

CHINA ECOTEK CORPORATION

HANDBOOK FOR THE 2017 ANNUAL
SHAREHOLDERS' MEETING

Shangdao Room, Kaohsiung Business Convention
Center
3F, No.5, Zhongshan 2nd Rd, Kaohsiung 80661,
Taiwan, R.O.C.

JUNE 22, 2017

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中宇環保工程股份有限公司
CHINA ECOTEK CORPORATION

CHINA ECOTEK CORPORATION

I. 2017 ANNUAL SHAREHOLDERS' MEETING PROCEDURE

- A. Call Meeting to Order
- B. Chairman's Address
- C. Report Items
- D. Ratification and Discussion Items
- E. Voting Items
- F. Other Matters
- G. Extraordinary Motions
- H. Adjournment

II. Report Items

- A. Report for the Distribution Of 2016 Compensation of Directors and Employees.
 - a. According to the regulation of Article 32 of Articles of Incorporation.
 - b. Director compensation: 0.6397%, NT \$2,232,108
Employee compensation: 3.1985%, NT \$11,160,542.
- B. Report for the Company's 2016 Business Operation and Financial Statements.
 - a. Report of the business and operation in 2016
 - b. Report of the 2016 Financial Statements.
- C. Statutory Supervisors' Review of 2016 Audited Financial Statements.
- D. The Amendments to "Regulations Governing Procedure for Board of Directors Meetings".
(Please refer to attachment 1)
- E. The Establishment of Codes of Ethical Conduct
(Please refer to attachment 2)
- F. Other Report Items

III. Ratification and Discussion Items

Proposal 1:

To approve the 2016 Business Report and Financial Statements.

(Proposed by the Board of Directors)

Explanatory Note:

Please refer to Attachment 3 for the business report and financial statements.

Resolution:

Proposal 2:

To approve the proposal for distribution of 2016 profits.

(Proposed by the Board of Directors)

Explanatory Note:

Please refer to Attachment 4 for the earnings distribution plan.

Resolution:

Proposal 3:

The Amendments to “Regulations Governing Making of Endorsements/
Guarantees”.

(Proposed by the Board of Directors)

Explanatory Note:

Please refer to Attachment 5 for the comparison table for the amended
and original provisions.

Resolution:

Proposal 4:

The Amendments to “Rules of Procedure for Shareholders Meetings”.
(Proposed by the Board of Directors)

Explanatory Note:

Please refer to Attachment 6 for the original provisions.

Resolution:

IV. Voting Items

Proposal:

Election of the 9th Term of Directors of the Company, it is hereby proposed to Shareholders' Meeting for joint decision.

(Proposed by the Board of Directors)

Explanatory Note:

- a. The tenure of 8th terms of directors is end on June 26th, 2016. The Company plans to reelect the 9th terms of directors in this meeting. The tenure of 8th terms of directors will be end upon the appointment of 9th terms of directors.
- b. According to Article 18 of Incorporation, "The Board of Directors of the Company shall be composed of 9 to 11 directors, including independent directors, not less than two in number and not less than one-fifth of the total number of directors. At this Meeting, the Company proposes to elect 10 directors for the 9th term, including 8 non-independent directors and 2 independent directors), which will last 3 years from June 22th, 2017 to June 21th, 2020.
- c. Please refer to the Attachment 7 for the list of 9th term director candidates.

Resolution:

V. Other Matters

Proposal :

To release the ban on competitive trade of the 9th term Board of Directors, it is hereby proposed to Shareholders' Meeting for joint decision.

(Proposed by the Board of Directors)

Explanatory Note:

- a. Pursuant to Article 209 of Company Law, "A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval."
- b. To release the ban on competitive trade of the 9th term Board of Directors.

Resolution:

VI. Extraordinary Motions

VII. Attachments

Comparison Table of Drafted Amendments to Regulations Governing Procedure for Board of Directors Meetings of China Ecotek Corporation

Amended provisions	Original provisions	Explanation
<p>Article 3 Administration department is the agenda <u>in charge of the affairs</u> of the board of directors meeting.</p>	<p>Article 3 Administration department is the agenda of the board of directors meeting.</p>	<p>Amendments of wording</p>
<p>Article 4 A board of directors shall meet at least quarterly. The reasons for calling a board of directors meeting shall be notified to each director and supervisor at least 7 days in advance. In emergency circumstances, however, a meeting may be called on shorter notice. The notice set forth in the preceding paragraph may be effected by means of electronic transmission.</p> <p style="text-align: center;">(omitted)</p>	<p>Article 4 A board of directors shall meet at least quarterly. The reasons for calling a board of directors meeting shall be notified to each director and supervisor at least 7 days in advance. In emergency circumstances, however, a meeting may be called on shorter notice. The notice set forth in the preceding paragraph may be effected by means of electronic transmission, <u>after obtaining prior consent from the recipients.</u></p> <p style="text-align: center;">(omitted)</p>	<p>Amendments of wording</p>
<p>Article 8 Besides the matters referred to in paragraph 1 of the preceding article, which are required to be submitted for discussion by the board of directors, when the board of directors delegates any exercise of its powers pursuant to laws or regulations or the company's articles of incorporation, matters such as the level and substance of the delegation shall be concretely and specifically set out.</p>	<p>Article 8 Besides the matters referred to in paragraph 1 of the preceding article, <u>during the adjourned period</u> which are required to be submitted for discussion by the board of directors, when the board of directors delegates any exercise of its powers pursuant to laws or regulations or the company's articles of incorporation, matters such as the level and substance of the delegation shall be concretely and specifically set out.</p>	<p>In reference to the Article 8 of Regulations Governing Procedure for Board of Directors Meetings of Public Companies</p>
<p>Article 11 Attending directors, supervisors, the person mentioned in Article 9 <u>and assistant</u> shall signing-in attendance book.</p>	<p>Article 11 Attending directors, supervisors and the person mentioned in Article 9 shall signing-in attendance book.</p>	<p>Add the notes of attending assistant shall signing-in attendance book.</p>

<p>Article 23</p> <p>(omitted)</p> <p>9. Other matters required to be recorded.</p> <p>The minutes of a board meeting shall bear the signature or seal of both the chair and the minute taker, and shall be deemed important corporate records and appropriately preserved during the existence of this Corporation.</p> <p>The attendance book constitutes part of the minutes for each board meeting and shall be retained <u>for the duration of the existence of this Corporation.</u></p> <p>(omitted)</p>	<p>Article 23</p> <p>(omitted)</p> <p>9. Other matters required to be recorded.</p> <p>The minutes of a board meeting shall bear the signature or seal of both the chair and the minute taker, and shall be deemed important corporate records and preserved during the existence of this Corporation. The attendance book constitutes part of the minutes for each board meeting and shall be retained <u>forever.</u></p> <p>(omitted)</p>	<p>In reference to the Article 17 of Regulations Governing Procedure for Board of Directors Meetings of Public Companies</p>
<p>Article 24</p> <p>Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form. If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.</p> <p>Where a board meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained <u>for the duration of the existence of this Corporation.</u></p>	<p>Article 24</p> <p>Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form. If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.</p> <p>Where a board meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained <u>forever.</u></p>	<p>In reference to the Article 18 of Regulations Governing Procedure for Board of Directors Meetings of Public Companies</p>

CHINA ECOTEK CORPORATION

CODE OF ETHICAL CONDUCT

Established on March 21, 2017

Chapter 1 General

Article 1 Purpose and Basis

This Code was established for employees of this Company to follow and for stakeholders to understand the ethical standards and code of conduct that have to be observed by all employees in the execution of their duties.

Article 2 Scope of Application

The term “employees” in this Code refers to all employees of CEC and its overseas subsidiaries.

Article 3 Principle of Good Faith

In the execution of their duties, CEC’s employees shall focus on teamwork, abandon self-centeredness, stick to the principle of good faith, and adopt a positive, aggressive, earnest and responsible attitude.

Article 4 Principle of Fairness

Any forms of discrimination or prejudice against factors such as gender, race, religion, political party, rank, nationality and age shall not exist among the Company’s employees.

Chapter 2 Code of Ethical Conduct

Article 5 Honest and Moral Conduct

The employees of the Company shall perform their obligations in an honest manner and in compliance with professional standards, including dealing with significant conflicts of interest between individuals and their duties in a fair manner.

Article 6 Prevention of Conflicts of Interest

The employees of the Company shall carry out their duties in an objective and efficient manner and avoid taking advantage of their positions in the Company to obtain improper benefits for the following employees or companies:

1. Employees, their spouse, parents, children, or relative within the third degree of kinship.
2. Business in which the employees share financial interests directly or indirectly.
3. Business in which they act as president, executive director or high-level manager.
4. CEC shall pay special attention to loans of funds, major asset transactions, purchase (or sale) of goods, or provisions of guarantees involving the foregoing employees or business.

Article 7 Prevention of Opportunities for Personal Gain

When the Company has an opportunity for profit, it is the responsibility of the employees to maintain and maximize the reasonable and proper benefits that can be obtained by the Company.

The Company shall prevent its employees from engaging in any of the following activities:

1. Seeking an opportunity to pursue personal gain by using the Company's property or information or taking advantage of their positions.
2. Seeking personal or other's interests by using the Company's property or information or taking advantage of their positions.
3. Competing with the Company.

Article 8 Entertainments and Gifts

1. The employees of the Company shall not request, promise or accept any gifts, entertainments or other interests from any party who has relationship of interest with the employees' duties except for those are accepted or given in accordance with accepted social customs or permitted in the Company's regulations.
2. If it is necessary for employees of the Company to entertain guests for development of external relationship in the exercise of their duties, such entertainment should be simple, never lavish, and in line with social etiquette.
3. If a relationship of interest does exist between the party providing or offering the benefit and the duties of the Company's employees, the employees shall not receive any invitations to banquet or other entertainments from the party unless it is necessary for carrying out their duties. The Company's employees should avoid attending any invitations to banquet or other entertainments if it seems inappropriate for them to attend the same in terms of their status and positions,

even though no relationship of interest exists between the party providing or offering the benefit and their duties.

4. The business activities among companies of CSC Group should adhere to the practical spirit. If not necessary, do not give gifts to each other in case of folk festivals.

Article 9 Confidentiality of Trade Secret

The employees of the Company shall have the obligation to maintain confidentiality of any information regarding the Company or its suppliers and customers unless otherwise authorized or requested to disclosure by law. The confidential information shall include all undisclosed information that may be utilized or divulged by competitors and consequently cause damage or loss to the Company or its clients.

Article 10 Fair Trade

CEC devotes itself to market development and achieves good results with its outstanding management and superior products and services, without using any illegal or unethical means in competition. CEC's employees shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

Article 11 Safeguarding and Proper Use of Company's Assets

The Company's assets should be protected and may be used lawfully for commercial purpose. The employees of the Company shall have the responsibility to safeguard the Company's assets and ensure they can be used for business of the Company effectively and lawfully. Any theft, negligence or waste of the Company's assets that may directly impact CEC's profitability should be avoided.

Article 12 Law Compliance

Employees of the Company shall comply with and promote Securities and Exchange Act and other laws and regulations governing activities of the Company, and should not intentionally violate any laws and regulations or try to mislead, manipulate or unfairly obtain interests from suppliers or customers and make any false statements with respect to goods or products of the Company.

Article 13 Adherence to Laws and Regulations Concerning Insider Trading

The employees of the Company shall abide by relevant laws and regulations governing the prevention of insider trading and other securities-related laws and

regulations governing securities transactions and handling of trade secrets information. No employee is allowed to engage in securities transactions if he/she controls important information that has not been disclosed. Insider trading is illegal and unethical, so the Company shall resolutely interfere with all insider trading.

Article 14 Health and Safety of Working Environment

1. The employees of the Company should not misuse controlled drugs or sell, manufacture, distribute, possess or use any illegal drugs.
2. The employees of the Company should not get involved in any abnormal extramarital relation, sexual harassment, any kind of discrimination (no matter it is racial, gender, physical and mental disability, religious and other discriminatory acts) or threatening behavior.
3. The employees of the Company should not go the sensual places providing porno services, such as pornographic karaoke bars, liquor houses, dance clubs, coffee shops/ teahouses, KTVs, hotels/ massage parlors, etc. If it is necessary and can't be avoided for the need of business, employees should report to their supervisors in advance or the next day.
4. The employees of the Company shall not intentionally create incidents or do other acts which may cause damages to the Company's reputation, and shall not commit violence, coercion, slander, false accusations, spread of rumors, or gross insults to other supervisors or colleagues.

Article 15 Promotion of Ethical Conduct

The Company shall enhance promotion of moral concept internally and request its employees to follow the ethical standard and code of conduct in the execution of their duties.

Chapter 3 Supplementary Provisions

Article 16 Disciplinary Measures:

1. The employees of the Company shall abide by the responsibilities and obligations set forth above.
2. In the event any employee violates the ethical norms set forth in this Code, and such violation has been proven to be true, in addition to this Code, other relevant regulations applicable to this Company shall apply.

3. The Company shall disclose this Code of Ethical Conduct in its annual report, prospectuses and on the Market Observation Post System (MOPS). The same regulation shall apply for any amendments to the Code.
4. This Code shall be put into implementation after it is approved by the Board of Directors, and shall be delivered to the supervisors and submitted to a shareholders meeting. The same regulation shall apply for any amendments to the Code.

CHINA ECOTEK CORPORATION AND ITS SUBSIDIARIES**CONSOLIDATED BALANCE SHEET****(In Thousands of New Taiwan Dollars)**

ASSETS	December 31,2016		December 31,2015		LIABILITIES AND EQUITY	December 31,2016		December 31,2015	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 1,492,297	20	\$ 1,335,625	20	Short-term borrowings	\$ 550,000	7	\$ 127,556	2
Financial assets at fair value through profit or loss-current	-	-	18,909	-	Short-term notes and bills payable	1,399,600	19	399,834	6
Available-for-sale financial assets—current	96,245	1	50,764	1	Notes payable	-	-	1,794	-
Notes receivable—related parties	-	-	20,629	-	Accounts payable	408,906	5	410,910	6
Accounts receivable	257,126	3	236,166	4	Accounts payable—related parties	193,236	3	62,809	1
Accounts receivable—related parties	467,844	6	568,123	8	Amounts due to customers for construction contracts	643,766	9	1,144,663	17
Amounts due from customers for construction contracts	1,399,166	19	762,692	11	Other accounts payable	464,095	6	526,763	8
Other accounts receivable	16,064	-	23,389	-	Current income tax liabilities	26,301	-	47,929	-
Current tax assets	3,689	-	42,050	1	Provisions—current	86,218	1	55,314	1
Inventories	6,505	-	6,633	-	Other current liabilities	104,776	1	107,775	1
Other financial assets—current	2,149,956	29	1,685,674	25	Total current liabilities	3,876,898	51	2,885,347	42
Other current assets	258,075	3	465,138	7					
Total current assets	6,146,967	81	5,215,792	77	NONCURRENT LIABILITIES				
NONCURRENT ASSETS					Provisions—non-current	12,835	1	35,072	1
Available-for-sale financial assets—non-current	198,862	3	211,760	3	Deferred income tax liabilities	155,646	2	164,140	2
Investments accounted for using equity method	929,067	12	1,100,268	16	Accrued pension liabilities	312,574	4	233,803	4
Property, plant and equipment	175,559	3	168,586	3	Other noncurrent liabilities	1,550	-	1,550	-
Investment property	14,715	-	14,715	-	Total non-current liabilities	482,605	7	434,565	7
Intangible assets	10,410	-	10,077	-					
Deferred income tax assets	75,572	1	69,591	1	Total liabilities	4,359,503	58	3,319,912	49
Prepayments for equipment	-	-	12,800	-					
Refundable deposits	8,167	-	2,449	-	EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Other financial assets—non-current	1,552	-	1,550	-	Common shares	1,237,426	16	1,237,426	18
Other non-current assets	4,879	-	6,363	-	Capital surplus	628,374	8	628,374	9
Total non-current assets	1,418,783	19	1,598,159	23	Retained earnings				
					Legal reserve	547,671	7	496,779	7
					Unappropriated earnings	713,487	10	955,743	14
					Total retained earnings	1,261,158	17	1,452,522	21
					Other equity	79,289	1	175,717	3
					Total equity	3,206,247	42	3,494,039	51
TOTAL	\$ 7,565,750	100	\$ 6,813,951	100	TOTAL	\$ 7,565,750	100	\$ 6,813,951	100

CHINA ECOTEK CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earning Per Share)

	For the Year Ended December 31			
	2016		2015	
	Amount	%	Amount	%
OPERATING INCOME				
Sales revenue	\$ 104,719	1	\$ 217,354	2
Engineering revenue	8,111,555	96	9,122,169	95
Technical service revenue	<u>258,708</u>	<u>3</u>	<u>231,693</u>	<u>3</u>
Total operating income	<u>8,474,982</u>	<u>100</u>	<u>9,571,216</u>	<u>100</u>
OPERATING COSTS				
Sales cost	102,174	1	157,243	2
Engineering cost	7,188,552	85	8,354,441	87
Technical service cost	<u>176,291</u>	<u>2</u>	<u>193,939</u>	<u>2</u>
Total operating costs	<u>7,467,017</u>	<u>88</u>	<u>8,705,623</u>	<u>91</u>
GROSS PROFIT	<u>1,007,965</u>	<u>12</u>	<u>865,593</u>	<u>9</u>
OPERATING EXPENSES				
Marketing expenses	75,316	1	67,286	1
Administration expenses	386,475	5	386,242	4
Research and development expenses	<u>28,058</u>	<u>-</u>	<u>29,802</u>	<u>-</u>
Total operating expenses	<u>489,849</u>	<u>6</u>	<u>483,330</u>	<u>5</u>
PROFIT FROM OPERATING	<u>518,116</u>	<u>6</u>	<u>382,263</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	78,031	1	87,085	1
Other gains and losses	(32,014)	-	827	-
Financial costs	(7,983)	-	(3,232)	-
Shares of gains (losses) of associates accounted for using equity method	(<u>155,169</u>)	(<u>2</u>)	<u>117,357</u>	<u>1</u>
Total	(<u>117,135</u>)	(<u>1</u>)	<u>202,037</u>	<u>2</u>

(carried forward)

(brought forward)

	For the Year Ended December 31			
	2016		2015	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 400,981	5	\$ 584,300	6
INCOME TAX EXPENSE	<u>152,969</u>	<u>2</u>	<u>75,387</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>248,012</u>	<u>3</u>	<u>508,913</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(78,604)	(1)	(50,622)	-
Share of other comprehensive income of associates accounted for using equity method	(2,907)	-	(3,374)	-
Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss	13,363	-	12,489	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(117,509)	(1)	(20,796)	(1)
Unrealized gains (losses) on available-for-sale financial assets	24,004	-	(14,563)	-
Cash flow hedge	(42,928)	-	8,334	-
Share of other comprehensive income of associates accounted for using equity method	10,873	-	(18,151)	-

(carried forward)

(brought forward)

	For the Year Ended December 31			
	2016		2015	
	Amount	%	Amount	%
Income tax expense relating to items that may be reclassified subsequently to profit or loss	<u>\$ 29,132</u>	<u>-</u>	<u>(\$ 10,534)</u>	<u>-</u>
Other comprehensive income for the period, net of income tax	<u>(164,576)</u>	<u>(2)</u>	<u>(97,217)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 83,436</u>	<u>1</u>	<u>\$ 411,696</u>	<u>4</u>
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE CORPORATION	<u>\$ 248,012</u>		<u>\$ 508,913</u>	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE CORPORATION	<u>\$ 83,436</u>		<u>\$ 411,696</u>	
EARNINGS PER SHARE				
Basic	<u>\$ 2.00</u>		<u>\$ 4.11</u>	
Diluted	<u>2.00</u>		<u>4.09</u>	

CHINA ECOTEK CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation						Other Equity				
	Common shares		Capital Surplus	Retained Earnings			Translating Foreign Operations	Exchange Differences on Available-for-sale Financial Assets	Unrealized Gains and Losses on Cash Flow Hedge	Total Other Equity	Total Equity
	Shares In thousands	Amount		Legal Reserve	Unappropriated Earnings	Total					
BALANCE AT JANUARY 1, 2015	<u>123,743</u>	<u>\$ 1,237,426</u>	<u>\$ 628,374</u>	<u>\$ 428,714</u>	<u>\$ 1,113,243</u>	<u>\$ 1,541,957</u>	<u>\$ 66,501</u>	<u>\$ 164,921</u>	<u>\$ 5</u>	<u>\$ 231,427</u>	<u>\$ 3,639,184</u>
Appropriation of 2014 earnings											
Legal reserve	-	-	-	68,065	(68,065)	-	-	-	-	-	-
Cash dividends to ordinary shareholders - 45%	-	-	-	-	(556,841)	(556,841)	-	-	-	-	(556,841)
	-	-	-	68,065	(624,906)	(556,841)	-	-	-	-	(556,841)
Net profit for the year ended December 31, 2015	-	-	-	-	508,913	508,913	-	-	-	-	508,913
Other comprehensive income for the year ended December 31, 2015, net of income tax	-	-	-	-	(41,507)	(41,507)	(28,707)	(33,920)	6,917	(55,710)	(97,217)
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	467,406	467,406	(28,707)	(33,920)	6,917	(55,710)	411,696
BALANCE AT DECEMBER 31, 2015	<u>123,743</u>	<u>1,237,426</u>	<u>628,374</u>	<u>496,779</u>	<u>955,743</u>	<u>1,452,522</u>	<u>37,794</u>	<u>131,001</u>	<u>6,922</u>	<u>175,717</u>	<u>3,494,039</u>
Appropriation of 2015 earnings											
Legal reserve	-	-	-	50,892	(50,892)	-	-	-	-	-	-
Cash dividends to ordinary shareholders - 30%	-	-	-	-	(371,228)	(371,228)	-	-	-	-	(371,228)
	-	-	-	50,892	(422,120)	(371,228)	-	-	-	-	(371,228)
Net profit for the year ended December 31, 2016	-	-	-	-	248,012	248,012	-	-	-	-	248,012
Other comprehensive income for the year ended December 31, 2016, net of income tax	-	-	-	-	(68,148)	(68,148)	(97,897)	37,099	(35,630)	(96,428)	(164,576)
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	179,864	179,864	(97,897)	37,099	(35,630)	(96,428)	83,436
BALANCE AT DECEMBER 31, 2016	<u>123,743</u>	<u>\$ 1,237,426</u>	<u>\$ 628,374</u>	<u>\$ 547,671</u>	<u>\$ 713,487</u>	<u>\$ 1,261,158</u>	<u>(\$ 60,103)</u>	<u>\$ 168,100</u>	<u>(\$ 28,708)</u>	<u>\$ 79,289</u>	<u>\$ 3,206,247</u>

CHINA ECOTEK CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 400,981	\$ 584,300
Adjustments for:		
Depreciation expense	18,937	19,546
Amortization expense	8,399	8,564
Allowance (reversal) for doubtful accounts	1,903	(3,609)
Net gain on financial assets and liabilities at fair value through profit or loss	(2,485)	(2,270)
Finance costs	7,983	3,232
Interest income	(48,236)	(62,228)
Dividend income	(15,590)	(20,898)
Share of the profit of associates	155,169	(117,357)
Net gains on disposal of investments	(444)	(4,217)
Recognition of provisions	21,448	22,849
Recognition of Unrealized construction Losses	155,205	536,669
Others	16	10,366
Changes in operating assets and liabilities		
Financial instruments held for trading	21,394	4,461
Notes receivable - related parties	20,629	(20,629)
Accounts receivable	(20,960)	83,413
Accounts receivable - related parties	98,569	(49,833)
Amounts due from customers for construction contracts	(791,679)	(545,965)
Other receivables	1,303	3,961
Inventories	128	53,683
Other current assets	173,697	(107,080)
Notes payable	(1,794)	1,794
Accounts payable	(2,004)	190,640
Accounts payable - related parties	130,427	8,040
Amounts due to customers for construction contracts	(500,897)	(1,340,583)
Other payables	(62,675)	91,862
Provisions	(12,781)	(15,969)
Other current liabilities	(217)	15,041
Net defined benefit liabilities	167	24
Cash generated from operations	(243,407)	(652,193)

(carried forward)

(brought forward)

	For the Year Ended December 31	
	2016	2015
Income taxes paid	(\$ 108,216)	(\$ 123,190)
Net cash generated from operating activities	(351,623)	(775,383)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(8,793)	(109,000)
Proceeds from disposal of available-for-sale financial assets	658	104,196
Acquisition of investments accounted for using equity method	(120,000)	(105,247)
Proceeds from the capital reduction on investments accounted for using equity method	-	4,152
Acquisition of property, plant and equipment	(13,602)	(21,186)
Proceeds from disposal of property, plant and equipment	462	2,075
Decrease in refundable deposits	27,648	15,150
Acquisition of intangible assets	(8,733)	(6,927)
Acquisition of investment properties	-	(14,715)
Increase in other financial assets	(507,212)	-
Decrease in other financial assets	-	513,696
Decrease in other noncurrent assets	1,484	304
Interest received	45,199	66,458
Dividends received from others	15,590	20,898
Dividends received from associates	122,699	119,127
Net cash used in investing activities	(444,600)	588,981
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	423,836	127,556
Increase in short-term bills payable	1,000,000	399,834
Increase in guarantee deposits	-	4,118
Decrease in guarantee deposits	(2,782)	-
Increase in other noncurrent liabilities	-	1,550
Dividends paid to owners of the Corporation	(371,228)	(556,841)
Interest paid	(8,210)	(3,134)
Net cash used in financing activities	1,041,616	26,917

(carried forward)

(brought forward)

	For the Year Ended December 31	
	<u>2016</u>	<u>2015</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(\$ 88,721)	(\$ 11,513)
NET DECREASE IN CASH AND CASH EQUIVALENTS	156,672	(224,832)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,335,625</u>	<u>1,560,457</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,492,297</u>	<u>\$ 1,335,625</u>

CHINA ECOTEK CORPORATION

STANDALONE BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	December 31,2016		December 31,2015		LIABILITIES AND EQUITY	December 31,2016		December 31,2015	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 1,084,067	15	\$ 1,183,705	18	Short-term borrowings	\$ 550,000	8	\$ 100,000	1
Financial assets at fair value through profit or loss-current	-	-	18,909	-	Short-term notes and bills payable	1,399,600	19	399,834	6
Available-for-sale financial assets—current	96,245	1	50,764	1	Notes payable	-	-	1,794	-
Accounts receivable	253,845	4	227,471	4	Accounts payable	338,762	5	321,198	5
Accounts receivable—related parties	388,771	5	526,958	8	Accounts payable—related parties	178,662	3	64,764	1
Amounts due from customers for construction contracts	1,355,500	19	457,087	7	Amounts due to customers for construction contracts	450,222	6	1,058,279	16
Other accounts receivable	3,985	-	7,700	-	Other accounts payable	462,142	6	522,704	8
Inventories	5,208	-	5,230	-	Current income tax liabilities	18,580	-	45,228	1
Other financial assets—current	1,424,535	20	1,263,308	19	Provisions—current	86,218	1	55,314	1
Other current assets	156,433	2	124,234	2	Other current liabilities	101,023	1	103,536	1
Total current assets	<u>4,768,589</u>	<u>66</u>	<u>3,865,366</u>	<u>59</u>	Total current liabilities	<u>3,585,209</u>	<u>49</u>	<u>2,672,651</u>	<u>40</u>
NONCURRENT ASSETS					NONCURRENT LIABILITIES				
Available-for-sale financial assets—non-current	198,862	3	211,760	3	Provisions—non-current	12,835	-	35,072	1
Investments accounted for using equity method	2,020,242	28	2,243,545	34	Deferred income tax liabilities	155,646	2	164,134	2
Property, plant and equipment	175,480	2	168,242	3	Accrued pension liabilities	312,574	5	233,803	4
Investment property	14,715	-	14,715	-	Guarantee deposits	20	-	20	-
Intangible assets	10,200	-	9,074	-	Other noncurrent liabilities	1,550	-	1,550	-
Deferred income tax assets	75,564	1	69,591	1	Total non-current liabilities	<u>482,625</u>	<u>7</u>	<u>434,579</u>	<u>7</u>
Prepayments for equipment	-	-	12,800	-	Total liabilities	<u>4,067,834</u>	<u>56</u>	<u>3,107,230</u>	<u>47</u>
Refundable deposits	7,213	-	1,478	-	EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Other financial assets—non-current	1,552	-	1,550	-	Common shares	1,237,426	17	1,237,426	19
Other non-current assets	1,664	-	3,148	-	Capital surplus	628,374	9	628,374	9
Total non-current assets	<u>2,505,492</u>	<u>34</u>	<u>2,735,903</u>	<u>41</u>	Retained earnings				
					Legal reserve	547,671	7	496,779	8
					Unappropriated earnings	713,487	10	955,743	14
					Total retained earnings	<u>1,261,158</u>	<u>17</u>	<u>1,452,522</u>	<u>22</u>
					Other equity	79,289	1	175,717	3
					Total equity	<u>3,206,247</u>	<u>44</u>	<u>3,494,039</u>	<u>53</u>
TOTAL	<u>\$ 7,274,081</u>	<u>100</u>	<u>\$ 6,601,269</u>	<u>100</u>	TOTAL	<u>\$ 7,274,081</u>	<u>100</u>	<u>\$ 6,601,269</u>	<u>100</u>

CHINA ECOTEK CORPORATION

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earning Per Share)

	For the Year Ended December 31			
	2016		2015	
	Amount	%	Amount	%
OPERATING INCOME				
Sales revenue	\$ 104,719	1	\$ 134,127	2
Engineering revenue	6,937,916	95	7,241,223	95
Technical service revenue	<u>258,708</u>	<u>4</u>	<u>231,693</u>	<u>3</u>
Total operating income	<u>7,301,343</u>	<u>100</u>	<u>7,607,043</u>	<u>100</u>
OPERATING COSTS				
Sales cost	102,174	1	97,190	1
Engineering cost	6,121,444	84	6,733,564	89
Technical service cost	<u>176,291</u>	<u>3</u>	<u>193,939</u>	<u>3</u>
Total operating costs	<u>6,399,909</u>	<u>88</u>	<u>7,024,693</u>	<u>93</u>
GROSS PROFIT	<u>901,434</u>	<u>12</u>	<u>582,350</u>	<u>7</u>
OPERATING EXPENSES				
Marketing expenses	75,316	1	67,286	1
Administration expenses	363,307	5	364,981	5
Research and development expenses	<u>28,058</u>	<u>-</u>	<u>29,802</u>	<u>-</u>
Total operating expenses	<u>466,681</u>	<u>6</u>	<u>462,069</u>	<u>6</u>
PROFIT FROM OPERATING	<u>434,753</u>	<u>6</u>	<u>120,281</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	50,492	1	47,208	1
Other gains and losses	(31,748)	(1)	(1,062)	-
Financial costs	(7,938)	-	(3,205)	-
Shares of gains (losses) of associates accounted for using equity method	<u>(110,020)</u>	<u>(2)</u>	<u>426,617</u>	<u>5</u>
Total	<u>(99,214)</u>	<u>(2)</u>	<u>469,558</u>	<u>6</u>

(carried forward)

(brought forward)

	For the Year Ended December 31			
	2016		2015	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 335,539	4	\$ 589,839	7
INCOME TAX EXPENSE	<u>87,527</u>	<u>1</u>	<u>80,926</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>248,012</u>	<u>3</u>	<u>508,913</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(78,604)	(1)	(50,622)	-
Share of other comprehensive income of associates accounted for using equity method	(2,907)	-	(3,374)	-
Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss	13,363	-	12,489	-
Items that may be reclassified subsequently to profit or loss				
Unrealized gains (losses) on available-for-sale financial assets	24,004	-	(14,563)	-
Cash flow hedge	(42,928)	-	8,334	-
Share of other comprehensive income of associates accounted for using equity method	(106,636)	(1)	(38,947)	(1)

(carried forward)

(brought forward)

	For the Year Ended December 31			
	2016		2015	
	Amount	%	Amount	%
Income tax expense relating to items that may be reclassified subsequently to profit or loss	<u>\$ 29,132</u>	<u>-</u>	<u>(\$ 10,534)</u>	<u>-</u>
Other comprehensive income for the period, net of income tax	<u>(164,576)</u>	<u>(2)</u>	<u>(97,217)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>\$ 83,436</u></u>	<u><u>1</u></u>	<u><u>\$ 411,696</u></u>	<u><u>5</u></u>
EARNINGS PER SHARE				
Basic	<u><u>\$ 2.00</u></u>		<u><u>\$ 4.11</u></u>	
Diluted	<u><u>2.00</u></u>		<u><u>4.09</u></u>	

CHINA ECOTEK CORPORATION

STANDALONE STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

	Common shares		Capital Surplus	Retained Earnings			Other Equity				Total Equity
	Shares In thousands	Amount		Legal Reserve	Unappropriated Earnings	Total	Translating Foreign Operations	Exchange Differences on Available-for-sale Financial Assets	Unrealized Gains and Losses Cash Flow Hedge	Total Other Equity	
BALANCE AT JANUARY 1, 2015	<u>123,743</u>	<u>\$ 1,237,426</u>	<u>\$ 628,374</u>	<u>\$ 428,714</u>	<u>\$ 1,113,243</u>	<u>\$ 1,541,957</u>	<u>\$ 66,501</u>	<u>\$ 164,921</u>	<u>\$ 5</u>	<u>\$ 231,427</u>	<u>\$ 3,639,184</u>
Appropriation of 2014 earnings											
Legal reserve	-	-	-	68,065	(68,065)	-	-	-	-	-	-
Cash dividends to ordinary shareholders - 45%	-	-	-	-	(556,841)	(556,841)	-	-	-	-	(556,841)
	-	-	-	68,065	(624,906)	(556,841)	-	-	-	-	(556,841)
Net profit for the year ended December 31, 2015	-	-	-	-	508,913	508,913	-	-	-	-	508,913
Other comprehensive income for the year ended December 31, 2015, net of income tax	-	-	-	-	(41,507)	(41,507)	(28,707)	(33,920)	6,917	(55,710)	(97,217)
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	467,406	467,406	(28,707)	(33,920)	6,917	(55,710)	411,696
BALANCE AT DECEMBER 31, 2015	<u>123,743</u>	<u>1,237,426</u>	<u>628,374</u>	<u>496,779</u>	<u>955,743</u>	<u>1,452,522</u>	<u>37,794</u>	<u>131,001</u>	<u>6,922</u>	<u>175,717</u>	<u>3,494,039</u>
Appropriation of 2015 earnings											
Legal reserve	-	-	-	50,892	(50,892)	-	-	-	-	-	-
Cash dividends to ordinary shareholders - 30%	-	-	-	-	(371,228)	(371,228)	-	-	-	-	(371,228)
	-	-	-	50,892	(422,120)	(371,228)	-	-	-	-	(371,228)
Net profit for the year ended December 31, 2016	-	-	-	-	248,012	248,012	-	-	-	-	248,012
Other comprehensive income for the year ended December 31, 2016, net of income tax	-	-	-	-	(68,148)	(68,148)	(97,897)	37,099	(35,630)	(96,428)	(164,576)
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	179,864	179,864	(97,897)	37,099	(35,630)	(96,428)	83,436
BALANCE AT DECEMBER 31, 2016	<u>123,743</u>	<u>\$ 1,237,426</u>	<u>\$ 628,374</u>	<u>\$ 547,671</u>	<u>\$ 713,487</u>	<u>\$ 1,261,158</u>	<u>(\$ 60,103)</u>	<u>\$ 168,100</u>	<u>(\$ 28,708)</u>	<u>\$ 79,289</u>	<u>\$ 3,206,247</u>

CHINA ECOTEK CORPORATION

STANDALONE STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 335,539	\$ 589,839
Adjustments for:		
Depreciation expense	18,711	18,918
Amortization expense	7,607	7,711
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(2,485)	(2,270)
Finance costs	7,938	3,205
Interest income	(22,083)	(24,545)
Dividend income	(15,590)	(20,898)
Share of the profit of associates	110,020	(426,617)
Net gains on disposal of investments	(444)	(4,217)
Recognition of provisions	21,448	22,849
Recognition of Unrealized construction Losses	155,205	487,209
Others	-	10,366
Changes in operating assets and liabilities		
Financial instruments held for trading	21,394	4,461
Accounts receivable	(26,374)	90,690
Accounts receivable - related parties	138,187	(135,438)
Amounts due from customers for construction contracts	(1,053,618)	(242,891)
Other receivables	1,304	3,962
Inventories	22	102
Other current assets	(65,566)	1,897
Notes payable	(1,794)	1,794
Accounts payable	17,564	124,363
Accounts payable - related parties	113,898	51,454
Amounts due to customers for construction contracts	(608,057)	(811,990)
Other payables	(60,595)	90,653
Provisions	(12,781)	(15,969)
Other current liabilities	71	15,475
Net defined benefit liabilities	167	24
Cash generated from operations	(920,312)	(159,863)

(carried forward)

(brought forward)

	For the Year Ended December 31	
	2016	2015
Income taxes paid	(\$ 86,141)	(\$ 68,633)
Net cash generated from operating activities	(1,006,453)	(228,496)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(8,793)	(109,000)
Proceeds from disposal of available-for-sale financial assets	658	104,196
Acquisition of investments accounted for using equity method	(120,000)	(105,247)
Proceeds from the capital reduction on investments accounted for using equity method	-	4,152
Acquisition of property, plant and equipment	(13,602)	(21,186)
Proceeds from disposal of property, plant and equipment	453	2,075
Decrease in refundable deposits	27,632	11,084
Acquisition of intangible assets	(8,733)	(6,927)
Acquisition of investment properties	-	(14,715)
Increase in other financial assets	(204,157)	-
Decrease in other financial assets	-	131,420
Decrease in other noncurrent assets	1,484	305
Interest received	24,494	26,697
Dividends received from others	15,590	20,898
Dividends received from associates	123,740	264,867
Net cash used in investing activities	(161,234)	308,619
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	450,000	100,000
Increase in short-term bills payable	1,000,000	399,834
Increase in guarantee deposits	-	352
Decrease in guarantee deposits	(2,584)	-
Increase in other noncurrent liabilities	-	1,550
Dividends paid to owners of the Corporation	(371,228)	(556,841)
Interest paid	(8,139)	(3,134)
Net cash used in financing activities	1,068,049	58,239

(carried forward)

(brought forward)

	For the Year Ended December 31	
	<u>2016</u>	<u>2015</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(\$ 99,638)	\$ 21,884
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,183,705</u>	<u>1,161,821</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,084,067</u>	<u>\$ 1,183,705</u>

BUSINESS REPORT OF CHINA ECOTEK CORPORATION FOR 2016

I. Business policies

In 2016 the business policies of our company mainly focus on four aspects, namely “circular economy,” “technological deepening,” “human resource strengthening” and “strategic alliance.” With these aspects, our organization was able to rebuild enhanced execution ability, and promote the southward policy that takes Vietnam as the first target.

1. In the aspect of circular economy:

Actively developed renewable water, green power generation, recycled organic sludge, and a commercial model with engineering and production integrated.

2. In the aspect of technological deepening:

Developed core technologies, such as precision mechanical and electrical engineering and water treatment, air pollution prevention and control, and biotechnological facilities, to increase profit margin.

3. In the aspect of human resource strengthening:

Matched with technological deepening and protect business transformation to open up overseas market, offered education and training to strengthen our personnel, and cultivated talents to execute projects.

4. In the aspect of strategic alliance:

Expanded technological alliance with the world famous enterprises to develop the market and import core technologies.

II. Overview of business policy implementation

Upholding the core business concepts of “excellence, technology, honest and quality,” the Corporation kept on improving our technologies and services, increase the customer value, and fulfilled social responsibilities of the enterprise.

In 2016 the Corporation not only obtained several project contracts of our business group, such as No. 3 blast furnace overhaul project of China Steel Corporation (CSC), windproof and dustproof efficiency enhancement project of raw material stacking field of Dragon Steel Corporation, graphitization furnace

material and construction package project of China Steel Chemical Corporation, and solar photovoltaic power generation project of CSC Group, but also acquired other contracts of biotechnological and pharmaceutical factory construction projects, including phase one construction project of new drug process research and development (R&D) center of Caliway Biopharmaceuticals Co., Ltd., and GMP product commercialized and quantitative production factory construction project for EikGenix Inc. All of these were indicative projects in the industry. As to overseas market, we obtained the design contract and civil engineering contract of Vietnam chemical fiber plant of Far Eastern Textile Ltd., and the protection and maintenance service contract of Formosa Ha Tinh Steel Corporation. In the future, our Corporation, under the existing foundation in the Vietnamese market, shall strive for project cases of the Taiwanese textile factories and papermaking factories. We also plan to expand the scope of engineering business. In the preliminary stage, we shall lock on refractory material package project, air pollution prevention and control facilities, co-generation power plant and sewage treatment plant, assisting the Taiwanese enterprises to expand their factories and plants. It is hoped that our Corporation can become an assistant to factory and plant construction for the Taiwanese companies in Vietnam. When facing the increasingly difficult operating environment in Taiwan, our Corporation shall keep on reducing our costs, transforming the internal flow process and expanding our business in Vietnam, with the purpose to enhance the competitiveness of our Corporation.

III. Business implementation results

The target markets of our Corporation were focused on a diverse project domain, which covered environmental protection project, mechanical and electrical project, biotechnological factory construction project, mechanical and electrical maintenance, and operating agency of resource recycling plant and high-class water treatment plant. In 2016 the main construction projects were as follows:

1. Environmental protection projects: Construction project of Sanying Wastewater Treatment Plant in New Taipei City, No. 7 coal-fired boiler desulfurization system improvement project of CSC power plant, hot-rolled circulating cooling water system of Formosa Ha Tinh Steel Corporation in Vietnam, and new construction project of Ciaotou Wastewater Treatment Plant in Gangshan, Kaohsiung City. The total amount of all these projects was NT\$1.384 billion, accounting for 16.33% of total revenue.

2. Mechanical and electrical projects: Renewal and expansion plan of coal transportation of Linkou Thermal Power Plant, No. 2 sintering desulfurization and denitrification plant construction project of CSC, Mainland-to-Kinmen water diversion (water pipe) project, effluent ammonia reduction reconstruction project of CSC, and hard magnetic powder plant construction project of Himag Magnetic Corporation. The total amount of all these projects was NT\$4.77 billion, accounting for 56.29% of total revenue.
3. Operating agency, mechanical and electrical maintenance projects and others: Operational management of water treatment plant for Dragon Steel Corporation, mechanical and electrical maintenance of CSC, and operating agency of Kaohsiung City Chengching Lake and Kinmen Tai Lake water purification plants. The total amount of all these services was NT\$2.32 billion, accounting for 27.38% of total revenue.

IV. Comparison of profits between 2015 and 2016

Unit: NT\$,000

Year Item	2016	2015	Increased (Decreased) amount	Rate of change (%)
Operating income	8,474,983	9,571,216	-1,096,233	-11.45%
Operating cost	7,467,018	8,705,623	-1,238,605	-14.23%
Gross profit	1,007,965	865,593	142,372	16.45%
Operating expense	489,849	483,330	6,519	1.35%
Net profit	518,116	382,263	135,853	35.54%
Net operating income and expenses	-117,135	202,037	-319,172	-157.98%
Pre-tax net profit	400,981	584,300	-183,319	-31.37%
Income tax expense	152,969	75,387	77,582	102.91%
Consolidated net income	248,012	508,913	-260,901	-51.27%

1. In 2016 the operating income is \$1,096,233K less than 2015, mainly because of the intense competition of project market, and the cautious and conservative investment atmosphere in Taiwan. As a result, the number of our obtained projects was decreased. Besides, our Corporation wanted to increase the gross profit and thus adjusted the project acceptance policy. That was why the gross profit rate was increased by 2% comparing to the previous year.
2. Non-operating income and expenditure were decreased by \$319,172K, mainly because of the investment loss and foreign exchange loss of affiliated enterprises recognized by equity method. Besides, owing to the reduced deposit rate and our decreased capital in Vietnam, our interest income was also decreased accordingly.
3. To sum up, the pre-tax net profit of 2016 was decreased by \$183,319K when compared with 2015; and the consolidated total net income of the 2016 was decreased by \$260,901K when compared with 2015.

V. Current situation of research and development (R&D)

Facing the new concepts of environmental changes and circular economy in 2016, our Corporation, in the aspect of water resource R&D, cooperated with the government to promote wastewater restoration policy by improving continuously the related wastewater recycling technique, such as high-conductivity wastewater recycling technique, and strengthening of advanced oxidization technique to handle high-COD and high-level colored wastewater, hoping that the handling cost was economical. In Taiwan the wastewater treatment volume increases year by year, and the sludge volume produced is also increasing continuously. Therefore, the needs of decreased sludge volume and recycling technique were extremely imminent. Development of sludge drying and sludge reuse technique was the significant R&D target. As to R&D of air pollution control technology, our Corporation developed techniques for sustainable operation, low energy consumption and decreased production of PM2.5, such as development of simulation of denitrification catalyst performance aging value, technical development of medium- and low-temperature honeycomb denitrification catalyst, and technical development of volatile organic exhaust catalyst reaction tower. As to R&D of water treatment additive, we improved cooling water utilization efficiency of steel plant, and kept on developing self-owned prescribed chemicals for iron and steel industry and circulating cooling water chemicals for power plant in

order to raise the self-feeding chemicals volume and market share. In view of the environmental protection pressures from climate change and lowering carbon emission in the whole world, the government has been proactively promote green energy and power generation by recycled energy device. Our Corporation also endeavors to develop optoelectronic application technology on roofs, and expects to become an engineering company that increases values for customers.

CHINA ECOTEK CORPORATION

Profit Allocation Proposal

December 31, 2016

Undistributed earnings from January 1,2016	NT\$ 533,623,348
Adjust Retained Earnings for Investments accounted for Using Equity Method	(2,906,941)
Actuarial gain or loss on defined benefit retirement plan recorded as Retained Earnings	(65,241,847)
Subtotal of Undistributed earnings	465,474,560
Add: After-tax earnings of 2016 (A)	248,012,152
Deduct: Legal reserve = (A) *10%	(24,801,215)
Retained Earnings Available for Distribution as of December 31, 2016	NT\$688,685,497
Distribution Items:	
Dividends for common shares	(222,736,594)
Undistributed earnings	NT\$ 465,948,903

Comparison Table of Drafted Amendments to Regulations Governing Making of Endorsements/Guarantees of China Ecotek Corporation

Amended provisions	Original provisions	Explanation
<p>Article 2</p> <p>The term "endorsements/guarantees" as used in these Regulations refers to the following:</p> <ol style="list-style-type: none"> 1. Financing endorsements/guarantees, including: <ol style="list-style-type: none"> (1) Bill discount financing. (2) Endorsement or guarantee made to meet the financing needs of another company. (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself. 2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters. 3. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs. <p>Any creation by a this company of a pledge or mortgage on its chattel or real property as security for</p>	<p>Article 2</p> <p>The term "endorsements/guarantees" as used in these Regulations refers to the following:</p> <ol style="list-style-type: none"> 1. Financing endorsements/guarantees, including: <ol style="list-style-type: none"> (1) Bill discount financing. (2) Endorsement or guarantee made to meet the financing needs of another company. (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself. 2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters. 3. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs. <p>Any creation by a this company of a pledge or mortgage on its chattel or real property as security for the</p>	<p>Amendments of wording</p>

<p>the loans of another company shall also comply with these Regulations.</p>	<p>loans of another company shall also comply with these policy.</p>	
<p>Article 4 The ceilings on the amounts this company and its subsidiaries as a whole are permitted to make in endorsements/guarantees is as follows:</p> <ol style="list-style-type: none"> 1. The aggregate balance of endorsements/guarantees shall not exceed 50 percent or more of the company's net worth as stated in its latest financial statement as the limit. <p>(The following content is omitted)</p>	<p>Article 4 The ceilings on the amounts this company and its subsidiaries as a whole are permitted to make in endorsements/guarantees is as follows:</p> <ol style="list-style-type: none"> 1. In principle, the aggregate balance of endorsements/guarantees shall not exceed 50 percent or more of the company's net worth as stated in its latest financial statement. <p>(The following content is omitted)</p>	<p>Amendments of wording</p>
<p>Article 6</p> <ol style="list-style-type: none"> 1. Implementation department (omitted) 2. Review procedures <ol style="list-style-type: none"> (1) (omitted) (2) When making endorsements and/or guarantees, it shall to fill out “Application form of making endorsements and/or guarantees” to- Engineering-Marketing Department and Financial and Accounting Department. State the entities for which the company may make endorsements/guarantees, category, cause and amount. Including assessment report send to Engineering Marketing Department and 	<p>Article 6</p> <ol style="list-style-type: none"> 1. Implementation department (omitted) 2. Review procedures <ol style="list-style-type: none"> (1) (omitted) (2) When making endorsements and/or guarantees, it shall to fill out “Application form of making endorsements and/or guarantees” to Engineering Marketing Department and Financial and Accounting Department. State the entities for which the company may make endorsements/guarantees, category, cause and amount. Including assessment report send to Engineering Marketing Department and Financial and Accounting 	<p>Amendments are made in accordance with the Organizational Charter</p>

<p>Financial and Accounting Department.</p> <p>3. (omitted)</p> <p>4. (omitted)</p> <p>5. Financial and Accounting Department shall prepare a memorandum book for its making endorsements and/or guarantees activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the board of directors or of authorization by the chairman of the board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under paragraph 2 of the preceding article.</p> <p>6. Financial and Accounting Department shall formulate the table of changes in making endorsements and/or guarantees amount and submit to board of directors.</p>	<p>Department.</p> <p>3. (omitted)</p> <p>4. (omitted)</p> <p>5. Financial Department shall prepare a memorandum book for its making endorsements and/or guarantees activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the board of directors or of authorization by the chairman of the board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under paragraph 2 of the preceding article.</p> <p>6. Financial Department shall formulate the table of changes in making endorsements and/or guarantees amount and submit to board of directors.</p>	
<p>Article 8</p> <p>1. This company shall compile monthly reports on the balance of Endorsements/ Guarantees to the end of the preceding month by itself and any subsidiaries according to regulations of FSC and TWSE before the 10th day of each month and enter the information into the reporting website.</p> <p>2. This company whose balance of endorsements/ guarantees reaches one of the following levels shall</p>	<p>Article 8</p> <p>1. This company shall compile monthly reports on the balance of Endorsements/ Guarantees to the end of the preceding month by itself and any subsidiaries according to regulations of FSC and TWSE per month and enter the information into the reporting website.</p> <p>2. This company whose balance of endorsements/ guarantees reaches one of the following levels shall announce and report such event within two days</p>	<p>Amendments are made in accordance with the amendments of Article 25 of Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies.</p>

<p>announce and report such event within two days commencing immediately from the date of occurrence:</p> <p>(1) The aggregate balance of endorsements/guarantees by the company and its subsidiaries reaches 50 percent or more of the company's net worth as stated in its latest financial statement.</p> <p>(2) The balance of endorsements/guarantees by the company and its subsidiaries for a single enterprise reaches 20 percent or more of the company's net worth as stated in its latest financial statement.</p> <p>(3) The balance of endorsements/ guarantees by the company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of company's net worth as stated in its latest financial statement.</p> <p>(4) The amount of new endorsements/guarantees made by the company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the company's net worth as stated in its latest financial statement.</p> <p>3. The company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such</p>	<p>commencing immediately from the date of occurrence:</p> <p>(1) The aggregate balance of endorsements/guarantees by the company and its subsidiaries reaches 50 percent or more of the company's net worth as stated in its latest financial statement.</p> <p>(2) The balance of endorsements/guarantees by the company and its subsidiaries for a single enterprise reaches 20 percent or more of the company's net worth as stated in its latest financial statement.</p> <p>(3) The balance of endorsements/ guarantees by the company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for and investment of a long-term, such enterprise reaches 30 percent or more of company's net worth as stated in its latest financial statement.</p> <p>(4) The amount of new endorsements/guarantees made by the company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the company's net worth as stated in its latest financial statement.</p> <p>3. The company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.</p>	
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subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.		
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Rules of Procedure for Shareholders Meetings of China

Ecotek Corporation

Article 1

The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 2

Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.

This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

A shareholder holding 1 percent or more of the total number of issued shares

may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 3

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 4

The venue for a shareholders meeting shall be the premises of this Corporation,

or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 5

This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 6

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to

act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 7

This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 8

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of

issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 9

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 10

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 11

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage

shall not be included in the calculation.

Article 12

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When this Corporation holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means (in accordance with the proviso of Article 177-1 of the Company Act regarding companies that shall adopt electronic voting: When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence). When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first

announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 13

The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 14

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of

the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of this Corporation.

Article 15

On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 16

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 17

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 18

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

CHINA ECOTEK CORPORATION
CANDIDATE LIST OF THE 9TH DIRECTORS (INCLUDING INDEPENDENT DIRECTORS) AND SUPERVISOR

Category of Candidate	Name of Candidate	Education	Work Experience	Current Position	No. of Shares Held (Unit: Share)	Representative of Juristic Person (Percentage of Shareholding)
Director	CHAO-TUNG WONG	Ph.D. in Resources Engineering, National Cheng Kung University	General Manager of China Steel Corporation (CSC); President of China Ecotek Corporation (CEC); President of China Steel Sumikin Vietnam Joint Stock Company	President of China Steel Corporation	55,393,138 (44.76%)	China Steel Corp.
Director	CHI-KANG LIU	Dept. of Mechanical Engineering, National Taiwan University	Vice General Manager of CSC; Assistant Vice General Manager of CSC; General Manager of Chung Hung Steel Corporation	General Manager of China Steel Corporation		
Director	CHING-CHUNG CHENG	MSc in Mechanical Engineering, State University of New York, USA	Vice Assistant General Manager of CSC; General Manager of China Steel Machinery Corporation; Head of Plant Engineering and Maintenance Dept., CSC	Vice General Manager of China Steel Corporation		
Director	CHIH-TAI CHANG	Master of Business Administration, National Sun Yat-sen University	Head of Ironmaking Engineering Dept, CSC; Vice Factory Manager of Ironmaking Dept., CSC	Vice General Manager of Dragon Steel Corporation		
Director	JUNG-KUI CHEN	Master of Business Administration, National Sun Yat-sen University	Head and Deputy Head of Utilities Dept., CSC	General Manager of China Ecotek Corporation		
Director	MING-HSIANG LIN	Kaohsiung Vocational High School of Commerce	Director of Hua Eng Wire & Cable Co., Ltd.; Director of First Copper Technology Co., Ltd.	Vice General Manager of Hua Eng Wire & Cable Co., Ltd.	11,843,730 (9.57%)	
Director	WEN-LUNG LEE	Hsing Wu Junior College of Commerce	President of Chun Yuan Steel Industry Co., Ltd.	President of Chun Yuan Steel Industry Co., Ltd.	2,990,772 (2.42%)	Chun Yuan Steel Industry Co., Ltd.

Category of Candidate	Name of Candidate	Education	Work Experience	Current Position	No. of Shares Held (Unit: Share)	Representative of Juristic Person (Percentage of Shareholding)
Director	YU-LUN KUO	MBA, College of Management, National Taiwan University	Director of Great Grandeur Steel Co., Ltd., Supervisor of Great Grandeur Steel Co., Ltd.,	Special Assistant to General Manager, Great Grandeur Steel Co., Ltd.	3,730,000 (3.01%)	Grandeur Steel Co., Ltd.
Independent Director	CHIA-JUNG CHEN	Ph.D. in Resources and Energy Economics, West Virginia University	Professor and Dean of Dept. of Resources Engineering, National Cheng Kung University; Associate Dean of College of Engineering, National Cheng Kung University	Professor Emeritus, Dept. of Resources Engineering, National Cheng Kung University	0	None
Independent Director	PO-HAN WANG	MBA of National Sun Yat-sen University	Audit Manager of Deloitte & Touche	President of Hsiang Wei CPAs & Co.	0	None
Supervisor	WEI-YEN HUNG	Dept. of Mechanical Engineering, Kaohsiung Institute of Technology	Factory Manager of Chin Ho Fa Steel & Iron Co., Ltd.	Vice General Manager of Chin Ho Fa Steel & Iron Co., Ltd.	3,610,475 (2.92%)	Chin Ho Fa Steel & Iron Co., Ltd.
Supervisor	MING-HUANG LEE	Dept. of Agricultural Economics, National Chung Hsing University	Director of Chun Zu Machinery Industry Co., Ltd.	Director and General Manager of Chun Yu Works & Co., Ltd.	4,333,266 (3.50%)	Chun Yu Works & Co., Ltd.
Supervisor	PO-NIEN LIN	University of Southern California	Director of Bi-Chain Investment Co., Ltd.	Special Assistant to President of Bi-Chain Trading Co., Ltd.	3,008,105 (2.43%)	Bi-Chain Trading Co., Ltd.