70% of the evaluated total value and the loan period must be longer than one year. Nonetheless, if the institution is a party of the seller or the buyer, this method can't be adopted.</p> <p>If the land and houses of the same target are purchased or leased together, the transaction costs shall be assessed for each of the land and houses in accordance with any of the methods listed in the preceding paragraph.</p> <p>The company obtains the real estate or its right-of-use assets from the related parties, and evaluates the real estate or its right-of-use assets or their right-of-use assets or their right-of-use asset costs in accordance with the preceding two provisions, and should contact the accountant for review and express specific opinions.</p> <p>The company obtains real estate or its right to use assets, from related parties. In any of the following circumstances, it shall be handled in accordance with the provisions of the preceding article. The first three provisions shall not apply:</p> <p>(1) The relationship person acquires the real property or its right to use assets due to inheritance or gift.</p> <p>(2) The time for the related party to contract to acquire the real property or its right to use assets has been more than five years from the date of the transaction.</p> <p>(3) Signed a contract with the joint construction or to entrust the construction of its own, lease land entrusted construction and acquisition of real estate related.</p>	<p>(1) The transaction price plus the interest of necessary funds and the cost that the buyer should pay. The interest of necessary funds is equal to multiplying the amount the company borrows in the year when it acquire the asset by the weighted average interest rate, but it must not higher the highest borrowing rate of non-financial institutions announced by Ministry of Finance.</p> <p>(2) If the party has mortgaged the target to a financial institution, the target's total value evaluated by the financial institution can be used as a criterion to assess the transaction cost, but the accumulated amount of loan granted by the financial institution must exceed 70% of the evaluated total value and the loan period must be longer than one year. Nonetheless, if the institution is a party of the seller or the buyer, this method can't be adopted.</p> <p>If the land and houses of the same target are purchased or leased together, the transaction costs shall be assessed for each of the land and houses in accordance with any of the methods listed in the preceding paragraph.</p> <p>The company obtains the real estate or its right-of-use assets from the related parties, and evaluates the real estate or its right-of-use assets or their right-of-use assets or their right-of-use asset costs in accordance with the preceding two provisions, and should contact the accountant for review and express specific opinions.</p> <p>The company obtains real estate or its right to use assets, from related parties. In any of the following circumstances, it shall be handled in accordance with the provisions of the preceding article. The first three provisions shall not apply:</p> <p>(1) The relationship person acquires the real property or its right to use assets due to inheritance or gift.</p> <p>(2) The time for the related party to contract to acquire the real property or its right to use assets has been more than five years from the date of the transaction.</p> <p>(3) Signed a contract with the joint construction or to entrust the construction of its own, lease land entrusted construction and acquisition of real estate related.</p>	
---------------------------------------	---	---	--

<p>(Continued from previous page)</p>	<p>3. If the company evaluates the price of the real estate according to paragraph 1 and 2 of the previous article and the assessed prices are lower than the transaction price, it shall handle that according to this paragraph. But that does not apply, if</p> <p>(1) The party acquired vacant land or rent land to construct buildings, its evidence fulfills one of following conditions:</p> <p>A. The value of the vacant land is assessed using the methods described in the previous article and the value of the building is the construction cost plus reasonable construction profits, if the total amount of their value is larger than that of the actual transaction price. The construction profit mentioned here is equal to the lower one of the average of the last three years of gross profit margin of the party's construction department compared with the latest average gross profit margin of the construction industry announced by Ministry of Finance.</p> <p>B. There was transaction case in the recent year the party was not involved in, which is related to the other floor of the target real estate or real estate in nearby area, the size of it is similar to that of the target, and after estimated according to the real estate transaction convention that there are reasonable variations between the prices of different floors and between the prices of different districts, the transaction conditions are also similar to those of the target.</p> <p>C. In the case of other non-related parties leasing within one year of other floors of the same subject premises, the transaction conditions are estimated to be equivalent based on the reasonable floor price difference in accordance with the practice of real estate leasing.</p> <p>(2) The company proves that the real estate acquired by the related party or the right to lease real estate assets. Trading conditions are similar to other non-relevant transactions in neighboring regions during the year.</p> <p>The case of the adjacent area in the preceding paragraph is a transaction case, which is based on the same or adjacent street profile and the object size of the transaction target is less than 500 meters or its present value is similar. If the area is similar, the other parties are similar. The area of the transaction case is not less than 50% of the area of the subject matter</p>	<p>3. If the company evaluates the price of the real estate according to paragraph 1 and 2 of the previous article and the assessed prices are lower than the transaction price, it shall handle that according to this paragraph. But that does not apply, if</p> <p>(1) The party acquired vacant land or rent land to construct buildings, its evidence fulfills one of following conditions:</p> <p>A. The value of the vacant land is assessed using the methods described in the previous article and the value of the building is the construction cost plus reasonable construction profits, if the total amount of their value is larger than that of the actual transaction price. The construction profit mentioned here is equal to the lower one of the average of the last three years of gross profit margin of the party's construction department compared with the latest average gross profit margin of the construction industry announced by Ministry of Finance.</p> <p>B. There was transaction case in the recent year the party was not involved in, which is related to the other floor of the target real estate or real estate in nearby area, the size of it is similar to that of the target, and after estimated according to the real estate transaction convention that there are reasonable variations between the prices of different floors and between the prices of different districts, the transaction conditions are also similar to those of the target.</p> <p>C. In the case of other non-related parties leasing within one year of other floors of the same subject premises, the transaction conditions are estimated to be equivalent based on the reasonable floor price difference in accordance with the practice of real estate leasing.</p> <p>(2) The company proves that the real estate acquired by the related party or the right to lease real estate assets. Trading conditions are similar to other non-relevant transactions in neighboring regions during the year.</p> <p>The case of the adjacent area in the preceding paragraph is a transaction case, which is based on the same or adjacent street profile and the object size of the transaction target is less than 500 meters or its present value is similar. If the area is similar, the other parties are similar. The area of the</p>	
---------------------------------------	--	--	--

<p>(Continued from previous page)</p>	<p>of the transaction; the term of the year is based on the date of the acquisition of the real property or the right to use the asset, and the calculation is retroactively calculated for one year.</p> <p>4. If the company obtains the real property or its right to use assets from the related parties, if the evaluation results are lower than the transaction price according to the second and third provisions, the following matters shall be handled:</p> <p>(1)The difference between the transaction price of the real property or its right-of-use asset and the estimated cost shall be specified in the special surplus reserve, and no distribution or transfer of the capital shall be made. If the investor who evaluates the company's investment using the equity method is a publicly-issued company, it should also provide a special surplus reserve for the proposed amount according to the shareholding ratio.</p> <p>(2)The Audit Committee shall handle the matter in accordance with the provisions of Article 14 quater of the Securities Exchange Law.</p> <p>(3)The handling of the first and second paragraphs shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and the prospectus.</p> <p>The company shall provide a special surplus reserve in accordance with the provisions of the preceding paragraph, and the assets purchased or leased at a high price shall recognize the price loss or dispose of or terminate the lease or be properly compensated or reinstated, or have other evidence to determine that there is no unreasonable, and The special surplus reserve is used after the approval of the Financial Supervision and Administration Commission of the Executive Yuan.</p> <p>The company obtains real estate or its right to use assets from related parties. If there is other evidence that the transaction has irregular business practices, it shall also be handled in accordance with the provisions of the preceding two paragraphs.</p>	<p>transaction case is not less than 50% of the area of the subject matter of the transaction; the term of the year is based on the date of the acquisition of the real property or the right to use the asset, and the calculation is retroactively calculated for one year.</p> <p>4. If the company obtains the real property or its right to use assets from the related parties, if the evaluation results are lower than the transaction price according to the second and third provisions, the following matters shall be handled:</p> <p>(1)The difference between the transaction price of the real property or its right-of-use asset and the estimated cost shall be specified in the special surplus reserve, and no distribution or transfer of the capital shall be made. If the investor who evaluates the company's investment using the equity method is a publicly-issued company, it should also provide a special surplus reserve for the proposed amount according to the shareholding ratio.</p> <p>(2)The Audit Committee shall handle the matter in accordance with the provisions of Article 14 quater of the Securities Exchange Law.</p> <p>(3)The handling of the first and second paragraphs shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and the prospectus.</p> <p>The company shall provide a special surplus reserve in accordance with the provisions of the preceding paragraph, and the assets purchased or leased at a high price shall recognize the price loss or dispose of or terminate the lease or be properly compensated or reinstated, or have other evidence to determine that there is no unreasonable, and The special surplus reserve is used after the approval of the Financial Supervision and Administration Commission of the Executive Yuan.</p> <p>The company obtains real estate or its right to use assets from related parties. If there is other evidence that the transaction has irregular business practices, it shall also be handled in accordance with the provisions of the preceding two paragraphs.</p>	
---------------------------------------	---	---	--

<p>Article 13-3</p>	<p>Article 13-3 The company's valuation report or the opinions of accountants, lawyers or securities underwriters, professional valuers and their appraisers, accountants, lawyers or securities underwriters should meet the following requirements:</p> <ol style="list-style-type: none"> 1.Can not violate this law, company law, banking law, insurance law, financial holding company law, commercial accounting law or fraud, breach of trust, infringement, falsification of documents or violation of this law and failed to be sentenced to more than one year in prison for commercial crimes . However, if the execution is completed, the trial period expires or the pardon has been completed for three years, there is no limit. 2.The situation in which the party to the transaction cannot be a related person or has a substantive relationship. . 3.If the company should obtain evaluation reports from two or more professional appraisers, different professional appraisers or appraisers may or may not be related to each other. <p>When issuing valuation reports or opinions, the <u>personnel referred to in the preceding paragraph shall comply with the self-discipline regulations of their respective trade associations and the following matters:</u></p> <ol style="list-style-type: none"> 1. Before conducting a case, you should carefully evaluate your professional competence, practical experience and independence. 2. When <u>execution</u> a case, appropriate operational procedures should be properly planned and implemented to form a conclusion and a report or opinion should be issued accordingly; the procedures, data collected and conclusions to be implemented are detailed in the working paper of the case. 3. The source, parameters and information of the materials used shall be evaluated item by item to ensure <u>appropriateness</u> and reasonableness as the basis for the publication of the evaluation report or submission of materials. 4. The application items shall include the professionalism and independence of the relevant personnel, and the evaluation information shall be reasonable and accurate, and shall comply with relevant laws and regulations. 	<p>Article 13-3 The company's valuation report or the opinions of accountants, lawyers or securities underwriters, professional valuers and their appraisers, accountants, lawyers or securities underwriters should meet the following requirements:</p> <ol style="list-style-type: none"> 1.Can not violate this law, company law, banking law, insurance law, financial holding company law, commercial accounting law or fraud, breach of trust, infringement, falsification of documents or violation of this law and failed to be sentenced to more than one year in prison for commercial crimes . However, if the execution is completed, the trial period expires or the pardon has been completed for three years, there is no limit. 2.The situation in which the party to the transaction cannot be a related person or has a substantive relationship. . 3.If the company should obtain evaluation reports from two or more professional appraisers, different professional appraisers or appraisers may or may not be related to each other. <p>When issuing an evaluation report or opinion, the preceding paragraph should handle the following:</p> <ol style="list-style-type: none"> 1.Before conducting a case, you should carefully evaluate your professional competence, practical experience and independence. 2.When reviewing a case, appropriate operational procedures should be properly planned and implemented to form a conclusion and a report or opinion should be issued accordingly; the procedures, data collected and conclusions to be implemented are detailed in the working paper of the case. 3.The source, parameters and information of the materials used shall be evaluated item by item to ensure completeness, correctness and reasonableness as the basis for the publication of the evaluation report or submission of materials. 4.The application items shall include the professionalism and independence of the relevant personnel, and the evaluation information shall be reasonable and accurate, and shall comply with relevant laws and regulations. 	
---------------------	---	---	--

Article 15	The amendments to this procedure will be implemented after the approval of the shareholders' meeting on June 29, 2022.	(NEW)	update.
------------	--	-------	---------

Case 2 :

Proposal : Amendments to some provisions of the company's "Articles of Association" (by the board)

Description :

- A. 1. In accordance with the provisions of Articles 172-2 and 356-8 of the Company Law amended and promulgated by President Hua Zong Yi Jing Zi No. 11000115851, some provisions of the "Articles of Association" of the company have been revised.
- B. For the comparison table before and after the revision of the " Articles of Association " of the company, please refer to pages 31 of this manual.
- C. Please discuss

Resolution :

Kung Sing Engineering Corporation
Synopsis of company's "Articles of Association"
before and after amendments

Article	After	Before	Basis and reasons
Article 8	<p>The first item is omitted</p> <p><u>When the shareholders' meeting is held, it may be held by video conference or other methods announced by the central competent authority. If a video conference is used, its shareholders who participate in the conference by video are deemed to be present in person.</u></p>	<p>The first item is omitted</p> <p>(The second item is new)</p>	<p>Added by law. .</p>
Article 20	<p>The constitution was concluded on January 5, 1947. (omit)</p> <p>The twenty- nine amendment was made on June 17th, 2020. <u>The thirtieth amendment is on June 29, 2022.</u></p>	<p>The constitution was concluded on January 5, 1947. (omit)</p> <p>The twenty- nine amendment was made on June 17th, 2020.</p>	<p>Date and number of amendments to the chapter</p>

Case 3 :

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

Description :

- A. In accordance with the Taiwan Stock Exchange Taiwan Securities Regulatory Commission Letter No. 1110004250, in cooperation with the competent authority to open public offering companies to revise the reference example of holding shareholders' meetings by video, revise some of the provisions of the company's "Procedure Rules for Shareholders' Meetings".
 - B. For the comparison table before and after the revision of the " The Regulations of the Meeting of the Shareholders " of the company, please refer to pages 33-44 of this manual.
 - C. Please discuss
- Resolution :

Kung Sing Engineering Corporation
Synopsis of "The Regulations of the Meeting of the Shareholders"
before and after amendments

Article	After	Before	Basis and reasons
Article 3	<p>The shareholders' meeting of the company shall be convened by the board of directors unless otherwise provided by law.</p> <p><u>Changes to the method of convening the shareholders' meeting of the Company shall be subject to a resolution of the board of directors, and shall be made no later than before the notice of the shareholders' meeting is dispatched.</u></p> <p>The company shall, 30 days before the ordinary shareholders' meeting or 15 days before the extraordinary shareholders' meeting, submit the notice of the shareholders' meeting, the power of attorney paper, the relevant recognition, discussion, election or dismissal of directors (including independent directors) and other matters. The reason and explanation data of the motion are made into electronic files and sent to the public information observatory. Twenty-one days before the ordinary shareholders' meeting or fifteen days before the extraordinary shareholders' meeting, the shareholders' meeting procedure manual and meeting supplementary materials shall be prepared and electronically sent to the public information observation station. <u>If the total amount exceeds NT\$10 billion, or if the shareholder register of the most recent fiscal year holds a general meeting of shareholders and the total shareholding ratio of foreign and mainland investors reaches 30% or more, the electronic File transmission. Fifteen days before the shareholders' meeting,</u> prepare the current shareholders' meeting procedure manual and meeting supplementary materials for shareholders to request at any time, and display them in the company and the professional stock agency agency appointed by the company.</p>	<p>The shareholders' meeting of the company shall be convened by the board of directors unless otherwise provided by law.</p> <p>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.</p> <p>The notice and announcement shall contain the reason for the convening; the notification can be done electronically if the counterpart agrees.</p> <p>(Omitted below)</p>	<p>In accordance with the Taiwan Stock Exchange Taiwan Securities Regulatory Commission Letter No. 1110004250</p>

(Continued from previous page)	<p><u>The procedure manual and meeting supplementary materials mentioned in the preceding paragraph shall be provided to shareholders for reference by the Company on the day of the shareholders' meeting in the following ways:</u></p> <p><u>1. When a physical shareholders meeting is held, it shall be distributed on the spot of the shareholders meeting.</u></p> <p><u>2. When convening a video-assisted shareholders meeting, it shall be distributed on the spot of the shareholders' meeting and sent to the video conference platform as an electronic file.</u></p> <p><u>3. When holding a video conference of shareholders, the electronic file shall be transmitted to the video conference platform.</u></p> <p>The notice and announcement shall contain the reason for the convening; the notification can be done electronically if the counterpart agrees.</p> <p>(Omitted below)</p>		
Article 4	<p>(Items 1 to 3 omitted)</p> <p><u>After the power of attorney is delivered to the company, shareholders who wish to attend the shareholders' meeting by video conferencing shall notify the company in writing of the revocation of the proxy two days before the shareholders' meeting.</u></p>	<p>(Items 1 to 3 omitted)</p> <p>NEW</p>	
Article 5	<p>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. The venue and time of the meeting shall take into account the opinions of independent directors.</p> <p><u>When the company convenes a video conference of shareholders, it is not subject to the restriction on the venue of the preceding paragraph.</u></p>	<p>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. The venue and time of the meeting shall take into account the opinions of independent directors.</p>	

<p>Article 6</p>	<p>The company shall specify in the meeting notice the time and place of the registration of the accepting shareholders, <u>solicitors, and entrusted agents (hereinafter referred to as shareholders)</u>, as well as other matters that should be noted.</p> <p>The time for accepting shareholders' registration in the preceding paragraph shall be made at least 30 minutes before the start of the meeting; the registration office shall be clearly marked, and appropriate and competent personnel shall be assigned to handle it; <u>the video conference of the shareholders' meeting shall be held 30 minutes before the start of the meeting by video</u> <u>The meeting platform accepts registration, and shareholders who complete the registration are deemed to have attended the shareholders meeting in person.</u></p> <p>Shareholders should present the attendance certificate, attendance card or other attendance certificate to attend the shareholders meeting. The company shall not arbitrarily add other certification documents to the certification documents relied on by shareholders to attend; the applicant who is soliciting the power of attorney should bring identification documents. , for verification.</p> <p>The company shall set up a signature book for the attending shareholders to sign in, or the attending shareholders shall hand in the sign-in card to sign in on their behalf.</p> <p>The company shall deliver the procedure manual, annual report, attendance certificate, speech slips, votes and other meeting materials to shareholders present at the shareholders' meeting; if there is an election of directors (including independent directors), an additional ballot shall be attached.</p> <p>When the government or legal person is a shareholder, the number of representatives attending the shareholders' meeting is not limited to one. When a legal person is entrusted to attend the shareholders' meeting, only one representative may be appointed to attend the meeting.</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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	
------------------	---	---	--

<p>(Continued from previous page)</p>	<p><u>If the shareholders' meeting is held by video conference, shareholders who wish to attend by video conference should register with the company two days before the shareholders' meeting.</u></p> <p><u>If the shareholders' meeting is held by video conference, the company shall upload the procedure manual, annual report and other relevant materials to the video conference platform of the shareholders' meeting at least 30 minutes before the start of the meeting, and continue to disclose it until the end of the meeting.</u></p>		
<p>Article 6-1</p>	<p><u>When the company holds a video conference of the shareholders' meeting, the following matters shall be stated in the notice of convening the shareholders' meeting:</u></p> <p><u>1. Shareholders' participation in video conferences and methods for exercising their rights.</u></p> <p><u>2. The handling of obstacles to the video conference platform or participation in video conferences due to natural disasters, incidents or other force majeure events, including at least the following:</u></p> <p><u>(1) The time for the meeting to be adjourned or re-adjourned if the pre-occurrence obstacle persists and cannot be ruled out, and the date of the meeting if it is to be adjourned or re-adjourned.</u></p> <p><u>(2) Shareholders who have not registered to participate in the original shareholders meeting by video conferencing shall not participate in the extension or renewal Meeting.</u></p> <p><u>(3) Holding a video-assisted shareholders meeting, if it is impossible to continue the video-conference meeting, after deduction</u></p> <p><u>The number of shares attending the shareholders meeting by video conference, the total number of shares attending the shareholders meeting shall reach the statutory quota for the shareholders meeting. The process should be continued Shareholders who participate by video conferencing</u></p>	<p>(NEW)</p>	

(Continued from previous page)	<p><u>shall be counted in the total number of shares of shareholders present.</u> <u>All resolutions of the second shareholders' meeting shall be deemed as abstentions.</u> <u>(4) In the event that all the motions have been announced, but no provisional motion has been made, the way it is handled.</u> <u>3. To convene a video conference of shareholders, and to specify appropriate alternatives to shareholders who have difficulty participating in shareholders by video.</u></p>		
Article 8	<p>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>If the shareholders' meeting is held by video conference, the company shall record and save the shareholders' registration, registration, registration, questioning, voting and company vote counting results, and record and video the entire video conference without interruption.</u> <u>The above-mentioned materials and audio and video recordings shall be properly preserved by the company during the period of existence, and the audio and video recordings shall be provided to those who are entrusted to handle video conference affairs for preservation.</u></p>	<p>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.</p>	
Article 9	<p>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. When the meeting time has expired, the chairman shall announce the meeting immediately. At the same time, relevant information such as the number of non-voting rights and the number of shares present will be announced .However, when no shareholder representing more than</p>	<p>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. When the meeting time has expired, the chairman shall announce the meeting immediately. At the same time, relevant information such as the number of non-voting rights and the number of shares present will be announced .However, when no shareholder representing more than</p>	

<p>(Continued from previous page)</p>	<p>half of the total issued shares is present, the chairman may announce the postponement of the meeting. The number of postponements is limited to two, and the total postponement time shall not exceed one. hour. When there are insufficient shareholders representing more than one-third of the total number of issued shares after the second delay, the chairman shall announce that the meeting shall not be established. <u>If the shareholders' meeting is held by video conference, the company shall also announce the streaming meeting on the video conference platform of the shareholders' meeting.</u></p> <p>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. 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.</p> <p>An interim resolution was announced to notify shareholders to convene a general meeting of shareholders within one month. <u>If the shareholders meeting is held by video conference, shareholders who wish to attend by video conference shall re-register with the company in accordance with Article 6.</u></p> <p>(Omitted below)</p>	<p>half of the total issued shares is present, the chairman may announce the postponement of the meeting. The number of postponements is limited to two, and the total postponement time shall not exceed one. hour. When there are insufficient shareholders representing more than one-third of the total number of issued shares after the second delay, the chairman shall announce that the meeting shall not be established.</p> <p>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. 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.</p> <p>An interim resolution was announced to notify shareholders to convene a general meeting of shareholders within one month.</p> <p>(Omitted below)</p>	
---------------------------------------	--	---	--

<p>Article 11</p>	<p>(Items 1 to 5 are omitted) After attending the shareholder speech, the chairman may reply in person or by designating relevant personnel. <u>If the shareholders meeting is held by video conference, the shareholders participating by video conference may ask questions in text form on the video conference platform of the shareholders meeting after the chairman announces the meeting and before the announcement of the adjournment of the meeting. Items 1 to 5 do not apply to the limit of 200 characters.</u> <u>If the question mentioned in the preceding paragraph does not violate the regulations or does not exceed the scope of the proposal, it is advisable to expose the question on the video conference platform of the shareholders' meeting for public knowledge.</u></p>	<p>(Items 1 to 5 are omitted) After attending the shareholder speech, the chairman may reply in person or by designating relevant personnel.</p>	
<p>Article 13</p>	<p>(Items 1 to 3 are omitted) After the shareholders exercise their voting rights in writing or electronically, <u>If they want to attend the general meeting in person or by video,,</u> 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. (Items 5 to 7 are omitted)</p> <p>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>The company convened a video conference of the shareholders' meeting. Shareholders who participated by video should conduct voting on various resolutions and</u></p>	<p>(Items 1 to 3 are omitted) 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. (Items 5 to 7 are omitted)</p> <p>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.</p>	

<p>(Continued from previous page)</p>	<p><u>voting on election proposals through the video conference platform after the chairman announces the meeting. The voting should be completed before the chairman announces the close of voting, deemed a waiver.</u> <u>If the shareholders meeting is held by video conference, after the chairman announces the close of voting, the votes shall be counted at one time, and the voting and election results shall be announced.</u> <u>When the company holds a video-assisted shareholders meeting, shareholders who have registered to attend the shareholders' meeting by video-conference in accordance with the provisions of Article 6, who wish to attend the physical shareholders' meeting in person, shall cancel the registration in the same manner as the registration two days before the shareholders' meeting; Those who cancel within the time limit can only attend the shareholders' meeting by video conferencing.</u> <u>A person who exercises voting rights in writing or electronically without revoking his intention and who participates in the shareholders' meeting by video conferencing shall not exercise voting rights on the original proposal or propose amendments to the original proposal except for temporary motions. exercise voting rights.</u></p>		
<p>Article 15</p>	<p>(Items 1 to 2 are omitted) 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>If the shareholders' meeting is held by video conference, the minutes of the shareholders' meeting shall record the start and end time of the shareholders' meeting the method of convening</u></p>	<p>(Items 1 to 2 are omitted) 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.</p>	

	<p><u>the meeting, the name of the chairman and the record, and the name of the chairman of the shareholders' meeting, as well as the events caused by natural disasters, incidents or other force majeure. The handling method and handling situation when an obstacle occurs to the video conferencing platform or participation by video conferencing.</u></p> <p><u>In addition to complying with the provisions of the preceding paragraph when convening a video-conference shareholders meeting, the Company shall specify in the minutes of the meeting the alternative measures provided by shareholders who have difficulty participating in video-conference.</u></p>		
Article 16	<p><u>The number of shares acquired by the solicitor, the number of shares represented by the proxy, and the number of shares attended by shareholders in writing or electronically, the company shall, on the day of the shareholders' meeting, prepare a statistical table in the prescribed format, and make it clear at the shareholders' meeting venue. If the shareholders' meeting is held by video conference, the company shall upload the aforementioned information to the video conference platform of the shareholders' meeting at least 30 minutes before the start of the meeting, and continue to disclose it until the end of the meeting.</u></p> <p><u>The company holds a video conference of the shareholders' meeting. When announcing the meeting, the total number of shareholders' shares present shall be disclosed on the video conference platform. The same shall apply if the total number of shares and voting rights of the shareholders attending the meeting are otherwise counted during the meeting.</u></p> <p>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.</p>	<p>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.</p> <p>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.</p>	

Article 19	<p><u>If the shareholders' meeting is held by video conference, the company shall immediately disclose the voting results and election results of various proposals on the video conference platform of the shareholders' meeting in accordance with the regulations, and shall continue to disclose for at least 15 years after the chairman announces the adjournment of the meeting. minute.</u></p>	(NEW)	
Article 20	<p><u>When the company holds a video-video shareholders meeting, the chairman and the recorder shall be at the same place in China, and the chairman shall announce the address of the place at the time of the meeting.</u></p>	(NEW)	
Article 21	<p><u>If the shareholders' meeting is held by video conference, the chairman shall, when announcing the meeting, separately announce that there is no need for postponement or continuation of the meeting as stipulated in Paragraph 24 of Article 44-24 of the Share Handling Standards for Companies Offering Shares Publicly. Before the meeting, due to natural disasters, incidents or other force majeure events, if there is an obstacle to the video conference platform or participation by video, which lasts for more than 30 minutes, the date of the meeting should be postponed or renewed within five days. The first company law does not apply The provisions of Article 182. In the event of the occurrence of the preceding paragraph, the meeting shall be postponed or continued. Shareholders who have not registered to participate in the original shareholders meeting by video conference shall not participate in the postponed or continued meeting. The meeting should be adjourned or continued in accordance with the provisions of Paragraph 1. Shareholders who have registered to participate in the original shareholders meeting by video and have completed the registration, but have not</u></p>	(NEW)	

<p>(Continued from previous page)</p>	<p><u>participated in the postponed or continued meeting, the number of shares attended, the voting rights exercised and the Voting rights shall be included in the total number of shares, voting rights and voting rights of shareholders present at the adjourned or continued meeting.</u></p> <p><u>When the shareholders meeting is postponed or resumed in accordance with the provisions of Paragraph 1, it is not necessary to re-discuss and resolve the resolutions for which the voting and counting of votes have been completed, and the voting results or the list of elected directors are announced.</u></p> <p><u>The company convened a video-assisted shareholders meeting.</u></p> <p><u>When the first paragraph of the video conference cannot be continued, if the total number of attended shares still reaches the statutory quota for the shareholders meeting after deducting the number of shares attended by video conference, the shareholders meeting shall continue. There is no need to postpone or renew the assembly in accordance with the first paragraph.</u></p> <p><u>In the event that the meeting should be continued in the preceding paragraph, the shareholders who participate in the shareholders' meeting by video conference, the number of shares attended shall be included in the total number of shares of the shareholders present, but all the resolutions of the shareholders' meeting shall be regarded as abstention.</u></p> <p><u>The company shall postpone or renew the meeting in accordance with the provisions of Paragraph 1, and shall handle the relevant matters in accordance with the provisions set forth in Article 44-27 of the Standards for the Handling of Shares of Companies Offering Shares, the date of the original shareholders' meeting and the provisions of each of these articles.</u></p> <p><u>Pre-work.</u></p> <p><u>The latter paragraph of Article 12 and Paragraph 3 of Article 13 of the Rules for the Use of Power of Attorney for Public Offering Companies to Attend</u></p>		
---------------------------------------	---	--	--

(Continued from previous page)	<u>Shareholders' Meetings, and Paragraph 2 of Article 44-5 and Article 44-10 of the Guidelines for the Handling of Share Transactions of Public Offering Companies 5. During the period specified in Paragraph 1 of Article 44-17, the Company shall postpone or renew the date of the shareholders' meeting in accordance with the provisions of Paragraph 1.</u>		
Article 22	<u>When the company convenes a video conference of shareholders, it shall provide appropriate alternative measures for shareholders who have difficulty in attending the shareholders meeting by video conference.</u>	(NEW)	
Article 23	<u>Article 23</u> This rule will be implemented after approval by the shareholders' meeting and will be the same when it is amended.	Article 19 This rule will be implemented after approval by the shareholders' meeting and will be the same when it is amended.	Article number adjustment
Article 24	<u>Article 24</u> 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. The seventh amendment was made on June 17th, 2020. The eighth revision is on July 22, 2021. <u>The ninth revision is on June 29, 2022.</u>	Article 20 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. The seventh amendment was made on June 17th, 2020. The eighth revision is on July 22, 2021.	Article number adjustment and added revision date

Extemporaneous Motions

Adjournment

Attachments

Appendix 1

Independent Auditors' Report Translated from Chinese

To the Boards of Directors and Stockholders of Kung Sing Engineering Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Kung Sing Engineering Corporation (the "Company") as at December 31, 2021 and 2020, as well as the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants (please refer to *Other matter* section of our report), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2021 and 2020, as well as its parent company only financial performance and its parent company only statement of cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for Opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities with the requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate

opinion on these matters.

Key audit matters for the Company's 2021 parent company only financial statements are stated as follows:

Assessment of Construction Contract Estimated Total Cost

Description

Refer to Note 4 (27) for accounting policies on construction contract revenue, Note 5 for significant judgments, accounting estimates and uncertainty of assumptions adopted in the construction contract accounting policy, and Note 6 (18) for the contract assets and liabilities of the Company were respectively NT\$1,814,033(thousand) and NT\$779,814(thousand) at December 31, 2021.

The engineering revenue and cost of the Company is mainly generated by constructing civil projects. The accurate estimates of the construction contract result are recognized by the percentage of incurred construction cost or the owner's assessment of pricing progress accounts for the estimated total cost, or recognized gradually over time based on the milestones agreed in the contract.

Due to the estimated total cost is assessed and judged from construction properties, estimated subcontract amount, duration, construction operation and methods by the management. It's highly uncertain, which may affect the revenue calculation of the project. Therefore, we included assessment of construction contract estimated total cost as one of the key matters for audit.

Procedure

We performed the following audit procedures on the above key audit matter:

1. Evaluated the reasonableness of the policies and procedures of estimated total cost based on understanding of the industry properties and operation, including the assessment basis of the estimated total cost of the same properties construction contracts in the past.
2. Obtained the projects with significant changes in the estimated total cost for the period, reviewed the changes description. And confirmed the appropriate approval of the head of authority or obtained the supporting information of owner's changing contract agreement.
3. Selected samples of outsourced contracts, for the un-outsourced contracts, 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 owner's accepted completion progress to assess the reasonableness of the estimated total cost. If there was any difference, we obtained the management's description and assessed the reasonableness.

Achievability of Deferred Tax Assets

Description

Refer to Note 4 (24) for the deferred tax assets accounting policies, Note 5 for the accounting estimates of the deferred tax assets achievability and the uncertainty of assumptions, and Note 6 (25) for the deferred tax assets of the Company were NT\$88,270(thousand) at December 31, 2021.

Deferred tax asset is recognized only if it is likely to be used to deduct future taxable income. The estimated future income statement and potential taxable income used to assess the achievability of deferred tax assets involved subjective judgment of the management. We consider that the judgments mentioned above are related to the prediction of future and the assumptions used are highly uncertain and the estimates have a significant impact on taxable income. Therefore, we included the achievability of deferred tax assets as one of the key matters for audit.

Procedure

We performed the following audit procedures on the above key audit matter:

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 taxable income.
4. Evaluated the achievability of deferred tax assets by comparing the estimated taxable income with the tax loss of the past year.

Other Matters – Audits of the Other Independent Accountants

We did not audit the financial statements of investments using equity method of the Company for the years ended December 31, 2021 and 2020, but audited by other independent accountants. Therefore, the amount of financial statements and the relevant information disclosed in Note 13 and our opinions expressed herein is based solely on the audit report of the other independent accountants. The balance of investments using equity method amounted to NT\$614,697 thousand and NT\$355,591 thousand, constituting of 7.88% and 4.41% of total assets at December 31, 2021 and 2020, respectively, and the total comprehensive income recognized to net loss NT\$3,888 thousand and net profit NT\$3,678 thousand, constituting of 18.81% and (0.35%) of total comprehensive income for the years then ended, respectively.

Responsibilities of Management and those Charged with Governance for Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objective are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GASS will always detect a material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GASS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risk of misstatement of parent company only financial statements whether due to fraud or error, design and perform appropriate countermeasures for the risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control of relevant to the audit to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial

statement of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Accountant

Lin, Se-kai

Wen, Ya-fang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 29, 2022

Kung Sing Engineering Corporation
Parent Company Only Balance Sheets
December 31, 2021 and 2020
(Expressed in thousands of New Taiwan dollars)

Assets		Note	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 740,030	10	\$ 904,515	11
1136	Financial assets at amortised cost - current	6(2),8	2,288,784	30	1,951,920	24
1140	Contract assets-current	6(18)	1,814,033	23	2,174,195	27
1200	Other receivables		9,515	-	13,634	-
1220	Current tax assets		3,818	-	3,819	-
1410	Prepayments		26,261	-	19,748	-
1460	Non-current assets for sale, net	6(8)	25,153	-	-	-
1479	Other current assets-other	8	21,000		20,884	1
1482	Fulfilling contract cost-net current	6(3)	<u>565,765</u>	<u>7</u>	<u>544,759</u>	<u>7</u>
11XX	Total current assets		<u>5,494,359</u>	<u>70</u>	<u>5,633,474</u>	<u>70</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income-non-current	6(4), 8	92,455	1	113,298	1
1550	Investments using equity method	6(5)	1,446,074	19	1,340,216	17
1600	Property, plant and equipment	6(6), 8	238,999	3	232,100	3
1755	Right-of-use assets	6(7)	41,172	1	36,438	-
1760	Investment property, net	6(8), 8	363,175	5	396,906	5
1780	Intangible assets		2,088	-	4,147	-
1840	Deferred income tax assets	6(25)	88,270	1	121,616	2
1900	Other non-current assets	6(9), 8	<u>32,398</u>	<u>-</u>	<u>191,369</u>	<u>2</u>
15XX	Total non-current assets		<u>2,304,631</u>	<u>30</u>	<u>2,436,090</u>	<u>30</u>
1XXX	Total assets		<u>\$ 7,798,990</u>	<u>100</u>	<u>\$ 8,069,564</u>	<u>100</u>

(Continued)

Kung Sing Engineering Corporation
Parent Company Only Balance Sheets
December 31, 2021 and 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Note	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(10)	\$ 390,000	5	\$ 65,000	1
2130	Contract liabilities-current	6(18)	779,814	10	1,259,905	16
2150	Notes payable		252,028	3	329,622	4
2170	Accounts payable		631,970	8	639,654	8
2200	Other payables		36,028	1	76,432	1
2230	Current income tax liabilities		10,571	-	-	-
2250	Provisions for liabilities-current	6(12), 9	7,132	-	95,277	1
2280	Lease liabilities-current		14,410	-	9,599	-
2300	Other current liabilities	6(11)	92,224	1	9,043	-
21XX	Total current liabilities		<u>2,214,177</u>	<u>28</u>	<u>2,484,532</u>	<u>31</u>
Non-current liabilities						
2540	Long-term borrowings	6(11)	100,000	1	72,570	1
2550	Provisions for liabilities-non-current	6(12), 9	110,294	2	90,344	1
2570	Deferred income tax liabilities	6(25)	-	-	155	-
2580	Lease liabilities-non-current		27,339	-	27,240	-
2600	Other non-current liabilities	6(13)	63,064	1	72,455	1
25XX	Total non-current liabilities		<u>300,697</u>	<u>4</u>	<u>262,764</u>	<u>3</u>
2XXX	Total liabilities		<u>2,514,874</u>	<u>32</u>	<u>2,747,296</u>	<u>34</u>
Equity						
	Share capital	6(14)				
3110	Common stock		4,922,802	63	4,475,274	55
	Capital surplus	6(15)				
3200	Capital surplus		519	-	519	-
	Retained earnings	6(16)				
3310	statutory surplus reserve		79,967	1	-	-
3350	Undistributed earnings (for covering deficit)		244,869	3	799,673	10
	Other equity	6(4)(17)				
3400	Other equity		35,959	1	46,802	1
3XXX	Total equity		<u>5,284,116</u>	<u>68</u>	<u>5,322,268</u>	<u>66</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant post-period events	11				
3X2X	Total liabilities and equity		<u>\$ 7,798,990</u>	<u>100</u>	<u>\$ 8,069,564</u>	<u>100</u>

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

Kung Sing Engineering Corporation
Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31, 2021 and 2020
(Expressed in thousands of New Taiwan dollars, except losses per share amounts)

Items	Note	Years ended December 31			
		2021		2020	
		Account	%	Account	%
4000 Operating revenue	6(18), 7	\$ 3,550,232	100	\$ 3,096,919	100
5000 Operating cost	6(23), 7	(3,253,494)	(92)	(4,175,134)	(135)
5900 Operating gross profit (loss)		296,738	8	(1,078,215)	(35)
5920 Realized gross profit on sales	6(5)	2,466	-	-	-
5950 Operating gross profit (loss), net		299,204	8	(1,078,215)	(35)
Operating expenses					
6200 General and administrative expenses	6(23)(24)	(162,051)	(4)	(211,513)	(7)
6450 Expected credit impairment loss	6(18), 12(2)	(61,669)	(2)	(517,121)	(16)
6000 Total operating expenses		(223,720)	(6)	(728,634)	(23)
6900 Operating profit (loss)		75,484	2	(1,806,849)	(58)
Non-operating income and expenses					
7100 Interest income	6(19)	1,596	-	6,198	-
7010 Other income	6(20), 7	22,796	1	10,406	-
7020 Other gains and losses	6(21), 7	(18,255)	(1)	398,624	13
7050 Financial costs	6(22)	(6,559)	-	(31,134)	(1)
Shares of income recognized by equity method of subsidiaries, affiliates and joint ventures					
7070	6(5)	4,040	-	2,435,281	79
7000 Total non-operating income and expenses		3,618	-	2,819,375	91
7900 Net profit (loss) before tax		79,102	2	1,012,526	33
7950 Income tax expenses	6(25)	(43,921)	(1)	(2,953)	-
8200 Net profit (loss) for the period		\$ 35,181	1	\$ 1,009,573	33
Other comprehensive income, net					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Remeasurements of defined benefit plans	6(13)	(\$ 142)	-	(\$ 1,929)	-
Unrealized gains and losses from investments in equity instruments measured at fair value through other comprehensive income					
8316	6(4)(17)	(14,393)	-	44,614	1
Income tax of related to components of other comprehensive income that will not be reclassified to profit or loss					
8349	6(25)	28	-	386	-
Total amount of components of other comprehensive income that will not be reclassified to profit or loss					
8310		(14,507)	-	43,071	1
8300 Other comprehensive income (net)		(\$ 14,507)	-	\$ 43,071	1
8500 Total comprehensive income for the period		\$ 20,674	1	\$ 1,052,644	34
9750 Basic earnings (losses) per share	6(26)	\$ 0.07		\$ 0.14	
9850 Diluted earnings (losses) per share	6(26)	\$ 0.07		\$ 0.02	

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

Kung Sing Engineering Corporation
Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2021 and 2020
(Expressed in thousands of New Taiwan dollars)

	Note	Retained earnings				Undistributed earnings	Unrealized gains and losses from financial assets at fair value through other comprehensive income	Total equity
		Common stock	capital reserve	statutory surplus reserve	Special reserve			
<u>For the year ended December 31, 2020</u>								
Balance at January 1, 2020		\$ 4,475,274	\$ 519	\$ -	\$ 1,872	(\$ 210,229)	\$ 2,188	\$ 4,269,624
Net loss for the period		-	-	-	-	1,009,573	-	1,009,573
Other comprehensive income for the period	6(17)	-	-	-	-	(1,543)	44,614	43,071
Total comprehensive income for the period		-	-	-	-	1,008,030	44,614	1,052,644
Earnings Appropriation and Distribution:	6(16)							
Reversal of special reserve		-	-		(1,872)	1,872	-	
Balance at December 31, 2020		<u>\$ 4,475,274</u>	<u>\$ 519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 799,673</u>	<u>\$ 46,802</u>	<u>\$ 5,322,268</u>
<u>For the year ended December 31, 2021</u>								
Balance at January 1, 2021		<u>\$ 4,475,274</u>	<u>\$ 519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 799,673</u>	<u>\$ 46,802</u>	<u>\$ 5,322,268</u>
Net profit for the period		-	-	-	-	35,181	-	35,181
Other comprehensive income for the period	6(4)(17)	-	-	-	-	(114)	(14,393)	(14,507)
Total comprehensive income for the period		-	-	-	-	35,067	(14,393)	20,674
Earnings Appropriation and Distribution:	6(16)							
Appropriation of statutory surplus reserve		-	-	79,967	-	(79,967)	-	-
Common stock cash dividend		-	-	-	-	(58,178)	-	(58,178)
common stock dividends		447,528				(447,528)	-	-
The difference between the actual acquisition or disposal of the equity price of the subsidiary company and the book value	6(29)	-	-	-	-	(648)	-	(648)

Disposal of equity instruments at fair value through other comprehensive profit or loss	6(4),7	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,550)</u>	<u>3,550</u>	<u>-</u>
Balance at December 31, 2021		<u>\$ 4,922,802</u>	<u>\$ 519</u>	<u>\$ 79,967</u>	<u>\$ -</u>	<u>\$ 244,869</u>	<u>\$ 35,959</u>	<u>\$ 5,284,116</u>

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

Kung Sing Engineering Corporation
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020
(Expressed in thousands of New Taiwan dollars)

	Note	For the years ended December 31	
		2021	2020
<u>Cash Flows from Operating Activities</u>			
Net profit before tax		\$ 79,102	\$ 1,012,526
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including right-of-use assets and investment property)	6(21)(23)	30,677	27,903
Amortization	6(22)(23)	2,174	6,694
Expected credit loss	12(2)	61,669	517,121
Interest expense	6(22)	6,560	26,605
Interest income	6(19)	(1,596)	(6,198)
Dividend income	6(20)	(3,363)	(4,971)
Shares in losses (profit) of affiliates and joint ventures accounted for using equity method	6(5)	(4,040)	(2,435,281)
Inter-affiliate realized gross profit	6(5)	(2,466)	-
Gains on disposal of property, plant and equipment	6(21)	(667)	(472,143)
Impairment reversal gains on investment property	6(8)	(1,053)	-
Impairment loss on property, plant and equipment	6(6)	9,762	64,722
Lease Modification Benefit	6(7)	(6)	(75)
Rent concession benefits	6(20)	(154)	(107)
Changes in operating assets and liabilities			
Net changes in operating assets			
Contract assets		305,709	957,553
Accounts receivable		-	498,804
Other receivables		4,219	91,327
Prepayments		(6,643)	(4,665)
Other current assets		(116)	-
Cost of fulfilling contracts		(21,006)	(426,233)
Other non-current assets		6,510	937
Net changes in operating liabilities			
Contract liabilities		(480,091)	67,871
Notes payable		(77,594)	(262,620)
Accounts payable		(7,684)	(27)
Other payables		(41,197)	49,449
Provisions for liabilities		(68,195)	73,024
Other current liabilities		(478)	(2,369)
Net defined benefit liabilities		(3,329)	(3,504)
Cash outflows generated from operations		(213,296)	(223,657)
Interest received		1,496	1,654
Interest paid		(5,613)	(26,645)
Dividend received		3,363	4,971
Income tax refunded		-	263
Income tax paid		-	(14,979)
Net cash outflows from operating activities		(214,050)	(258,393)

(Continued)

Kung Sing Engineering Corporation
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31	
		2021	2020
<u>Cash Flows From Investing Activities</u>			
To acquire financial assets at amortised cost		(\$ 2,807,643)	(\$ 4,853,329)
Disposal of financial assets acquired at amortized cost		2,470,779	5,055,105
Proceeds from acquisition of property, plant and equipment	6(6)	(25,283)	(7,672)
Proceeds from disposal of property, plant and equipment		667	772
Proceeds from acquisition of intangible assets	6(27)	(1,518)	(279)
Margin deposits increase		(114,505)	(174,895)
Margin deposits decrease		261,153	13,960
Disposal of financial assets at fair value through other comprehensive profit or loss	6(4)	6,450	-
Investments using equity method-subsiary balance repatriated	6(5)	153,400	2,006,000
Obtaining the equity price of the subsidiary	6(5)	(253,400)	-
Net cash inflows (outflows) from investing activities		<u>(309,900)</u>	<u>2,039,662</u>
<u>Cash Flows From Financing Activities</u>			
Borrow short-term borrowings	6(28)	465,000	563,000
Repayment of short-term borrowings	6(28)	(140,000)	(1,409,720)
Borrow long-term borrowings	6(28)	100,000	132,600
Repayment of long-term borrowings	6(28)	(4,609)	(264,652)
Increase in deposits received	6(28)	36,837	111,264
Decrease in deposits received	6(28)	(27,343)	(95,466)
Lease liability principal payments	6(28)	(12,242)	(9,989)
Decrease in financial loans payable to related parties	7	-	(200,000)
Pay cash dividends	6(16)	(58,178)	-
Net cash inflows (outflows) from financing activities		<u>359,465</u>	<u>(1,172,963)</u>
Increase (Decrease) in cash and cash equivalents for the period		(164,485)	608,306
Cash and cash equivalents balance at beginning of the period		<u>904,515</u>	<u>296,209</u>
Cash and cash equivalents balance at end of the period		<u>\$ 740,030</u>	<u>\$ 904,515</u>

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

Independent Auditors' Report Translated from Chinese

To the Boards of Directors and Stockholders of Kung Sing Engineering Corporation

Opinion

We have audited the consolidated balance sheets of Kung Sing Engineering Corporation and its subsidiaries (the "Group") as at December 31, 2021 and 2020, as well as the consolidated statements of comprehensive income, the consolidated statement of changes in equity and of cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants (please refer to *Other matter* section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group at December 31, 2021 and 2020, as well as its consolidated financial performance and its consolidated statement of cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities with the requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these

matters.

Key audit matters for the Group's consolidated financial statements for the current period are stated as follows:

Assessment of Construction Contract Estimated Total Cost

Description

Refer to Note 4 (28) for accounting policies on construction contract revenue, Note 5 for significant judgments, accounting estimates and uncertainty of assumptions adopted in the construction contract accounting policy, and Note 6 (18) for the contract assets and liabilities of the Group were respectively NT\$1,814,033(thousand) and NT\$779,814(thousand) at December 31, 2021.

The construction income and cost of the Group is mainly generated by constructing civil projects. The accurate estimates of the construction contract result are recognized by the percentage of incurred construction cost or the owner's assessment of pricing progress accounts for the estimated total cost, or recognized gradually over time based on the milestones agreed in the contract.

Due to the estimated 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 revenue calculation of the project. Therefore, we included the assessment of construction contract estimated total cost as one of the key matters for audit.

Procedure

We performed the following audit procedures on the above key audit matter:

5. Evaluated the reasonableness of the policies and procedures of estimated total cost based on understanding of the industry properties and operation, including the assessment basis of the estimated total cost of the same properties construction contracts in the past.
6. Obtained the projects with significant changes in the estimated total cost for the period, reviewed the changes description. And confirmed the appropriate approval of the head of authority or obtained the supporting information of owner's changing contract agreement.
7. Selected samples of outsourced contracts, for the un-outsourced contracts, 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 owner's accepted completion progress to assess the reasonableness of the estimated total cost. If there was any difference, we obtained the management's description and assessed the reasonableness.

Achievability of Deferred Tax Assets

Description

Refer to Note 4 (26) for the deferred tax assets accounting policies, Note 5 for the accounting estimates of the deferred tax assets achievability and the uncertainty of assumptions, and Note 6 (25) for the deferred tax assets of the Group were NT\$88,270(thousand) at December 31, 2021. Deferred tax asset is recognized only if it is likely to be used to deduct future taxable income. The estimated future income statement and potential taxable income used to assess the achievability of deferred tax assets involved subjective judgment of the management. We consider that the judgments mentioned above are related to the prediction of future and the assumptions used are highly uncertain and the estimates have a significant impact on taxable income. Therefore, we included the achievability of deferred tax assets as one of the key matters for audit.

Procedure

We performed the following audit procedures on the above key audit matter:

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 taxable income.
8. Evaluated the achievability of deferred tax assets by comparing the estimated taxable income with the tax loss of the past year.

Other Matters-Audits of the Other Independent Accountants

We did not audit the financial statements of all subsidiaries of the Group for the years ended December 31, 2021 and 2020, but audited by other independent accountants. Therefore, the amount of financial statements and the relevant information disclosed in Note 13 and our opinions expressed herein is based solely on the audit report of the other independent accountants. Total assets of the subsidiary amounted to NT\$639,090 thousand and NT\$638,547 thousand, constituting of 8.19% and 7.67% of consolidated total assets at December 31, 2021 and 2020, respectively, and the net operating revenue amounted to NT\$56,838 thousand and NT\$798 thousand, constituting of 1.58% and 0.01% of net consolidated operating revenue for the years then ended, respectively.

Other Matters-Parent Company Only Financial Reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Kung Sing Engineering Corporation as at and for the years ended December 31, 2021 and 2020.

Responsibilities of Management and those Charged with Governance for Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objective are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GASS will always detect a material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GASS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

7. Identify and assess the risk of misstatement of consolidated financial statements whether due to fraud or error, design and perform appropriate countermeasures for the risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

8. Obtain an understanding of internal control of relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Group's internal control.
9. Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
10. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Group's ability of to continue as a going concern. If we concluded that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
11. Evaluate the overall presentation, structure and content of consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance the group audit, and concluding audit opinions on consolidated financial statements.

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

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

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

Accountant

Lin, Se-kai

Wen, Ya-fang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 29, 2022

Kung Sing Engineering Corporation and Subsidiaries

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in thousands of New Taiwan dollars)

Assets	Note	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,663,888	21	\$ 1,924,771	23
	Financial assets at amortised cost					
1136	- current	6(2),8	2,288,784	30	1,951,920	23
1140	Contract assets-current	6(18)	1,814,033	23	2,174,195	26
1170	Accounts receivable, net		210	-	-	-
1200	Other receivables	7	86,343	1	95,403	1
1220	Current tax assets		3,885	-	3,848	-
130X	Inventories	6(3)	417,712	6	463,366	6
1410	Prepayments		56,157	1	52,493	1
1460	Non-current assets for sale, net	6(8)	25,153	-	-	-
1479	Other current assets-other	8	21,000	-	20,884	-
1482	Fulfilling contract cost-net current	6(4)	<u>565,765</u>	<u>7</u>	<u>544,759</u>	<u>7</u>
11XX	Total current assets		<u>6,942,930</u>	<u>89</u>	<u>7,231,639</u>	<u>87</u>
Non-current assets						
	Financial assets at fair value					
	through other comprehensive					
	income-non-current					
1517		6(5)	92,455	1	113,298	1
1600	Property, plant and equipment	6(6), 8	445,373	6	445,732	5
1755	Right-of-use assets	6(7)	41,172	1	36,438	1
1760	Investment property, net	6(8), 8	156,801	2	183,274	2
1780	Intangible assets		2,088	-	4,147	-
1840	Deferred income tax assets	6(25)	88,270	1	121,616	2
1900	Other non-current assets	6(9), 8	<u>32,398</u>	<u>-</u>	<u>191,369</u>	<u>2</u>
15XX	Total non-current assets		<u>858,557</u>	<u>11</u>	<u>1,095,874</u>	<u>13</u>
1XXX	Total assets		<u>\$ 7,801,487</u>	<u>100</u>	<u>\$ 8,327,513</u>	<u>100</u>

(Continued)

Kung Sing Engineering Corporation and Subsidiaries
Consolidated Balance Sheets
December 31, 2021 and 2020

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Note	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(10)	\$ 390,000	5	\$ 65,000	1
2130	Contract liabilities-current	6(18)	779,814	10	1,259,905	15
2150	Notes payable		252,085	3	329,871	4
2170	Accounts payable		633,654	8	642,444	8
2200	Other payables		36,953	1	77,923	1
2230	Current income tax liabilities		10,590	-	-	-
2250	Provisions for liabilities-current	6(12)	7,132	-	95,277	1
2280	Lease liabilities-current		14,410	-	9,599	-
2300	Other current liabilities	6(11),7	92,336	1	9,116	-
21XX	Total current liabilities		<u>2,216,974</u>	<u>28</u>	<u>2,489,135</u>	<u>30</u>
Non-current liabilities						
2540	Long-term borrowings	6(11)	100,000	1	72,570	1
2550	Provisions for liabilities-non-current	6(12)	110,294	2	90,344	1
2570	Deferred income tax liabilities	6(25)	-	-	155	-
2580	Lease liabilities-non-current		27,339	-	27,240	-
2600	Other non-current liabilities	6(13)	62,764	1	72,155	1
25XX	Total non-current liabilities		<u>300,397</u>	<u>4</u>	<u>262,464</u>	<u>3</u>
2XXX	Total liabilities		<u>2,517,371</u>	<u>32</u>	<u>2,751,599</u>	<u>33</u>
Equity						
Share capital						
3110	Common stock	6(14)	4,922,802	63	4,475,274	54
Capital surplus						
3200	Capital surplus	6(15)	519	-	519	-
Retained earnings						
3310	statutory surplus reserve	6(16)	79,967	1	-	-
3350	Undistributed earnings		244,869	3	799,673	10
Other equity						
3400	Other equity		35,959	1	46,802	-
31XX	Total equity attributable to owners of the parent		<u>5,284,116</u>	<u>68</u>	<u>5,322,268</u>	<u>64</u>
36XX	Non-controlling equity		<u>-</u>	<u>-</u>	<u>253,646</u>	<u>3</u>
3XXX	Total equity		<u>5,284,116</u>	<u>68</u>	<u>5,575,914</u>	<u>67</u>
Significant contingent liabilities and unrecognized contract commitments						
		9				
Significant post-period events						
		11				
3X2X	Total liabilities and equity		<u>\$ 7,801,487</u>	<u>100</u>	<u>\$ 8,327,513</u>	<u>100</u>

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

Kung Sing Engineering Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan dollars, except losses per share amounts)

Items	Note	Years ended December 31			
		2021		2020	
		Account	%	Account	%
4000 Operating revenue	6(18)	\$ 3,607,070	100	\$ 7,159,730	100
5000 Operating cost	6(23)(24)	(3,299,148)	(91)	(5,268,115)	(74)
5900 Gross profit		<u>307,922</u>	<u>9</u>	<u>1,891,615</u>	<u>26</u>
Operating expenses	6(23)(24)				
6100 Selling expenses		(2,057)	-	(2,212)	-
6200 General and administrative expenses		(173,534)	(5)	(223,214)	(3)
6450 Expected credit impairment loss	9,12(2)	(61,669)	(2)	(517,121)	(7)
6000 Total operating expenses		<u>(237,260)</u>	<u>(7)</u>	<u>(742,547)</u>	<u>(10)</u>
6900 Operating income		<u>70,662</u>	<u>2</u>	<u>1,149,068</u>	<u>16</u>
Non-operating income and expenses					
7100 Interest income	6(19)	1,999	-	20,370	-
7010 Other income	6(20)	23,159	-	9,784	-
7020 Other gains and losses	6(21)	(10,997)	-	(69,450)	(1)
7050 Financial costs	6(22)	(6,557)	-	(44,549)	-
7000 Total non-operating income and expenses		<u>7,604</u>	<u>-</u>	<u>(83,845)</u>	<u>(1)</u>
7900 Net profit (loss) before tax		<u>78,266</u>	<u>2</u>	<u>1,065,223</u>	<u>15</u>
7950 Income tax expenses	6(25)	(43,979)	(1)	(58,102)	(1)
8200 Net profit (loss) for the period		<u>\$ 34,287</u>	<u>1</u>	<u>\$ 1,007,121</u>	<u>14</u>
Other comprehensive income, net					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Remeasurements of defined benefit plans	6(13)	(\$ 142)	-	\$ (1,929)	-
Unrealized gains and losses from investments in equity instruments measured at fair value					
8316 through other comprehensive income	6(5)(17)	(14,393)	-	44,614	1
Income tax of related to components of other comprehensive income that will not					
8349 be reclassified to profit or loss	6(25)	28	-	386	-
8300 Other comprehensive income (net)		<u>(\$ 14,507)</u>	<u>1</u>	<u>\$ 43,071</u>	<u>1</u>
8500 Total comprehensive income for the period		<u>\$ 19,780</u>	<u>1</u>	<u>\$ 1,050,192</u>	<u>15</u>
Net profit (loss) attributable to:					
8610 Owners of the parent		<u>\$ 35,181</u>	<u>1</u>	<u>\$ 1,009,573</u>	<u>14</u>
8620 Non-controlling equity		<u>(\$ 894)</u>	<u>-</u>	<u>(\$ 2,452)</u>	<u>-</u>
Total comprehensive income attributable to:					
8710 Owners of the parent		<u>\$ 20,674</u>	<u>1</u>	<u>\$ 1,052,644</u>	<u>15</u>
8720 Non-controlling equity		<u>(\$ 894)</u>	<u>-</u>	<u>(\$ 2,452)</u>	<u>-</u>
9750 Basic earnings (losses) per share	6(26)	<u>\$ 0.07</u>		<u>\$ 2.05</u>	
9850 Diluted earnings (losses) per share	6(26)	<u>\$ 0.07</u>		<u>\$ 2.04</u>	

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

Kung Sing Engineering Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2021 and 2020
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent

	Note	Retained earnings					Unrealized gains and losses from financial assets at fair value through other comprehensive income	Total	Non-controlling equity	Total equity
		Common stock	capital reserve	statutory surplus reserve	Special reserve	Undistributed earnings				
For the year ended December 31, 2020										
Balance at January 1, 2020		\$ 4,475,274	\$ 519	\$ -	\$ 1,872	(\$ 210,229)	\$ 2,188	\$ 4,269,624	\$ 256,098	\$ 4,525,722
Net loss for the period		-	-	-	-	1,009,573	-	1,009,573	(2,452)	1,007,121
Other comprehensive income for the period	6(5)(17)	-	-	-	-	(1,543)	44,614	43,071	-	43,071
Total comprehensive income for the period		-	-	-	-	1,008,030	44,614	1,052,644	(2,452)	1,050,192
Earnings Appropriation and Distribution:	6(16)									
Reversal of special reserve		-	-	-	(1,872)	1,872	-	-	-	-
Balance at December 31, 2020		\$ 4,475,274	\$ 519	\$ -	\$ -	\$ 799,673	\$ 46,802	\$ 5,322,268	\$ 253,646	\$ 5,575,914
For the year ended December 31, 2021										
Balance at January 1, 2021		\$ 4,475,274	\$ 519	\$ -	\$ -	\$ 799,673	\$ 46,802	\$ 5,322,268	\$ 253,646	\$ 5,575,914
Net profit for the period		-	-	-	-	35,181	-	35,181	(894)	34,287
Other comprehensive income for the period	6(5)(17)	-	-	-	-	(114)	(14,393)	(14,507)	-	(14,507)
Total comprehensive income for the period		-	-	-	-	35,067	(14,393)	20,674	(894)	19,780
Earnings Appropriation and Distribution:	6(16)									
Appropriation of statutory surplus reserve		-	-	79,967	-	(79,967)	-	-	-	-
Common stock cash dividend		-	-	-	-	(58,178)	-	(58,178)	-	(58,178)
common stock dividends		447,528	-	-	-	(447,528)	-	-	-	-
Disposal of equity instruments at fair value through other comprehensive profit or loss	6(5),7	-	-	-	-	(3,550)	3,550	-	-	-

The difference between the actual acquisition or disposal of the equity price of the subsidiary company and the book value

6(30)	-	-	-	-	(648)	-	(648)	-	(648)	
Changes in non-controlling interests	6(30)	-	-	-	-	-	-	(252,752)	(252,752)	
Balance at December 31, 2020		<u>\$ 4,922,802</u>	<u>\$ 519</u>	<u>\$ 79,967</u>	<u>\$ -</u>	<u>\$ 244,869</u>	<u>\$ 35,959</u>	<u>\$ 5,284,116</u>	<u>\$ -</u>	<u>\$ 5,284,116</u>

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

Kung Sing Engineering Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020
(Expressed in thousands of New Taiwan dollars)

	Note	For the years ended December 31	
		2021	2020
<u>Cash Flows from Operating Activities</u>			
Net profit before tax		\$ 78,266	\$ 1,065,223
Adjustments			
Adjustments to reconcile profit			
Depreciation (including right-of-use assets and investment property)	6(21)(23)	30,677	27,903
Amortization	6(23)	2,174	6,694
Expected credit impairment loss	12(2)	61,669	517,121
Interest expense	6(22)	6,557	40,020
Interest income	6(19)	(1,999)	(20,370)
Dividend income	6(20)	(3,363)	(4,971)
Impairment loss on property, plant and equipment	6(21)	9,762	64,722
Losses (Gains) on disposal of property, plant and equipment	6(21)	(667)	3,190
Reversal gains on investment property impairment	6(21)	(1,053)	-
Gains on rent concessions	6(20)	(154)	(107)
Lease Modification Benefit	6(7)	(6)	(75)
Changes in operating assets and liabilities			
Net changes in operating assets			
Contract assets		305,709	957,553
Accounts receivable		(210)	498,804
Other receivables		9,079	101,146
Inventories		45,654	981,110
Prepayments		(3,703)	(11,504)
Other current assets		(116)	-
Cost of fulfilling contracts		(21,006)	(426,233)
Net changes in operating liabilities			
Contract liabilities		(480,091)	67,871
Notes payable		(77,786)	(268,347)
Accounts payable		(8,790)	(17,767)
Other payables		(40,542)	44,551
Provisions for liabilities		(68,195)	73,024
Other current liabilities		(438)	(2,369)
Net defined benefit liabilities		(3,329)	(3,504)
Cash inflows (outflows) generated from operations		161,901	3,693,685
Interest received		1,980	15,826
Interest paid		(6,831)	(40,931)
Dividend received		3,363	4,971
Income tax paid		(168)	(70,164)
Income tax refunded		-	263
Net cash inflows (outflows) from operating activities		(163,557)	3,603,650)

(Continued)

Kung Sing Engineering Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31	
		2021	2020
<u>Cash Flows From Investing Activities</u>			
Disposal of financial assets at fair value through other comprehensive profit or loss	6(5)	\$ 6,450	\$ -
To acquire financial assets at amortised cost		(2,807,643)	(4,853,329)
Disposal of financial assets acquired at amortized cost		2,470,779	5,055,105
Proceeds from acquisition of property, plant and equipment		(25,283)	(7,672)
Proceeds from disposal of property, plant and equipment		667	772
Proceeds from acquisition of intangible assets	6(27)	(1,518)	(279)
Margin deposits increase		(114,505)	(174,895)
Margin deposits decrease		261,153	13,960
Decrease in other non-current assets		6,510	9,487
Obtaining the equity price of the subsidiary	6(30)	(253,400)	-
Net cash inflows (outflows) from investing activities		<u>(456,790)</u>	<u>43,149</u>
<u>Cash Flows From Financing Activities</u>			
Borrow short-term borrowings	6(28)	465,000	563,000
Repayment of short-term borrowings	6(28)	(140,000)	(2,037,620)
Borrow long-term borrowings	6(28)	100,000	132,600
Repayment of long-term borrowings	6(28)	(4,609)	(795,131)
Increase in deposits received	6(28)	36,837	111,265
Decrease in deposits received	6(28)	(27,344)	(95,521)
Lease liability principal payments	6(28)	(12,242)	(9,989)
Pay cash dividends	6(16)	(58,178)	-
Net cash inflows (outflows) from financing activities		<u>359,464</u>	<u>(2,131,396)</u>
Increase (Decrease) in cash and cash equivalents for the period		(260,883)	1,515,403
Cash and cash equivalents balance at beginning of the period		<u>1,924,771</u>	<u>394,873</u>
Cash and cash equivalents balance at end of the period		<u>\$ 1,663,888</u>	<u>\$ 1,910,276</u>
Component of cash and cash equivalents:			
Cash and cash equivalents accounted at balance sheet		\$ 1,663,888	\$ 1,924,771
Cash and cash equivalents classified to (non-current) assets (disposal groups) for sale		-	(14,495)
Cash and cash equivalents balance at end of the period		<u>\$ 1,663,888</u>	<u>\$ 1,910,276</u>

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

The procedures for Acquisition and Disposal of Assets of Kung Sing Engineering Co., Ltd. (Before revision)

Article 1

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

Article 2 The scope of the assets

1. Stocks, government bonds, corporate bonds, financial bonds, in recognition of the fund's securities, depositary receipts, call (put) warrants, to benefit from investment securities and asset-based securities.
2. Real Estate (including inventory construction industry) and equipment.
3. Membership card.
4. patents, copyrights, trademarks, licenses and other intangible assets.
5. Use rights assets.
6. claims (including receivables purchased discounts and loans, delinquent loans) financial institutions.
7. derivatives.
8. in accordance with the laws merger, demerger, acquisition or transfer of shares to acquire or dispose of assets.
9. other important assets.

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

1. The company shall acquire or dispose of assets after evaluating and being approved according to the regulations of its internal control system.
2. The operation procedure for acquiring or disposing of negotiable securities:
 - (1) The investment in long-term and short-term negotiable securities shall be evaluated according to generally accepted accounting principles and make proper allowances for reduction of investment to market. The financial department shall enter all negotiable securities into the account book and put them into the safe.
 - (2) If the company invests equity and convertible bonds as a initial shareholder or buyer, it shall acquire the negotiable securities as an investor within the thirty days after the invested company issues the stock shares or corporate bonds under Company Law. If the company acquires the securities through a transfer, it shall transfer the right immediately.
 - (3) If the company intend to invest more than 20 % of its paid-in capital or NT\$ 30,000,000 in negotiable securities or dispose of its negotiable securities investment worth more than 20 % of its paid-in capital or NT\$ 30,000,000, the company shall consult securities analysts about the rationality of the trade before it occurs.

3. The operation procedure for acquiring or disposing of real estate:
- (1) If the company intend to invest more than 20 % of its paid-in capital or NT\$ 30,000,000 in real estate or other fixed assets or dispose of its real estate or other fixed assets investments worth more than 20 % of its paid-in capital or NT\$ 30,000,000, the company shall at first hire an objective, impartial, and independent real estate appraisal organization to make an appraisal and produce an appraisal report.
 - (2) The company shall buy insurance for the real estate or fixed assets immediately after it acquires them to avoid losses.
 - (3) The company shall register, manage and use the assets immediately after acquirement.
 - (4) Company acquires or disposes membership card or intangible assets or 20% of the transaction amount of NT \$ 300 million or more paid-in capital, in addition to transactions with government agencies, should be the fact that a CPA would occur before the transaction price the reasonableness of an opinion, and should be handled in accordance with accountants accounting Research and Development Foundation issued Statement of Auditing Standards No. 20.

Article 4 The procedure for deciding the trading conditions

1. The method of prices decision and references

- (1) If the negotiable securities the company intends to acquire or dispose of have already been traded in centralized securities trading market or at securities dealers' business premises, their prices are determined by the market.
- (2) If the company intends to acquire or dispose of the negotiable securities that have already been traded in centralized securities trading market or at securities dealers' business premises, it shall consider their net value per share, profit-earning ability, potential, market interest rates, coupon rates, and debtors' credit, as well as consult security experts' opinions and the current transaction prices. Then, it begins to negotiate the prices with the potential sellers or buyers.
- (3) If a unit proposes acquiring or disposing of real estate or other fixed asset, it shall submit its explanations, and the financial department and the executive unit shall refer to announced current value and assessed current value of the assets, and the real transaction prices of nearby real estate, as well as inquire, compare, and bargain the relevant prices. Then the price of the asset will be determined. If the asset meets the standard of this procedure, the company shall hire a professional evaluation organization to evaluate the asset.

2. Authorization levels

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

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

(3) The acquirement or disposal of the company's real estate or other fixed asset investment shall be approved by the chairperson and report to the next meeting of the board of directors for reference, if the amount of the value is smaller than NT\$ 20,000,000. If the amount is larger than NT\$ 20,000,000 and smaller than NT\$ 50,000,000, the case must be approved by the board of directors. If the amount is larger than NT\$ 50,000,000, the case must be approved by the board of directors, with more than two thirds of the directors attending meeting and more than half of the directors present agreeing.

Article 5 Executive unit

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

Article 6 The standards of announcement and reporting announcement and reporting

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

1. Obtain or dispose of the real property or right-of-use assets from the related party, or acquire or dispose of other assets other than the real property or the right-of-use assets, and the transaction amount shall be 20% of the company's paid-in capital, 10% of the total assets or NT\$300 million. But buying and selling domestic bonds, repurchase, redemption bond conditions, purchase or redemption of domestic money market funds, this restriction.
2. Carry out merge, split, purchase or transfer of shares;
3. Engage in the transaction of derivatives and the loss reach the upper loss limit of all contracts or single contract regulated by the procedure established by the company.
4. When the amount of the transaction of assets not stipulated by the previous three subparagraphs or of financial institutions' financial claims investment, or engage in mainland China reaches 20% of the company's paid-in capital or NT\$ 300,000,000, they shall be announced and reported. But the conditions listed as follows are excluded:
 - (1) Buy and sell domestic government bonds;
 - (2) Businesses specialized in investment buy and sell at domestic or

overseas securities exchanges or securities dealers' business premises; or dealer in accordance with the provisions of the subscription and the subscription of securities in the primary market. and ordinary financial bonds not involving equity (excluding subordinated bonds, or Purchase or buy back a securities investment trust fund or futures trust fund), or the securities firm's need for underwriting business, and serve as a securities for the securities company recommended by the securities company of the Republic of China.

- (3) Buy and sell securities attached with conditions of buying back or selling back; Purchase or redemption of the domestic money market fund.
- (4) The asset acquired or disposed of is machinery equipment or the right-of-use assets for business operation and the buyer or seller is not a party and the transaction amount is smaller than NT\$ 500,000,000.
- (5) The company that operates the construction business obtains or disposes of the real estate or its right-to-use assets for construction and construction and its trading objects are not related parties. The transaction amount does not reach NT\$500 million
- (6) Real estate is obtained through local construction, joint housing construction, joint construction and joint construction. There is no correlation in the trading object. The company expects the transaction amount will not reach NT\$500 million.

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

1. The amount of each transaction;
2. The accumulated amount of the transaction with the same person, acquiring or disposing the same kind of targets in a year.
3. The amount of the same development plan real estate or its right-of-use assets accumulated or acquired (accumulated and disbursed separately) within one year.
4. The accumulated amount of the same negotiable securities acquired or disposed of (accumulating the amount separately) in a year.

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

Article 7 The deadline for announcement and reporting

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

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

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

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

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

Article 8 Consult experts

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

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

suggestions.

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

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

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

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

Article 9 Acquire a party's real estate

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

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

which the contract is signed and the evaluation of the transaction's necessity and the reasonableness of funds operation;

(6) The limit conditions and other important agreed matters of the transaction.

(7) Restrictions and other important stipulations of this transaction.

The transaction amount is calculated in the preceding paragraph shall be in accordance with the second paragraph of Article handled within a year and is based on the alleged date of occurrence of the facts on the basis of the transaction, forward projections retrospective year has been submitted to the Board for approval under this standard requires and the Audit Committee admitted that not calculations are required

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

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

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

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

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

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

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

(2) If the party has mortgaged the target to a financial institution, the target's total value evaluated by the financial institution can be used as a criterion to assess the transaction cost, but the accumulated amount of loan granted by the financial institution must exceed 70% of the evaluated total value and the loan period must be longer than one

year. Nonetheless, if the institution is a party of the seller or the buyer, this method can't be adopted.

If the land and houses of the same target are purchased or leased together, the transaction costs shall be assessed for each of the land and houses in accordance with any of the methods listed in the preceding paragraph.

The company obtains the real estate or its right-of-use assets from the related parties, and evaluates the real estate or its right-of-use assets or their right-of-use assets or their right-of-use asset costs in accordance with the preceding two provisions, and should contact the accountant for review and express specific opinions.

The company obtains real estate or its right to use assets, from related parties. In any of the following circumstances, it shall be handled in accordance with the provisions of the preceding article. The first three provisions shall not apply:

- (1) The relationship person acquires the real property or its right to use assets due to inheritance or gift.
- (2) The time for the related party to contract to acquire the real property or its right to use assets has been more than five years from the date of the transaction.
- (3) Signed a contract with the joint construction or to entrust the construction of its own, lease land entrusted construction and acquisition of real estate related.

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

- (1) The party acquired vacant land or rent land to construct buildings, its evidence fulfills one of following conditions:
 - A. The value of the vacant land is assessed using the methods described in the previous article and the value of the building is the construction cost plus reasonable construction profits, if the total amount of their value is larger than that of the actual transaction price. The construction profit mentioned here is equal to the lower one of the average of the last three years of gross profit margin of the party's construction department compared with the latest average gross profit margin of the construction industry announced by Ministry of Finance.
 - B. There was transaction case in the recent year the party was not involved in, which is related to the other floor of the target real estate or real estate in nearby area, the size of it is similar to that of the target, and after estimated according to the real estate transaction convention that there are reasonable variations between the prices of different floors and between the prices of different

districts, the transaction conditions are also similar to those of the target.

C. In the case of other non-related parties leasing within one year of other floors of the same subject premises, the transaction conditions are estimated to be equivalent based on the reasonable floor price difference in accordance with the practice of real estate leasing.

(2) The company proves that the real estate acquired by the related party or the right to lease real estate assets. Trading conditions are similar to other non-relevant transactions in neighboring regions during the year.

The case of the adjacent area in the preceding paragraph is a transaction case, which is based on the same or adjacent street profile and the object size of the transaction target is less than 500 meters or its present value is similar. If the area is similar, the other parties are similar. The area of the transaction case is not less than 50% of the area of the subject matter of the transaction; the term of the year is based on the date of the acquisition of the real property or the right to use the asset, and the calculation is retroactively calculated for one year.

4. If the company obtains the real property or its right to use assets from the related parties, if the evaluation results are lower than the transaction price according to the second and third provisions, the following matters shall be handled:

(1) The difference between the transaction price of the real property or its right-of-use asset and the estimated cost shall be specified in the special surplus reserve, and no distribution or transfer of the capital shall be made. If the investor who evaluates the company's investment using the equity method is a publicly-issued company, it should also provide a special surplus reserve for the proposed amount according to the shareholding ratio.

(2) The Audit Committee shall handle the matter in accordance with the provisions of Article 14 quater of the Securities Exchange Law.

(3) The handling of the first and second paragraphs shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and the prospectus.

The company shall provide a special surplus reserve in accordance with the provisions of the preceding paragraph, and the assets purchased or leased at a high price shall recognize the price loss or dispose of or terminate the lease or be properly compensated or reinstated, or have other evidence to determine that there is no unreasonable, and The special surplus reserve is used after the approval of the Financial Supervision and Administration Commission of the Executive Yuan.

The company obtains real estate or its right to use assets from related parties. If there is other evidence that the transaction has irregular business practices, it shall also be handled in accordance with the provisions of the

preceding two paragraphs.

Article 10 The scope of investment and amount limits

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

Article 11 Other matters

1. If the company's subsidiary is not a domestic public company and the assets it acquired or disposed of reaches the standard of announcement and report stipulated by this procedure, it shall inform the company within two days after that fact happens, and the company shall announce and report it to relevant organizations.
2. If there are errors or omissions in the items that companies should announce, all items should be announced and reported again when they must be corrected.

Article 12

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

Article 13 Other Matters

1. reinvested subsidiary of the Company, as a domestic non-public company, its acquisition or disposition of assets of the program by reporting standards should notice, from the date of occurrence of the fact to be two

days, notify the Company in accordance with the procedure laid announcement, reporting and copied to the relevant units. Article 7 of the subsidiary prior to the applicable reporting standards should notice about the paid-up capital of the total assets of requirements to paid-in capital or total assets prevail. The most recent individual or the individual financial statements of the paid-in capital or total assets in securities of the issuer to calculate the amount of Preparation of Financial Statements prescribed.

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

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

Article 13-1 Penalties

The Company's managers and organizers who violate this process, in accordance with the company's personnel management practices and employee handbook reported assessment, according to their seriousness punishment.

Article 13-2

The criteria are defined as follows:

1. Derivative goods: refers to forward contracts, option contracts, futures whose value is derived from specific interest rates, financial instrument prices, commodity prices, exchange rates, prices or rate indices, credit ratings, or credit indices, or other variables. Contracts, leveraged guarantee contracts, exchange contracts, combinations of the above-mentioned contracts, or combined contracts or structured goods embedded in derivative goods. The so-called forward contract does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term import (sale) contracts.
2. By legal merger, demerger, acquisition or transfer of shares to acquire or dispose of assets: refers to mergers and acquisitions in accordance with law, the Financial Holding Company Law, Financial Institutions Merger Act or any other law to merge, split or acquisition to acquire or dispose of assets, or issuance of new shares transferee of shares of his company (hereinafter referred to as transfer of shares) were in accordance with Article 156 -3 regulations.
3. Related subsidiaries: Standards should be prepared in accordance with the provisions of the securities of the issuer identified financial reporting.
4. Professional appraiser: Real Estate Appraisers, or other means in accordance with the law was engaged in real estate, equipment appraisal business person.
5. Date of occurrence: refers to the signing date of the transaction, the payment date, commissioned by the Closing Date, the transfer date, the Board of Directors' resolutions or other object and sufficient to determine

the date of the transaction, such as the date of the transaction amount, whichever is the former.

But investors are subject to the approval of the competent authority, more open date or receipt date of approval by the competent authority what the former shall prevail.

6. Investment in Mainland China: refers to the Investment Commission of Ministry of Economic Affairs Investment or Technical Cooperation licensing requirements to engage in the Mainland Area mainland investment.

Article 13-3

The company's valuation report or the opinions of accountants, lawyers or securities underwriters, professional valuers and their appraisers, accountants, lawyers or securities underwriters should meet the following requirements:

1. Can not violate this law, company law, banking law, insurance law, financial holding company law, commercial accounting law or fraud, breach of trust, infringement, falsification of documents or violation of this law and failed to be sentenced to more than one year in prison for commercial crimes . However, if the execution is completed, the trial period expires or the pardon has been completed for three years, there is no limit.
2. The situation in which the party to the transaction cannot be a related person or has a substantive relationship. .
3. If the company should obtain evaluation reports from two or more professional appraisers, different professional appraisers or appraisers may or may not be related to each other.

When issuing an evaluation report or opinion, the preceding paragraph should handle the following:

1. Before conducting a case, you should carefully evaluate your professional competence, practical experience and independence.
2. When reviewing a case, appropriate operational procedures should be properly planned and implemented to form a conclusion and a report or opinion should be issued accordingly; the procedures, data collected and conclusions to be implemented are detailed in the working paper of the case.
3. The source, parameters and information of the materials used shall be evaluated item by item to ensure completeness, correctness and reasonableness as the basis for the publication of the evaluation report or submission of materials.
4. The application items shall include the professionalism and independence of the relevant personnel, and the evaluation information shall be reasonable and accurate, and shall comply with relevant laws and regulations.

Article 14

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

After the Company's independent directors, in accordance with the provisions of the preceding paragraph acquisition or disposition of assets reported to the Board discussing the transaction should fully consider the views of the independent directors, independent directors, if any objections or reservations should be stated in the Board proceedings.

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

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

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

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

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 resolution and shareholders owning more than half the shares issued attend the meeting.

Chapter 4 Directors and Audit Committee

Article 12

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

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.
The twenty- nine amendment was made on June 17th, 2020.

The Regulations of the Meeting of the Shareholders of

Kung Sing Engineering Co., Ltd. (Before revision)

1 · 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.

2 · 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.

3 · 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. 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 matters in the first paragraph of Article 185 of the Company Law · Securities and Exchange Act Article 26-1, Article 43-6, Issuer's Raising and Issuing of Negotiable Securities Handling Guidelines Article 56-1 and Article 60-2 Matters. 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.

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 one percent of the total number of shares in issue may submit a proposal to the company's ordinary shareholders meeting. The proposal is limited to one item. Any proposal with more than one proposal shall not be included in the proposal. However, the shareholders' proposal is to urge the company to promote the public interest or fulfill its social responsibilities, and the board of directors may still include it in the proposal. In addition, the shareholder's proposal has one of the conditions in Article 172-1, Item 4 of the Company Law, and the board of directors may not be listed as a proposal.

Shareholders may submit proposed proposals to urge the company to promote the public interest or fulfill its social responsibilities. The procedures shall be limited to one item in accordance with the relevant provisions of Article 172-1 of the Company Law. Any proposal with more than one item shall not be included in the proposal. .

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. 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.

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.

4、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.

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.

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.

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. The venue and time of the meeting shall take into account the opinions of independent directors.

6 · The shareholders' meeting notice states reporting time, reported everywhere location, and other considerations. Shareholders accepting the preceding paragraph shall report at least thirty minutes prior to the start of the handle; reported everywhere should be clearly labeled, and sent to an adequate handling of the qualified person.

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

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.

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.

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.

7 · 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.

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 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.

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.

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 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.

9 · 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.

When the meeting time has expired, the chairman shall announce the meeting immediately. At the same time, relevant information such as the number of non-voting rights and the number of shares present will be announced. However, when no shareholder representing more than half of the total issued shares is present, the chairman may announce the postponement of the meeting. The number of postponements is limited to two, and the total postponement time shall not exceed one hour. When there are insufficient shareholders representing more than one-third of the total number of issued shares after the second delay, the chairman shall announce that the meeting shall not be established.

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. 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.

An interim resolution was announced to notify shareholders to convene a general meeting of shareholders within one month.

10 · If the shareholders' meeting is convened by the board of directors, the agenda shall be determined by the board of directors. The relevant motions (including interim motions and amendments to the original motions) shall be voted on in a case-by-case manner. .

If the shareholders' meeting is convened by a convening person other than the board of directors, the provisions of the preceding paragraph shall apply. 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 The majority of the shareholders who voted more than half agreed to elect one person to be the chairman and continue the meeting.

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.

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.

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.

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.

When a legal person shareholder appoints two or more representatives to attend the shareholders' meeting, only one person may speak on the same proposal.

After attending the shareholder speech, the chairman may reply in person or by designating relevant personnel.

12 · The voting of the shareholders' meeting shall be based on the shares. The resolution of the shareholders' meeting does not count the total number of shares issued by non-voting shareholders. 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.

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.

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.

13 · 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.

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.

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. 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.

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.

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.

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.

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.

14、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 and the number of un-elected directors (including independent directors)) List and the number of voting rights obtained.

15、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.

16 · 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.

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.

17 · Personnel handling the shareholders' meeting shall wear identification cards or armbands.

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. 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.

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.

18 · The Chairman may decide on his/her own whether to have a break during the meeting. 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.

The agenda scheduled by the shareholders' meeting cannot be used until the meeting (including temporary motions) has ended. The shareholders' meeting may decide to find another venue to continue the meeting.

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.

19 · This rule will be implemented after approval by the shareholders' meeting and will be the same when it is amended.

20 · 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.
The seventh amendment was made on June 17th, 2020.
The eighth revision is on July 22, 2021.

Appendix 5

Directors holdings

- 1.The Company's paid-up capital is \$4,922,801,550, the number of shares issued is about 492,280,155.
- 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 (May 1th, 2022),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	2021.7.22	3	12, 110, 149	2. 71%	13, 321, 163	2. 71%
Director	Ch'uan Fu Investment Co. Ltd. Representative:: Chiang,chi-ching	2021.7.22	3				
Director	Ju hsiang Investment Co. , Ltd Representative: Li, shu-hsü	2021.7.22	3	5, 006, 904	1. 12%	5, 507, 594	1. 12%
Director	Ju hsiang Investment Co. , Ltd Representative: P'an,kuan-ju	2021.7.22	3				
Independent Directors	Chen, chin- yueh	2021.7.22	3	0	0. 00%	0	0. 00%
Independent Directors	Tu,yi- yang	2021.7.22	3	0	0. 00%	0	0. 00%
Independent Directors	Ts'ai,lien-shêng	2021.7.22	3	0	0. 00%	0	0. 00%
Total directors				17, 117, 053	3. 82%	18, 828, 757	3. 82%