

ECOVE Environment Corporation
Minutes of 2022 Annual General Meeting of Shareholders
(Original company name : KD Holding Corporation)
(Translation)

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

Time and Date of Meeting: 9:00 a.m., May 26, 2022

**Place of Meeting: No. 127, Sec.7, Zhongshan N. Rd., Taipei,
Mellow Fields Hotel 202 Room**

Meeting Type: Physical meeting

**Total outstanding shares of ECOVE Environment Corp. (excluding the shares without voting right as stipulated in Article 179 of the Company Act) :
69,710,488 shares**

Total shares represented by shareholders present : 49,655,408 shares

Percentage of shares held by shareholders present : 71.23%

Attendees :

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

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

Recorder : C. N. Jiang

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

Chairman's Address : (Omitted)

1. Report Items

- (1) Business Report of 2021. (Please refer to Attachment 1)
- (2) Audit committee's review report of 2021. (Please refer to Attachment 5)
- (3) The directors' & employees' remuneration of 2021. (Please refer to Attachment 6)
- (4) As at 31/12/2021, the aggregate amount of guarantees provided by the company was NT\$4,245,222 thousand and the highest amount for a single enterprise was NT\$2,659,622 thousand which are all under its respective ceiling. (Please refer to Attachment 7)
- (5) Report on the issuance of unsecured ordinary corporate bonds in 2021. (Please refer to Attachment 8)

2. Ratification Items

(1) To Ratify 2021 Business Report, Financial Statements and Consolidated Financial Statements (Proposed by the Board of Directors)

Explanatory Notes :

The Company's 2021 business report, financial statements and consolidated financial statements have been approved by the Board of Directors, with the financial statements having been audited and certified by Mr. Shyu-Rong Ueng and Mr. Yi-Fan Lin, the CPA of the PricewaterhouseCoopers.

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

Voting Results : 49,655,408 shares were represented at the time of voting

Voting Results	% of the total represented share present
Votes in favor : 49,601,812 votes (among which 47,862,552 were exercised through e-voting)	99.89%
Votes against : 5,038 votes (among which 5,038 were exercised through e-voting)	0.01%
Votes invalid : 0 vote	0.00%
Votes abstained : 48,558 votes (among which 39,558 were exercised through e-voting)	0.09%

Resolved, that 2021 Business Report and Financial Statements be and hereby were ratified as submitted.

(2) To Ratify the Company's Distribution of 2021 earnings (Proposed by the Board of Directors)

Explanatory Notes :

- 1) The Table for 2021 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\$834,674,594 (Approximately NT\$11.99 per share based on common share outstanding is 69,614,228 shares). Upon the approval of the Annual General Meeting of shareholders, it is proposed that the Chairman 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 Chairman will be authorized to do adjustment.
- 4) The distribution of cash dividends will be calculated to new Taiwan dollar and round it to the nearest dollar. It is proposed that any difference will be booked as the other income or expense of the Company.

Voting Results : 49,655,408 shares were represented at the time of voting

Voting Results	% of the total represented share present
Votes in favor : 49,602,007 votes (among which 47,862,747 were exercised through e-voting)	99.89%
Votes against : 5,043 votes (among which 5,043 were exercised through e-voting)	0.01%
Votes invalid : 0 vote	0.00%
Votes abstained : 48,358 votes (among which 39,358 were exercised through e-voting)	0.09%

Resolved, that the Company's distribution of 2021 earnings be and hereby was ratified as submitted.

3. Discuss Items

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

Explanatory Notes :

Please refer to Attachment 9 for the comparison table between the existing provisions and amendments of "Articles of Incorporation".

Voting Results : 49,655,408 shares were represented at the time of voting

Voting Results	% of the total represented share present
Votes in favor : 48,963,347 votes (among which 47,224,087 were exercised through e-voting)	98.60%
Votes against : 643,539 votes (among which 643,539 were exercised through e-voting)	1.29%
Votes invalid : 0 vote	0.00%
Votes abstained : 48,522 votes (among which 39,522 were exercised through e-voting)	0.09%

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

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

Explanatory Notes:

Please refer to Attachment 10 for the comparison table between the existing provisions and amendments of "The Procedure for Acquisition and Disposal of Assets".

Voting Results : 49,655,408 shares were represented at the time of voting

Voting Results	% of the total represented share present
Votes in favor : 49,597,477 votes (among which 47,858,217 were exercised through e-voting)	99.88%
Votes against : 9,609 votes (among which 9,609 were exercised through e-voting)	0.01%
Votes invalid : 0 vote	0.00%
Votes abstained : 48,322 votes (among which 39,322 were exercised through e-voting)	0.09%

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

4. Special Motion

5. Meeting Adjourned : At 9:18 a.m., May 26, 2022

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

ECOVE ENVIRONMENT CORPORATION

Business Report of 2021

From 2021/01/01 to 2021/12/31

1、Business Performance:

For the year end of 2021, the standalone operating revenue was NT\$923,898 thousand, the consolidated operating revenue was NT\$5,955,250 thousand, and the consolidated profit after tax was NT\$910,816 thousand.

Consolidated operating revenue breakdown is as follows:

(Unit : NT\$ thousand)

Waste Disposal Revenues	2,106,560
Sales of Electricity	2,029,402
Service Concession Revenues	552,289
Removal & Trans. Revenues	84,949
Others	1,182,050
Total	5,955,250

2、Performance Review :

Compared to year of 2020, the consolidated operating revenue of the year 2021 is increased by NT\$317,660 thousand to NT\$5,955,250 thousand. The main reasons come from the price of business waste treatment increased in year 2021 and the new projects of subsidiary ESC and SEC.

Consolidated and standalone operating revenue breakdown is as follows:

(Unit : NT\$ thousand)

Consolidated Operating Revenues for 2021	5,955,250
Consolidated Operating Revenues for 2020	5,637,590
Increase from 2020 to 2021	317,660
Percentage of increase	5.63%
Operating Revenues for 2021	923,898
Operating Revenues for 2020	854,942
Increase from 2020 to 2021	68,956
Percentage of increase	8.07%
Net Profit After Tax for 2021	910,816
Net Profit After Tax for 2020	842,254
Increase from 2020 to 2021	68,562
Percentage of increase	8.14%

3、Business Outlook of Year 2022：

Looking back 2021, for business promotion and execution, ECOVE followed a path of sustainable growth focusing on both the current business it has and new opportunities. Even with the impact of COVID-19, ECOVE, through proper internal management and support from its supply chain, was able to maintain stable operation. For the expansion on each business field, its staff didn't go easy on themselves either and still secured several big projects. In the field of EfW and M&E maintenance, it was awarded the new projects such as the O&M and revamping works for Changhua Xizhou EfW plant, and the ROT of Kaohsiung Gangshan EfW plant etc., and we also obtained plant system maintenance work from an international semiconductor key equipment supplier, and successfully entered the high-tech plant M&E maintenance industry. In the field of recycling and reuse, not only the waste solvent recycling business is committed to obtaining more high-tech clients, but also the operating plant is committed to reducing carbon emissions and obtaining carbon neutral certification, becoming the first facility in Taiwan to have both carbon neutrality and circular economy dual certification. As for renewable energy, having been actively pursuing both public and private cases, the development amount of rooftop type, ground type and water surfaces type has continued to increase, and the maintenance work has also been extended to external clients. Looking into the future, ECOVE will develop the three main business fields with following strategies to make the Group develop sustainably and expand internationally.

A. EfW and M&E maintenance

Domestically, in addition to solidifying our current businesses, we will also start to assist the coming commissioning for Taoyuan Biomass Center and the O&M services afterwards. Also, in response to the government's project of EfW plant life extension and diversified waste treatment, we have been making use the experience of circular economy integration model from Taoyuan Biomass Center and introducing mature technologies from overseas to provide for the government total solutions. Also, we actively explore new opportunities and participate in government's projects. In addition, under the trend of net zero carbon emissions, innovative technologies will also be introduced, and more efforts will be made to reduce carbon emissions, and use the internal execution experience to transform it into the basis for external opportunities acquisition. M&E maintenance services will also follow the trend of domestic rail transit infrastructure construction and high-tech expansion of factories, etc., to acquire more projects. As for overseas markets, we keep developing business in ASEAN, China, and India by expressing our willingness to local governments that we are happy to cooperate with the local or foreign companies which have complementarity. Moreover, ECOVE actively participated in relevant forums and followed government's southbound policy, replicating successful PPP (BOT) business model and the mature O&M (including ROT) capabilities for overseas market.

B. Recycling and Reuse

When maintaining stable operation of waste solvent recycling business, after the reaching of the operating period on Industrial Development Bureau's single case to reuse qualification, we will further apply for the general cases to reuse qualification to expand more sources of supply. With the successful experience in waste solvent recycling and reuse, we will keep evaluating our competitiveness and exploring more recycling opportunities from hi-tech industries, further building factories overseas with it, as to obtain additional opportunities. In the field of water resource recycling, we will utilize our O&M experience from Linkou Water Resource Center for the water reclamation plant that is soon to be constructed by Group, and we will further combine Group's resources to pursue other investment and O&M opportunities in water reclamation and seawater desalination from the government. As for the recycling and reuse of other resources, we will constantly study domestic and overseas technical resources and evaluate feasible business models. Driven by the wave of circular economy and net zero carbon emissions, explore more project opportunities in the fields of industry or livelihood. Also, we will self-develop or evaluate targets for merging.

C. Renewable Energy

For the domestic market of solar power, in addition to maintaining stable operation for current projects, we will be dedicated to commencing the operation of new projects in time. As for business expansion, continuing the government's solar power policy, we actively expand the development amount, including roof, ground, water surface, or symbiosis of agriculture, fishing and electricity, and the field includes public and private departments, etc. In addition, we combine with the resources of external partners, carefully evaluate and actively acquire for the development of large-scale projects. In the maintenance of solar power facilities, we will use our long-term accumulated experience to optimize work efficiency. In addition to improving the work performance of our own project sites, we will also use our advantages to get more external clients. Moreover, as for electricity liberalization, there are many opportunities derived from loosen legal restrictions and enterprises' needs in green power, so we will actively explore the market and discover diverse and innovative new business model possibilities. About overseas market, while maintaining stable operation for the current project in the US, we will, as per their policies and laws on green energy, keep exploring appropriate targets in developed and developing countries.

INDEPENDENT AUDITORS' REPORT 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, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of other independent auditors, as described in the other matters section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the audit reports of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we

do not provide a separate opinion on these matters.

The most significant key audit matters in our audit of the Group's 2021 consolidated financial statements are as follows:

Accuracy of service revenue

Description

Refer to Note 4(29) for accounting policies on operating revenue and Note 6(24) for details of operating revenue.

Operating revenue mainly arises from service revenue and electricity sales revenue. The service revenue mainly arises from contracts entered into with certain governments (grantors) that involve charging for the service per unit in accordance with contracts. The cash amount of service revenue was NT\$2,574,279 thousand, constituting 43% of operating revenue for the year ended December 31, 2021. As the determination of this type of revenue of subject to manual calculation, we consider the accuracy of service revenue a key audit matter.

How our audit addressed the matter

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

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

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investees accounted for using equity method that are included in the consolidated financial statements. The balance of these investments accounted for using equity method was NT\$81,879 thousand and NT\$83,664 thousand, constituting 0.7% and 0.8% of consolidated total assets as of December 31, 2021 and 2020, respectively, and the share of loss of

associates and joint ventures accounted for using equity method was (NT\$1,785) thousand and (NT\$950) thousand, constituting (0.16%) and (0.09%) of consolidated total comprehensive income for the years then ended, respectively. Those financial statements were audited by other independent auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other independent auditors.

Other matter - non-consolidated financial statements

We have audited and expressed an unqualified opinion with *Other matter* section on the non-consolidated financial statements of ECOVE Environment Corporation as at and for the years ended December 31, 2021 and 2020.

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.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

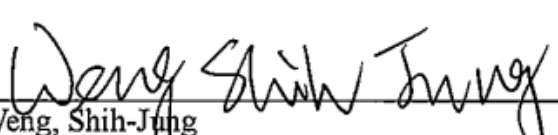
As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:


- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


Weng, Shih-Jung


Lin, Y-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 7, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,216,106	10	\$ 533,625	6
1110	Financial assets at fair value through profit or loss - current	6(2)	1,072,745	9	1,405,767	14
1120	Current financial assets at fair value through other comprehensive income	6(3)	144,983	1	129,482	1
1136	Current financial assets at amortised cost	6(4)	421,908	3	108,925	1
1140	Current contract assets	6(24)	620,662	5	512,733	5
1150	Notes receivable, net		667	-	88	-
1170	Accounts receivable, net	6(5)	1,034,775	8	840,100	9
1180	Accounts receivable - related parties, net	7	6,348	-	-	-
1200	Other receivables		2,516	-	908	-
1210	Other receivables - related parties	7	272,541	2	30,084	-
130X	Inventories		82,906	1	74,927	1
1410	Prepayments	6(6)	94,559	1	99,519	1
11XX	Total current assets		<u>4,970,716</u>	<u>40</u>	<u>3,736,158</u>	<u>38</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	543	-	543	-
1550	Investments accounted for using equity method	6(7)	504,507	4	482,853	5
1600	Property, plant and equipment, net	6(8) and 8	3,896,431	32	3,484,650	35
1755	Right-of-use assets	6(9)	208,430	2	81,511	1
1780	Intangible assets	6(10)	1,014,402	8	136,153	1
1840	Deferred income tax assets		31,442	-	27,162	-
1900	Other non-current assets	6(11) and 8	1,658,388	14	1,936,966	20
15XX	Total non-current assets		<u>7,314,143</u>	<u>60</u>	<u>6,149,838</u>	<u>62</u>
1XXX	Total assets		<u>\$ 12,284,859</u>	<u>100</u>	<u>\$ 9,885,996</u>	<u>100</u>

(Continued)

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(12)	\$ 498,000	4	\$ 464,700	5
2110	Short-term notes and bills payable	6(13)	39,969	1	147,925	2
2130	Current contract liabilities	6(24)	22,284	-	9,729	-
2150	Notes payable		7,494	-	23	-
2170	Accounts payable	6(14)	844,165	7	694,711	7
2180	Accounts payable - related parties	7	34,206	-	17,021	-
2200	Other payables	6(15)	544,480	5	389,474	4
2220	Other payables - related parties	7	8,174	-	2,577	-
2230	Income tax liabilities		290,614	3	240,350	2
2280	Current lease liabilities	7	35,181	-	16,791	-
2320	Long-term liabilities, current portion	6(17)	36,936	-	247,409	3
2399	Other current liabilities		38,698	-	34,235	-
21XX	Total current liabilities		<u>2,400,201</u>	<u>20</u>	<u>2,264,945</u>	<u>23</u>
	Non-current liabilities					
2527	Non-current contract liabilities	6(24)	888,190	7	-	-
2530	Bonds payable	6(16)	1,988,845	16	-	-
2540	Long-term borrowings	6(17)	85,824	1	1,148,610	12
2570	Deferred income tax liabilities		151,859	1	196,240	2
2580	Non-current lease liabilities	7	155,681	1	39,849	-
2600	Other non-current liabilities	6(18)	717,897	6	585,909	6
25XX	Total non-current liabilities		<u>3,988,296</u>	<u>32</u>	<u>1,970,608</u>	<u>20</u>
2XXX	Total liabilities		<u>6,388,497</u>	<u>52</u>	<u>4,235,553</u>	<u>43</u>
	Equity attributable to owners of parent					
	Share capital	6(21)				
3110	Common stock		695,170	6	689,762	7
3140	Advance receipts for share capital		857	-	524	-
	Capital surplus	6(22)				
3200	Capital surplus		2,421,348	20	2,310,642	23
	Retained earnings	6(23)				
3310	Legal reserve		848,366	7	764,812	8
3320	Special reserve		23,272	-	-	-
3350	Unappropriated retained earnings		1,490,020	12	1,438,777	15
	Other equity interest					
3400	Other equity interest		(14,895)	(1)	(23,272)	(1)
3500	Treasury shares	6(21)	(57)	-	(57)	-
31XX	Equity attributable to owners of the parent		<u>5,464,081</u>	<u>44</u>	<u>5,181,188</u>	<u>52</u>
36XX	Non-controlling interest	4(3)	432,281	4	469,255	5
3XXX	Total equity		<u>5,896,362</u>	<u>48</u>	<u>5,650,443</u>	<u>57</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant subsequent events	11				
3X2X	Total liabilities and equity		<u>\$ 12,284,859</u>	<u>100</u>	<u>\$ 9,885,996</u>	<u>100</u>

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Year ended December 31				
		2021		2020		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(24) and 7	\$ 5,955,250	100	\$ 5,637,590	100
5000	Operating costs	6(29)(30) and 7	(4,511,035)	(76)	(4,246,675)	(75)
5900	Gross profit		<u>1,444,215</u>	<u>24</u>	<u>1,390,915</u>	<u>25</u>
	Operating expenses	6(29)(30) and 7				
6200	General and administrative expenses		(174,178)	(3)	(180,587)	(3)
6000	Total operating expenses		(174,178)	(3)	(180,587)	(3)
6900	Operating profit		<u>1,270,037</u>	<u>21</u>	<u>1,210,328</u>	<u>22</u>
	Non-operating income and expenses					
7100	Interest income	6(25) and 7	3,459	-	2,970	-
7010	Other income	6(26) and 7	40,566	1	36,690	1
7020	Other gains and losses	6(27)	2,374	-	5,552	-
7050	Finance costs	6(28) and 7	(23,516)	-	(29,896)	(1)
7060	Share of profit of associates and joint ventures accounted for using equity method	6(7)	<u>59,902</u>	<u>1</u>	<u>56,689</u>	<u>1</u>
7000	Total non-operating income and expenses		<u>82,785</u>	<u>2</u>	<u>72,005</u>	<u>1</u>
7900	Profit before income tax		<u>1,352,822</u>	<u>23</u>	<u>1,282,333</u>	<u>23</u>
7950	Income tax expense	6(31)	(275,075)	(5)	(234,244)	(4)
8200	Profit for the year		<u>\$ 1,077,747</u>	<u>18</u>	<u>\$ 1,048,089</u>	<u>19</u>
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans	6(19)	\$ 8,313	-	(\$ 9,007)	-
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	15,501	-	5,450	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method		54	-	51	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	(1,683)	-	1,731	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Cumulative translation differences of foreign operations		(10,516)	-	(53,015)	(1)
8300	Total other comprehensive income (loss) for the year		<u>\$ 11,669</u>	<u>-</u>	<u>(\$ 54,790)</u>	<u>(1)</u>
8500	Total comprehensive income for the year		<u>\$ 1,089,416</u>	<u>18</u>	<u>\$ 993,299</u>	<u>18</u>
	Profit attributable to:					
8610	Owners of the parent		\$ 910,816	15	\$ 842,254	15
8620	Non-controlling interest		166,931	3	205,835	4
	Total		<u>\$ 1,077,747</u>	<u>18</u>	<u>\$ 1,048,089</u>	<u>19</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 925,928	15	\$ 799,782	15
8720	Non-controlling interest		163,488	3	193,517	3
	Total		<u>\$ 1,089,416</u>	<u>18</u>	<u>\$ 993,299</u>	<u>18</u>
	Earnings per share (in dollars):	6(32)				
9750	Basic earnings per share		\$ 13.15		\$ 12.53	
9850	Diluted earnings per share		\$ 13.00		\$ 12.45	

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent											
		Capital		Retained Earnings				Other Equity Interest					
		Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interest	Total equity
Year ended December 31, 2020													
Balance at January 1, 2020		\$ 671,051	\$ -	\$ 2,208,031	\$ 684,320	\$ 2,243	\$ 1,408,234	(\$ 12,681)	\$ 25,168	\$ -	\$ 4,986,366	\$ 606,437	\$ 5,592,803
Profit for the year		-	-	-	-	-	842,254	-	-	-	842,254	205,835	1,048,089
Other comprehensive income (loss)		-	-	-	-	-	(6,713)	(41,035)	5,276	-	(42,472)	(12,318)	(54,790)
Total comprehensive income (loss)		-	-	-	-	-	835,541	(41,035)	5,276	-	799,782	193,517	993,299
Appropriations of 2019 earnings													
Legal reserve	6(23)	-	-	-	80,492	-	(80,492)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	(2,243)	2,243	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(726,749)	-	-	-	(726,749)	(235,671)	(962,420)
Capital reduction of subsidiary	4(3)	-	-	-	-	-	-	-	-	-	-	(37,500)	(37,500)
Share-based payment transactions	6(20)	-	-	24,586	-	-	-	-	-	-	24,586	1,439	26,025
Employee stock options exercised	6(21)(22)	2,114	524	36,238	-	-	-	-	-	-	38,876	-	38,876
Adjustments of changes in investments accounted for under equity method	6(7)	-	-	561	-	-	-	-	-	-	561	41	602
Acquisition of non-controlling interests by issuing new shares		16,597	-	41,226	-	-	-	-	-	-	57,823	(59,008)	(1,185)
Acquisition of shares of parent company that were regarded as treasury stock	6(21)	-	-	-	-	-	-	-	-	(57)	(57)	-	(57)
Balance at December 31, 2020		\$ 689,762	\$ 524	\$ 2,310,642	\$ 764,812	\$ -	\$ 1,438,777	(\$ 53,716)	\$ 30,444	(\$ 57)	\$ 5,181,188	\$ 469,255	\$ 5,650,443
Year ended December 31, 2021													
Balance at January 1, 2021		\$ 689,762	\$ 524	\$ 2,310,642	\$ 764,812	\$ -	\$ 1,438,777	(\$ 53,716)	\$ 30,444	(\$ 57)	\$ 5,181,188	\$ 469,255	\$ 5,650,443
Profit for the year		-	-	-	-	-	910,816	-	-	-	910,816	166,931	1,077,747
Other comprehensive income (loss)		-	-	-	-	-	6,735	(7,124)	15,501	-	15,112	(3,443)	11,669
Total comprehensive income		-	-	-	-	-	917,551	(7,124)	15,501	-	925,928	163,488	1,089,416
Appropriations of 2021 earnings													
Legal reserve	6(23)	-	-	-	83,554	-	(83,554)	-	-	-	-	-	-
Special reserve		-	-	-	-	23,272	(23,272)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(759,482)	-	-	-	(759,482)	(200,557)	(960,039)
Share-based payment transactions	6(20)	-	-	23,066	-	-	-	-	-	-	23,066	95	23,161
Employee stock options exercised	6(21)(22)	4,884	857	87,255	-	-	-	-	-	-	92,996	-	92,996
Adjustments of changes in investments accounted for using equity method	6(7)	-	-	385	-	-	-	-	-	-	385	-	385
Advance receipts for share capital transferred to share capital		524	(524)	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2021		\$ 695,170	\$ 857	\$ 2,421,348	\$ 848,366	\$ 23,272	\$ 1,490,020	(\$ 60,840)	\$ 45,945	(\$ 57)	\$ 5,464,081	\$ 432,281	\$ 5,896,362

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 1,352,822	\$ 1,282,333
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(29)	286,955	262,731
Depreciation - right-of-use assets	6(9)(29)	29,252	29,824
Amortization	6(29)	20,720	9,588
Interest expense	6(28)	22,757	29,348
Interest expense - lease liability	6(9)(28)	759	548
Dividend income	6(26)	(10,159)	(7,172)
Interest income	6(25)	(3,459)	(2,970)
Salary expense - employee stock options	6(20)(30)	23,161	26,025
Gain on valuation of financial assets	6(2)(27)	(3,891)	(5,282)
Gain from lease modification	6(27)	727	(627)
Share of profit of associates and joint ventures accounted for under equity method	6(7)	(59,902)	(56,689)
Gain on disposal of property, plant and equipment	6(27)	(814)	(2,374)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		330,836	(1,409,657)
Current contract assets		(107,929)	(170,013)
Notes receivable, net		(579)	393
Accounts receivable, net		(194,675)	11,356
Accounts receivable - related parties, net		(6,348)	571
Other receivables		(1,571)	102,356
Other receivables - related parties		(398)	734
Inventories		(7,979)	(2,420)
Prepaid expenses		4,960	(7,406)
Other non-current assets		359,420	350,210
Changes in operating liabilities			
Current contract liabilities		12,555	(40,276)
Notes payable		7,471	23
Accounts payable		149,454	42,134
Accounts payable - related parties		17,185	(10,871)
Other payables		39,410	(30,056)
Other payables - related parties		5,597	(788)
Other current liabilities		4,462	16,444
Other non-current liabilities		(13,559)	(22,744)
Cash inflow generated from operations		2,257,240	395,273
Interest received		2,136	3,087
Dividends received		43,684	32,642
Interest paid		(17,409)	(31,311)
Income tax paid		(276,167)	(108,944)
Net cash flows from operating activities		<u>2,009,484</u>	<u>290,747</u>

(Continued)

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Increase) decrease in financial assets at amortised cost		(\$ 312,983)	\$ 138,089
Increase in other receivables - related parties		(234,000)	-
Interest received		1,149	304
Increase in investments accounted for using equity method-non-subsidiaries	6(7)	-	(36,000)
Acquisition of property, plant and equipment	6(33)	(36,398)	(36,485)
Proceeds from disposal of property, plant and equipment		1,920	2,577
Increase in refundable deposits		(34,337)	(9,979)
Increase in other non-current assets	6(33)	(523,573)	(683,910)
		-	(37,500)
Net cash flows used in investing activities		(1,138,222)	(662,904)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans		33,300	159,700
Decrease (increase) in short-term notes payable		(107,956)	147,925
Proceeds from issuing bonds		1,987,324	-
Proceeds from long-term loans		69,455	236,546
Repayment of long-term loans		(1,339,994)	(379,715)
Repayment of lease liabilities		(23,203)	(21,913)
Increase in deposits received (shown in other non-current liabilities)		59,336	8,445
Cash dividends paid		(960,039)	(962,420)
Employee stock options exercised		92,996	38,876
Increase in non-controlling interests		-	(1,185)
Net cash flows used in financing activities		(188,781)	(773,741)
Net increase (decrease) in cash and cash equivalents		682,481	(1,145,898)
Cash and cash equivalents at beginning of year		533,625	1,679,523
Cash and cash equivalents at end of year		\$ 1,216,106	\$ 533,625

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of ECOVE ENVIRONMENT CORPORATION

Opinion

We have audited the accompanying non-consolidated balance sheets of ECOVE Environment Corporation (the “Company”) as of December 31, 2021 and 2020, and the related non-consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of other independent auditors, as described in the other matter section of our report, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ responsibilities for the Audit of the Non-consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the audit reports of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company’s 2021 non-consolidated financial statements of the current period. These matters were addressed in the context of our audit of the non-consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The most significant key audit matters in our audit of the Company's 2021 non-consolidated financial statements of the current period are as follows:

Service revenue of subsidiaries accounted for using the equity method

As at December 31, 2021, the investments in subsidiaries, ECOVE Wujih Energy Corp., ECOVE Environmental Services Corp., ECOVE Waste Management Corp., ECOVE Miaoli Energy Corp., SINO GAL-Waste Services Co., Ltd., and ECOVE Environment Services Gangshan Corporation, were accounted for the share in profit of investment in subsidiaries amounted to \$783,811, constituting 85% of the Company's total comprehensive income and are material to the non-consolidated financial statements. Thus, we considered the accuracy of service revenue of subsidiaries accounted for using the equity method as a key audit matter.

Description

Refer to Note 4(29) 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 related revenue is the main operating income of each subsidiary and the investment income or loss is material to the financial statements, we considered the accuracy of service revenue of subsidiaries a key audit matter.

How our audit addressed the matter

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

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

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investees accounted for using equity method that are included in the non-consolidated financial statements. The balance of the investees accounted for using equity method was NT\$81,879 thousand and NT\$83,664 thousand, constituting 1% and 2% of non-consolidated total assets as of December 31, 2021 and 2020, respectively, and share of loss of associates and joint ventures accounted for using equity method of (NT\$1,785) thousand and (NT\$950) thousand, constituting (0.2%) and (0.1%) of non-consolidated total comprehensive income for the years then ended, respectively. Those financial statements were audited by other independent auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other independent auditors.

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

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors’ 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 auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

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

- A. Identify and assess the risks of material misstatement of the 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 auditors' 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 auditors' 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


Weng, Shih-Jung


Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 7, 2022

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 74,365	1	\$ 16,851	-
1110	Financial assets at fair value through profit or loss - current	6(2)	659,517	9	216,381	4
1120	Current financial assets at fair value through other comprehensive income	6(3)	25,578	-	22,842	1
1136	Current financial assets at amortised cost	6(4)	152,000	2	-	-
1200	Other receivables		317	-	251	-
1210	Other receivables - related parties	7	1,875,080	25	243,663	5
1410	Prepayments		-	-	8	-
11XX	Total current Assets		<u>2,786,857</u>	<u>37</u>	<u>499,996</u>	<u>10</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	543	-	543	-
1550	Investments accounted for using equity method	6(5)	4,717,294	63	4,715,482	90
1755	Right-of-use assets	6(6)	713	-	392	-
1920	Guarantee deposits paid	8	17	-	-	-
15XX	Total non-current assets		<u>4,718,567</u>	<u>63</u>	<u>4,716,417</u>	<u>90</u>
1XXX	Total assets		<u>\$ 7,505,424</u>	<u>100</u>	<u>\$ 5,216,413</u>	<u>100</u>

(Continued)

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

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2200	Other payables		\$ 28,363	1	\$ 13,109	1
2220	Other payables - related parties	7	5,324	-	6,210	-
2230	Current income tax liabilities		13,441	-	11,251	-
2280	Current lease liabilities	7	66	-	48	-
21XX	Total current Liabilities		<u>47,194</u>	<u>1</u>	<u>30,618</u>	<u>1</u>
Non-current liabilities						
2530	Bonds payable	6(7)	1,988,845	26	-	-
2580	Non-current lease liabilities	7	640	-	350	-
2640	Accrued pension liabilities	6(8)	4,664	-	4,257	-
25XX	Total non-current liabilities		<u>1,994,149</u>	<u>26</u>	<u>4,607</u>	<u>-</u>
2XXX	Total liabilities		<u>2,041,343</u>	<u>27</u>	<u>35,225</u>	<u>1</u>
Equity						
Share capital		6(10)				
3110	Common stock		695,170	9	689,762	13
3140	Advance receipts for share capital		857	-	524	-
Capital surplus		6(11)				
3200	Capital surplus		2,421,348	33	2,310,642	44
Retained earnings		6(12)				
3310	Legal reserve		848,366	11	764,812	15
3320	Special reserve		23,272	-	-	-
3350	Unappropriated retained earnings		1,490,020	20	1,438,777	27
Other equity interest						
3400	Other equity interest		(14,895)	-	(23,272)	-
3500	Treasury shares	6(10)	(57)	-	(57)	-
3XXX	Total equity		<u>5,464,081</u>	<u>73</u>	<u>5,181,188</u>	<u>99</u>
Significant contingent liabilities and unrecognised contract commitments		9				
Significant events after the balance sheet date		11				
3X2X	Total liabilities and equity		<u>\$ 7,505,424</u>	<u>100</u>	<u>\$ 5,216,413</u>	<u>100</u>

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

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

Items	Notes	Year ended December 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(5)	\$ 923,898	100	\$ 854,942	100
5900 Gross profit		923,898	100	854,942	100
Operating expenses	6(16)(17) and 7				
6200 General & administrative expenses		(50,715)	(6)	(50,666)	(6)
6000 Total operating expenses		(50,715)	(6)	(50,666)	(6)
6900 Operating profit		873,183	94	804,276	94
Non-operating income and expenses					
7100 Interest income	6(13)	8,238	1	2,050	-
7010 Other income	6(14) and 7	50,931	6	46,381	6
7020 Other gains and losses	6(15)	1,234	-	1,042	-
7050 Finance costs	6(6)(7) and 7	(8,717)	(1)	(5)	-
7000 Total non-operating income and expenses		51,686	6	49,468	6
7900 Profit before income tax		924,869	100	853,744	100
7950 Income tax expense	6(18)	(14,053)	(2)	(11,490)	(1)
8200 Profit for the year		\$ 910,816	98	\$ 842,254	99
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Actuarial losses on defined benefit plan	6(8)	(\$ 103)	-	(\$ 352)	-
8316 Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	2,736	1	962	-
8330 Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		19,603	2	(2,047)	-
8310 Other comprehensive income (loss) that will not be reclassified to profit or loss		22,236	3	(1,437)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Cumulative translation differences of foreign operations		(7,124)	(1)	(41,035)	(5)
8300 Other comprehensive income (loss) for the year		\$ 15,112	2	(\$ 42,472)	(5)
8500 Total comprehensive income for the year		\$ 925,928	100	\$ 799,782	94
Earnings per share(in dollars)					
9750 Basic earnings per share	6(19)	\$ 13.15		\$ 12.53	
9850 Diluted earnings per share	6(19)	\$ 13.00		\$ 12.45	

The accompanying notes are an integral part of these parent company only financial statements.

ECOVE Environment Corp.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Capital			Retained Earnings			Equity interest			Treasury shares	Total equity
		Share capital - common stock	Advance receipts for share capital	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income			
<u>Year ended December 31, 2020</u>												
Balance at January 1, 2020		\$ 671,051	\$ -	\$ 2,208,031	\$ 684,320	\$ 2,243	\$ 1,408,234	(\$ 12,681)	\$ 25,168	\$ -	\$ 4,986,366	
Profit for the year		-	-	-	-	-	842,254	-	-	-	842,254	
Other comprehensive income (loss)		-	-	-	-	-	(6,713)	(41,035)	5,276	-	(42,472)	
Total comprehensive income		-	-	-	-	-	835,541	(41,035)	5,276	-	799,782	
Appropriations of 2019 earnings	6(12)											
Legal reserve		-	-	-	80,492	-	(80,492)	-	-	-	-	
Reversal of special reserve		-	-	-	-	(2,243)	2,243	-	-	-	-	
Cash dividends		-	-	-	-	-	(726,749)	-	-	-	(726,749)	
Share-based payment transactions		-	-	24,586	-	-	-	-	-	-	24,586	
Employee stock options exercised		2,114	524	36,238	-	-	-	-	-	-	38,876	
Adjustments of changes in investments accounted for using equity		-	-	561	-	-	-	-	-	-	561	
Ordinary share issuance-other		16,597	-	41,226	-	-	-	-	-	-	57,823	
Acquisition of parent company's shares by subsidiaries recognised as treasury shares		-	-	-	-	-	-	-	-	(57)	(57)	
Balance at December 31, 2020		\$ 689,762	\$ 524	\$ 2,310,642	\$ 764,812	\$ -	\$ 1,438,777	(\$ 53,716)	\$ 30,444	(\$ 57)	\$ 5,181,188	
<u>Year ended December 31, 2021</u>												
Balance at January 1, 2021		\$ 689,762	\$ 524	\$ 2,310,642	\$ 764,812	\$ -	\$ 1,438,777	(\$ 53,716)	\$ 30,444	(\$ 57)	\$ 5,181,188	
Profit for the year		-	-	-	-	-	910,816	-	-	-	910,816	
Other comprehensive income (loss)		-	-	-	-	-	6,735	(7,124)	15,501	-	15,112	
Total comprehensive income		-	-	-	-	-	917,551	(7,124)	15,501	-	925,928	
Appropriations of 2020 earnings	6(12)											
Legal reserve		-	-	-	83,554	-	(83,554)	-	-	-	-	
Special reserve		-	-	-	-	23,272	(23,272)	-	-	-	-	
Cash dividends		-	-	-	-	-	(759,482)	-	-	-	(759,482)	
Share-based payment transactions		-	-	23,066	-	-	-	-	-	-	23,066	
Employee stock options exercised		4,884	857	87,255	-	-	-	-	-	-	92,996	
Adjustments of changes in investments accounted for using equity method	6(5)	-	-	385	-	-	-	-	-	-	385	
Advance receipts for share capital transferred to share capital		524	(524)	-	-	-	-	-	-	-	-	
Balance at December 31, 2021		\$ 695,170	\$ 857	\$ 2,421,348	\$ 848,366	\$ 23,272	\$ 1,490,020	(\$ 60,840)	\$ 45,945	(\$ 57)	\$ 5,464,081	

Click here to enter text.

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

ECOVE ENVIRONMENT CORPORATION
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 924,869	\$ 853,744
Adjustments			
Adjustments to reconcile profit (loss)			
Salary expense - employee stock options	6(9)(17)	3,337	3,548
Depreciation - right-of-use assets	6(6)(16)	68	580
Interest income	6(13)	(8,238)	(2,050)
Dividend income	6(14)	(1,789)	(1,265)
Gain on valuation of financial assets	6(2)(15)	(1,193)	(1,071)
Gain from lease modification	6(15)	(11)	(16)
Share of profit of associates and joint ventures accounted for under equity method	6(5)	(923,898)	(854,942)
Interest expense		8,713	-
Interest expense - lease liability	6(6) and 7	4	5
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(441,943)	(215,310)
Other receivables		(42)	(39)
Other receivables - related parties		(7,610)	(4,105)
Prepayments		8	(8)
Changes in operating liabilities			
Other payables		8,062	(238)
Other payables - related parties		(886)	(361)
Accrued pension liabilities		304	528
Cash outflow generated from operations		(440,245)	(221,000)
Interest received		823	68
Dividends received		948,546	806,756
Income tax paid		(11,863)	(7,067)
Net cash flows from operating activities		<u>497,261</u>	<u>578,757</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		6,506	1,996
Other receivables - related parties		(1,615,000)	-
Increase in investments accounted for using the equity method - subsidiaries	6(5)	-	(280,000)
Proceeds from capital return of investments accounted for using the equity method	6(5)	-	112,498
Increase in financial assets at amortised cost		(152,000)	-
Increase in refundable deposits		(17)	-
Net cash flows used in investing activities		<u>(1,760,511)</u>	<u>(165,506)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(74)	(544)
Proceeds from issuance of bonds		1,987,324	-
Acquire equity in subsidiaries by issuing ordinary shares		-	(1,185)
Employee stock options exercised		92,996	38,876
Cash dividends paid	6(12)	(759,482)	(726,749)
Net cash flows from (used in) financing activities		<u>1,320,764</u>	<u>(689,602)</u>
Net increase (decrease) in cash and cash equivalents		57,514	(276,351)
Cash and cash equivalents at beginning of year		16,851	293,202
Cash and cash equivalents at end of year		<u>\$ 74,365</u>	<u>\$ 16,851</u>

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

ECOVE Environment Corporation
Profit Distribution Table
Year 2021

Item	Unit : NT\$ Total
Unappropriated retained earnings of previous years	572,468,645
Add : Remeasurement arising on defined benefit plans are recognised	6,734,814
Add : Net income of 2021	910,816,333
Less : 10% legal reserve	(91,755,115)
Add : Special reserve	8,377,531
Retained earnings available for distribution as of December 31,2021	1,406,642,208
Less : Cash dividends (Based on 69,614,228 outstanding shares at January 31, 2022, about NT\$11.99 per share)	(834,674,594)
Unappropriated retained earnings	571,967,614

Notes :

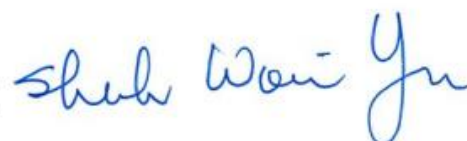
1. Distribution will be made primarily by 2021 retained earnings; the insufficient amount will be reimbursed by undistributed retained earnings before 2020.
2. For the proposed distribution date, shares for distribution are based on outstanding shares by the end of January 31, 2022; the actual shares 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 2021 Business Report, Financial Statements (both consolidated and individual), and proposal for allocation of profits. The CPA firm of PriceWaterhouseCoopers was retained to audit ECOVE Environment Corporation's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of ECOVE Environment Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

ECOVE Environment Corporation.

Chairman of the Audit Committee: Shuh-Woei Yu



Dated March 7th, 2022

ECOVE Environment Corporation
The Directors' and Employees' Remuneration of 2021

- (1) It is processed in accordance with the Article 29 of "Articles of Incorporation" of the Company.
- (2) The 2021 pre-tax profit before remuneration distribution amounts to NT \$930,394,088. The Board of Directors of the Company resolved that NT\$5,200,000 (contribution rate :0.56%) of the directors' remuneration and NT\$325,231 (contribution rate:0.03%) 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 2021 financial statements.

ECOVE Environment Corporation
The Balance of the Company's Guarantees and Endorsements
December 31, 2021

unit : NT\$ Thousand

Item	Guarantees and Endorsements	
	as of 2021/12/31	as of 2020/12/31
ECOVE Solar Energy Corporation	2,659,622	2,249,108
ECOVE Solar Power Corporation	920,000	683,000
EVER ECOVE Corporation	208,000	220,500
ECOVE Solvent Recycling Corporation	157,600	157,600
ECOVE South Corporation Ltd.	300,000	150,000
Total	4,245,222	3,460,208

Note: 2021.12.31 Net worth : 5,464.08 millions

1. The ceiling on the total amount of endorsements or guarantees made by the Company is TWD 16,392.24 millions.
2. The ceiling on the total amount of endorsements or guarantees for any single entity is TWD10,928.16 millions.

ECOVE Environment Corporation
Report on the issuance of unsecured ordinary corporate bonds in 2021

Notes: To repay the debt, reduce interest rate risk and invest in green projects, the company issued domestic unsecured corporate bonds on May 27, 2021, and has successfully completed fund raising. The main issuance conditions and related information are as follows:

Item	2021 First Unsecured Corporate Bond
Date of Resolution	May 21, 2021
Date of Issuance	May 27, 2021
Total Issuance Amount	2 billion, -Tranche A: 1 billion -Tranche B: 1 billion; recognized as a green bond by Taipei Exchange on April 13, 2021.
Face Value	1 million
Issue Price	100% face value
Issue Period	5 years, Maturity Date: May 27, 2026
Issue Interest Rate	Tranche A: Fixed annual rate of 0.65% Tranche B: Fixed annual rate of 0.56%
Interest Payment Method	Starting on the date of issuance, based on the coupon rate, interest accrued and paid once per annum
Redemption	On due date, the bonds will be redeemed in whole
Trustee	Bank Sinopac Co.Ltd.
Principal Paying Agent	Bank Sinopac Co.Ltd. (Zhongxiao Branch)
Use of Proceeds	The corporate bond has raised TWD 2 billion, in which, TWD 1.47 billion was planned to repay the debt and has been executed completely in 2021Q3; TWD 530 million was planned to invest in green projects and has executed TWD 430 million as of 2022Q1 and is expected to be executed completely in 2022Q2.

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

Article	Existing Provisions	Amendments
Article 16-2	(New)	<p><u>The shareholders’ meeting may be held by means of visual communication network or other methods promulgated by the central competent authority.</u></p> <p><u>In case a shareholders’ meeting is proceeded via visual communication network, the shareholders taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.</u></p>
Article 30	<p>The Company shall, after all taxes and dues have been paid and its losses have been covered and at the time of allocating surplus profits, first set aside ten percent of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. Furthermore, in accordance with the provisions of laws and regulations and the rules prescribed by the central competent authority, a special reserve shall be set aside. If there is recovery of the balance of special reserve, the recovered amount shall be included in the distribution of the profit for the current year.</p> <p>The allocable profit for the current year, which is the balance after the profit distribution and covering losses aforementioned as the preceding Paragraph, together with the undistributed retained earnings accrued from prior years shall be referred to as accumulated distributable earnings, which shall be distributed as dividends to shareholders according to shareholders’ resolutions.</p>	<p>The Company shall, after all taxes and dues have been paid and its losses have been covered and at the time of allocating surplus profits, first set aside ten percent of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. Furthermore, in accordance with the provisions of laws and regulations and the rules prescribed by the central competent authority, a special reserve shall be set aside. If there is recovery of the balance of special reserve, the recovered amount shall be included in the distribution of the profit for the current year.</p> <p>The allocable profit for the current year, which is the balance after the profit distribution and covering losses aforementioned as the preceding Paragraph, together with the undistributed retained earnings accrued from prior years shall be referred to as accumulated distributable earnings, which shall be distributed as dividends to shareholders according to shareholders’ resolutions.</p> <p><u>The Company authorizes the Board of</u></p>

Article	Existing Provisions	Amendments
	<p>In order to meet the requirements in business expansion and industry growth, fulfilling future operating needs and stabilizing financial structure is the priority of the Company's dividend policy. Thus, the distribution of the accumulated distributable earnings accords to the shareholders' resolutions. And, the amount of shareholders' bonus shall not be less than 20% of accumulated distributable earnings of the Company, and in particular cash dividend shall not be less than 5%.</p>	<p><u>Director to distribute all or part of the distributable dividends and bonuses, capital surplus or legal reserve in cash to shareholders after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by at least two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.</u></p> <p>In order to meet the requirements in business expansion and industry growth, fulfilling future operating needs and stabilizing financial structure is the priority of the Company's dividend policy. Thus, the distribution of the accumulated distributable earnings accords to the shareholders' resolutions. And, the amount of shareholders' bonus shall not be less than 20% of accumulated distributable earnings of the Company, and in particular cash dividend shall not be less than 5%.</p>
Article 34	<p>These Articles of Incorporation were enacted on December 8, 1999. (Omitted) The tenth amendment on May 28, 2021.</p>	<p>These Articles of Incorporation were enacted on December 8, 1999. (Omitted) The tenth amendment on May 28, 2021. <u>The eleventh amendment on May 26, 2022.</u></p>

ECOVE Environment Corporation

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

Article	Existing Provisions	Amendments
Article 3.7	<p>Exclusion of transactions with related parties: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>A. (Omitted)</p> <p>B. (Omitted)</p> <p>C. (Omitted)</p> <p>When issuing an appraisal report or opinion, the personnel referred to the preceding paragraph shall comply with the following:</p> <p>A. (Omitted)</p> <p>B. When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in 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.</p> <p>C. They shall undertake an item-by-item evaluation of the <u>comprehensiveness</u>, <u>accuracy</u>, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the</p>	<p>Exclusion of transactions with related parties: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>A. (Omitted)</p> <p>B. (Omitted)</p> <p>C. (Omitted)</p> <p>When issuing an appraisal report or opinion, the personnel referred to the preceding paragraph shall comply with <u>the industry code of the related organization and</u> the following:</p> <p>A. (Omitted)</p> <p>B. When <u>implementing</u> a case, they shall appropriately plan and execute adequate working procedures, in 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.</p> <p>C. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> 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.</p>

Article	Existing Provisions	Amendments
	<p>opinion.</p> <p>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 <u>and accurate</u>, and that they have complied with applicable laws and regulations.</p>	<p>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 <u>appropriate and reasonable</u>, and that they have complied with applicable laws and regulations.</p>
<p>Article 7.1</p>	<p>7.1.1 Appraisal Procedure</p> <p>A. (Omitted)</p> <p>B. (Omitted)</p> <p>a. (Omitted)</p> <p>b. (Omitted)</p> <p>c. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to <u>perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and</u> render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p>	<p>7.1.1 Appraisal Procedure</p> <p>A. (Omitted)</p> <p>B. (Omitted)</p> <p>a. (Omitted)</p> <p>b. (Omitted)</p> <p>c. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p>

Article	Existing Provisions	Amendments
	<p>(1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>d. (Omitted)</p> <p>C. (Omitted)</p> <p>7.1.2 (Omitted)</p> <p>7.1.3 (Omitted)</p>	<p>(1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>d. (Omitted)</p> <p>C. (Omitted)</p> <p>7.1.2 (Omitted)</p> <p>7.1.3 (Omitted)</p>
Article 7.2	<p>7.2.1 Appraisal Procedure</p> <p>A. In acquiring or disposing of securities, the Company shall prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price.</p> <p>B. If the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p> <p>This requirement does not apply, however, to publicly quoted prices of securities that have</p>	<p>7.2.1 Appraisal Procedure</p> <p>A. In acquiring or disposing of securities, the Company shall prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price.</p> <p>B. If the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price.</p> <p>This requirement does not apply, however, to publicly quoted prices of securities that have</p>

Article	Existing Provisions	Amendments
	<p>an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>7.2.2 (Omitted)</p> <p>7.2.3 (Omitted)</p>	<p>an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>7.2.2 (Omitted)</p> <p>7.2.3 (Omitted)</p>
Article 7.3	<p>7.3.1 Appraisal Procedure</p> <p>A. (Omitted)</p> <p>B. In acquiring or disposing of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p> <p>7.3.2 (Omitted)</p>	<p>7.3.1 Appraisal Procedure</p> <p>A. (Omitted)</p> <p>B. In acquiring or disposing of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>7.3.2 (Omitted)</p>
Article 7.4	<p>7.4.1 (Omitted)</p> <p>7.4.2 When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent of the Company's paid-in capital, 10 percent of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under</p>	<p>7.4.1 (Omitted)</p> <p>7.4.2 When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent of the Company's paid-in capital, 10 percent of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under</p>

Article	Existing Provisions	Amendments
	<p>repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been recognized by more than one-half of the audit committee members and approved by the board of directors:</p> <p>A. (Omitted) B. (Omitted) C. (Omitted) D. (Omitted) E. (Omitted) F. (Omitted) G. (Omitted)</p> <p><u>The calculation of the transaction amounts referred to the preceding paragraph shall be made in accordance with Article 7.9.1, herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the audit committee need not be counted toward the transaction amount.</u></p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and</p>	<p>repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been recognized by more than one-half of the audit committee members and approved by the board of directors:</p> <p>A. (Omitted) B. (Omitted) C. (Omitted) D. (Omitted) E. (Omitted) F. (Omitted) G. (Omitted)</p> <p><u>(Item adjustment)</u></p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and</p>

Article	Existing Provisions	Amendments
	<p>have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p>A. (Omitted)</p> <p>B. (Omitted)</p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>Where an audit committee has been established in accordance with the provisions of the Act, the matters for which preceding paragraph requires recognition by the audit committee members shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and the resolution made by the audit committee shall be record in the minutes of board of directors meeting.</p> <p><u>(New paragraph)</u></p>	<p>have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p>A. (Omitted)</p> <p>B. (Omitted)</p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>Where an audit committee has been established in accordance with the provisions of the Act, the matters for which preceding paragraph requires recognition by the audit committee members shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and the resolution made by the audit committee shall be record in the minutes of board of directors meeting.</p> <p><u>The Company or its subsidiaries have transaction referred to paragraph 1 and the transaction amount reaches 10 percent of the Company's total assets, the Company may not proceed to enter into a transaction contract or make a payment until the documents listed in paragraph 1 have been submitted to the shareholders meeting for approval. This requirement does not apply,</u></p>

Article	Existing Provisions	Amendments
	(Item adjustment)	<p><u>however, to the transactions between the Company and its parent or subsidiaries, or the transactions between the Company's subsidiaries.</u></p> <p>The calculation of the transaction amounts referred to <u>paragraph 1</u> and <u>the preceding paragraph</u> shall be made in accordance with Article 7.9.1, herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by <u>shareholders' meeting</u>, the audit committee and the board of directors need not be counted toward the transaction amount.</p>
Article 7.9	<p>7.9.1 In acquiring or disposing of assets under any of the following circumstances, the Company 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:</p> <p>A. (Omitted)</p> <p>B. (Omitted)</p> <p>C. (Omitted)</p> <p>D. (Omitted)</p> <p>E. (Omitted)</p> <p>F. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, this shall not</p>	<p>7.9.1 In acquiring or disposing of assets under any of the following circumstances, the Company 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:</p> <p>A. (Omitted)</p> <p>B. (Omitted)</p> <p>C. (Omitted)</p> <p>D. (Omitted)</p> <p>E. (Omitted)</p> <p>F. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, this shall not</p>

Article	Existing Provisions	Amendments
	<p>apply to the following circumstances:</p> <p>a. Trading of domestic government bonds.</p> <p>b. Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>c. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The calculation of the transaction amounts referred to this paragraph shall be made in accordance with below condition:</p> <p>a. (Omitted)</p> <p>b. (Omitted)</p> <p>c. (Omitted)</p>	<p>apply to the following circumstances:</p> <p>a. Trading of domestic government bonds <u>or foreign bonds with credit rating not lower than domestic credit rating.</u></p> <p>b. Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, <u>or exchange traded notes</u>, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>c. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The calculation of the transaction amounts referred to this paragraph shall be made in accordance with below condition:</p> <p>a. (Omitted)</p> <p>b. (Omitted)</p> <p>c. (Omitted)</p>

Article	Existing Provisions	Amendments
	d. (Omitted)	d. (Omitted)