

Stock Code: 6803

Old Company English Name : KD Holding Corp.

ECOVE[●]

ECOVE Environment Corp.

2021 Annual General Shareholders' Meeting

Meeting Handbook
(Translation)

Notice to readers

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

May 28, 2021

**No. 127, Sec.7, Zhongshan N. Rd., Taipei,
Mellow Fields Hotel 505 Room**

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ECOVE Environment Corporation

Procedure for the 2021 Annual General Shareholders' Meeting

1. Call Meeting to Order (Report of Number of Shares Represented by Attendees)
2. Chairman's Remarks
3. Report Items
4. Ratification Items
5. Discuss Items
6. Special Motions
7. Meeting Adjourned

Agenda of 2021 Annual General Shareholders' Meeting
ECOVE Environment Corporation
(Translation)

Time and Date of Meeting: 9:00 a.m., May 28, 2021

**Place of Meeting: No. 127, Sec.7, Zhongshan N. Rd., Taipei,
Mellow Fields Hotel 505 Room**

1. Report Items

- (1) Business Report of 2020. (Please refer to page 6~ page 8)
- (2) Audit committee's review report of 2020. (Please refer to page 32)
- (3) The directors' & employees' remuneration of 2020. (Please refer to page 33)
- (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 page 34)
- (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 page 6 to page 30)

Resolved :

(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 page 31) 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.

Resolved :

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 page 35 for the comparison table between the existing provisions and amendments of "Articles of Incorporation".

Resolved :

- (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 page 36 to 40 for the comparison table between the existing provisions and amendments of "The Procedure for Acquisition and Disposal of Assets".

Resolved:

- (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 page 41 for the comparison table between the existing provisions and amendments of "The Procedure for Loaning of Funds".

Resolved:

4. Special Motion

6. Meeting Adjourned

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		<u>1,390,915</u>	<u>25</u>	<u>1,344,404</u>	<u>25</u>
	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		<u>1,210,328</u>	<u>22</u>	<u>1,172,047</u>	<u>22</u>
	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)	<u>56,689</u>	<u>1</u>	<u>32,747</u>	<u>1</u>
7000	Total non-operating income and expenses		<u>72,005</u>	<u>1</u>	<u>102,788</u>	<u>2</u>
7900	Profit before income tax		<u>1,282,333</u>	<u>23</u>	<u>1,274,835</u>	<u>24</u>
7950	Income tax expense	6(31)	(234,244)	(4)	(212,685)	(4)
8200	Profit for the year		<u>\$ 1,048,089</u>	<u>19</u>	<u>\$ 1,062,150</u>	<u>20</u>

(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
CASH FLOWS FROM OPERATING ACTIVITIES			
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			
		2020		2019	
Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	\$ 854,942	100	\$ 814,178	100
	Operating expenses				
6200	General and administrative expenses	(50,666)	(6)	(49,663)	(6)
6900	Operating profit	804,276	94	764,515	94
	Non-operating income and expenses				
7100	Interest income	2,050	-	2,526	1
7010	Other income	46,381	6	51,114	6
7020	Other gains and losses	1,042	-	636	-
7050	Finance costs	(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	(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	(\$ 352)	-	(\$ 73)	-
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	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):				
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 recognised 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 :

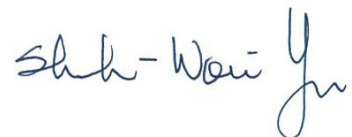
1. Distribution will be made primarily by 2020 retained earnings; the insufficient amount will be reimbursed by undistributed retained earnings before 2019.
2. For the proposed distribution date, shares for distribution are based on outstanding shares by the end of January 31, 2021; the actual shares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

Note: 2020.12.31 Net worth : 5,181.19 millions

1. The ceiling on the total amount of endorsements or guarantees made by the Company is TWD 15,543.56 millions.
2. The ceiling on the total amount of endorsements or guarantees for any single entity is TWD10,362.38 millions.

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 May 28, 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>4.3 Finance Department: responsible for the acquisition and disposal and related declaration of the investment in securities, the acquisition and disposal of derivatives.</p> <p>4.4 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>4.3 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>4.4 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>6.1 (Omitted)</p> <p>6.2 (Omitted)</p> <p>6.3 Set an upper limit for the price and total amount for each derivatives transactions before proceeding to trade.</p> <p><u>6.4 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>6.8</u> The internal auditors shall audit</p>	<p>6.1 (Omitted)</p> <p>6.2 (Omitted)</p> <p>6.3 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> <p><u>6.7</u> The internal auditors shall audit</p>

Article	Existing Provisions	Amendments
	regularly on the suitability and compliance with internal controls on derivatives and conduct related audit reports.	regularly on the suitability and compliance with internal controls on derivatives and conduct related audit reports.
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 real property <u>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>a. The Company engaged in derivatives transactions <u>for purpose of hedging off</u></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,</u> and shall not engage in <u>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> <p>a. <u>The amount for hedging: The Company engaged in derivatives</u></p>

Article	Existing Provisions	Amendments
	<p><u>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>7.7.2 The 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) d. (Omitted) e. (Omitted) f. (Omitted)</p>	<p><u>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>7.7.2 The 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) d. (Omitted) e. (Omitted) f. (Omitted)</p>

Article	Existing Provisions	Amendments
	B. (Omitted) C. (Omitted) D. (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> <ol style="list-style-type: none"> 1. (Omitted) 2. Management of available funds and investments in liquid financial assets The Company shall manage the available funds and liquid financial assets of the Company in accordance with the followings: (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. (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 the proposal to the Chairman for approval. Where the Company plans to acquire the abovementioned assets for an 	<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> <ol style="list-style-type: none"> 1. (Omitted) 2. Management of available funds and investments in liquid financial assets The Company shall manage the available funds and liquid financial assets of the Company in accordance with the followings: (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. (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</u>, <u>unsecured corporate bond</u>, etc., whereby the total amount is within TWD 300 million the financial department shall submit the proposal to the Chairman for approval. Where the Company plans to acquire the abovementioned assets for an

Article	Existing Provisions	Amendments
	<p>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>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>

ECOVE Environment Corporation Articles of Incorporation

Amended on June 26, 2017

Chapter I General

- Article 1 This company is incorporated under the Company Act of the Republic of China, in the name of "ECOVE Environment Corporation" (hereinafter the "Company").
- Article 2 Scope of the Company's business activities include the following:
H201010 Investment
- Article 3 The Company has established its headquarter in Taipei, R.O.C., and may establish branches within or outside of the territory of R.O.C. upon the board's resolution when necessary.
- Article 4 Public announcement of the Company shall be made in accordance with Article 28 of the Company Act.
Upon the Company goes public, the public announcement of the Company shall be made in accordance with the relevant rules and regulations as established by the competent authority.
- Article 4-1 To the extent of the necessary practice, the Company may make endorsement and guarantee according to the rules governing procedure for making of endorsements or guarantees.

Chapter II Capitals

- Article 5 The Company has an authorized capital of NT\$800,000,000, divided into 80,000,000 shares at NT\$10 dollars par value per share. The Company hereby authorizes the Board of Directors to issue the said shares in installments.
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.
- Article 6 The total amount of the Company's reinvestment is not be subject to the restriction of not more than forty percent of the Company's paid-up capital as provided in Article 13 of the Company Act. Any matters regarding the reinvestment shall be resolved in accordance with the resolutions of the Board of Directors.

- Article 7 The Company had issued shares. The share issued is exempted from printing any share certificate and shall be registered the issued shares with a centralized securities depository enterprise and follow the regulations of that enterprise.
- Article 8 Unless otherwise provided by the law and securities regulations, the shareholders' handling of stock affairs and exercise of their rights shall be governed by "Criteria Governing Handling of Stock Affairs by Public Companies."
- Article 9 Deleted.
- Article 10 Changes to the shareholders roster shall be made in accordance with Article 165 of the Company Act.

Chapter III Shareholders' Meeting

- Article 11 There are two types of shareholders' meeting:
(1) General shareholders' meeting, which shall be convened at least once a year within six months after the end of each fiscal year by the Board of Directors.
(2) Special shareholders' meeting, which shall be convened when necessary.
- Article 12 The shareholders' meeting shall be chaired by the chairman. In the event where the chairman is absent or cannot exercise its duties for any reasons, Article 208 of the Company Act shall govern.
- Article 13 Notice to convene a shareholders' meeting shall be made pursuant to Article 172 of the Company Act.
Shareholders' proposals shall be made in accordance with Article 172-1 of the Company Act.
- Article 14 Where a shareholder cannot attend the shareholders' meeting for any reasons, he or she may appoint a representative to attend the meeting and exercise his or her rights on his or her behalf pursuant to Article 177 of the Company Act.
- Article 15 Except as otherwise provided by the Company Act and other ordinances, the shareholder shall have one voting right for each share owned in the Company.
When the Company convenes a shareholders' meeting, the shareholders may exercise its voting right in writing or electronically.
- Article 16 Except as provided in the Company Act and other relevant rules and regulations, the shareholders' resolution shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting representing more than half of the total number of issued shares.
Resolutions adopted at the shareholders' meeting shall be recorded in the meeting minutes and items recorded therein shall be made in accordance with the relevant laws and regulations.

Article 16-1 In the event where the Company needs to withdraw from public offering, the Company shall submit such issue to the shareholders' meeting for resolution. This provision shall not be amended during the period when the Company is being publicly traded over the counter or in the stock exchange market.

Chapter IV Directors and Audit Committee

Article 17 The Company shall have five to nine directors, who shall hold the office for a term of three years and be elected from people with legal capacity at the shareholders' meeting. Directors are eligible for reelection. The election of directors shall be made in cumulative vote by open ballots. Each share shall enjoy as many votes as the number of directors' positions up for election. Shareholders may concentrate their full share of votes on one or several candidates. Candidates who receive the most votes shall be elected as directors. Where it is necessary to amend the aforementioned method of election, in addition to complying with Article 172 of the Company Act, the Company shall include such matter in the notice of convening shareholders' meeting and explain the key contents thereof. The total amount of the nominated shares held by all directors shall be determined in accordance with the regulations set forth by the competent authority.

Article 17-1 Two to three of the aforementioned directors shall be independent directors. The directors (including independent directors) shall be elected by adopting the candidate nomination system specified in Article 192-1 of the ROC Company Law. Professional qualification, number of shareholdings, restrictions regarding holding other jobs, nomination and election of independent directors and other compliance matters shall be governed by the relevant regulations set forth by the competent authority.

Article 17-2 In compliance with Article 14-4 of the Securities and Exchange Act, the Company shall establish an Audit Committee, which shall consist of the entire number of independent directors. The Audit Committee or the members of Audit Committee shall be delegated the power as set forth in the provisions regarding supervisors in the Company Act, the Securities and Exchange Act, and other laws and regulations.

Article 18 The Board of Directors shall have the authority to perform the followings:

- (1) Set out business guidelines
- (2) Draft proposals for distribution of profits, loss recovery, amendment of Articles of Incorporation, changes to the authorized capital and dissolution or mergers of the Company
- (3) Resolve matters related to the offering, issuance or private placement of

equity-type securities

- (4) Approve important bylaws related to internal control mechanisms and material business or financial contracts of the Company
- (5) Appoint or remove financial officers, accounting officers, internal auditing officers and other executing officers
- (6) Resolve matters related to the appointment, removal or remuneration of the certified public accountant of the Company
- (7) Amend guidelines and procedure regarding material financial and business conducts of the Company such as acquisition and disposal of assets, derivatives trading, lending of capital, endorsements and guarantees and disclosure of financial forecasts, etc.
- (8) Establish or dissolve branches
- (9) Provide budget and financial reports
- (10) Other authority as granted by the Company Act or by the shareholders' resolution

Article 19 A Board of Directors' meeting shall be attended by more than half of the directors and the directors shall elect amongst themselves a chairman. The chairman shall externally represent the Company

Article 20 Unless otherwise provided by the Company Act, the Board of Directors' meeting shall be convened by the chairman and the directors shall attend the meeting in person. If the Board of Directors' meeting is convened by video conference, a director attending the meeting by video conference shall be deemed to have attended the meeting in person.

In calling a meeting of the Board of Directors, a notice setting forth therein the subject(s) to be discussed at the meeting shall be given to each director, by means of written document, email or facsimile, no later than 7 days prior to the scheduled meeting date. However, in case of emergency, a meeting may be convened at any time.

Unless otherwise provided by the Company Act, the board resolution shall be adopted with the concurrence of the majority of the directors present at the meeting representing more than half of the directors.

Article 20-1 The Company may set up various functional committees under the Board of Directors. Each functional committee shall stipulate the operating rules for its functioning and such operating rules shall only take effect after the approval of the Board of Directors.

Article 21 The board meeting shall be chaired by the chairman. In the event where the chairman is absent or cannot exercise its duties for any reasons, Article 208 of the Company Act shall govern.

A director may, by a written proxy, appoint another director to attend the board meeting on its behalf and to vote on his or her behalf within the scope of

authority granted; provided that a director may only act as proxy on behalf of one other director.

Resolutions adopted at the Board of Directors' meeting shall be recorded in the meeting minutes duly signed or sealed by the chairman.

Article 22 Deleted.

Article 23 The Company hereby authorizes the Board of Directors to determine the remuneration of the directors and chairman of the Company in accordance with the level of contribution to the Company made by each of the said directors and chairman and with reference to the industry standards.

Chapter V Human Resources

Article 24 The Company may establish several managers. The appointment, removal and remuneration of managers of the Company shall be made in accordance to Article 29 of the Company Act.

Article 25 Deleted.

Chapter VI Financial Reports

Article 26 The fiscal year of the Company shall commence on January 1 of each year until December 31 of the same year. At the end of each fiscal year, the Board of Directors shall prepare the following documents to be audited by the Audit Committee and submitted them for the shareholders' approval at the general meeting of the shareholders:

- (1) Business report
- (2) Financial statements
- (3) Proposal for profit distribution or covering of losses

Article 27 Deleted.

Chapter VII Profit Allocation

Article 28 The allocation of dividends and bonuses shall be made in accordance with the shareholding ratio of each shareholder. Where the Company did not earn any profit, the Company shall not allocate dividends and bonuses.

Article 29 When net profit occurs in the annual accounts, the Company may, after reserving a sufficient amount of the income before tax to cover the accumulated losses, with the resolution of the board of directors, distribute at least 0.01% of the income before tax to pay to the employees as remuneration, and distribute no more than 2% of the income before tax to pay to the board of directors as remuneration. The remuneration could be stock or cash, and the employee

remuneration could be distributed to the employees of subsidiaries of the Company under certain conditions.

A report of the distribution of employee remuneration or the board of directors remuneration shall be submitted to the shareholders' meeting.

Article 30 The Company shall, after all taxes and dues have been paid and its losses have been covered and at the time of allocating surplus profits, first set aside ten percent of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. Furthermore, in accordance with the provisions of laws and regulations and the rules prescribed by the central competent authority, a special reserve shall be set aside. If there is recovery of the balance of special reserve, the recovered amount shall be included in the distribution of the profit for the current year.

The allocable profit for the current year, which is the balance after the profit distribution and covering losses aforementioned as the preceding Paragraph, together with the undistributed retained earnings accrued from prior years shall be referred to as accumulated distributable earnings, which shall be distributed as dividends to shareholders according to shareholders' resolutions.

In order to meet the requirements in business expansion and industry growth, fulfilling future operating needs and stabilizing financial structure is the priority of the Company's dividend policy. Thus, the distribution of the accumulated distributable earnings accords to the shareholders' resolutions. And, the amount of shareholders' bonus shall not be less than 20% of accumulated distributable earnings of the Company, and in particular cash dividend shall not be less than 5%.

Article 31 Deleted.

Chapter VIII Miscellaneous

Article 32 The internal organizational bylaws and procedural rules shall be set out separately.

Article 33 All matters that are not provided for herein shall be subject to the Company Act and other applicable laws and regulations.

Article 34 These Articles of Incorporation were approved at the promoters' meeting by all promoters on December 8, 1999.

The first amendment was approved on June 27, 2002,

Article 17-1 of this Articles of Incorporation was amended in accordance with Article 183 of the Securities and Exchange Act,

the second amendment on June 20, 2007,

the third amendment on June 26, 2009,

the fourth amendment on June 17, 2010,
the fifth amendment on June 25, 2013,
the sixth amendment on June 23, 2014
the seventh amendment on June 21, 2016
The eighth amendment on June 26, 2017
The ninth amendment on May 28, 2020

Article 35 This Articles of Incorporation shall become effective upon the approval by the shareholders' meeting. The same shall apply to the amendment hereto.

ECOVE Environment Corporation
Chairman J. J. Liao

ECOVE Environment Corporation
Rules Governing Procedure for Shareholders' Meetings

Amended on June 26, 2009

- Article 1 Unless otherwise provided by laws, regulations or Articles of Incorporation , the shareholders' meeting shall be governed by the Rules.
- Article 2 The Company shall prepare an attendance sheet for the attending shareholders or the proxies to sign or the attending shareholders shall hand in an attending card to indicate their presence. The number of the shares present at the shareholders' meeting shall be calculated based on the attendance sheet or the attending cards handed in.
- Article 3 The attendance of and voting at the shareholders' meeting shall be calculated based on shares.
- Article 4 The shareholders' meeting shall be held at the location of the Company or at the location that is convenient for the shareholders to attend and appropriate for convening shareholders' meeting thereat. The time of the meeting shall not be earlier than 9am or later than 3pm.
- Article 5 If the shareholders' meeting is convened by the board of directors, the shareholders' meeting shall be chaired by the chairman. If the chairman is absent or cannot exercise its duties for any reasons, the chairman shall appoint a director to represent him or her at the shareholders' meeting. Where the chairman did not appoint any representative, the directors shall choose a person among them to do so.
- Article 6 The Company may appoint its attorneys, accountants or other related persons to attend the shareholders' meeting as non-voting observers.
- Article 7 The entire proceedings of the shareholders' meeting shall be recorded on audio or video tape. Such audio or video tape shall be kept for at least 1 year.
- Article 8 The chair of the shareholders' meeting shall immediately announce the commencement of the shareholders' meeting when it is time to commence, provided that where shareholders representing more than half of the total issued shares are absent from the shareholders' meeting, the chair may announce the postponement of the shareholders' meeting. However, the shareholders' meeting can only be postponed twice and the total period of postponement cannot exceed one hour. If, after two postponements, the quorum is still not satisfied, but the attending shareholders represent more than one third of the total issued shares, a provisional resolution may be made pursuant to Paragraph 1 of Article 175 of the Company Act. Before the closing of that shareholders' meeting, if the attending shareholders represent more than half of the total issued shares, the chair may submit the provisional resolution to the shareholders' meeting for voting in accordance with Article 174 of the Company Act.

- Article 9 If the shareholders' meeting is convened by the board of directors, the agenda of the meeting shall be determined by the board of directors. The shareholders' meeting shall proceed in the order of proposed agenda. Such order shall not be changed without the approval of the shareholders' meeting.
The above provision applies is also applicable to the Meeting which is convened by the person who does not belong to the Board of Directors.
Before the proposed agenda (including extempore motions) is decided, without the approval of the shareholders' meeting, the chair shall not announce the adjournment of the shareholders' meeting.
Members of the board shall provide help to shareholders to vote a Chairman with majority of present shareholders in accordance of the statutory process when the Chairman adjourn the Meeting in violation of Rules and Procedures.
After the adjournment of the shareholders' meeting, the shareholders shall not elect another chair to continue the shareholders' meeting at the same location or at another location.
- Article 10 Before an attending shareholder makes a statement, he or she shall first fill out a statement slip indicating the subject of his or her statement, the shareholder's account number (or the attendance identification number) and the shareholder's name. The chair shall determine the order in which the shareholders shall make the statement.
Where an attending shareholder only submits a statement slip but did not make any statement, he or she shall be deemed to have not spoken. Where the content of the oral statement is different from that indicated on the statement slip, the content of the oral statement shall prevail.
When an attending shareholder is making a statement, the other shareholders shall not interrupt unless otherwise agreed to by the chair and the speaking shareholder. In case of violation, the chair shall stop the disturbance.
- Article 11 For every proposal discussed, unless otherwise agreed to by the chair of the shareholders' meeting, each shareholder shall not speak for more than twice and each time shall not exceed 5 minutes. Any shareholder violating the abovementioned rule or whose statement exceeds the scope of the proposal, the chair may interrupt and stop such shareholder from speaking.
- Article 12 Where a juristic person is delegated to attend the shareholders' meeting, such juristic person can only appoint one person to attend the shareholders' meeting. Where a juristic person appoints more than 2 representatives to attend the shareholders' meeting, only one of such representatives may speak for each proposal.
- Article 13 When an attending shareholder speaks, the chair may answer such shareholder directly or appoint a related person to answer.
- Article 14 With respect to the discussion of a proposal, where the chair is of the opinion that a matter has been sufficiently discussed to the extent that a vote may proceed, he or she may conclude the discussion and bring the matter to vote.

- Article 15 People supervise and count the votes for the voting of a proposal shall be appointed by the chair, provided that the person supervising the vote shall be a shareholder of the Company. The result of the vote shall be announced on site and shall be recorded in the meeting minutes.
- Article 16 During the course of the shareholders' meeting, the chair may announce a break at the times that he or she deems appropriate.
- Article 17 Unless otherwise provided by the Company Act or by the Articles of Incorporation, a proposal shall be adopted by a majority vote of the shareholders present. When voting for a proposal, if no objection is expressed when the chair puts the matter before the shareholders present at the shareholders' meeting, the proposal shall be deemed to have been adopted. The effect of such adoption shall be the same as adoption by votes.
If there's any objection, shareholder shall vote for it in accordance of above rules.
- Article 18 Where there is an amendment proposal or alternative proposal for the same issue, the chair shall determine the order of voting of such proposals together with the original proposal for the same issue. However, if a proposal has been approved, the other proposals shall be deemed to have been vetoed and need not be voted again.
- Article 19 The chair may direct the rectifiers (or security personnel) to assist in maintaining order at the shareholders' meeting. When the rectifiers (or security personnel) provide assistance to maintain the order at the shareholders' meeting, they shall wear the badge indicating that they are the rectifiers.
- Article 20 The Rules shall come into force upon the adoption by the shareholders' meeting. The same shall apply to the amendment hereof.

**ECOVE Environment Corporation
Shareholdings of All Directors**

Record Date: March 30, 2021

Title	Name	Shares	%	Representative
Chairman	CTCI Corporation	38,457,105	55.67	J. J. Liao
Director	CTCI Corporation			Y. P. Shih
Director	Kuan Shen Wang	0	0.00	NA
Director	Yangming Liu	0	0.00	NA
Director	Eugene Chien	0	0.00	NA
Director	Bing Shen	0	0.00	NA
Independent Director	Shuh Woei Yu	0	0.00	NA
Independent Director	James Tsai	0	0.00	NA
Independent Director	Shan Shan Chou	0	0.00	NA
Total number of shares held by all Directors		38,457,105	55.67	

- (1) Total shares issued as of March 30, 2021: 69,083,998, common shares and the total paid-up capital of March 30, 2021: NT\$ 690,839,980.
- (2) The minimum required combined shareholding of all Directors by law: 5,526,719 shares.

Others

The process of proposals raised by shareholders during this annual general meeting:

- 1) According to Article 172-1 of The Company Act, shareholders with more than 1% ownership interest are entitled to raise a maximum of one proposal less than 300 words to the company in writing, which will be addressed during the annual general meeting.
- 2) This year's annual general meeting was open to shareholders' proposals from March 16 to March 25, 2021, and these dates have been published on the Market Observation Post System in compliance with the relevant regulations.
- 3) The Company did not receive any proposals from shareholders.