

**Minutes of 2018 Annual General Meeting of Shareholders of  
ECOVE Environment Corporation  
(Original company name : KD Holding Corporation)  
(Translation)**

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

**Time and Date of Meeting: 9:00 a.m., May 31, 2018**

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

**Total outstanding shares of ECOVE Environment Corp. (excluding the shares without voting right as stipulated in Article 179 of the Company Act) :  
66,932,898 shares**

**Total shares represented by shareholders present : 50,767,754 shares**

**Percentage of shares held by shareholders present : 75.84%**

**Attendees :**

**Shean Bii Chiu (Independent Director, Audit Committee convener),  
Yang ming Liu (Director), Kuan Shen Wang (Director), Eugene Chien  
(Director), Shuh Woei Yu (Independent Director), James Tsai  
(Independent Director), Y. P. Shih (Director), Shyu-Rong Ueng (CPA),  
Frank Kung (Attorney-at-law)**

**Chairman : J. J. Liao, the Chairman of the Board of Directors**

**Recorder : C. N. Jiang**

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

**Chairman's Address : (Omitted)**

## 1. Report Items

- (1) Business Report of 2017. (Please refer to Attachment 1)
- (2) Audit committee's review report of 2017. (Please refer to Attachment 5)
- (3) The directors' & employees' remuneration of 2017. (Please refer to Attachment 6)
- (4) The Status of guarantees provided by the company as of the end of 2017  
As of the end of 2017, the aggregate amount of guarantees provided by the company was NT\$631,253 thousands and the highest amount for a single enterprise was NT\$631,253 thousands which are all under its respective ceiling. (Please refer to Attachment 7)

Chairman : Each shareholder is hereby informed of the said reports.

Summary of shareholder's statements :

Shareholder (Account No. 7501) made statements about :

1. Company's past and future business conditions.
2. Report 2018 Q1 and Q2 business performance and whether it meets the year target.
3. Advantages and disadvantages of future development of the company.
4. The items of other operation income listed in business report.
5. Media reports, EPS comparisons among peers, and market differences between peers.
6. How does the audit committee assess the company's financial statements and business status and whether it audit overseas subsidiaries? How many auditors?
7. Does Audit Committee take company's policy, employee benefits, peer standards, and shareholders' equity into account while auditing director remuneration and employee remuneration?
8. Please state the annual report lawsuit, accounts payable in the financial statements, cash equivalents, financial investments (such as listed company stocks, financial assets, and transfer of investments, etc.), etc..

The chairman and the Audit Committee convener responded to the above statements made by the shareholder.

## 2. Ratification Items

### (1) To Ratify 2017 Business Report, Financial Statements and Consolidated Financial Statements (Proposed by the Board of Directors)

#### Explanatory Notes :

The Company's 2017 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 Ms. Shu-Chiung Chang, the CPA of the PricewaterhouseCoopers.

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

**Voting Results :** 50,767,754 shares were represented at the time of voting

Voting Results	% of the total represented share present
Votes in favor : 50,740,094 votes (among which 47,097,432 were exercised through e-voting)	99.94%
Votes against : 1,932 votes (among which 1,932 were exercised through e-voting)	0.00%
Votes invalid : 0 vote	0.00%
Votes abstained : 25,728 votes (among which 13,723 were exercised through e-voting)	0.05%

**Resolved,** that 2017 Business Report and Financial Statements be and hereby were ratified as submitted.

### (2) To Ratify the Company's Distribution of 2017 earnings (Proposed by the Board of Directors)

#### Explanatory Notes :

1) The 2017 net income after tax is NT\$761,338,923, after setting aside legal reserve NT\$76,133,892, Special reserve NT\$32,139,096, and remeasurement arising on defined benefit plans are recognized in retained earnings in 2017 NT\$5,986,344, adding the unappropriated

retained earnings as of 2016 NT\$603,795,170, the retained earnings available for distribution in 2017 is NT\$1,250,874,761. The proposal is that NT\$647,312,713 will be cash dividends to common shareholders (NT\$9.68 per share based on common share outstanding is 66,871,148 shares).

- 2) Upon the approval of the Annual General Meeting of shareholders, it is proposed that the Board of Directors be authorized to determine the record date to distribute the cash dividends and other relevant issues.
- 3) Should the total common shares outstanding change for any reason, the ultimate cash dividend to be distributed to each common share may need to be adjusted accordingly. It is proposed that the Board of Directors will be authorized to adjust the cash to be distributed to each common share.
- 4) The distribution of cash dividends will be calculated to New Taiwan Dollar and round it to the nearest dollar. It is proposed that the other income or expense will be arranged to adjust the difference.
- 5) The 2017 estimated earnings distribution is referred on Attachment 4.

**Voting Results** : 50,767,754 shares were represented at the time of voting

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Votes invalid : 0 vote	0.00%
Votes abstained : 25,728 votes (among which 13,723 were exercised through e-voting)	0.05%

Resolved, that the Company's distribution of 2017 earnings be and hereby was ratified as submitted.

### 3. Special Motion

### 4. Meeting Adjourned

## ECOVE ENVIRONMENT CORPORATION

### Business Report of 2017

From 2017/01/01 to 2017/12/31

#### 1、Business Performance:

For the year end of 2017, the standalone operating revenue was NT\$791,864 thousands, the consolidated operating revenue was NT\$4,479,587 thousands, and the consolidated profit after tax was NT\$761,339 thousands.

Consolidated operating revenue breakdown is as follows:

(Unit : NT\$ thousands)

Waste Disposal Revenues	1,615,440
Sales of Electricity	1,101,068
Service Concession Revenues	583,221
Removal & Trans. Revenues	144,543
Others	1,035,315
Total	4,479,587

#### 2、Performance Review :

Compared to the year end of 2016, the year end of 2017 consolidated operating revenue of NT\$4,479,587 thousands has decreased by NT\$475,978 thousands. The main reason for increasing revenue on 2016 results from 2016 Q1 SINO GAL's electricity tariff adjustment after clarifying and approving by Macao government.

Compared to the year end of 2016, the year end of 2017 standalone operating revenue of NT\$791,864 thousands has decreased by NT\$88,813 thousands. The main reason for increasing revenue on 2016 results from 2016 Q1 SINO GAL's electricity tariff adjustment after clarifying and approving by Macao government.

Consolidated and standalone operating revenue breakdown is as follows:

(Unit : NT\$ thousands)

Consolidated Operating Revenues for 2017	4,479,587
Consolidated Operating Revenues for 2016	4,955,565
Decrease from 2016 to 2017	475,978
Percentage of decrease	9.60%
Operating Revenues for 2017	791,864
Operating Revenues for 2016	880,677
Decrease from 2016 to 2017	88,813
Percentage of decrease	10.08%
Net Profit After Tax for 2017	761,339
Net Profit After Tax for 2016	848,097
Decrease from 2016 to 2017	86,758
Percentage of decrease	10.23%

### 3、 Business Prospect of Year 2018 :

Looking back year 2017, ECOVE fully demonstrated the fervent ambition on "Qualitative Change" for business promotion and execution. In addition to developing the existing business steadily, ECOVE also prospected with fully confidence on new business development. For example, we launched new brand "ECOVE" as the positioning statement for overseas market development, won the Linkou water center O&M project, stepped in wastewater treatment area, won the Gangshan EfW plant O&M and revamping project, and stepped in waste management market in southern Taiwan. In future, ECOVE will endeavor on the following three business area to enhance sustainable development and expand abroad.

#### A. Energy from Waste and Waste Management Business

For domestic market, in addition to securing the existing projects, ECOVE is keen to develop new business opportunity and attend bid by cooperating with EfW plant life extension policy and multi-approach waste management policy, applying overseas successful technology and providing total solution.

Regarding overseas market, ECOVE keeps develop the business in ASEAN, China and India by cooperating with local government and teaming up with local enterprise. Moreover, ECOVE actively participated in relevant forums and following government's southbound policy ECOVE will replicate successful PPP (BOT) business model and the mature operating experience to overseas market.

#### B. Solar Power Business

Besides maintain stable operation of domestic existing project, the new award project will be implemented as scheduled and expand business to the reclaimed landfill, floating-type or other ground-type projects. Following government's expansion policy ECOVE will continuously and cautiously seeks opportunity for investing mega-scale project. For overseas market, ECOVE is not only maintaining stable operation of existing project in the U.S. but also keen to search for proper target in developed and emerging countries, which have complete country renewable energy policy.

#### C. Recycling Business

For PET bottle recycling, a R&D center will be established to upgrade process so that food grade, diversified and customized products can be produced. Moreover, ECOVE keeps executing WIPA recycling project and studying domestic industry condition. By integrating the Group resource, ECOVE will continuously search potential investment target, including waste and wastewater from industrial and valuable material from household waste, though organic growth and M&A.



## REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

### *Opinion*

We have audited the accompanying consolidated balance sheets of ECOVE Environment Corporation and its subsidiaries (the “Group”) as at December 31, 2017 and 2016, 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparations 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 (ROC GAAS). 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 Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 consolidated financial statements of the current period. These matters were addressed in the

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

The most significant key audit matters in our audit of the consolidated financial statements of the current period are as follows:

**Accuracy of service revenue**

Description

Please refer to Note 4(26) for accounting policies on operating revenue, and Note 6(20) for details of service 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. The cash amount of service revenue was NT\$ 2,162,853 thousand for the year ended December 31, 2017, presenting 48% of operating revenue for the year ended December 31, 2017. Thus, 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 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-Non-consolidated financial statements***

We have audited and expressed an unqualified opinion on the non-consolidated financial statements of ECOVE Environment Corporation as at and for the years ended December 31, 2017 and 2016.



***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 Preparations 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 ROC GAAS 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 ROC GAAS, 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.

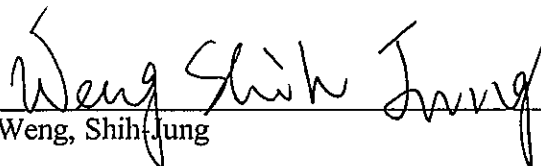
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

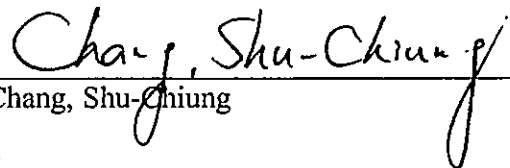


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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear 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.

  
Weng, Shih Jung

  
Chang, Shu-Chiung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 8, 2018

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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 report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, 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, 2017		December 31, 2016		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 1,657,955	24	\$ 1,229,944	17
1110	Financial assets at fair value	6(2)				
	through profit or loss - current		437,010	6	767,378	10
1125	Available-for-sale financial assets	6(3)				
	- current		136,852	2	99,660	1
1150	Notes receivable, net		234	-	138	-
1170	Accounts receivable, net	6(4)	947,224	13	847,258	12
1180	Accounts receivable, net - related	7				
	parties		8,122	-	84,531	1
1200	Other receivables		2,238	-	10,066	-
1210	Other receivables - related parties	7	61,847	1	269,308	4
130X	Inventories		45,351	1	52,287	1
1410	Prepayments		212,829	3	110,972	1
1470	Other current assets	6(6)	195,910	3	409,591	6
11XX	<b>Current Assets</b>		<u>3,705,572</u>	<u>53</u>	<u>3,881,133</u>	<u>53</u>
<b>Non-current assets</b>						
1543	Financial assets carried at cost -	6(5)				
	non-current		543	-	556	-
1550	Investments accounted for under	6(7)				
	equity method		666,510	9	594,024	8
1600	Property, plant and equipment,	6(8)				
	net		73,244	1	54,433	1
1840	Deferred income tax assets	6(23)	19,073	-	17,851	-
1900	Other non-current assets	6(9) and 8	2,592,187	37	2,773,230	38
15XX	<b>Non-current assets</b>		<u>3,351,557</u>	<u>47</u>	<u>3,440,094</u>	<u>47</u>
1XXX	<b>Total assets</b>		<u>\$ 7,057,129</u>	<u>100</u>	<u>\$ 7,321,227</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, 2017		December 31, 2016	
		AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>					
2150	Notes payable	\$ 189	-	\$ -	-
2170	Accounts payable	6(10) 619,687	9	700,941	9
2180	Accounts payable - related parties	7 28,082	-	27,604	-
2200	Other payables	6(11) 383,256	6	342,228	5
2220	Other payables - related parties	7 8,905	-	2,201	-
2230	Current income tax liabilities	73,464	1	131,283	2
2300	Other current liabilities	6(12)(13) 212,605	3	213,024	3
21XX	<b>Current Liabilities</b>	<u>1,326,188</u>	<u>19</u>	<u>1,417,281</u>	<u>19</u>
<b>Non-current liabilities</b>					
2540	Long-term borrowings	6(13) 4,000	-	180,000	3
2570	Deferred income tax liabilities	6(23) 169,338	2	171,185	2
2600	Other non-current liabilities	6(14) 326,721	5	287,987	4
25XX	<b>Non-current liabilities</b>	<u>500,059</u>	<u>7</u>	<u>639,172</u>	<u>9</u>
2XXX	<b>Total Liabilities</b>	<u>1,826,247</u>	<u>26</u>	<u>2,056,453</u>	<u>28</u>
<b>Equity attributable to owners of parent</b>					
<b>Share capital</b> 6(17)					
3110	Common stock	668,106	9	664,614	9
<b>Capital surplus</b> 6(18)					
3200	Capital surplus	2,161,029	31	2,126,850	29
<b>Retained earnings</b> 6(19)					
3310	Legal reserve	527,495	7	442,686	6
3320	Special reserve	145	-	145	-
3350	Unappropriated retained earnings	1,359,148	19	1,445,777	20
<b>Other equity interest</b>					
3400	Other equity interest	( 32,284)	-	1,985	-
31XX	<b>Equity attributable to owners of the parent</b>	<u>4,683,639</u>	<u>66</u>	<u>4,682,057</u>	<u>64</u>
36XX	<b>Non-controlling interest</b> 4(3)	<u>547,243</u>	<u>8</u>	<u>582,717</u>	<u>8</u>
3XXX	<b>Total equity</b>	<u>5,230,882</u>	<u>74</u>	<u>5,264,774</u>	<u>72</u>
<b>Significant contingent liabilities and unrecognised contract commitments</b> 9					
<b>Significant events after the balance sheet date</b> 11					
3X2X	<b>Total liabilities and equity</b>	<u>\$ 7,057,129</u>	<u>100</u>	<u>\$ 7,321,227</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, except earnings per share amount)

				Years ended December 31			
Items		Notes		2017		2016	
				AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(20) and 7		\$ 4,479,587	100	\$ 4,955,565	100
5000	Operating costs	6(21)(22) and 7		( 3,220,330)	( 72)	( 3,155,153)	( 64)
5900	Gross profit			<u>1,259,257</u>	<u>28</u>	<u>1,800,412</u>	<u>36</u>
	Operating expenses	6(21)(22) and 7					
6200	General & administrative expenses			( 181,840)	( 4)	( 173,229)	( 3)
6000	Total operating expenses			<u>( 181,840)</u>	<u>( 4)</u>	<u>( 173,229)</u>	<u>( 3)</u>
6900	Operating profit			<u>1,077,417</u>	<u>24</u>	<u>1,627,183</u>	<u>33</u>
	Non-operating income and expenses						
7010	Other income			31,779	1	33,034	1
7020	Other gains and losses			( 10,113)	-	( 3,361)	-
7050	Finance costs			( 3,841)	-	( 5,823)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)		<u>21,101</u>	<u>-</u>	<u>7,093</u>	<u>-</u>
7000	Total non-operating income and expenses			<u>38,926</u>	<u>1</u>	<u>30,943</u>	<u>1</u>
7900	Profit before income tax			1,116,343	25	1,658,126	34
7950	Income tax expense	6(23)		( 156,919)	( 4)	( 227,458)	( 5)
8200	Profit for the year			<u>\$ 959,424</u>	<u>21</u>	<u>\$ 1,430,668</u>	<u>29</u>
	Other comprehensive income						
	Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(15)		( \$ 8,601)	-	( \$ 6,741)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss			( 43)	-	( 115)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)		1,835	-	620	-
	Components of other comprehensive income that will be reclassified to profit or loss						
8361	Cumulative translation differences of foreign operations			( 46,369)	( 1)	( 24,968)	( 1)
8362	Unrealized loss on valuation of available-for-sale financial assets	6(3)		( 430)	-	( 457)	-
8300	Total other comprehensive loss for the year			<u>( \$ 53,608)</u>	<u>( 1)</u>	<u>( \$ 31,661)</u>	<u>( 1)</u>
8500	Total comprehensive income for the year			<u>\$ 905,816</u>	<u>20</u>	<u>\$ 1,399,007</u>	<u>28</u>
	Profit attributable to:						
8610	Owners of the parent			\$ 761,339	17	\$ 848,097	17
8620	Non-controlling interest			198,085	4	582,571	12
	Total			<u>\$ 959,424</u>	<u>21</u>	<u>\$ 1,430,668</u>	<u>29</u>
	Comprehensive income attributable to:						
8710	Owners of the parent			\$ 721,084	16	\$ 818,884	16
8720	Non-controlling interest			184,732	4	580,123	12
	Total			<u>\$ 905,816</u>	<u>20</u>	<u>\$ 1,399,007</u>	<u>28</u>
	Earnings per share (in dollars):						
9750	Total basic earnings per share	6(24)		\$ 11.41		\$ 12.80	
9850	Total diluted earnings per share	6(24)		\$ 11.39		\$ 12.75	

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)

Notes	Equity attributable to owners of the parent					Other equity interest		Total	Non-controlling interest	Total equity
	Common stock	Capital collected in advance	Capital surplus	Legal reserve	Special reserve	Retained Earnings	Unrealized gain or loss on valuation of available-for-sale financial assets			
	\$ 638,394	\$ 233	\$ 2,069,266	\$ 371,649	\$ 145	\$ 1,314,258	\$ 57,355	\$ 4,438,954	\$ 472,694	\$ 4,911,648
	233	( 233 )	-	-	-	-	-	-	-	-
6(19)	-	-	-	71,037	-	( 71,037 )	-	( 639,352 )	( 470,202 )	( 1,109,554 )
6(19)	-	-	-	-	-	( 639,352 )	-	848,097	582,571	1,430,668
6(16)(18)	-	-	1,761	-	-	-	-	1,761	102	1,863
6(17)(18)	5,987	-	55,823	-	-	-	-	61,810	-	61,810
6(3)	-	-	-	-	-	-	( 22,755 )	( 22,755 )	( 2,213 )	( 24,968 )
	-	-	-	-	-	-	-	( 269 )	( 188 )	( 457 )
	-	-	-	-	-	( 6,189 )	-	( 6,189 )	( 47 )	( 6,236 )
	\$ 664,614	\$ -	\$ 2,126,850	\$ 442,686	\$ 145	\$ 1,445,777	\$ 34,600	\$ 4,682,057	\$ 582,717	\$ 5,264,774
	\$ 664,614	\$ -	\$ 2,126,850	\$ 442,686	\$ 145	\$ 1,445,777	\$ 34,600	\$ 4,682,057	\$ 582,717	\$ 5,264,774
	-	-	-	84,809	-	( 84,809 )	-	-	-	-
	-	-	-	-	-	( 757,173 )	-	( 757,173 )	( 220,219 )	( 977,392 )
	-	-	-	-	-	761,339	-	761,339	198,085	959,424
	-	-	183	-	-	-	-	183	13	196
	3,492	-	33,996	-	-	-	-	37,488	-	37,488
	-	-	-	-	-	-	( 33,896 )	( 33,896 )	( 12,473 )	( 46,369 )
	-	-	-	-	-	-	-	( 373 )	( 57 )	( 430 )
	-	-	-	-	-	( 5,986 )	-	( 5,986 )	( 823 )	( 6,809 )
	\$ 668,106	\$ -	\$ 2,161,029	\$ 527,495	\$ 145	\$ 1,359,148	\$ 704	\$ 4,683,639	\$ 547,243	\$ 5,230,882

For the year ended December 31, 2016

Balance at January 1, 2016

Capital collected in advance transferred to common stock

Appropriation of 2015 earnings

Legal reserve

Cash dividends

Profit for the year

Share-based payment transactions

Employee stock options exercised

Cumulative translation differences of foreign operations

Unrealized gain or loss on valuation of available-for-sale financial assets

Other comprehensive loss for the year

Balance at December 31, 2016

For the year ended December 31, 2017

Balance at January 1, 2017

Appropriation of 2016 earnings

Legal reserve

Cash dividends

Profit for the year

Share-based payment transactions

Employee stock options exercised

Cumulative translation differences of foreign operations

Unrealized gain or loss on valuation of available-for-sale financial assets

Other comprehensive loss for the year

Balance at December 31, 2017

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	Years ended December 31	
		2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 1,116,343	\$ 1,658,126
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(21)	17,820	15,246
Amortization	6(21)	13,082	13,936
Interest expense		3,841	5,823
Interest income		( 16,170 )	( 17,567 )
Dividend income		( 4,056 )	( 5,128 )
Salary expense-employee stock options	6(16)(22)	-	1,863
Gain on valuation of financial assets	6(2)	( 1,127 )	( 932 )
(Gain) loss on disposal of investment		( 3,428 )	129
Share of profit of associates and joint ventures accounted for under equity method	6(7)	( 21,101 )	( 7,093 )
Gain on disposal of property, plant and equipment		( 1,917 )	( 2,607 )
Impairment loss	6(5)	13	-
Other income	6(5)	-	( 540 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		303,873	( 449,335 )
Notes receivable, net		( 96 )	391
Accounts receivable, net		( 99,966 )	59,317
Accounts receivable, net - related parties		76,409	53,926
Other receivables		7,803	( 2,820 )
Other receivables-related parties		( 25,739 )	( 17,768 )
Inventories		6,936	2,038
Prepaid expense		( 156,124 )	1,340
Other current assets		( 10,000 )	-
Other non-current assets		230,027	303,485
Changes in operating liabilities			
Notes payable		189	-
Accounts payable		( 81,254 )	( 71,449 )
Accounts payable - related parties		478	408
Other payables		41,235	45,245
Other payables - related parties		6,704	( 473 )
Other current liabilities		( 419 )	( 579,422 )
Other non-current liabilities		( 14,748 )	501
Cash inflow generated from operations		1,388,608	1,006,640
Interest received		12,614	19,293
Dividends received		17,193	16,842
Interest paid		( 4,048 )	( 6,813 )
Income tax paid		( 214,358 )	( 161,722 )
Net cash flows from operating activities		<u>1,200,009</u>	<u>874,240</u>

(Continued)



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

	Notes	<u>Years ended December 31</u>	
		<u>2017</u>	<u>2016</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
(Increase) decrease in available-for-sale financial assets-			
current		(\$ 37,883 )	\$ 29,771
Decrease (increase) in other receivables-related parties		233,000	( 204,188 )
Interest received		3,781	2,464
Decrease in current assets		223,681	517,992
Increase in financial assets at cost	6(5)	-	( 81 )
Proceeds from disposal of investee company	6(5)	-	540
Decrease in financial assets at cost	6(5)	3,610	-
Increase in investments accounted for under equity	6(7)		
method-non-subsidiaries		( 89,474 )	-
Decrease in investments accounted for under equity	6(7)		
method-non-subsidiaries		5,127	-
Acquisition of property, plant and equipment	6(8)	( 37,066 )	( 19,530 )
Proceeds from disposal of property, plant and equipment		2,048	3,360
Increase in refundable deposits		( 1,444 )	( 3,285 )
Increase in other non-current assets		( 355 )	-
Net cash flows from investing activities		<u>305,025</u>	<u>327,043</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Repayment of long-term loans		( 176,000 )	( 167,200 )
Increase in deposits received (shown in other non-current			
liabilities)		38,881	12,058
Employee stock options exercised		37,488	61,810
Cash dividends paid		( 977,392 )	( 1,109,554 )
Net cash flows used in financing activities		<u>( 1,077,023 )</u>	<u>( 1,202,886 )</u>
Net increase (decrease) in cash and cash equivalents		428,011	( 1,603 )
Cash and cash equivalents at beginning of year		<u>1,229,944</u>	<u>1,231,547</u>
Cash and cash equivalents at end of year		<u>\$ 1,657,955</u>	<u>\$ 1,229,944</u>

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



## REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of ECOVE ENVIRONMENT CORPORATION

***Opinion***

We have audited the accompanying non-consolidated balance sheets of ECOVE Environment Corporation (the “Company”) as at December 31, 2017 and 2016, 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, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Company as at December 31, 2017 and 2016, and its non-consolidated financial performance and its non-consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparations 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 (ROC GAAS). 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 (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 non-consolidated financial statements of the current period. 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.

The most significant key audit matters in our audit of the financial statements of the current period are as follows:

**Investments accounted for using equity method-service revenue**

On December 31, 2017, 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., were accounted for using equity method and amounted to \$3,191,570, representing 68% of total assets and are material to financial statements. Thus, we consider accuracy of service revenue of subsidiaries, as a key audit matter.

Description

Please refer to Note 4(26) for accounting policies on operating revenue.

The operating revenue of subsidiaries mainly arise from service revenue and electricity sales revenue. The service revenue arises mainly from contracts entered into with certain governments (grantors) that involves charging for the service per unit in accordance with contracts. As the relevant revenue is the main operating income of each subsidiary and also material to investment income and losses, thus 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 is in agreement with recorded revenue.

***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 Preparations 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 ROC GAAS 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 ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

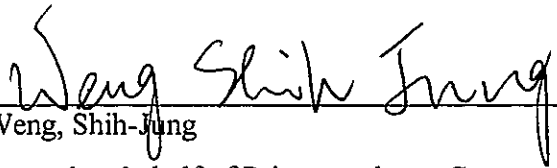
1. Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk 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.

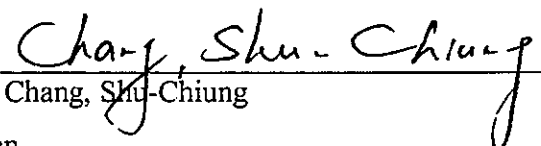
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
5. 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.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the non-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 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

  
Chang, Shu-Chiung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 8, 2018

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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 parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, 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, 2017		December 31, 2016	
			AMOUNT	%	AMOUNT	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 745,686	16	\$ 203,309	4
1110	Financial assets at fair value	6(2)				
	through profit or loss - current		98,073	2	402,362	9
1125	Available-for-sale financial assets	6(3)				
	- current		24,849	1	15,259	-
1200	Other receivables		710	-	521	-
1210	Other receivables - related parties	7	7,974	-	32,128	1
1470	Other current assets		10,000	-	95,948	2
11XX	<b>Current Assets</b>		<u>887,292</u>	<u>19</u>	<u>749,527</u>	<u>16</u>
<b>Non-current assets</b>						
1543	Financial assets carried at cost -	6(4)				
	noncurrent		543	-	556	-
1550	Investments accounted for using	6(5)				
	equity method		3,819,621	81	3,956,490	84
15XX	<b>Non-current assets</b>		<u>3,820,164</u>	<u>81</u>	<u>3,957,046</u>	<u>84</u>
1XXX	<b>Total assets</b>		<u>\$ 4,707,456</u>	<u>100</u>	<u>\$ 4,706,573</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, 2017		December 31, 2016	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2200	Other payables		\$ 19,380	1	\$ 19,717	1
2220	Other payables - related parties	7	842	-	1,041	-
2230	Current income tax liabilities		1,388	-	100	-
21XX	<b>Current Liabilities</b>		<u>21,610</u>	<u>1</u>	<u>20,858</u>	<u>1</u>
<b>Non-current liabilities</b>						
2640	Accrued pension liabilities	6(6)	2,207	-	3,658	-
25XX	<b>Non-current liabilities</b>		<u>2,207</u>	<u>-</u>	<u>3,658</u>	<u>-</u>
2XXX	<b>Total Liabilities</b>		<u>23,817</u>	<u>1</u>	<u>24,516</u>	<u>1</u>
<b>Equity</b>						
<b>Share capital</b>		6(8)				
3110	Common stock		668,106	14	664,614	14
<b>Capital surplus</b>		6(9)				
3200	Capital surplus		2,161,029	46	2,126,850	45
<b>Retained earnings</b>		6(10)(13)				
3310	Legal reserve		527,495	11	442,686	9
3320	Special reserve		145	-	145	-
3350	Unappropriated retained earnings		1,359,148	29	1,445,777	31
<b>Other equity interest</b>						
3400	Other equity interest		( 32,284)	( 1)	1,985	-
3XXX	<b>Total equity</b>		<u>4,683,639</u>	<u>99</u>	<u>4,682,057</u>	<u>99</u>
<b>Significant contingent liabilities and unrecognised contract commitments</b>		9				
<b>Significant events after the balance sheet date</b>		11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 4,707,456</u>	<u>100</u>	<u>\$ 4,706,573</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 earnings per share amount)

Items	Notes	Years ended December 31				
		2017		2016		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(5)	\$ 791,864	100	\$ 880,677	100
5900	Gross profit		791,864	100	880,677	100
	Operating expenses					
6200	General & administrative expenses	6(11)(12) and 7	( 49,795)	( 7)	( 48,482)	( 6)
6000	Total operating expenses		( 49,795)	( 7)	( 48,482)	( 6)
6900	Operating profit		742,069	93	832,195	94
	Non-operating income and expenses					
7010	Other income	7	18,285	2	18,846	2
7020	Other gains and losses		3,638	1	177	-
7000	Total non-operating income and expenses		21,923	3	19,023	2
7900	Profit before income tax		763,992	96	851,218	96
7950	Income tax expense	6(13)	( 2,653)	-	( 3,121)	-
8200	Profit for the year		\$ 761,339	96	\$ 848,097	96
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(6)	\$ 2,184	-	(\$ 3,096)	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		( 8,170)	( 1)	( 3,093)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Cumulative translation differences of foreign operations		( 33,896)	( 4)	( 22,755)	( 3)
8362	Unrealized loss on valuation of available-for-sale financial assets	6(3)	( 710)	-	( 4,456)	-
8380	Total share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		337	-	4,187	-
8300	Other comprehensive loss for the year		(\$ 40,255)	( 5)	(\$ 29,213)	( 3)
8500	Total comprehensive income for the year		\$ 721,084	91	\$ 818,884	93
9750	Basic earnings per share	6(14)	\$ 11.41		\$ 12.80	
9850	Diluted earnings per share	6(14)	\$ 11.39		\$ 12.75	

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

**ECOVE ENVIRONMENT CORPORATION**  
**NON-CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Share Capital			Retained Earnings			Other Equity Interest		Total equity
		Common stock	Capital collected in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain or loss on valuation of available-for-sale financial assets	
<b>For the year ended December 31, 2016</b>										
		\$ 658,394	\$ 233	\$ 2,069,266	\$ 371,649	\$ 145	\$ 1,314,258	\$ 57,355	(\$ 32,346)	\$ 4,438,954
6(8)	Balance at January 1, 2016	233	( 233 )	-	-	-	-	-	-	-
6(10)	Capital collected in advance transferred to common stock	-	-	-	-	-	-	-	-	-
	Appropriation of 2015 earnings ( Note 1 )	-	-	-	-	-	-	-	-	-
	Legal reserve	-	-	-	71,037	-	( 71,037 )	-	-	-
	Cash dividends	-	-	-	-	-	( 639,352 )	-	-	( 639,352 )
	Profit for the year	-	-	-	-	-	848,097	-	-	848,097
6(9)	Share-based payment transaction	-	-	1,761	-	-	-	-	-	1,761
6(8)(9)	Employee stock options exercised	5,987	-	55,823	-	-	-	-	-	61,810
	Cumulative translation differences of foreign operations	-	-	-	-	-	-	( 22,755 )	-	( 22,755 )
	Unrealized gain or loss on available-for-sale financial assets	-	-	-	-	-	-	-	( 269 )	( 269 )
	Other comprehensive loss for the year	-	-	-	-	-	( 6,189 )	-	-	( 6,189 )
	Balance at December 31, 2016	\$ 664,614	\$ -	\$ 2,126,850	\$ 442,686	\$ 145	\$ 1,445,777	\$ 34,600	(\$ 32,615)	\$ 4,682,057
<b>For the year ended December 31, 2017</b>										
	Balance at January 1, 2017	\$ 664,614	\$ -	\$ 2,126,850	\$ 442,686	\$ 145	\$ 1,445,777	\$ 34,600	(\$ 32,615)	\$ 4,682,057
6(10)	Appropriation of 2016 earnings ( Note 2 )	-	-	-	-	-	-	-	-	-
	Legal reserve	-	-	-	84,809	-	( 84,809 )	-	-	-
	Cash dividends	-	-	-	-	-	( 757,173 )	-	-	( 757,173 )
	Profit for the year	-	-	-	-	-	761,339	-	-	761,339
6(9)	Share-based payment transaction	-	-	183	-	-	-	-	-	183
6(8)(9)	Employee stock options exercised	3,492	-	33,996	-	-	-	-	-	37,488
	Cumulative translation differences of foreign operations	-	-	-	-	-	-	( 33,896 )	-	( 33,896 )
	Unrealized gain or loss on available-for-sale financial assets	-	-	-	-	-	-	-	( 373 )	( 373 )
	Other comprehensive loss for the year	-	-	-	-	-	( 5,986 )	-	-	( 5,986 )
	Balance at December 31, 2017	\$ 668,106	\$ -	\$ 2,161,029	\$ 527,495	\$ 145	\$ 1,359,148	\$ 704	(\$ 32,988)	\$ 4,683,639

Note 1: The directors' and supervisors' remuneration (bonus) of \$228 for the year ended December 31, 2015 has been deducted from the statement of comprehensive income.  
Note 2: The directors' and supervisors' remuneration (bonus) of \$475 for the year ended December 31, 2016 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	Years ended December 31	
		2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 763,992	\$ 851,218
Adjustments			
Adjustments to reconcile profit (loss)			
Interest income		( 4,362 )	( 3,840 )
Dividend income		( 1,145 )	( 3,389 )
Salary expense-employee stock options	6(7)(12)	-	422
Gain on valuation of financial assets	6(2)	( 280 )	( 252 )
Share of profit of associates and joint ventures accounted for under equity method	6(5)	( 791,864 )	( 880,677 )
Impairment loss	6(4)	13	-
Other income	6(4)	( 3,610 )	( 540 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		304,569	( 349,919 )
Other receivables		145	112
Other receivables-related parties		( 4,859 )	( 69 )
Other current assets		( 10,000 )	-
Changes in operating liabilities			
Other payables		( 337 )	5,078
Other payables - related parties		( 199 )	( 33 )
Preference share liabilities-non-current		733	196
Cash inflow (outflow) generated from operations		252,796	( 381,693 )
Interest received		2,226	3,921
Dividends received		801,406	653,215
Income tax paid		( 1,365 )	( 4,919 )
Net cash flows from operating activities		<u>1,055,063</u>	<u>270,524</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		1,816	462
Other current financial assets		95,948	137,895
Increase in investments accounted for using the equity method-sub-sidiaries	6(5)	( 89,474 )	-
Proceeds from reduction of capital of investee company	6(5)	176,400	196,000
Proceeds from capital reduction of investee company	6(4)	-	540
Increase in available-for sale financial assets-current		( 10,301 )	-
Other receivables-related parties		29,000	-
Increase in financial assets carried at cost - noncurrent	6(4)	-	( 81 )
Decrease in financial assets at cost	6(4)	3,610	-
Net cash flows from investing activities		<u>206,999</u>	<u>334,816</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Employee stock options exercised		37,488	61,810
Cash dividends paid	6(10)	( 757,173 )	( 639,352 )
Net cash flows used in financing activities		( 719,685 )	( 577,542 )
Net increase in cash and cash equivalents		542,377	27,798
Cash and cash equivalents at beginning of year		203,309	175,511
Cash and cash equivalents at end of year		<u>\$ 745,686</u>	<u>\$ 203,309</u>

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

ECOVE Environment Corporation  
Proposed Profit Distribution Table  
Year 2017

Unit : NT\$

Item	Total
Unappropriated retained earnings of previous years	603,795,170
Less : Remeasurement arising on defined benefit plans is recognized in retained earnings in 2017	-5,986,344
Add : Net income of 2017	761,338,923
Less : 10% legal reserve	-76,133,892
Less : Special reserve	-32,139,096
Retained earnings available for distribution as of December 31, 2017	1,250,874,761
Cash dividends (Based on 66,871,148 outstanding shares at Jan. 31, 2018, NT\$9.68 per share)	-647,312,713
Unappropriated retained earnings	603,562,048

## Notes :

1. Prior period retained earnings include:
  - (1) Unappropriated retained earnings of NT\$5,962 before and including 2012.
  - (2) IFRSs adjustment of NT\$567,526,461 beginning retained earnings in 2012.
  - (3) IFRSs parallel books adjustment of NT\$36,262,747 in 2012.
2. Distribution will be made primarily by 2017 retained earnings; the insufficient amount will be reimbursed by undistributed retained earnings before 2016.
3. For the proposed distribution date, shares for distribution are based on outstanding shares by the end of January 31, 2018; 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 2017 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: Shean Bii Chiu 

Dated March 8<sup>th</sup>, 2018

**ECOVE Environment Corporation**  
**The Directors' and Employees' Remuneration of 2017**

- (1) It is processed in accordance with the Article 29 of "Articles of Incorporation" of the Company.
- (2) The 2017 pre-tax profit before remuneration distribution amounts to NT \$769,550,729. The Board of Directors of the Company resolved that NT\$5,200,000 (contribution rate :0.68%) of the directors' remuneration and NT\$358,506 (contribution rate:0.05%) 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 2017 financial statements.

**ECOVE Environment Corporation**  
**The status of the Company's Guarantees and Endorsements**  
**December 31, 2017**

unit : NT\$ Thousand

Target \ Item	Guarantees and Endorsements	
	as of 2017/12/31	as of 2016/12/31
GD Development Corp.	631,253	667,708
Total	631,253	667,708

Note : (2017.12.31 Net worth : 4,683,639 thousand)

- 1.The ceiling on the total amount of endorsements or guarantees made by the Company is NT\$14,050,917 thousand.
- 2.The ceiling on the total amount of endorsements or guarantees for any single enterprise is NT\$9,367,278 thousand.