Minutes of 2019 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 30, 2019 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) : 67,105,148 shares

Total shares represented by shareholders present : 48,681,554 shares Percentage of shares held by shareholders present : 72.54% Attendees :

> Shean Bii Chiu (Independent Director, Audit Committee convener), Eugene Chien (Director), Shuh Woei Yu (Independent Director), Kuan Shen Wang (Director), Yang ming Liu (Director), Y. P. Shih (Director & General Manager), 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 2018. (Please refer to Attachment 1)
- (2) Audit committee's review report of 2018. (Please refer to Attachment 5)
- (3) The directors' & employees' remuneration of 2018. (Please refer to Attachment6)
- (4) As at 31/12/2018, the aggregate amount of guarantees provided by the company was NT\$1,143,589 thousands and the highest amount for a single enterprise was NT\$1,143,589 thousands which are all under its respective ceiling. (Please refer to Attachment 7)

2. Ratification Items

(1) To Ratify 2018 Business Report, Financial Statements and Consolidated Financial Statements (Proposed by the Board of Directors)

Explanatory Notes :

The Company's 2018 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 \sim Attachment 3)

Voting Results	% of the total represented				
	share present				
Votes in favor : 47,420,782 votes (among					
which 45,805,507 were exercised through	99.76%				
e-voting)					
Votes against : 9,444 votes (among which	0.01%				
9,444 were exercised through e-voting)	0.01 /0				
Votes invalid : 0 vote	0.00%				
Votes abstained : 101,328 votes (among					
which 13,878 were exercised through	0.21%				
e-voting)					

Voting Results : 47,531,554 shares were represented at the time of voting

Resolved, that 2018 Business Report and Financial Statements be and hereby were ratified as submitted.

(2) To Ratify the Company's Distribution of 2018 earnings (Proposed by the Board of Directors)

Explanatory Notes :

- 1) The Table for 2018 Estimated Profit Distribution is compiled as follows in accordance with the Company Act and Articles of Incorporation (Please refer to Attachment 4) and has been approved by the Audit Committee and Board of Directors of the Company.
- 2) It is proposed to allocate shareholders' cash dividends of NT\$726,077,701 (NT\$10.82 per share based on common share outstanding is 67,105,148 shares). Upon the approval of the Annual General Meeting of shareholders, it is proposed that the Board of Directors will be authorized to determine the record date to distribute the cash dividend and other relevant issues.
- 3) In case that the total common shares outstanding may change and the ultimate cash to be distributed to each common share may need to be adjusted, it is proposed that the Board of Directors will be authorized to do adjustment.
- 4) The distribution of cash dividends will be calculated to new Taiwan dollar and round it to the nearest dollar. It is proposed that any difference will be booked as the other income or expense of the Company.

Voting Regults	% of the total represented				
Voting Results	share present				
Votes in favor: 47,420,782 votes (among					
which 45,805,507 were exercised through	99.76%				
e-voting)					
Votes against : 9,444 votes (among which	0.01%				
9,444 were exercised through e-voting)					
Votes invalid : 0 vote	0.00%				
Votes abstained : 101,328 votes (among					
which 13,878 were exercised through	0.21%				
e-voting)					

Voting Results : 47,531,554 shares were represented at the time of voting

Resolved, that the Company's distribution of 2018 earnings be and hereby was ratified as submitted.

3. Discuss Items

(1) To approve the amendment of the Company's "Regulations Governing the Acquisition and Disposal of Assets" (Proposed by the Board of Directors)

Explanatory Notes:

Please refer to Attachment 8 for the comparison table between the existing provisions and amendments of "Regulations Governing the Acquisition and Disposal of Assets".

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Voting Results	% of the total represented			
Voting Results	share present			
Votes in favor : 47,409,611 votes (among				
which 45,794,336 were exercised through	99.74%			
e-voting)				
Votes against : 7,615 votes (among which	0.01%			
7,615 were exercised through e-voting)				
Votes invalid : 0 vote	0.00%			
Votes abstained : 114,328 votes (among				
which 26,878 were exercised through	0.24%			
e-voting)				

Voting Results : 47,531,554 shares were represented at the time of voting

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

(2) To approve the amendment of the Company's "Regulations Governing Loaning of Funds" (Proposed by the Board of Directors)

Explanatory Notes:

Please refer to Attachment 9 for the comparison table between the existing provisions and amendments of "Regulations Governing Loaning of Funds".

Voting Results: 47,531,554 shares were represented a	at the time of voting
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Voting Possilts	% of the total represented				
Voting Results	share present				
Votes in favor : 47,404,321 votes (among					
which 45,789,046 were exercised through	99.73%				
e-voting)					
Votes against : 12,618 votes (among which	0.02%				

12,618 were exercised through e-voting)	
Votes invalid : 0 vote	0.00%
Votes abstained : 114,615 votes (among	
which 27,165 were exercised through	0.24%
e-voting)	

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

(3) To approve the amendment of the Company's "Regulations Governing Making of Endorsements/Guarantees" (Proposed by the Board of Directors)

Explanatory Notes:

Please refer to Attachment 10 for the comparison table between the existing provisions and amendments of "Regulations Governing Making of Endorsements/Guarantees".

Voting Results :	47,531,554 shares	were represented	at the time of voting
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Voting Results	% of the total represented share present				
Votes in favor : 47,404,608 votes (among which 45,789,333 were exercised through e-voting)	99.73%				
Votes against : 12,615 votes (among which 12,615 were exercised through e-voting)	0.02%				
Votes invalid : 0 vote	0.00%				
Votes abstained : 114,331 votes (among which 26,881 were exercised through e-voting)	0.24%				

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

4. Special Motion : None.

5. Meeting Adjourned : At 9:27 a.m., May 30, 2019.

ECOVE ENVIRONMENT CORPORATION Business Report of 2018

From 2018/01/01 to 2018/12/31

1 • Business Performance:

For the year end of 2018, the standalone operating revenue was NT\$788,260 thousands, the consolidated operating revenue was NT\$4,847,096 thousands, and the consolidated profit after tax was NT\$806,912 thousands. Consolidated operating revenue breakdown is as follows:

(Unit: NT\$ thousands)

Waste Disposal Revenues	1,901,614
Sales of Electricity	1,105,607
Service Concession Revenues	577,006
Removal & Trans. Revenues	78,749
Others	1,184,120
Total	4,847,096

2 • Performance Review :

Compared to year of 2017, the consolidated operating revenue of year 2018 has increased by NT\$367,509 thousands to NT\$4,847,096 thousands. ECOVE Environment Services Corporation, one of the subsidiary has acquired the rectification project of the Gaonan plant and Kinding plant which is the major reason cause the increasing of revenue; and the newly merged subsidiary, ECOVE Solar Energy Corporation has contributed NT\$83,629 thousands to consolidated revenue in the third quarter of 2018.

Consolidated and standalone operating revenue breakdown is as follows:

(Unit : NT\$ thousands)

Consolidated Operating Revenues for 2018	4,847,096
Consolidated Operating Revenues for 2017	4,479,587
Increase from 2017 to 2018	367,509
Percentage of increase	8.20%
Operating Revenues for 2018	788,260
Operating Revenues for 2017	791,864
Decrease from 2017 to 2018	3,604
Percentage of decrease	0.46%
Net Profit After Tax for 2018	806,912
Net Profit After Tax for 2017	761,339
Increase from 2017 to 2018	45,573
Percentage of increase	5.99%

3 • Business Prospect of Year 2019:

Looking back year 2018, ECOVE fully demonstrated the fervent ambition on "Qualitative Change" for business promotion and execution. In addition to developing the existing business steadily, ECOVE has successfully won the Macau Incinerator Center 45 months O&M contract. For new business development, we continuous strive for opportunities, for example, we won the Taoyuan Biomass BOT Project, which allows us to step in the field of bioenergy and state-of-art circular economy facility establishment. We also successfully invested a solvent distillation plant and turned it into a waste solvent recycling plant through process modification, expanding our recycling business. Regarding the ECOVE brand promotion, in addition to the domestic sector, we have also achieved concrete results in establishing overseas markets such as Malaysia, Thailand, Vietnam and India. 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 O&M (including ROT) capabilities 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 or other ground-mounted projects. Following government's expansion policy ECOVE will continuously and cautiously seeks opportunity for investing mega-scale project. For overseas market, in addition to maintaining stable operation of existing project in the U.S, following the national green energy policies, ECOVE will continuously develop suitable targets for major countries and emerging markets, and introduce strategic investment partners to expand investment scale and reduce financial burden and risk.

C. Recycling Business

Besides implements the waste IPA recycling plan, ECOVE will continuously study various market conditions, integrate technical resources inside and outside the group, and identify other potential recycling items domestic or overseas, including the recovery of valuable raw materials from industrial waste, wastewater, or municipal waste. In addition to promoting the successful development model of the IPA recycling project, ECOVE will also actively evaluate the target for mergers and acquisitions.



REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of ECOVE Environment Corp.

Opinion

We have audited the accompanying consolidated balance sheets of ECOVE Environment Corporation and its subsidiaries (the "Group") as at December 31, 2018 and 2017, 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, 2018 and 2017, 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 (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.

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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(28) for accounting policies on operating revenue, and Note 6(21) 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\$ 2,427,326 thousand for the year ended December 31, 2018, presenting 50% of operating revenue for the year ended December 31, 2018. Due to the fact that this type of revenue involving the accuracy of the reports used and manual calcuation, 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, 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, 2018 and 2017.



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 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.



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.

Chang, Shu-Chiung

For and on behalf of PricewaterhouseCoopers, Taiwan March 8, 2019

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.

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.

			 December 31, 201			December 31, 201	
	Assets	Notes	 AMOUNT	_%		AMOUNT	%
1100	Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,543,162	17	\$	1,657,955	24
1110	Financial assets at fair value	6(2) and 12(4)					
	through profit or loss - current		183,288	2		437,010	6
1120	Financial assets at fair value	6(3)					
	through other comprehensive						
	income-current		102,201	1		<i>(</i>	70
1125	Available-for-sale financial assets	12(4)					
	- current		-	-		136,852	2
1150	Notes receivable, net		1,321	-		234	-
1170	Accounts receivable, net	6(4)	1,041,171	11		947,224	13
1180	Accounts receivable - related	7					
	parties, net		1,717	-		8,122	-
1200	Other receivables		4,741	-		2,238	-
1210	Other receivables - related parties	7	24,646	-		61,847	1
130X	Inventories		63,854	1		45,351	1
1410	Prepayments	6(5)	266,503	3		212,829	3
1470	Other current assets	6(6) and 8	 342,178	4	1 <u></u>	195,910	3
11XX	Current Assets		 3,574,782	39		3,705,572	53
	Non-current assets						
1517	Financial assets at fair value	6(3)					
	through other comprehensive						
	income-non-current		543	-		-	-
1543	Financial assets carried at cost -	12(4)					
	non-current		-	-		543	-
1550	Investments accounted for under	6(7)					
	equity method		405,718	4		666,510	9
1600	Property, plant and equipment,	6(8) and 8					
	net		2,131,233	24		73,244	1
1780	Intangible assets	6(29)	136,153	2		-	-
1840	Deferred income tax assets	6(27)	22,295	-		19,073	-
1900	Other non-current assets	6(9) and 8	 2,804,983	31		2,592,187	37
15XX	Non-current assets		 5,500,925	61	_	3,351,557	47
1XXX	Total assets		\$ 9,075,707	100	\$	7,057,129	100

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

(Continued)

				December 31, 2018			December 31, 2017	
	Liabilities and Equity	Notes		AMOUNT	%		AMOUNT	%
2100	Current liabilities	((10)						
2100	Short-term borrowings	6(10)	\$	52,000	1	\$	ě.	-
2130	Contract liabilities-current	6(21)		140,580	2		-	-
2150	Notes payable			1,032	-		189	-
2170	Accounts payable	6(11)		535,797	6		619,687	9
2180	Accounts payable - related parties			23,411	-		28,082	-
2200	Other payables	6(12)		467,937	5		383,256	6
2220	Other payables - related parties	7		6,481	-		8,905	-
2230	Current income tax liabilities			130,245	1		73,464	1
2300	Other current liabilities	6(13)(14)		139,437	1		212,605	3
21XX	Current Liabilities			1,496,920	16		1,326,188	19
	Non-current liabilities							
2540	Long-term borrowings	6(14)		1,423,587	16		4,000	-
2570	Deferred income tax liabilities	6(27)		204,300	2		169,338	2
2600	Other non-current liabilities	6(15)		529,541	6		326,721	5
25XX	Non-current liabilities			2,157,428	24		500,059	7
2XXX	Total Liabilities			3,654,348	40	_	1,826,247	26
	Equity attributable to owners of							
	parent							
	Share capital	6(18)						
3110	Common stock			671,051	8		668,106	9
	Capital surplus	6(19)						
3200	Capital surplus			2,193,473	24		2,161,029	31
	Retained earnings	6(20)						
3310	Legal reserve			603,629	7		527,495	7
3320	Special reserve			32,284	-		145	
3350	Unappropriated retained earnings			1,380,044	15		1,359,148	19
	Other equity interest							
3400	Other equity interest		(2,243)	-	(32,284)	-
31XX	Equity attributable to owners							
	of the parent			4,878,238	54		4,683,639	66
36XX	Non-controlling interest	4(3)		543,121	6		547,243	8
3XXX	Total equity			5,421,359	60	-	5,230,882	74
	Significant contingent liabilities	9						
	and unrecognised contract							
	commitments							
3X2X	Total liabilities and equity		\$	9,075,707	100	\$	7,057,129	100

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Expressed in thousands of New Taiwan dollars, except earnings per share)

					lear ended	Decen	iber 31	
	14		1	2018			2017	
4000	Items Operating revenue	Notes 6(21) and 7	\$	AMOUNT		•	AMOUNT	%
5000	Operating costs	6(25)(26) and 7	\$	4,847,096 3,539,458)	100 (<u>73</u>)	\$	4,479,587 3,220,330) (100
5900	Gross profit		·	1,307,638	27	(1,259,257	<u> </u>
	Operating expenses	6(25)(26) and 7					1,207,207	20
6200	General and administrative expenses		(178,722)	(4)		181,840) (4)
6000	Total operating expenses		(178,722)	(4)	(181,840) (()
6900	Operating profit			1,128,916	23		1,077,417	24
7010	Non-operating income and expenses Other income	6(22)		40,169	1		21 770	
7020	Other gains and losses	6(23)		40,109	1	(31,779 10,113)	1
7050	Finance costs	6(24)	(7,483)	-	ć	3,841)	
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)				,		
7000	Total non-operating income and			31,435			21,101	<u> </u>
	expenses			105,854	2		38,926	1
7900	Profit before income tax			1,234,770	25		1,116,343	25
7950	Income tax expense	6(27)	(254,298)	(5)	(156,919) (4)
8200	Profit for the year		\$	980,472	20	\$	959,424	21
	Other comprehensive income Components of other comprehensive income that will not be reclassified to profit or loss							
8311	Losses on remeasurements of	6(16)						
0216	defined benefit plans		(\$	3,212)	-	(\$	8,601)	-
8316	Unrealised losses from investments in equity instruments measured at fair value through other							
8320	comprehensive income Share of other comprehensive		(2,076)	-		-	
0520	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		(31)		(43)	
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or	6(27)	,			((17)	
	loss			1,379	-		1,835	-
	Components of other comprehensive income that will be reclassified to profit or loss							
8361	Cumulative translation differences of							
8362	foreign operations Unrealized loss on valuation of available-for-sale financial assets	12(4)		233		(46,369) (430)	1)
8300	Total other comprehensive loss for							
	the year		(<u></u>	3,707)	-	(\$)	53,608) (1)
8500	Total comprehensive income for the year		\$	976,765	20	\$	905,816	_20
8610	Profit attributable to: Owners of the parent		\$	806,912	17	\$	7(1, 220	12
8620	Non-controlling interest		φ	173,560	3	Ф	761,339 198,085	17 4
	Total		\$	980,472	20	\$	959,424	21
	Comprehensive income attributable to:						,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
8710	Owners of the parent		\$	806,087	16	\$	721,084	16
8720	Non-controlling interest Total		¢	170,678	4	6	184,732	4
	Iotai		\$	976,765	20	\$	905,816	20
	Earnings per share (in dollars):							
9750	Total basic earnings per share	6(28)	\$		12.04	\$		11.41
9850	Total diluted earnings per share	6(28)	\$		12.04	\$		11.39

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in thousands of New Taiwan dollars)

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				Equity attrib	outable to owners of th	e parent						
					Retained earnings			Other equity interest				
	Notes	Common stock	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	Unrealized gain or loss on valuation of available-for-sale financial assets	Total	Non-controlling interest	Total equity
For the year ended December 31, 2017												
Balance at January 1, 2017		\$ 664,614	\$ 2,126,850	\$ 442,686	\$ 145	\$ 1,445,777	\$ 34,600	\$	(\$ 32,615)	\$ 4,682,057	\$ 582,717	\$ 5,264,774
Profit for the year		<u> </u>	* 2,120,000	4 412,000	<u>• </u>	761,339	4 54,000	<u> </u>	(0 52,015)	761,339	198,085	959,424
Other comprehensive loss			-		-	(5,986)	(33,896)	-	(373)	(40,255)	(13,353)	(53,608)
Total comprehensive income			-	-		755,353	(33,896)		(373)	721,084	184,732	905,816
Appropriation of 2016 earnings	6(20)			Makes and a second seco					·			
Legal reserve				84,809	-	(84,809)						
Cash dividends		-				(757,173)				(757,173)	(220,219)	(977, 392)
Share-based payment transactions	6(19)	-	183	•			(•)			183	13	196
Employee stock options exercised	6(18)(19)	3,492	33,996	-	-		-		-	37,488	-	37,488
Balance at December 31, 2017		\$ 668,106	\$ 2,161,029	\$ 527,495	\$ 145	\$ 1,359,148	\$ 704	\$ -	(\$ 32,988)	\$ 4,683,639	\$ 547,243	\$ 5,230,882
For the year ended December 31, 2018											And the second second	
Balance at January 1, 2018		\$ 668,106	\$ 2,161,029	\$ 527,495	\$ 145	\$ 1,359,148	\$ 704	ş -	(\$ 32,988)	\$ 4,683,639	\$ 547,243	\$ 5,230,882
Effect of retrospective application and retrospective restatement	12(4)					1,799		(34,787)	32,988			
Balance at 1 January, 2018 after adjustments		668,106	2,161,029	527,495	145	1,360,947	704	(52,900	4,683,639	547,243	5,230,882
Profit for the year		008,100	2,101,022			806,912		(-	806,912	173,560	980,472
Other comprehensive income(loss)		-				(1,782)	2,922	(1,965)	-	(825)	(2,882)	(3,707)
Total comprehensive income						805,130	2,922	(1,965)		806,087	170,678	976,765
Appropriation of 2017 earnings	6(20)							·	And the second s			
Legal reserve		-		76,134	-	(76,134)	-		*	×		
Special reserve			2	-	32.139	(32,139)	14	-		-	2	-
Cash dividends						(647,313)	а .			(647,313)	(183,364)	(830,677)
Share-based payment transactions	6(19)		5,055	2			÷	-		5,055	308	5,363
Employee stock options exercised	6(18)(19)	2,945	27,389		-					30,334	-	30,334
Disposal of finanial assets measured at fair value through other comprehensive income			-	-	2	(30,447)	2	30,883	-	436	31	467
Changes in non-controlling interest		-	·		-	•	-	-	-	-	8,225	8,225
Balance at December 31, 2018		\$ 671,051	\$ 2,193,473	\$ 603,629	\$ 32,284	\$ 1,380,044	\$ 3,626	(\$ 5,869)	\$	\$ 4,878,238	\$ 543,121	\$ 5,421,359

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

(Expressed in th				Years ended Decen	nber 31	
	Note	s		2018		2017
CASH FLOWS FROM OPERATING ACTIVITIES			÷			
Profit before tax			\$	1,234,770	\$	1,116,343
Adjustments						
Adjustments to reconcile profit (loss)						
Depreciation	6(8)(25)			73,778		17,820
Amortization	6(25)			14,462		13,082
Interest expense	6(24)			7,483		3,841
Interest income	6(22)		(16,390)		16,170)
Dividend income	6(22)		(3,657)	(4,056)
Salary expense-employee stock options	6(17)(26)			4,885		-
Gain on valuation of financial assets	6(2)(23)		(1,564)		1,127)
Gain on disposal of investment			(26,481)	(3,428)
Share of profit of associates and joint ventures	6(7)					
accounted for under equity method			(31,435)		21,101)
Gain on disposal of property, plant and equipment	6(23)	•	(4,387)	(1,917)
Impairment loss	12(4)			-		13
Changes in operating assets and liabilities						
Changes in operating assets						
Financial assets at fair value through profit or loss				250,721		303,873
Notes receivable, net			(1,087)	(96)
Accounts receivable, net			(80,446)	(99,966)
Accounts receivable - related parties, net				6,405		76,409
Other receivables				3,432		7,803
Other receivables-related parties				30,195	(25,739)
Inventories			(18,503)		6,936
Prepaid expense			(23,847)	(156, 124)
Other current assets			(30,940)	(10,000)
Increase in other non-current assets				254,209		230,027
Changes in operating liabilities						
Contract liabilities-current				140,580		-
Notes payable				843		189
Accounts payable			(89,136)	(81,254)
Accounts payable - related parties			(4,671)		478
Other payables			·	52,181		41,235
Other payables - related parties			(2,424)		6,704
Other current liabilities			í	25,302)	(419)
Other non-current liabilities				2,380	ć	14,748)
Cash inflow generated from operations				1,716,054	·	1,388,608
Interest received				13,400		12,614
Dividends received				17,654		17,193
Interest paid			(8,436)	(4,048)
Income tax paid			(172,789)	(214,358)
Net cash flows from operating activities			(1,565,883	(1,200,009
The cash nows nom operating activities				1,000,000		1,200,009

(Continued)

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

	.		Years ended Decer		
	Notes		2018		2017
CASH FLOWS FROM INVESTING ACTIVITIES					
Increase in available-for-sale financial assets-current		\$	-	(\$	37,883
Proceeds from disposal of financial assets measured at					
fair value through other comprehensive income			48,206		-
Acquisition of financial assets measured at fair value					
through other comprehensive income		(16,258)		-
Increase in other receivables-related parties			7,000		233,000
Interest received			2,570		3,781
(Increase) decrease in other current assets		(115,328)		223,681
Proceeds from disposal of investee company			-		3,610
Increase in investments accounted for under equity	6(7)				
method-non-subsidiaries		(77,500)	(89,474
Decrease in investments accounted for under equity					
method-non-subsidiaries			-		5,127
Acquisition of property, plant and equipment	6(8)	(135,302)	(37,066
Proceeds from disposal of property, plant and equipment			4,569		2,048
Increase in refundable deposits		(589)	(1,444
Net cash flow from acquisition of subsidiaries (net of cash	6(29)				
acquired)		(206,659)		-
Other non-current assets	6(31)	(154,398)	(355
Net cash flows (used in) from investing activities		(643,689)	-	305,025
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of short-term loans	6(32)	(91,000)		-
Proceeds from long-term loans	6(32)		87,000		-
Repayment of long-term loans	6(32)	(258,933)	(176,000
Increase in deposits received (shown in other non-current					
liabilities)			22,189		38,881
Employee stock options exercised			30,334		37,488
Cash dividends paid		(830,677)	(977,392
Increase in non-controlling interests			4,100		-
Net cash flows used in financing activities		(1,036,987)	()	1,077,023
Net (decrease) increase in cash and cash equivalents		(114,793)	and a start of the	428,011
Cash and cash equivalents at beginning of year			1,657,955		1,229,944
Cash and cash equivalents at end of year		\$	1,543,162	\$	1,657,955



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, 2018 and 2017, 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, 2018 and 2017, and its non-consolidated financial performance and its non-consolidated 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 (ROC GAAS). Our responsibilities under those standards are further described in the Independent Accountant's Responsibilities for the Audit of 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.

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

Service revenue of subsidiaries accounted for under the equity method

As at December 31, 2018, the investments in subsidiaries, ECOVE Wujih Energy Corp., ECOVE Environmental Services Corp., ECOVE Waste Management Corp., ECOVE Miaoli Energy Corp. and SINOGAL-Waste Services Co., Ltd., were accounted for under the equity method and amounted to \$3,255,272, constituting 66% 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 under the equity method as a key audit matter.

Description

Please refer to Note 4(28) for accounting policies on 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. 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 was in agreement with recorded revenue.



Responsibilities of management and those charged with governance for the nonconsolidated 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.

Independent accountant'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:

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.

Chang, Shu-Qhiung

For and on behalf of PricewaterhouseCoopers, Taiwan March 8, 2019

The accompanying 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 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)

	Assots	Notos	·	December 31, 201		December 31, 2	
	Assets	Notes		AMOUNT	<u>%</u>	AMOUNT	%
	Current assets						
100	Cash and cash equivalents	6(1)	\$	210,529	4	\$ 745,680	5 16
110	Financial assets at fair value	6(2)					
	through profit or loss - current			2,045	-	98,07	3 2
120	Current financial assets at fair	6(3)					
	value through other						
	comprehensive income			20,017	-		
125	Available-for-sale financial assets	12(4)					
	- current				-	24,849) 1
200	Other receivables			673	÷	710) -
210	Other receivables - related parties	7		119,072	3	7,974	-
410	Prepayments			891	-		-
470	Other current assets	8		-		10,000	
1XX	Current Assets			353,227	7	887,292	. 19
	Non-current assets						
517	Non-current financial assets at	6(3)					
	fair value through other						
	comprehensive income			543	-	-	-
543	Financial assets carried at cost -	12(4)					
	non-current				-	543	-
550	Investments accounted for using	6(4)					
	equity method			4,555,274	93	3,819,621	81
5XX	Non-current assets		-	4,555,817	93	3,820,164	81
	Total assets		\$				

(Continued)

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

	Liebilities and Fauity	Natas	December 31, 2018 AMOUNT %			December 31, 2017 AMOUNT %		
	Liabilities and Equity Current liabilities	Notes	A	MOUNT	%	A	IMOUNT	_%
2150	Notes payable		\$	480		¢		
			Φ		-	\$	-	-
2200	Other payables	-		18,802	1		19,380	1
2220	Other payables - related parties	7		1,292	-		842	-
2230	Current income tax liabilities			7,485			1,388	
21XX	Current Liabilities			28,059	1		21,610	1
	Non-current liabilities							
2640	Accrued pension liabilities	6(5)		2,747	-		2,207	
2XXX	Total Liabilities			30,806	1		23,817	1
	Equity							
	Share capital	6(7)						
3110	Common stock			671,051	14		668,106	14
	Capital surplus	6(8)						
3200	Capital surplus			2,193,473	44		2,161,029	46
	Retained earnings	6(9)						
3310	Legal reserve			603,629	12		527,495	11
3320	Special reserve			32,284	1		145	-
3350	Unappropriated retained earnings			1,380,044	28		1,359,148	29
	Other equity interest							
3400	Other equity interest		(2,243)		(32,284) (1)
3XXX	Total equity			4,878,238	99		4,683,639	99
	Significant contingent liabilities	9						
	and unrecognised contract							
	commitments							
	Significant events after the	11						
	balance sheet date							
3X2X	Total liabilities and equity		\$	4,909,044	100	\$	4,707,456	100

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

			Year ended December 31					
				2018			2017	
	Items	Notes		AMOUNT	%		AMOUNT	%
4000	Operating revenue	6(4)	\$	788,260	100	\$	791,864	100
5900	Gross profit			788,260	100	-	791,864	100
6200	Operating expenses General and administrative expenses	((12)) and 7	,	ED 0751 (7		10 705) (
6200 6000	Total operating expenses	6(12) and 7	(<u> </u>	7		49,795) (7)
6900	Operating profit		(737,985	93) (49,795) (
0900	Non-operating income and expenses		-	151,985	93	-	742,069	93
7010	Other income	6(10) and 7		48,283	6		18,285	2
7020	Other gains and losses	6(11)		29,807	4		3,638	2 1
7000	Total non-operating income and	0(11)		27,007			5,050	1
,	expenses			78,090	10		21,923	3
7900	Profit before income tax			816,075	103	-	763,992	96
7950	Income tax expense	6(14)	(9,163) (1) (2,653)	-
8200	Profit for the year	N 2	\$	806,912	102	\$	761,339	96
	Other comprehensive income		-			1	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
	Components of other comprehensive							
	income that will not be reclassified to							
	profit or loss							
8311	Other comprehensive income, before	6(5)						
	tax, actuarial gains (losses) on							
	defined benefit plans		\$	37	ž	\$	2,184	-
8316	Unrealised gains (losses) from	6(3)						
	investments in equity instruments							
	measured at fair value through other							
0000	comprehensive income		(2,591)	-		-	-
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		(1,193)	-	(8,170) (1)
	Components of other comprehensive		(1,199)		(0,1707 (1)
	income that will be reclassified to							
	profit or loss							
8361	Cumulative translation differences of							
	foreign operations			2,922	-	(33,896) (4)
8362	Unrealized loss on valuation of							
	available-for-sale financial assets			-	-	(710)	-
8380	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	
8300	Other comprehensive loss for the							
0000	year		(\$	825)		(\$	40,255) (5)
8500	Total comprehensive income for the		((625)	-	(40,233) (5)
0500	year		\$	806,087	102	¢	721,084	91
	ycar		φ	300,087	102	Ф	721,004	91
	Basic earnings per share							
9750	Basic earnings per share	6(15)	\$		12.04	\$		11.41
	Diluted earnings per share	-(10)	Ψ		12.04	Ψ		11,41
9850	Diluted earnings per share	6(15)	\$		12.04	\$		11.39
		-()	4		12.01	4		11.37

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

2

		Share capital			Retained earning	S		Other equity intere	st	
	Notes	Common stock	- Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealised gains (losses) on valuation of financial assets measured at fair value through other comprehensive income	Unrealized gain or loss on available-for- sale financial assets	Total equity
	110105			Legarreserve	special reserve	carnings	operations	meome		Total equity
For the year ended December 31, 2017										
Balance at January 1, 2017		\$ 664,614	\$2,126,850	\$ 442,686	\$ 145	\$1,445,777	\$ 34,600	\$ -	(\$ 32,615)	\$4,682,057
Profit for the year		-	-	-	-	761,339	-	-	-	761,339
Other comprehensive loss			-	-	-	(5,986)	(33,896)	-	(373)	(40,255)
Total comprehensive income			-		-	755,353	(33,896)		(373)	721,084
Appropriation of 2016 earnings	6(9)			1. The second						
Legal reserve		-	-	84,809	-	(84,809)	-	-	-	-
Cash dividends		-	-	-	-	(757,173)	-	-	-	(757,173)
Share-based payment transactions		-	183	-	-	-	-	-	-	183
Employee stock options exercised	6(6)(7)	3,492	33,996	-	-		-	-	-	37,488
Balance at December 31, 2017		\$ 668,106	\$2,161,029	\$ 527,495	\$ 145	\$1,359,148	\$ 704	\$ -	(\$ 32,988)	\$4,683,639
For the year ended December 31, 2018								-	· ·	
Balance at January 1, 2018		\$ 668,106	\$2,161,029	\$ 527,495	\$ 145	\$1,359,148	\$ 704	\$ -	(\$ 32,988)	\$4,683,639
Effect of retrospective application and retrospective restatement	12(4)	-	_	-	-	1,799	-	(34,787)	32,988	-
Balance at 1 January after adjustments		668,106	2,161,029	527,495	145	1,360,947	704	(34,787)	-	4,683,639
Profit for the year		-	-	-	-	806,912	-	-	_	806,912
Other comprehensive income(loss)		-	-	-	-	(1,782)	2,922	(1,965)	-	(825)
Total comprehensive income			-	-	-	805,130	2,922	(1,965)	-	806,087
Appropriation of 2017 earnings	6(9)							<u> </u>		
Legal reserve		-	-	76,134	-	(76,134)	-	-	-	-
Special reserve		-	-	-	32,139	(32,139)		-	-	-
Cash dividends		-	-	-	-	(647,313)	-	-	-	(647,313)
Share-based payment transactions		-	5,055	-		-	-	-	-	5,055
Employee stock options exercised	6(6)(7)	2,945	27,389	-	-	-	-	-	-	30,334
Disposal of financial assets measured at fair value through other comprehensive income		-	-		-	(30,447)	-	30,883	-	436
Balance at December 31, 2018		\$ 671,051	\$2,193,473	\$ 603,629	\$ 32,284	\$1,380,044	\$ 3,626	(\$ 5,869)	\$ -	\$4,878,238

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

Years ended December 31

Adjustments 6(10) (3,886.) (4,3 Dividend income 6(10) (3,886.) (4,3 Dividend income 6(10) (645.) (1,1 Salary expense-employee stock options 6(6)(13) 667 - <th></th> <th>Y</th> <th>ears ended Dece</th> <th>ember 31</th> <th></th> <th></th>		Y	ears ended Dece	ember 31		
Profit before tax\$\$16,075\$763,9AdjustmentsIntrest income6(10)(3,886.5)(4,3Intrest income6(10)(645.5)(1,1Salary experse-employee stock options6(6)(13)667(2Grain or valiation of financial assets6(2.2)(310.5)(2Share of profit of associates and joint ventures accounted for6(4)(788,260.5)(791,8Proceeds from capital reduction of investee company6(11)(2,862.5)(791,8Changes in operating assets and liabilities(470.5)11Changes in operating assets and liabilities(470.5)11Other receivables-related parties(480.10)(4.88Other receivables-related parties(578.5)(3310.00010.00Changes in operating assets and liabilities(578.5)(3310.00010.0010.000		Notes		2018		2017
Profit before tax Adjustments \$ 816,075 \$ 763,9 Adjustments interst income 6(10) (3,886.5) (4,3 Interst income 6(10) (3,886.5) (4,3 Dividend income 6(10) (3,886.5) (4,3 Dividend income 6(10) (3,886.5) (4,3 Dividend income 6(10) (3,886.5) (4,3 Gain on valuation of financial assets 6(2) (310.0) (22 Share of profit of associates and joint ventures accounted for our account on parating assets and liabilities (788,260.0) (791,8 Changes in operating assets and liabilities (470.0) 1 1 Other receivables-related parties (480.0) (4.8 Prepayments (878.1) (3 Other payables (578.1) (3 Other payables (578.1) (
AdjustmentsAdjustments to reconcile profit (loss)Interest income $6(10)$ Salary expense-employee stock options $6(3)$ Gain on valuation of financial assets $6(2)$ Share of profit of associates and joint ventures accounted for $6(4)$ under equity method $(788, 260)$ Proceeds from capital reduction of investee company $6(11)$ Changes in operating assets $6(11)$ and $12(4)$ Changes in operating assets $(284, 260)$ Changes in operating assets $(284, 260)$ Other receivables $(244, 00)$ Other receivables $(284, 260)$ Other payables $(284, 272)$ Intrest received $(2758, 262)$ <td< td=""><td></td><td></td><td></td><td></td><td></td><td></td></td<>						
$\begin{array}{c c c c c c c c c c c c c c c c c c c $			\$	816,075	\$	763,992
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Gain on valuation of financial assets $6(2)$ $($ 310 $($ 22 Share of profit of associates and joint ventures accounted for $6(1)$ $($ $788, 260$ $($ $791, 8$ Proceeds from capital reduction of investee company $6(1)$ $($ $788, 260$ $($ $791, 8$ Proceeds from capital reduction of investee company $6(1)$ $($ $29, 402$ $($ $3, 6$ Impairment loss $6(11)$ and $12(4)$ $ -$ Changes in operating assets and liabilities $($ 470 1 $-$ Changes in operating assets $($ 470 1 $ -$ Other receivables-claded parties $($ $24, 404$ $($ 480 $-$ Other payables in operating liabilities $($ 578 $($ 3 Notes payable 480 $ -$ Other payables in operating ascivities $ -$ Other payables - related parties $ -$ Not cash flows generated from operating ascivities $ -$ <t< td=""><td></td><td></td><td>(</td><td></td><td>(</td><td>1,145)</td></t<>			((1,145)
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$\begin{array}{c} \text{Charges in operating assets} \\ \text{Financial assets at fair value through profit or loss} \\ \text{Other receivables} \\ \text{Other receivables-related parties} \\ (470) \\ \text{Other receivables-related parties} \\ (470) \\ \text{Other current assets} \\ \text{Other current assets} \\ \text{Other current assets} \\ \text{Other current assets} \\ \text{Other payables} \\ $		6(11) and 12(4)		-		13
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CASH FLOWS FROM INVESTING ACTIVITIES Interest received2,2231,8(Increase) decrease in other receivables-related parties(87,02929,00Proceeds from disposal of financial assets measured at fair value through other comprehensive income9,4844Acquisition of financial assets measured at fair value through other comprehensive income9,4844Increase in available-for-sale financial assets-current-(10,30Decrease in other current financial assets-95,599Proceeds from disposal of investee company12(4)-3,60Increase in investments accounted for using the equity method- subsidiaries(619,364(89,44Proceeds from reduction of capital of investee company Net cash flows (used in) from investing activities(619,364(89,44CASH FLOWS FROM FINANCING ACTIVITIES Employee stock options exercised30,33437,4037,40Cash dividends paid Net cash flows used in financing activities6(9)(647,313)(757,17Net (decrease) increase in cash and cash equivalents(535,157542,3333,30Cash and cash equivalents at beginning of year745,686203,30203,30	Income tax paid		(3,066)	(1,365)
Interest received2,2231,8(Increase) decrease in other receivables-related parties(87,02929,00Proceeds from disposal of financial assets measured at fair value through other comprehensive income9,4842,2231,8Acquisition of financial assets measured at fair value through other comprehensive income9,4842,2231,8Acquisition of financial assets measured at fair value through other comprehensive income9,4842,2231,8Increase in available-for-sale financial assets(7,24311Decrease in other current financial assets-95,5999Proceeds from disposal of investee company12(4)-3,60Increase in investments accounted for using the equity method- subsidiaries(619,364(89,4'Proceeds from reduction of capital of investee company Net cash flows (used in) from investing activities(701,929206,99CASH FLOWS FROM FINANCING ACTIVITIES Employee stock options exercised30,33437,44Cash dividends paid Net cash flows used in financing activities(616,979(719,66Net (decrease) increase in cash and cash equivalents(535,157542,3'542,3'Cash and cash equivalents at beginning of year-745,686203,30'	Net cash flows from operating activities			783,751		1,055,063
(Increase) decrease in other receivables-related parties(87,02929,00Proceeds from disposal of financial assets measured at fair value through other comprehensive income9,48424,00Acquisition of financial assets measured at fair value through other comprehensive income(7,243<)	CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of financial assets measured at fair value through other comprehensive income9,484Acquisition of financial assets measured at fair value through other comprehensive income(7,243)Increase in available-for-sale financial assets-current-(10,31Decrease in other current financial assets-95,94Proceeds from disposal of investee company12(4)-3,61Increase in investments accounted for using the equity method- subsidiaries(619,364)(89,44Proceeds from reduction of capital of investee company Net cash flows (used in) from investing activities(619,364)(89,44CASH FLOWS FROM FINANCING ACTIVITIES Employee stock options exercised Cash dividends paid30,33437,4437,44Net cash flows used in financing activities(616,979)(719,66Net (decrease) increase in cash and cash equivalents(535,157)542,37Cash and cash equivalents at beginning of year745,686203,30	Interest received			2,223		1,816
through other comprehensive income9,484Acquisition of financial assets measured at fair value through other comprehensive income(7,243)Increase in available-for-sale financial assets-current-(10,30Decrease in other current financial assets-95,94Proceeds from disposal of investee company12(4)-3,61Increase in investments accounted for using the equity method- subsidiaries(619,364)(89,44Proceeds from reduction of capital of investee company6(4)-176,40Net cash flows (used in) from investing activities(701,929)206,99CASH FLOWS FROM FINANCING ACTIVITIES30,33437,44Employee stock options exercised30,33437,44Cash dividends paid6(9)(647,313)(Net cash flows used in financing activities(535,157)542,37Cash and cash equivalents(535,157)542,37Cash and cash equivalents at beginning of year745,686203,30	(Increase) decrease in other receivables-related parties		(87,029)		29,000
Acquisition of financial assets measured at fair value through other comprehensive income(7,243)Increase in available-for-sale financial assets-current-(10,30Decrease in other current financial assets-95,94Proceeds from disposal of investee company12(4)-3,60Increase in investments accounted for using the equity method- subsidiaries(619,364)(89,44Proceeds from reduction of capital of investee company6(4)(176,40Net cash flows (used in) from investing activities(701,929)206,99CASH FLOWS FROM FINANCING ACTIVITIES30,33437,48Employee stock options exercised30,33437,44Cash dividends paid6(9)(647,313)(Net cash flows used in financing activities(535,157)542,37Cash and cash equivalents at beginning of year745,686203,30	Proceeds from disposal of financial assets measured at fair value					
other comprehensive income(7,243)Increase in available-for-sale financial assets-current-(10,30Decrease in other current financial assets-95,94Proceeds from disposal of investee company12(4)-3,60Increase in investments accounted for using the equity method- subsidiaries(619,364)(89,47Proceeds from reduction of capital of investee company6(4)-176,40Net cash flows (used in) from investing activities(701,929)206,99CASH FLOWS FROM FINANCING ACTIVITIES30,33437,48Employee stock options exercised30,33437,44Cash dividends paid6(9)(647,313)(Net cash flows used in financing activities(535,157)542,37Cash and cash equivalents at beginning of year745,686203,30	through other comprehensive income			9,484		-
Increase in available-for-sale financial assets-current-(10,30Decrease in other current financial assets-95,94Proceeds from disposal of investee company12(4)-3,60Increase in investments accounted for using the equity method- subsidiaries(619,364)(89,44Proceeds from reduction of capital of investee company6(4)-176,40Net cash flows (used in) from investing activities(701,929)206,99CASH FLOWS FROM FINANCING ACTIVITIES30,33437,48Employee stock options exercised30,33437,48Cash dividends paid6(9)(647,313)(Net cash flows used in financing activities(535,157)542,37Cash and cash equivalents at beginning of year745,686203,30	Acquisition of financial assets measured at fair value through					
Decrease in other current financial assets - 95,99 Proceeds from disposal of investee company 12(4) - 3,6 Increase in investments accounted for using the equity method- subsidiaries (619,364 (89,4' Proceeds from reduction of capital of investee company 6(4) - 176,40 Net cash flows (used in) from investing activities (701,929 206,99 CASH FLOWS FROM FINANCING ACTIVITIES 30,334 37,48 Employee stock options exercised 30,334 37,41 Cash dividends paid 6(9) (616,979) (719,68 Net (decrease) increase in cash and cash equivalents (535,157) 542,37 Cash and cash equivalents at beginning of year 745,686 203,30	other comprehensive income		(7,243)		-
Proceeds from disposal of investee company12(4)-3,6Increase in investments accounted for using the equity method- subsidiaries6(4)(619,364) (89,4'Proceeds from reduction of capital of investee company Net cash flows (used in) from investing activities(701,929)206,99CASH FLOWS FROM FINANCING ACTIVITIES30,33437,44Employee stock options exercised Cash dividends paid 	Increase in available-for-sale financial assets-current			-	(10,301)
Increase in investments accounted for using the equity method- subsidiaries (6(4) (619,364) (89,4' - Proceeds from reduction of capital of investee company Net cash flows (used in) from investing activities (701,929) 206,99 (CASH FLOWS FROM FINANCING ACTIVITIES Employee stock options exercised Cash dividends paid Cash dividends paid 6(9) (647,313) (757,17 (616,979) (719,68) Cash and cash equivalents Cash and cash equivalents Cash and cash equivalents at beginning of year (64) (647,313) (719,68) (647,313) (719,68) (647,313) (719,68) (710,68) (719,68) (710,68) (Decrease in other current financial assets			-		95,948
subsidiaries(619,364)(89,4'Proceeds from reduction of capital of investee company Net cash flows (used in) from investing activities(701,929)206,99CASH FLOWS FROM FINANCING ACTIVITIES30,33437,48Employee stock options exercised Cash dividends paid Net cash flows used in financing activities6(9)(647,313)(757,17Net cash flows used in financing activities(616,979)(719,68Net (decrease) increase in cash and cash equivalents(535,157)542,37Cash and cash equivalents at beginning of year745,686203,30	Proceeds from disposal of investee company	12(4)		-		3,610
Proceeds from reduction of capital of investee company Net cash flows (used in) from investing activities 6(4) - 176,44 CASH FLOWS FROM FINANCING ACTIVITIES (701,929 206,99 Employee stock options exercised 30,334 37,44 Cash dividends paid 6(9) (647,313 (757,17 Net cash flows used in financing activities (616,979 (719,68 Net (decrease) increase in cash and cash equivalents (535,157 542,37 Cash and cash equivalents at beginning of year 745,686 203,30	Increase in investments accounted for using the equity method-	6(4)				
Net cash flows (used in) from investing activities(701,929206,99CASH FLOWS FROM FINANCING ACTIVITIES30,33437,48Employee stock options exercised30,33437,48Cash dividends paid6(9)(647,313Net cash flows used in financing activities(616,979Net (decrease) increase in cash and cash equivalents(535,157Cash and cash equivalents at beginning of year745,686203,30	subsidiaries		(619,364)	(89,474)
CASH FLOWS FROM FINANCING ACTIVITIESEmployee stock options exercised30,33437,44Cash dividends paid6(9)(Proceeds from reduction of capital of investee company	6(4)		-		176,400
Employee stock options exercised30,33437,44Cash dividends paid6(9)(Net cash flows (used in) from investing activities		(701,929)		206,999
Employee stock options exercised30,33437,44Cash dividends paid6(9)(CASH FLOWS FROM FINANCING ACTIVITIES		1990		10	
Cash dividends paid6(9)(647,313)(757,17Net cash flows used in financing activities(616,979)(719,68Net (decrease) increase in cash and cash equivalents(535,157)542,37Cash and cash equivalents at beginning of year745,686203,30				30,334		37,488
Net cash flows used in financing activities(616,979)719,68Net (decrease) increase in cash and cash equivalents(535,157)542,37Cash and cash equivalents at beginning of year745,686203,30		6(9)	((757,173)
Net (decrease) increase in cash and cash equivalents(535,157542,37Cash and cash equivalents at beginning of year745,686203,30		- d 5	((719,685)
Cash and cash equivalents at beginning of year 745,686 203,30			(542,377
			`			203,309
ϕ 210,527 ϕ 745,00			\$		\$	
			Ψ —	210,527	Ψ	745,000

ECOVE Environment Corporation Proposed Profit Distribution Table Year 2018

Unit : NT\$

Item	Total
Unappropriated retained earnings of previous years	603,562,048
Less : Remeasurement arising on defined benefit plans are recognised in retained earnings in 2018	-1,781,933
Less: Disposal of investments in equity instruments designated at fair value through other comprehensive income in 2018	-30,447,267
Add : Effect of retrospective restatement under IFRS 9 at January 1, 2018	1,799,310
Add: Net income of 2018	806,912,254
Less: 10% legal reserve	-80,691,225
Add: Special reserve	30,040,793
Retained earnings available for distribution as of December 31,2018	1,329,393,980
Cash dividends (Based on 67,105,148 outstanding shares at January 31, 2019, NT\$10.82 per share)	-726,077,701
Unappropriated retained earnings	603,316,279

Notes:

- 1. Distribution will be made primarily by 2018 retained earnings; the insufficient amount will be reimbursed by undistributed retained earnings before 2017.
- 2. For the proposed distribution date, shares for distribution are based on outstanding shares by the end of January 31, 2019; 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 2018 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 Sheard (Q-

Dated March 8th, 2019

ECOVE Environment Corporation The Directors' and Employees' Remuneration of 2018

- (1) It is processed in accordance with the Article 29 of "Articles of Incorporation" of the Company.
- (2) The 2018 pre-tax profit before remuneration distribution amounts to NT \$821,618,274. The Board of Directors of the Company resolved that NT\$5,200,000 (contribution rate :0.63%) of the directors' remuneration and NT\$343,308 (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 2018 financial statements.

ECOVE Environment Corporation The Balance of the Company's Guarantees and Endorsements December 31, 2018

	uni	t:NT\$ Thousand				
	Guarantees ar	d Endorsements				
Target	as of 2018/12/31	as of 2017/12/31				
ECOVE Solar Energy Corp.	1,143,589	631,253				
Total 1,143,589 631,253						
Note: 2018.12.31 Net worth : 4,878.238 millions 1. The ceiling on the total amount of endorsements or guarantees made by the Company is TWD 14,634.714 millions.						
2. The ceiling on the total amo	unt of endorsements or	guarantees for any				

single entity is 9,756.476 millions.

ECOVE Environment Corporation Table of Amendments to "Regulations Governing the Acquisition and Disposal of Assets"

Article	Existing Provisions	Amendments
Article 2.0	Scope of Assets	Scope of Assets
A field 2.0	The term "assets" as used in the procedure	The term "assets" as used in the procedure
	includes the following:	includes the following:
	2.1 Investments in stocks, government bonds,	2.1 Investments in stocks, government bonds,
	corporate bonds, financial bonds, securities	corporate bonds, financial bonds, securities
	representing interest in a fund, depositary	representing interest in a fund, depositary
	receipts, call (put) warrants, beneficial	receipts, call (put) warrants, beneficial
	interest securities, and asset-backed	interest securities, and asset-backed
	securities.	securities.
	2.2 Real property (including land, houses and	2.2 Real property (including land, houses and
	buildings, investment property, right-of use	buildings, investment property, and
	of land, and construction enterprise	construction enterprise inventory) and
	inventory) and equipment.	equipment.
	2.3 Memberships.	2.3 Memberships.
	2.4 Patents, copyrights, trademarks, franchise	2.4 Patents, copyrights, trademarks, franchise
	rights, and other intangible assets.	rights, and other intangible assets.
	(New paragraph)	2.5 Right-of-use assets.
	2.5 Derivatives.	2.6 Derivatives.
	2.6 Assets acquired or disposed of in connection	2.7 Assets acquired or disposed of in
	with mergers, demergers, acquisitions, or	connection with mergers, demergers,
	transfer of shares in accordance with law.	acquisitions, or transfer of shares in
	2.7 Other major assets.	accordance with law.
		2.8 Other major assets.
Article 3.0	Definitions 3.1 "Derivatives" as mentioned hereunder refers	Definitions
		3.1 "Derivatives" as mentioned hereunder refers to forward contracts, options
	to forward contracts, options contracts, futures contracts, leverage contracts, or	contracts, futures contracts, leverage
	swap contracts, whose value is derived from	contracts, or swap contracts, whose value is
	a <u>assets</u> , interest rates, foreign exchange	derived from a <u>specified</u> interest rate,
	rates, indexes or other interests. The term	financial instrument price, commodity price,
	"forward contracts" does not include	foreign exchange rate, <u>index of prices or</u>
	insurance contracts, performance contracts,	rates, credit rating or credit index, or other
	after-sale service contracts, long-term lease	variable; or hybrid contracts combining the
	or long-term purchase (sales) contracts.	above contracts; or hybrid contracts or
		structured products containing embedded
		derivatives. The term "forward contracts"
		does not include insurance contracts,
		performance contracts, after-sales service
		contracts, long-term leasing contracts, or
		long-term purchase (sales) contracts.
	3.2 Assets acquired or disposed through	3.2 Assets acquired or disposed through
	mergers, demergers, acquisitions, or	mergers, demergers, acquisitions, or
	transfer of shares in accordance with law:	transfer of shares in accordance with law:
	Refers to assets acquired or disposed	Refers to assets acquired or disposed
	through mergers, demergers, or acquisitions	through mergers, demergers, or
	conducted under the Business Mergers and	acquisitions conducted under the Business
	Acquisitions Act, Financial Holding Company	Mergers and Acquisitions Act, Financial
	Act, Financial Institution Merger Act and	Holding Company Act, Financial Institution

Article	Existing Provisions	Amendments
	other acts, or to transfer of shares from	Merger Act and other acts, or to transfer o
	another company through issuance of new	shares from another company through
	shares of its own as the consideration	issuance of new shares of its own as the
	therefor (hereinafter "transfer of shares")	consideration therefor (hereinafter
	under <u>Paragraph 8 of Article 156 of the</u>	"transfer of shares") under Article 156-3 of
	Company Act.	the Company Act.
	3.3	3.3
	3.4	3.4
	3.5	3.5
	3.6	3.6
	3.7 Professional appraisers and their officers,	3.7 Professional appraisers and their officers,
	certified public accounts, attorneys, and	certified public accounts, attorneys, and
	securities underwriters that provide public	securities underwriters that provide public
	companies with appraisal reports, certified	companies with appraisal reports, certified
	public accountant's opinions, attorney's	public accountant's opinions, attorney's
	opinions, or underwriter's opinions shall	opinions, or underwriter's opinions shall
	not be a related party of any party to the	meet the following requirements:
	transaction.	A. May not have previously received a
		final and unappeasable sentence to
		imprisonment for 1 year or longer for
		a violation of the Act, the Company
		Act, the Banking Act of The Republic
		of China, the Insurance Act, the
		Financial Holding Company Act, or t
		Business Entity Accounting Act, or fo
		fraud, breach of trust, embezzlemer
		forgery of documents, or
		occupational crime. However, this
		provision does not apply if 3 years
		have already passed since completic
		of service of the sentence, since
		expiration of the period of a
		suspended sentence, or since a
		pardon was received.
		B. May not be a related party or de fac
		related party of any party to the
		transaction.
		<u>C. If the company is required to obtain</u>
		appraisal reports from two or more
		professional appraisers, the differen
		professional appraisers or appraisal
		officers may not be related parties of
		de facto related parties of each othe
		When issuing an appraisal report or
		opinion, the personnel referred to in th
		preceding paragraph shall comply with
		the following:
		A. Prior to accepting a case, they shall
		prudently assess their own
		professional capabilities, practical
		experience, and independence.
		B. When examining a case, they shall
		appropriately plan and execute
		adequate working procedures, in

Article	Existing Provisions	Amendments
		order to produce a conclusion and
		use the conclusion as the basis for
		issuing the report or opinion. The
		related working procedures, data
		collected, and conclusion shall be fully
		and accurately specified in the case
		working papers.
		C. They shall undertake an item-by-item
		evaluation of the comprehensiveness,
		accuracy, and reasonableness of the
		sources of data used the parameters,
		and the information, as the basis for
		issuance of the appraisal report or the opinion.
		D. They shall issue a statement attesting
		to the professional competence and
		independence of the personnel who
		prepared the report or opinion, and
		that they have evaluated and found
		that the information used is
		reasonable and accurate, and that
		they have complied with applicable
		laws and regulations.
	(New paragraph)	3.8 Investment professional: Refers to financial
		holding companies, banks, insurance
		companies, bill finance companies, trust
		enterprises, securities firms operating
		proprietary trading or underwriting
		business, futures commission merchants
		operating proprietary trading business,
		securities investment trust enterprises,
		securities investment consulting
		enterprises, and fund management
		companies, that are lawfully incorporated
		and are regulated by the competent
		financial authorities of the jurisdiction
		where they are located.
	(New paragraph)	<u>3.9 Securities exchange: "Domestic securities</u>
		exchange" refers to the Taiwan Stock
		Exchange Corporation; "foreign securities exchange" refers to any organized securities
		exchange market that is regulated by the competent securities authorities of the
		jurisdiction where it is located.
	(New paragraph)	3.10 Over-the-counter venue ("OTC venue",
		"OTC"): "Domestic OTC venue" refers to a
		venue for OTC trading provided by a
		securities firm in accordance with the
		Regulations Governing Securities Trading on
		the Taipei Exchange; "foreign OTC venue"
		refers to a venue at a financial institution
		that is regulated by the foreign competent
		authority and that is permitted to conduct
		securities business.
Article	Existing Provisions	Amendments
-------------	--	--
Article 7.1	7.1 Procedure for the acquisition or disposition	7.1 Procedure for the acquisition or disposition
	of real property or equipment	of real property or equipment, <u>or the</u>
		right-of-use assets thereof
	7.1.1 Evaluation Procedure	7.1.1 Evaluation Procedure
	A. In the acquisition or disposition of	A. In the acquisition or disposition
	real property, the Company shall	of real property <u>or the</u>
	refer to the target estate's	right-of-use assets thereof, the
	announced current value,	Company shall refer to the target
	appraised value, and the	estate's announced current
	transaction price of real property	value, appraised value, and the
	in the target property's	transaction price of real property
	neighborhood to determine the	or the right-of-use assets thereof
	terms and conditions of trade and	in the target property's
	its transaction price, and then	neighborhood to determine the
	prepare an analysis report for	terms and conditions of trade
	presenting to the board of	and its transaction price, and
	directors for final decision.	then prepare an analysis report
		for presenting to the board of
		directors for final decision.
	B. In acquiring or disposing of real	B. In acquiring or disposing of real
	property or equipment where the	property, equipment, or
	transaction amount reaches 20	right-of-use assets thereof where
	percent of the company's paid-in	the transaction amount reaches
	capital or NT\$300 million or more,	20 percent of the company's
	the company, unless transacting	paid-in capital or NT\$300 million
	with a government agency,	or more, the company, unless
	engaging others to build on its	transacting with a domestic
	own land, engaging others to	government agency, engaging
	build on rented land, or acquiring	others to build on its own land,
	or disposing of equipment held	engaging others to build on
	for business use, shall obtain an	rented land, or acquiring or
	appraisal report prior to the date	disposing of equipment or
	of occurrence of the event from a	right-of-use assets thereof held
	professional appraiser and shall	for business use, shall obtain an
	further comply with the following	appraisal report prior to the date
	provisions:	of occurrence of the event from a
		professional appraiser and shall
		further comply with the following
		provisions:
	a. Where due to special	a. Where due to special
	circumstances, it is necessary to	circumstances, it is necessary to
	give a limited price, specified	give a limited price, specified
	price or special price as a	price, or special price as a
	reference basis for the	reference basis for the
	transaction price, the	transaction price, the
	transaction shall be submitted	transaction shall be submitted
	for approval in advance by the	for approval in advance by the
	board of directors; the same	board of directors; the same
	procedure shall also be followed	procedure shall also be
	for any future changes to the	followed <u>whenever there is any</u>
	terms and conditions of the	subsequent change to the
	transaction	terms and conditions of the
		transaction.
	b	b

Article	Existing Provisions	Amendments
	C	C
	d	d
	7.1.2 Operating Procedure	7.1.2 Operating Procedure
	The acquisition or disposal of real	The acquisition or disposal of real
	property and equipment by the	property and equipment <u>or</u>
	Company shall be executed in	right-of-use assets thereof by the
	accordance with the Company's	Company shall be executed in
	Management Regime regarding	accordance with the Company's
	Property, Plant and Equipment	Management Regime regarding
	Circulation.	Property, Plant and Equipment Circulation.
	7.1.3 Authorization Limit	7.1.3 Authorization Limit
	The authorization for the acquisition	The authorization for the acquisition
	or disposition of real property and	or disposition of real property and
	equipment shall be governed by	equipment <u>or right-of-use assets</u>
	"ECOVE Environment Corporation's	<u>thereof</u> shall be governed by
	Authorization for the Acquisition or	"ECOVE Environment Corporation's
	Disposal of Assets." (Please see	Authorization for the Acquisition or
	Attachment)	Disposal of Assets." (Please see
		Attachment)
Article 7.3	7.3 Procedure for the acquisition or disposition	7.3 Procedure for the acquisition or disposition
	of memberships or intangible asset	of intangible asset or right-of-use assets
		thereof or memberships
	7.3.1 Evaluation Procedure	7.3.1 Evaluation Procedure
	A. The Company shall consult fair	A. The Company shall consult fair
	market value or the report from	market value or the report from
	professional appraisers in	professional appraisers in
	acquiring or disposing of membership or intangible assets.	acquiring or disposing of
		intangible assets s or right-of-use assets thereof or membership.
	B. Where the company acquires or	B. Where the company acquires or
	disposes of intangible assets or	disposes of intangible assets <u>or</u>
	memberships and the transaction	right-of-use assets thereof or
	amount reaches 20 percent or	memberships and the transaction
	more of paid-in capital or NT\$300	amount reaches 20 percent or
	million or more, except in	more of paid-in capital or NT\$300
	transactions with a government	million or more, except in
	agency, the company shall engage	transactions with a domestic
	a certified public accountant prior	government agency, the
	to the date of occurrence of the	company shall engage a certified
	event to render an opinion on the	public accountant prior to the
	reasonableness of the transaction	date of occurrence of the event
	price; the CPA shall comply with	to render an opinion on the
	the provisions of Statement of	reasonableness of the transaction
	Auditing Standards No. 20	price; the CPA shall comply with
	published by the ARDF.	the provisions of Statement of
		Auditing Standards No. 20
		published by the ARDF.
	7.3.2 Operation Procedure	7.3.2 Operation Procedure
	The Company shall refer to fair	The Company shall refer to fair
	market value or the report from	market value or the report from
	professional appraisers in acquiring	professional appraisers in acquiring
	or disposing of intangible assets or	or disposing of intangible assets <u>or</u>

Article	Existing Provisions	Amendments
	membership, and prepare an	right-of-use assets thereof or
	analysis report for the approval of	membership, and prepare an
	the General Manager.	analysis report for the approval of
		the General Manager.
Article 7.4	7.4 Related Party Transaction	7.4 Related Party Transaction
	7.4.2 When the company intends to acquire	7.4.2When the company intends to acquire
	or dispose of real property from or to	or dispose of real property <u>or</u>
	a related party, or when it intends to	right-of-use assets thereof from or to
	acquire or dispose of assets other	a related party, or when it intends to
	than real property from or to a related	acquire or dispose of assets other
	party and the transaction amount	than real property or right-of-use
	reaches 20 percent or more of paid-in	assets thereof from or to a related
	capital, 10 percent or more of the	party and the transaction amount
	company's total assets, or NT\$300	reaches 20 percent or more of paid-in
	million or more, except in trading of	capital, 10 percent or more of the
	government bonds or bonds under	company's total assets, or NT\$300
	repurchase and resale agreements, or	million or more, except in trading of
	subscription or redemption of money	domestic government bonds or
	market funds issued by domestic	bonds under repurchase and resale
	securities investment trust	agreements, or subscription or
	enterprises, the company may not	redemption of money market funds
	proceed to enter into a transaction	issued by domestic securities
	contract or make a payment until the	investment trust enterprises, the
	following matters have been	company may not proceed to enter
	approved by the board of directors	into a transaction contract or make a
	and recognized by the supervisor:	payment until the following matters
		have been approved by the board of
		directors and recognized by the
	A	supervisor:
	A B	A B
	C. With respect to the acquisition of	C. With respect to the acquisition of
	real property <u>or right-of-use</u>	real property <u>or right-of-use</u>
	assets thereof from a related	assets thereof from a related
	party, information regarding	party, information regarding
	appraisal of the reasonableness of	appraisal of the reasonableness
	the preliminary transaction terms	of the preliminary transaction
	in accordance with Article7.4.3	terms in accordance with
	and 7.4.4.	Article7.4.3 and 7.4.4.
	D	D
	E	E
	F	F
	G	G
	When the company acquires or	With respect to the types of
	disposes the equipment for business	transactions listed below, when the
	use with its subsidiaries, the	company and its subsidiaries, or
	company's board of directors may	between its subsidiaries in which
	delegate the chairman to decide	the company directly or indirectly
	such matters when the transaction is	holds 100 percent of the issued
	within a certain amount and have	shares or authorized capital, the
	the decisions subsequently	company's board of directors may
	submitted to and ratified by the next	delegate the chairman to decide
	board of directors meeting.	such matters when the transaction
		is within a certain amount and have

Article	Existing Provisions	Amendments
_	5	the decisions subsequently
		submitted to and ratified by the
		next board of directors meeting:
		A. Acquisition or disposal of
		equipment or right-of-use assets
		thereof held for business use.
		B. Acquisition or disposal of real
		property right-of-use assets held
		for business use.
	7.4.3 The evaluation of the transaction cost	7.4.3 The evaluation of the transaction cost
	A. The company acquires real	A. The company acquires real
	property from a related party	property <u>or right-of-use assets</u>
	shall evaluate the reasonableness	thereof from a related party shall
	of the transaction costs by the	evaluate the reasonableness of
	following means:	the transaction costs by the
		following means:
	a	a
	b	b
	B. Where land and structures	B. Where land and structures
	thereupon are combined as a	thereupon are combined as a
	single property purchased in one	single property purchased <u>or</u>
	transaction, the transaction costs	leased in one transaction, the
	for the land and the structures	transaction costs for the land and
	may be separately appraised in	the structures may be separately
	accordance with either of the	appraised in accordance with
	means listed in paragraph A.	either of the means listed in
		paragraph A.
	C. Where the company acquires real	C. Where the company acquires real
	property from a related party and	property <u>or right-of-use assets</u>
	appraises the cost of the real	thereof from a related party and
	property_in accordance with the	appraises the cost of the real
	preceding two paragraphs shall	property or right-of-use assets
	also engage a CPA to check the	thereof in accordance with the
	appraisal and render a specific	preceding two paragraphs shall
	opinion.	also engage a CPA to check the
		appraisal and render a specific
	7 4 4 M/h on the second of the second of	opinion.
	7.4.4 When the results of the company's	7.4.4 When the results of the company's
	appraisal conducted in accordance with Article 7.4.3 item A and B of are	appraisal conducted in accordance with Article 7.4.3 item A and B of are
	uniformly lower than the transaction price, the matter shall be handled in	uniformly lower than the transaction price, the matter shall be handled in
	compliance with Article 7.4.5.	compliance with Article 7.4.5.
	However, where the following	However, where the following
	circumstances exist, objective	circumstances exist, objective
	evidence has been submitted and	evidence has been submitted and
	specific opinions on reasonableness	specific opinions on reasonableness
	have been obtained from a	have been obtained from a
	professional real property appraiser	professional real property appraiser
	and a CPA have been obtained, this	and a CPA have been obtained, this
	restriction shall not apply:	restriction shall not apply:
	A. Where the related party acquired	A. Where the related party acquired
	undeveloped land or leased land	undeveloped land or leased land
	for development, it may submit	for development, it may submit
	tor acveropment, it may submit	

Article	Existing Provisions	Amendments
	proof of compliance with one of	proof of compliance with one of
	the following conditions:	the following conditions:
	a	a
	b. Completed transactions by	b. Completed transactions by
	unrelated parties within the	unrelated parties within the
	preceding year involving other	preceding year involving other
	floors of the same property or	floors of the same property or
	neighboring or closely valued	neighboring or closely valued
	parcels of land, where the land	parcels of land, where the land
	area and transaction terms are	area and transaction terms are
	similar after calculation of	similar after calculation of
	reasonable price discrepancies	reasonable price discrepancies
	in floor or area land prices in	in floor or area land prices in
	accordance with standard	accordance with standard
	property market sale.	property market sale <u>or leasing</u>
	[[]	practices.
	c. Completed leasing transactions	(Item deleted)
	by unrelated parties within the	·
	preceding year involving other	
	floors of the same property,	
	the transaction terms and	
	conditions are similar after	
	calculation of reasonable price	
	discrepancies in floor prices in	
	accordance with standard real	
	property market practices.	
	B. Where the company acquiring real	B. Where the company acquiring
	property from a related party	real property, or obtaining real
	provides evidence that the terms	property right-of-use assets
	of the transaction are similar to	through leasing, from a related
	the terms of completed	party provides evidence that the
	transactions involving neighboring	terms of the transaction are
	or closely valued parcels of land of	similar to the terms of completed
	a similar size by unrelated parties	transactions involving
	within the preceding year.	neighboring or closely valued
		parcels of land of a similar size by
		unrelated parties within the
		preceding year.
	C. Completed transactions involving	C. Completed transactions involving
	neighboring or closely valued	neighboring or closely valued
	parcels of land in this paragraph in	parcels of land in this paragraph
	principle refers to parcels on the	in principle refers to parcels on
	same or an adjacent block and	the same or an adjacent block
	within a distance of no more than	and within a distance of no more
	500 meters or parcels close in	than 500 meters or parcels close
	publicly announced current value;	in publicly announced current
	transactions involving similarly	value; transactions involving
	sized parcels in principle refers to	similarly sized parcels in principle
	transactions completed by	refers to transactions completed
	unrelated parties for parcels with	by unrelated parties for parcels
	a land area of no less than 50	with a land area of no less than
	percent of the property in the	50 percent of the property in the
	planned transaction; within the	planned transaction; within the
	preceding year refers to the year	preceding year refers to the year

Article	Existing Provisions	Amendments
Τ	preceding the date of occurrence	preceding the date of occurrence
	of the acquisition of the real	of the acquisition of the real
	property.	property <u>or obtainment of the</u>
		right-of-use assets thereof.
	7.4.5 Where the company acquires real	7.4.5 Where the company acquires real
	property from a related party and the	property <u>or right-of-use assets</u>
	results of appraisals conducted in	<u>thereof</u> from a related party and the
	accordance with Article 7.4.3 and	results of appraisals conducted in
	7.4.4 are uniformly lower than the	accordance with Article 7.4.3 and
	transaction price, the following steps	7.4.4 are uniformly lower than the
	shall be taken:	transaction price, the following steps
		shall be taken:
	A. A special reserve shall be set aside	A. A special reserve shall be set
	in accordance with Article 41,	aside in accordance with Article
	paragraph 1 of the Securities and	41, paragraph 1 of the Securities
	Exchange Act against the	and Exchange Act against the
	difference between the real	difference between the real
	property transaction price and the	property <u>or right-of-use assets</u>
	appraised cost, and may not be	thereof transaction price and the
	distributed or used for capital	appraised cost, and may not be
	increase or issuance of bonus	distributed or used for capital
	shares. Where a public company	increase or issuance of bonus
	uses the equity method to	shares. Where a public company
	account for its investment in	uses the equity method to
	another company, then the	account for its investment in
	special reserve called for under	another company, then the
	Article 41, paragraph 1 of the	special reserve called for under
	Securities and Exchange Act shall	Article 41, paragraph 1 of the
	be set aside pro rata in a	Securities and Exchange Act shall
	proportion consistent with the	be set aside pro rata in a
	share of public company's equity	proportion consistent with the
	stake in the other company.	share of public company's equity
	5	stake in the other company.
	B	В
	C	C
	The company that has set aside a	The company that has set aside a
	special reserve under item A of	special reserve under item A of
	Article 7.4.5 may not utilize the	Article 7.4.5 may not utilize the
	special reserve until it has recognized	special reserve until it has
	a loss on decline in market value of	recognized a loss on decline in
	the assets it purchased <u>or leased</u> at a	market value of the assets it
	premium, or they have been	purchased <u>or leased</u> at a premium,
	disposed of, <u>or the leasing contract</u>	or they have been disposed of, <u>or</u>
	<u>has been terminated,</u> or adequate compensation has been made, or the	the leasing contract has been
	status quo ante has been restored,	<u>terminated,</u> or adequate compensation has been made, or
	or there is other evidence confirming	the status quo ante has been
	that there was nothing unreasonable	restored, or there is other evidence
	about the transaction, and the FSC	confirming that there was nothing
	has given its consent.	unreasonable about the transaction,
	When the company obtains real	and the FSC has given its consent.
	property from a related party, it shall	When the company obtains real
	also comply with the preceding two	property or right-of-use assets
	also comply with the preceding two	property of right-of-use assets

Article	Existing Provisions	Amendments
	indicating that the acquisition was	also comply with the preceding two
	not an arms length transaction.	paragraphs if there is other evidence
		indicating that the acquisition was
		not an arms length transaction.
	7.4.6 Where the company acquires real	7.4.6 Where the company acquires real
	property from a related party and one	property <u>or right-of-use assets</u>
	of the following circumstances exists,	thereof from a related party and one
	the acquisition shall be conducted in	of the following circumstances exists,
	accordance with paragraph 3, and this	the acquisition shall be conducted in
	paragraph does not apply:	accordance with paragraph 3, and
		this paragraph does not apply:
	A. The related party acquired the	A. The related party acquired the
	real property_through	real property or right-of-use assets
	inheritance or as a gift.	<u>thereof</u> through inheritance or as a gift.
	B. More than 5 years will have	B. More than 5 years will have
	elapsed from the time the related	elapsed from the time the related
	party signed the contract to	party signed the contract to
	obtain the real property to the	obtain the real property or
	signing date for the current	right-of-use assets thereof to the
	transaction.	signing date for the current
		transaction.
	C. The real property is acquired	C. The real property is acquired
	through signing of a joint	through signing of a joint
	development contract with the	development contract with the
	related party, or through engaging	related party, or through
	a related party to build real	engaging a related party to build
	property, either on the company's	real property, either on the
	own land or on rented land.	company's own land or on rented
	(New item)	land.
	<u>(new item)</u>	D. The real property right-of-use
		assets for business use are
		acquired by the public company
		with its parent or subsidiaries, or
		by its subsidiaries in which it
		directly or indirectly holds 100
		percent of the issued shares or
		authorized capital.
Article 7.5	7.5 Total Amount of the Real Property for	7.5 Total Amount of the Real Property or The
	Non-Operational Use or the Securities, Limit	<u>Right-of-Use Assets Thereof</u> for
	on Individual Security	Non-Operational Use or the Securities, Limit
		on Individual Security
	7.5.1 The Company shall not purchase any	7.5.1 The Company shall not purchase any
	real property for non-business use.	real property <u>or the right-of-use</u>
		assets thereof for non-business use.
Article 7.6	7.6 The Management and Control Procedures of	7.6 The Management and Control Procedures of
	Subsidiary's acquisition and Disposition of	Subsidiary's acquisition and Disposition of
	Real Property	Real Property or The Right-of-Use Assets
		Thereof
	7.6.4 If the provision regarding the <u>20</u>	7.6.4 If the provision regarding the paid-in
	percent of paid-in capital requirement	capital requirement under Article
	under Article 7.9.1 applies to the	7.9.1 applies to the Subsidiary that is
	Subsidiary that is not a domestic	not a domestic public company, the
	public company, the paid-in capital or	paid-in capital or total asset shall be

Article	Existing Provisions	Amendments
	total asset shall be that of the Company.	that of the Company.
Article 7.9	 7.9 Public Announcement and Reporting 7.9.1 Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:(the announcement on the designated website should be in accordance with the format stipulated by Supervisory Organization): A. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property_ from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 	 7.9 Public Announcement and Reporting 7.9.1 Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:(the announcement on the designated website should be in accordance with the format stipulated by Supervisory Organization): A. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property. or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
	 B C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. D. Where equipment for business use are acquired or disposed of 	 B C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. D. Where equipment <u>or right-of-use</u> assets thereof for business use
	use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria: a. For a public company whose	are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria: a. For a public company whose

Article	Existing Provisions	Amendments
	paid-in capital is less than	paid-in capital is less than
	NT\$10 billion, the transaction	NT\$10 billion, the transaction
	amount reaches NT\$500	amount reaches NT\$500
	million or more.	million or more.
	b. For a public company whose	b. For a public company whose
	paid-in capital is NT\$10 billion	paid-in capital is NT\$10 billion
	or more, the transaction	or more, the transaction
	amount reaches NT\$1 billion or	amount reaches NT\$1 billion
	more.	or more.
	E. Where land is acquired under an	E. Where land is acquired under an
	arrangement on engaging others	arrangement on engaging others
	to build on the company's own	to build on the company's own
	land, engaging others to build on	land, engaging others to build on
	rented land, joint construction	rented land, joint construction
	and allocation of housing units,	and allocation of housing units,
	joint construction and allocation	joint construction and allocation
	of ownership percentages, or joint	of ownership percentages, or
	construction and separate sale,	joint construction and separate
	and the amount the company	sale, and furthermore the
	expects to invest in the	transaction counterparty is not a
	transaction reaches NT\$500	related party, and the amount
	million.	
	minon.	the company expects to invest in
		the transaction reaches NT\$500
		million.
	F. Where an asset transaction other	F. Where an asset transaction other
	than any of those referred to in	than any of those referred to in
	the preceding five subparagraphs,	the preceding five
	a disposal of receivables by a	subparagraphs, a disposal of
	financial institution, or an	receivables by a financial
	investment in the mainland China	institution, or an investment in
	area reaches 20 percent or more	the mainland China area reaches
	of paid-in capital or NT\$300	20 percent or more of paid-in
	million; provided, this shall not	capital or NT\$300 million;
	apply to the following	provided, this shall not apply to
	circumstances:	the following circumstances:
	a. Trading of government bonds.	a. Trading of <u>domestic</u>
		government bonds.
	b. Where done by professional	b. Where done by professional
	investors—securities trading on	investors—securities trading
	foreign or domestic securities	on securities exchanges or OTC
	exchanges or OTC markets, or	markets, or subscription of
	subscription of ordinary	ordinary corporate bonds or
	corporate bonds or general	general bank debentures
	bank debentures without	without equity characteristics
	equity characteristics, or	(excluding subordinated debt)
	subscription by a securities firm	that are offered and issued in
	of securities as necessitated by	the primary market, or
	its undertaking business or as	subscription or redemption of
	an advisory recommending	securities investment trust
	securities firm for an emerging	<u>funds or futures trust funds</u> , or
	stock company, in accordance	subscription by a securities
	with the rules of the Taipei	firm of securities as
	Exchange.	necessitated by its undertaking
		business or as an advisory

Article	Existing Provisions	Amendments
		recommending securities firm
		for an emerging stock
		company, in accordance with
		the rules of the Taipei
		Exchange.
	c. Trading of bonds under	c. Trading of bonds under
	repurchase and resale	repurchase and resale
	agreements, or subscription or	agreements, or subscription or redemption of money market
	redemption of money market funds issued by domestic	funds issued by domestic
	securities investment trust	securities investment trust
	enterprises.	enterprises.
	The amount of transactions above	The amount of transactions above
	shall be calculated as follows:	shall be calculated as follows:
	a	a
	b	b
	c. The cumulative transaction	c. The cumulative transaction
	amount of acquisitions and	amount of acquisitions and
	disposals (cumulative	disposals (cumulative
	acquisitions and disposals,	acquisitions and disposals,
	respectively) of real property_	respectively) of real property_
	within the same development	or right-of-use assets thereof
	project within the preceding	within the same development
	year.	project within the preceding
	4	year.
	d 7.9.2	d 7.9.2
	7.9.2	7.9.2
	7.9.4	7.9.4
	7.9.5	7.9.5
	7.9.6	7.9.6
	7.9.7 The paid-in capital or total assets of	7.9.7 The paid-in capital or total assets of
	the company shall be the standard	the company shall be the standard
	applicable to a subsidiary referred to	applicable to a subsidiary referred to
	in the preceding paragraph in	in the preceding paragraph in
	determining whether, relative to <u>20</u>	determining whether, relative to
	percent or more of paid-in capital or	paid-in capital or total assets, it
	<u>10 percent or more of</u> total assets, it	reaches a threshold requiring public
	reaches a threshold requiring public	announcement and regulatory filing.
	announcement and regulatory filing. 7.9.8 For the calculation of 10 percent of	7.9.8 For the calculation of 10 percent of
	total assets under the procedure, the	total assets under the procedure, the
	total assets stated in the most recent	total assets stated in the most recent
	individual financial report prepared	individual financial report prepared
	under the Regulations Governing the	under the Regulations Governing the
	Preparation of Financial Reports by	Preparation of Financial Reports by
	Securities Issuers shall be used.	Securities Issuers shall be used.
	In the case of a company whose	In the case of a company whose
	shares have no par value or a par	shares have no par value or a par
	value other than NT\$10—for the	value other than NT\$10—for the
	calculation of transaction amounts of	calculation of transaction amounts of
	20 percent of paid-in capital under	20 percent of paid-in capital under
	Article 4, Article 6, and Article 8, 10	Article 4, Article 6, and Article 8, 10
	percent of equity attributable to	percent of equity attributable to

Article	Existing Provisions	Amendments
	owners of the parent shall be	owners of the parent shall be
	substituted.	substituted; for calculations under
		the provisions of the procedure
		regarding transaction amounts
		relative to paid-in capital of NT\$10
		billion, NT\$20 billion of equity
		attributable to owners of the parent
		shall be substituted.
Attachment	The Authorization	The Authorization
2	for the Acquisition or Disposal of Assets	for the Acquisition or Disposal of Assets
	2. These Rules apply to investments in	2. These Rules apply to investments in
	non-liquid financial assets, management of	non-liquid financial assets, management of
	available funds and investments in liquid	available funds and investments in liquid
	financial assets, derivatives, real property and	financial assets, derivatives, real property
	equipment.	and equipment, or right-of-use assets
		thereof.
	3. The authorization for acquiring or disposing	3. The authorization for acquiring or disposing
	the abovementioned assets shall be made in	the abovementioned assets shall be made in
	accordance with the followings:	accordance with the followings:
	(4) Real property and equipment	(4) Real property and equipment, or
		right-of-use assets thereof
	Where the Company plans to acquire	Where the Company plans to acquire
	or dispose of real property or	or dispose of real property or
	equipment for business use, the	equipment, <u>or right-of-use assets</u>
	authorization procedure shall comply	thereof for business use, the
	with the guidelines of Authorization of	authorization procedure shall comply
	the Company. In particular, the	with the guidelines of Authorization
	acquisition and disposal of real	of the Company. In particular, the
	property shall be made after the	acquisition and disposal of real
	proposal has been submitted to and	property <u>or the right-of-use assets</u>
	approved by the board of directors.	thereof shall be made after the
		proposal has been submitted to and
		approved by the board of directors.
	(5)When the company acquires or	(5) When the company acquires or
	disposes the equipment for business	disposes the equipment <u>or the</u>
	use with its Parent or Subsidiary	right-of-use assets thereof for
	Company, the Chairman could be	business use with its Parent or
	authorized to execute in advance and	Subsidiary Company, the Chairman
	report to the next board meeting if the	could be authorized to execute in
	transaction amount is less than	advance and report to the next board
	NT\$600 million.	meeting if the transaction amount is
		less than NT\$600 million.

ECOVE Environment Corporation Table of Amendments to "Regulations Governing Loaning of Funds"

Article	Existing Provisions	Amendments
2.0	2.0 Range	2.0 Range
	 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. 2.1.1 Subsidiaries of the Company. 2.1.2 Jointly invested companies, to which all capital contributing shareholders loan funds in proportion to their shareholding percentages. 	 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. 2.1.1 Subsidiaries of the Company. 2.1.2 Jointly invested companies, to which all capital contributing shareholders loan funds in proportion to their shareholding percentages.
	2.2 Total Amount of Loan and Limit for Individual Borrower	2.2 Total Amount of Loan and Limit for Individual Borrower
	individual borrower, made between	The total Amount of Ioan and limit for individual borrower, made between foreign companies <u>or between foreign</u> <u>company and Company</u> ,in which the Company directly or indirectly holds 100% of the voting shares , shall not exceed <u>100%</u> of the Company's net worth and <u>term of Ioan shall not exceed five years.</u>
	3.0~3.4(omitted) 3.5 "Date of occurrence" in these Rules means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the <u>transaction</u> , whichever date is earlier.	3.0~3.4(omitted) 3.5 "Date of occurrence" in these Rules means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can
7.0	7.0~7.9(omitted) 7.10 The Company shall comply with the Rules in loaning funds to others. In the event where the person in charge or manager	7.0~7.9(omitted) 7.10 The Company shall comply with the Rules in loaning funds to others. In the event where the person in charge or manager

Article	Existing Provisions	Amendments
	violates any Articles of the Rules, the	violates any Articles of the Rules, the
	Company shall make the appropriate	Company shall make the appropriate
	sanctions in accordance with the rewards	sanctions in accordance with the rewards
	and sanctions provisions of the	and sanctions provisions of the
	Employment Manuals.	Employment Manuals. The responsible
		person of a company who has violated the
		provisions of the preceding article 2.1 and
		article 2.2 shall be liable, jointly and
		severally with the borrower, for the
		repayment of the loan at issue and for the
		damages, if any, to company resulted
		<u>there-from.</u>
	7.11	7.11
	The Rules shall be approved by the audit	The Rules shall be approved by more than
	committee, the board of directors and the	
	shareholders' meeting. The same shall	committee, the board of directors and the
	apply to amendments hereto.	shareholders' meeting. The same shall
	If the Company has independent director	apply to amendments hereto.
	or directors, when the Rules is submitted	If approval of more than half of all audit
	to the board of directors for discussion	committee members as required is not
	pursuant to the preceding paragraph,	obtained, the procedures may be
	each independent director's opinions shall	
	be taken into consideration. Any	two-thirds of all directors, and the
	comments regarding the independent	resolution of the audit committee shall be
	director's agreement or objections and	recorded in the minutes of the board of
	the reasons for objections shall be	directors meeting.
	included in the board of directors'	The terms "all audit committee members"
	meeting minutes.	in paragraph 1 and "all directors" in the
		preceding paragraph shall be counted as
		the actual number of persons currently_
		holding those positions.

ECOVE Environment Corp. Table of Amendments to Regulations Governing Making of Endorsements/ Guarantees

Article	Existing Provisions	Amendments
3.0	3.0~3.4(omitted)	3.0~3.4 (omitted)
	3.5 Date of occurrence	3.5 Date of occurrence
	The date of contract signing, date of	The date of contract signing, date of
	payment, dates of boards of directors	payment, dates of boards of directors
	resolutions, or other date that can	resolutions, or other date that can
	confirm the counterparty and	confirm the counterparty and
	monetary amount of the transaction,	monetary amount of the <u>guarantees</u> ,
	whichever date is earlier.	whichever date is earlier.
7.0	7.0~7.8(omitted)	7.0~7.8 (omitted)
	7.8.1. Threshold upon which the Company	7.8.1. Threshold upon which the Company
	shall announce and report:	shall announce and report:
	A. (omitted)	A. (omitted)
	B. (omitted)	B. (omitted)
	C. (omitted)	C. (omitted)
	D. The balance of	D. The balance of
	endorsements/guarantees by the	endorsements/guarantees by the
	Company and its Subsidiaries for a single	Company and its Subsidiaries for a single
	enterprise reaches NT\$10 millions or	enterprise reaches NT\$10 millions or
	more and the aggregate amount of all	more and the aggregate amount of all
	endorsements/guarantees for,	endorsements/guarantees for, <u>carrying</u>
	investment of a long-term nature in, and	amount of the investment using the
	balance of loans to, such enterprise	equity method, and balance of loans to,
	reaches 30 percent or more of the	such enterprise reaches 30 percent or
	Company's net worth as stated in its	more of the Company's net worth as
	latest financial statement.	stated in its latest financial statement.
	E. (omitted)	E. (omitted)
	7.9~7.10(omitted)	7.9~7.10 (omitted)
		7.11 Formulation and amendment of
	the Rules	the Rules
	The Rules shall be approved by the audit	The Rules shall be approved by <u>more than</u>
	committee, the board of directors and the	
	shareholders' meeting. The same shall	committee, the board of directors and the

Article	Existing Provisions	Amendments
	apply to amendments hereto.	shareholders' meeting. The same shall
	If the Company has independent director	apply to amendments hereto.
	or directors, when the Rules is submitted	If approval of more than half of all audit
	to the board of directors for discussion	committee members as required is not
	pursuant to the preceding paragraph,	obtained, the procedures may be
	each independent director's opinions	implemented if approved by more than
	shall be taken into consideration. Any	two-thirds of all directors, and the
	comments regarding the independent	resolution of the audit committee shall be
	director's agreement or objections and	recorded in the minutes of the board of
	the reasons for objections shall be	directors meeting.
	included in the board of directors'	The terms "all audit committee members"
	meeting minutes.	in paragraph 1 and "all directors" in the
		preceding paragraph shall be counted as
		the actual number of persons currently
		holding those positions.