

Stock Code : 3093

The logo consists of the letters 'TKK' in a bold, green, sans-serif font. The letters are slightly shadowed, giving them a 3D appearance as if they are floating above a white rectangular base.

TAIWAN KONG KING CO., LTD.

Annual Shareholders' Meeting 2020
Meeting Agenda

June 15, 2020

Table of Contents

1. Meeting Procedure	2
2. Meeting AGENDA	3
(1) Report Items	3
(2) Matters for Ratification	3
(3) Matters for Discussion	5
(4) Extempore motion	5
(5) Adjournment	5

Attachment

《 Attachment 1 》 Business Report	6
《 Attachment 2 》 Supervisors' Review Report	8
《 Attachment 3 》 Consolidated Financial Statements and Independent Auditor's Report.....	9
《 Attachment 4 》 Stand-Alone Financial Statements and Independent Auditor's Report.....	20
《 Attachment 5 》 Comparison Table of Amendments to " Articles of Incorporation "	30
《 Attachment 6 》 Comparison Table of Amendments to "Regulations Governing Making of Endorsements/Guarantees"	32

Appendix

《 Appendix 1 》 Tkk Rules and Procedure of Shareholders' Meeting	35
《 Appendix 2 》 Tkk Articles of Incorporation	39
《 Appendix 3 》 Impact of The Proposed Bonus Shares on the Company's Operating	46
《 Appendix 4 》 Shareholdings and The Minimum Shareholdings of All Directors and Supervisors	48

Taiwan Kong King Co., Ltd.

Procedure of the 2020 Shareholders' Meeting

1 、 Call Meeting to Order

2 、 Chairman's Address

3 、 Report Items

4 、 Matters for Ratification

5 、 Matters for Discussion

6 、 Extempore motion

7 、 Adjournment

Taiwan Kong King Co., Ltd.

Procedure of the 2020 Shareholders' Meeting

Time : Mon, June 15, 2020 at 10 a.m

Place : Taiwan Kong King Co., Ltd.

(Rm. 1, 5F., No. 65, Sec. 2, Nankan Rd., Luzhu Dist., Taoyuan City 338)

1.Meeting Procedure

(1) Call Meeting to Order

(2) Chairman's Address

(3) Report Items

<1>Business Report of 2019

<2> Review Report of Supervisor of 2019

<3>Compensation Distribution for Employees and Directors of 2019

(4) Matters for Ratification

<1>Business Report and Financial Statements of 2019

<2>Appropriation of 2019 earnings

(5) Matters for Discussion

<1>Amend some of the provisions of " Articles of Incorporation "

<2>Amend some of the provisions of the "Regulations Governing
Making of Endorsements/Guarantees "

(6) Extempore motion

(7) Adjournment

2. Meeting Agenda

(1) Report Items

<1>

Proposed by the Board of Directors

Proposal: Business Report of 2019

Explanation: Business Report of 2019, attached in Attachment 1 (page 6~7) of the Meeting Agenda.

<2>

Proposed by the Board of Directors

Proposal : Supervisor's review report of 2019

Explanation: Inspection Report of Supervisor of 2019, attached in Attachment 2 (page 8) of the Meeting Agenda

<3>

Proposed by the Board of Directors

Proposal: Compensation Distribution for Employees and Directors of 2019

Explanation:

[1] On March 24, 2020, the Board of Directors has resolved that the compensation for employees and directors of 2019 will be paid in cash. The compensation for employees and directors is NT\$996,106 and NT\$996,106, respectively.

[2] There is no difference between the above resolutions and the number of 2019 recognitions.

(2) Matters for Ratification

<1>

Proposed by the Board of Directors

Proposal: Business Report and Financial Statement of 2019

Explanation:

[1] The financial statements of 2019 were verified by Ernst & Young accountants Hsh, Jung-Huang and Chang, Chih-Ming, and an audit report

was issued.

[2] The financial statements of 2019 together with the business report were approved in the directors meeting, and then were sent to the supervisor to audit and issue a written audited report.

[3] For the business report, supervisor's review report and financial statement, please refer to [Attachment 1] (page 6~7), [Attachment 2] (page 8), [Attachment 3] (page 9~19) and [Attachment 4] (page 20~29).

[4] For your adoption.

Resolution: _____

<2>

Proposed by the Board of Directors

Proposal: Appropriation of 2019 earnings.

Explanation:

1. The available earnings for the year is allocated according to The Company Act and TTKK Articles of Incorporation as follows:

2019 annual earnings allocation table

Unit: NTD

2019 net profit	
2019 after-tax net profit	76,441,073
Less: Legal reserve	(7,450,583)
Less: Special reserve	(14,276,241)
Less: Other consolidated profit or loss (Actuarial profit or loss on the defined benefit plan)	(1,935,239)
2019 distributable earnings	52,779,010
Plus: Beginning distributable earnings	100,279,063
Accumulated Distributable Earnings	153,058,073
Distributable items	
Less: Shareholder bonus - cash (NTD 1,600/ thousand shares)	(58,062,230)
Unappropriated retained earnings	94,995,843

Note1 : Undistributed surplus of NT\$52,779,010 in 2019 and undistributed surplus of NT\$1,046,463 in 2018 are distributed at top priority.

2. The cash dividend distribution less than NTD 1 was transferred to Taiwan Kong King Employees' Welfare Committee.
3. After the resolution of the shareholders' meeting is passed, it is proposed to authorize the board of directors to issue the ex-dividend date.

4. For your adoption.

Resolution:

(3) Matters for Discussion

<1>

Proposed by the Board of Directors

Proposal: Amend some of the provisions of "Articles of Incorporation"

Explanation:

1. Please refer to [Attachemt 5] (page 30~31) for amendments.
2. Please proceed with resolution.

Resolution:

<2>

Proposed by the Board of Directors

Proposal: Amend some of the provisions of the " Regulations Governing Making of Endorsements/Guarantees "

Explanation:

1. Please refer to [Attachemt 6] (page 32~34) for amendments.
2. Please proceed with resolution.

Resolution:

(4) Extempore motion

(5) Adjournment

《Attachment 1》 Business Report

Dear shareholders, distinguished guests:

Major industry in Taiwan anticipated the prosperity this year as follows: Global coronavirus epidemic (COVID-19) has made a huge impact on global macroeconomy. The sales market for terminal products of electronics industry have reduced obviously and the investment in the industry reduced as well. It is estimated that the Company can only maintain stable state this year. To become the staunchest backing of our customers, the Company as a professional agent of electronics industry has maintained existing advanced equipment, materials and general agent of key components and parts and actively crossed to new production field in the electronics industry to grow jointly with customers and suppliers.

The performance in 2019 grew significantly compared with the previous two years. In the future, we will continue to adhere to the solid operation, and endeavor to maintain profitability by controlling operating costs and improving business performance. The results of the 2019 business are as follows:

The consolidated operating income of the Company as of December 31, 2019 was NTD 1,154,228 thousand, an increase of 1.55% compared with NTD 1,136,575 thousand in 2018. The net profit attributable to owners of the parent company was NTD 76,441 thousand, which was 29.20% increase from NTD 59,165 thousand in 2018. The earnings per share was NTD 2.11, an increase of 29.45% from NTD 1.63 in 2018.

Under the global concern about corporate social responsibility and environmental protection issues, Taiwan Kong King will fulfill its corporate social responsibility with a sense of mission to society. In order to protect the earth, we will continue to introduce the most advanced green energy equipment, materials and key technologies from the electronics industry to the Taiwan market to provide products with low energy consumption and high production value.

Finally, I would like to thank all the shareholders of Taiwan Kong King. With the long-term support of the shareholders and the efforts of the company's employees, I believe Taiwan Kong King can continue to grow in stability. I wish you good health and good luck!

Taiwan Kong King Co., Ltd.

Chairman: Ho, Shu-Chan

General Manager: Liao, Hung-Ying

Accounting Supervisor: Zhou, Cui-Xia

《Attachment 2》 Supervisors' Review Report

Taiwan Kong King Co., Ltd.

Supervisors' Review Report

The Board of Directors made the 2019 consolidated and individual Financial Statements of the Company. It has been verified by Ernst & Young accountants Hsh, Jung-Huang and Chang, Chih-Ming, together with the business report and earnings distribution. It is considered that there is no disagreement, and in accordance with the provisions of Article 219 of the Company Act made a report to review.

To

2020 Annual Shareholders' Meeting

Taiwan Kong King Co. ,Ltd.

Supervisor: Wu, Guo-Xian

Supervisor: Cai, Zhi-Wei

Supervisor: Chou, Ken

March 20,2020

《Attachment 3》 Consolidated Financial Statements and Independent Auditor's Report

Independent Auditors' Report Translated from Chinese

To TAIWAN KONG KING CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of TAIWAN KONG KING CO., LTD and its subsidiaries (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other Matter – Making Reference to the Audits of a Component Auditors* section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2019 and 2018, and its consolidated financial performance and cash flows for the years ended December 31, 2019 and 2018, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated 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 (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2019 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Allowance for impairment losses of accounts receivables

Accounts receivables and allowance for impairment losses by the Company and its subsidiaries amounted to NT\$166,733 thousand and NT\$449 thousand as of December 31, 2019, respectively. The net amount of accounts receivables was approximately 15% of total assets and which is significant to the Company. Considering the assessment of allowance for impairment losses is measured by lifetime expected credit loss; the process of measurement must appropriately divide accounts receivables into groups, determine and analyze the use of relevant assumptions in the process of measurement, including appropriate aging intervals, the aging loss rate for each interval and the use of forward-looking information, that reflected the measurement of the expected credit loss involving judgment, analysis and estimates, and the result of measurement affect the net amount of accounts receivables, we determined this as a key audit matter.

Our audit procedures included, but not limited to, evaluating whether the accounting policy and the loss rate are reasonable; when performing internal control, randomly selecting sales orders and vouching them to aging schedule to ensure the accuracy of aging intervals of accounts receivables; confirming whether the customer properly grouped by significantly different loss types, and evaluating the reasonableness of management's estimates of assumptions; testing provision matrix, including evaluating the appropriateness of aging intervals and the accuracy of raw data by vouching them to supporting evidences, testing statistical information for the credit loss rate computed by roll rate over a one-year period, considering the reasonableness of forward-looking information used on the credit loss rate, and evaluating whether such forward-looking information would affect credit loss rate. In addition, performing the analytical review procedure to identify whether any material unusual fluctuations between the two-period of accounts receivables turnover exist. Also, reviewing the collections of accounts receivables during the subsequent period for customers with material period-end balances.

We also assessed the adequacy of disclosures of accounts receivables. Please refer to Note 5, 6 and 12 to the Company's consolidated financial statements.

Valuation of inventories

Net inventories by the Company and its subsidiaries amounted to NT\$69,016 thousand, was approximately 6% of total assets as of December 31, 2019 and which is significant to the Company. Considering the possibility of impairment of the inventory driven by economic conditions, the industry competition, and the unexpected decrease of total sales, we determined this as a key audit matter.

Our audit procedures included, but not limited to, understanding the internal control of management's inventory valuation process. When performing internal control, sampling purchase orders and vouching them to supporting evidences to ensure the inventory aging and the calculation of write-downs from slow-moving inventories are accurate and reasonable; performing the analytical review procedure to assess whether any material unusual fluctuation of ending balances, inventory turnover and gross margin per product between the year ended December 31, 2019 and the prior year exists; sampling sales orders and purchase orders to verify the calculation of allowance for inventory valuation losses to evaluate whether the valuation of inventories is appropriate.

We also assessed the adequacy of disclosures of inventories. Please refer to Note 4, 5 and 6 to the Company's consolidated financial statement.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain subsidiaries. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the reports of other auditors. These assets of NT\$132,797 thousand and NT\$165,053 thousand, constituting 13% and 16% of consolidated total assets as of December 31, 2019 and 2018, respectively. The operating revenues from the subsidiaries amounted to NT\$41,789 thousand and NT\$31,232 thousand, constituting 4% and 3% of consolidated operating revenues for the years ended December 31, 2019 and 2018, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial

statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those 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 relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of 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 the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures 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 auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated 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 and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 provide those charged with governance with a statement that we have complied with 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 2019 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other

We have audited and expressed an unqualified opinion including an Other Matter Paragraph on the parent company only financial statements of the Company as of and for the years ended December 31, 2019 and 2018.

HSU, JUNG-HUANG

CHANG, CHIH-MING

Ernst & Young, Taipei, Taiwan

March 24, 2020

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 TAIWAN KONG KING CO., LIMITED AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	NOTES	As of December 31,	
		2019	2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4,6&12	\$505,967	\$478,514
Notes receivable, net	4,6&12	2,856	7,289
Accounts receivable, net	4,6&12	166,284	190,691
Other receivables	12	3,431	2,768
Current tax assets	7&12	-	5,480
Inventories, net	4&6	69,016	51,555
Prepayments		32,428	12,664
Other current assets		2,715	3,631
Total Current Assets		<u>782,697</u>	<u>752,592</u>
NON-CURRENT ASSETS			
Financial assets at fair value through profit or loss, noncurrent	4,6&12	22,567	14,123
Financial assets at fair value through other comprehensive income, noncurrent	4,6&12	30,072	37,313
Property, plant and equipment	4&6	245,729	222,188
Right-of-use asset	4&6	3,880	-
Investment property, net	4&6	-	4,194
Intangible assets	4&6	2,104	3,555
Deferred tax assets	4&6	23,344	19,894
Other noncurrent assets	4&12	4,767	11,269
Total Non-Current Assets		<u>332,463</u>	<u>312,536</u>
TOTAL ASSETS		<u><u>\$1,115,160</u></u>	<u><u>\$1,065,128</u></u>

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
TAIWAN KONG KING CO., LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	NOTES	As of December 31,	
		2019	2018
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Contract liabilities, current	6	\$44,594	\$16,308
Notes payable	12	16	16
Accounts payable	12	114,462	101,769
Accounts payable-related parties, net	7&12	921	7,436
Other payables	12	76,208	71,483
Other payables-related parties	7	3,042	122
Current tax liabilities	4	8,240	21,425
Lease liabilities, current	4&6	2,825	-
Other current liabilities		472	980
Total Current Liabilities		250,780	219,539
NON-CURRENT LIABILITIES			
Non-current provisions	4&6	31,944	29,595
Deferred tax liabilities	4&6	3,776	1,279
Lease liabilities, noncurrent	4&6	1,111	-
Other non-current liabilities		-	24
Total Non-Current Liabilities		36,831	30,898
TOTAL LIABILITIES		287,611	250,437
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY			
Capital	6		
Common stock		362,888	362,888
Total Capital stock		362,888	362,888
Additional paid-in capital	6	46,759	46,759
Retained earnings			
Legal reserve		257,163	251,247
Special reserve		23,968	11,697
Unappropriated earnings		174,786	165,642
Total Retained earnings		455,917	428,586
Other components of equity		(38,245)	(23,968)
NON-CONTROLLING INTERESTS	6	230	426
TOTAL EQUITY		827,549	814,691
TOTAL LIABILITIES AND EQUITY		\$1,115,160	\$1,065,128

(The accompanying notes are an integral part of the consolidated financial statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
TAIWAN KONG KING CO., LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

ITEM	NOTES	For the years ended December 31,	
		2019	2018
OPERATING REVENUES	4,6&7	\$1,154,228	\$1,136,575
COST OF GOODS SOLD	4&7	(813,283)	(801,409)
GROSS PROFIT		<u>340,945</u>	<u>335,166</u>
OPERATING EXPENSES	4&7		
Sales and marketing expense		(137,567)	(137,013)
General and administrative expense		(131,234)	(132,338)
Research and development expenses		(5,481)	(5,846)
Total Operating Expense		<u>(274,282)</u>	<u>(275,197)</u>
OPERATING INCOME		<u>66,663</u>	<u>59,969</u>
NON-OPERATING INCOME AND EXPENSES			
Other income	6	13,559	14,681
Other gains and losses	6	19,286	969
Financial cost	6	(359)	-
Subtotal		<u>32,486</u>	<u>15,650</u>
INCOME BEFORE INCOME TAX		99,149	75,619
INCOME TAX EXPENSE	4&6	(22,947)	(18,560)
PROFIT FROM CONTINUING OPERATIONS		<u>76,202</u>	<u>57,059</u>
NET INCOME		<u>76,202</u>	<u>57,059</u>
OTHER COMPREHENSIVE (LOSS) INCOME	6		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit pension plans		(2,419)	3,281
Unrealized gains (losses) from investments in equity instruments			
measured at fair value through other comprehensive income		(12,820)	(9,604)
Income tax related to items that will not be reclassified subsequently		3,048	1,192
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(4,021)	902
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME		<u>(16,212)</u>	<u>(4,229)</u>
TOTAL COMPREHENSIVE INCOME		<u>\$59,990</u>	<u>\$52,830</u>
NET INCOME ATTRIBUTABLE TO:			
Stockholders of the parent		76,441	59,165
Non-controlling interests		(239)	(2,106)
COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Stockholders of the parent		60,229	53,916
Non-controlling interests		(239)	(1,086)
Earnings per share (NTD)			
Basic earnings per share	6		
Basic earnings (loss) per share from continuing operations		2.11	1.63

(The accompanying notes are an integral part of the consolidated financial statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 TAIWAN KONG KING CO., LIMITED AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 For the years ended December 31, 2019 and 2018
 (Expressed in Thousands of New Taiwan Dollars)

Equity Attributable to the Parent Company

	Retained earnings					Other components of equity		Total	Non-Controlling Interests	Total Equity
	Capital	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income			
Balance as of January 1, 2018	\$362,888	\$49,699	\$248,797	\$-	\$133,339	\$(16,381)	\$4,684	\$783,026	\$92,516	\$875,542
Impact of retroactive applications	-	-	-	-	4,684	-	(4,462)	222	-	222
Adjusted balance as of January 1, 2018	362,888	49,699	248,797	-	138,023	(16,381)	222	783,248	92,516	875,764
Appropriation and distribution of 2017 retained earnings:										
Legal reserve	-	-	2,450	-	(2,450)	-	-	-	-	-
Special reserve	-	-	-	11,697	(11,697)	-	-	-	-	-
Cash dividends	-	-	-	-	(19,959)	-	-	(19,959)	-	(19,959)
Other changes in capital surplus:										
Difference between consideration and carrying amount of subsidiaries acquired	-	(2,940)	-	-	-	-	-	(2,940)	-	(2,940)
Net income for the year ended December 31, 2018	-	-	-	-	59,165	-	-	59,165	(2,106)	57,059
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	2,560	(126)	(7,683)	(5,249)	1,020	(4,229)
Total comprehensive income	-	-	-	-	61,725	(126)	(7,683)	53,916	(1,086)	52,830
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(91,004)	(91,004)
Balance as of December 31, 2018	<u>\$362,888</u>	<u>\$46,759</u>	<u>\$251,247</u>	<u>\$11,697</u>	<u>\$165,642</u>	<u>\$(16,507)</u>	<u>\$(7,461)</u>	<u>\$814,265</u>	<u>\$426</u>	<u>\$814,691</u>

Balance as of January 1, 2019	\$362,888	\$46,759	\$251,247	\$11,697	\$165,642	\$(16,507)	\$(7,461)	\$814,265	\$426	\$814,691
Impact of retroactive applications	-	-	-	-	-	-	-	-	-	-
Adjusted balance as of January 1, 2019	362,888	46,759	251,247	11,697	165,642	(16,507)	(7,461)	814,265	426	814,691
Appropriation and distribution of 2018 retained earnings:										
Legal reserve	-	-	5,916	-	(5,916)	-	-	-	-	-
Special reserve	-	-	-	12,271	(12,271)	-	-	-	-	-
Cash dividends	-	-	-	-	(47,175)	-	-	(47,175)	-	(47,175)
Other changes in capital surplus:										
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2019	-	-	-	-	76,441	-	-	76,441	(239)	76,202
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(1,935)	(4,021)	(10,256)	(16,212)	-	(16,212)
Total comprehensive income	-	-	-	-	74,506	(4,021)	(10,256)	60,229	(239)	59,990
Changes in non-controlling interests	-	-	-	-	-	-	-	-	43	43
Balance as of December 31, 2019	<u>\$362,888</u>	<u>\$46,759</u>	<u>\$257,163</u>	<u>\$23,968</u>	<u>\$174,786</u>	<u>\$(20,528)</u>	<u>\$(17,717)</u>	<u>\$827,319</u>	<u>\$230</u>	<u>\$827,549</u>

(The accompanying notes are an integral part of the consolidated financial statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
TAIWAN KONG KING CO., LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

ITEM	For the years ended December 31,		ITEM	For the years ended December 31,	
	2019	2018		2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:			CASH FLOWS FROM INVESTING ACTIVITIES:		
Net income before tax	\$99,149	\$75,619	Acquisition of financial assets at fair value through other comprehensive income	(5,567)	-
Adjustments to reconcile net income before tax to net cash provided by operating activities:			Disposal of financial assets at fair value through profit or loss	13,581	-
Depreciation expense	26,163	26,986	Acquisition of property, plant and equipment	(42,875)	(3,095)
Amortization expense	2,515	2,761	Disposal of property, plant and equipment	226	1,279
Net loss on financial assets or liabilities at fair value through profit or loss	(22,026)	(279)	Acquisition of intangible assets	(1,066)	(2,091)
Interest expense	359	-	Decrease in refundable deposits	6,501	838
Interest income	(5,352)	(6,812)	Net cash used in investing activities	<u>(29,200)</u>	<u>(3,069)</u>
Dividend income	(4,773)	(4,068)			
Gain on disposal of property, plant and equipment	(123)	(581)	CASH FLOWS FROM FINANCING ACTIVITIES:		
Total adjustments to reconcile profit (loss)	<u>(3,237)</u>	<u>18,007</u>	Decrease in receivable deposit	(24)	-
Changes in operating assets and liabilities:			Repayment of lease principal	(3,606)	-
Decrease (Increase) in notes receivable	4,433	(6,063)	Cash dividends paid	(47,175)	(19,959)
Decrease (Increase) in accounts receivable	24,407	(52,196)	Acquisition of ownership interests in subsidiaries	-	(91,004)
(Increase) decrease in other receivable	(2,217)	527	Net cash used in financing activities	<u>(50,805)</u>	<u>(110,963)</u>
(Increase) decrease in inventories	(17,461)	9,225			
(Increase) decrease in prepayments	(19,764)	6,701	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
Decrease in other current assets	915	958		(3,251)	(114)
Increase in contract liabilities	28,286	16,308	NET DECREASE IN CASH AND CASH EQUIVALENTS		
Decrease in notes payable	-	(33)		27,453	(18,633)
Increase in accounts payable	12,693	33,325	CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		
(Decrease) increase in accounts payable-related parties	(6,515)	6,741		478,514	497,147
Increase in other payable	4,724	15,780	CASH AND CASH EQUIVALENTS AT END OF PERIOD		
Increase (decrease) in other payable-related parties	2,921	(8,369)		<u>\$505,967</u>	<u>\$478,514</u>
Decrease in other current liabilities	(509)	(30,587)			
Decrease in provisions	(70)	(437)			
Total changes in operating assets and liabilities	<u>31,843</u>	<u>(8,120)</u>			
Cash generated from operations	<u>127,755</u>	<u>85,506</u>			
Interest received	6,907	7,701			
Dividends received	4,773	4,068			
Interest expense paid	(169)	-			
Income taxes paid	<u>(28,557)</u>	<u>(1,762)</u>			
Net cash flows from operating activities	<u>110,709</u>	<u>95,513</u>			

(The accompanying notes are an integral part of the parent company only financial statements)

《Attachment 4》 Stand-alone Financial Statements and Independent Auditor's Report

Independent Auditors' Report Translated from Chinese

To TAIWAN KONG KING CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of TAIWAN KONG KING CO., LTD. (the "Company") as of December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other Matter – Making Reference to the Audits of a Component Auditors* section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and cash flows for the years ended December 31, 2019 and 2018, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' 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 (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2019 parent company only financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and

we do not provide a separate opinion on these matters.

Allowance for impairment losses of accounts receivables

Accounts receivables and allowance for impairment losses by the Company amounted to NT\$146,665 thousand and NT\$449 thousand as of December 31, 2019, respectively. The net amount of accounts receivables was approximately 14% of total assets and which is significant to the Company. Considering the assessment of allowance for impairment losses is measured by lifetime expected credit loss; the process of measurement must appropriately divide accounts receivables into groups, determine and analyze the use of relevant assumptions in the process of measurement, including appropriate aging intervals, the aging loss rate for each interval and the use of forward-looking information, that reflected the measurement of the expected credit loss involving judgment, analysis and estimates, and the result of measurement affect the net amount of accounts receivables, we determined this as a key audit matter.

Our audit procedures included, but not limited to, evaluating whether the accounting policy and the loss rate are reasonable; testing provision matrix, including evaluating the appropriateness of aging intervals and the accuracy of raw data by vouching them to supporting evidences, testing statistical information for the credit loss rate computed by roll rate over a one-year period, considering the reasonableness of forward-looking information used on the credit loss rate, and evaluating whether such forward-looking information would affect credit loss rate. When performing internal control, randomly selecting sales orders and vouching them to aging schedule to ensure the accuracy of aging intervals of accounts receivables; confirming whether the customer properly grouped by significantly different loss types, and evaluating the reasonableness of management's estimates of assumptions. In addition, performing the analytical review procedure to identify whether any material unusual fluctuations between the two-period of accounts receivables turnover exist. Also, reviewing the collections of accounts receivables during the subsequent period for customers with material period-end balances.

We also assessed the adequacy of disclosures of accounts receivables. Please refer to Note 5, 6 and 12 to the parent company only financial statements.

Valuation of inventories

Net inventories by the Company amounted to NT\$27,334 thousand, was approximately 3% of total assets as of December 31, 2019 and which is significant to the Company. Considering the possibility of impairment of the inventory driven by economic conditions, the industry competition, and the unexpected decrease of total sales, we determined this as a key audit matter.

Our audit procedures included, but not limited to, understanding the internal control of management's inventory valuation process. When performing internal control, sampling purchase orders and vouching them to supporting evidences to ensure the inventory aging and the calculation of write-downs from slow-moving inventories are accurate and reasonable; performing the analytical review procedure to assess whether any material unusual fluctuation of ending balances, inventory turnover and gross margin per product between the year ended December 31, 2019 and the prior year exists; sampling sales orders and purchase orders to verify the calculation of allowance for inventory valuation losses to evaluate whether the valuation of inventories is appropriate.

We also assessed the adequacy of disclosures of inventories. Please refer to Note 4, 5 and 6 to the parent company only financial statement.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain subsidiaries, associates and joint ventures accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the reports of other auditors. These subsidiaries, associates and joint ventures under equity method amounted to NT\$79,059 thousand and NT\$105,107 thousand, representing 8% and 10% of total assets as of December 31, 2019 and 2018, respectively. The related shares of profits (loss) from the subsidiaries, associates and joint ventures under the equity method amounted to NT\$(9,695) thousand and NT\$(25,426) thousand, representing (10)% and (34)% of the income before tax for the years ended December 31, 2019 and 2018, respectively, and the related shares of other comprehensive income (loss) from the subsidiaries, associates and joint ventures under the equity method amounted to NT\$(15,186) thousand and NT\$(3,505) thousand, representing 94% and 67% of the comprehensive income (loss) for the years ended December 31, 2019 and 2018, respectively.

Responsibilities of Management and Those Charged with Governance for the 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 ability to continue as a going concern of the Company, 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 or supervisors, are responsible for overseeing the financial reporting process of the Company.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives 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 auditors' 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

7. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those 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 relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
9. Evaluate the appropriateness of 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 the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
11. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only 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 Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the

group audit. We remain solely responsible for our audit opinion.

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 provide those charged with governance with a statement that we have complied with 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 2019 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

HSU, JUNG-HUANG

CHANG, CHIH-MING

Ernst & Young, Taipei, Taiwan

March 24, 2020

Notice to Readers

The accompanying parent company only financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
TAIWAN KONG KING CO., LIMITED
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	NOTES	As of December 31,	
		2019	2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4,6&12	\$323,197	\$301,341
Notes receivable, net	4,6&12	826	1,096
Accounts receivable, net	4,6&12	142,525	168,158
Accounts receivable-related parties, net	6,7&12	3,691	902
Other receivables	12	779	2,057
Other receivables-related parties, net	7&12	453	532
Current tax assets		-	4,017
Inventories, net	4&6	27,334	20,998
Prepayments		27,314	15,747
Other current assets		2,715	3,631
Total Current Assets		<u>528,834</u>	<u>518,479</u>
NON-CURRENT ASSETS			
Financial assets at fair value through profit or loss, noncurrent	4,6&12	22,567	14,123
Financial assets at fair value through other comprehensive income, noncurrent	4,6&12	25,279	18,400
Investments accounted for using equity method	4&6	256,645	293,829
Property, plant and equipment	4&6	179,068	146,709
Investment property, net	4&6	13,034	19,418
Intangible assets	4&6	1,583	2,222
Deferred tax assets	4&6	21,873	18,359
Other noncurrent assets	4&12	4,620	9,441
Total Non-Current Assets		<u>524,669</u>	<u>522,501</u>
TOTAL ASSETS		<u><u>\$1,053,503</u></u>	<u><u>\$1,040,980</u></u>

(continued)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
TAIWAN KONG KING CO., LIMITED
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	NOTES	As of December 31,	
		2019	2018
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Contract liabilities, current	6	\$29,755	\$16,259
Notes payable	12	16	16
Accounts payable	12	79,547	76,196
Accounts payable-related parties, net	7&12	15,294	34,477
Other payables	12	55,197	50,451
Other payables-related parties	7&12	3,104	139
Current tax liabilities	4	8,130	18,700
Other current liabilities		284	799
Total Current Liabilities		191,327	197,037
NON-CURRENT LIABILITIES			
Non-current provisions	4	31,081	28,375
Deferred tax liabilities	4&6	3,776	1,279
Other non-current liabilities		-	24
Total Non-Current Liabilities		34,857	29,678
TOTAL LIABILITIES		226,184	226,715
EQUITY			
Capital	6		
Common stock		362,888	362,888
Total Capital stock		362,888	362,888
Additional paid-in capital	6	46,759	46,759
Retained earnings			
Legal reserve		257,163	251,247
Special reserve		23,968	11,697
Unappropriated earnings		174,786	165,642
Total Retained earnings		455,917	428,586
Other components of equity		(38,245)	(23,968)
TOTAL EQUITY		827,319	814,265
 TOTAL LIABILITIES AND EQUITY		 \$1,053,503	 \$1,040,980

(The accompanying notes are an integral part of the parent company only financial statements)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
TAIWAN KONG KING CO., LIMITED
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

ITEM	NOTES	For the years ended December 31,	
		2019	2018
OPERATING REVENUES	4,6&7	\$949,215	\$856,148
COST OF GOODS SOLD	4&7	(688,621)	(591,566)
GROSS PROFIT		260,594	264,582
OPERATING EXPENSES	4&7		
Sales and marketing expense		(137,597)	(137,024)
General and administrative expense		(45,856)	(46,405)
Total Operating Expense		(183,453)	(183,429)
OPERATING INCOME		77,141	81,153
NON-OPERATING INCOME AND EXPENSES			
Other income	6	7,294	8,567
Other gains and losses	6	21,230	6,347
Financial cost		(40)	-
Share of profit (loss) of subsidiaries, associates and joint ventures			
accounted for using equity method, net		(8,007)	(21,218)
Subtotal		20,477	(6,304)
INCOME BEFORE INCOME TAX		97,618	74,849
INCOME TAX EXPENSE	4&6	(21,177)	(15,684)
PROFIT FROM CONTINUING OPERATIONS		76,441	59,165
NET INCOME		76,441	59,165
OTHER COMPREHENSIVE (LOSS) INCOME	6		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit pension plans		(2,469)	3,259
Unrealized gains (losses) from investments in equity instruments			
measured at fair value through other comprehensive income		(12,820)	(9,604)
Income tax related to items that will not be reclassified subsequently		3,098	1,222
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(2,295)	5,181
Share of other comprehensive income of associates and joint ventures			
accounted for using equity method		(1,726)	(5,307)
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME		(16,212)	(5,249)
TOTAL COMPREHENSIVE INCOME		\$60,229	\$53,916
Earnings per share (NTD)			
Basic earnings per share	6		
Basic earnings (loss) per share from continuing operations		2.11	1.63

(The accompanying notes are an integral part of the parent company only financial statements)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
 TAIWAN KONG KING CO., LIMITED
 PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
 For the years ended December 31, 2019 and 2018
 (Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other components of equity		Total equity
	Capital	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	
Balance as of December 31, 2017	\$362,888	\$49,699	\$248,797	\$-	\$133,339	\$(16,381)	\$4,684	\$783,026
Impact of retroactive applications	-	-	-	-	4,684	-	(4,462)	222
Adjusted balance as of January 1, 2018	362,888	49,699	248,797	-	138,023	(16,381)	222	783,248
Appropriation and distribution of 2017 retained earnings:								
Legal reserve	-	-	2,450	-	(2,450)	-	-	-
Special reserve	-	-	-	11,697	(11,697)	-	-	-
Cash Dividends	-	-	-	-	(19,959)	-	-	(19,959)
Other changes in capital surplus:								
Difference between consideration and carrying amount of subsidiaries acquired	-	(2,940)	-	-	-	-	-	(2,940)
Net income for the year ended December 31, 2018	-	-	-	-	59,165	-	-	59,165
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	2,560	(126)	(7,683)	(5,249)
Total comprehensive income	-	-	-	-	61,725	(126)	(7,683)	53,916
Balance as of December 31, 2018	\$362,888	\$46,759	\$251,247	\$11,697	\$165,642	\$(16,507)	\$(7,461)	\$814,265
Balance as of January 1, 2019	\$362,888	\$46,759	\$251,247	\$11,697	\$165,642	\$(16,507)	\$(7,461)	\$814,265
Appropriation and distribution of 2018 retained earnings:								
Legal reserve	-	-	5,916	-	(5,916)	-	-	-
Special reserve	-	-	-	12,271	(12,271)	-	-	-
Cash dividends	-	-	-	-	(47,175)	-	-	(47,175)
Net income for the year ended December 31, 2019	-	-	-	-	76,441	-	-	76,441
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(1,935)	(4,021)	(10,256)	(16,212)
Total comprehensive income	-	-	-	-	74,506	(4,021)	(10,256)	60,229
Balance as of December 31, 2019	\$362,888	\$46,759	\$257,163	\$23,968	\$174,786	\$(20,528)	\$(17,717)	\$827,319

(The accompanying notes are an integral part of the parent company only financial statements)

Note:

The Company recognized the employees' compensation and remuneration to directors and supervisors on December 31, 2019 were NT\$996 thousand and NT\$996 thousand, respectively.
 The Company recognized the employees' compensation and remuneration to directors and supervisors on December 31, 2018 were NT\$764 thousand and NT\$764 thousand, respectively.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
TAIWAN KONG KING CO., LIMITED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

ITEM	For the years ended December 31,		ITEM	For the years ended December 31,	
	2019	2018		2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:			CASH FLOWS FROM INVESTING ACTIVITIES:		
Net income before tax	\$97,618	\$74,849	Acquisition of financial assets at fair value through other comprehensive income	(5,567)	-
Adjustments to reconcile net income before tax to net cash provided by operating activities:			Disposal of financial assets at fair value through profit or loss	13,581	-
Depreciation expense	11,999	14,596	Acquisition of investments accounted for using equity method	-	(64,417)
Amortization expense	1,384	1,248	Acquisition of property, plant and equipment	(37,974)	(1,568)
Net loss on financial assets or liabilities at fair value through profit or loss	(22,025)	(279)	Disposal of property, plant and equipment	-	2,500
Interest expense	40	-	Acquisition of intangible assets	(745)	(1,716)
Interest income	(3,192)	(4,441)	Decrease in refundable deposits	4,820	1,613
Share of loss of associates and joint ventures accounted for using equity method	8,007	21,218	Net cash used in investing activities	(25,885)	(63,588)
Gain on disposal of property, plant and equipment	-	(1,944)			
Total adjustments to reconcile (loss) profit	(3,787)	30,398	CASH FLOWS FROM FINANCING ACTIVITIES:		
Changes in operating assets and liabilities:			Decrease in receivable deposit	(24)	-
Decrease (increase) in notes receivable	270	(635)	Cash dividends paid	(47,175)	(19,959)
Decrease (increase) in accounts receivable	25,633	(56,739)	Net cash used in financing activities	(47,199)	(19,959)
Increase in accounts receivable-related parties	(2,788)	(452)			
(Increase) decrease in other receivable	(22)	1,232	NET INCREASE IN CASH AND CASH EQUIVALENTS	21,856	14,659
Decrease in other receivable-related parties	79	236	CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	301,341	286,682
(Increase) decrease in inventories	(6,336)	1,350	CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$323,197</u>	<u>\$301,341</u>
(Increase) decrease in prepayments	(11,567)	7,336			
Decrease in other current assets	916	1,426			
Increase in contract liabilities	13,496	16,259			
Decrease in notes payable	-	(33)			
Increase in accounts payable	3,351	31,043			
(Decrease) increase in accounts payable-related parties	(19,183)	4,444			
Increase in other payable	4,745	11,891			
Increase (decrease) in other payable-related parties	2,965	(4,721)			
Decrease in other current liabilities	(514)	(25,750)			
Increase (decrease) in provisions	35	(342)			
Total changes in operating assets and liabilities	11,080	(13,455)			
Cash generated from operations	104,911	91,792			
Interest received	4,492	4,440			
Dividends received	11,227	3,306			
Interest expense paid	(40)	-			
Income taxes paid	(25,650)	(1,332)			
Net cash flows from operating activities	94,940	98,206			

(The accompanying notes are an integral part of the parent company only financial statements)

《Attachment 5》 Comparison Table of Amendments to " Articles of Incorporation "

Comparison Table of Amendments to " Articles of Incorporation "

Article	Modified provisions	Current provisions	Change cause
Article 12	<p>The Company established <u>7</u> to 11 directors and 3 to 4 supervisors. The terms of office for the directors and the supervisors shall be three years, and they may be eligible for re-election. The total shares of the Company held by all directors and supervisors shall not less than the percentage in accordance with the laws and regulations of competent agencies. In accordance with Article 14-2 of Securities and Exchange Act, there shall be <u>at least</u> three seats for independent directors among the seats for directors in the preceding paragraph. The Company adopted a candidates nomination system for election of the directors and supervisors of the company and the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. Relevant matters, such as the method of accepting the roster of director candidates nominated in the preceding paragraph and annoucnements, shall be handled in accordance with the relevant provisions in Company Act, Securities and Exchange Act.</p> <p><u>The Board of Directors may establish functional committee. The qualifications, authority exertions and relevant matters to its members shall be handled in accordance with relevant laws and regulations and established by the Board of Directors.</u></p> <p><u>The Company will establish committee to replace supervisors in accordance with Article 14-4 of Securities and Exchange Act starting from the 2021 regular shareholders' meeting.</u></p> <p><u>The audit committee shall be composed of the entire number of</u></p>	<p>The Company established 9 to 11 directors and 3 to 4 supervisors. The terms of office for the directors and the supervisors shall be three years, and they may be eligible for re-election. The total shares of the Company held by all directors and supervisors shall not less than the percentage in accordance with the laws and regulations of competent agencies. In accordance with Article 14-2 of Securities and Exchange Act, there shall be three seats for independent directors among the seats for directors in the preceding paragraph. The Company adopted a candidates nomination system for election of the directors and supervisors of the company and the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. Relevant matters, such as the method of accepting the roster of director candidates nominated in the preceding paragraph and annoucnements, shall be handled in accordance with the relevant provisions in Company Act, Securities and Exchange Act. The company may obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship after the Board passed the resolution. The Company granted the Board of Directors to determine the remuneration of all directors and supervisors by referencing the standards given by companies in the same industry.</p>	<p>In accordance with the establishment of audit committee in the future, we clearly defined the effective date for removing the position of supervisors.</p>

Article	Modified provisions	Current provisions	Change cause
	<p><u>independent directors. It shall not be fewer than three persons in number, one of whom shall be committee convenor, and its authority exertions and relevant matters shall be handled in accordance with relevant laws and regulations and established by the Board of Directors.</u></p> <p><u>Relevant regulations of supervisors in the Articles of Incorporation shall be void since the establishment date of audit committee.</u> The company may obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship after the Board passed the resolution. The Company granted the Board of Directors to determine the remuneration of all directors and supervisors by referencing the standards given by companies in the same industry.</p>		
Article 22	<p><u>The 37th amendments were made on June 15, 2020.</u></p>		Add the date of revision.

**《Attachment 6》 Comparison Table of Amendments to
"Regulations Governing Making of Endorsements/Guarantees"**

Comparison Table of Amendments to "Regulations Governing Making of
Endorsements/Guarantees"

Article	Modified provisions	Current provisions	Change cause
Article 1	<p>Purpose:</p> <p>The Company stipulated the Operational Procedures to stably manage and maintain the its rights and interests and reduce its business risks; <u>provided, where financial laws or regulations provide otherwise, such provisions shall govern.</u></p>	<p>Purpose:</p> <p>The Company stipulated the Operational Procedures to stably manage and maintain the its rights and interests and reduce its business risks.</p>	<p>According to the current provisions, "other laws and regulations" mentioned in the proviso clause refers to financial enterprises, such as public banks, insurance companies, bill finance companies, securities firms, etc. engaging in making loans to and endorsements/guarantees for others.</p>
Article 9	<p>When the company's balance of endorsements/guarantees reaches one of the following levels, it shall announce and report such event within two days commencing immediately from the date of occurrence:</p> <ol style="list-style-type: none"> 1. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the public company's net worth as stated in its latest financial statement. 2. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the public company's net worth as stated in its latest financial statement. 3. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, 	<p>When the company's balance of endorsements/guarantees reaches one of the following levels, it shall announce and report such event within two days commencing immediately from the date of occurrence:</p> <ol style="list-style-type: none"> 1. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the public company's net worth as stated in its latest financial statement. 2. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the public company's net worth as stated in its latest financial statement. 3. The balance of endorsements/guarantees by the public company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the 	<p>To clarify the definition of long-term investment, we reference Article 9, Paragraph 4, Subparagraph 1 of Regulations Governing the Preparation of Financial Reports by Securities Issuers to revise Paragraph 1, Subparagraph 3.</p>

Article	Modified provisions	Current provisions	Change cause
	<p><u>carrying value of equity method investment in</u>, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>4. The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraphs of the preceding paragraph.</p>	<p>aggregate amount of all endorsements/guarantees for, long-term investment in, and balance of loans to, such enterprise reaches 30 percent or more of public company's net worth as stated in its latest financial statement.</p> <p>4. The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraphs of the preceding paragraph.</p>	
Article 13	<p>After the Operational Procedures were passed by the board of directors, submit the Procedures to each supervisor and submit them for approval by the shareholders' meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to each supervisor and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.</p> <p>When the Company submits its Operational Procedures for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion. Independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors'</p>	<p>After the Operational Procedures were passed by the board of directors, submit the Procedures to each supervisor and submit them for approval by the shareholders' meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to each supervisor and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.</p> <p>When the Company submits its Operational Procedures for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion. Independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors'</p>	<p>Reference the provisions in Article 14-3 of Securities and Exchange Act to adjust the text in Paragraph 2. Moreover, in accordance with Article 14-5 of Securities and Exchange Act, the authority of audit committee includes establishing or revising the procedures for financial or operational actions of material significance, such as loaning funds to others.</p>

Article	Modified provisions	Current provisions	Change cause
	<p>meeting.</p> <p><u>Where the Company has established an audit committee, when it adopts or amends its Operational Procedures for Making Guarantees/Endorsements, the procedures or amended procedures shall require the approval of one-half or more of all audit committee members, and furthermore shall be submitted for a resolution by the board of directors, and the provisions of paragraph 2 shall not apply.</u></p> <p><u>If the approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the Operational Procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</u></p> <p><u>The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</u></p>	<p>meeting.</p>	
<p>Article 16</p>	<p><u>The 5th amendments were made on June 15, 2020.</u></p>		<p>Add the date of revision</p>

《Appendix 1》 TKK Rules and Procedure of Shareholders' Meeting

- Article 1 The shareholders' meeting shall be handled in accordance with these rules, unless otherwise provided by the law.
- Article 2 The Company shall prepare an attendance book for shareholders to sign in, or the shareholder present may hand in an attendance card in lieu of signing on the attendance book.
- The number of shares in attendance is calculated according to the signature book or the signed card and the shareholding of the voting rights in writing or electronically.
- Article 3 Voting and attendance at a shareholders' meeting shall be calculated based the number of shares.
- Article 4 The venue for the shareholders' meeting shall be within the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- Article 5 If a shareholders meeting is called by the board of directors, the board chairman shall preside at the said shareholders meeting. In case the chairman is on leave of absence, or cannot exercise his powers and authority, the vice chairman shall act in lieu of him. there is no vice chairman, or the vice chairman is also on leave of absence, or cannot exercise his powers and authority, the chairman shall designate a managing director to act in lieu of him; if there is no managing director, the chairman shall designate a director to act in lieu of him. the chairman does not designate a director, the managing directors or directors shall elect one from among themselves to act in lieu of the chairman. If a shareholders meeting is called by any other person than the board of directors, who has the right to call the meeting, said person shall preside at that meeting.
- Article 6 The Company may designate its lawyer, certified public accountant or other relevant persons to attend the shareholders meeting. Those handling the business of a shareholders meeting shall wear an identification card or a badge.
- Article 7 The Company shall record with an audio or video tape the whole proceedings of the shareholders meeting, and said video tape or audio tape shall be kept for at

least one year.

Article 8 When it is time to convene a shareholders meeting, the chairman shall immediately convene the meeting, provided, however, that if the shareholders present do not represent a majority of the total amount of issued shares, the chairman may postpone the meeting, provided, however, that the postponement of the said meeting shall be limited to two times, and the total time postponed shall not exceed one hour. If the meeting has been postponed for two times, but the shareholders present still do not represent a majority of the total amount of issued shares, a tentative resolution may be adopted in accordance with Paragraph 1 of Article 175 of the Company Act by shareholders representing one-third of the total amount of issued shares. Before the close of the said meeting if the shareholders present represent a majority of the total amount of issued shares, the chairman may present the tentative resolution so adopted to the meeting for resolution in accordance with the provisions of Article 174 of the Company Act.

Article 9 If a shareholders meeting is called by the board of directors, the proceedings of the meeting shall be formulated by the board of directors, and the meeting shall be proceeded with in accordance with the said proceedings. The proceedings shall not be changed without a resolution made by the shareholders meeting. If a shareholders meeting shall be called by any other person than the board of directors, the preceding provisions shall apply mutatis mutandis to the said meeting. The chairman shall not adjourn a meeting without resolution adopted by shareholders if the motions (including extraordinary motions) covered in the proceedings so arranged in the above two Paragraphs shall not have been resolved. After close of the said meeting, shareholders shall not elect another chairman to hold another meeting at the same place or at any other place. However, if the chairman violated the rules of procedure and adjourn the meeting, it is possible to be adopted by a majority vote of the shareholders' voting rights to elect one person to serve as the chairman to continue the meeting.

Article 10 A shareholder wishing to speak in a shareholders meeting shall first fill out a slip, specifying therein the major points of his speech, his serial number as a shareholder (or number of attendance) and his name, and the chairman shall determine his order of giving a speech. A shareholder who submits his slip for a

speech but does not actually speak shall be considered as not having given a speech. If the contents of his speech shall be different from those specified on the slip, the contents of his speech shall prevail. When a shareholder is giving a speech, the other shareholders shall not interrupt unless they have obtained the prior consent from the chairman and the said shareholder, and the chairman may prevent others from interrupting.

Article 11 A shareholder shall not speak more than two times for one motion, unless he has obtained the prior consent from the chairman, and each speech shall not exceed 5 minutes. If a shareholder violates the above provisions or his speech exceeds the scope of the motion, the chairman may prevent him from doing so.

Article 12 A corporate shareholder being entrusted to attend in a shareholders meeting may designate only one representative to represent it in the meeting. If a corporate shareholder which designates two or more representatives to represent it at the shareholders meeting, only one of the representatives so designated may speak on any one motion.

Article 13 After a shareholder has given a speech, the chairman may personally or designate relevant person to respond.

Article 14 When the chairman considers that the discussion for a motion has reached the extent for making a resolution, he may announce discontinuance of the discussion and submit the motion for resolution.

Article 15 The persons for supervising the casting of votes and the counting thereof for resolutions shall be designated by the chairman, provided, however, that the person supervising the casting of votes shall be a shareholder. The results of resolution shall be announced in the meeting, and recorded in the meeting minutes.

Article 16 During the proceedings of a meeting, the chairman may consider the schedule and announce for a break.

Article 17 Unless otherwise specifically provided for in the Company Act or the Articles of Incorporation of the Company, resolutions shall be adopted by a majority vote at a meeting attended by the shareholders. When voting on the resolution, the chairman or his designee shall announce the voting rights of the shareholders and the shareholders shall vote.

Article 18 If there shall be an amendment or alternative to one motion, the chairman may combine the amendment or alternative into the original motion, and determine their orders for resolution. any one of the above shall be resolved, the others shall be considered as rejected, upon which no further resolution shall be required.

Article 19 The chairman may direct disciplinary personnel (or security personnel) to maintain the order of the meeting. For doing so they shall wear a badge bearing the words of "disciplinary personnel".

Article 20 These rules shall be implemented after the approval of the shareholders' meeting, and the same shall apply to the amendments.

《Appendix 2》 TKK Articles of Incorporation

Chapter 1 General Provisions

Article 1 The company was organized in accordance with the provisions of the Company Act and was named Taiwan Kong King Co., Ltd.

Article 2 The company's businesses are as follows:

- (1) C802120 Industrial Catalyst Manufacturing
- (2) C802200 Paints, Varnishes, Lacquers, Dyeing Mills and Dyestuff Manufacturing
- (3) CB01010 Machinery and Equipment Manufacturing
- (4) CB01020 Office Machines Manufacturing
- (5) CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
- (6) CC020170 Wired Communication Equipment and Apparatus Manufacturing
- (7) CC020180 Telecommunication Equipment and Apparatus Manufacturing
- (8) CC020190 Electronic Parts and Components Manufacturing
- (9) CC01110 Computers and Computing Peripheral Equipments Manufacturing
- (10) CC01990 Electrical Machinery, Supplies Manufacturing
- (11) CD01050 Bicycles and Parts Manufacturing
- (12) CE01010 Precision Instruments Manufacturing
- (13) CF01011 Medical Materials and Equipment Manufacturing
- (14) EZ05010 Apparatus Installation Construction
- (15) EZ13010 Nucleus Construction
- (16) F2018200 Wholesale of Chemistry Raw Material
- (17) F2018990 Wholesale of Other Chemical Products
- (18) F2019031 Wholesale of Drugs, Medical Goods
- (19) F113010 Wholesale of Machinery
- (20) F113030 Wholesale of Precision Instruments
- (21) F113050 Wholesale of Computing and Business Machinery Equipment
- (22) F113990 Wholesale of Other Machinery and Equipment
- (23) F119010 Wholesale of Electronic Materials
- (24) F207200 Retail sale of Chemistry Raw Material
- (25) F207990 Retail Sale of Other Chemical Products
- (26) F208031 Retail sale of Medical Equipments
- (27) F213030 Retail sale of Computing and Business Machinery Equipment
- (28) F213040 Retail Sale of Precision Instruments

- (29) F213080 Retail Sale of Machinery and Equipment
- (30) F213990 Retail Sale of Other Machinery and Equipment
- (31) F219010 Retail Sale of Electronic Materials
- (32) H703110 Senior Citizen's Development
- (33) I301010 Software Design Services
- (34) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 The Company has its head office in Taoyuan County, Taiwan, and the Company may establish branches in and out of this country.

Article 4

- (1) When the company is a limited liability shareholder of other companies, it is not subject to Article 13 of the Company Act and may not exceed the limit of 40% of the company's paid-in capital.
- (2) The company may guarantee the external by the needs of the business.
- (3) The board of directors may invest in the mainland China according to the upper limit set by the competent authority.

Chapter 2 **Shares**

Article 5 The total amount of the Company's capital is NTD450 million, which is further divided into 45 million Shares, with the value per share NTD10, and the Board is authorized to issue shares in installments.

Article 6 The Company shall issue nominal shares after the signing or stamping of seal by three or more directors and stamped with the company's seal and number as well as being attested. When the Company issues shares, those shares shall not be printed. The shares not printed shall be kept and recorded by the centralized securities depository enterprise.

Article 7 The entries in the shareholders' roster shall not be altered within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the issuing company for distribution of dividends, bonus or other benefits.

Article 7-1 The company buys back treasury shares, which can be transferred to employees based on the average price of the actual shares bought back. Subject to the

relevant laws and the attendance of more than half of the shareholders of the total number of issued shares of the shareholders' meeting, more than two-thirds of the voting rights of the shareholders shall agree to do so.

Chapter 3 Shareholders' Meeting

Article 8 There are two types of shareholders' meeting, namely, regular meeting and special meeting. The regular meeting shall be convened within six months after the close of each fiscal year. Whereas, special meetings are held in accordance with the law, when necessary. The shareholders' meeting shall be convened by the Board of Directors in addition to the provisions of the Company Act.

Article 9 If a shareholder cannot attend a shareholders' meeting for any reason, he or she may issue a proxy form in accordance with the company, stating the scope of authorization, to authorize an agent by signature and stamp to attend the meeting on his or her behalf.

Article 10 A shareholder shall be entitled to one vote for each share held, except when the shares are deemed non-voting shares under Article 179 and 197-1 of the Company Act.

Article 11 Except as otherwise provided in the Company Act, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

Chapter 4 Board of Directors and Supervisors

Article 12 The company has nine to eleven directors and three to four supervisors for a term of three years and may be re-elected. The total number of shares held by all directors and supervisors shall not be less than the number of the competent authorities. According to Article 14-2 of the Securities and Exchange Act, among the preceding directors, the number of independent directors is three. For the election of all directors and supervisors, the candidate nomination system shall be adopted and the shareholders shall select from the list of candidates. The matters such as the acceptance and announcement of the preceding candidate shall be handled in accordance with the provisions of the Company Act and the Securities and Exchange Act. After the election, the board of directors may pass the resolution to insure the directors and supervisors the liability insurance for the

scope of their business operations and the liability for compensation according to law. The remunerations of all directors and supervisors are authorized by the board of directors to agree on the usual level of the industry.

Article 13 The board of directors shall be organized by the directors. The board of directors is organized by the directors. More than two-thirds of the directors present and more than half of the attended directors agree to elect the chairman, and the vice-chairman can be elected as the business needs. The chairman of the board of directors shall internally preside the shareholders' meeting, the meeting of the board of directors, and the meeting of the managing directors; and shall externally represent the company. In case the chairman of the board of directors is on leave or absent or can not exercise his power and authority for any cause, the vice chairman shall act on his behalf. In case of the vice chairman is also on leave or absent or unable to exercise his power and authority for any cause, the chairman designate one of the directors to act on his behalf. In the absence of such a designation, the directors shall elect from among themselves an acting chairman of the board of directors. In case a meeting of the board of directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 13-1 The convening of the board of directors shall be notified to the directors and supervisors by written, email or fax by 7 days. The company may call the board of directors at any time in case of emergency and may also do so by written, email or fax.

Article 14 The directors are able to entrust other directors to attend the board of directors on their behalf by executing a power of attorney stating proxy therein the scope of power authorized, and may exercise voting rights on all matters arising from the meeting. However, no director may be an agent of more than one director.

Article 15 In case the chairman of the board of directors is on leave or absent or can not exercise his power and authority for any cause, his agent is handled in accordance with the provisions of Article 208 of the Company Act.

Article 16 In addition to performing their duties according to law, the supervisor may attend the board of directors to make comments but have no voting rights.

Chapter 5 **Managerial personnel**

Article 17 The company may have one or more managerial personnel. Appointment and discharge and the remuneration of the managerial personnel shall be decided in accordance with Articles 29 of the Company Act.

Chapter 6 **Accounting**

Article 18 At the close of each fiscal year, the board of directors shall prepare the following statements and records and shall forward the same to supervisors for their auditing not later than the 30th day prior to the meeting date of a general meeting of shareholders, then send to the shareholders' meeting for ratification:
(1)the business report. (2)the financial statements. (3)the surplus earning distribution or loss off-setting proposals.

Article 19

- (1) If the company is profitable, it should be deducted from the employee's remuneration and the remuneration of the directors and supervisors in advance of the pre-tax profit, and the employee's remuneration shall be 1% to 8% and the director and supervisor's remuneration shall be less than 1%. However, when the company still has accumulated losses, the amount of compensation should be retained in advance.
- (2) The company shall, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, first set aside ten percent of such profits as a legal reserve. The balance is calculated by accumulating undistributed earnings, and after accumulating or reversing the special reserve, it is the accumulated distributable earnings. The preceding accumulated distributable earnings is used to measure the necessity of the earnings to support the capital demand. According to the basic principles of the company's dividend policy, the amount of earnings reserve or distribution and the distribution are determined. According to the plan, the earnings distribution is proposed and submitted to the shareholders' meeting for resolution.
- (3) The company's dividend policy is based on the consideration of the best capital budget and the dilution of earnings per share. The amount of dividend from shareholders should be 50%~100% of the distributable earnings for the year. '

And in the dividends for the year, cash dividends are issued at a rate of not less than 30%. The cash dividend distribution rate depends on the profit and capital status of the year. After the board of directors proposes a distribution plan, it will be adjusted after the resolution of the shareholders' meeting.

Chapter 7 **Supplemental Provisions**

Article 20 The shareholders of the company's directors who supervise the execution of the business are paid wages or traveling expenses according to the level of the industry, and are paid regardless of profits and losses.

Article 21

(1) Matters not covered in this article shall be handled in accordance with the provisions of the Company Act and other relevant laws and regulations.

(2) The company's organization procedures and rules of procedure are separately set.

Article 22

The Article was enacted on May 20, 1977:
The first amendment was on December 24, 1977.
The second amendment was on November 1, 1978.
The third amendment was made on May 27, 1982.
The fourth amendment was on August 28, 1983.
The fifth amendment was on August 15, 1985.
The sixth amendment was on December 16, 1985.
The seventh amendment was made on May 26, 1987.
The eighth amendment was made on August 10, 1988.
The ninth amendment was on July 20, 1990.
The tenth amendment was on December 18, 1990.
The eleventh amendment was made on March 20, 1991.
The twelfth amendment was made on July 1, 1991.
The thirteenth amendment was made on April 27, 1995.
The fourteenth amendment was made on September 1, 1995.
The fifteenth amendment was made on October 31, 1995.
The sixteenth amendment was made on October 1, 1998.
The seventeenth amendment was made on July 5, 2000.
The eighteenth amendment was on October 5, 2000.
The nineteenth amendment was made on November 17, 2000.
The twentieth amendment was made on February 5, 2001.
The twenty-first amendment was on June 25, 2002.
The twenty-second amendment was made on May 30, 2003.
The twenty-third amendment was made on May 24, 2004.
The twenty-fourth amendment was made on May 16, 2005.
The twenty-fifth amendment was made on May 16, 2005.
The twenty-sixth amendment was made on May 25, 2006.
The twenty-seventh amendment was made on June 13, 2007.
The twenty-eighth amendment was made on June 25, 2008.
The twenty-ninth amendment was made on June 16, 2009.
The 30th amendment was made on June 18, 2010.

The thirty-first amendment was made on June 22, 2011.
The thirty-second amendment was made on June 20, 2012.
The thirty-third amendment was made on June 11, 2015.
The thirty-fourth amendment was made on June 17, 2016.
The thirty- fifth amendment was made on June 21, 2017.
The thirty- sixth amendment was made on June 20, 2018.

《Appendix 3》 Impact of the Proposed Bonus Shares on the Company's Operating

Unit: Except for cash dividends per share and earnings per share are NTD1, the others are NTD 1,000.

Item / Year		2019
Initial paid-in capital		362,888.94
Share allotment of the year	Cash dividends per share	1.60(Remark 1)
	Capital increase by earning allotment per share (shares)	0
	Capital increase by capital reserve allotment per share (shares)	0
Changes in operating performance	Operating profit	(Remark 2)
	Operating profit increase compared to the same period last year (%)	
	Net profit after tax	
	Net profit after tax increase compared to the same period last year (%)	
	Earnings per share	
	Earnings per share increase compared to the same period last year (%)	
	Annual average return on investment (reciprocal of annual average P/E ratio) (%)	
Pro forma earnings per share and P/E ratio	If the capital increase by earnings is fully transferred to the cash dividend	Pro forma earnings per share
		Pro forma annual average return
	If the capital increase by capital reserve is not processed	Pro forma earnings per share
		Pro forma annual average return
	If the capital increase by capital reserve is not processed and capital increase by earnings is transferred to the cash dividend	Pro forma earnings per share
		Pro forma annual average return

Remark 1 : To be resolved by the shareholders' meeting in 2020.

Remark 2 : The financial forecast for 2019 was not prepared.

Explanation of the shareholders' proposal on the shareholders' meeting:

According to Article 172-1 and Article 192-1 of the Company Act, the period in which the Company accepts the written proposal of the shareholders is from April 6, 2020 to April 16, 2020 at 5 pm. The acceptance office is the Management Department of Taiwan Kong King

Co., Ltd. (1st Floor, No. 6, Section 2, Nantun Road, Luzhu Township, Taoyuan County), and has been publicly announced in the market observatory post system.

《Appendix 4》 Shareholdings and The Minimum Shareholdings of All Directors and Supervisors

1. Types of issued shares and total number of shares: 36,288,894 common shares
 The minimum required combined shareholding of all directors by law: 3,600,000 shares.
 The minimum required combined shareholding of all supervisors by law: 360,000 shares.
2. As the company has three independent directors, according to the law, the minimum shareholding of directors and supervisors should be reduced to 80%.
3. Shareholding roster:

Date: April 17, 2020

Title	Name	The shares held in the shareholder list on book closure date	
		Current shareholding	Shareholding ratio (%)
Chairman (Remark 1)	Ho, Shu-Chan	24,473,836	67.44
Director (Remark 1)	Wong, Senta	24,473,836	67.44
Director (Remark 1)	Tsui, Ying-Chun	24,473,836	67.44
Director (Remark 1)	Hsu, Hung-Chieh	24,473,836	67.44
Director (Remark 1)	Chang, Jui-Shum	24,473,836	67.44
Director	Liao, Hung-Ying	422,000	1.16
Director	Chen, Mei-Fen	287,035	0.79
Independent Director	Lok, Arthur K.	0	0
Independent Director	Chan, Chun-Yen	0	0
Independent Director	Huang, Wen-Yuean	1,050	0
Supervisor (Remark 2)	Chou, Ken	378,484	1.04
Supervisor	Wu, Kuo-Hsien	0	0
Supervisor	Tsai, Chih-Wei	0	0
Number of shares held by all directors		25,562,405	70.44
Number of shares held by all supervisors		378,484	1.04

(Remark 1) The corporate representative of “Wong’s Kong King International (Holdings) Ltd. , incorporated in Bermuda” .

(Remark 2) The corporate representative of “Top Range Machinery Co., Ltd.”.