

ECOVE Environment Corporation
Minutes of 2021 Annual General Meeting of Shareholders
(Original company name : KD Holding Corporation)
(Translation)

(This document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

Time and Date of Meeting: 9:00 a.m., June 30, 2021

**Place of Meeting: 206 Room, 2Fl., No. 124, Xingshan Rd., Neihu Dist., Taipei City
National Enterprise Park**

Total outstanding shares of ECOVE Environment Corp. (excluding the shares without voting right as stipulated in Article 179 of the Company Act) : 69,083,998 shares

Total shares represented by shareholders present : 49,717,746 shares

Percentage of shares held by shareholders present : 71.96%

Attendees :

Shuh Woei Yu (Independent Director, Audit Committee convener) (Video Attendance), James Tsai (Independent Director) (Video Attendance), Shan-Shan Chou (Independent Director) (Video Attendance), Eugene Chien (Director) (Video Attendance), Kuan Shen Wang (Director) (Video Attendance), Yang Ming Liu (Director) (Video Attendance), Ping Shen (Director) (Video Attendance), Y. P. Shih (Director & General Manager), Shyu-Rong Ueng (CPA), Ellie Pan (Attorney-at-law)

Chairman : J. J. Liao, the Chairman of the ECOVE Environment Corp.

Recorder : C. N. Jiang

The aggregate shareholding of the shareholders present constituted a quorum. The Chairman called the meeting to order.

Chairman's Address : (Omitted)

1. Report Items

- (1) Business Report of 2020. (Please refer to attachment 1)
- (2) Audit committee's review report of 2020. (Please refer to attachment 5)
- (3) The directors' & employees' remuneration of 2020. (Please refer to attachment 6)
- (4) As at 31/12/2020, the aggregate amount of guarantees provided by the company was NT\$3,460,208 thousands and the highest amount for a single enterprise was NT\$2,249,108 thousands which are all under its respective ceiling. (Please refer to attachment 7)
- (5) Report on the share transfer of the Company and ECOVE Environment Services Corp.
 1. In order to simplify the shareholding structure therefore enhance the operating performance, the Company acquired 100% of shares of ECOVE Environment Services Corp. (hereinafter "ECOVE ESC") through share transfer. The exchange ratio is 1 share of ECOVE ESC transfer to 1.605 new common share of the Company. The record date was December 31, 2020.
 2. The corporate amendment registration of the share transfer was approved by and registered with the Ministry of Economic Affairs on February 3, 2021.

2. Ratification Items

(1) To Ratify 2020 Business Report, Financial Statements and Consolidated Financial Statements (Proposed by the Board of Directors)

Explanatory Notes :

The Company's 2020 business report, financial statements and consolidated financial statements have been approved by the Board of Directors, with the financial statements having been audited and certified by Mr. Shyu-Rong Ueng and Mr. Yi-Fan Lin, the CPA of the PricewaterhouseCoopers.

The above-mentioned documents subsequently examined by Audit Committee pursuant to Article 228 of the Company Act. The Business Report and Financial Statements are hereby submitted for ratification. (Please refer to attachment 1 to attachment 3)

Voting Results : 49,717,746 shares were represented at the time of voting

Voting Results	% of the total represented share present
Votes in favor : 49,696,394 votes (among which 47,870,738 were exercised through e-voting)	99.95%
Votes against : 4,431 votes (among which 4,431 were exercised through e-voting)	0.00%
Votes invalid : 0 vote	0.00%
Votes abstained : 16,921 votes (among which 14,921 were exercised through e-voting)	0.03%

Resolved, that 2020 Business Report and Financial Statements be and hereby were ratified as submitted.

(2) To Ratify the Company's Distribution of 2020 earnings (Proposed by the Board of Directors)

Explanatory Notes :

- 1) The Table for 2020 Estimated Profit Distribution is compiled as follows in accordance with the Company Act and Articles of Incorporation (Please refer to attachment 4) and has been approved by the Audit Committee and Board of Directors of the Company.
- 2) It is proposed to allocate shareholders' cash dividends of NT\$759,482,000 (Approximately NT\$11.00 per share based on common share outstanding is 69,043,781 shares). Upon the approval of the Annual General Meeting of shareholders, it is proposed that the Board of Directors will be authorized to determine the record date to distribute the cash dividend and other relevant issues.
- 3) In case that the total common shares outstanding may change and the ultimate cash to be distributed to each common share may need to be adjusted, it is proposed that the Board of Directors will be authorized to do adjustment.
- 4) The distribution of cash dividends will be calculated to new Taiwan dollar and round it to the nearest dollar. It is proposed that any difference will be booked as the other income or expense of the Company.

Voting Results : 49,717,746 shares were represented at the time of voting

Voting Results	% of the total represented share present
Votes in favor : 49,696,303 votes (among which 47,868,647 were exercised through e-voting)	99.95%
Votes against : 5,572votes (among which 5,572 were exercised through e-voting)	0.01%
Votes invalid : 0 vote	0.00%
Votes abstained : 17,871 votes (among which 15,871 were exercised through e-voting)	0.03%

Resolved, that the Company's distribution of 2020 earnings be and hereby was ratified as submitted.

3. Discuss Items

(1) To approve the amendment of the company's "Articles of Incorporation" (Proposed by the Board of Directors)

Explanatory Notes :

Please refer to attachment 8 for the comparison table between the existing provisions and amendments of "Articles of Incorporation".

Supplementary Explanation:

Pursuant to the " Measures for Public Companies to Postpone Shareholders' Meetings for Pandemic Prevention " announced by the Financial Supervisory Commission on May 20, 2021, public companies shall suspend the convening of a shareholders' meetings during 24 May to 30 June 2021. 2021 Annual General Meeting of Shareholders of the Company was postponed to July 30, 2021 after the resolution of the board of directors. Accordingly, the amended provisions of Article 34 of the Articles of Incorporation will be amended to "The tenth amendment on July 30, 2021"

Voting Results : 49,717,746 shares were represented at the time of voting

Voting Results	% of the total represented share present
Votes in favor : 49,683,273 votes (among which 47,857,617 were exercised through e-voting)	99.93%
Votes against : 12,431 votes (among which 12,431 were exercised through e-voting)	0.02%
Votes invalid : 0 vote	0.00%
Votes abstained : 22,042 votes (among which 20,042 were exercised through e-voting)	0.04%

Resolved, that the above proposal be and hereby was approved as proposed.

(2) To approve the amendment of the Company’s “The Procedure for Acquisition and Disposal of Assets” (Proposed by the Board of Directors)

Explanatory Notes:

Please refer to attachment 9 for the comparison table between the existing provisions and amendments of “The Procedure for Acquisition and Disposal of Assets”.

Voting Results : 49,717,746 shares were represented at the time of voting

Voting Results	% of the total represented share present
Votes in favor : 49,679,820 votes (among which 47,854,164 were exercised through e-voting)	99.92%
Votes against : 15,781 votes (among which 15,781 were exercised through e-voting)	0.03%
Votes invalid : 0 vote	0.00%
Votes abstained : 22,145 votes (among which 20,145 were exercised through e-voting)	0.04%

Resolved, that the above proposal be and hereby was approved as proposed.

(3) To approve the amendment of the Company’s “The Procedure for Loaning of Funds” (Proposed by the Board of Directors)

Explanatory Notes:

Please refer to attachment 10 for the comparison table between the existing provisions and amendments of “The Procedure for Loaning of Funds”.

Voting Results : 49,717,746 shares were represented at the time of voting

Voting Results	% of the total represented share present
Votes in favor : 48,965,510 votes (among which 47,139,854 were exercised through e-voting)	98.48%
Votes against : 729,701 votes (among which 729,701 were exercised through e-voting)	1.46%
Votes invalid : 0 vote	0.00%
Votes abstained : 22,535 votes (among which 20,535 were exercised through e-voting)	0.04%

Resolved, that the above proposal be and hereby was approved as proposed.

4. Special Motion : None

5. Meeting Adjourned : At 9:24 a.m., July 30, 2021

In the minutes of this shareholders' meeting, only the essential points of the proceedings are recorded; for the content and procedures of the meeting, meeting video and audio shall prevail.

ECOVE ENVIRONMENT CORPORATION

Business Report of 2020

From 2020/01/01 to 2020/12/31

1、Business Performance:

For the year end of 2020, the standalone operating revenue was NT\$854,942 thousands, the consolidated operating revenue was NT\$5,637,590 thousands, and the consolidated profit after tax was NT\$842,254 thousands.

Consolidated operating revenue breakdown is as follows:

(Unit : NT\$ thousands)

Waste Disposal Revenues	2,198,296
Sales of Electricity	1,654,013
Service Concession Revenues	570,762
Removal & Trans. Revenues	96,387
Others	1,118,132
Total	5,637,590

2、Performance Review :

Compared to year of 2019, the consolidated operating revenue of the year 2020 is increased by NT\$316,031 thousands to NT\$5,637,590 thousands. The main reasons come from the price of business waste treatment increased in year 2020 and the new projects of subsidiary ESC and SEC.

Consolidated and standalone operating revenue breakdown is as follows:

(Unit : NT\$ thousands)

Consolidated Operating Revenues for 2020	5,637,590
Consolidated Operating Revenues for 2019	5,321,559
Increase from 2019 to 2020	316,031
Percentage of increase	5.94%
Operating Revenues for 2020	854,942
Operating Revenues for 2019	814,178
Increase from 2019 to 2020	40,764
Percentage of increase	5.01%
Net Profit After Tax for 2020	842,254
Net Profit After Tax for 2019	811,312
Increase from 2019 to 2020	30,942
Percentage of increase	3.81%

3、Business Outlook of Year 2020：

Looking back 2020, for business promotion and execution, ECOVE followed a path of sustainable growth focusing on both the current asset it has and new opportunities. Even with the impact of COVID-19, ECOVE, through proper internal management and support from its supply chain, was able to maintain stable operation. For the expansion on each business field, its staff didn't go easy on themselves either and still secured several big projects. In the field of EfW, it was awarded the revamping services and short-period O&M for Tainan Chengxi EfW Plant, and, along with our cooperation partner, Changhua Coastal Industrial Park Resource Center BOT Project, while in the field of recycling and reuse, we acquired the equipment upgrade services for New Taipei City Linkou Water Resource Center, and the equipment life extension services for Kaohsiung Central Region Wastewater Treatment Plant. As for waste solvent recycling, after a certain period of time operating under the basis of individual cases, we now are allowed to provide services for general cases from MOST and individual cases from IDB. For the field of renewable energy, having been actively pursuing both public and private cases, we have reached the scale of 100 MW, including the project under establishment and being operated. Looking into the future, ECOVE will develop the three main business fields with following strategies.

A. Waste Management and EfW

Domestically, in addition to solidifying our current businesses, we will also start to assist the coming commissioning for Taoyuan Biomass Center and the O&M services afterwards. Also, in response to the government's project of EfW plant life extension and diversified waste treatment, we have been making use the experience from Taoyuan Biomass Center and introducing mature technologies from overseas to provide for the government total solutions. Also, we actively explore new opportunities and participate in government's projects, while improving our competitiveness by integrating upstream and downstream resources. As for overseas markets, we keep developing business in ASEAN, China, and India by expressing our willingness to local governments that we are happy to cooperate with local and foreign companies. Moreover, ECOVE actively participated in relevant forums and followed government's southbound policy, replicating successful PPP (BOT) business model and the mature O&M (including ROT) capabilities for overseas market.

B. Recycling and Reuse

When maintaining stable operation, we will make use of our qualification we newly obtain to expand our sources of feeding, in order to improve our integral operation. With the successful experience in waste solvent recycling and reuse, we will keep evaluating our competitiveness and exploring more recycling opportunities from

hi-tech industries, enabling us to be closer to their circular supply chains both domestically and overseas. In the field of water resource recycling, we will utilize our O&M experience from Linkou Water Resource Center for the water reclamation plant that is soon to be constructed by Group, and we will further combine Group's resources to pursue other investment and O&M opportunities in water reclamation from the government. As for the recycling and reuse of other resources, we will constantly study market information of different industries and integrate internal and external technological resources to explore feasible business models, such as recycling municipal waste, or waste and wastewater generated from industrial manufacturing. Also, we will self-develop or evaluate targets for merging.

C. Renewable Energy

For the domestic market of solar power, in addition to maintaining stable operation for current projects, we will be dedicated to commencing the operation of new projects in time. As for business expansion, we will be targeting restored landfills, floating type, and other ground-mounted projects, when combining resources from external cooperation partners to carefully evaluate and actively pursue large-scale investment and O&M opportunities. Moreover, as for electricity liberalization, there are many opportunities derived from lifted legal restrictions and enterprises' needs in green power, so we will actively explore the market and innovate new business models. About overseas market, in addition to maintaining stable operation for the current project in the US, we will, as per their policies and laws on green energy, keep exploring appropriate targets in developed and developing countries.

INDEPENDENT AUDITOR'S REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of ECOVE Environment Corporation

Opinion

We have audited the accompanying consolidated balance sheets of ECOVE Environment Corporation and its subsidiaries (the “Group”) as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the audit reports of other independent 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 judgement, were of most significance in our audit of the Group's 2020 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, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2020 consolidated financial statements are stated as follows:

Accuracy of service revenue

Description

Refer to Note 4(28) for accounting policies on operating revenue and Note 6(24) for details of operating revenue.

Operating revenue mainly arises from service revenue and electricity sales revenue. The service revenue mainly arises from contracts entered into with certain governments (grantors) that involve charging for the service per unit in accordance with contracts and self-undertook services. The cash amount of service revenue was NT\$2,729,117 thousand, constituting 48% of operating revenue for the year ended December 31, 2020. Due to the fact that the recognition of this type of revenue is subject to the accuracy of the reports used and manual calculation, we consider the accuracy of service revenue a key audit matter.

How our audit addressed the matter

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

- A. Obtained an understanding of the procedures of waste treatment and tested relevant internal controls, including randomly checking the actual amount of disposals that are treated at the waste treatment plant monthly, the consistency of monthly statements that management used in calculating revenue, and the consistency between service fees per unit and contract.
- B. Verified the accuracy of statements that management used in calculating revenue, including the amount of disposals treated and the service fees per unit, recalculated the accuracy of cash amount and ascertained whether it was in agreement with recorded revenue.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investees accounted for using equity method that are included in the consolidated financial statements. The balance of these investments accounted for using equity method was NT\$83,664 thousand and NT\$48,614 thousand, constituting 0.8% and 0.5% of consolidated total assets as of December 31, 2020 and 2019, respectively, and the share of loss of associates and joint ventures accounted for using equity method was (NT\$950) thousand and (NT\$722) thousand, constituting (0.09%) and (0.07%) of consolidated total comprehensive income for the years

then ended, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other auditors.

Other matter - non-consolidated financial statements

We have audited and expressed an unqualified opinion with *Other matter* section on the non-consolidated financial statements of ECOVE Environment Corporation as at and for the years ended December 31, 2020 and 2019.

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

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

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards 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 the generally accepted auditing standards in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- A. 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.
- B. 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 Group's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


Wang, Shih-Jung
Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 9, 2021

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditor's report 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, PricewaterhouseCoopers 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.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 533,625	6	\$ 1,679,523	18
1110	Financial assets at fair value through profit or loss - current	6(2)	1,405,767	14	10,933	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	129,482	1	124,032	1
1136	Current financial assets at amortised cost	6(4)	108,925	1	247,014	2
1140	Current contract assets	6(24)	512,733	5	342,720	4
1150	Notes receivable, net		88	-	481	-
1170	Accounts receivable, net	6(5)	840,100	9	851,456	9
1180	Accounts receivable - related parties, net	7	-	-	571	-
1200	Other receivables		908	-	103,685	1
1210	Other receivables - related parties	7	30,084	-	30,818	-
130X	Inventories		74,927	1	72,507	1
1410	Prepayments	6(6)	99,519	1	92,113	1
11XX	Total current assets		<u>3,736,158</u>	<u>38</u>	<u>3,555,853</u>	<u>37</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	543	-	543	-
1550	Investments accounted for using equity method	6(7)	482,853	5	418,868	4
1600	Property, plant and equipment, net	6(8) and 8	3,484,650	35	2,858,835	30
1755	Right-of-use assets	6(9)	81,511	1	102,256	1
1780	Intangible assets	6(10)	136,153	1	136,153	2
1840	Deferred income tax assets	6(31)	27,162	-	26,367	-
1900	Other non-current assets	6(11) and 8	1,936,966	20	2,441,942	26
15XX	Total non-current assets		<u>6,149,838</u>	<u>62</u>	<u>5,984,964</u>	<u>63</u>
1XXX	Total assets		<u>\$ 9,885,996</u>	<u>100</u>	<u>\$ 9,540,817</u>	<u>100</u>

(Continued)

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 464,700	5	\$ 305,000	3
2110	Short-term notes and bills payable	6(13)	147,925	2	-	-
2130	Current contract liabilities	6(24)	9,729	-	50,005	1
2150	Notes payable		23	-	-	-
2170	Accounts payable	6(14)	694,711	7	652,577	7
2180	Accounts payable - related parties	7	17,021	-	27,892	-
2200	Other payables	6(15)	389,474	4	421,493	4
2220	Other payables - related parties	7	2,577	-	3,365	-
2230	Income tax liabilities		240,350	2	96,809	1
2280	Current lease liabilities	7	16,791	-	25,523	-
2300	Other current liabilities	6(16)(17)	281,644	3	151,939	2
21XX	Total current liabilities		<u>2,264,945</u>	<u>23</u>	<u>1,734,603</u>	<u>18</u>
Non-current liabilities						
2540	Long-term borrowings	6(17)	1,148,610	12	1,427,563	15
2570	Deferred income tax liabilities	6(31)	196,240	2	210,864	2
2580	Non-current lease liabilities	7	39,849	-	44,102	-
2600	Other non-current liabilities	6(18)	585,909	6	530,882	6
25XX	Total non-current liabilities		<u>1,970,608</u>	<u>20</u>	<u>2,213,411</u>	<u>23</u>
2XXX	Total liabilities		<u>4,235,553</u>	<u>43</u>	<u>3,948,014</u>	<u>41</u>
Equity attributable to owners of parent						
Share capital						
3110	Common stock	6(21)	689,762	7	671,051	7
3140	Advance receipts for share capital		524	-	-	-
Capital surplus						
3200	Capital surplus	6(22)	2,310,642	23	2,208,031	23
Retained earnings						
3310	Legal reserve	6(23)	764,812	8	684,320	7
3320	Special reserve		-	-	2,243	-
3350	Unappropriated retained earnings		1,438,777	15	1,408,234	15
Other equity interest						
3400	Other equity interest		(23,272)	(1)	12,487	-
3500	Treasury shares	6(21)	(57)	-	-	-
31XX	Equity attributable to owners of the parent		<u>5,181,188</u>	<u>52</u>	<u>4,986,366</u>	<u>52</u>
36XX	Non-controlling interest	4(3)	<u>469,255</u>	<u>5</u>	<u>606,437</u>	<u>7</u>
3XXX	Total equity		<u>5,650,443</u>	<u>57</u>	<u>5,592,803</u>	<u>59</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 9,885,996</u>	<u>100</u>	<u>\$ 9,540,817</u>	<u>100</u>

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Expressed in thousands of New Taiwan dollars)

Items	Notes	Year ended December 31				
		2020		2019		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(24) and 7	\$ 5,637,590	100	\$ 5,321,559	100
5000	Operating costs	6(29)(30) and 7	(4,246,675)	(75)	(3,977,155)	(75)
5900	Gross profit		1,390,915	25	1,344,404	25
	Operating expenses	6(29)(30) and 7				
6200	General and administrative expenses		(180,587)	(3)	(172,357)	(3)
6000	Total operating expenses		(180,587)	(3)	(172,357)	(3)
6900	Operating profit		1,210,328	22	1,172,047	22
	Non-operating income and expenses					
7100	Interest income	6(25) and 7	2,970	-	11,990	-
7010	Other income	6(26) and 7	36,690	1	85,137	2
7020	Other gains and losses	6(27)	5,552	-	6,997	-
7050	Finance costs	6(28) and 7	(29,896)	(1)	(34,083)	(1)
7060	Share of profit of associates and joint ventures accounted for using equity method	6(7)	56,689	1	32,747	1
7000	Total non-operating income and expenses		72,005	1	102,788	2
7900	Profit before income tax		1,282,333	23	1,274,835	24
7950	Income tax expense	6(31)	(234,244)	(4)	(212,685)	(4)
8200	Profit for the year		\$ 1,048,089	19	\$ 1,062,150	20

(Continued)

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Expressed in thousands of New Taiwan dollars)

Items	Notes	Year ended December 31				
		2020		2019		
		AMOUNT	%	AMOUNT	%	
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Losses on remeasurements of defined benefit plans	6(19)	(\$ 9,007)	-	(\$ 7,367)	-
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	5,450	-	31,158	-
8320	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		51	-	(1)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	1,731	-	1,459	-
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		(1,775)	-	25,249	-
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Cumulative translation differences of foreign operations		(53,015)	(1)	(20,411)	-
8300	Total other comprehensive (loss) income for the year		(\$ 54,790)	(1)	\$ 4,838	-
8500	Total comprehensive income for the year		\$ 993,299	18	\$ 1,066,988	20
Profit attributable to:						
8610	Owners of the parent		\$ 842,254	15	\$ 811,312	15
8620	Non-controlling interest		205,835	4	250,838	5
	Total		\$ 1,048,089	19	\$ 1,062,150	20
Comprehensive income attributable to:						
8710	Owners of the parent		\$ 799,782	15	\$ 819,645	15
8720	Non-controlling interest		193,517	3	247,343	5
	Total		\$ 993,299	18	\$ 1,066,988	20
Earnings per share (in dollars):						
9750	Basic earnings per share	6(32)	\$ 12.53		\$ 12.09	
9850	Diluted earnings per share		\$ 12.45		\$ 12.06	

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent												
	Capital	Retained Earnings					Other Equity Interest						
Notes	Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interest	Total equity	
Year ended December 31, 2019													
Balance at January 1, 2019	\$ 671,051	\$ -	\$ 2,193,473	\$ 603,629	\$ 32,284	\$ 1,380,044	\$ 3,626	(\$ 5,869)	\$ -	\$ 4,878,238	\$ 543,121	\$ 5,421,359	
Profit for the year	-	-	-	-	-	811,312	-	-	-	811,312	250,838	1,062,150	
Other comprehensive income (loss)	-	-	-	-	-	(5,508)	(16,307)	30,148	-	8,333	(3,495)	4,838	
Total comprehensive income (loss)	-	-	-	-	-	805,804	(16,307)	30,148	-	819,645	247,343	1,066,988	
Appropriations of 2018 earnings	6(23)	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve		-	-	80,691	-	(80,691)	-	-	-	-	-	-	
Reversal of special reserve		-	-	-	(30,041)	30,041	-	-	-	-	-	-	
Cash dividends		-	-	-	-	(726,078)	-	-	-	(726,078)	(184,766)	(910,844)	
Share-based payment transactions	6(22)	-	14,421	-	-	-	-	-	-	14,421	879	15,300	
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	(886)	-	886	-	-	-	-	
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	137	-	-	-	-	3	-	140	(140)	-	
Balance at December 31, 2019		\$ 671,051	\$ -	\$ 2,208,031	\$ 684,320	\$ 2,243	\$ 1,408,234	(\$ 12,681)	\$ 25,168	\$ -	\$ 4,986,366	\$ 606,437	\$ 5,592,803
Year ended December 31, 2020													
Balance at January 1, 2020		\$ 671,051	\$ -	\$ 2,208,031	\$ 684,320	\$ 2,243	\$ 1,408,234	(\$ 12,681)	\$ 25,168	\$ -	\$ 4,986,366	\$ 606,437	\$ 5,592,803
Profit for the year		-	-	-	-	842,254	-	-	-	842,254	205,835	1,048,089	
Other comprehensive income (loss)		-	-	-	-	(6,713)	(41,035)	5,276	-	(42,472)	(12,318)	(54,790)	
Total comprehensive income (loss)		-	-	-	-	835,541	(41,035)	5,276	-	799,782	193,517	993,299	
Appropriations of 2019 earnings	6(23)	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve		-	-	80,492	-	(80,492)	-	-	-	-	-	-	
Reversal of special reserve		-	-	-	(2,243)	2,243	-	-	-	-	-	-	
Cash dividends		-	-	-	-	(726,749)	-	-	-	(726,749)	(235,671)	(962,420)	
Capital reduction of subsidiary	4(3)	-	-	-	-	-	-	-	-	-	(37,500)	(37,500)	
Share-based payment transactions	6(22)	-	24,586	-	-	-	-	-	-	24,586	1,439	26,025	
Employee stock options exercised	6(21)(22)	2,114	524	36,238	-	-	-	-	-	38,876	-	38,876	
Adjustments of changes in investments accounted for using equity method	6(7)	-	-	561	-	-	-	-	-	561	41	602	
Increase in non-controlling interests by issuing ordinary shares	6(21)	16,597	-	41,226	-	-	-	-	-	57,823	(59,008)	(1,185)	
Acquire of parent company's shares by subsidiaries recognised as treasury shares	6(21)	-	-	-	-	-	-	-	(57)	(57)	-	(57)	
Balance at December 31, 2020		\$ 689,762	\$ 524	\$ 2,310,642	\$ 764,812	\$ -	\$ 1,438,777	(\$ 53,716)	\$ 30,444	(\$ 57)	\$ 5,181,188	\$ 469,255	\$ 5,650,443

The accompanying notes are an integral part of these consolidated financial statements

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,282,333	\$ 1,274,835
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(29)	262,731	189,789
Depreciation - right-of-use assets	6(9)(29)	29,824	35,419
Amortisation	6(29)	13,957	9,675
Interest expense	6(28)	29,348	33,505
Interest expense - lease liability	6(9)(28)	548	578
Dividend income	6(26)	(7,172)	(8,857)
Interest income	6(25)	(2,970)	(11,990)
Salary expense - employee stock options	6(20)(30)	26,025	14,677
Gain on valuation of financial assets	6(27)	(5,282)	(2,849)
Profit from lease modification	6(27)	(627)	(28)
Share of profit of associates and joint ventures accounted for using equity method	6(7)	(56,689)	(32,747)
(Gain) loss on disposal of property, plant and equipment	6(27)	(2,374)	411
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(1,409,657)	170,448
Current contract assets		(170,013)	23,363
Notes receivable, net		393	840
Accounts receivable, net		11,356	(176,368)
Accounts receivable - related parties, net		571	1,146
Other receivables		102,356	(45,270)
Other receivables - related parties		734	16,848
Inventories		(2,420)	(8,653)
Prepaid expenses		(7,406)	10,207
Other non-current assets		345,841	333,383
Changes in operating liabilities			
Current contract liabilities		(40,276)	(90,575)
Notes payable		23	(1,032)
Accounts payable		42,134	116,780
Accounts payable - related parties		(10,871)	4,481
Other payables		(30,056)	(40,109)
Other payables - related parties		(788)	(3,116)
Other current liabilities		16,444	6,620
Other non-current liabilities		(22,744)	(11,566)
Cash inflow generated from operations		395,273	1,809,845
Interest received		3,087	12,488
Dividends received		32,642	23,067
Interest paid		(31,311)	(39,840)
Income tax paid		(108,944)	(246,360)
Net cash flows from operating activities		<u>290,747</u>	<u>1,559,200</u>

(Continued)

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets measured at fair value		\$ -	\$ 9,326
Decrease in financial assets at amortised cost		138,089	50,837
Increase in other receivables - related parties		-	(23,000)
Interest received		304	75
Increase in investments accounted for using equity method	6(7)	(36,000)	-
Acquisition of property, plant and equipment	6(8)	(36,485)	(122,081)
Proceeds from disposal of property, plant and equipment		2,577	72
Increase in refundable deposits		(9,979)	(617)
Increase in other non-current assets		(683,910)	(662,727)
Capital reduction of subsidiary		(37,500)	-
Net cash flows used in investing activities		(662,904)	(748,115)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term loans		(2,853,600)	(256,300)
Increase in short-term loans		3,013,300	509,300
Increase in short-term notes payable		147,925	-
Proceeds from long-term loans		236,546	185,700
Repayment of long-term loans		(379,715)	(168,856)
Repayment of lease liabilities		(21,913)	(30,244)
Increase (decrease) in deposits received (shown in other non-current liabilities)		8,445	(3,480)
Cash dividends paid		(962,420)	(910,844)
Employee stock options exercised		38,876	-
Acquire non-controlling interests by issuing ordinary shares	6(21)	(1,185)	-
Net cash flows used in financing activities		(773,741)	(674,724)
Net (decrease) increase in cash and cash equivalents		(1,145,898)	136,361
Cash and cash equivalents at beginning of year		1,679,523	1,543,162
Cash and cash equivalents at end of year		\$ 533,625	\$ 1,679,523

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



INDEPENDENT AUDITOR'S REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of ECOVE Environment Corporation

Opinion

We have audited the accompanying non-consolidated balance sheets of ECOVE Environment Corporation (the “Company”) as of December 31, 2020 and 2019, and the related non-consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to *Other matter* section), the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the non-consolidated financial statements* section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the audit reports of other independent accountants, as described in the other matters section of our report, 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 judgement, were of most significance in our audit of the Company’s 2020 non-consolidated financial statements. These matters were addressed in the context of our audit of the non-consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2020 non-consolidated financial statements are stated as follows:

Service revenue of subsidiaries accounted for using the equity method

As at December 31, 2020, the investments in subsidiaries, ECOVE Wujih Energy Corp., ECOVE Environmental Services Corp., ECOVE Waste Management Corp., ECOVE Miaoli Energy Corp. and SINO GAL-Waste Services Co., Ltd., accounted for using the equity method amounted to \$2,761,520 thousand, constituting 53% of the Company's total assets and are material to the non-consolidated financial statements. Thus, we consider the accuracy of service revenue of subsidiaries accounted for using the equity method as a key audit matter.

Description

Refer to consolidated financial statements Note 4(28) for accounting policies on operating revenue.

Subsidiaries operating revenue mainly arises from service revenue and electricity sales revenue. The service revenue mainly arises from contracts entered into with certain governments (grantors) that involve charging for the service per unit in accordance with contracts and self-undertook services. As the relevant revenue is the main operating income of each subsidiary and is material to investment income and losses, we consider the accuracy of service revenue of subsidiaries a key audit matter.

How our audit addressed the matter

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

- A. Obtained an understanding of the procedures of waste treatment and tested relevant internal controls, including randomly checking the actual amount of disposals that are treated at the waste treatment plant monthly, the consistency of monthly statements that management used in calculating revenue, and the consistency between service fees per unit and contract.
- B. Verified the accuracy of statements that management used in calculating revenue, including the amount of disposals treated and the service fees per unit, recalculating the accuracy of cash amount and ascertained whether it was in agreement with recorded revenue.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investees accounted for using equity method that are included in the non-consolidated financial statements. The balance of the investees accounted for using equity method was NT\$77,826 thousand and NT\$48,614 thousand, constituting 1% and 1% of non-consolidated total assets as of December 31, 2020 and 2019, respectively, and the share of loss of associates and joint ventures accounted for using equity method of the investees was (NT\$788) thousand and (NT\$722) thousand for the years ended December 31, 2020 and 2019, constituting (0.1%) and (0.09%) of non-consolidated total comprehensive income for the years then ended, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other auditors.

Responsibilities of management and those charged with governance for the non-consolidated financial statements

Management is responsible for the preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the non-consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted audit standards 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 non-consolidated financial statements.

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

- A. Identify and assess the risks of material misstatement of the non-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.
- B. 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 Company's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the non-consolidated financial statements. We are responsible for the direction, supervision and performance of the 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 the non-consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


Weng, Shih-Jung

Lin, Yi-Fan
For and on behalf of PricewaterhouseCoopers, Taiwan
March 9, 2021

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying non-consolidated financial statements and independent auditor's report 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, PricewaterhouseCoopers 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.

ECOVE ENVIRONMENT CORPORATION
NON-CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 16,851	-	\$ 293,202	6
1110	Financial assets at fair value through profit or loss - current	6(2)	216,381	4	-	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	22,842	1	21,880	-
1200	Other receivables		251	-	230	-
1210	Other receivables - related parties	7	243,663	5	239,554	5
1410	Prepayments		8	-	-	-
11XX	Total current assets		<u>499,996</u>	<u>10</u>	<u>554,866</u>	<u>11</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	543	-	543	-
1550	Investments accounted for using equity method	6(4)	4,715,482	90	4,461,061	89
1755	Right-of-use assets	6(5)	392	-	1,325	-
15XX	Total non-current assets		<u>4,716,417</u>	<u>90</u>	<u>4,462,929</u>	<u>89</u>
1XXX	Total assets		<u>\$ 5,216,413</u>	<u>100</u>	<u>\$ 5,017,795</u>	<u>100</u>

(Continued)

ECOVE ENVIRONMENT CORPORATION
NON-CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2200	Other payables		\$ 18,309	1	\$ 18,547	1
2220	Other payables - related parties	7	1,010	-	1,371	-
2230	Income tax liabilities		11,251	-	6,828	-
2280	Current lease liabilities	7	48	-	773	-
21XX	Total current liabilities		<u>30,618</u>	<u>1</u>	<u>27,519</u>	<u>1</u>
Non-current liabilities						
2580	Non-current lease liabilities	7	350	-	533	-
2640	Accrued pension liabilities	6(6)	4,257	-	3,377	-
25XX	Non-current liabilities		<u>4,607</u>	<u>-</u>	<u>3,910</u>	<u>-</u>
2XXX	Total liabilities		<u>35,225</u>	<u>1</u>	<u>31,429</u>	<u>1</u>
Equity						
Share capital		6(8)				
3110	Common stock		689,762	13	671,051	13
3140	Advance receipts for share capital		524	-	-	-
Capital surplus		6(9)				
3200	Capital surplus		2,310,642	44	2,208,031	44
Retained earnings		6(10)				
3310	Legal reserve		764,812	15	684,320	14
3320	Special reserve		-	-	2,243	-
3350	Unappropriated retained earnings		1,438,777	27	1,408,234	28
Other equity interest						
3400	Other equity interest		(23,272)	-	12,487	-
3500	Treasury shares		(57)	-	-	-
3XXX	Total equity		<u>5,181,188</u>	<u>99</u>	<u>4,986,366</u>	<u>99</u>
Significant events after the balance sheet date		11				
Significant contingent liabilities and unrecognized contract commitments		9				
3X2X	Total liabilities and equity		<u>\$ 5,216,413</u>	<u>100</u>	<u>\$ 5,017,795</u>	<u>100</u>

The accompanying notes are an integral part of these non-consolidated financial statements.

ECOVE ENVIRONMENT CORPORATION
NON-CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

		Year ended December 31				
Items		Notes	2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(4)	\$ 854,942	100	\$ 814,178	100
	Operating expenses					
6200	General and administrative expenses	6(14)(15) and 7	(50,666)	(6)	(49,663)	(6)
6900	Operating profit		804,276	94	764,515	94
	Non-operating income and expenses					
7100	Interest income	6(11)	2,050	-	2,526	1
7010	Other income	6(12) and 7	46,381	6	51,114	6
7020	Other gains and losses	6(13)	1,042	-	636	-
7050	Finance costs	6(5) and 7	(5)	-	(21)	-
7000	Total non-operating income and expenses		49,468	6	54,255	7
7900	Profit before income tax		853,744	100	818,770	101
7950	Income tax expense	6(16)	(11,490)	(1)	(7,458)	(1)
8200	Profit for the year		\$ 842,254	99	\$ 811,312	100
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Losses on remeasurements of defined benefit plan	6(6)	(\$ 352)	-	(\$ 73)	-
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	962	-	6,072	1
8330	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		(2,047)	-	18,641	2
8310	Other comprehensive income that will not be reclassified to profit or loss		(1,437)	-	24,640	3
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Cumulative translation differences of foreign operations		(41,035)	(5)	(16,307)	(2)
8300	Other comprehensive (loss) income for the year		(\$ 42,472)	(5)	\$ 8,333	1
8500	Total comprehensive income for the year		\$ 799,782	94	\$ 819,645	101
	Earnings per share (in dollars):	6(17)				
9750	Basic earnings per share		\$ 12.53		\$ 12.09	
9850	Diluted earnings per share		\$ 12.45		\$ 12.06	

The accompanying notes are an integral part of these non-consolidated financial statements.

ECOVE ENVIRONMENT CORPORATION
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31									
		2020	2019								
Year ended December 31, 2019											
Balance at January 1, 2019		\$ 671,051	\$ -	\$ 2,193,473	\$ 603,629	\$ 32,284	\$ 1,380,044	\$ 3,626	(\$ 5,869)	\$ -	\$ 4,878,238
Profit for the year		-	-	-	-	-	811,312	-	-	-	811,312
Other comprehensive income (loss)		-	-	-	-	-	(5,508)	(16,307)	30,148	-	8,333
Total comprehensive income (loss)		-	-	-	-	-	805,804	(16,307)	30,148	-	819,645
Appropriations of 2018 earnings (Note1)	6(10)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	80,691	-	(80,691)	-	-	-	-
Reversal of special reserve		-	-	-	-	(30,041)	30,041	-	-	-	-
Cash dividends		-	-	-	-	-	(726,078)	-	-	-	(726,078)
Share-based payment transactions		-	-	14,421	-	-	-	-	-	-	14,421
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	-	(886)	-	886	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	-	137	-	-	-	-	3	-	140
Balance at December 31, 2019		\$ 671,051	\$ -	\$ 2,208,031	\$ 684,320	\$ 2,243	\$ 1,408,234	(\$ 12,681)	\$ 25,168	\$ -	\$ 4,986,366
Year ended December 31, 2020											
Balance at January 1, 2020		\$ 671,051	\$ -	\$ 2,208,031	\$ 684,320	\$ 2,243	\$ 1,408,234	(\$ 12,681)	\$ 25,168	\$ -	\$ 4,986,366
Profit for the year		-	-	-	-	-	842,254	-	-	-	842,254
Other comprehensive income (loss)		-	-	-	-	-	(6,713)	(41,035)	5,276	-	(42,472)
Total comprehensive income (loss)		-	-	-	-	-	835,541	(41,035)	5,276	-	799,782
Appropriations of 2019 earnings (Note2)	6(10)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	80,492	-	(80,492)	-	-	-	-
Reversal of special reserve		-	-	-	-	(2,243)	2,243	-	-	-	-
Cash dividends		-	-	-	-	-	(726,749)	-	-	-	(726,749)
Share-based payment transactions	6(7)(15)	-	-	3,548	-	-	-	-	-	-	3,548
Employee stock options exercised		2,114	524	36,238	-	-	-	-	-	-	38,876
Adjustments of changes in investments accounted for using equity method	6(4)	-	-	21,599	-	-	-	-	-	-	21,599
Ordinary share issuance-other	6(4)	16,597	-	41,226	-	-	-	-	-	-	57,823
Acquisition of parent company's shares by subsidiaries recognised as treasury shares	6(8)	-	-	-	-	-	-	-	-	(57)	(57)
Balance at December 31, 2020		\$ 689,762	\$ 524	\$ 2,310,642	\$ 764,812	\$ -	\$ 1,438,777	(\$ 53,716)	\$ 30,444	(\$ 57)	\$ 5,181,188

Note 1: The directors' and supervisors' remuneration of \$5,200 and the employees' bonus of \$343 for the year ended December 31, 2018 has been deducted from the statement of comprehensive income.

Note 2: The directors' and supervisors' remuneration of \$5,200 and the employees' bonus of \$329 for the year ended December 31, 2019 has been deducted from the statement of comprehensive income.

The accompanying notes are an integral part of these non-consolidated financial statements.

ECOVE ENVIRONMENT CORPORATION
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 853,744	\$ 818,770
Adjustments			
Adjustments to reconcile profit (loss)			
Salary expense-employee stock options	6(7)(15)	3,548	1,947
Depreciation - right-of-use assets	6(5)(14)	580	754
Interest income	6(11)	(2,050)	(2,526)
Dividend income	6(12)	(1,265)	(1,563)
Gain on valuation of financial assets	6(2)(13)	(1,071)	(712)
Profit from lease modification	6(13)	(16)	(5)
Share of profit of associates and joint ventures accounted for using equity method	6(4)	(854,942)	(814,178)
Interest expense - lease liability	6(5) and 7	5	21
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(215,310)	2,757
Other receivables		(39)	260
Other receivables - related parties		(4,105)	(7,357)
Prepayments		(8)	891
Changes in operating liabilities			
Notes payable		-	(480)
Other payables		(238)	(255)
Other payables - related parties		(361)	79
Accrued pension liabilities		528	557
Cash outflow generated from operations		(221,000)	(1,040)
Interest received		68	937
Dividends received		806,756	1,265,949
Income tax paid		(7,067)	(8,118)
Income tax refund received		-	3
Net cash flows from operating activities		<u>578,757</u>	<u>1,257,731</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,996	1,647
Other receivables - related parties		-	(113,000)
Proceeds from disposal of financial assets measured at fair value through other comprehensive income		-	4,209
Increase in investments accounted for using the equity method	6(4)	(280,000)	(341,046)
Proceeds from capital return of investments accounted for using equity method	6(4)	112,498	-
Net cash flows used in investing activities		<u>(165,506)</u>	<u>(448,190)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(544)	(790)
Acquire equity in subsidiaries by issuing ordinary shares		(1,185)	-
Employee stock options exercised		38,876	-
Cash dividends paid	6(10)	(726,749)	(726,078)
Net cash flows used in financing activities		<u>(689,602)</u>	<u>(726,868)</u>
Net (decrease) increase in cash and cash equivalents		(276,351)	82,673
Cash and cash equivalents at beginning of year		293,202	210,529
Cash and cash equivalents at end of year		<u>\$ 16,851</u>	<u>\$ 293,202</u>

The accompanying notes are an integral part of these non-consolidated financial statements.

ECOVE Environment Corporation
Profit Distribution Table
Year 2020

Item	Unit : NT\$ Total
Unappropriated retained earnings of previous years	603,236,920
Less : Remeasurement arising on defined benefit plans are recognized in retained earnings in 2020	(6,713,519)
Add : Net income of 2020	842,253,619
Less : 10% legal reserve	(83,554,010)
Less : Special reserve	(23,272,365)
Retained earnings available for distribution as of December 31,2020	1,331,950,645
Cash dividends (Based on 69,043,781 outstanding shares at January 31, 2021, about NT\$11.00 per share)	(759,482,000)
Unappropriated retained earnings	572,468,645

Notes :

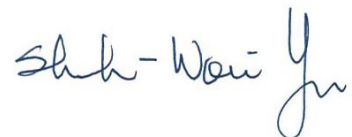
1. Distribution will be made primarily by 2020 retained earnings; the insufficient amount will be reimbursed by undistributed retained earnings before 2019.
2. For the proposed distribution date, shares for distribution are based on outstanding shares by the end of January 31, 2021; the actual shares for distribution will be based on the actual outstanding shares on the record date.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements (both consolidated and individual), and proposal for allocation of profits. The CPA firm of PriceWaterhouseCoopers was retained to audit ECOVE Environment Corporation's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of ECOVE Environment Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

ECOVE Environment Corporation.

Chairman of the Audit Committee: Shuh-Woei Yu



Dated March 9th, 2021

ECOVE Environment Corporation
The Directors' and Employees' Remuneration of 2020

- (1) It is processed in accordance with the Article 29 of "Articles of Incorporation" of the Company.
- (2) The 2020 pre-tax profit before remuneration distribution amounts to NT \$859,248,523. The Board of Directors of the Company resolved that NT\$5,200,000 (contribution rate :0.61%) of the directors' remuneration and NT\$304,816 (contribution rate:0.04%) of the employees' remuneration will be distributed by cash. There is no difference between the amount of employees' compensation and directors' remuneration recognized in the 2020 financial statements.

ECOVE Environment Corporation
The Balance of the Company's Guarantees and Endorsements
December 31, 2020

unit : NT\$ Thousand

Item	Guarantees and Endorsements	
	as of 2020/12/31	as of 2019/12/31
ECOVE Solar Energy Corporation	2,249,108	2,106,562
ECOVE Solar Power Corporation	683,000	317,000
EVER ECOVE Corporation	220,500	220,500
ECOVE Solvent Recycling Corporation	157,600	155,800
ECOVE South Corporation Ltd.	150,000	150,000
Total	3,460,208	2,949,862
<p>Note: 2020.12.31 Net worth : 5,181.19 millions</p> <p>1. The ceiling on the total amount of endorsements or guarantees made by the Company is TWD 15,543.56 millions.</p> <p>2. The ceiling on the total amount of endorsements or guarantees for any single entity is TWD10,362.38 millions.</p>		

ECOVE Environment Corporation
Table of Amendments to “Articles of Incorporation”

Article	Existing Provisions	Amendments
Article 5	<p>The Company has an authorized capital of NT\$<u>800,000,000</u>, divided into <u>80,000,000</u> shares at NT\$10 dollars par value per share.</p> <p>The Company hereby authorizes the Board of Directors to issue the said shares in installments.</p> <p>In respect to the aforementioned capital, a total of NT\$60,000,000, divided into 6,000,000 shares at NT\$10 dollars par value per share, shall be reserved for issuing employee stock options in installments pursuant to the Company’s board resolution.</p>	<p>The Company has an authorized capital of NT\$<u>1200,000,000</u>, divided into <u>120,000,000</u> shares at NT\$10 dollars par value per share.</p> <p>The Company hereby authorizes the Board of Directors to issue the said shares in installments.</p> <p>In respect to the aforementioned capital, a total of NT\$60,000,000, divided into 6,000,000 shares at NT\$10 dollars par value per share, shall be reserved for issuing employee stock options in installments pursuant to the Company’s board resolution.</p>
Article 5-1	(New)	<p><u>The employees entitled to receive shares, which bought back by the Company, or share subscription warrants, or restricted stock for employees, or reserved for subscription by employees when the Company issues new shares, may including the employees of subsidiaries of the Company meeting certain specific requirements which will be determined by the Board of Directors.</u></p>
Article 34	<p>These Articles of Incorporation were enacted on December 8, 1999.</p> <p>(Omitted)</p> <p>The ninth amendment on May 28, 2020.</p>	<p>These Articles of Incorporation were enacted on December 8, 1999.</p> <p>(Omitted)</p> <p>The ninth amendment on May 28, 2020.</p> <p><u>The tenth amendment on July 30, 2021.</u></p>

ECOVE Environment Corporation

Table of Amendments to “The Procedure for Acquisition and Disposal of Assets”

Article	Existing Provisions	Amendments
Article 4.0	<p><u>4.1</u> Group Procurement Department: responsible for the acquisition and disposal of <u>real property or equipment</u>.</p> <p><u>4.2</u> The Executive Management Office: responsible for the acquisition and disposal of membership, intangible assets, <u>and the merger, demerger, and acquisition or transfer of shares</u>.</p> <p><u>4.3</u> Finance Department: responsible for the acquisition and disposal and related declaration of the investment in securities, the acquisition and disposal of derivatives.</p> <p><u>4.4</u> Accounting Department: responsible for <u>keeping records of the acquisition and disposal of all assets and the related declaration of the acquisition and disposal of securities and derivatives</u>.</p>	<p><u>4.1</u> The Executive Management Office: responsible for the acquisition and disposal <u>and related declaration</u> of membership and intangible assets.</p> <p><u>4.2</u> Procurement Department: responsible for the acquisition and disposal of <u>equipment or right-of-use assets thereof</u>.</p> <p><u>4.3</u> Finance Department: responsible for the acquisition and disposal and related declaration of <u>the real property or right-of-use assets thereof</u>, the investment in securities, the acquisition and disposal of derivatives, and <u>the merger, demerger, and acquisition, or transfer of shares</u>.</p> <p><u>4.4</u> Accounting Department: responsible for <u>the related declaration of the acquisition and disposal of equipment or right-of-use asset thereof and other major assets, and responsible for keeping records of the acquisition and disposal of all assets</u>.</p>
Article 6.0	<p><u>6.1</u> (Omitted)</p> <p><u>6.2</u> (Omitted)</p> <p><u>6.3</u> Set an upper limit for the price and total amount for each derivatives transactions before proceeding to trade.</p> <p><u>6.4</u> <u>Set the stop-loss before trading derivatives, the total loss amount shall not exceed the stop-loss.</u></p> <p><u>6.5</u> Conduct performance evaluation regularly and mark to the market at the end of each period for all derivatives transactions and the result should be submitted to the authority in charge.</p> <p><u>6.6</u> Establish a memorandum book for listing the details and evaluation results of all derivatives transactions.</p> <p><u>6.7</u> The trade, confirmation, and settlement of derivatives transactions shall be undertaken by different persons.</p>	<p><u>6.1</u> (Omitted)</p> <p><u>6.2</u> (Omitted)</p> <p><u>6.3</u> Set an upper limit for the price and total amount for each derivatives transactions before proceeding to trade.</p> <p><u>(Removed)</u></p> <p><u>6.4</u> Conduct performance evaluation regularly and mark to the market at the end of each period for all derivatives transactions and the result should be submitted to the authority in charge.</p> <p><u>6.5</u> Establish a memorandum book for listing the details and evaluation results of all derivatives transactions.</p> <p><u>6.6</u> The trade, confirmation, and settlement of derivatives transactions shall be undertaken by different persons.</p>

Article	Existing Provisions	Amendments
	<p><u>6.8</u> The internal auditors shall audit regularly on the suitability and compliance with internal controls on derivatives and conduct related audit reports.</p>	<p><u>6.7</u> The internal auditors shall audit regularly on the suitability and compliance with internal controls on derivatives and conduct related audit reports.</p>
Article 7.1	<p>7.1 Procedure for the acquisition or disposal of real property or equipment, or right-of-use assets thereof</p> <p>7.1.1 Evaluation Procedure</p> <p>A. The Company acquire or dispose the <u>real property or right-of-use assets thereof</u> shall refer to publicly announced current value, assessed value, and the price of the completed transactions involving neighboring. The transaction terms and price shall conduct analysis report and submit to the board of directors.</p> <p>B. (Omitted)</p> <p>C. (Omitted)</p>	<p>7.1 Procedure for the acquisition or disposal of real property or equipment, or right-of-use assets thereof</p> <p>7.1.1 Evaluation Procedure</p> <p>A. The Company acquire or dispose the real property shall refer to publicly announced current value, assessed value, and the price of the completed transactions involving neighboring. The transaction terms and price shall conduct analysis report and submit to the board of directors.</p> <p>B. (Omitted)</p> <p>C. (Omitted)</p>
Article 7.7	<p>7.7 Procedure for derivatives transactions</p> <p>7.7.1 The principles and guidelines of transaction:</p> <p>A. Types of derivatives: The Company may only engage in <u>derivatives transactions as forward contracts and options</u>.</p> <p>B. <u>Hedging</u> strategies: The Company engaged in derivatives transactions only for purpose of hedging off the risk deriving from normal operation and shall not engage in <u>any transaction which is not for purpose of hedging off the risk</u>.</p> <p>C. (Omitted)</p> <p>D. The principles of performance evaluation:</p> <p>a. Finance Dept. shall evaluate the performance of transactions regularly. Accounting Dept. shall evaluate the outstanding transactions on mark-to-market basis <u>at the last business day in the second week of each month and at the end of each month</u>.</p> <p>b. (Omitted)</p> <p>c. (Omitted)</p> <p>E. The total contract amount:</p>	<p>7.7 Procedure for derivatives transactions</p> <p>7.7.1 The principles and guidelines of transaction:</p> <p>A. Types of derivatives: The Company may engage in <u>derivatives transactions as defined in 3.1 of This Procedure</u>.</p> <p>B. <u>Transaction</u> strategies: The Company engaged in derivatives transactions only for purpose of hedging off the risk deriving from normal operation <u>and using idle money for trading of 100% principal-protected structured products, and shall not engage in any transaction for speculation purpose</u>.</p> <p>C. (Omitted)</p> <p>D. The principles of performance evaluation:</p> <p>a. Finance Dept. shall evaluate the performance of transactions regularly. Accounting Dept. shall evaluate the outstanding transactions on mark-to-market basis <u>in the middle and at the end of each month</u>.</p> <p>b. (Omitted)</p> <p>c. (Omitted)</p> <p>E. The total contract amount:</p>

Article	Existing Provisions	Amendments
	<p>a. The Company engaged in derivatives transactions <u>for purpose of hedging off the risk, the total amount shall not exceed the equivalence of USD 10 million or the equivalent value in other currencies:</u></p> <p>b. (Omitted)</p> <p>F. The maximum loss limit for all contracts combined and each individual contract: The maximum loss limit for total contracts shall be <u>10%</u> of the total managing amount and 20% of the individual contract amount for individual contract.</p> <p>7.7.2The Company shall take the following risk management measures in derivatives transactions: A. The scope of risk management: a. (Omitted) b. Market Risk: (1) (Omitted) (2) The Company shall establish reliable evaluating model and the means for access to relevant information with caution through proper channels (through financial institutions or consulting firms). These models shall be pragmatic and fit the nature of different forms of derivatives. Finance Dept. shall fully understand the meaning, the method of use and the restriction of such models. (3) (Omitted) (4) (Omitted) c. (Omitted)</p>	<p>a. <u>The amount for hedging: The Company engaged in derivatives transactions only for purpose of hedging off the risk:</u> (1)<u>The total contract amount of foreign exchange transaction shall not exceed the equivalence of USD 10 million or the equivalent value in other currencies.</u> (2)<u>The total volume of commodity transactions shall not exceed the total demands of the project.</u></p> <p>b. (Omitted)</p> <p>F. The maximum loss limit for all contracts combined and each individual contract: <u>a. Foreign exchange, derivatives transactions, and structured products transaction:</u> the maximum loss limit shall be <u>20%</u> of the total contract amount and 20% of the particular contract amount for individual contract. <u>b. Metal hedging: the maximum loss limit shall be 30% of the total contract amount and 40% of the particular contract amount for individual contract.</u></p> <p>7.7.2The Company shall take the following risk management measures in derivatives transactions: A. The scope of risk management: a. (Omitted) b. Market Risk: (1) (Omitted) (2) The Company shall establish reliable evaluating model and the means for access to relevant information with caution through proper channels (through financial institutions or consulting firms). These models shall be pragmatic and fit the nature of different forms of derivatives. Finance Dept. shall fully understand the meaning, the method of use and the restriction of such models. (3) (Omitted) (4) (Omitted) c. (Omitted)</p>

Article	Existing Provisions	Amendments
	d. (Omitted) e. (Omitted) f. (Omitted) B. (Omitted) C. (Omitted) D. (Omitted)	d. (Omitted) e. (Omitted) f. (Omitted) B. (Omitted) C. (Omitted) D. (Omitted)
Attachment II	<p>Regulation for the Authorization of Acquisition and Disposal of Assets</p> <p>I. (Omitted)</p> <p>II. (Omitted)</p> <p>III. The authorization for the acquisition and disposal of assets is specified as follows:</p> <p>1. (Omitted)</p> <p>2. Management of available funds and investments in liquid financial assets</p> <p>The Company shall manage the available funds and liquid financial assets of the Company in accordance with the followings:</p> <p>(1) In order to manage the available fund in an effective manner, if the Company plans to acquire or dispose of very low-risk objects such as fix term deposit, short term notes and government bonds (including securities with call option), etc., and low-risk objects such as <u>domestic bond fund</u>, money market fund, corporate bond with guarantee, etc., the proposal shall be submitted to the manager in charge of the finance department for approval.</p> <p>(2) In order to gain higher profit, if the Company plans to acquire short-term securities investments, which entails certain risk, such as stocks, balanced fund, <u>domestic equity fund</u>, <u>foreign equity fund</u>, <u>foreign bond fund</u>, convertible corporate bond, depositary receipt, knock-out call (put) warrant, etc., whereby the total amount is within TWD 300 million the financial department shall submit</p>	<p>Regulation for the Authorization of Acquisition and Disposal of Assets</p> <p>I. (Omitted)</p> <p>II. (Omitted)</p> <p>III. The authorization for the acquisition and disposal of assets is specified as follows:</p> <p>1. (Omitted)</p> <p>2. Management of available funds and investments in liquid financial assets</p> <p>The Company shall manage the available funds and liquid financial assets of the Company in accordance with the followings:</p> <p>(1) In order to manage the available fund in an effective manner, if the Company plans to acquire or dispose of very low-risk objects such as fix term deposit, short term notes and government bonds (including securities with call option), etc., and low-risk objects such as <u>bond fund</u>, money market fund, corporate bond with guarantee, etc., the proposal shall be submitted to the manager in charge of the finance department for approval.</p> <p>(2) In order to gain higher profit, if the Company plans to acquire short-term securities investments, which entails certain risk, such as stocks, balanced fund, <u>equity fund</u>, convertible corporate bond, depositary receipt, knock-out call (put) warrant, <u>futures, unsecured corporate bond</u>, etc., whereby the total amount is within TWD 300 million the financial department shall submit the</p>

Article	Existing Provisions	Amendments
	<p>the proposal to the Chairman for approval. Where the Company plans to acquire the abovementioned assets for an aggregate amount exceeding the abovementioned limit or individually exceeding TWD 100 million, the proposal shall be submitted to the board of directors for resolution. The disposal of such objects shall depend on <u>the timing and shall be decided by the General Manager before submitting to the Chairman.</u></p> <p>3. (Omitted)</p> <p>4. Real estate and equipment, or right-of-use assets thereof The Company may acquire or dispose of real estate and other assets, or right-of-use assets thereof for operating need, and shall refer to the line of authority of the Parent Company of the Group for the authorization for decision. The proposal for the acquisition and disposal of real estate <u>or right-of-use assets</u> shall be drafted out and submitted to the board of the directors for approval.</p> <p>5. (Omitted)</p>	<p>proposal to the Chairman for approval. Where the Company plans to acquire the abovementioned assets for an aggregate amount exceeding the abovementioned limit or individually exceeding TWD 100 million, the proposal shall be submitted to the board of directors for resolution. The disposal of such objects shall depend on <u>the timing of profit or stop-loss and shall be decided by the head of the finance department</u> before submitting to the Chairman.</p> <p>3. (Omitted)</p> <p>4. Real estate and equipment, or right-of-use assets thereof The Company may acquire or dispose of real estate and other assets, or right-of-use assets thereof for operating need, and shall refer to the line of authority of the Parent Company of the Group for the authorization for decision. The proposal for the acquisition and disposal of real estate shall be drafted out and submitted to the board of the directors for approval.</p> <p>5. (Omitted)</p>

ECOVE Environment Corporation
Table of Amendments to “The Procedure for Loaning of Funds ”

Article	Existing Provisions	Amendments
2.0	<p>2.0 Range</p> <p>2.1 Entities to which the Company may Loan Funds and Evaluation Standards for Loaning Funds to Others: The Company may loan funds to the following companies, which needs a short-term loan arrangement for business transaction.</p> <p>2.1.1 Subsidiaries of the Company.</p> <p>2.1.2 Jointly invested companies, to which all capital contributing shareholders loan funds in proportion to their shareholding percentages.</p> <p>2.2 Total Amount of Loan and Limit for Individual Borrower The total amount of the loan shall not exceed 40% of the Company’s net worth.The amount of loan made to individual Borrower shall not exceed 10% of the Company’s net worth. The total Amount of loan and limit for individual borrower, made between foreign companies or between foreign company and the Company ,in which the Company directly or indirectly holds 100% of the voting shares , shall not exceed 100% of the Company’s net worth and term of loan shall not exceed five years.</p>	<p>2.0 Range</p> <p>2.1 Entities to which the Company may Loan Funds and Evaluation Standards for Loaning Funds to Others: The Company may loan funds to the following companies, which needs a short-term loan arrangement for business transaction.</p> <p>2.1.1 <u>CTCI Corporation and the affiliated companies(hereinafter as CTCI Group)</u></p> <p>2.1.2 Jointly invested companies, to which all capital contributing shareholders loan funds in proportion to their shareholding percentages.</p> <p>2.2 Total Amount of Loan and Limit for Individual Borrower The total amount of the loan shall not exceed 40% of the Company’s net worth.The amount of loan made to individual Borrower shall not exceed <u>40%</u> of the Company’s net worth. The total Amount of loan and limit for individual borrower, made between foreign companies or between foreign company and the Company ,in which the Company directly or indirectly holds 100% of the voting shares , shall not exceed 100% of the Company’s net worth and term of loan shall not exceed five years.</p>