

Stock Code:1535



China Ecotek Corporation

2019 Annual General Meeting

Meeting Handbook

June 25, 2019

16F (Conference Room 1607), No. 88, Chenggong 2nd
Road, Qianzhen Dist., Kaohsiung City

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One. 2019 Annual Meeting of Shareholders Agenda

Time: June 25, 2019 (Tuesday) 9:00AM

Place: 16F (Conference Room 1607), No. 88, Chenggong 2nd Road, Qianzhen Dist., Kaohsiung City

Attendance: Shareholders and proxies authorized by shareholders

Chairman: Tsung-Te Chen

I. Announce Meeting

II. Chairperson's Remarks

III. Report Items

- (I) Report on 2018 remuneration of directors and supervisors as well as employees' remuneration by the Company
- (II) 2018 Business Report of the Company
- (III) Supervisor's Review Report on the 2018 Financial Statements
- (IV) Report on Amendment to Code of Ethical Conducts for Practitioners of the Company
- (V) Report on Amendments to Ethical Management Best Practice Principles of the Company
- (VI) Report on Newly Established Procedures for Ethical Management and Guidelines for Conduct of the Company
- (VII) Report on Newly Established Corporate Governance Best Practice Principles of the Company
- (VIII) Report on Newly Established Corporate Social Responsibility Best Practice Principles.
- (IX) Other report matters.

IV. Ratification Items:

Proposal 1: 2018 Business Report, Financial Statements of the Company. Please proceed with the ratification.

Proposal 2: Proposal for 2018 Earnings Distribution of the Company. Please proceed with the ratification.

V. Discussion Items:

Proposal 1: Proposal on the draft amendment of parts of the provisions of the Articles of Incorporation of the Company. Please proceed with the resolution.

Proposal 2: Proposal on the draft amendment of the parts of the provisions of the Procedures for Acquisition or Disposal of Assets of the Company. Please proceed with the resolution.

Proposal 3: Proposal on the establishment draft of Regulations for the Election of Directors of the Company. Please proceed with the resolution.

VI. Extraordinary Motions

VII. Adjournment

Two. Report Items

I. Report on the 2018 remuneration for directors and supervisors as well as employees' remuneration

1. Remunerations were distributed according to Article 32 of the Articles of Incorporation of the Company.
2. Appropriated employees' remuneration for 3.1058% equivalent to an amount of NT\$ 3,974,233 and remunerations of directors and supervisors for 0.6212% equivalent to an amount of NT\$ 794,847. All were distributed in cash.

II. President, Tzu-An Wu, report on 2018 Business Report of the Company

III. Supervisor's Review Report on the 2018 Financial Statements

China Ecotek Corporation Supervisor's Review Report

Dear Shareholders,

We hereby ensure that the 2018 Financial Statements (aforementioned statements audited by the independent auditors CPA Yu-Hsiang Liu and CPA Jui-Hsuan Hsu of Deloitte & Touche), Business Report and Earnings Distribution Proposal prepared and submitted by the Board of Directors have been reviewed completely and are considered to be in conformity with the regulatory requirements. Accordingly, our review report is issued in accordance with Article 219 of the Company Act and Article 36 of the Securities and Exchange Act.

Sincerely,

Submitted by

2019 Annual Meeting of Shareholders

China Ecotek Corporation

Supervisor: Ming-Huang Lee



Supervisor: Po-Nien Lin

Supervisor: Wei-Yen Hung

March 20, 2019

IV. Report on the Amendments to the Code of Ethical Conduct for the Practitioners of the Company

Code of Ethical Conducts for the Practitioners of the Company enclosed as Attachment.

Description:

- (I) These Codes are amended with reference to the exemplary model of the “Guidelines for the Adoption of Code of Ethical Conduct for TWSE/GTSM Listed Companies”
- (II) This proposal has been approved through resolution of the 11th Meeting of the Ninth Term Board of Directors’ Meeting.

China Ecotek Corporation Code of Ethical Conduct for Practitioners

Established on March 21, 2017
First Amendment on December 20, 2018

Chapter 1 General Rules

Article 1 Purpose of Establishment

To provide guidance to the conduct of practitioners of the Company and to allow all stakeholders of the Company to understand the ethical standards and code of conduct required for compliance during the execution of duties of the Company's practitioners, this Code is established as a basis for the compliance by the practitioners of the Company.

Article 2 Applicable Scope

The practitioners described in this Code shall refer to all practitioners of the Company and overseas subsidiaries.

Article 3 Principle of Ethics

During the execution of duties, practitioners of the Company shall value team spirit, prevent parochialism, commit to the principle of honesty and trust, as well as uphold the active and responsible attitude with efforts.

Article 4 Principle of Fairness

Practitioners of the Company shall not engage in any conduct of discrimination or exclusion among each other in any form due to the factors of gender, race, religion, political party, job ranking, nationality and age, etc.

Chapter 2 Code of Ethical Conduct

Article 5 Honesty and Ethical Conduct

Practitioners of the Company shall perform duties based on an attitude of honesty without fraud and shall comply with professional standards, including the handling of personal and duties in a fair manner for any factual or obvious conflict of interest.

Article 6 Prevention of Conflict of Interest

Practitioners of the Company shall handle duties based on an objective and efficient method, and shall prevent the following employees or enterprises from gaining illegal benefits through their job positions at the Company:

- I. Practitioners themselves, spouse, parents, children or relatives within the second degree of kinship.
- II. Enterprises from which the practitioners described in the preceding enjoy direct or indirect benefits.
- III. Enterprises where the practitioners assume the adjunct position of chairman, executive director or senior manager.

The Company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the practitioners or enterprises described in the preceding paragraph.

Article 7 Minimizing incentives to pursue personal gain:

When the Company has an opportunity for profit, it is the responsibility of the practitioners of the Company to maintain and increase the reasonable and proper benefits

that can be obtained by the Company and the following conduct shall be prevented:

- I. Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions.
- II. Obtaining gains for themselves or others by using company property or information or taking advantage of their positions.
- III. Competing with the Company.

Article 8 Social Activities and Gifts

- I. Practitioners of the Company shall not request, offer or receive any gifts, treats or other benefits provided by interested parties related to their job duties. Gifts, treats or other benefits made based on the social customs shall be reasonable and proper.
- II. In case where practitioners of the Company need to treat guests due to the performance of duties or development of external relationship, such treatment shall be handled based on the principles of etiquette, simple and cost saving, without any extravagance and waste.
- III. Unless it is necessary for the execution of duties, practitioners of the Company shall not accept any treats or other entertainment activities when invited by interested parties related to their job duties. For treats and entertainment activities invited by personnel having no interests related to their job duties but are considered inappropriate to the job duties, the practitioners shall still refuse such invitations.
- IV. Business dealings between the Group's

companies shall be based on the practical spirit and unless it is necessary for cultural customs and festivals, an exchange of gifts shall be avoided.

Article 9 Confidentiality and Trade Secrets

Practitioners of the Company shall be bound by the obligation to maintain the confidentiality of any undisclosed information regarding the company itself or its suppliers (customers), except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or the suppliers and customers.

Article 10 Fair Trade

The Company shall engage in market competition with outstanding operations, excellent products and services, without the use of illegal or unethical means to gain the outcome. Practitioners of the Company shall treat all suppliers (customers), competitors and personnel fairly and may not obtain improper benefits through manipulation, non-disclosure, 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 Protection and Proper Use of Company Assets

The assets of the Company shall be protected and shall be used properly based on legitimate commercial purposes of the Company. Practitioners of the Company shall have the responsibility to safeguard Company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care or wastage of the assets will all

directly impact the Company's profitability.

Article 12 Legal Compliance

Practitioners of the Company shall comply with and promote the regulations of the Securities and Exchange Act and other laws specifying the company activities, without any intentional violation of any laws or intentional misleading, manipulation or any conduct for illegal gains of suppliers (customers) benefits and make any deceptive statements about the products or services of the Company.

Article 13 Compliance with Prevention of Insider Trading Related Laws

Practitioners of the Company shall comply with the prevention of insider trading related laws and other securities laws related to stock trading and handling of trade secret information. In case of obtaining any important undisclosed information, practitioners shall not engage in any relevant securities trading. Insider trading is illegal and unethical, and the Company is committed to intervening and handling such matters.

Article 14 Sound Working Environment

- I. Practitioners of the Company shall not abuse the use of any restricted drugs at work or sell, manufacture, distribute, possess or use any illegal drugs.
- II. Practitioners of the Company shall not be involved in extramarital or abnormal personal relationships, sexual harassment, any form of discrimination (regardless of race, gender, physical or mental disability, religion, etc. discrimination) or intimidating actions.
- III. Practitioners of the Company shall not attend

any activities in special sex-related business places, such as special sex-related karaoke bars, lounges, clubs, special sex-related coffee house/team house, sex-related KTV, sex-related motels/massages, etc. In case where such activities cannot be avoided due to business operating needs, it is necessary to report them to the supervisors in advance or on the day following such activities.

- IV. Practitioners of the Company shall not intentionally cause conflicts or do other actions causing damage to the reputation of the Company and shall not engage in any conducts of violence, threats, slander, false accusation, rumors or major insults.

Article 15 Enhanced Promotion of Ethics and Encourage to Report

The internal of the Company shall enhance the promotion of ethical concepts and shall request practitioners to comply with the ethical standards and code of conduct during the execution of duties and shall encourage any report of illegal action or violation of the code of ethical conduct.

Chapter 3 Supplementary Provisions

Article 16 Disciplinary Measures

- I. Practitioners of the Company shall have the responsibility and obligation to comply with the aforementioned code of conduct.
- II. In case of violations of this Code that are verified to be true, for the ethical standards required to be complied by the practitioners, in addition to the regulations of this Code, relevant requirements of other

rules of the Company shall be applied.

- III. This Code shall be disclosed on the Company's website, annual report, prospectus and Market Observation Post System (MOPS) website, and the same requirements shall be applied to amendments thereof.
- IV. This Code shall be approved by the board of directors before implementation, and shall be submitted to all supervisors and reported to the shareholders' meeting. The same requirements shall be applied to amendments thereof.

V. Report on Amendment to Ethical Corporate Management Best Practice Principles of the Company
Ethical Corporate Management Best Practice Principles of the Company is enclosed as Attachment.

Description:

- (I) These Principles were amended according to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” announced by the Financial Supervisory Commission (FSC).
- (II) This proposal has been approved through a resolution of the 11th Meeting of Ninth Term Board of Directors’ Meeting.

China Ecotek Corporation

Ethical Corporate Management Best Practice Principles

Established on May 9, 2017
First Amendment on November 6, 2017
Second Amendment on November 5, 2018

Article I These Principles are established according to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices. These Principles are applicable to business groups and organizations comprising its subsidiaries, any foundation to which the company's direct or indirect contribution of funds exceeds 50 percent of the total funds received and other institutions or juridical persons which are substantially controlled by such company (hereinafter referred to as the "business group").

Article II When engaging in commercial activities, directors, supervisors, managers, employees and mandataries of the companies or persons having substantial control over such companies (hereinafter referred to as the "substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits nor commit unethical acts including breach of ethics, illegal acts or breach of fiduciary duty (hereinafter referred to as the "unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers,

employees or substantial controllers or other stakeholders. Article III "Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or by any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article IV The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules or other laws or regulations regarding commercial activities as the underlying basic premise to facilitate ethical corporate management.

Article V The Companies shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism to create an operating environment for sustainable development.

Article VI The Company further establishes the “China Ecotek Corporation Procedures for Ethical Management and Guidelines for Conduct” as the preventive programs according to the business philosophy and policy described in the preceding article and complies with the relevant laws of the region where the business group is located.

Article VII When establishing the prevention programs, the Company shall analyze which business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct and strengthen the preventive measures.

The prevention programs adopted by the Company shall at least include preventive measures against the following:

- I. Offering and acceptance of bribes.
- II. Illegal political donations.
- III. Improper charitable donations or sponsorship.
- IV. Offering or acceptance of unreasonable presents or hospitality or other improper benefits.
- V. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights and other intellectual property rights.
- VI. Engaging in unfair competitive practices.
- VII. Damage directly or indirectly caused to the rights or interests, health or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision or sale of products and services.

Article VIII The company and the business group shall clearly specify in the rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies and shall carry out the policies in internal management and in commercial activities.

Article IX The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether or not any of them are involved in unethical conduct and shall avoid any dealings with persons so involved.

When entering into contracts with important trading counterparties, the company shall include in such contracts terms requiring compliance with ethical corporate management policies and that in the event the trading counterparties are involved in unethical conduct, the

company may at any time terminate or rescind the contracts.

Article X When conducting business, TWSE/GTSM listed companies and their directors, supervisors, managers, employees, mandataries and substantial controllers, may not directly or indirectly offer, promise to offer, request or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants or other stakeholders. However, where it complies with the laws of the region where the operation takes place such restriction may not be applied.

Article XI When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and the directors, supervisors, managers, employees, mandataries, and substantial controllers of the Company, shall comply with the Political Donations Act and their own relevant internal procedures and shall not make such donations in exchange for commercial gains or business advantages.

Article XII When making or offering donations and sponsorship, the Company and the directors, supervisors, managers, employees, mandataries and substantial controllers of the Company shall comply with relevant laws and regulations and internal procedures and shall not surreptitiously engage in bribery.

Article XIII The Companies and the directors, supervisors, managers, employees, mandataries and substantial controllers of the Company shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article XIV The Company and the directors, supervisors, managers, employees, mandataries, and substantial controllers of the Company shall observe applicable laws and regulations, the company's internal procedures and

contractual provisions concerning intellectual property and may not use, disclose, dispose or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article XV The Company shall engage in business activities in accordance with applicable competition laws and regulations and shall comply with the regulations of the Fair Trade Act and relevant competition laws.

Article XVI In the course of research and development, procurement, manufacture, provision or sale of products and services, the Company and the directors, supervisors, managers, employees, mandataries and substantial controllers of the Company shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services.

Article XVII The directors, supervisors, managers, employees, mandataries and substantial controllers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments to ensure a thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the Company shall establish each dedicated unit responsible for the handling of the following matters and supervising the execution of matters as well as reporting to the board of directors on a regular basis:

- I. Human Resource Division:
 - (I) Planning of internal organization, staffing and job duties, establish mutual supervision and balance mechanisms for operating activities of relatively higher

unethical conduct risk in the scope of business.

(II) Promotion and coordination of ethical policy promotion.

II. Legal Office:

(I) Assisting in incorporating ethics and moral values into the company's business strategy.

(II) Establishing Ethical Management Operation Procedures and Code of Conduct according to regulatory system.

(III) Establishing and maintaining relevant company internal regulations, such as Code of Conduct for Directors and Supervisors, Code of Conduct for Practitioners and Regulations for Ethics of Practitioners, etc.

III. Auditing Office:

(I) Developing a whistle-blowing system and ensuring its operating effectiveness.

(II) Assisting the board of directors and management level in auditing and assessing whether or not the prevention measures taken for the purpose of implementing ethical management are effectively operating and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article XVIII The Company and the directors, supervisors, managers, employees, mandataries and substantial controllers of the Company shall comply with the laws and regulations and the prevention programs when conducting business.

Article XIX The Company shall adopt internal regulations for preventing conflicts of interests (such as Code of Conduct for Directors and Supervisors, Code of Conduct

for Practitioners and Regulations for Ethics of Practitioners) to identify, monitor and manage risks possibly resulting from unethical conduct.

When a proposal at a given board of directors' meeting concerns the personal interest of or the interest of the juristic person represented by any of the directors, supervisors, managers and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in the discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company' directors, supervisors, managers, employees, mandataries and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article XX The Company shall establish effective accounting systems and internal control systems, not have under-the-table accounts or keep secret accounts and conduct reviews regularly to ensure that the design and enforcement of the systems are showing results.

The internal auditors of the Company shall periodically examine the Company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors. The internal auditors may engage a certified public accountant to carry out the audit and may engage professionals to assist, if necessary.

Article XXI The Company shall establish the “Procedures for Ethical Management and Guidelines for Conduct” according to Article 6 to guide directors, supervisors, managers, employees and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:

- I. Standards for determining whether or not improper benefits have been offered or accepted.
- II. Procedures for offering legitimate political donations.
- III. Procedures and the standard rates for offering charitable donations or sponsorship.
- IV. Rules for avoiding work-related conflicts of interest and how they should be reported and handled.
- V. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
- VI. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
- VII. Handling procedures for violations of these Principles.
- VIII. Disciplinary measures on offenders.

Article XXII The chairman, general manager or senior management level of the Company shall communicate the importance of corporate ethics to its directors, employees and mandataries on a regular basis.

The Company shall periodically organize training and awareness programs for directors, supervisors, managers, employees, mandataries and substantial controllers and invite the companies' commercial transaction counterparties so that they understand the companies' resolve to implement

ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article XXIII The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

- I. Establish and announce the internal whistle-blowing system to allow company insiders and outsiders to submit reports.
- II. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or senior manager shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
- III. Documentation of case acceptance, investigation processes, investigation results and relevant documents.
- IV. Confidentiality of the identity of whistle-blowers and the content of reported cases.
- V. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.

When material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors or

supervisors in written form.

Article XXIV The Company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the company's internal website of the title and name of the violator, the date and details of the violation and the actions taken in response.

Article XXV The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of the ethical management policy. The Company shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on their company websites, annual reports and prospectuses and shall disclose their ethical corporate management best practice principles on the Market Observation Post System (MOPS).

Article XXVI The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, managers and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article XXVII These Principles shall be implemented after the board of directors grants the approval and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the Principles have been amended.

When the Company submits the Ethical Corporate Management Best Practice Principles to the board of directors for discussion pursuant to the 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. An independent director that cannot attend the board meeting in person to express his objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise and the opinion shall be specified in the minutes of the board of directors meeting.

VI. Report on Newly Established Procedures for Ethical Management and Guidelines for Conduct of the Company
The Procedures for Ethical Management and Guidelines for Conduct of the Company is enclosed as Attachment.

Description:

- (I) To implement the ethical corporation management policy, and to actively prevent unethical conducts, the Company establishes these Principles according to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Article 6 and Article 21 of the Ethical Corporate Management Best Practice Principles of the Company.
- (II) This proposal has been approved through a resolution of the 11th Meeting of Ninth Term Board of Directors’ Meeting.

China Ecotek Corporation Procedures for Ethical Management and Guidelines for Conduct

Established on November 5, 2018

Article I The Company performs business activities based on the principles of fairness, honesty, trust and transparency. To implement the ethical corporation management policy, and to actively prevent unethical conducts, the Company establishes these Procedures and Guidelines according to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Article 6 and Article 21 of the Ethical Corporate Management Best Practice Principles of the Company in order to specify the precautions for personnel of the Company performing duties.

These Procedures and Guidelines are applicable to business groups and subsidiaries of the Company, any foundation to which the Company's direct or indirect contribution of funds exceeds 50 percent of the total funds received and other institutions or juridical persons which are substantially controlled by such company.

For the matters specified in these Procedures and Guidelines where there are other regulations and rules specify others, such regulations and rules shall prevail.

Article II Employees of the Company described in these Procedures and Guidelines shall mean the directors, supervisors, managers, employees, mandataries and substantial controllers of the Company and business group.

Employees of the Company offer, promise to offer,

request or accept any improper benefits through a third party shall be determined to be an act committed by the employees of the Company.

Article III The unethical conducts described in these Procedures and Guidance shall mean that personnel of the Company directly or indirectly offer, accept, promise or request for any improper benefits or commit other acts breaching ethics, illegal or breach of fiduciary duty for purposes of acquiring of mainlining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or privately-owned businesses or institutions and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.

Article IV For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining or any other item of value in whatever form or name.

Article V The Auditing Office shall be responsible for the execution of these Procedures and Guidelines and shall handle the recording and filing of reports as well as the monitoring of implementation and the Auditing Office shall also submit regular reports to the board of directors.

The amendment, implementation, interpretation and advisory services with respect to these Procedures and Guidelines shall be handled by the Auditing Office.

Article VI When any personnel of the Company are provided with or are promised, , either directly or indirectly, any benefits as specified in Article 4 by a third party, such matter shall be handled according to the “Guidelines for Practitioners for Treats or Receiving Gifts Due to Job Duties.”

Article VII The Company shall neither provide nor promise any facilitating payment. If any personnel of the Company provides or promises a facilitating payment under threat or intimidation, they shall complete the “China Ecotek Corporation Employee Accepting Offer and Lobbying Report Logbook” for report and approval.

Article VIII According to Sub-paragraph 2 of Paragraph 1 of Article 7 of the Political Donations Act, the Company shall not provide any political donations.

Article IX Charitable donations or sponsorships by the Company shall be provided in accordance with the following provisions and reported to the supervisor in charge for approval; for donations to related parties or major donations to non-related parties, it shall be submitted to the board of directors’ meeting for discussion or ratification according to Subparagraph 7 of Paragraph 1 of Article 7 of the Regulations Governing Procedures for Board of Directors Meetings. The Auditing Office shall perform audits on the aforementioned donations and sponsorships and shall also prepare an audit report:

- I. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where the Company is doing business.
- II. A written record of the decision-making process shall be kept.
- III. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
- IV. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of the Company's commercial dealings or a party with

which any personnel of the Company has a relationship of interest.

- V. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

Article X The personnel of the Company shall comply with the Code of Conduct for Directors and Supervisors, Code of Conduct for Practitioners and Regulations for Ethics of Practitioners according to their job ranking respectively.

Article XI All personnel of the Company shall comply with the Code of Conduct for Directors and Supervisors, Code of Conduct for Practitioners and Regulations for Ethics of Practitioners according to their job ranking, respectively, and shall not disclose or deliver confidential information of the Company known to others, and shall not seek or collect confidential information of the Company unrelated to one's job duties.

Article XII All personnel of the Company shall adhere to the provisions of the Securities and Exchange Act, Code of Conduct for Directors and Supervisors, Code of Conduct for Practitioners and Regulations for Ethics of Practitioners, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other parties from using such information to engage in insider trading.

Article XIII Any organization or person outside of this Corporation that is involved in any merger, de-merger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Company shall be required to sign a non-disclosure

agreement in which they undertake not to disclose to any other party any trade secrets or other material information of the Company acquired as a result, and that they may not use such information without the prior consent of the Company.

Article XIV The Company shall disclose its policy of ethical management in its internal rules, annual reports, on the Company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

Article XV All personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterparty about the Company's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

Article XVI All personnel of the Company shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it from any further business interaction in order to effectively implement the Company's ethical management policy.

Article XVII Before entering into a contract with another party, the Company shall observe the ethical management policies of the Company and have them as part of the terms and conditions of the contract, stipulating at the least the following matters:

- I. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request or acceptance was made and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim damages and may also deduct the full amount of the damages from the contract price payable.
- II. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
- III. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article XVIII When the Company discovers or receives a report on personnel of the Company being involved in unethical conduct, the Company shall verify relevant facts immediately. If violations of relevant laws or ethical corporation management policies and regulations of the Company are verified to be true, then the perpetrator shall be requested to stop relevant actions and appropriate handling shall be made. In addition, when it is considered necessary, damage indemnification shall be claimed through legal

proceedings in order to protect the reputation and interests of the Company.

For unethical conduct that has already occurred, the Company shall request the relevant unit to review the relevant internal control system and operating procedures, and shall submit improvement measures in order to prevent identical actions from recurring again.

The Auditing Room shall report the unethical conduct, its handling method and subsequent review and improvement measures to the board of directors.

Article XIX In case where personnel of the Company encounter any unethical conduct of others on the Company and if such conduct is illegal then the Company shall inform judicial and prosecution agency about relevant facts. In case where it involves government agency or government officials, the government integrity agency shall be informed.

Article XX The Company shall incorporate the ethical management into the employee performance evaluations and human resources policy and shall establish clear and effective systems for rewards, discipline and whistle-blowing system.

If any personnel of the Company seriously violates ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with the applicable laws and regulations or the personnel policies and procedures of the Company.

The Company shall disclose on its intranet information the name and title of the violator, the date and details of the violation and the actions taken in response.

Article XXI These Procedures and Guidelines, and any

amendments hereto, shall be implemented after adoption by resolution of the board of directors and shall be delivered to each supervisor and reported to the shareholders' meeting.

When these Procedures and Guidelines are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations shall be recorded in the minutes of the board of directors' meeting. An independent director that is unable to attend a board meeting in person to express his/her objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors' meeting.

VII. Report on Newly Established Corporate Governance Best Practice Principles of the Company

Corporate Governance Best Practice Principles of the Company is enclosed as Attachment.

Description:

- (I) To establish a proper corporate governance system and construct effective corporate governance structure and to cooperate with the corporate governance assessment conducted by the Financial Supervisory Commission, the Company establishes these Principles according to the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.”
- (II) This proposal has been approved through resolution of the 11th Meeting of the Ninth Term Board of Directors’ Meeting.

China Ecotek Corporation

Corporate Governance Best Practice Principles

Established on December 20, 2018

Chapter 1 General Rules

Article 1 (Legislative Purpose)

To establish sound corporate governance systems and construct effective corporate governance structure, the Company establishes these Principles according to the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” jointly established by the Taiwan Stock Exchange Corporation (TWSE) and the Taipei Exchange (TPEX) for compliance thereof.

Article 2 (Principles of Corporate Governance)

When setting up the corporate governance system, in addition to complying with relevant laws, regulations, articles of incorporation, contracts signed with the TWSE or TPEX and other relevant regulations, the Company shall follow the following principles:

- I. Protect the rights and interests of shareholders.
- II. Strengthen the powers of the board of directors.
- III. Respect the rights and interests of stakeholders.
- IV. Enhance information transparency.

Article 3 (Establish Internal Control System)

The Company shall follow the Criteria Governing Establishment of Internal Control Systems by Public Reporting Companies and take into consideration the overall operational activities of itself and its subsidiaries to design and fully implement an internal control system and shall conduct continuing reviews of the system, in order to ensure the continued effectiveness of its design and implementation in light of changes in the company's

internal and external environment.

The establishment or amendment of the internal control system of the Company shall be submitted and passed by a resolution of the board of directors. If an independent director expresses his/her dissenting opinion or qualified opinion, such opinion shall be recorded in the board of directors' meeting minutes.

The Company shall perform full self-assessments of its internal control system. Its board of directors and management level shall review the results of the self-assessments by each department and the reports of the internal audit department at least annually, Directors and supervisors shall periodically hold discussions with their internal auditors about reviews of internal control system deficiencies. A record of the discussions shall be kept, and the discussions shall be followed up, improvements implemented, and a report submitted to the board of directors.

The management of the Company shall pay special attention to the internal audit department and its personnel, fully empower them and urge them to conduct audits effectively, to evaluate problems of the internal control system and assess the efficiency of its operations to ensure that the system can operate effectively on an on-going basis, and to assist the board of directors and the management to perform their duties effectively so as to ensure a sound corporate governance system.

To implement the internal control system, to strengthen the professional abilities of the deputies of the internal auditors and to further improve and maintain the quality and execution result of the audit, the Company shall have deputies in place for the duties of the internal auditors.

The regulations of the required qualification for internal auditors specified in Paragraph 6 of Article 11 of the Regulations Governing Establishment of Internal Control Systems by Public Companies and Article 16, Article 17 and Article 18 thereof shall be applied to the deputy personnel described in the preceding paragraph.

Article 3-1 (Personnel Responsible for the Corporate Governance Related Affairs)

The Company may establish corporate governance dedicated (adjunct) unit or personnel to be responsible for the corporate governance related affairs, and the Vice President of the Management Department shall be responsible for the supervision thereof.

It is required that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:

- I. Handling company registration and alternation registration.
- II. Handling matters relating to board meetings and shareholders' meetings according to laws and assisting the Company to comply with relevant laws for the convention of board meetings and shareholders' meetings.
- III. Producing minutes of board meetings and shareholders' meetings.
- IV. Furnishing information required for business execution by directors and latest development of laws related to corporate management in order to assist directors to comply with the laws.
- V. Handle matters related to investor relationship.
- VI. Other matters set out in the articles or corporation or contracts.

Chapter II Production of Shareholders' Rights and Interests

Section 1 Encouraging Shareholders to Participate in Corporate Governance

Article 4 (Protecting Shareholders' Rights and Interests)

The corporate governance system of the Company shall be designed to protect shareholders' rights and interests and treat all shareholders equitably.

The Company shall establish a system of corporate governance that ensure shareholders' rights such as being fully informed, participating in and making decisions over important matters of the Company.

Article 5 (Convention of Shareholders' Meeting and Establishment of Complete Meeting Procedures by the Company)

The Company shall convene shareholders' meetings in accordance with the provisions of the Company Act and related acts and regulations, and formulate comprehensive rules of procedure. The rules of procedure shall be strictly implemented for matters requiring a resolution of the shareholders' meeting.

Resolutions adopted by a shareholders' meeting of the Company shall conform with the acts and regulations and the company's Articles of Incorporation.

Article 6 (Board of Directors of the Company shall properly arrange shareholders' meeting proposals and procedures)

The board of directors of the Company shall properly arrange the agenda items and procedures for shareholders' meetings and formulate the principles and procedures for shareholder nominations of directors and supervisors and submissions of shareholder proposals. The board shall also properly handle the proposals duly submitted by shareholders. Arrangements shall be made to hold shareholders' meetings at a convenient location, with sufficient time allowed and sufficient number of suitable personnel

assigned to handle attendance registrations. No arbitrary requirements shall be imposed on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Shareholders shall be granted reasonable time to deliberate on each proposal and an appropriate opportunity to make statements.

For a shareholders' meeting called by the board of directors, it is advisable that the board chairperson chair the meeting, that a majority of the directors (including at least one independent director) attend in person. Attendance details should be recorded in the shareholders' meeting minutes.

Article 7 (The Company shall encourage shareholders to participate in corporate governance)

The Company shall encourage its shareholders to actively participate in corporate governance. It is advisable that the company engage a professional shareholder services agent to handle shareholders meeting matters, so that shareholders' meetings can proceed on a legal, effective and secure basis. The Company shall seek all ways and means, including fully exploiting technologies for information disclosure, to upload annual reports, annual financial statements, notices, agendas and supplementary information of shareholders' meetings in both Chinese and English concurrently and shall adopt electronic voting, in order to enhance shareholders' attendance rates at shareholders' meetings and ensure the exercise of their rights at such meetings in accordance with the law.

The Company adopts electronic voting. During the electronic voting of a shareholders' meeting, it shall also avoid raising extraordinary motions and amendments to original proposals.

The Company is advised to arrange for their shareholders to vote on each separate proposal in the shareholders' meeting agenda and following the conclusion of the meeting, to enter the voting results the same day, namely the numbers of votes cast for and against and the number of abstentions, on the Market Observation

Post System (MOPS).

Where the Company issues shareholders' meeting souvenirs to shareholders, there shall be no differentiated treatment or discrimination.

Article 8 (Shareholders' meeting minutes)

The Company shall keep minutes of the shareholders' meetings in accordance with the Company Act and related acts and regulations, in which it shall record the year, month, and date of the meeting, its location, the chairman's name and the method of resolution. The minutes shall also record a summary of the deliberations and the results. With respect to the election of directors, the meeting minutes shall record the method of voting adopted therefore and the total number of votes for the elected directors.

The shareholders meeting minutes shall be properly and perpetually kept by the Company during its legal existence, and shall be sufficiently disclosed on the Company's website.

Article 9 (Chairperson of shareholders' meeting shall be fully familiar and comply with the rules of procedure adopted by the Company)

The chairperson of the shareholders' meetings shall be fully familiar and comply with the rules governing the proceedings of the shareholders meetings established by the Company. The chairperson shall ensure the proper progress of the proceedings of the meetings and may not adjourn the meetings at will.

In order to protect the rights and interests of the majority of the shareholders, in case where the meeting is announced to be adjourned due to a violation of the procedural rules by the chairperson, other members of the board of directors are advised to promptly assist attending shareholders in electing a new chairperson in accordance with statutory procedures, by a resolution to be adopted by a majority of the votes represented by the shareholders attending the meeting, and continue the meeting.

Article 10 (The Company shall value the shareholders' right to know)

The Company shall place a high importance on the shareholders' right to know, and shall faithfully comply with the applicable regulations regarding information disclosure in order to provide shareholders with regular and timely information on Company financial conditions and operations, insider shareholdings and corporate governance status through the MOPS or the website established by the Company.

To treat all shareholders equally, it is advisable that the Company concurrently disclose the information under the preceding paragraph in English.

To protect its shareholders' rights and interests and ensure their equal treatment, the Company shall adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the market.

Article 11 (Shareholders shall be entitled to profit distributions by the Company)

Shareholders shall be entitled to profit distributions by the Company. In order to ensure the investment interests of shareholders, the shareholders' meeting may, pursuant to Article 184 of the Company Act, examine the statements and books prepared and submitted by the board of directors, and may decide profit distributions and deficit off-setting plans by resolution. In order to proceed with the above examination, the shareholders' meeting may appoint an inspector.

The shareholders may, pursuant to Article 245 of the Company Act, apply with the court to select an inspector in examining the accounting records and assets of the Company.

The board of directors and managers of the Company shall

fully cooperate in the examination conducted by the inspectors in the aforesaid two paragraphs without any circumvention, obstruction or rejection.

Article 12 (Material financial and business transactions shall be approved by the shareholders' meeting)

In entering into material financial and business transactions such as acquisition or disposal of assets, lending funds and making endorsements or providing guarantees, the Company shall proceed in accordance with the applicable laws and/or regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the shareholders' meeting to protect the interests of the shareholders.

When the Company is involved in a merger, acquisition or public tender offer, in addition to proceeding in accordance with the applicable laws and/or regulations, it shall not only pay attention to the fairness, rationality, etc. of the plan and transaction of the merger, acquisition or public tender offer, but also to the information disclosure and the soundness of the Company's financial structure thereafter.

The relevant personnel of the Company handling the matters in the preceding paragraph shall pay attention to the occurrence of any conflicts of interest and the need for recusal.

Article 13 (The Company shall have staff exclusively responsible for handling shareholders' suggestions)

In order to protect the rights and interests of shareholders, it is advisable for the Company to have staff that will be exclusively responsible for handling shareholders' suggestions, questions or disputes.

The Company shall properly deal with any legal action duly instituted by shareholders in which it is claimed that shareholders' rights and interests were damaged by a resolution adopted at a shareholders' meeting or a board of directors' meeting in violation

of applicable laws, regulations, or the company's articles of incorporation or that such damage was caused by a breach of applicable laws, regulations or the Company's articles of incorporation by any directors or managers in performing their duties.

It is advisable that the Company adopt internal procedures for appropriate handling of matters referred to in the preceding two paragraphs and that it shall keep relevant written records for future reference and incorporate the procedures in its internal control system for management purposes.

Section 2 Establishing a Mechanism for Interaction with Shareholders

Article 13-1 (The board of directors is responsible for establishing a mechanism for interaction with shareholders)

The board of directors of the Company is responsible for establishing a mechanism for interaction with shareholders to enhance mutual understanding of the development of Company's objectives.

Article 13-2 (Efficient communication with shareholders to gain their support)

In addition to communicating with shareholders through shareholders' meetings and encouraging shareholders to participate in such meetings, the board of directors of the Company together with the managerial officers and independent directors shall engage with shareholders in an efficient manner to ascertain shareholders' views and concerns, and expound company policies explicitly, in order to gain shareholders' support.

Section 3 Corporate Governance Relationships Between the Company and Its Affiliated Enterprises

Article 14 (Establish firewalls)

The Company shall clearly identify the objectives and the division of authority and responsibility between it and its affiliated

enterprises with respect to the management of personnel, assets and financial matters, and shall properly carry out risk assessments and establish appropriate firewalls.

Article 15 (The Managerial officer shall not concurrently serve as manager of affiliated enterprise thereof)

A director taking any action on behalf of himself or another person that falls within the scope of the Company's business shall explain to the shareholders' meeting the material terms of the act and secure its approval.

Article 16 (Establish sound systems for the management of finance, operations and accounting)

The Company shall establish sound objectives and systems for the management of finance, operations and accounting in accordance with the applicable laws and regulations. It shall further, together with its affiliated enterprises, properly conduct an overall risk assessment of major banks they deal with and customers and suppliers, and implement the necessary control mechanisms to reduce credit risk.

Article 17 (When the Company and its affiliated enterprises enter into inter-company business transactions, they shall be based on the principle of fair dealing and reasonableness)

When the Company and its affiliated enterprises enter into inter-company business transactions, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair dealing and reasonableness. Any contractual agreements shall include a clear stipulation of the terms and conditions governing prices and payment methods and shall preclude any transactional irregularities.

All transactions or contracts made by and between the Company and its affiliated persons and shareholders shall follow the principles set forth in the preceding paragraph, and improper

channeling of profits is strictly prohibited.

Article 18 (Required compliance for corporate shareholder having controlling power over the Company)

A corporate shareholder having controlling power over the Company shall comply with the following provisions:

- I. It shall bear a duty of good faith to other shareholders and shall not directly or indirectly cause the Company to conduct any business which is contrary to normal business practice or is not profitable.
- II. Its representative shall follow the rules implemented by the Company with respect to the exercise of rights and participation of resolution, so that at a shareholders meeting, the representative shall exercise his/her voting right in good faith and for the best interest of all shareholders and shall exercise the fiduciary duty and duty of care of a director or supervisor.
- III. It shall comply with the relevant laws, regulations and the articles of incorporation of the Company in nominating directors or supervisors and shall not act beyond the authority granted by the shareholders' meeting or board meeting.
- IV. It shall not improperly intervene in corporate policy making or obstruct corporate management activities.
- V. It shall not restrict or impede the management or production of the Company by methods of unfair competition such as monopolizing corporate procurement or foreclosing sales channels.
- VI. The representative that is designated when a corporate shareholder has been elected as a director or supervisor shall meet the Company's requirements for professional qualifications. Arbitrary replacement of the corporate shareholder's representative is inappropriate.

Article 19 (Registry of major shareholders and major shareholders with ultimate controls)

The Company shall retain at all times a registry of major shareholders who own a relatively high percentage of shares and have controlling power and of the persons with ultimate control over those major shareholders.

The Company shall periodically disclose important information about its shareholders holding more than 10% of the outstanding shares of the company relating to the pledge, increase or decrease of share ownership or other matters that may possibly trigger a change in the ownership of their shares.

A major shareholder as described in Paragraph 1 shall mean a shareholder who owns 5 percent or more of the equity shares or whose equity shareholding ratio is among the top 10 shareholders.

Chapter III Enhancing the Functions of the Board of Directors

Section 1 Structure of the Board of Directors

Article 20 Capabilities required for the entire board of directors)

The board of directors of the Company shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders' meetings.

The structure of the Company's board of directors shall be determined by choosing an appropriate number of board members, not less than five, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs.

The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of

the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

I. Basic requirements and values: Gender, age, nationality, and culture.

II. Professional knowledge and skills: A professional background (*e.g.*, law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the entirety of the board of directors shall possess the following abilities:

I. Ability to make operational judgments.

II. Ability to perform accounting and financial analysis.

III. Ability to conduct management administration.

IV. Ability to conduct crisis management.

V. Knowledge of the industry.

VI. Knowledge of international markets.

VII. Ability to lead.

VIII. Ability to make policy decisions.

Article 12 (Establish fair, just, open procedure for election of directors)

The Company shall, according to the principles for the protection of shareholder rights and interests and equitable treatment of shareholders, establish a fair, just, and open procedure for the election of directors, encourage shareholder participation, and adopt the cumulative voting mechanism pursuant to the Company Act in order to fully reflect shareholders' views.

Except where the competent authority has granted approval, the spouse, or persons related within the second degree of kinship may not exist among more than half of the Company's directors.

When the number of directors falls below five due to the

discharge of a director for any reason, the Company shall hold a by-election for director at the following shareholders meeting. When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the Company shall convene a special shareholders meeting within 60 days of the occurrence of that fact for a by-election for director(s).

The total aggregate shareholding ratio of all of the directors of the Company's board of directors shall comply with relevant acts and regulations, and restrictions on share transfers, creation or releases of pledges, or changes in share ownership of each director shall be carried out in accordance with regulations, with full disclosure of relevant information.

Article 22 (Specify a nominated candidate system for the election of directors in the Articles of Incorporation)

The Company is advised to specify in its Articles of Incorporation that it is adopting the candidate nomination system for the election of directors, carefully review the qualifications of the nominated candidates for directors recommended by the shareholders or directors and the existence of any other matters set forth in Article 30 of the Company Act, and shall not additionally list other qualification criteria proof documents. In addition, the review results shall be submitted to the shareholders for review in order to elect competent directors.

The board of directors shall assess carefully the qualifications and other matters listed in the preceding paragraph and the willingness of a candidate to act as a director after being so elected, before proposing a roster of director candidates as required.

Article 23 (Board of directors of the Company shall clearly distinguish the duties and responsibilities of functional committee, Chairman and President).

Clear distinctions shall be drawn between the duties and responsibilities of the Chairman and President of the Company.

The Chairman is not advised to concurrently serve as the

President. If the two positions of the Chairman and the President are held by the same person or by two persons in a spousal relationship or by persons within the first degree of kinship, it is advisable to increase the number of independent directors.

The Company with a functional committee shall clearly define the responsibilities and duties of the committee.

Section 2 Independent Director System

Article 24 (The Company may appoint independent directors according to the Articles of Incorporation)

The Company shall appoint independent directors in accordance with its Articles of Incorporation. The number of independent directors shall not be less than two in number and shall not be less than one-fifth of the total number of directors.

Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings. Applicable laws and regulations shall be observed and, in addition, it is not advisable for an independent director to hold office concurrently as a director (including independent director) or supervisor of more than five other TWSE/TPEX listed companies. Independent directors shall also maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the Company.

The election of independent directors of the Company shall adopt the candidate nomination system according to Article 192-1 of the Company Act, and shall be expressly stated in the Articles of Incorporation. Shareholders shall elect independent directors from among those listed in the roster of independent directors. Election for the independent directors and non-independent directors shall be conducted according to Article 198-1 of the Company Act, and the number of elected independent directors and non-independent directors shall be counted separately.

If the Company and its group enterprises and organizations, and another company and its group enterprises and organizations

nominate for each other any director, supervisor or managerial officer as a candidate for an independent director of the other, the Company shall, at the time it receives the nominations for independent directors, disclose the fact and explain the suitability of the candidate for independent director. If the candidate is elected as an independent director, the Company shall disclose the number of votes cast in favor of the elected independent director.

The "group enterprises and organizations" in the preceding paragraph comprise the subsidiaries of the Company, any foundation to which the Company's cumulative direct or indirect contribution of funds exceeds 50% of its endowment, and other institutions or juristic persons that are effectively controlled by the Company.

Independent directors and non-independent directors shall not exchange their positions during their terms as directors.

When any independent director is dismissed for any reason, causing the number to fall below the number as required by Paragraph 1 or the Articles of Incorporation, the company shall hold a by-election for independent directors at the next following shareholders meeting. When all independent directors are dismissed, the Company shall convene a special shareholders meeting within 60 days of the occurrence of that fact to hold a by-election for independent directors.

The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies, and the rules and regulations of the Taiwan Stock Exchange.

Article 25 (Matters required for approval through a resolution of the board of directors' meeting)

The Company has independent directors, and shall submit the

following matters to the board of directors for approval by resolution as provided in the Securities and Exchange Act. When an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the directors' meeting:

- I. Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- II. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- III. A matter bearing on the personal interest of a director.
- IV. A material asset or derivatives transaction.
- V. A material monetary loan, endorsement, or provision of a guarantee.
- VI. The offering, issuance, or private placement of any equity-type securities.
- VII. The hiring, discharge, or compensation of an attesting CPA.
- VIII. Appointment or discharge of a financial, accounting, or internal audit officer.
- IX. Any other material matter so required by the competent authority.

Article 26 (Remuneration of independent directors)

The Company or other board members shall not restrict or obstruct the performance of duties by the independent directors.

The remuneration of independent directors of the Company shall be determined by the board of directors according to relevant standards adopted in the industry and TWSE/TPE listed companies.

Section 3 Functional Committees

Article 27 (Functional committees)

For the purpose of developing supervisory functions and strengthening management mechanisms, the board of directors of

the Company, in consideration of the Company's scale and type of operations and the number of its board members, may set up functional committees for auditing, remuneration, nomination, risk management or any other functions, and based on concepts of corporate social responsibility and sustainable operation, may set up environmental protection, corporate social responsibility, or other committees, and expressly provide for them in the articles of incorporation.

Functional committees shall be responsible to the board of directors and submit their proposals to the board of directors for approval,

The functional committees shall adopt organizational regulations to be approved by a resolution of the board of directors. The organizational regulations shall include at least the number of members in the committee, their term of office and powers and duties, rules of procedure and the resources that the Company shall provide when they exercise their powers and duties.

Article 28 (Supervisors)

The Company has three supervisors and adopts the candidate nomination system with the term of office of three years. Supervisors with capability shall be elected by the shareholders' meeting according to the regulations of the Company Act, and re-election shall be applicable.

Article 29 (Establish Remuneration Committee)

The Company establishes a remuneration committee. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter" and the regulations of the Remuneration Committee Charter of the Company.

The remuneration committee shall act as a prudent administrator with due care to perform the responsibilities specified in Paragraph 1 of Article 5 of the Remuneration Committee Charter of the Company faithfully, and shall submit the recommendations proposed to the board of directors for discussion.

During the performance of the duties described in the preceding paragraph, the remuneration committee shall execute according to the principles specified in Paragraph 2 of Article 5 of the Remuneration Committee Charter of the Company.

Article 30 (Whistle-blowing system)

The Company is advised to establish and announce channels for internal and external whistleblowers and have whistleblower protection mechanisms in place. The unit that handles whistleblowers' reporting shall be independent, provide encrypted protection for the files furnished by whistleblowers, and appropriately restrict access to such files. It shall also formulate internal procedures and incorporate those procedures into the company's internal control system for management purposes.

Article 31 (Professional, responsible CPA with independence)

To improve the quality of financial reports, the Company shall install a functional deputy for the principle accounting officer.

To enhance the professional abilities of the deputy accounting officer of the preceding paragraph, the deputy's continuing education shall proceed following the schedule of the principal accounting officer.

Relevant accounting personnel preparing financial reports shall also accept educational trainings on professional related courses for more than six hours per year, and its educational training methods may include the participation in the Company's internal educational trainings or professional courses organized by the accounting authority training institutions.

The Company shall select a professional, responsible and independent CPA who shall perform regular audits of the

Company's financial condition and internal control measures. When the auditor makes timely discovery of any irregularities or deficiencies during the course of the review and provides concrete measures for their improvement or for prevention, the Company shall review the matter and effect improvement. It is advisable for the Company to establish channels and mechanisms of communication between the independent directors or supervisors and the attesting CPA, and adopt internal operational procedures for that purpose incorporate them into the Company's internal control system for management purposes.

The Company shall evaluate the independence and suitability of the CPA engaged by the company regularly, and no less frequently than once annually. In the event that the Company engages the same CPA without replacement for 7 years consecutively, or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the Company shall evaluate the necessity of replacing the CPA and submit its conclusion to the board of directors.

Article 32 (Provide appropriate legal service to the Company)

It is advisable that the Company engage a professional and competent legal counsel to provide adequate legal consultation services to the Company, or to assist the directors, the supervisors and the management to improve their knowledge of the law, for the purposes of preventing any infraction of laws or regulations by the company or its staff and ensuring that corporate governance matters proceed pursuant to the relevant legal framework and the prescribed procedures.

When, as a result of performing their lawful duties, directors, supervisors or the management are involved in litigation or a dispute with shareholders such that a party is involved in any litigations or legal proceedings, the Company may provide compensation to all of the actual and necessary expenses, including attorney fee, borne by such personnel due to the litigations or legal proceedings or due to the filing of appeals thereof. However, where

it is due to malpractice or violation of job duties of such personnel, the personnel shall bear all expenses and liabilities on his or her own. The compensation right of such personnel described in this article shall not exclude any other rights and interests entitled to such personnel.

Section 4 Rules for the Proceedings and Decision-Making Procedures of Board Meetings

Article 33 (Convening board of directors' meeting)

The board of directors of the Company shall meet at least once every quarter or convened at any time in case of an emergency. To convene a board meeting, a meeting notice which specifies the purposes of the meeting shall be sent to each director and supervisor no later than seven days before the scheduled date. Sufficient meeting materials shall also be prepared and enclosed in the meeting notice. If the meeting materials are deemed inadequate, a director may request for supplemental materials or request for a postponement of the meeting based on the resolution of the board of directors.

The Company shall adopt rules of procedure for board meetings, which shall follow the Regulations Governing Procedure for Board of Directors Meetings of Public Companies with regard to the content of deliberations, procedures, matters to be recorded in the meeting minutes, public announcements and other matters for compliance.

Article 34 (Self-discipline of directors)

Directors shall exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in the discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also

may not act as another director's proxy to exercise voting rights on that matter.

Matters requiring the voluntary recusal of a director shall be clearly set forth in the rules of procedure for board meetings.

Article 35 (Independent director and board of directors' meeting)

When a board meeting is convened to consider any matter submitted to it pursuant to Article 14-3 of the Securities and Exchange Act, an independent director of the Company shall attend the board meeting in person, and may not be represented by a non-independent director via proxy. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of directors meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion before the board meeting unless there are justifiable reasons for failure to do so and the opinion shall be noted in the minutes of the board of directors meeting.

For a resolution of board of director's meeting, where an independent director has a dissenting or qualified opinion which is on record or stated in a written statement, the decisions made by the board of directors shall be noted in the meeting minutes, and in addition, publicly announced and filed on the MOPS two hours before the beginning of trading hours on the first business day after the date of the board meeting.

During a board meeting, managerial officers from relevant departments who are not directors may, in view of the meeting agenda, sit in at the meetings, make reports on the current business conditions of the Company and respond to inquiries raised by the directors. When it is considered necessary, a CPA, legal counsel or other professionals may be invited to attend the meetings to assist the directors in understanding the conditions of the company for the purpose of adopting an appropriate resolution, provided that they

shall leave the meeting when deliberation or voting takes place.

Article 36 (Board of directors' meeting minutes)

Secretarial personnel for the Company's boards of directors shall duly keep full and accurate minutes of board of directors' meetings, a summary of the deliberation on all proposals, and the method of resolution and the results of voting in accordance with applicable regulations.

The minutes of the board of directors' meetings shall be signed by the chairperson and secretary of the meeting and sent to each director and supervisor within 20 days after the meeting. The directors' attendance records shall be made part of the meeting minutes, treated as important corporate records and kept safe permanently during the life of the Company.

The production, distribution, and preservation of the meeting minutes may be done in electronic form.

A company shall record on audio or video tape the entire proceedings of a board of directors meeting, and preserve the recordings for at least 5 years, in electronic form or otherwise.

If before the end of the period for keeping documentation under the preceding paragraph any litigation arises with respect to a resolution of a board of directors meeting, the relevant audio or video documentation shall continue to be kept, in which case the preceding paragraph does not apply.

Where a board of directors' meeting is held via teleconference or video conference, the audio or video recordings of the meeting shall form a part of the meeting minutes and shall be preserved permanently.

Where a resolution of the board of directors violates laws or regulations, the Articles of Incorporation, or shareholders' meeting resolutions, with resulting injury to the Company, dissenting directors whose dissent is documented by the minutes or by written declarations will not be liable for damages.

Article 37 (Matters required for submission to the board of

directors' meeting for discussion)

The Company shall submit the following items for discussion by the board of directors:

- I. Corporate business plan.
- II. Annual financial reports.
- III. Adoption or amendment of the internal control system.
- IV. Adoption or amendment of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others or endorsements or guarantees for others.
- V. The offering, issuance, or private placement of any equity-type securities.
- VI. Appointment or discharge of a financial, accounting or internal audit officer.
- VII. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
- VIII. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders meeting or to be submitted to a meeting of the board of directors, or any material matter as may be prescribed by the competent authority.

With the exception of the items to be submitted for discussion by the board of directors described in Paragraph 1, with respect to the delegation by the board of directors, in accordance with laws and regulations or the company's articles of incorporation, of powers of the board exercisable during periods when it is not in session, the levels of such delegation and the content and matters covered by it shall be specific; general authorization is not permitted.

Article 38 (Delivery of resolution matters of the board of directors' meeting to the appropriate executing unit or personnel)

The Company shall entrust the appropriate corporate departments and personnel to handle matters pursuant to board of directors' resolutions, requiring that their execution be consistent with the planned schedule and objectives, and shall follow up on these matters and faithfully evaluate their implementation.

The board of directors shall remain informed of the progress of implementation and report to the board of directors timely according to the progress of implementation in order to ensure the actual implementation of the board's management decisions.

Section 5 Fiduciary Duty, Duty of Care and Responsibility of Directors

Article 39 (Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator)

Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the company, they shall exercise their powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by law for approval in shareholders' meetings or in the articles of incorporation, they shall ensure that all matters are handled according to the resolutions of board of directors.

Board resolutions involving corporate management and development or the direction of major policies shall be considered with great care, and shall not be allowed to influence the promotion or implementation of corporate governance.

Article 40 (Request or inform board of directors to discontinue of its implementation of resolution)

If a resolution of the board of directors violates law, regulations or the company's articles of incorporation, then at the

request of shareholders holding shares continuously for a year or an independent director or at the notice of a supervisor to discontinue the implementation of the resolution, members of the board shall take appropriate measures or discontinue the implementation of such resolution as soon as possible.

Discovery by any member of the board of directors of a likelihood of material injury to the company shall be handled pursuant to the provisions of the preceding paragraph, and shall be immediately reported to the supervisors.

Article 41 (Directors' liability insurance)

The Company shall apply for directors' liability insurance with respect to liabilities resulting from exercising their duties during their terms of occupancy so as to reduce and spread the risk of material harm to the company and shareholders arising from the wrongdoings or negligence of a director.

The Company is advised to report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has taken out or renewed for directors, at the next board meeting.

Article 42 (Members of board of directors participating in training courses)

Members of the board of directors are advised to participate in training courses on finance, risk management, business, commerce, accounting, law or corporate social responsibility offered by institutions designated in the Rules Governing Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies, which cover subjects relating to corporate governance upon becoming directors and throughout their terms of occupancy. They shall also ensure that company employees at all levels will enhance their professionalism and knowledge of the law.

Chapter IV Empowering Supervisors

Section 1 Functions of Supervisors

Article 43 (Establish fair, just, open procedures for the election of supervisors)

The Company shall stipulate a fair, just, and open procedure for the election of supervisors, and shall adopt a cumulative voting mechanism pursuant to the Company Act to fully reflect the opinions of the shareholders.

The Company shall take into consideration the needs of overall business operations and comply with the rules of the TWSE in setting the minimum number of supervisors.

The aggregate shareholding percentage of all of the supervisors of the Company shall comply with the laws and regulations. Restrictions on share transfers by each supervisor and the creation, release or changes in pledges of shares held by each supervisor shall comply with the relevant laws and regulations, and the relevant information shall be fully disclosed. °

Article 44 (Specify nominated candidate system for the election of supervisors in the Articles of Incorporation)

The Company is advised to specify in its Articles of Incorporation that it adopts the candidate nomination system for the election of supervisors, carefully review the qualifications of the nominated candidates for supervisors recommended by the shareholders or directors and the existence of any other matters set forth in Article 30 of the Company Act, and shall not additionally list other qualification criteria proof documents. In addition, the review result shall be submitted to the shareholders for review in order to elect competent supervisors.

The board of directors shall assess carefully the qualifications and other matters listed in the preceding paragraph and the willingness of a candidate to act as supervisor after being so elected, before proposing a roster of supervisor candidates as required.

Article 45 (Among supervisors or among supervisors and directors, there shall be at least one or more among whom there does not exist any relationship of spouse or of kinship within the second degree)

The Company, unless otherwise approved by the competent authority, among the supervisors, or among the supervisors and directors, there shall be at least one or more among whom there does not exist any relationship of spouse or of kinship within the second degree.

The Company shall select appropriate supervisors with reference to the provisions regarding independence in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, in order to strengthen the company's risk management and financial and operational controls.

Supervisors shall have domestic domiciles in order to facilitate the timely exercise of supervision.

Section 2 Powers and Obligations of Supervisors

Article 46 (Supervisors shall be familiar with the relevant laws and regulations, understand rights, obligations and duties of directors of the Company)

A supervisor shall be familiar with the relevant laws and regulations, and shall understand the rights, obligations, and duties of directors of the company and the functions, duties and operations of each department. A supervisor shall attend meetings of the board of directors to supervise their operations and to state his/her opinions when appropriate to grasp or discover any abnormal situations early on.

The Company shall stipulate the supervisor's remuneration in its Articles of Incorporation or by an approval in a shareholders' meeting.

Article 47 (Supervisors shall monitor the implementation of the Company's operations and the directors' and managerial officers' performance of their duties)

Supervisors shall monitor the implementation of the Company's operations and the directors' and managerial officers' performance of their duties, and shall give due attention to the implementation of the internal control system, In order to lower the possibility of financial crisis and to manage risks.

When a director, for himself or herself or on behalf of another, conducts any purchase or sale, lending, or any legal act with the company, a supervisor shall act as the Company's representative.

Article 48 (Supervisors may investigate the operational and financial condition of the Company from time to time)

A supervisor may investigate the operational and financial condition of the Company from time to time, and the relevant departments in the Company shall cooperate in providing the account books or documents required for auditing.

When reviewing the finances or operations of the Company, a supervisor may retain attorneys or accountants on behalf of the Company to perform the review; provided, the Company shall inform the relevant persons of their confidentiality obligations.

The board of directors or managers shall submit reports in accordance with the request of the supervisors and shall not for any reason circumvent, obstruct, or refuse the inspection of the supervisor.

When a supervisor performs his/her duties, the Company shall provide necessary assistance as needed by the supervisor, and the reasonable expenses that the supervisor needs shall be borne by the Company.

Article 49 (Establish channels of communication between employees, shareholders, stakeholders, and supervisors)

In order to allow supervisors to make timely discovery of

possible abuses, the Company shall establish channels of communication between employees, shareholders, stakeholders, and supervisors.

Upon discovering any irregular conduct, a supervisor shall take appropriate measures timely to curb the expansion of the irregular conduct, and file a report to the relevant regulatory authorities or agencies if necessary.

When an independent director or general manager, an officer of the finance, accounting, research and development, or internal audit department, or a CPA resigns or is removed from his/her position, the supervisors shall investigate the reasons.

The supervisor shall be liable for damages in the event that neglect of his or her duties results in injury to the Company.

Article 50 (Supervisors exercise individual supervisor's powers, respectively)

Based on the overall interests of the Company and shareholders, any supervisor of the Company, in exercising their individual supervisory powers, may exchange opinions by means of meetings, but may not thereby impede the exercise of independent supervisory powers by any other individual supervisor.

Article 51 (Supervisors' liability insurance)

The Company shall apply supervisors' liability insurance with respect to liabilities resulting from the exercise of duties during their terms, so as to reduce and spread the risk of material harm to the company and shareholders arising from the wrongdoing or negligence of a supervisor.

The Company is advised to report the insured amount, coverage, premium rate and other major contents of the liability insurance it has taken out or renewed for supervisors, at the next board meeting.

Article 52 (Supervisors participating in training courses)

Upon becoming supervisors and throughout their terms,

supervisors are advised to participate in training courses on finance, risk management, business, commerce, accounting, law or corporate social responsibility offered by institutions designated in the Rules Governing Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies covering subjects relating to corporate governance.

Chapter V Respecting Stakeholders' Rights

Article 53 (Shall maintain communication with stakeholders and safeguard their rights and interests)

The Company shall maintain channels of communication with its banks, other creditors, employees, consumers, suppliers, community, or other stakeholders of the Company, respect and safeguard their legal rights and interests, and designate a stakeholders section on the Company's website.

When any of a stakeholder's legal rights or interests is harmed, the Company shall handle the matter in a proper manner and in good faith.

Article 54 (Shall provide sufficient information to corresponding banks and other creditors)

The Company shall provide sufficient information to corresponding banks and other creditors to facilitate their evaluation of the operational and financial conditions of the Company and its decision-making process. When any of their legal rights or interest is harmed, the Company shall respond with a responsible attitude and assist creditors in obtaining compensation through proper means.

Article 55 (Shall establish employee communication channels)

The Company shall establish channels of communication with employees and encourage employees to communicate directly with the management, directors, or supervisors so as to reflect employees' opinions about the management, financial conditions, and material decisions of the Company concerning employee

welfare.

Article 56 (Social responsibility of the Company)

In developing its normal business and maximizing the shareholders' interest, the Company shall pay attention to consumers' interests, environmental protection of the community, and public interest issues, and shall give serious regard to the Company's social responsibility.

Chapter VI Improving Information Transparency

Section 1 Enhancing Information Disclosure

Article 57 (Information disclosure and network reporting system)

Disclosure of information is a major responsibility of the Company. The Company shall perform its obligations faithfully in accordance with the relevant laws and the related TWSE and TPEX rules.

The Company shall establish an Internet-based reporting system for public information, appoint personnel responsible for gathering and disclosing the information, and establish a spokesperson system so as to ensure the proper and timely disclosure of information about policies that might affect the decisions of shareholders and stakeholders.

Article 58 (Appoint spokesman)

In order to enhance the accuracy and timeliness of the material information disclosed, the Company shall appoint the Vice President and Associate Vice President of Management Department to be the spokesperson and deputy spokesperson(s) who understand thoroughly the Company's financial and business conditions and who are capable of coordinating among departments for gathering relevant information and representing the company in making statements independently.

The Company shall appoint one or more deputy spokespersons who shall represent the Company, when the spokesperson cannot perform his/her duties, in making statements independently, provided that the order of authority is established to avoid any confusion.

In order to implement the spokesperson system, the Company establishes the “Guidelines for Appointment of Spokesman and Deputy Spokesman” in order to unify the process of making external statements, and requires the management and employees to maintain the confidentiality of financial and operational secrets

and prohibit their disclosure of any such information at will.

The Company shall disclose the relevant information immediately whenever there is any change to the position of a spokesperson or deputy spokesperson.

Article 59 (Establish corporate governance website)

In order to keep shareholders and stakeholders fully informed, the Company shall utilize the convenience of the Internet and set up a website containing the information regarding the company's finances, operations, and corporate governance. It is also advisable for the Company to furnish the financial, corporate governance, and other relevant information in English.

To avoid misleading information, the aforesaid website shall be maintained by specified personnel, and the recorded information shall be accurate, detailed and updated on a timely basis.

Article 60 (Method for convening investor conference)

The Company shall convene an investor conference in compliance with the regulations of the TWSE and TPEX, and shall keep an audio or video record of the meeting. The financial and business information disclosed in the investor conference shall be disclosed on the MOPS and provided for inquiry through the website established by the Company, or through other channels, in accordance with the TWSE or TPEX rules.

Section 2 Disclosure of Information on Corporate Governance

Article 61 (Disclosure of corporate governance information)

The Company shall disclose and update from time to time the following information regarding corporate governance in the fiscal year in accordance with laws and regulations and TWSE rules:

- I. Corporate governance framework and rules.
- II. Ownership structure and the rights and interests of shareholders, including specific and explicit dividend policy).

- III. Structure, professionalism and independence of the board of directors.
- IV. Responsibility of the board of directors and managerial officers.
- V. Composition, duties and independence of the audit committee or supervisors.
- VI. Composition, duties and operation of the remuneration committee and other functional committees.
- VII. The progress of training of directors and supervisors.
- VIII. The rights, relationships, avenues for complaint, concerns, and appropriate response mechanism regarding stakeholders.
- IX. Details of the events subject to information disclosure required by law and regulations.
- X. The enforcement of corporate governance, differences between the corporate governance principles implemented by the company and these Principles, and the reason for the differences.
- XI. Other information regarding corporate governance.

The Company is advised, according to the actual performance of the corporate governance system, to disclose the plans and measures to improve its corporate governance system through appropriate mechanisms.

Chapter VII Supplementary Provisions

Article 62 (Establishment and amendment procedures)

These Procedures shall be approved through the resolution of the board of directors' meeting before implementation, and shall be reported to the shareholders' meeting. The same requirements shall be applied to amendments thereof.

VIII. Report on Newly Established Corporate Social Responsibility Best Practice Principles

Report on Newly Established Corporate Social Responsibility Best Practice Principles is enclosed as Attachment.

Description:

- (I) To strengthen the corporate social responsibilities and to achieve sustainable operation development objective, the Company establishes these Principles according to the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies.”
- (II) This proposal has been approved through resolution of the 11th Meeting of the Ninth Term Board of Directors’ Meeting.

China Ecotek Corporation Corporate Social Responsibility Best Practice Principles

Established on December 20, 2018

Chapter 1 General Rules

Article 1

To fulfill corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, China Ecotek Corporation (hereinafter referred to as the “Company”) establishes these Principles according to the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” jointly established by the Taiwan Stock Exchange (hereinafter referred to as the “TWSE”) and Taipei Exchange (hereinafter referred to as the “TPEX”).

Article 2

The Principles apply to the Company, including the entire operations of the Company and the business group thereof. The Company actively fulfills the corporate social responsibility in the course of the business operations to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens and to enhance competitive edges built on corporate social responsibility.

Article 3

The Company respects social ethics and gives due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also gives due consideration to

the environment, society and corporate governance, and incorporate them into the management and operation of the Company.

The Company actively implements the principle of “establishing a comprehensive engineering company friendly to the environment and trusted by customers to provide quality satisfied by customers with outstanding technology and ethical service” and establishes the short, medium and long term strategies for sustainable development in order to create the vision of fortune enterprise with sustainable development.

Article 4

The Company implements the corporate social responsibility according to the following principles:

- I. Exercise corporate governance.
- II. Foster a sustainable environment.
- III. Preserve public welfare.
- IV. Enhance disclosure of corporate social responsibility information.

Article 5

The Company complies with the laws and regulations, contracts and relevant rules established with TWSE, and considers the development trend of domestic and foreign corporate social responsibilities, the overall business activities of the Company the business group, in order to integrate the concept of fulfillment of social responsibilities into the corporate operation. The management level shall report the economic environment and social achievements to the board of directors, and shall implement the corporate governance concept through internal audit. The Company establishes the following corporate social responsibility policy:

Protect shareholders' rights and interests, open and transparent information;

Enhance customer service, jointly create values;

Development own technologies, effectively use resources;
Strengthen corporate governance, demonstrate fairness and justice;
Focus on industrial safety and health, manage and respect humanity;
Through compliance with laws and regulations, corporate with government policies.

Chapter 2 Exercising Corporate Governance

Article 6

The Company complies with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the Code of Ethical Conduct for TWSE/GTSM Listed Companies to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

Article 7

The directors of the Company shall exercise the due care of good administrators to urge the company to perform its corporate social responsibility initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its corporate social responsibility policies.

The board of directors of the Company is advised to give full consideration to the interests of stakeholders, including the following matters, in the Company's performance of its corporate social responsibility initiatives:

- I. Identifying the company's corporate social responsibility mission or vision, and declaring its corporate social responsibility policy, systems or relevant management guidelines.
- II. Making corporate social responsibility the guiding principle of the company's operations and development, and ratifying

concrete promotional plans for corporate social responsibility initiatives;

- III. Enhancing the timeliness and accuracy of the disclosure of corporate social responsibility information.

The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the Company, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear. °

Article 8

The Company organizes, on a regular basis, education and training on the implementation of corporate social responsibility initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding article.

Article 9

For management related to the corporate social responsibility of the Company, each department/unit or personnel is assigned to handle such matter according to the nature thereof, and the Vice President of each department shall be responsible for the supervision thereof.

Article 10

The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the Company, and establish a designated section for stakeholders on the Company's website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important corporate social responsibility issues which they are concerned about.

Chapter 3 Fostering a Sustainable Environment

Article 11

The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

Article 12

The Company is committed to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

Article 13

The Company establishes proper environment management systems, including the following tasks:

- I. Collecting sufficient and up-to-date information to evaluate the impact of the Company's business operations on the natural environment.
- II. Establishing measurable goals for environmental sustainability, and examining such goals periodically.
- III. Periodically reviewing the environmental safety and health policies on a regular basis.

Article 14

The Company establishes a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should hold environment education courses for the managerial officers and other employees on a periodic basis.

Article 15

The Company takes into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance

with the following principles to reduce the impact on the natural environment and human beings from their business operations:

- I. Reduce resource and energy consumption of their products and services.
- II. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
- III. Improve recyclability and re-usability of raw materials or products.
- IV. Maximize the sustainability of renewable resources.
- V. Enhance the durability of products.
- VI. Improve efficiency of products and services.

Article 16

To improve water use efficiency, the Company shall properly and sustainably use water resources. In terms of the operation, the Company shall prevent polluting water, air and land, and use their best efforts to reduce adverse impact on human health and the environment. The Company utilizes its own extensive engineering technologies and experience in water treatment to provide water treatment system and complete services, including high quality water purification system, sewage treatment and sewage recovery technologies etc., in order to fulfill the social responsibility and to contribute effort to the domestic water treatment engineering field.

Article 17

The Company adopts standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

- I. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the Company.
- II. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.

The Company monitors the impact of climate change on their

operations and should establish company strategies for energy conservation and carbon and greenhouse gas reduction based upon their operations and the result of a greenhouse gas inventory. Such strategies should include obtaining carbon credits to promote and minimize the impact of the Company's business operations on climate change.

Chapter 4 Preserving Public Welfare

Article 18

The Company shall comply with the relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination.

The Company, to fulfill its responsibility to protect human rights, shall adopt relevant management policies and processes, including:

- I. Presenting a corporate policy or statement on human rights.
- II. Evaluating the impact of the company's business operations and internal management on human rights, and adopting corresponding handling processes.
- III. Reviewing on a regular basis the effectiveness of the corporate policy or statement on human rights.
- IV. In the event of any infringement of human rights, the company shall disclose the processes for handling of the matter with respect to the stakeholders involved.

The Company complies with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and ensures that the human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

The Company provides an effective and appropriate grievance

mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised is clear, convenient and unobstructed, and the Company responds to any employee's grievance in an appropriate manner.

Article 19

The Company provides information for their employees so that the employees have knowledge of the labor laws and the rights that they enjoy in the countries where the business operations of the Company are located.

Article 20

The Company provides safe and healthy work environments for the employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents. The Company also organizes training on safety and health for their employees on a regular basis.

Article 21

The Company establishes an environment conducive to the development of the employees' careers and establish effective training programs to foster career skills. The Company also appropriately reflects the corporate business performance or achievements in the employee remuneration policy, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.

Article 22

The Company establishes a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the Company's operations, management and decisions. The Company respects the employee representatives' rights to

bargain for the working conditions, and provides the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives. The Company, by reasonable means, inform employees of operation changes that might have material impacts.

Article 23

The Company treats customers, contractors or suppliers in a fair and reasonable manner, including according to the following principles of fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons etc. The Company also develops relevant strategies and specific measures for implementation.

Article 24

The Company takes responsibility for the engineering service quality, establishes and discloses policies on consumer rights and interests, as well as enforces such policies in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

Article 25

The Company ensures the contracted engineering service quality according to the laws and regulations of the government, and for the marketing and labeling of engineering services, the Company also follow relevant laws, regulations and international guidelines in order to prevent any act of deceiving, misleading, committing fraud or engaging in any other acts betraying consumers' trust or damaging consumers' rights or interests. In addition, the Company also provides a clear and effective procedure for accepting

consumer complaints to fairly and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

Article 26

The Company evaluates and manages all types of risks that may cause interruptions in operations to reduce the impact on consumers and society.

Article 27

The Company assesses the impacts of the procurement and outsourcing activities on the society as well as the environment of the community that they are procuring from, and shall cooperate with their suppliers to jointly implement the corporate social responsibility initiative.

Article 28

The Company promotes the community development through commercial activities, physical donations, volunteering services or other charitable professional services etc., participation in community development and relevant activities organized by charities and local government agencies.

Chapter 5 Enhancing Disclosure of Corporate Social Responsibility Information

Article 29

The Company discloses information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies and fully discloses relevant and reliable information relating to their corporate social responsibility initiatives to improve information transparency.

Relevant information relating to corporate social responsibility

disclosed is as follows:

- I. The policy, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility initiatives, as resolved by the board of directors.
- II. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
- III. Goals and measures for realizing the corporate social responsibility initiatives established by the companies, and performance in implementation.
- IV. Other information relating to corporate social responsibility initiatives.

Article 30

The Company adopts internationally widely recognized standards or guidelines when producing corporate social responsibility reports, to disclose the status of the implementation of the corporate social responsibility policy. In addition, the Company also obtains a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:

- I. The policy, system, or relevant management guidelines and concrete promotion plans for implementing corporate social responsibility initiatives.
- II. Major stakeholders and their concerns.
- III. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
- IV. Future improvements and goals.

Chapter 6 Supplementary Provisions

Article 31

The Company monitors the development of domestic and foreign corporate social responsibility standards and the change of business environment at all times to examine and improve their established corporate social responsibility framework and to obtain better results from the implementation of the corporate social responsibility policy.

Article 32

These Principles shall be approved by the board of directors before implementation, and shall be reported to the shareholders' meeting. The same requirements shall be applied to amendments thereof.

IX. Other report matters

1. Report on Company's 2018 China region investment summary

According to the regulations of the competent authority, the upper limit for the Company's investment in China region is NT\$1,798,690 thousand, the investment amount approved by the Investment Commission, MOEA, is NT\$ 679,296 thousand, and the accumulated actual investment amount in 2018 is NT\$ 547,906 thousand. Relevant information on the invested companies in China in 2018 is summarized as follows:

Unit: In Thousand NTD

Name of Chinese company invested	Main business items	Paid-in capital	Investment method	Ownership of Direct or Indirect Investment (%)	Accumulated investment amount	Profit (loss) recognized for the current year	Investment carrying value at the end of current year
Wuhan Hua De Environmental Protection Engineering Technology Ltd.	Engineering technology and consultation service	122,860	Through investment in an existing company (CDC) in a third region for further investment in the Chinese company	30	13,822	(28,528)	63,049
Ningbo Hua Yang Aluminum Technology Ltd.	Aluminum alloy material manufacturing and sales	1,505,035	Through investment in an existing company (USID) in a third region for further investment in the Chinese company	0.61	9,214	(1,872)	6,288
Xiamen Mao Yu Import and Export Trading Ltd.	Equipment materials import and export	184,290	Through investment in an existing company (CDC) in a third region for further investment in the Chinese company	100	184,290	1,456	174,584
Wuhan Gang Yu Ke Environmental Protection Technology Ltd. (Note)	Environmental protection electrical and mechanical engineering works and sales agency	-	Through investment in an existing company (CHC) in a third region for further investment in the Chinese company	-	340,580	-	-

Note: Disposition and transfer of equity has been completed in July 2018, and up to the date of December 31, 2018, a receivable amount of NT\$ 201,582 thousand is yet to be collected.

2. Report on the endorsement and guarantee status of the Company

Up to the end of December 2018, the balance of endorsement and guarantee provided by the Company to the external is NT\$ 0.

3. Report on status of Company's loaning of funds to others

Up to the end of December 2018, the balance of the Company's loaning of funds to others is NT\$ 0.

Three. Ratification Items

Proposal 1: Proposed by the board of directors of the Company

Proposal: 2018 Business Report and Financial Statements of the Company. Please proceed with the ratification.

Explanation: For 2018 Business Report and Financial Statements, please see Attachment 1.

Resolution:

China Ecotek Corporation 2018 Business Report

I. Operational Directives

The 2018 operational directives of the Company focused on the four development strategies of “Develop new business,” “Expand operational regions,” “Expand existing business” and “Increase profitability” in order to enhance competitiveness. In addition to the continuation of existing environmental protection, electrical and mechanical turnkey projects as well as the maintenance and care business, the Company continued to implement the growth strategies in three aspects of “engineering,” “operation maintenance” and “circular economy” along with the restructuring in order to further strengthen the execution power, strengthen the risk assessment and project management through internal process improvement, perform manpower and technical deficiency inventory taking in order to plan human resource training and to establish strategic alliance, thereby establishing a sound Vietnam subsidiary organizational structure, regulatory systems and manpower allocation.

1. “Development of new business:” In addition to the existing electrical and mechanical, water supplies and environmental protection works, the Company continued to expand the integrated refractory material and labor business for the internal and external of the group and to seek circular economic business opportunities.
2. “Expand operational regions:” The Company actively responded to the government's new southbound policy for Taiwanese business operators, and expanded the organization scale and business scope of the Vietnam subsidiary.
3. “Expand existing business:” The Company actively expanded the solar power and reclaimed water business, and sought new business opportunities in the replacement of relevant manufacturing equipment of China Steel Corporation.
4. “Increase profitability:” Through internal process improvement, the Company was able to reduce the cost and to increase the core technologies in order to increase profitability.

II. Operational Directives Implementation Status

1. The Company upholds the business principle of “Excellence, Technology, Ethics, Quality” to continuously improve the internal management process, to strengthen technical abilities and to increase customer satisfaction.

2. The Company continues to respond to the government's safe energy, green economy and sustainable environmental policy. The Company has cooperated in strategic collaboration with China Steel Solar Tech Co., Ltd. to complete the China Steel Corporation (CSC) Group's 80MWp solar power plant construction project. Up to the end of December 2018, the photovoltaic system installation capacity of 61.17MW has been completed, and will head toward the installation capacity of 80MW. For the medium and long term goals, the Company will expand from within the group to the external of the group in order to continue to promote the field construction turnkey projects.

3. In view of the global climate changes and pressure of environmental protection for low carbon emission reduction, CPC has approved the activation of replacement of new equipment and environmental protection improvement plan in the year before last year, such that various pollution prevention equipment construction demand has increased day after day. With outstanding technology and stable construction quality, the Company has continuously contracted the CPC's core and ore transportation process improvement projects, waste steel field dust collector and W1 phase 1 construction in the second room, second phase of rock crushing system pollution prevention improvement projects etc.

4. In recent years, the Company has demonstrated achievements in refractory constructions, and has successfully gained the integrated material and labor turnkey projects from CPC and Vietnam Ha Tinh steel plant based on the active cultivation of talents and continuous improvement of technologies of the Company, such that these projects will become the stable business source for the Company.

Looking into the future, the Company aims to implement the strategies of “expansion of existing business,” “enhancement of project management performance,” “strengthening of technology research and development” and “improvement of management performance,” etc. in order to continuously improve and strengthen the business system, thereby achieving stable development. In addition, the Company will actively participate in the new construction and replacement project opportunities inside and outside of the group. Furthermore, under the timely development of the environmental protection, biotechnology and

Vietnam market, the Company is expected to achieve another profiting outcome.

III. Business Implementation Outcome

The target market of the Company focuses on a diverse engineering fields of environmental protection projects, electrical and mechanical projects, biotechnology plant construction projects, electrical and mechanical maintenance and resource recycling field and high-end water purification field operation agency etc. In 2018, the main construction projects included the following:

1. Environmental protection projects: Ha Tinh sintering plant waste gas desulfurization and dioxin removal projects, Kaohsiung Gangshan Ciaotou sewage treatment plant new construction project, Fengshan river reclaimed water CPC internal main pipeline and living water pipe network layout project, Shulin and Xindian incinerator ROT dust collector system EPC project, CPC cold rolled precision finished product warehouse and steel sheet factory PV construction project etc., for a total of NT\$ 2.835 billion, accounted for 26.22% of the total revenue.
2. Electrical and mechanical projects: Linkou power plant renewal and expansion project for coal transportation system construction, Ha Tinh steelmaking plant refractory maintenance project, CPC No. 2 sintering desulfurization and denitrification new construction project, CPC No. 3 blast furnace second furnace major overhaul Area 3400 construction and installation project, CPC No. 3 blast furnace major overhaul refractory furnace lining replacement project, CPC 2017 No. 3 blast furnace major overhaul project and Dragon Steel raw material storage field wind shielding and dust protection efficiency improvement transportation process new construction improvement project etc., for a total of NT\$ 4.949 billion, accounted for 45.77% of the revenue.
3. Operating agency and electrical/mechanical maintenance projects and others: Include the electrical/mechanical maintenance projects of CPC and Dragon Steel as well as the operation agency projects for Chengcing Lake, Kinmen Taihu Purification Plant etc., for a total of NT\$ 3.029 billion, accounted for 28.01% of the total revenue.

IV. Profit Comparison with Last Year (2017)

Unit: In Thousand NTD

Business Item \ Year	2018	2017	Increase (Decrease) amount	Rate of change (%)
Operating revenue	10,813,583	9,971,393	842,190	8.45%
Unrealized gain from sale	10,306,988	9,252,180	1,054,808	11.40%
Unrealized gain from sale	23,163	30,111	-6,948	-23.07%
Gross profit	483,432	689,102	-205,670	-29.85%
Operating expense	454,899	438,573	16,326	3.72%
Net operating income	28,533	250,529	-221,996	-88.61%
Net operating income (expenditure)	113,347	(6,454)	119,801	1,856.23%
Net income before tax	141,880	244,075	-102,195	-41.87%
Income tax expense	44,016	57,271	-13,255	-23.14%
Consolidated total net income	97,864	186,804	-88,940	-47.61%

- 2018 operating revenue increased by NT\$ 842,190 thousand from 2017, and it was mainly due to the newly contracted projects entering into the full construction stage consecutively. The operating cost adopted the percentage of completion method during the construction period in order to recognize the construction cost. Since a portion of the cost of the public construction executed was increased, the gross profit was decreased by approximately 2.4% from 2017. In the future, the Company will enhance the cost control and adjust the contract order acceptance strategy.

2. The non-operating income and expenditure in 2018 increased by NT\$ 119,801 thousand from 2017, which was mainly due to the recognition of the share of gain/loss of associates accounted for using equity method was increased by NT\$ 75,456 thousand and the currency exchange gain/loss increased by NT\$ 87,682 thousand from 2017. In addition, the gain on disposal of investment decreased by NT\$ 57,746 thousand from 2017.
3. In view of the above, the net income before tax in 2018 decreased by NT\$ 102,195 thousand from 2017, and the annual consolidated net income decreased by NT\$ 88,940 thousand from 2017.

V. Research and Development Status

For the year 2018, the Company paid attention to the concept of circular economy and the increasing restrictions on the environmental protection laws and regulations. In terms of the water supply research and development, the Company cooperated with the government's policy on the promotion of water resource reclaiming and re-use, and continued to improve the water resource reclaiming related technologies, such as biological film treatment technology. Furthermore, as the environmental protection laws and regulations imposed greater restrictions, the Company engaged in the development of early stage treatment technology, such as the treatment of fluorine-containing wastewater, in order to satisfy economic treatment cost and to maintain the long-term stable operation of systems. Due to the limited land area and great population in Taiwan, the government actively promotes the increase of sewage pipe connection rate such that the sewage treatment quantity increases year after year, and the demand for sludge reduction and decontamination increases rapidly. As a result, presently, the present is committed to the development of sewage drying and reuse technologies. In addition, through the operation of the New Taipei City Sanying Water Resource Plant and Kaohsiung Gangshan Xiaotou Sewage Treatment Plant, the Company has engaged in the research and development of municipal sewage treatment process optimization and energy-saving technologies. Regarding the research and development of the air pollution prevention technology, the Company continues to head toward the technology development of sustainable, low-energy consumption and reduction of production of NO_x and SO_x of steel plants. In addition, the Company has also performed the smoke desulfurization and medium temperature denitrification catalyst technology development for coking

plant. Regarding the research and development of water treatment auxiliary, to improve the steel plant water utilization efficiency, the Company continues improve the steel plant recirculating water formulation agent and power plant circulating cooling water agent performance in order to increase the market share percentage. Based on the consideration of the general public's attention on air pollution issues, national energy policy adjustment, increase of green energy and renewable energy power generation equipment year after year, the Company has successfully developed the roof type photovoltaic application technology and will continue to promote the technology. In the future, the Company will head toward the development of a comprehensive environmental protection engineering service company.

Chairman : Tsung-Te Chen



Managerial Officer
President : Tzu-An Wu



Accounting Officer : Ya-Min Chuang



Independent Auditors' Report

The Board of Directors and Shareholders China Ecotek Corporation
Audit opinion

We have audited the accompanying consolidated financial statements of China Ecotek Corporation (CEC) and its subsidiaries, which comprise the consolidated balance sheets as of 2018 and January 1 to December 31, 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the CEC and subsidiaries as of 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for 2018 and January 1 to December 31, 2017, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We've performed the audit according to the responsibilities of the auditors under such standards are to be further described in the section of Auditor's Responsibilities for the Audit of the Consolidated Financial Statements. The responsibilities of the auditors under such standards are to be further described in the section of Auditor's Responsibilities for the Audit of the Consolidated Financial Statements. The auditors of the firm subject to the independence regulations have maintained independent from China Ecotek Corporation and subsidiaries in accordance with the Code of Ethics and performance other obligations of such Code. We believe to have obtained and sufficient audit evidences in order to be used as the basis for the opinion.

Emphasis of Matters

According to content described in Note 3 of the Consolidated Statements, since 2018, China Ecotek Corporation and subsidiaries have started the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS

(SIC) (hereinafter referred to collectively as the “IFRSs”) endorsed and issued into effect by the FSC in 2018. We have not revised the audit opinion due to such matter.

Key Audit Matters

The key audit matters refer to the matters considered by the auditors to be most significant for the auditing of 2018 Consolidated Financial Statements of the China Ecotek Corporation and subsidiaries according to the professional determination thereof. Such matters have been reflected in the entirety of the consolidated financial statements audited and throughout the process of the opinion formation. We do not provide opinions separately for such matters.

Key audit matters for the China Ecotek Corporation and subsidiaries 's 2018 consolidated financial statements are stated as follows:

Calculation of Construction Income/Loss

China Ecotek Corporation and subsidiaries signed a lot of construction contracts, and among such contracts, there are contracts crossing over several reporting periods. The construction income of China Ecotek Corporation and subsidiaries has been recognized according to the percentage completion method. if there is an expected loss in a construction contract, the total construction loss of contracts shall be recognized in full immediately. Since the recognition of construction income is determined based on the status of construction completion progress and the expected cost incurred, and due to the certain level of subjectivity in the estimation, there is a risk associated with the possible error in the calculation result of construction profit/loss or failure in the recognition for the correct period. For relevant accounting policy, major accounting estimation and determination explanation, please refer to the Consolidated Financial Statements Note 4 (17) and Note 5 (1).

We've assessed the appropriateness of the percentage of completion method adopted by the management level, and have conducted review on the estimation of the construction cost prepared and examined whether or not there are control procedures of major difference between the actual cost incurred and the outstanding cost still required for the completion, inspected the construction cost (including the raw material requisition and construction outsourcing) incurred in the current year, in order to evaluate the appropriateness of the percentage of completion method adopted by the management level.

We have also selected important items for recalculation of the construction income, and verified the expected construction income and the construction contracts (including supplementary addendums or revisions), in order to determine whether the construction income and construction

profit/loss recognized for the current year are reasonable.

Other Matters

China Ecotek Corporation has prepared the 2018 and 2017 individual financial statements and we have respectively issued the audit report of unqualified opinion with emphasized paragraphs and audit report of unqualified opinion provided for reference.

Responsibilities of Management Level and Those Charged with Governance for the Consolidated Financial Statements

The management level 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 Supervisory Commission of the Republic of China, and for such internal control as the management level 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, the management level is responsible for assessing the ability of China Ecotek Corporation and subsidiaries for continuing the operation 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 China Ecotek Corporation and subsidiaries or to cease operations, or has no realistic alternative but to do so.

The governance units (including supervisors) of China Ecotek Corporation and subsidiaries are responsible for overseeing the financial reporting process thereof.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

The purpose of our audit of the consolidated statements is to obtain reasonable assurance on whether the entirety of the consolidated financial statements contain any material misstatement caused by fraud or error, and to issue the audit report. The term of "reasonable assurance" refers to high level of assurance. Nevertheless, the audit performed according to the Generally Accepted Auditing Standards cannot guarantee the discovery of material misstatement in the consolidated financial statements. Misstatement may be caused by fraud or error. When an individual amount or a total amount of a misstatement can be reasonably anticipated to affect the economic decision made by the users of the consolidated financial statements, then it shall be considered to be material misstatement.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and

maintain professional skepticism throughout the audit. We also perform the following works:

I. Identify and assess the risk of material misstatements of the consolidated financial statements due to fraud or error. Design and adopt appropriate countermeasures for the risks assessed. In addition, obtain sufficient and appropriate audit evidences in order to be used as the basis for the opinion. Since fraud may involve a conspiracy, counterfeit, intentional disclosure, deceptive statement or exceeding internal control, consequently, the risk of failure to discover material misstatement due to fraud is higher than the risk due to error.

II. 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 internal control of China Ecotek Corporation and subsidiaries.

III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.

IV. According to the audit evidences obtained, evaluate appropriateness of the continuous operation accounting basis and whether or not events or circumstances possibly generating material concerns on the continuous operation ability of China Ecotek Corporation and subsidiaries have significant uncertainty, and provide conclusion thereto. In case where we consider that such events or circumstances have significant uncertainty, then relevant disclosure of the consolidated financial statements shall be provided in the audit report to allow users of consolidated financial statements to be aware of such events or circumstances, or shall revise the opinion when such disclosure is considered in appropriate. Our conclusion is made based on the audit evidences obtained up to the audit report date. Nevertheless, future events and circumstances may still cause the China Ecotek Corporation and subsidiaries to lose their ability to continue the operation.

V. 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.

VI. Obtain sufficient and appropriate audit evidences for the financial information of individual entity of China Ecotek Corporation and subsidiaries as well as provide opinion on the consolidated financial report. We handle the guidance, supervision and execution of the audit on the China Ecotek Corporation and subsidiaries and are responsible for preparing the opinion for the China Ecotek Corporation and subsidiaries.

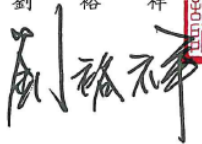
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control that we identify during our audit).

We also provide the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

From the matters communicated with those charged with governance, we determine those matters that were of most significant in the audit of 2018 consolidated financial statements of China Ecotek Corporation and subsidiaries and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preclude 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.

勤業眾信聯合會計師事務所

會計師 劉 裕 祥



會計師 許 瑞 軒



Financial Supervisory Commission
Approval Document No.
Jin-Guan-Zheng-Shen-Zi No.
1050024633

Financial Supervisory Commission
Approval Document No.
Jin-Guan-Zheng-Shen-Zi No.
1020025513

March 20, 2019

CHINA ECOTEK CORPORATION
2018Q4 Consolidated Financial Report

Unit: NTS thousands

Balance Sheet

Code	Accounting Title	2018/12/31	2017/12/31	Code	Accounting Title	2018/12/31	2017/12/31
	Assets				Liabilities and equity		
	Current assets				Liabilities		
1100	Cash and cash equivalents	1,210,604	1,245,786		Current liabilities		
1125	Current available-for-sale financial assets	0	0	2100	Current borrowings	800,000	510,000
1126	Current available-for-sale financial assets	0	0	2110	Short-term notes and bills payable	249,891	499,926
1139	Current financial assets for hedging	1,130,853	0	2130	Current contract liabilities	1,662,122	0
1140	Current contract assets	1,526,024	0	2150	Notes payable	0	112,446
1141	Current contract assets	1,526,024	0	2170	Accounts payable	1,034,453	511,362
1150	Notes receivable, net	788	0	2180	Accounts payable to related parties	16,253	44,107
1151	Notes receivable	788	0	2190	Construction contracts payable	0	1,631,451
1160	Notes receivable due from related parties, net	0	6,848	2200	Other payables	425,625	442,832
1161	Notes receivable due from related parties	0	6,848	2216	Dividends payable, non-cash assets distributions	0	0
1170	Accounts receivable, net	555,317	211,618	2219	Other payables, others	425,625	442,832
1172	Accounts receivable	555,317	211,618	2230	Current tax liabilities	19,160	52,482
1180	Accounts receivable due from related parties, net	1,463,705	1,262,565	2250	Current provisions	252,056	103,594
1181	Accounts receivable due from related parties	1,463,705	1,262,565	2300	Other current liabilities	102,601	231,429
1190	Construction contracts receivable	0	1,674,248	2399	Other current liabilities, others	102,601	231,429
1200	Other receivables	215,694	27,499	21XX	Total current liabilities	4,562,161	4,139,629
1220	Current tax assets	5,285	815		Non-current liabilities		
130X	Current inventories	5,207	4,989	2550	Non-current provisions	17,969	6,696
1310	Inventories, manufacturing business	5,207	4,989	2570	Deferred tax liabilities	159,719	128,137
1460	Non-current assets or disposal groups classified as held for sale, net	14,715	212,780	2600	Other non-current liabilities	342,606	311,078
1470	Other current assets	675,344	1,735,896	2640	Net defined benefit liability, non-current	342,606	309,528
1476	Other current financial assets	478,269	1,516,524	2670	Other non-current liabilities, others	0	1,550
1479	Other current assets, others	197,075	219,372	25XX	Total non-current liabilities	520,294	445,911
11XX	Total current assets	6,803,536	6,383,044	2XXX	Total liabilities	5,082,455	4,585,540
					Equity		
	Non-current assets				Equity attributable to owners of parent		
1510	Non-current financial assets at fair value through profit or loss	20,747	0	3110	Share capital		
1513	Non-current financial assets at fair value through profit or loss, mandatorily measured at fair value	20,747	0	3100	Ordinary share	1,237,426	1,237,426
1517	Non-current financial assets at fair value through other comprehensive income	132,507	0		Total capital stock	1,237,426	1,237,426
1518	Non-current investments in equity instruments designated at fair value through other comprehensive income	132,507	0	3200	Capital surplus		
1523	Non-current available-for-sale financial assets	0	150,995		Total capital surplus	628,374	628,374
1524	Non-current available-for-sale financial assets	0	150,995	3310	Retained earnings		
1550	Investments accounted for using equity method	814,600	804,397	3320	Legal reserve	591,153	572,472
1551	Investments accounted for using equity method	814,600	804,397	3350	Special reserve	28,187	0
1600	Property, plant and equipment	158,210	168,940	3300	Unappropriated retained earnings (accumulated deficit)	549,457	652,316
1760	Investment property, net	0	14,715		Total retained earnings	1,168,797	1,224,788
1761	Investment property, land	0	14,715	3410	Other equity interest		
1780	Intangible assets	7,592	9,663	3420	Exchange differences on translation of foreign financial statements	-104,626	-109,657
1840	Deferred tax assets	134,563	89,183	3425	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	78,341	0
1900	Other non-current assets	8,517	27,004	3430	Unrealized gains (losses) on available-for-sale financial assets	0	105,913
1920	Guarantee deposits paid	7,691	24,687	3450	Gains (losses) on effective portion of cash flow hedges	0	-24,443
1980	Other non-current financial assets	0	1,553	3400	Gains (losses) on hedging instruments	-10,495	0
1990	Other non-current assets, others	826	764	3500	Total other equity interest	-36,780	-28,187
1995	Other non-current assets, others	826	764	31XX	Treasury shares	0	0
15XX	Total non-current assets	1,276,736	1,264,897	35XX	Total equity attributable to owners of parent	2,997,817	3,062,401
				36XX	Equity attributable to former owner of business combination under common control	0	0
				3XXX	Non-controlling interests	0	0
1XXX	Total assets	8,080,272	7,647,941	3XX	Total equity	2,997,817	3,062,401
				3X2X	Total liabilities and equity	8,080,272	7,647,941

CHINA ECOTEK CORPORATION
2018Q4 Consolidated Financial Report
Unit: NT\$ thousands EPS Unit: NT\$

Statement of Comprehensive Income

Code	Accounting Title	2018/1/1 To 12/31	2017/1/1 To 12/31
	Operating revenue		
	Net sales revenue		
4100	Net sales revenue	109,442	100,693
	Construction and engineering revenue		
4520	Engineering service revenue	10,430,174	9,604,793
4500	Total construction and engineering revenue	10,430,174	9,604,793
	Service revenue		
4650	Technical service revenue	273,967	265,907
4600	Total service revenue	273,967	265,907
4000	Total operating revenue	10,813,583	9,971,393
	Operating costs		
	Cost of sales		
5110	Total cost of sales	87,054	82,799
	Cost of construction and engineering service sales		
5520	Cost of engineering sales	10,008,970	8,961,600
5500	Total cost of construction and engineering service sales	10,008,970	8,961,600
	Cost of services		
5650	Costs to provide technical services	210,964	207,781
5600	Total cost of services	210,964	207,781
5000	Total operating costs	10,306,988	9,252,180
5900	Gross profit (loss) from operations	506,595	719,213
5910	Unrealized profit (loss) from sales	23,163	30,111
5950	Gross profit (loss) from operations	483,432	689,102
	Operating expenses		
6100	Selling expenses	53,975	44,134
6200	Administrative expenses	390,391	376,793
6300	Research and development expenses	9,931	17,646
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	602	0
6000	Total operating expenses	454,899	438,573
6900	Net operating income (loss)	28,533	250,529
	Non-operating income and expenses		
	Other income		
7010	Total other income	71,756	75,543
	Other gains and losses		
7020	Other gains and losses, net	10,037	-35,966
	Finance costs		
7050	Finance costs, net	6,858	8,987
	Share of profit (loss) of associates and joint ventures accounted for using equity method		
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	38,412	-37,044
7000	Total non-operating income and expenses	113,347	-6,454
7900	Profit (loss) from continuing operations before tax	141,880	244,075
	Tax expense (income)		
7950	Total tax expense (income)	44,016	57,271
8000	Profit (loss) from continuing operations	97,864	186,804
8200	Profit (loss)	97,864	186,804
	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	-33,188	3,504
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	724	0
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	-2,051	-3,346
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-7,766	595
8310	Components of other comprehensive income that will not be reclassified to profit or loss	-26,749	-437
	Components of other comprehensive income that will be reclassified to profit or loss		
8361	Exchange differences on translation	470	-57,154
8362	Unrealised gains (losses) on valuation of available-for-sale financial assets	0	-63,409
8363	Gains (losses) on effective portion of cash flow hedges	0	5,138
8368	Gains (losses) on hedging instrument	15,805	0
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	1,173	-419
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-1,531	-8,368
8360	Components of other comprehensive income that will be reclassified to profit or loss	18,979	-107,476
8300	Total other comprehensive income	-7,770	-107,913
8500	Total comprehensive income	90,094	78,891
	Profit (loss), attributable to:		
8610	Profit (loss), attributable to owners of parent	97,864	186,804
	Comprehensive income attributable to:		
8710	Comprehensive income, attributable to owners of parent	90,094	78,891
	Basic earnings per share		
9710	Basic earnings (loss) per share from continuing operations	0.79	1.51
9750	Total basic earnings per share	0.79	1.51
	Diluted earnings per share		
9810	Diluted earnings (loss) per share from continuing operations	0.79	1.51
9850	Total diluted earnings per share	0.79	1.51

CHINA ECOTEK CORPORATION
2018Q4 Consolidated Financial Report
Unit: NTS thousands

		Statements of Change in Equity														
Code	Item	3110	3100	3200	3310	3320	3350	3300	3410	3420	3425	3430	3450	3400	31XX	3XXX
		Ordinary share	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) on effective portion of cash flow hedges	Gains (losses) on hedging instruments	Total other equity interest	Total equity attributable to owners of parent	Total equity
A1	Equity at beginning of period 2018/1/1	1,237,426	1,237,426	628,374	572,472	0	652,316	1,224,788	-109,657	0	105,913	-24,443	0	-28,187	3,062,401	3,062,401
A3	Effects of retrospective application and retrospective restatement	0	0	0	0	0	23,100	23,100	0	82,813	-105,913	24,443	-24,443	-23,100	0	0
A4	Retrospective adjustment of equity attributable to former owner due to reorganization of entities under common control	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
A5	Equity at beginning of period after adjustments	1,237,426	1,237,426	628,374	572,472	0	675,416	1,247,888	-109,657	82,813	0	0	-24,443	-51,287	3,062,401	3,062,401
B1	Legal reserve appropriated	0	0	0	18,681	0	-18,681	0	0	0	0	0	0	0	0	0
B3	Special reserve appropriated	0	0	0	0	28,187	-28,187	0	0	0	0	0	0	0	0	0
B5	Cash dividends of ordinary share	0	0	0	0	0	-154,678	-154,678	0	0	0	0	0	0	-154,678	-154,678
D1	Profit (loss)	0	0	0	0	0	97,864	97,864	0	0	0	0	0	0	97,864	97,864
D3	Other comprehensive income	0	0	0	0	0	-22,378	-22,378	5,031	-4,371	0	0	13,948	14,608	-7,770	-7,770
D5	Total comprehensive income	0	0	0	0	0	75,486	75,486	5,031	-4,371	0	0	13,948	14,608	90,094	90,094
Q1	Disposal of investments in equity instruments designated at fair value through other comprehensive income	0	0	0	0	0	101	101	0	-101	0	0	0	-101	0	0
Y1	Total increase (decrease) in equity	0	0	0	18,681	28,187	-125,959	-79,091	5,031	-4,472	0	0	13,948	14,507	-64,584	-64,584
Z1	Equity at end of period 2018/12/31	1,237,426	1,237,426	628,374	591,153	28,187	549,457	1,168,797	-104,626	78,341	0	0	-10,495	-36,780	2,997,817	2,997,817
A1	Equity at beginning of period 2017/1/1	1,237,426	1,237,426	628,374	547,671	0	713,487	1,261,158	-60,103	0	168,100	-28,708	0	79,289	3,206,247	3,206,247
A3	Effects of retrospective application and retrospective restatement	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
A4	Retrospective adjustment of equity attributable to former owner due to reorganization of entities under common control	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
A5	Equity at beginning of period after adjustments	1,237,426	1,237,426	628,374	547,671	0	713,487	1,261,158	-60,103	0	168,100	-28,708	0	79,289	3,206,247	3,206,247
B1	Legal reserve appropriated	0	0	0	24,801	0	-24,801	0	0	0	0	0	0	0	0	0
B3	Special reserve appropriated	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B5	Cash dividends of ordinary share	0	0	0	0	0	-222,737	-222,737	0	0	0	0	0	0	-222,737	-222,737
D1	Profit (loss)	0	0	0	0	0	186,804	186,804	0	0	0	0	0	0	186,804	186,804
D3	Other comprehensive income	0	0	0	0	0	-437	-437	-49,554	0	-62,167	4,265	0	-107,476	-107,913	-107,913
D5	Total comprehensive income	0	0	0	0	0	186,367	186,367	-49,554	0	-62,167	4,265	0	-107,476	-78,891	-78,891
Y1	Total increase (decrease) in equity	0	0	0	24,801	0	-61,371	-36,570	-49,554	0	-62,167	4,265	0	-107,476	-143,846	-143,846
Z1	Equity at end of period 2017/12/31	1,237,426	1,237,426	628,374	572,472	0	652,316	1,224,788	-109,657	0	105,913	-24,443	0	-28,187	3,062,401	3,062,401

CHINA ECOTEK CORPORATION
2018Q4 Consolidated Financial Report

Unit: NT\$ thousands

Statements of Cash Flows

Code	Accounting Title	2018/1/1 To12/31	2017/1/1 To12/31
	Cash flows from (used in) operating activities, indirect method		
A00010	Profit (loss) from continuing operations before tax	141,880	244,075
A10000	Profit (loss) before tax	141,880	244,075
	Adjustments		
	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	19,496	19,226
A20200	Amortization expense	6,649	7,676
A20300	Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	602	-2,837
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	-1,535	0
A20900	Interest expense	6,858	8,987
A21200	Interest income	-55,235	-59,858
A21300	Dividend income	-15,382	-14,655
A22300	Share of loss (profit) of associates and joint ventures accounted for using equity method	-38,412	37,044
A23000	Loss (gain) on disposal of non-current assets classified as held for sale	2,994	0
A23100	Loss (gain) on disposal of investments	0	-57,746
A23500	Impairment loss on financial assets	0	20,000
A23900	Unrealized profit (loss) from sales	23,163	30,111
A29900	Other adjustments to reconcile profit (loss)	192,731	229,872
A20010	Total adjustments to reconcile profit (loss)	141,929	217,820
	Changes in operating assets and liabilities		
	Changes in operating assets		
A31125	Decrease (increase) in contract assets	276,395	0
A31130	Decrease (increase) in notes receivable	-788	0
A31140	Decrease (increase) in notes receivable due from related parties	6,848	-6,848
A31150	Decrease (increase) in accounts receivable	-406,773	45,508
A31160	Decrease (increase) in accounts receivable due from related parties	-284,838	-791,813
A31170	Decrease (increase) in construction contracts receivable	0	-483,157
A31180	Decrease (increase) in other receivable	23,103	-16,317
A31200	Decrease (increase) in inventories	-218	1,516
A31240	Decrease (increase) in other current assets	22,937	78,943
A31000	Total changes in operating assets	-363,334	-1,172,168
	Changes in operating liabilities		
A32125	Increase (decrease) in contract liabilities	29,582	0
A32130	Increase (decrease) in notes payable	-112,446	112,446
A32150	Increase (decrease) in accounts payable	523,091	102,456
A32160	Increase (decrease) in accounts payable to related parties	-27,854	-149,129
A32170	Increase (decrease) in construction contracts receivable	0	987,685
A32180	Increase (decrease) in other payable	-17,283	-21,396
A32200	Increase (decrease) in provisions	-15,490	-10,572
A32230	Increase (decrease) in other current liabilities	-131,398	124,880
A32240	Increase (decrease) in net defined benefit liability	-110	458
A32000	Total changes in operating liabilities	248,092	1,146,828
A30000	Total changes in operating assets and liabilities	-115,242	-25,340
A20000	Total adjustments	26,687	192,480
A33000	Cash inflow (outflow) generated from operations	168,567	436,555
A33500	Income taxes refund (paid)	-88,309	-61,563
AAAA	Net cash flows from (used in) operating activities	80,258	374,992
	Cash flows from (used in) investing activities		
B00400	Proceeds from disposal of available-for-sale financial assets	0	118,449
B01500	Acquisition of financial assets for hedging	-459,629	0
B01800	Acquisition of investments accounted for using equity method	0	-170,000
B02400	Proceeds from capital reduction of investments accounted for using equity method	392	0
B02700	Acquisition of property, plant and equipment	-8,774	-12,637
B02800	Proceeds from disposal of property, plant and equipment	62	12
B03700	Increase in refundable deposits	0	-56,760
B03800	Decrease in refundable deposits	16,356	0
B04500	Acquisition of intangible assets	-4,578	-6,929
B06600	Decrease in other financial assets	384,390	638,570
B06700	Increase in other non-current assets	-62	0
B06800	Decrease in other non-current assets	0	4,115
B07500	Interest received	53,722	64,739
B07600	Dividends received	17,808	16,780
BBBB	Net cash flows from (used in) investing activities	-313	596,339
	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	290,000	0
C00200	Decrease in short-term loans	0	-40,000
C00600	Decrease in short-term notes and bills payable	-250,000	-900,000
C03000	Increase in guarantee deposits received	0	1,773
C03100	Decrease in guarantee deposits received	2,570	0
C04500	Cash dividends paid	-154,678	-222,737
C05600	Interest paid	-6,817	-8,564
CCCC	Net cash flows from (used in) financing activities	-118,925	-1,169,528
DDDD	Effect of exchange rate changes on cash and cash equivalents	3,798	-48,314
EEEE	Net increase (decrease) in cash and cash equivalents	-35,182	-246,511
E00100	Cash and cash equivalents at beginning of period	1,245,786	1,492,297
E00200	Cash and cash equivalents at end of period	1,210,604	1,245,786
E00210	Cash and cash equivalents reported in the statement of financial position	1,210,604	1,245,786

CHINA ECOTEK CORPORATION
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Unit: NT\$ thousands

Balance Sheet

Code	Accounting Title	2018/12/31	2017/12/31	Code	Accounting Title	2018/12/31	2017/12/31
	Assets				Liabilities and equity		
	Current assets				Liabilities		
1100	Cash and cash equivalents	889,430	924,604		Current liabilities		
1125	Current available-for-sale financial assets	0	0	2100	Current borrowings	800,000	510,000
1126	Current available-for-sale financial assets	0	0	2110	Short-term notes and bills payable	249,891	499,926
1139	Current financial assets for hedging	1,130,853	0	2130	Current contract liabilities	1,414,465	0
1140	Current contract assets	890,118	0	2150	Notes payable	0	112,446
1141	Current contract assets	890,118	0	2170	Accounts payable	900,931	428,783
1150	Notes receivable, net	788	0	2180	Accounts payable to related parties	42,463	39,753
1151	Notes receivable	788	0	2190	Construction contracts payable	0	1,586,475
1160	Notes receivable due from related parties, net	0	0	2200	Other payables	422,358	440,301
1161	Notes receivable due from related parties	0	0	2216	Dividends payable, non-cash assets distributions	0	0
1170	Accounts receivable, net	400,347	101,460	2219	Other payables, others	422,358	440,301
1172	Accounts receivable	400,347	101,460	2230	Current tax liabilities	1,034	25,838
1180	Accounts receivable due from related parties, net	1,358,536	1,254,899	2250	Current provisions	252,056	103,594
1181	Accounts receivable due from related parties	1,358,536	1,254,899	2300	Other current liabilities	98,716	220,701
1190	Construction contracts receivable	0	1,359,088	2399	Other current liabilities, others	98,716	220,701
1200	Other receivables	4,655	20,118	21XX	Total current liabilities	4,181,914	3,967,817
1220	Current tax assets	4,964	0		Non-current liabilities		
130X	Current inventories	5,207	4,989	2550	Non-current provisions	17,969	6,696
1310	Inventories, manufacturing business	5,207	4,989	2570	Deferred tax liabilities	156,967	128,137
1460	Non-current assets or disposal groups classified as held for sale, net	14,715	0	2600	Other non-current liabilities	342,606	311,098
1470	Other current assets	332,828	1,237,189	2640	Net defined benefit liability, non-current	342,606	309,528
1476	Other current financial assets	214,017	1,110,231	2645	Guarantee deposit received	0	20
1479	Other current assets, others	118,811	126,958	2670	Other non-current liabilities, others	0	1,550
11XX	Total current assets	5,032,441	4,902,347	25XX	Total non-current liabilities	517,542	445,931
				2XXX	Total liabilities	4,699,456	4,413,748
	Non-current assets				Equity		
1510	Non-current financial assets at fair value through profit or loss	20,747	0		Equity attributable to owners of parent		
1513	Non-current financial assets at fair value through profit or loss, mandatorily measured at fair value	20,747	0		Share capital		
1517	Non-current financial assets at fair value through other comprehensive income	132,507	0	3110	Ordinary share	1,237,426	1,237,426
1518	Non-current investments in equity instruments designated at fair value through other comprehensive income	132,507	0	3100	Total capital stock	1,237,426	1,237,426
1523	Non-current available-for-sale financial assets	0	150,995		Capital surplus		
1524	Non-current available-for-sale financial assets	0	150,995	3200	Total capital surplus	628,374	628,374
1550	Investments accounted for using equity method	2,211,678	2,117,548		Retained earnings		
1551	Investments accounted for using equity method	2,211,678	2,117,548	3310	Legal reserve	591,153	572,472
1600	Property, plant and equipment	156,467	166,195	3320	Special reserve	28,187	0
1760	Investment property, net	0	14,715	3350	Unappropriated retained earnings (accumulated deficit)	549,457	652,316
1761	Investment property, land	0	14,715	3300	Total retained earnings	1,168,797	1,224,788
1780	Intangible assets	7,583	9,652		Other equity interest		
1840	Deferred tax assets	129,144	89,171	3410	Exchange differences on translation of foreign financial statements	-104,626	-109,657
1900	Other non-current assets	6,706	25,526	3420	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	78,341	0
1920	Guarantee deposits paid	5,880	23,209	3425	Unrealized gains (losses) on available-for-sale financial assets	0	105,913
1980	Other non-current financial assets	0	1,553	3430	Gains (losses) on effective portion of cash flow hedges	0	-24,443
1990	Other non-current assets, others	826	764	3450	Gains (losses) on hedging instruments	-10,495	0
1995	Other non-current assets, others	826	764	3400	Total other equity interest	-36,780	-28,187
15XX	Total non-current assets	2,664,832	2,573,802	3500	Treasury shares	0	0
				31XX	Total equity attributable to owners of parent	2,997,817	3,062,401
				35XX	Equity attributable to former owner of business combination under common control	0	0
				36XX	Non-controlling interests	0	0
				3XXX	Total equity	2,997,817	3,062,401
1XXX	Total assets	7,697,273	7,476,149	3X2X	Total liabilities and equity	7,697,273	7,476,149

CHINA ECOTEK CORPORATION

2018Q4 Standalone Financial Report

Unit: NTS thousands EPS Unit: NTS

Statement of Comprehensive Income

Code	Accounting Title	2018/1/1 To 12/31	2017/1/1 To 12/31
	Operating revenue		
	Net sales revenue		
4100	Net sales revenue	90,838	99,422
	Construction and engineering revenue		
4520	Engineering service revenue	8,906,793	7,893,406
4500	Total construction and engineering revenue	8,906,793	7,893,406
	Service revenue		
4650	Technical service revenue	273,967	265,907
4600	Total service revenue	273,967	265,907
4000	Total operating revenue	9,271,598	8,258,735
	Operating costs		
	Cost of sales		
5110	Total cost of sales	69,502	81,509
	Cost of construction and engineering service sales		
5520	Cost of engineering sales	8,582,717	7,407,507
5500	Total cost of construction and engineering service sales	8,582,717	7,407,507
	Cost of services		
5650	Costs to provide technical services	210,964	207,781
5600	Total cost of services	210,964	207,781
5000	Total operating costs	8,863,183	7,696,797
5900	Gross profit (loss) from operations	408,415	561,938
5910	Unrealized profit (loss) from sales	23,163	30,111
5950	Gross profit (loss) from operations	385,252	531,827
	Operating expenses		
6100	Selling expenses	53,975	44,134
6200	Administrative expenses	349,132	354,410
6300	Research and development expenses	9,931	17,646
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	0	0
6000	Total operating expenses	413,038	416,190
6900	Net operating income (loss)	-27,786	115,637
	Non-operating income and expenses		
	Other income		
7010	Total other income	42,390	39,717
	Other gains and losses		
7020	Other gains and losses, net	17,502	-10,070
	Finance costs		
7050	Finance costs, net	6,858	8,987
	Share of profit (loss) of associates and joint ventures accounted for using equity method		
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	97,945	78,299
7000	Total non-operating income and expenses	150,979	98,959
7900	Profit (loss) from continuing operations before tax	123,193	214,596
	Tax expense (income)		
7950	Total tax expense (income)	25,329	27,792
8000	Profit (loss) from continuing operations	97,864	186,804
8200	Profit (loss)	97,864	186,804
	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	-33,188	3,504
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	724	0
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	-2,051	-3,346
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-7,766	595
8310	Components of other comprehensive income that will not be reclassified to profit or loss	-26,749	-437
	Components of other comprehensive income that will be reclassified to profit or loss		
8361	Exchange differences on translation	0	0
8362	Unrealised gains (losses) on valuation of available-for-sale financial assets	0	-63,409
8363	Gains (losses) on effective portion of cash flow hedges	0	5,138
8368	Gains (losses) on hedging instrument	15,805	0
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	1,643	-57573
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-1,531	-8,368
8360	Components of other comprehensive income that will be reclassified to profit or loss	18,979	-107,476
8300	Total other comprehensive income	-7,770	-107,913
8500	Total comprehensive income	90,094	78,891
	Profit (loss), attributable to:		
8610	Profit (loss), attributable to owners of parent	97,864	186,804
	Comprehensive income attributable to:		
8710	Comprehensive income, attributable to owners of parent	90,094	78,891
	Basic earnings per share		
9710	Basic earnings (loss) per share from continuing operations	0.79	1.51
9750	Total basic earnings per share	0.79	1.51
	Diluted earnings per share		
9810	Diluted earnings (loss) per share from continuing operations	0.79	1.51
9850	Total diluted earnings per share	0.79	1.51

CHINA ECOTEK CORPORATION
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Unit: NTS thousands

		Statements of Change in Equity															
Code	Item	3110	3100	3200	3310	3320	3350	3300	3410	3420	3425	3430	3450	3400	31XX	3XXX	
		Ordinary share	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) on effective portion of cash flow hedges	Gains (losses) on hedging instruments	Total other equity interest	Total equity attributable to owners of parent	Total equity	
A1	Equity at beginning of period 2018/1/1	1,237,426	1,237,426	628,374	572,472	0	652,316	1,224,788	-109,657	0	105,913	-24,443	0	-28,187	3,062,401	3,062,401	
A3	Effects of retrospective application and retrospective restatement	0	0	0	0	0	23,100	23,100	0	82,813	-105,913	24,443	-24,443	-23,100	0	0	
A4	Retrospective adjustment of equity attributable to former owner due to reorganization of entities under common control	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
A5	Equity at beginning of period after adjustments	1,237,426	1,237,426	628,374	572,472	0	675,416	1,247,888	-109,657	82,813	0	-24,443	-51,287	0	3,062,401	3,062,401	
B1	Legal reserve appropriated	0	0	0	18,681	0	-18,681	0	0	0	0	0	0	0	0	0	
B3	Special reserve appropriated	0	0	0	0	28,187	-28,187	0	0	0	0	0	0	0	0	0	
B5	Cash dividends of ordinary share	0	0	0	0	0	-154,678	-154,678	0	0	0	0	0	0	-154,678	-154,678	
D1	Profit (loss)	0	0	0	0	0	97,864	97,864	0	0	0	0	0	0	97,864	97,864	
D3	Other comprehensive income	0	0	0	0	0	-22,378	-22,378	5,031	-4,371	0	0	13,948	14,608	-7,770	-7,770	
D5	Total comprehensive income	0	0	0	0	0	75,486	75,486	5,031	-4,371	0	0	13,948	14,608	90,094	90,094	
Q1	Disposal of investments in equity instruments designated at fair value through other comprehensive income	0	0	0	0	0	101	101	0	-101	0	0	0	-101	0	0	
Y1	Total increase (decrease) in equity	0	0	0	18,681	28,187	-125,959	-79,091	5,031	-4,472	0	0	13,948	14,507	-64,584	-64,584	
Z1	Equity at end of period 2018/12/31	1,237,426	1,237,426	628,374	591,153	28,187	549,457	1,168,797	-104,626	78,341	0	0	-10,495	-36,780	2,997,817	2,997,817	
A1	Equity at beginning of period 2017/1/1	1,237,426	1,237,426	628,374	547,671	0	713,487	1,261,158	-60,103	0	168,100	-28,708	0	79,289	3,206,247	3,206,247	
A3	Effects of retrospective application and retrospective restatement	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
A4	Retrospective adjustment of equity attributable to former owner due to reorganization of entities under common control	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
A5	Equity at beginning of period after adjustments	1,237,426	1,237,426	628,374	547,671	0	713,487	1,261,158	-60,103	0	168,100	-28,708	0	79,289	3,206,247	3,206,247	
B1	Legal reserve appropriated	0	0	0	24,801	0	-24,801	0	0	0	0	0	0	0	0	0	
B3	Special reserve appropriated	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
B5	Cash dividends of ordinary share	0	0	0	0	0	-222,737	-222,737	0	0	0	0	0	0	-222,737	-222,737	
D1	Profit (loss)	0	0	0	0	0	186,804	186,804	0	0	0	0	0	0	186,804	186,804	
D3	Other comprehensive income	0	0	0	0	0	-437	-437	-49,554	0	-62,167	4,265	0	-107,476	-107,913	-107,913	
D5	Total comprehensive income	0	0	0	0	0	186,367	186,367	-49,554	0	-62,167	4,265	0	-107,476	-78,891	-78,891	
Y1	Total increase (decrease) in equity	0	0	0	24,801	0	-61,171	-36,370	-49,554	0	-62,167	4,265	0	-107,476	-143,846	-143,846	
Z1	Equity at end of period 2017/12/31	1,237,426	1,237,426	628,374	572,472	0	652,316	1,224,788	-109,657	0	105,913	-24,443	0	-28,187	3,062,401	3,062,401	

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Unit: NT\$ thousands

Statements of Cash Flows

Code	Accounting Title	2018/1/1 To12/31	2017/1/1 To12/31
	Cash flows from (used in) operating activities, indirect method		
A00010	Profit (loss) from continuing operations before tax	123,193	214,596
A10000	Profit (loss) before tax	123,193	214,596
	Adjustments		
	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	18,487	18,862
A20200	Amortization expense	6,647	7,477
A20300	Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	0	0
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	-1,535	0
A20900	Interest expense	6,858	8,987
A21200	Interest income	-26,280	-24,216
A21300	Dividend income	-15,382	-14,655
A22300	Share of loss (profit) of associates and joint ventures accounted for using equity method	-97,945	-78,299
A23000	Loss (gain) on disposal of non-current assets classified as held for sale	0	0
A23100	Loss (gain) on disposal of investments	0	-57,746
A23500	Impairment loss on financial assets	0	20,000
A23900	Unrealized profit (loss) from sales	23,163	30,111
A29900	Other adjustments to reconcile profit (loss)	192,731	229,872
A20010	Total adjustments to reconcile profit (loss)	106,744	140,393
	Changes in operating assets and liabilities		
	Changes in operating assets		
A31125	Decrease (increase) in contract assets	526,045	0
A31130	Decrease (increase) in notes receivable	-788	0
A31150	Decrease (increase) in accounts receivable	-298,887	152,385
A31160	Decrease (increase) in accounts receivable due from related parties	-178,394	-866,128
A31170	Decrease (increase) in construction contracts receivable	0	-211,663
A31180	Decrease (increase) in other receivable	14,899	-16,318
A31200	Decrease (increase) in inventories	-218	219
A31240	Decrease (increase) in other current assets	8,679	69,700
A31000	Total changes in operating assets	71,336	-871,805
	Changes in operating liabilities		
A32125	Increase (decrease) in contract liabilities	-173,431	0
A32130	Increase (decrease) in notes payable	-112,446	112,446
A32150	Increase (decrease) in accounts payable	472,148	90,021
A32160	Increase (decrease) in accounts payable to related parties	2,710	-138,909
A32170	Increase (decrease) in construction contracts receivable	0	1,136,253
A32180	Increase (decrease) in other payable	-18,019	-21,938
A32200	Increase (decrease) in provisions	-15,490	-10,572
A32230	Increase (decrease) in other current liabilities	-124,629	117,629
A32240	Increase (decrease) in net defined benefit liability	-110	458
A32000	Total changes in operating liabilities	30,733	1,285,388
A30000	Total changes in operating assets and liabilities	102,069	413,583
A20000	Total adjustments	208,813	553,976
A33000	Cash inflow (outflow) generated from operations	332,006	768,572
A33500	Income taxes refund (paid)	-56,943	-53,877
AAAA	Net cash flows from (used in) operating activities	275,063	714,695
	Cash flows from (used in) investing activities		
B00400	Proceeds from disposal of available-for-sale financial assets	0	118,449
B01500	Acquisition of financial assets for hedging	-459,629	0
B01800	Acquisition of investments accounted for using equity method	-25,000	-324,538
B02400	Proceeds from capital reduction of investments accounted for using equity method	392	0
B02700	Acquisition of property, plant and equipment	-8,774	-9,577
B02800	Proceeds from disposal of property, plant and equipment	62	12
B03700	Increase in refundable deposits	0	-56,221
B03800	Decrease in refundable deposits	16,797	0
B04500	Acquisition of intangible assets	-4,578	-6,929
B06600	Decrease in other financial assets	242,349	319,442
B06700	Increase in other non-current assets	-62	0
B06800	Decrease in other non-current assets	0	900
B07500	Interest received	26,843	24,400
B07600	Dividends received	20,234	229,156
BBBB	Net cash flows from (used in) investing activities	-191,366	295,094
	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	290,000	0
C00200	Decrease in short-term loans	0	-40,000
C00600	Decrease in short-term notes and bills payable	-250,000	-900,000
C03000	Increase in guarantee deposits received	2,624	2,049
C03100	Decrease in guarantee deposits received	0	0
C04500	Cash dividends paid	-154,678	-222,737
C05600	Interest paid	-6,817	-8,564
CCCC	Net cash flows from (used in) financing activities	-118,871	-1,169,252
DDDD	Effect of exchange rate changes on cash and cash equivalents	0	0
EEEE	Net increase (decrease) in cash and cash equivalents	-35,174	-159,463
E00100	Cash and cash equivalents at beginning of period	924,604	1,084,067
E00200	Cash and cash equivalents at end of period	889,430	924,604
E00210	Cash and cash equivalents reported in the statement of financial position	889,430	924,604

To facilitate the shareholders' understanding and to download a complete financial report and content thereof

Shareholders are requested to visit the China Ecotek Corporation's website

(website: **<http://www.ecotek.com.tw>**)

and section "Shareholders Service" for inquiries

Proposal 2 Proposed by the board of directors of the Company
Proposal for 2018 Earnings Distribution of the Company. Please
proceed with the ratification.

Description:

- I. For the 2018 earnings distribution, the distribution is planned to be handled according to Article 32-1 of the Articles of Incorporation, and shareholders' cash bonus of NT\$ 136,116,807 is to be distributed, and the cash bonus of NT\$ 1.1 per share is to be distributed. Please refer to Attachment 2 for details.
- II. Cash bonus and dividends distribution base date is to be authorized to the Chairman for determination. During the issuance of cash bonus, the distribution ratio is calculated to the integer dollar and the decimal value is truncated and for the total of the odd amount less than one dollar, the decimal numbers are adjusted from large to small and the account number from first to last sequentially until it satisfies the total amount of the cash dividend distribution.
- III. To cope with the implementation of integrated income tax system, during the calculation of the additional 5% of profit-seeking income tax for the undistributed earnings according to Article 66-9 of the Income Tax Act, the earnings of the most recent year shall be distributed in priority.

Resolution:

China Ecotek Corporation
2018 Expected Earning Distribution Table



NT\$

Summary	Amount
2018 beginning undistributed earnings	\$ 450,769,708
Effect of retrospective application and retrospective restatement	23,099,954
	<u>473,869,662</u>
Adjusted 2018 beginning undistributed earnings	
Investment adjusted retained earnings under equity method	(541,131)
Defined benefit plan re-measurement recognized in retained earnings	(21,735,821)
	<u>451,592,710</u>
Adjusted undistributed earnings	\$ 451,592,710
2018 Net income	97,863,964
Legal reserve	(9,786,396)
Special reserve	(8,592,904)
	<u>531,077,374</u>
Earnings available for distribution	\$ 531,077,374
Distribution item:	
Shareholders cash bonus (NT\$ 1.1 per share)	(136,116,807)
Undistributed earnings at end of 2018	\$ 394,960,567

Chairman : Tsung-Te Chen



Managerial Officer : Tzu-An Wu
President



Accounting Officer : Ya-Min Chuang



Four. Discussion Items

Proposal 1 Proposed by the board of directors of the Company

Proposal: Amendment draft of parts of the provisions of Articles of Incorporation of the Company. Please proceed with the resolution.

Description:

- I. Due to the new version of Corporate Governance Roadmap promoted by the competent authority, it is planned that starting from the next term of board of directors, the audit committee (formed by all of the independent directors) is to be established according to Article 14-4 of the Securities and Exchange Act, and the system of supervisors is to be implemented until the end of this term of board of directors. To cope with the aforementioned plan, parts of the provisions of the Articles of Incorporation of the Company are to be revised in order to comply with the requirements for the tenth term of board of directors and establishment of audit committee in 2020.
- II. Comparison table for Article of Incorporation before and after amendment of parts of provisions is enclosed as Attachment 3.

Resolution:

Attachment 3

China Ecotek Corporation Comparison Table of Amendments of Parts of Provisions of the “Articles of Incorporation”

Amended Article	Current Article	Explanation
Article 1 The Company shall be incorporated under the Company Act and <u>its English name shall be “China Ecotek Corporation”</u> .	Article 1 The Company shall be incorporated under the Company Act and its name shall be China Ecotek Corporation.	Amended according to the new Company Act.
Article 2 The scope of business of the Company is as <u>follows</u> : (omitted below)	Article 2 The scope of business of the Company is as <u>listed on the left</u> : (omitted below)	According to Subparagraph (8) of Article 2 of the “Principles for Format and Drafting of Regulations and Administrative Rules,” the legal process term of “as listed on the left” is amended to “as follows.”
Article 11 The Company’s shareholders’ meetings shall be of two types as <u>follows</u> : I. Annual Meeting of Shareholders shall be convened by the board of directors according to the laws within six months after the end of each fiscal year. II. The extraordinary shareholders’ meeting shall be convened whenever necessary according to the laws.	Article 11 The Company’s shareholders’ meetings shall be of two types as <u>listed on the left</u> : I. Annual Meeting of Shareholders shall be convened by the board of directors according to the laws within six months after the end of each fiscal year. II. The extraordinary shareholders’ meeting shall be convened whenever necessary according to the laws.	According to Subparagraph (8) of Article 2 of the “Principles for Format and Drafting of Regulations and Administrative Rules,” the legal process term of “as listed on the left” is amended to “as follows.”
Article 18 The Company has <u>nine to fifteen</u> directors and three supervisors, and adopts the candidate nomination system with a term of office for three years. Supervisors with capability shall be elected by the shareholders’ meeting according to the regulations of the Company Act, and re-election shall be applicable. In the roster of directors described in the preceding paragraph, the number of independent directors among the number of directors of each term shall not be less than <u>three</u> and shall not be less than	Article 18 The Company has <u>nine to eleven</u> directors and three supervisors, and adopts the candidate nomination system with the term of office of three years. Supervisors with capability shall be elected by the shareholders’ meeting according to the regulations of the Company Act, and re-election shall be applicable, <u>which shall be applicable starting in 2017 when the Company executes the election of directors and supervisors completely.</u> In the roster of directors	Starting from the tenth term of the board of directors of the Company, the number of directors (including independent directors) is proposed to be changed to 9~15 directors, and the number of independent directors will be handled according to the laws. The proviso requirements exceeding the valid period have been deleted in order to

<p>one fifth of the total number of directors.</p>	<p>described in the preceding paragraph, the number of independent directors among the number of directors of each term shall not be less than two and shall not be less than one fifth of the total number of directors.</p>	<p>simplify the content of the provision.</p>
<p>Article 18-1 <u>The Company shall establish the audit committee starting from the tenth term of board of directors according to Article 14-4 of the Securities and Exchange Act, and the Audit Committee shall be responsible for executing the authorities of supervisors according to the Company Act, Securities and Exchange Act and other laws. This Audit Committee shall be composed of the entire number of independent directors. The committee members shall not be fewer than three persons in number, one of the committee members shall be the committee convener, and at least one of the committee members shall have accounting or financial expertise.</u> <u>Resolutions of the Audit Committee meetings shall be adopted with the consent of one-half or more of all members of the Audit Committee.</u> <u>The exercise of authorities, organization charter and other matters requiring compliance of the Audit Committee shall be handled according to the Securities and Exchange Act and other relevant laws or the rules and regulations of the Company.</u> <u>Starting from the implementation of this article, the rules for the election of supervisors as described in Paragraph 1 of the preceding article and other rules related to supervisors described in these Articles of Incorporation shall be ceased to be applicable.</u></p>	<p>(None)</p>	<p>The Company will establish the Audit Committee starting from the tenth term of board of directors according to Article 14-4 of the Securities and Exchange Act, and the supervisor system is to be implemented until the end of the ninth term of board of directors.</p>
<p>Article 19 The authorities of the board of directors are as follows: I. <u>Approval of annual business.</u></p>	<p>Article 19 The authorities of the board of directors are <u>as listed on the left</u>:</p>	<p>1. According to Sub-paragraph (8) of Article 2 of the "Principles for</p>

<p><u>directives</u>;</p> <p>II. Appointment or discharge of <u>President, Vice President, financial and accounting managers, internal audit managers</u>, and consultants;</p> <p>III. Approval of <u>annual</u> budget plan and financial statements;</p> <p>IV. Determine pledge, sale/purchase or other disposition methods related to major assets of the Company;</p> <p>V. Approval of investment plans;</p> <p>VI. Approval of capital expense above New Taiwanese Dollar forty million;</p> <p>VII. Approval of exclusive technology, purchase or transfer of patent rights and technology collaboration contracts at an amount above New Taiwanese Dollar forty million;</p> <p>VIII. Approval of establishment and dissolution of branch institutions;</p> <p>IX. Proposals for recommending the amendment of the Articles of Incorporation, change of capital and Company's dissolution or merger to shareholders' meetings;</p> <p>X. Proposal for recommending distribution of profit or covering losses to shareholders' meetings;</p> <p>XI. The appointment, discharge, or compensation of an attesting Certified Public Accountant;</p> <p>XII. Approval of internal organizations and authorities of the Company;</p> <p>XIII. Approval of other matters with authorities under laws and regulations.</p>	<p>I. <u>Approval of business directives</u>;</p> <p>II. Appointment and discharge of <u>managerial officers</u> and consultants;</p> <p>III. Approval of budget plan and <u>annual</u> financial statements;</p> <p>IV. Determine pledge, sale/purchase or other disposition methods related to major assets of the Company;</p> <p>V. Approval of investment plans;</p> <p>VI. Approval of capital expense above New Taiwanese Dollar forty million;</p> <p>VII. Approval of exclusive technology, purchase or transfer of patent rights and technology collaboration contracts at an amount above New Taiwanese Dollar forty million;</p> <p>VIII. Approval of establishment and dissolution of branch institutions;</p> <p>IX. Proposals for recommending the amendment of the Articles of Incorporation, change of capital and Company's dissolution or merger to shareholders' meetings;</p> <p>X. Proposal for recommending distribution of profit or covering losses to shareholders' meetings;</p> <p>XI. The appointment, discharge, or compensation of an attesting Certified Public Accountant;</p> <p>XII. Approval of internal organizations and authorities of the Company;</p> <p>XIII. Approval of other matters with authorities under laws and regulations.</p>	<p>Format and Drafting of Regulations and Administrative Rules," the legal process term of "as listed on the left" is amended to "as follows."</p> <p>2. Amended the personnel authorities of board of directors according to Paragraph 1 of Article 29 of the "Company Act," Article 14-3 of the "Securities and Exchange Act" and other relevant laws and in consistency with the "Delegation of Authorities and Duties for Board of Directors, Chairman and President Authority Table."</p>
<p>Article 20-1 For the important matters described <u>in the following</u>, a board of directors' meeting with more than two-thirds of directors attending the meeting is required, and shall be approved by a majority of attending directors; or a majority</p>	<p>Article 20-1 For the important matters described <u>on the left</u>, a board of directors' meeting with more than two-thirds of directors attending the meeting is required, and shall be approved by a majority of attending directors; or a majority</p>	<p>According to Subparagraph (8) of Article 2 of the "Principles for Format and Drafting of Regulations and Administrative Rules,"</p>

<p>of directors shall attend a board of directors' meeting, and shall be approved by more than two-thirds of attending directors for the resolutions of such important matters: (omitted below)</p>	<p>of directors shall attend a board of directors' meeting, and shall be approved by more than two-thirds of attending directors for the resolutions of such important matters: (omitted below)</p>	<p>the legal process term of "as listed on the left" is amended to "as follows."</p>
<p>Article 26 The authorities of the supervisors are as <u>follows</u>: (omitted below)</p>	<p>Article 26 The authorities of the supervisors are as <u>listed on the left</u>: (omitted below)</p>	<p>According to Subparagraph (8) of Article 2 of the "Principles for Format and Drafting of Regulations and Administrative Rules," the legal process term of "as listed on the left" is amended to "as follows."</p>
<p>Article 27-2 The Company may purchase liability insurances for directors and supervisors <u>during the term</u> of office <u>of</u> the directors <u>and</u> supervisors <u>for the indemnification liabilities required to be borne within their scope of duty performance according to the laws.</u></p>	<p>Article 27-2 The Company may purchase liability insurances <u>for</u> directors, supervisors <u>and</u> <u>managerial officers. The insurance amount and insurance enrollment matters are authorized to the Chairman for determination.</u></p>	<p>The parent company China Steel Corporation (CSC) uniformly plans the liability insurances for directors and supervisors of the Group's companies annually.</p>
<p>Article 28 The Company has <u>one</u> <u>President</u> as the managerial officer and the appointment, discharge and remuneration thereof shall be handled according to Article 29 of the Company Act.</p>	<p>Article 28 The Company <u>may</u> have managerial officers and the appointment, discharge and the remuneration thereof shall be handled according to Article 29 of the Company Act.</p>	<p>Explicitly define the hierarchy of managerial officer according to Paragraph 1 of Article 29 of the "Company Act."</p>
<p>Article 36 These Articles of Incorporation were established on March 2, 1993. First amendment was made according to the resolution of the extraordinary shareholders' meeting on May 25, 1993. Second amendment was made according to the resolution of the extraordinary shareholders' meeting on November 22, 1993. Third amendment was made according to the resolution of the extraordinary shareholders' meeting on September 22, 1994. Fourth amendment was made according to the resolution of the Annual Meeting of Shareholders on June 11, 1996. Fifth amendment was made according to the resolution of the Annual Meeting of Shareholders on June 25, 1997.</p>	<p>Article 36 These Articles of Incorporation were established on March 2, 1993. First amendment was made according to the resolution of the extraordinary shareholders' meeting on May 25, 1993. Second amendment was made according to the resolution of the extraordinary shareholders' meeting on November 22, 1993. Third amendment was made according to the resolution of the extraordinary shareholders' meeting on September 22, 1994. Fourth amendment was made according to the resolution of the Annual Meeting of Shareholders on June 11, 1996. Fifth amendment was made according to the resolution of the Annual Meeting of Shareholders on June</p>	<p>Newly added the date for the present (sixteenth) amendment of the articles of incorporation approved through the resolution of shareholders' meeting.</p>

<p>Sixth amendment was made according to the resolution of the shareholders' meeting on June 29, 1998. Seventh amendment was made according to the resolution of the shareholders' meeting on June 9, 2000. Eighth amendment was made according to the resolution of the shareholders' meeting on June 8, 2001. Ninth amendment was made according to the resolution of the shareholders' meeting on June 11, 2002. Tenth amendment was made according to the resolution of the shareholders' meeting on June 28, 2005. Eleventh amendment was made according to the resolution of the shareholders' meeting on June 25, 2008. Twelfth amendment was made according to the resolution of the shareholders' meeting on June 28, 2012. Thirteenth amendment was made according to the resolution of the shareholders' meeting on June 25, 2015. Fourteenth amendment was made according to the resolution of the shareholders' meeting on June 22, 2016. Fifteenth amendment was made according to the resolution of the shareholders' meeting on June 22, 2018. <u>Sixteenth amendment was made according to the resolution of the shareholders' meeting on June 25, 2019.</u></p>	<p>25, 1997. Sixth amendment was made according to the resolution of the shareholders' meeting on June 29, 1998. Seventh amendment was made according to the resolution of the shareholders' meeting on June 9, 2000. Eighth amendment was made according to the resolution of the shareholders' meeting on June 8, 2001. Ninth amendment was made according to the resolution of the shareholders' meeting on June 11, 2002. Tenth amendment was made according to the resolution of the shareholders' meeting on June 28, 2005. Eleventh amendment was made according to the resolution of the shareholders' meeting on June 25, 2008. Twelfth amendment was made according to the resolution of the shareholders' meeting on June 28, 2012. Thirteenth amendment was made according to the resolution of the shareholders' meeting on June 25, 2015. Fourteenth amendment was made according to the resolution of the shareholders' meeting on June 22, 2016. Fifteenth amendment was made according to the resolution of the shareholders' meeting on June 22, 2018.</p>	
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Proposal 2 Proposed by the board of directors of the Company

Proposal: Proposal on the amendment to the Company's "Procedures for the Acquisition or Disposal of Assets." Please proceed with the ratification.

Description:

- I. According to Jin-Guan-Zheng-Far-Zi No. 1070341072, parts of the provisions of Articles 3~5, 7~11 and 13~16 of the "Procedures for Acquisition or Disposal of Assets"
- II. Comparison table for the Procedures for Acquisition or Disposal of Assets before and after amendment of parts of provisions is enclosed as Attachment 4.

Resolution:

China Ecotek Corporation

Comparison Table for Amendment of Parts of Provisions of “Procedures for Acquisition and Disposal of Assets”

Article After Amendment	Article Before Amendment	Explanation
<p>Article 3: Scope of asset</p> <p>I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>II. Real property (including land, houses and buildings, investment property) and equipment.</p> <p>III. Memberships.</p> <p>IV. Patents, copyrights, trademarks, franchise rights and other intangible assets.</p> <p><u>V. Right-of-use assets.</u></p> <p>VI. Derivatives.</p> <p>VII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions or transfer of shares in accordance with the law.</p> <p>VIII. Other major assets.</p>	<p>Article 3: Scope of asset</p> <p>I. <u>Long-term and short-term</u> Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>II. Real property (including land, houses and buildings, investment property, <u>land use right and construction enterprise inventory</u>) and equipment.</p> <p>III. Memberships.</p> <p>IV. Patents, copyrights, trademarks, franchise rights and other intangible assets.</p> <p>V. <u>Claims of financial institutions (including receivables, bills purchased and discounted, loans and overdue receivables).</u></p> <p>VI. Derivatives.</p> <p>VII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions or transfer of shares in accordance with the law.</p> <p>VIII. Other major assets.</p>	<p>Expanded the scope of right-of-use assets according to the International Financial Reporting Standards 16 (IFRS 16) applicable to our nation and the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” amended by Financial Supervisory Commission (FSC).</p>
<p>Article 4: Definition of relevant terms</p> <p><u>I. Right-of-use assets: Refers to the assets the lessee have the use control right on the subject property during the lease period according to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”</u></p> <p>II. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a <u>specified interest rate, financial instrument price,</u></p>	<p>Article 4: Definition of relevant terms</p> <p>I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term</p>	<p>I. Newly added the definition of right-of-use assets described in Sub-paragraph 1 of Paragraph 1 of Article 9 of the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.</p>

<p><u>commodity price</u>, foreign exchange rate, <u>index of prices or rates</u>, <u>credit rating or credit index</u>, <u>or other variable</u>; <u>or hybrid contracts combining the above contracts</u>; <u>or hybrid contracts or structured products containing embedded derivatives</u>. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <u>contracts</u>.</p> <p>III. Assets acquired or disposed through mergers, de-mergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter referred to as "transfer of shares") under Article 156-3 of the <u>Company Act</u>.</p> <p>IV. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>V. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>VI. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is</p>	<p>"forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts or long-term purchase (sales) contracts.</p> <p>II. Assets acquired or disposed through mergers, de-mergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter referred to as the "transfer of shares") under Paragraph 8 of Article 156 of the <u>Company Act</u>.</p> <p>III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>IV. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>V. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of board of directors' resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>VI. Mainland China area investment: Refers to investments in the Mainland China area approved by the Ministry of Economic Affairs</p>	<p>II. Amended the rest of content according to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" of FSC.</p>
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<p>required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p><u>VII. Mainland China area investment:</u> Refers to investments in the Mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p><u>VIII. Securities exchange:</u> "<u>Domestic securities exchange</u>" refers to the <u>Taiwan Stock Exchange Corporation</u>; "<u>foreign securities exchange</u>" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</p> <p><u>IX. Over-the-counter venue</u> (hereinafter referred to as "<u>OTC venue</u>", "<u>OTC</u>"): "<u>Domestic OTC venue</u>" refers to a venue for OTC trading provided by a securities firm in accordance with the <u>Regulations Governing Securities Trading on the Taipei Exchange</u>; "<u>foreign OTC venue</u>" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</p> <p><u>X. Within the preceding year:</u> Refers to the year preceding the date of occurrence of the current transaction.</p> <p><u>XI. Transaction amount:</u> Refers to the amount calculated according to one of the following methods; however, during the assessment on whether to obtain appraisal report, auditor's opinion or submission of transaction amount threshold passed by the board of directors and approved by the supervisors, for the part handled according to relevant</p>	<p>Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	
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<p><u>requirements of these Procedures, such part is exempted from being counted toward the transaction amount; during the assessment on whether to announce the transaction amount threshold, for the part already announced according to these Procedures, such part is exempted from counted toward the transaction amount.</u></p> <p><u>(I) The amount of any individual transaction.</u></p> <p><u>(II) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</u></p> <p><u>(III) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</u></p> <p><u>(IV) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively.) of the same security within the preceding year.</u></p>		
<p>Article 5: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall meet the following requirements:</u></p> <p><u>(I) May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business</u></p>	<p>Article 5: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall not be a related party of the Company.</u></p>	<p>Amended the content according to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” of FSC.</p>

<p><u>Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p><u>(II) May not be a related party or de facto related party of any party to the transaction.</u></p> <p><u>(III) If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <p><u>(I) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p><u>(II) When examining 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.</u></p> <p><u>(III) They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report.</u></p>		
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<p><u>or the opinion.</u> <u>(IV) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p>		
<p>Article 7: Limits of acquisition of non-operating real properties <u>and right-of-use assets thereof</u> and securities Limits of real properties <u>and right-of-use assets thereof</u> or securities acquired individually by the Company and each subsidiary are as follows: (I) For non-operating real properties <u>and right-of-use assets thereof</u>, the total amount shall not exceed 15 percent of the net worth indicated in the most recent period of individual financial statements of the Company and each subsidiary. (II) The total amount of investment in securities shall not exceed 40 percent of the paid-in capital indicated in the most recent period of individual financial statements of the Company and each subsidiary; however, the tools of domestic/foreign bond funds, domestic/foreign currency funds, negotiable certificates of deposits, short-term commercial papers and bank acceptances, etc. acquired for the purpose of capital management shall be excluded from such restriction. (III) The amount of investment in an individual securities shall not exceed 25 percent of the paid-in capital indicated in the most recent individual financial statements of the Company and each subsidiary. The securities described in the preceding securities does not include the invested enterprises for the purposes of profit-seeking, acquisition or merger.</p>	<p>Article 7: Limits of acquisition of non-operating real properties and securities Limits of real property or securities acquired individually by the Company and each subsidiary are as follows: I. For non-operating real properties, the total amount shall not exceed 15 percent of the net worth indicated in the most recent period of individual financial statements of the Company and each subsidiary. II. The total amount of investment in securities shall not exceed 40 percent of the paid-in capital indicated in the most recent period of individual financial statements of the Company and each subsidiary; however, the tools of domestic/foreign bond funds, domestic/foreign currency funds, negotiable certificates of deposits, short-term commercial papers and bank acceptances, etc. acquired for the purpose of capital management shall be excluded from such restriction. III. The amount of investment in an individual security shall not exceed 25 percent of the paid-in capital indicated in the most recent individual financial statements of the Company and each subsidiary. The securities described in the preceding securities does not include the invested enterprises for the purposes of profit-seeking, acquisition or merger.</p>	<p>Amended the content according to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” of FSC.</p>
<p>Article 8: Procedures for acquisition or</p>	<p>Article 8: Procedures for acquisition or</p>	<p>Amended the</p>

<p>disposal of real property, equipment <u>or right-of-use assets thereof</u></p> <p>I. Assessment and operating procedures</p> <p>The acquisition or disposal of real property, equipment <u>or right-of-use assets thereof</u> shall be handled according to the internal control system fixed asset cycle procedures.</p> <p>II. Procedures for determining transaction criteria and degree of authority delegation</p> <p>(I) For the acquisition of real properties <u>or right-of-use assets</u>, the announced current value, appraised value, neighboring real property actual transaction price, <u>lease market price</u> etc. in order to determine the transaction terms and transaction price, and analysis report shall be prepared. For the acquisition of equipment, one of the methods of price inquiry, price comparison or tender invitation shall be selected for use. Where real property, equipment <u>or right-of-use assets thereof</u> has been listed into the budget of capital expense, the President is authorized to provide approval for handling. If real property, equipment <u>or right-of-use assets thereof</u> has not been listed into the budget of capital expense originally and the amount is greater than NT\$ 20 million, then prior to the acquisition or disposal thereof, it shall be reported to the board of directors for approval. If the amount is less than NT\$ 20 million, then Chairman is authorized to provide approval for handling.</p> <p>(II) During the disposal of assets, the custody unit shall prepare the "Property Impairment Form" and for property reaching the useful lifetime, it</p>	<p>disposal of real properties or equipment</p> <p>I. Assessment and operating procedures</p> <p>The acquisition or disposal of real property and equipment shall be handled according to the internal control system fixed asset cycle procedures.</p> <p>II. Procedures for determining transaction criteria and degree of authority delegation</p> <p>(I) For the acquisition of real property, the announced current value, appraised value, neighboring real property actual transaction price etc. in order to determine the transaction terms and transaction price, and analysis report shall be prepared. For the acquisition of equipment, one of the methods of price inquiry, price comparison or tender invitation shall be selected for use. Where real property and equipment have been listed into the budget of capital expense, the President is authorized to provide approval for handling. If real property and equipment has not been listed into the budget of capital expense originally and the amount is greater than NT\$ 20 million, then prior to the acquisition or disposal thereof, it shall be reported to the board of directors for approval. If the amount is less than NT\$ 20 million, then Chairman is authorized to provide approval for handling.</p> <p>(II) During the disposal of assets, the custody unit shall prepare the "Property Impairment Form" and for property reaching the useful lifetime, it shall be reported to the Vice President of the management department for review and approval, followed by handling such property accordingly. For</p>	<p>content according to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" of FSC.</p>
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<p>shall be reported to the Vice President of the management department for review and approval, followed by handling such property accordingly. For property not reaching the useful lifetime, it shall be reported to the President for review and approval, followed by handling such property accordingly.</p> <p>III. Executing unit When the Company acquires or disposes of real property, equipment <u>or right-of-use assets thereof</u>, it is necessary to proceed with the report for approval according to the delegation of authority described in the preceding paragraph, followed which the use unit and relevant responsible unit shall be responsible for the execution thereof.</p> <p>IV. Appraisal report of real property, equipment <u>or right-of-use assets thereof</u> In acquiring or disposing of real property, equipment <u>or right-of-use assets thereof</u>, where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment <u>or right-of-use assets thereof</u> held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted</p>	<p>property not reaching the useful lifetime, it shall be reported to the President for review and approval, followed by handling such property accordingly.</p> <p>III. Executing unit When the Company acquires or disposes of real property or equipment, it is necessary to proceed with the report for approval according to the delegation of authority described in the preceding paragraph, followed which the use unit and relevant responsible unit shall be responsible for the execution thereof.</p> <p>IV. Appraisal report of real property or equipment In acquiring or disposing of real property or equipment, where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment held for business use, shall obtain an appraisal report (<u>matters required to be indicated on the appraisal report are as described in Attachment 1</u>) prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions. (I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors. <u>In the future, any change in the terms and conditions of the transaction shall be handled according to the</u></p>	
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<p>for approval by the board of directors in advance; <u>the same procedure shall also be followed whenever there is any subsequent change</u> to the terms and conditions of the transaction.</p> <p>(the rest of the content of this article remains unchanged)</p>	<p><u>aforementioned procedure.</u> (the rest of the content of this article remains unchanged)</p>	
<p>Article 9: Procedures for acquisition or disposal of securities investment</p> <p>IV. Obtaining expert opinion</p> <p>(I) The Company acquiring or disposing of securities <u>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, and</u> if the dollar amount of the transaction is 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. 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. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p><u>(II) The exceptions described in the proviso of Subparagraph (1) of Paragraph 4 of this</u></p>	<p>Article 9: Procedures for acquisition or disposal of securities investment</p> <p>IV. Obtaining expert opinion</p> <p>(I) The Company acquiring or disposing of securities <u>is subject to any one of the following conditions</u>, and if the dollar amount of the transaction is 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. 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. This requirement does not apply, however, to publicly-quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>The exceptions described in the proviso of the preceding paragraph refers to:</p> <ol style="list-style-type: none"> 1. Securities acquired with cash investment for establishment or establishment by offering of public offering initiated. 	<p>Amended the content according to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" of FSC.</p>

<p><u>article</u> refers to:</p> <ol style="list-style-type: none"> 1. Securities acquired with cash investment for establishment <u>according to the laws</u> or establishment of public offering initiated, <u>and the rights represented by the securities acquired is equivalent to the ratio of contribution.</u> 2. Participation in the subscription of subject company executing issuance of securities at par value for capital increase by cash. 3. Participation in the subscription of <u>companies directly or indirectly invested by 100 percent executing issuance of securities for capital increase in cash, or participation in the subscription of securities issued for capital increase among subsidiaries 100 percent owned.</u> 4. Securities of listed company at Stock Exchange Market, OTC Market and Emerging Stock Market traded at the Stock Exchange Market or securities firm trading offices. 5. Bonds belong to <u>domestic</u> government bonds, bonds with repurchase, reverse repurchase agreements. <p>6 Public offering of funds.</p> <ol style="list-style-type: none"> 7. Stocks of publicly listed (OTC) companies acquired or disposed according to the Taipei Exchange Rules Governing Reverse Auction of TPEX Listed Securities or Auction Rules of the <u>Taiwan</u> Stock 	<ol style="list-style-type: none"> 2. Participation in the subscription of subject company executing issuance of securities at par value for capital increase by cash. 3. Participation in the subscription of 100 percent reinvestment of an invested company executing issuance of securities for capital increase by cash. 4. Securities of listed company at Stock Exchange Market, OTC Market and Emerging Stock Market traded at the Stock Exchange Market or securities firm trading offices. 5. Bonds belong to government bonds, bonds with re-purchase or reverse re-purchase agreements. <p>6. Domestic and foreign funds.</p> <ol style="list-style-type: none"> 7. Stocks of publicly listed (OTC) companies acquired or disposed according to the Taipei Exchange Rules Governing Reverse Auction of TPEX Listed Securities or Auction Rules of the Stock Market Exchange or Taipei Exchange. 8. Participation in the capital increase by cash executed by publicly listed companies, and acquisition of securities not belonging to private placement securities. 9. Acquisition of funds prior to the establishment of fund according to Paragraph 1 of Article 11 of the Securities Investment Trust and Consulting Act <u>and Jin-Guan-Zheng-IV-Zi No.</u> 	
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<p>Exchange <u>Corporation</u> or <u>Taipei Exchange</u>.</p> <p>8. Participation in the capital increase by cash executed by <u>domestic</u> publicly listed companies or <u>domestic subscription of corporate bonds (including financial bonds)</u>, and acquisition of securities not belonging to private placement securities.</p> <p>9. According to Paragraph 1 of Article 11 of the Securities Investment Trust and Consulting Act, prior to the establishment of funds, for the subscription of <u>domestic private placement funds, or subscription, redemption of domestic private placement funds, where the trust contract already indicates investment strategy excluding the securities credit trading and instrument positions related to open securities held, the rest shall be identical to the investment scope of the public placement funds.</u></p> <p><u>10</u> Other circumstances specified by FSC.</p> <p><u>(III)</u> Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>	<p><u>0930005249 Decree of FSC dated November 1, 2004.</u></p> <p>10. Subscription or redemption of domestic private placement funds, where the trust contract already indicates investment strategy excluding the securities credit trading and instrument positions related to open securities held, the rest shall be identical to the investment scope of public placement funds.</p> <p>11. Other circumstances specified by FSC.</p> <p><u>(II)</u> Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>	
<p>Article 11: Procedure for handling related party transaction</p> <p>When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to assessing the reasonability of the transaction terms <u>specified in Articles 10-1 and 10-2</u>, if the transaction amount reaches 10 percent or more of</p>	<p>Article 11: Procedure for handling related party transaction</p> <p>When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to <u>handling according to previous section and the procedure of this section</u>, and assessing the reasonability of the transaction terms, if the transaction</p>	<p>Amended the content according to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" of</p>

<p>the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion. When judging whether or not a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p><u>Article 10-1</u>: Assessment and operating procedures for <u>related party transaction</u></p> <p>When the Company intends to acquire or dispose of real property <u>or right-of-use assets thereof</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and supervisors:</p> <p>(I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the related party as a transaction counterparty.</p> <p>(III) With respect to the acquisition of real property <u>or right-of-use assets thereof</u> from a related party, relevant information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with <u>Article 10-2</u>.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(V) Monthly cash flow forecasts for the</p>	<p>amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion. When judging whether or not a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>I. Assessment and operating procedures</p> <p>When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and supervisors:</p> <p>(I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets <u>and real property</u>.</p> <p>(II) The reason for choosing the related party as a transaction counterparty.</p> <p>(III) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with <u>Sub-paragraph (1) and (4) of Paragraph 3</u> of this article.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(V) Monthly cash flow forecasts for the</p>	<p>FSC.</p>
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<p>year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(VII) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its parent company, subsidiaries <u>or between subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or authorized capital</u>, the board of directors may authorize the Chairman, according to Paragraph 2 of Article 8, to decide such matters when the transaction is within the following amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting :</p> <p><u>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></p> <p><u>2. Acquisition or disposal of real property right-of-use assets held for business use.</u></p> <p><u>Article 10-2:</u> Assessment of reasonableness of <u>related party transaction</u> costs</p> <p>The Company acquiring real property <u>or right-of-use assets thereof</u> from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>(I) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the</p>	<p>year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(VII) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>For the <u>acquisition or disposal of machine and equipment held for business use</u> conducted between the Company and its parent company or between subsidiaries, the board of directors may, pursuant to Paragraph 2 of Article 8, delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>II. Assessment of reasonableness of transaction costs</p> <p>(I) The Company acquiring real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the related party's transaction price plus the necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate</p>	
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<p>property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>(II) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding <u>paragraph</u>.</p> <p>When the Company acquires real property <u>or right-of-use assets thereof</u> from a related party, the Company shall appraise the cost of the real property <u>or right-of-use assets thereof</u> in accordance with the <u>Paragraphs 1 and 2 of this article</u>, and shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>In case of any one of the following conditions, the requirements related to the assessment of reasonableness of transaction costs described in the <u>preceding three paragraphs</u> shall not be applied:</p> <p>(I) The related party acquired the real property <u>or right-of-use assets thereof through inheritance or as a gift</u>.</p> <p>(II) More than five years will have elapsed from the time the related party signed the contract to obtain the real property <u>or right-of-use assets thereof</u> to the signing date for the current transaction.</p>	<p>announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>(II) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(III) The Company acquiring real property from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with <u>Sub-paragraphs (1) and (2) of Paragraph 3</u> of this Article shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(IV) When the results of appraisal conducted in accordance with <u>Sub-paragraphs (1) and (2) of Paragraph 3</u> of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Sub-paragraph (5) of <u>Paragraph 3</u> of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof</p>	
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<p>(III) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> <p><u>(IV) Real property right-of-use assets held for business use is acquired between the Company and subsidiaries, or between subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></p> <p>Where the Company acquires real property <u>or right-of-use assets</u> from a related party and the results of appraisals conducted in accordance with <u>Paragraphs 1~4 of this article</u> are uniformly lower than the transaction price, it shall be handled according to <u>Paragraph 6 of this article</u>. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>(I) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <ol style="list-style-type: none"> 1. Where undeveloped land is appraised in accordance with the means specified in <u>Paragraphs 1, 2, 3 and 4 of this Article</u>, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as 	<p>of compliance with one of the following conditions:</p> <ol style="list-style-type: none"> (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower. (2) Closure deals by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale practices. <u>(3) Lease by unrelated parties within the preceding year involving other floors of the same property, where the transaction terms are similar after calculation of reasonable price discrepancies in floor prices in accordance with standard property market leasing practices.</u> <ol style="list-style-type: none"> 2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of closure deals involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. The term "closure 	
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<p>announced by the Ministry of Finance, whichever is lower.</p> <p>2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>(II) Where the Company acquiring real property, <u>or obtaining real property right-of-use assets through leasing</u>, from a related party provides evidence that the terms of the transaction are similar to the terms of closure deals completed <u>transactions</u> involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. The term <u>"transactions</u> involving neighboring or closely valued parcels of land" refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to <u>transactions</u> of unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.</p> <p>Where the Company acquires real property <u>or right-of-use assets</u> from a related party and the results of appraisals conducted in accordance with <u>Paragraphs 1~5 of this article</u> are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(I) A special reserve shall be set aside in accordance with Paragraph 1 of Article 41 of the Securities and Exchange Act against the</p>	<p>deals involving neighboring or closely valued parcels of land" refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to deals closed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; <u>the aforementioned within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.</u></p> <p>(V) Where the Company acquires or disposes real property from a related party and the results of appraisals conducted in accordance with Subparagraphs (1) and (2) of <u>Paragraph 3</u> of this Article are uniformly lower than the transaction price, the following steps shall be taken: The Company and a public company conducting valuation on the investment of the Company under equity method that has set aside a special reserve according to preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>1. The Company shall aside a special reserve shall be set aside in accordance with Paragraph 1 of Article 41 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses</p>	
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<p>difference between the real property <u>or right-of-use assets</u> transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Paragraph I of Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>(II) Independent directors shall comply with Article 218 of the Company Act.</p> <p>(III) Actions taken pursuant to <u>Subparagraphs (1) and (2) of Paragraph 6 of this article</u> shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Company and a public company conducting valuation on the investment of the Company under equity method that has set aside a special reserve according to Paragraph 6 of this article may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or they have been disposed of, <u>or the leasing contract has been terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the Company obtains real property <u>or right-of-use assets thereof</u> from a related party, it shall also comply with <u>Paragraphs 6 and 7 of this article</u> if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	<p>the equity method to account for its investment in another company, then the special reserve called for under Paragraph I of Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>2. Independent directors shall comply with Article 218 of the Company Act.</p> <p>3. Actions taken pursuant to Item 1 and Item 2 of Subparagraph (5) of <u>Paragraph 3</u> of this article shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>(VI) Where the Company acquires real property from related party is subject to any one of the following conditions, <u>it is required to handle such matter according to relevant assessment and operating procedures specified in Paragraph 1 and Paragraph 2 of this article only</u>, and the requirements for assessment of reasonableness of transaction costs specified in Subparagraphs (1), (2) and (3) of <u>Paragraph 3</u> of this article are not applicable:</p> <ol style="list-style-type: none"> 1. The related party acquired the real property through inheritance or as a gift. 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction. 3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land. <p>(VII) When the Company obtains real property from a related party, it shall also comply with the Subparagraph (5) of <u>Paragraph 3</u> of this article if there is other evidence indicating that the acquisition was not an arm's</p>	
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	length transaction.	
<p>Article 11: Procedures for acquisition or disposal of real properties <u>or right-of-use assets thereof or memberships</u></p> <p>I. Assessment and operating procedures</p> <p>The acquisition or disposal of real properties <u>or right-of-use assets thereof or memberships</u> shall be handled according to the internal control system fixed asset cycle procedures.</p> <p>II. Executing unit</p> <p>When the Company acquires or disposes real properties <u>or right-of-use assets thereof or memberships</u>, the use unit and relevant responsible unit shall be responsible for the execution thereof.</p> <p>III. Expert assessment opinion report for intangible assets <u>or right-of-use assets thereof or memberships</u></p> <p>Where the Company acquires or disposes of intangible assets <u>or right-of-use assets thereof or memberships</u> and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a <u>domestic</u> 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; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>Article 11: Procedures for acquisition or disposal of memberships or intangible assets</p> <p>I. Assessment and operating procedures</p> <p>The acquisition or disposal of memberships or intangible assets shall be handled according to the internal control system fixed asset cycle procedures.</p> <p>II. Procedures for determining transaction criteria and degree of authority delegation</p> <p>(I) For the acquisition or disposal of <u>memberships, the market fair price shall be considered to determine the transaction terms and transaction price, and analysis report shall be prepared for submission to the President. Where the amount is less than NT\$ 3 million, it shall be reported to the Chairman for approval and shall be submitted to the most recent board of directors' meeting for approval after the occurrence of the event. Where the amount exceeds NT\$ 3 million, it shall be submitted to the boards of directors for approval before executing the matter.</u></p> <p>(II) For the acquisition or disposal of <u>intangible assets, the market fair price shall be considered to determine the transaction terms and transaction price, and analysis report shall be prepared for submission to the Chairman. Where the amount is less than 10 percent of the paid-in capital or NT\$ 20 million, it shall be reported to the Chairman for approval and shall be submitted to the most recent board of directors' meeting for approval after the occurrence of the event. Where the amount exceeds NT\$ 20 million, it shall be submitted to the boards of directors for approval before executing the</u></p>	<p>Amended the content according to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" of FSC.</p>

	<p><u>matter.</u></p> <p>III. Executing unit</p> <p>When the Company acquires or disposes memberships or intangible assets, <u>it is necessary to proceed with the report for approval according to the delegation of authority described in the preceding paragraph,</u> followed which the use unit and relevant responsible unit shall be responsible for the execution thereof.</p> <p>IV. Expert assessment opinion report for memberships or intangible assets</p> <p>Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a 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; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	
<p>Article 13: Procedures for acquisition or disposal derivatives</p> <p>I. Transaction principles and directives</p> <p>(I) Transaction type</p> <p>Presently, the Company performs trading of derivatives limited to the financial derivatives <u>in cooperation with the operation hedging transaction needs.</u> Except where the of “forward exchange” hedging transactions are authorized to the management department for handling, the other financial commodity trading shall be reported to the board of directors for approval before execution.</p> <p>(III) Delegation of Responsibilities</p>	<p>Article 13: Procedures for acquisition or disposal derivatives</p> <p>I. Transaction principles and directives</p> <p>(I) Transaction type</p> <p>1. <u>The derivatives traded by the Company refer to transaction contracts (such as forward contracts, options contracts, futures, interest rate or exchange rate, swap contracts, and hybrid contracts formed as a combination of the aforementioned commodities etc.), whose value is derived from commodities of asset, interest rate, exchange rate, index or other benefits etc.</u></p> <p>2. Presently, the Company performs trading of</p>	<p>Amended the content according to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” of FSC.</p>

<p>2. Auditing department Responsible for understanding the appropriateness of derivative trading internal control and auditing the status of trading department's compliance with the operating procedures, and analyzing the trading cycle, preparing audit report and submitting the report to the supervisor for review after the completion of the audit items and before the end of following month. In addition, in case where external/internal auditors discover the likelihood of material breach or major loss, report shall be prepared for submission to and informing each supervisor <u>and independent director</u>.</p> <p>III. Internal audit system</p> <p>(I) Internal auditors shall periodically understand the appropriateness of the derivatives trading internal control, and shall audit the status of the trading department complying with the procedures for engaging in derivatives trading and analyze the trading cycle in order to prepare audit report. In case of discovery of material breach, written notice shall be submitted to supervisors <u>and independent directors</u>.</p> <p>(II) Internal auditors shall submit the audit report along with the internal audit operation annual audit plan execution status to FSC before the end of February of next year, and shall also report the abnormality improvement status to FSC for recordation no later than the end of May of next year.</p> <p>(the rest of the content of this</p>	<p>derivatives limited to the financial derivatives. Except where the of "forward exchange" hedging transactions are authorized to the management department for handling, the other financial commodity trading shall be reported to the board of directors for approval before execution.</p> <p>(III) Delegation of Responsibilities</p> <p>2. Auditing department Responsible for understanding the appropriateness of derivative trading internal control and auditing the status of trading department's compliance with the operating procedures, and analyzing the trading cycle, preparing audit report and submitting the report to the supervisor for review after the completion of the audit items and before the end of following month. In addition, in case where external/internal auditors discover the likelihood of material breach or majormajor loss, report shall be prepared for submission to and informing each supervisor.</p> <p>III. Internal audit system</p> <p>(I) Internal auditors shall periodically understand the appropriateness of the derivatives trading internal control, and shall audit the status of the trading department complying with the procedures for engaging in derivatives trading and analyze the trading cycle in order to prepare audit report. In case of discovery of material breach, written notice shall be submitted to supervisors.</p>	
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<p>article remains unchanged)</p>	<p>(II) Internal auditors shall submit the audit report along with the internal audit operation annual audit plan execution status to FSC before the end of February of next year, and shall also report the abnormality improvement status to FSC for recordation no later than the end of May of next year.</p> <p>(the rest of the content of this article remains unchanged)</p>	
<p>Article 14-4: Where the Company participates in a merger, split-up, acquisition or transfer of shares, in addition to handling such matters according to these Procedures, the Company shall also comply with Paragraph 2 of Article 24, Paragraph 1, Paragraph 2 and Paragraph 5 of Article 25, Article 29 and Article 30 of the Regulations.</p>	<p>Article 14-4: Where the Company participates in a merger, split-up, acquisition or transfer of shares, in addition to handling such matters according to these Procedures, the Company shall also comply with Paragraph 2 of Article 23, Paragraph 1, Paragraph 2 and Paragraph 5 of Article 24, Article 28 and Article 29 of the Regulations.</p>	<p>Revision according to the change of the article numbers of the Regulations</p>
<p>Article 15: Procedures for public disclosure of information I. Required announcement and report items and standards for announcement and report Under any of the following circumstances, the Company acquiring or disposing assets shall publicly announce and report the relevant information on the FSC's designated website within two days counting inclusively from the date of occurrence of the event: (I) Acquisition or disposal of real property or <u>right-of-use assets thereof</u> from a related party, or acquisition or disposal of real property <u>or right-of-use assets thereof</u> to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of <u>domestic</u> government bonds or bonds under re-purchase and re-sale agreements, or subscription or redemption of money market</p>	<p>Article 15: Procedures for public disclosure of information I. Required announcement and report items and standards for announcement and report Under any of the following circumstances, the Company acquiring or disposing assets shall publicly announce and report the relevant information on the FSC's designated website within two days counting inclusively from the date of occurrence of the event: (I) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds, bonds under re-purchase and re-sale agreements, or subscription or redemption of money market funds issued by</p>	<p>Amended the content according to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" of FSC.</p>

<p>funds issued by domestic securities investment trust enterprises.</p> <p>(II) Merger, de-merger, acquisition or transfer of shares.</p> <p>(III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures established.</p> <p>(IV) Where the equipment <u>or right-of-use assets thereof</u> belongs to business use is acquired or disposed of, and the transaction counterparty is not a related party, and the transaction amount reaches NT\$ 500 million or more.</p> <p>(V) Where the real property <u>or right-of-use assets thereof</u> for construction use is acquired or disposed for the operation of construction business, and the transaction counterparty is not a related party and the transaction amount reaches NT\$ 500 million or more.</p> <p>(VI) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, <u>and the transaction counterparty is not a related party</u>, and the amount the Company expects to invest in the transaction reaches NT\$ 500 million.</p> <p>(VII) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300</p>	<p>domestic securities investment trust enterprises.</p> <p>(II) Merger, de-merger, acquisition or transfer of shares.</p> <p>(III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures established.</p> <p>(IV) Where the <u>type of asset</u> belongs to business use is acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$ 500 million or more.</p> <p>(V) Where the real property for construction use is acquired or disposed for the operation of construction business, and the transaction counterparty is not a related party, and the transaction amount reaches NT\$ 500 million or more.</p> <p>(VI) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.</p> <p>(VII) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following</p>	
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<p>million; provided, this shall not apply to the following circumstances:</p> <p>1. Trading of <u>domestic</u> government bonds.</p> <p>2. Where done by professional investors—securities trading on domestic/foreign securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (<u>excluding subordinated debt</u>) that are offered and issued in the domestic 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>3. Trading of bonds under re-purchase and re-sale agreements or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(the rest of the content of this article remains unchanged)</p>	<p>circumstances:</p> <p>1. Trading of government bonds.</p> <p>2. Where done by professional investors—securities trading on domestic/foreign securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics that are offered and issued in the domestic primary market, 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>3. Trading of bonds under re-purchase and re-sale agreements or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions described in this article shall be calculated as follows:</p> <p>1. The amount of any individual transaction:</p> <p>2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction-counterparty within the preceding year.</p> <p>3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative</p>	
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	<p>acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>The "within the preceding year" described in this article refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.</p> <p>II. Format of public announcement</p> <p>(I) — For securities of parent/subsidiaries or affiliates trading on domestic/foreign securities exchanges or OTC markets, the required matters for public announcement and the content of public announcement format shall be made according to Attachment 2.</p> <p>(II) — For land acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, the required matters for announcement and the content of public announcement format shall be made according to Attachment 3.</p> <p>(III) — For the acquisition or disposal of real property or equipment, and real property acquired from a related party, the public announcement format shall be made according to Attachment 4.</p> <p>(IV) — For securities, memberships, trading of intangible assets not performed at securities exchanges or OTC markets and disposal of</p>	
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	<p>receivables by a financial institution, the public announcement format shall be made according to Attachment 5.</p> <p>(V) — For investments in the mainland China area, the announcement format shall be made according to Attachment 6.</p> <p>(VI) — For the public announcement of derivative trading within two days from the date of occurrence, the public announcement format shall be made according to Attachment 7-1.</p> <p>(VII) — For the public announcement of derivative trading before the tenth day of each month, the public announcement format shall be made according to Attachment 7-1.</p> <p>(VIII) — For merger, demerger, acquisition, or transfer of shares, the public announcement format shall be made according to Attachment 8.</p> <p>(the rest of the content of this article remains unchanged)</p>	
<p>Article 16: Procedures for subsidiaries' acquisition or disposal of assets</p> <p>I. A subsidiary shall establish its “Procedures for Acquisition and Disposal of Assets” according to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, which shall be approved by the board of directors and reported to the shareholders' meeting for approval. The same requirements shall be applied to amendments thereof.</p> <p>II. When a subsidiary acquires or disposes assets, it shall also handle the matter according to these Procedures.</p> <p>III. Where a subsidiary is not a domestic public company, when its acquisition or disposal of assets</p>	<p>Article 16: Procedures for subsidiaries' acquisition or disposal of assets</p> <p>I. A subsidiary shall establish its “Procedures for Acquisition and Disposal of Assets” according to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, which shall be approved by the board of directors and reported to the shareholders' meeting for approval. The same requirements shall be applied to amendments thereof.</p> <p>II. When a subsidiary acquires or disposes assets, it shall also handle the matter according to these Procedures.</p> <p>III. Where a subsidiary is not a public company, when its acquisition or disposal of assets reaches the</p>	<p>Amended the content according to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” of FSC.</p>

<p>reaches the announcement and report standards under these Procedures, the Company shall handle the public announcement and report thereof.</p> <p>IV. The paid-in capital or total assets of the Company shall be the standard <u>applicable to relevant requirements for company's paid-in capital or total assets</u> described in the public announcement and report standard of a subsidiary.</p>	<p>announcement and report standards under these Procedures, the Company shall handle the public announcement and report thereof.</p> <p>IV. The paid-in capital or total assets of the Company shall be the standard applicable to the criteria of reaching <u>20 percent</u> of the paid-in capital or <u>10 percent</u> of the total asset of the company” described in the public announcement and report standard of a subsidiary.</p>	
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Proposal 3 Proposed by the board of directors of the Company

Proposal: Proposal on the establishment draft of “Regulations for Elections of Directors” of the Company. Please proceed with the ratification.

Description:

- I. To cope with the planning of the establishment of Audit Committee (executing the authorities of supervisors) of the Company starting from the tenth term of board of directors, the Company plans to establish the “Regulations for Elections of Directors” of the Company according to the “XXX Co., Ltd. Procedures for Election of Directors and Supervisors”. Once these Regulation are approved by the shareholders’ meeting, these Regulations are to be implemented starting from the election of the 10th term of board of directors.
- II. The “Regulations for Election of Directors and Supervisors” originally amended in 2016 will be abolished starting from the time when the Regulations for Election of Directors are implemented and after the shareholders’ meeting approving the “Regulations for Election of Directors.”
- III. A draft of the establishment of Regulations for Election of Directors is enclosed as Attachment 5.

Resolution:

China Ecotek Corporation Regulations for Election of Directors

Established on June 25, 2019

Article 1 Except as otherwise provided by laws or by the Company's articles of incorporation, elections of directors of the Company shall be conducted in accordance with these Regulations.

Article 2 The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

(I) Basic requirements and values: Gender, age, nationality, and culture.

(II) Professional knowledge and skills: A professional background (*e.g.*, law, accounting, industry, finance, marketing or technology), professional skills and industry experience.

Each board member shall have the necessary knowledge, skill,

and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

- (1) The ability to make judgments about operations.
- (2) Accounting and financial analysis ability.
- (3) Business management ability.
- (4) Crisis management ability.
- (5) Knowledge of the industry.
- (6) An international market perspective.
- (7) Leadership ability.
- (8) Decision-making ability.

More than half of the directors of the Company shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

Article 3 The Company adopts the candidate nomination system for the election of directors. The Company shall carefully review the qualifications, education, working experience, background of the nominees and the existence of any other matters set forth in Article 30 of the Company Act with respect to the nominee directors, and shall handle the election according to Article 192-1 of the Company Act. Independent directors and non-independent directors shall be nominated separately, and the shareholders shall elect independent directors and non-independent directors from the two candidate rosters respectively.

For the nomination of independent directors of the Company, where special requirements are specified in the Article 5 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, such requirements shall also be applicable.

The qualifications for the independent directors of the Company shall comply with Articles 2, 3, and 4 of the Regulations

Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

Elections for independent directors and non-independent directors of the Company shall be held concurrently, and the lists of successful candidates shall be calculated separately.

When any director is dismissed for any reason, causing the number of directors to fall below the number as required by the articles of incorporation, the Company shall hold a by-election for the directors at the most recent shareholders meeting. However, when the number of directors falls short by one-third of the total number of directors prescribed in the articles of incorporation, the Company shall convene an extraordinary shareholders' meeting within 60 days from the occurrence of such event to hold a by-election for the directors.

Where the number of independent directors falls below the number prescribed in the proviso of Paragraph 1 of Article 14-2 of Securities and Exchange Act, the Company shall hold by-election at the most recent shareholders' meeting. When all independent directors are dismissed, the Company shall convene an extraordinary shareholders' meeting within 60 days from the occurrence of such event to hold a by-election for the independent directors.

Article 4 The single-name cumulative voting method shall be used for election of the directors of the Company. Each ordinary share shall have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 5 The board of directors shall prepare ballots for directors in numbers corresponding to the directors to be elected. The attendance card number shall be printed out and the number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders of ordinary

shares at the shareholders meeting.

The name of the voting shareholders shall be replaced by the attendance card numbers printed on the ballots.

For the shareholders of ordinary shares exercising the voting rights via the electronic method, no ballots are prepared and provided to such shareholders.

Article 6 According to the number of positions of the independent directors and non-independent directors of the Company required to be elected, those candidates receiving ballots representing the highest numbers of voting rights will be elected as the independent directors or non-independent directors sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 7 Before the election begins, the chair shall appoint two vote monitoring personnel and several vote counting personnel to perform the all relevant duties. The vote monitoring personnel shall be equipped with the shareholder status.

Article 8 The duties of the vote monitoring personnel are as follows:

- I. Prior to the voting, examine the ballot box publicly.
- II. After the voting is complete, seal the ballot box, and unseal the box for retrieving ballots before opening the ballot box and hand over the ballots to vote counting personnel for

counting the ballots.

III. Examination or determination of invalid ballots.

IV. Verify the number of ballots and the number of voting rights statistically counted by the vote counting personnel.

V. Assist the chair to maintain the order during voting and ballot box opening.

The ballot box described in Subparagraph 1 of the preceding paragraph shall be prepared by the board of directors.

Article 9 The voters shall enter the following information at the “candidate” field on the candidate roster of independent director or non-independent director, followed by dropping the ballot into the ballot box:

I. When a candidate is a natural person shareholder, the candidate's name and account number shall be entered. When a candidate is a non-shareholder natural person, the candidate's name, identification certificate number shall be entered.

II. When a candidate is a corporate shareholder or a government shareholder, the name and account number of such corporate shareholder or government shareholder shall be entered.

III. When a candidate is a representative designated by a corporate shareholder or government shareholder, the name, account number of the corporate shareholder or government shareholder as well as the name of the representative shall be entered. When there are a multiple number of representatives, the names of such representatives shall be entered respectively.

Article 10 A ballot is invalid under any of the following circumstances:

I. Where the attendance sign-in card is not submitted to complete the sign-in procedure.

II. Where the ballot provided by the board of director is not used.

III. Where more than two candidates are entered on the ballot.

IV. Where texts other than the name, account number of identification number of the candidate are entered on the ballot.

V. Where the ballot is torn or damaged such that it is not a complete ballot.

VI. Where the ballot is contained such that the candidate entered thereon cannot be identified clearly.

VII. Where the ballot is completely blank.

VIII. Where the writing is unclear and unidentifiable or is altered; however, correction or addition/deletion for errors shall not be restricted.

IX. Where the candidate entered is a shareholder, but his/her name or account number is inconsistent with the ones recorded on the shareholders' roster.

X. Where the candidate entered is a non-shareholder natural person, but his/her name is inconsistent with the name indicated on the identification certificate.

XI. Where the candidate entered is a representative designated by a corporate shareholder or government shareholder, but the name or account number of the corporate shareholder or government shareholder entered is inconsistent with the ones recorded on the shareholders' roster.

XII. Where the name of the candidate entered on the ballot is identical to that of another shareholder, but no shareholder account number or identity certificate number is provided on the ballot to identify such individual.

XIII. Where candidate for the independent director or non-independent director entered on the ballot is not in the roster of the independent directors or non-independent

directors.

Article 11 The voting rights shall be calculated on site immediately after the end of the voting. In case where there is a doubt on a ballot, the vote monitoring personnel shall determine whether it is an invalid ballot. When there is a dispute in such determination, it shall be resolved by the voting of all of the vote monitoring personnel. When the voting result indicates the same number of votes for assenting and dissenting, then such ballot shall be determined to be invalid.

Article 12 After the voting rights are counted completely, the vote monitoring personnel shall verify that the total amount of the valid ballots and invalid ballots are correct, followed by entering the number of valid ballots, invalid ballots and the number of voting rights of the two into the record table respectively, and shall submit it to the chair to announce the list of directors elected and the number of votes which they are elected.

Article 13 The vote monitoring personnel shall seal the valid ballots and invalid ballots separately, and shall jointly provide signatures at the sealing area. In addition, the cover of the package sealed with the invalid ballots shall be indicated with the texts of invalid ballots, and shall be submitted to the Company for custody. The period of custody shall be at least one year. However, where a

shareholder files a lawsuit related to the election of directors pursuant to Article 189 of the Company Act, the files shall be retained until the conclusion of the litigation.

Article 14 These Regulations shall be approved by the shareholders' meeting and shall be implemented starting from the election of the 10th term of directors. Any amendments of these Regulations shall be approved by the shareholders' meeting before implementation.

Five. Extraordinary Motions

Six. Regulations and Rules

Regulations and Rules 1

China Ecotek Corporation Rules of Procedures for Shareholders Meetings

Article 1

The rules of procedures for shareholders meeting of the Company, 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, the Company's shareholders meetings shall be convened by the board of directors.

The Company 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 an Annual Meeting of Shareholders or before 15 days before the date of a special shareholders meeting. The Company 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 Annual Meeting of Shareholders or before 15 days before the date of the special shareholders meeting.

In addition, 15 days prior to the date of the shareholders meeting, the Company 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 the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The notice and announcement shall describe the reason of convention. Where the consent of the counterparty of the notice is obtained, an electronic method may be adopted.

Election or dismissal of directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the Company, or any matter under Paragraph 1 of Article 185 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 the Company a written proposal for discussion at a Annual Meeting of Shareholders. 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 Sub-paragraph of Paragraph 4 of Article 172-1 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 Annual Meeting of Shareholders is held, the Company 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 Annual Meeting of Shareholders and take part in discussion of the proposal. Prior to the date for issuance of notice of a shareholders meeting, the Company 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 the 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 the Company 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 the Company 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 the Company, 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 the Company 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 the Company, 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.

Article 5

The Company 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. The Company 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.

The Company 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 Chairman. When the Chairman is on leave or for any reason is unable to exercise the powers of the chairperson, one of the directors shall be appointed to act as chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.

When a director serves as chair, as referred to in the preceding paragraph, the 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 Chairman 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.

The Company 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

The Company, 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 ballots shall be retained until the conclusion of the litigation.

Article 8

Attendance at shareholders' meetings shall be calculated based on the number of shares. The number of shares in attendance shall be calculated according to the sign-in cards handed in, and if written or electronic method is adopted for the exercise of voting rights, then it shall be counted 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 Paragraph 1 of Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month. However, for special resolutions specified in the Company Act or other laws or articles of incorporation, such restrictions shall not be applied. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may re-submit 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.

After the end of a meeting and after the chair declares the meeting adjourned, shareholders shall not further elect a chair to continue the meeting at the original site or at another place.

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 and shareholders' name or 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 chairperson 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

5. 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 the Company, 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 Subparagraph 3 of Article 157 and Paragraph 2 of 179 of the Company Act. When the Company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. 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 the Company 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 the Company 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 the Company, 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 the Company'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. Within two days after the conclusion of the meeting, 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 alternative to a proposal, the chairperson 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 have the identity of shareholders of the Company.

Vote counting for shareholders's 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

When there is any election of directors or supervisors at a shareholders meeting, such election shall be held in accordance with the Regulations for Election of Directors and Supervisors established by the Company.

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.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the Market Observation Post System (MOPS).

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairperson'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 the Company.

Article 15

On the day of a shareholders' meeting, the Company 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 regulations, the Company 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.

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 the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chairperson's correction, obstructing the proceedings and refusing to heed calls to stop, the chairperson 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.

Regulations and Rules 2

China Ecotek Corporation Articles of Incorporation (Before Amendment)

Chapter 1 General Rules

Article 1 The Company shall be incorporated under the Company Act and its name shall be “China Ecotek Corporation.”

Article 2 The scope of business of the Company is as listed on the left:

1. C802120 Industrial Catalyst Manufacturing
2. C901060 Refractory Materials Manufacturing
3. CA01020 Iron and Steel Rolls over Extends and Crowding
4. CA01030 Iron and Steel Casting
5. CA01050 Iron and Steel Rolling, Drawing, and Extruding
6. CA01120 Copper Casting
7. CA01990 Other Non-ferrous Metal Basic Industries
8. CA02010 Metal Architectural Components Manufacturing
9. CA02050 Metal Valves Manufacturing
10. CA02060 Metal Containers Manufacturing
11. CA02090 Metal line Products Manufacturing
12. CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified
13. CA03010 Metal Heat Treating
14. CA04010 Metal Surface Treating
15. CB01010 Machinery and Equipment Manufacturing
16. CB01030 Pollution Controlling Equipment Manufacturing
17. CC01040 Lighting Facilities Manufacturing
18. CB01990 Other Machinery Manufacturing Not Elsewhere Classified
19. CC01010 Electric Power Supply, Electric Transmission and Power Distribution Machinery Manufacturing
20. CC01990 Electrical Machinery, Supplies Manufacturing
21. CD01010 Ship and Parts Manufacturing
22. CD01020 Tramway Cars Manufacturing
23. CD01030 Automobiles and Parts Manufacturing
24. CE01010 Precision Instruments Manufacturing

25. D101050 Steam and Electricity Paragenesis
26. D101060 Self-usage power generation equipment utilizing renewable energy industry
27. D301010 Water Supply
28. D601011 Reclaimed Water Operators
29. E101011 Synthesis Construction
30. E102011 Civil Engineering Construction
31. E103011 Steel Construction
32. E103021 Keeps off the Earth Strut & Earth Work Construction
33. E103031 Foundation Engineering Construction
34. E103041 Construction tower hoisting & Pattern Plate Project Construction
35. E103051 Mixes the Concrete Project in Advance Construction
36. E103061 Builds the Drilling Project Construction
37. E103071 Underground Utilities Project Construction
38. E103081 Valance curtain wall project Construction
39. E103091 Garden, Landscape Project Construction
40. E103101 Environmental Protection Construction
41. E103111 Waterproof Project Construction
42. E401010 Dredge Engineering
43. E402010 Ballast and Mud Construction on Sea
44. E501011 Water Pipe Construction
45. E502010 Fuel Pipe Construction
46. E503011 User's Drainage Facility Installation Contractor of Sewer System
47. E599010 Pipe Lines Construction
48. E601010 Electric Appliance Construction
49. E601020 Electric Appliance Installation
50. E602011 Frozen and Air-conditioning Engineering
51. E603010 Cables Construction
52. E603020 Elevator Construction
53. E603040 Fire Fighting Equipments Construction
54. E603050 Cybernation Equipments Construction

55. E603080 Traffic Signals Construction
56. E603090 Illumination Equipments Construction
57. E603100 Electric Welding Construction
58. E603110 Quench Construction
59. E603120 Sand Spurting Construction
60. E603130 Gas Water Heater Installation
61. E604010 Machinery Installation Construction
62. E605010 Computing Equipments Installation Construction
63. E606010 Electricity Equipments Checking and Maintenance
64. E607010 Solar Heat Energy Equipments Installation
Construction
65. E701020 Channel KU and C of Satellite TV Equipments and
Materials Construction
66. E701030 Restrained Telecom Radio Frequency Equipments
and Materials Construction
67. E701040 Basic Telecommunications Equipment Construction
68. E801010 Building Maintenance and Upholstery
69. E801020 Doors and Windows Construction
70. E801030 Interior Light Rigid Frame Construction
71. E801040 Glass Construction
72. E801060 Interior Decoration Construction and Repairing
73. E801070 Kitchen and Bath Facilities Construction
74. E901010 Painting Construction
75. E903010 Eroding and Rusting Construction
76. EZ02010 Derrick Construction
77. EZ03010 Furnace Installation Construction
78. EZ05010 Apparatus Installation Construction
79. EZ06010 Traffic Labels Construction
80. EZ07010 Drilling Construction
81. EZ09010 Static Electricity Protecting and Clearing
Construction
82. EZ14010 Sports Ground Equipments Construction
83. EZ15010 Warming and Cooling Maintenance Construction
84. EZ99990 Other Construction
85. F106010 Wholesale of Ironware

86. F106040 Wholesale of Water Containers
87. F107010 Wholesale of Paints, Varnishes and Lacquers
88. F107050 Wholesale of Manure
89. F107080 Wholesale of Environmental Medicines
90. F107090 Wholesale of Industrial Explosives
91. F107170 Wholesale of Industrial Catalyst
92. F107200 Wholesale of Chemistry Raw Materials
93. F107990 Wholesale of Other Chemical Products
94. F113010 Wholesale of Machinery
95. F113020 Wholesale of Household Appliances
96. F113030 Wholesale of Precision Instruments
97. F113050 Wholesale of Computing and Business Machinery
Equipment
98. F113060 Wholesale of Metrological Instruments
99. F113070 Wholesale of Telecom Instruments
100. F113090 Wholesale of Traffic Signal Equipments and
Materials
101. F113100 Wholesale of Pollution Controlling Equipments
102. F113110 Wholesale of Batteries
103. F113990 Wholesale of Other Machinery and Equipment
104. F118010 Wholesale of Computer Software
105. F120010 Wholesale of Refractory Materials
106. F207010 Retail Sale of Paints, Varnishes and Lacquers
107. F207020 Retail Sale of Dyeing Mills and Dyestuff
108. F207080 Retail Sale of Environmental Medicine
109. F207170 Retail Sale of Industrial Catalyst
110. F207200 Retail sale of Chemistry Raw Material
111. F207990 Retail Sale of Other Chemical Products
112. F213010 Retail Sale of Household Appliance
113. F213040 Retail Sale of Precision Instruments
114. F213050 Retail Sale of Metrological Instruments
115. F213060 Retail Sale of Telecom Instruments
116. F213080 Retail Sale of Machinery and Equipment
117. F213090 Retail Sale of Traffic Signal Equipments and
Materials

- 118. F213100 Retail Sale of Pollution Controlling Equipments
- 119. F213990 Retail Sale of Other Machinery and Equipment
- 120. F214080 Retail Sale of Tramway Cars and Parts
- 112. F217010 Retail Sale of Fire Fighting Equipments
- 122. F218010 Retail Sale of Computer Software
- 123. F219010 Retail Sale of Electronic Materials
- 124. F220010 Retail Sale of Refractory Materials
- 125. F299990 Retail Sale of Other Retail Trade Not Elsewhere
Classified
- 126. F399040 Retail Business Without Shop
- 127. F401010 International Trade
- 128. H201010 Investment
- 129. H701050 Public Works Construction and Investment
- 130. I101061 Engineering Consultancy
- 131. I101070 Agriculture, Forestry, Fishing and Animal
Husbandry Consultancy
- 132. I101090 Food Consultancy
- 133. I101110 Textile Industry Consultancy
- 134. I102010 Investment Consultancy
- 135. I103060 Management Consulting Services
- 136. I199990 Other Consultancy
- 137. I301010 Software Design Services
- 138. I301020 Data Processing Services
- 139. I301030 Digital Information Supply Services
- 140. I501010 Product Designing
- 141. I503010 Landscape and Interior Designing
- 142. I599990 Other Designing
- 143. IF04010 Harmless Checking Services
- 144. IG01010 Biotechnology Services
- 145. IG02010 Research Development Service
- 146. IG03010 Energy Technical Services
- 147. IZ99990 Other Industry and Commerce Services Not
Elsewhere Classified
- 148. J101030 Waste Clearing
- 149. J101040 Waste Disposing

150. J101050 Sanitary and Pollution Controlling Services
151. J101060 Wastewater (Sewage) Treatment
152. J101070 Radwaste Disposing Service
153. J101080 Waste Recycling
154. J101090 Waste Collecting and Disposing
155. J101990 Other Environmental Protection Construction
156. JB01010 Exhibition Services
157. JE01010 Rental and Leasing Business
158. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1 In the event of business needs, the Company may proceed with endorsement and guarantee matters according to the Regulations for Making Endorsements and Guarantees to the External of the Company.

Article 3 To achieve the objective of business diversification, the Company may re-invest in other companies, and the total investment amount of re-investment made is not limited to 40 percent of the paid-in share capital of the Company described in the Company Act.

Article 4 The Company shall have its head office in Kaohsiung City, R.O.C., and when it is determined to be necessary, branch offices may be established domestically or overseas.

Article 5 The public announcement method of the Company, unless otherwise specified by competent authority of securities management, shall be published in a conspicuous place on a daily newspaper circulating in the area wherein the Company is located.

Chapter 2 Shares

Article 6 The total capital of the Company shall be in the amount of NT\$ 2,200,000,000, divided into 220,000,000 shares, at NTD 10 per share, which may be issued at discrete times.

Article 7 The shares of the Company are exempted from printing of share certificates, and shall be numbered as well as indicated with statutory matters. The shares shall be signed or sealed by at least three Directors. In addition, the shares shall also be certified by the

registration institution approved by the competent authority for issuance thereof.

Article 9 Where the printing of share certificates is exempted, the shares shall be registered with the Centralized Securities Depository Enterprises.

Article 8 The printing of the share certificates of the Company is exempted and all of the shares shall be registered shares. The shares shall be indicated with the name of each shareholder. For a government or corporate shareholder, the government or corporate shareholder and the name of its representative as well as the address thereof shall be recorded clearly in the shareholders' roster.

Article 9 The stock affairs of the Company shall be handled according to the Company Act and regulations of the competent authority.

Article 10 Any transfer registration of shares shall be prohibited within 60 days prior to an Annual Meeting of Shareholders, 30 days prior to an extraAnnual Meeting of Shareholders, or 5 days prior to the target date for the distribution of dividends and bonuses or other interests by the Company.

Chapter 3 Shareholders' Meeting

Article 11 The Company's shareholders' meeting shall be of two types:

- I. Annual Meeting of Shareholders shall be convened by the board of directors according to the laws within six months after the end of each fiscal year.
- II. The extraordinary shareholders' meeting shall be convened whenever necessary according to the laws.

Article 12 The convention procedures for Annual Meeting of Shareholders shall be handled according to the regulations of the Company Act, Securities and Exchange Act and relevant laws.

Article 13 Any resolution at a shareholders' meeting, unless otherwise specified in the Company Act, shall be adopted by a majority of the shareholders presented, who represent more than half of the total number of the company's outstanding shares and shall be executed based on the majority of the voting rights of the

attending shareholders.

Article 14 A shareholder shall be entitled to one vote for each share held, except where the voting rights are restricted or shareholders are deemed to have no voting rights under Paragraph 2 of Article 179 of the Company Act.

Article 15 Where a shareholder for any reasons cannot attend the shareholders' meeting in person, he or she may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney printed by the Company, stamped with a seal of the Company preserved on record, stating therein the scope of power authorized to the proxy. 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, and the part of the voting rights exceeding such percentage shall not be counted.

Article 16 During the convention of shareholders' meeting, the Chairman shall be the chair of the meeting. In case where the Chairman is on leave or cannot exercise his power and authority for any cause, the Chairman may appoint a director to act as a proxy thereof; where the Chairman fails to appoint a proxy, the directors shall elect one person from among the directors to act as the proxy.

Article 17 Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chair of the meeting. The meeting minutes along with the attendance list bearing the signatures of the attending shareholders and the powers of attorney of the proxies for attending the meeting shall be archived by the board of directors for preservation at the Company. In addition, the meeting minutes shall be distributed to all shareholders within twenty days after the close of the meeting. The preparation and distribution of the meeting minutes may be effected by means of electronic transmission.

Chapter 4 Director, Supervisor and Managerial Personnel

Article 18 The Company has nine to eleven directors and three supervisors, and adopts the candidate nomination system with the term of office of three years. Supervisors with capability shall be elected by the shareholders' meeting according to the regulations of the Company Act, and re-election shall be applicable, which shall be applicable starting in 2017 when the Company executes the election of directors and supervisors completely.

In the roster of directors described in the preceding paragraph, the number of independent directors among the number of directors of each term shall not be less than two and shall not be less than one fifth of the total number of directors.

The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements shall comply with relevant regulations of the Securities and Exchange Act,

Elections for independent directors and non-independent directors shall be held concurrently, and the lists of successful candidates shall be calculated separately.

Article 19 The authorities of the board of directors are as follows:

- I. Approval of business directives;
- II. Appointment and discharge of managerial officers and consultants;
- III. Approval of budget plant and annual financial statements;
- IV. Determine the pledge, sale/purchase or other disposition methods related to major assets of the Company;
- V. Approval of investment plans;
- VI. Approval of capital expense above NT\$ 40 million;
- VII. Approval of exclusive technology, purchase or transfer of patent rights and technology collaboration contracts at an amount above NT\$ 40 million;
- VIII. Approval of establishment and dissolution of branch institutions;
- IX. Proposals for recommending the amendment of the Articles of Incorporation, change of capital and Company's dissolution or merger to shareholders' meetings;

- X. Proposal for recommending distribution of profit or covering losses to shareholders' meetings;
- XI. The appointment, discharge, or compensation of an attesting Certified Public Accountant;
- XII. Approval of internal organizations and authorities of the Company;
- XIII. Approval of other matters with authorities under laws and regulations.

Article 20 Resolution of Board of Directors

For the important matters described on the left, a board of directors' meeting with more than two-thirds of directors attending the meeting is required, and shall be approved by a majority of attending directors; or a majority of directors shall attend a board of directors' meeting, and shall be approved by more than two-thirds of attending directors for the resolutions of such important matters:

- I. Proposal for recommending distribution of profit or covering losses to shareholders' meetings;
- II. Proposal for recommending capital increase or decrease to shareholders' meetings;
- III. Approval of exclusive technology, purchase or transfer of patent rights and technology collaboration contracts at an amount above NT\$ 40 million;
- IV. Approval of capital expense above NT\$ 40 million;
- V. Approval of investment plans.

Proposals of important matters shall not be handled as extraordinary motions. Except for the aforementioned resolutions of important matters and other resolutions according to the laws of R.O.C. or relevant laws, other matters shall be resolved by a majority of attending directors of the board of directors and based on the approval of a majority of attending directors.

Article 21 Board of directors' meeting shall be attended by more than two third of the directors along with the consents of the majority of the attending directors in order to elect a Chairman among the directors. The Chairman shall represent the Company externally, and shall internally act as the chair of the shareholders

meetings and board of directors meetings. In case where the Chairman is on leave or cannot exercise his power and authority for any cause, the Chairman may appoint a director to act as a proxy thereof; where the Chairman fails to appoint a proxy, the directors shall elect one person from among the directors to act as the proxy.

Article 22 Except where the first board of directors' meeting for each term of newly elected directors, such first board of directors' meeting shall be convened by the director with the votes representing the greatest voting rights, the rest of board of directors' meetings shall be convened by the Chairman. In addition, meeting notices indicating the meeting date, place, agenda and sufficient meeting information shall be submitted to each director and supervisor in writing, E-mail or facsimile seven days before the convention of the meeting. However, in case of emergencies, meetings may be convened at any time.

Article 23 The board of directors' meetings of the Company shall be convened once every three months and may be convened at any time whenever necessary. Unless otherwise specified in the Company Act, a Board of Directors' meeting shall be convened by the Chairman.

Article 24 In case where a director cannot attend a board of directors' meeting due to reasons, he or she may issue a power of attorney indicating the scope of authority for the reasons of such convention of board of directors' meeting in order to appoint another director to act as a proxy for attending the meeting on his or her behalf, provided that the proxy shall only accept the appointment of one director only.

Directors with residences outside the jurisdiction of R.O.C. may issue a power of attorney to another shareholder with residence in the jurisdiction of R.OC. to act as a proxy thereof in order to attend a board of directors' meeting on his or her behalf according to the Company Act.

During the convention of a board of directors' meeting, if it is held with the video conference method, directors attending the meeting through the video conference shall be deemed to have attended the

meeting in person.

Article 25 The board of directors' executive duties shall comply with the laws, Articles of Incorporation and resolutions of the shareholders' meetings in order to exercise its authorities and duties.

Article 26 The authorities of the supervisors are as listed on the left:

- I. Supervise the execution of business operations of the Company.
- II. Investigate the operational and financial status of the Company.
- III. Examine the accounting books and documents.
- IV. Other authorities empowered under the laws.

Article 27 The supervisor may attend the board of directors' meetings to express their opinions, but shall have no voting rights.

Article 27-1 The remunerations of directors and supervisors, the compensation for the independent directors and the salary of the Chairman shall be determined by the board of directors according to the relevant standards adopted in the industry and TWSE/TPEX listed companies. In addition, other allowances for the Chairman are paid according to the relevant regulations for employees' salary and compensation.

Article 27-2 The Company may purchase liability insurances for directors, supervisors and managerial officers. The insurance amount and insurance enrollment matters are authorized to the Chairman for determination.

Article 28 The Company may install managerial officers, and the appointment, discharge and the remuneration of the managerial officers shall be handled according to Article 29 of the Company Act.

Article 29 The managerial officers of the Company shall handle business operations of the Company according to the resolutions of the board of directors' meetings.

Article 30 The internal organization of the Company and its authorities shall be handled according to the resolutions of the board of directors' meetings.

Chapter 5 Accounting

Article 31 The accounting fiscal year of the Company shall start from January 1, to December 31 of each year. At the end of each fiscal year, an annual settlement shall be performed. The board of directors shall prepare all the necessary statements and reports according to the Company Act for submission to the supervisor for examination thirty days before the ordinarily shareholder's meeting. In addition, the supervisor shall issue a report to the Annual Meeting of Shareholders in order to request for the approval thereof.

Article 32 Where the Company has a profit for a fiscal year, no less than 0.1 percent of such profit shall be appropriated as the employees' remuneration and no higher than 1% of such profit shall be appropriated as the remuneration of directors through resolutions of the board of directors' meeting. The recipients entitled to the issuance of the employees' remuneration include employees of affiliates satisfying certain criteria. provided that where there is an accumulated loss, the Company shall reserve amount to compensate such loss first, followed by setting aside for the employee remuneration and the Director and Supervisor remuneration according to the aforementioned ratio.

The distribution of the employees' remuneration and the remunerations of directors and supervisors shall be submitted to the board of directors' meeting for resolution and shall be reported to the shareholders' meeting,

Article 32-1 Where the Company has earnings after the settlement of each year, the distribution of earnings shall be made in accordance with the following sequence:

- (I) Compensate losses of previous years;
- (II) Appropriate 10 percent as the legal reserve, until the aggregate amount has reached the total capital of the Company;
- (III) Set aside or reverse a special reserve depending upon the operating needs of the Company and regulatory requirements;
- (IV) Where there are still distributable earnings, the board of

directors shall then submit an earnings distribution proposal to the shareholders' meeting for resolution on the distribution thereof.

The Company is in a high-tech engineering market with stable growth and also develops diverse strategies at the same time. The Company also expands the business operating foundation in the development of investment plans, including environmental protection and energy etc. During the establishment of the proposal for distribution of earnings by the board of directors, it is necessary to consider the stability of dividends. Except when there is need for capital, the earnings distributed each year shall account for more than 50 percent of the distributable earnings, and where the shareholders' cash bonus shall not be less than 10 percent of the shareholders' bonus.

Article 33 The distribution of the shareholders' dividends shall be limited to the shareholders recorded on the shareholders' list on the dividend distribution target date.

Chapter 6 Supplementary Provisions

Article 34 The organizational charters and operational rules of the Company shall be further established by the board of directors.

Article 35 For any matters not specified in these Articles of Incorporation, such matters shall be handled according to the regulations of the Company Act.

Article 36 These Articles of Incorporation were established on March 2, 1993. First amendment was made according to the resolution of the extraordinary shareholders' meeting on May 25, 1993. Second amendment was made according to the resolution of the extraordinary shareholders' meeting on November 22, 1993. Third amendment was made according to the resolution of the extraordinary shareholders' meeting on September 22, 1994. Fourth amendment was made according to the resolution of the Annual Meeting of Shareholders on June 11, 1996. Fifth amendment was made according to the resolution of the Annual Meeting of Shareholders on June 25, 1997. Sixth amendment was made according to the resolution of the shareholders' meeting on

June 29, 1998. Seventh amendment was made according to the resolution of the shareholders' meeting on June 9, 2000. Eighth amendment was made according to the resolution of the shareholders' meeting on June 8, 2001. Ninth amendment was made according to the resolution of the shareholders' meeting on June 11, 2002. Tenth amendment was made according to the resolution of the shareholders' meeting on June 28, 2005. Eleventh amendment was made according to the resolution of the shareholders' meeting on June 25, 2008. Twelfth amendment was made according to the resolution of the shareholders' meeting on June 28, 2012. Thirteenth amendment was made according to the resolution of the shareholders' meeting on June 25, 2015. Fourteenth amendment was made according to the resolution of the shareholders' meeting on June 22, 2016. Fifteenth amendment was made according to the resolution of the shareholders' meeting on June 22, 2018.

Regulations and Rules 3

China Ecotek Corporation Procedures for Acquisition or Disposal of Assets (Before Amendment)

Established on March 12, 2003

First amendment on March 30, 2007

Second amendment on March 31, 2009

Third amendment on March 27, 2012

Fourth amendment on March 21, 2014

Fifth amendment on June 22, 2016

Sixth amendment on June 22, 2018

Regulations and Rules 3

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Second amendment on March 31, 2009
Third amendment on March 27, 2012
Fourth amendment on March 21, 2014
Fifth amendment on June 22, 2016
Sixth amendment on June 22, 2018

Article 1: Purpose

To enhance the asset management and secure investments, to implement the purpose of information disclosure, the Company establishes these Procedures according to the relevant laws.

Article 2: Legal basis

These Procedures are established according to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” (hereinafter referred to as the "Regulations") of the Financial Supervisory Commission (hereinafter referred to as “FSC”).

Article 3: Scope of asset

- I. Long-term and short-term Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities and asset-backed securities.
- II. Real property (including land, houses and buildings, investment property, land use rights and construction enterprise inventory) and equipment.
- III. Memberships.
- IV. Patents, copyrights, trademarks, franchise rights and other intangible assets.

- V. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VI. Derivatives.
- VII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions or transfer of shares in accordance with the law.
- VIII. Other major assets.

Article 4: Definition of relevant terms

- I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
- II. Assets acquired or disposed of through mergers, de-mergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed of through mergers, de-mergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through the issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Paragraph 8 of Article 156 of the Company Act.
- III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value

appraisal of real property or equipment.

- V. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of board of directors' resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- VI. Mainland China area investment: Refers to investments in the Mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Article 5: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions or underwriter's opinions shall not be a related party of the Company.

Article 6: Where amendments of these Procedures and the acquisition or disposal of assets of the Company are required to be approved by the board of directors according to these Procedures or other laws, when it is submitted to the board of directors for discussion, the board of directors shall take into full consideration each independent director's opinions. If independent directors or other directors object to or expresses reservations (including written statements) about any matter, these shall be recorded in the minutes of the board of directors' meeting, and the meeting minutes shall be submitted to each supervisor.

Article 7: Limits of acquisition of non-operating real properties and securities
Limits of real property or securities acquired individually by the

Company and each subsidiary are as follows:

- I. For non-operating real properties, the total amount shall not exceed 15 percent of the net worth indicated in the most recent period of individual financial statements of the Company and each subsidiary.
- II. The total amount of investment in securities shall not exceed 40 percent of the paid-in capital indicated in the most recent period of individual financial statements of the Company and each subsidiary; however, the tools of domestic/foreign bond funds, domestic/foreign currency funds, negotiable certificates of deposits, short-term commercial papers and bank acceptances, etc. acquired for the purpose of capital management shall be excluded from such restriction.
- III. The amount of investment in an individual security shall not exceed 25 percent of the paid-in capital indicated in the most recent individual financial statements of the Company and each subsidiary.

The securities described in the preceding securities does not include the invested enterprises for the purposes of profit-seeking, acquisition or merger.

Article 8: Procedures for acquisition or disposal of real properties or equipment

- I. Assessment and operating procedures
The acquisition or disposal of real property and equipment shall be handled according to the internal control system fixed asset cycle procedures.
- II. Procedures for determining transaction criteria and degree of authority delegation
 - (I) For the acquisition of real properties, the announced current value, appraised value, neighboring real property actual transaction price, etc. in order to determine the transaction terms and transaction price, and analysis report shall be prepared. For the acquisition of equipment, one of the methods of price inquiry, price comparison or tender invitation shall be

selected for use. Where real property and equipment have been listed into the budget of capital expense, the President is authorized to provide approval for handling. If real property and equipment has not been listed into the budget of capital expense originally and the amount is greater than NT\$ 20 million, then prior to the acquisition or disposal thereof, it shall be reported to the board of directors for approval. If the amount is less than NT\$ 20 million, then Chairman is authorized to provide approval for handling.

(II) During the disposal of assets, the custody unit shall prepare the "Property Impairment Form" and for property reaching the useful lifetime, it shall be reported to the Vice President of the management department for review and approval, followed by the handling such property accordingly. For property not reaching the useful lifetime, it shall be reported to the President for review and approval, followed by handling such property accordingly.

III. Executing unit

When the Company acquires or disposes of real property or equipment, it is necessary to proceed with the report for approval according to the delegation of authority described in the preceding paragraph, followed which the use unit and relevant responsible unit shall be responsible for the execution thereof.

IV. Appraisal report of real property or equipment

In acquiring or disposing of real property or equipment, where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment held for business use, shall obtain an appraisal report (matters required to be indicated on the appraisal report are as described in Attachment 1) prior to the date of occurrence of the event from a professional appraiser and shall further comply with the

following provisions.

(I) Where due to special circumstances it is necessary to give a limited price, specified price or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors. In the future, any change in the terms and conditions of the transaction shall be handled according to the aforementioned procedure.

(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.

(III) 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 perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (hereinafter referred to as "ARDF") and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

- 1 The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
- 2 The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.

(IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

(V) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 9: Procedures for acquisition or disposal of securities investment

I. Assessment and operating procedures

The purchase and sale of securities of the Company shall be handled according to the internal control system investment cycle operation of the Company.

II. Procedures for determining transaction criteria and degree of authority delegation

(I) Trading of one single security at the Stock Exchange Market or OTC markets shall be determined by the Financial and Accounting Division according to the market price. Where each trading amount or aggregate trading amount in one year is above NT\$ 40 million (unit in New Taiwanese Dollar, same for the following), it shall be submitted to the board of directors for approval. Where the trading amount is less than NT\$ 40 million, the Chairman or management department is authorized to handle such trading with full authority.

(II) For the trading of securities not at the Stock Exchange Market or OTC markets, the net asset value of each share, profitability, future development potential and purpose of trading etc. shall be considered in advance, and the trading shall only be executed after the approval of the board of directors.

(III) For the acquisition or disposal of low-risk investment subject matters, including domestic/foreign bond funds, domestic/foreign currency funds, negotiable certificates of deposit, short-term commercial papers and bankers' acceptances etc., for the purpose of financing, the management department may be authorized to handle such

matter with full authority.

(IV) Acquisition or disposal of re-investment shall be submitted to the board of directors for approval.

III. Executing unit

When the Company invests in long-term or short-term securities, it shall be submitted for approval according to the delegation of authority described in the preceding paragraph, followed which the Financial and Accounting Division shall be responsible for the execution thereof.

IV. Obtaining expert opinion

(I) The Company acquiring or disposing of securities is subject to any one of the following conditions, and if the dollar amount of the transaction is 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. 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. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the FSC.

The exceptions described in the proviso of the preceding paragraph refers to:

1. Securities acquired with cash investment for establishment or establishment by offering of public offering initiated.
2. Participation in the subscription of subject company executing issuance of securities at par value for capital increase by cash.
3. Participation in the subscription of 100 percent reinvestment of an invested company executing issuance of securities for capital increase by cash.

4. Securities of listed company at Stock Exchange Market, OTC Market and Emerging Stock Market traded at the Stock Exchange Market or securities firm trading offices.
 5. Bonds belong to government bonds, bonds with re-purchase or reverse re-purchase agreements.
 6. Domestic and foreign funds.
 7. Stocks of publicly listed (OTC) companies acquired or disposed according to the Taipei Exchange Rules Governing Reverse Auction of TPEX Listed Securities or Auction Rules of the Stock Market Exchange or Taipei Exchange.
 8. Participation in the capital increase by cash executed by publicly listed companies, and acquisition of securities not belonging to private placement securities.
 9. Acquisition of funds prior to the establishment of fund according to Paragraph 1 of Article 11 of the Securities Investment Trust and Consulting Act and Jin-Guan-Zheng-IV-Zi No. 0930005249 Decree of FSC dated November 1, 2004.
 10. Subscription or redemption of domestic private placement funds, where the trust contract already indicates investment strategy excluding the securities credit trading and instrument positions related to open securities held, the rest shall be identical to the investment scope of public placement funds.
 11. Other circumstances specified by FSC.
- (II) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 10: Procedure for handling related party transaction

When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to handling according to previous section and the procedure of this section, and assessing

the reasonability of the transaction terms, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion. When judging whether or not a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

I. Assessment and operating procedures

When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and supervisors:

- (I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets and real properties.
- (II) The reason for choosing the related party as a transaction counterparty.
- (III) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Sub-paragraph (1) and (4) of Paragraph 3 of this article.
- (IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
- (V) Monthly cash flow forecasts for the year commencing

from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

- (VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- (VII) Restrictive covenants and other important stipulations associated with the transaction.

For the acquisition or disposal of machine and equipment held for business use conducted between the Company and its parent company or between subsidiaries, the board of directors may, pursuant to Paragraph 2 of Article 8, delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.

II. Assessment of reasonableness of transaction costs

- (I) The Company acquiring real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:
 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply

where the financial institution is a related party of one of the transaction counterparties.

- (II) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (III) The Company acquiring real property from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with Sub-paragraphs (1) and (2) of Paragraph 3 of this Article shall also engage a CPA to check the appraisal and render a specific opinion.
- (IV) When the results of the appraisal conducted in accordance with Sub-paragraphs (1) and (2) of Paragraph 3 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Sub-paragraph (5) of Paragraph 3 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:
 - 1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is

lower.

(2) Closure deals by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale practices.

(3) Lease by unrelated parties within the preceding year involving other floors of the same property, where the transaction terms are similar after calculation of reasonable price discrepancies in floor prices in accordance with standard property market leasing practices.

2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of closure deals involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. The term “closure deals involving neighboring or closely valued parcels of land” refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to deals closed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; the aforementioned within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.

(V) Where the Company acquires or disposes of real property from a related party and the results of appraisals conducted in accordance with Subparagraphs (1) and (2) of Paragraph 3 of this Article are uniformly lower than the transaction price, the following steps shall be taken: The

Company and a public company conducting valuation on the investment of the Company under equity method that has set aside a special reserve according to preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

1. The Company shall aside a special reserve shall be set aside in accordance with Paragraph 1 of Article 41 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Paragraph I of Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
 2. Independent directors shall comply with Article 218 of the Company Act.
 3. Actions taken pursuant to Item 1 and Item 2 of Subparagraph (5) of Paragraph 3 of this article shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- (VI) Where the Company acquires real property from a related party is subject to any one of the following conditions, it is required to handle such matters according to relevant assessment and operating procedures specified in Paragraph 1 and Paragraph 2 of this article only and the requirements for assessment of reasonableness of

transaction costs specified in Subparagraphs (1), (2) and (3) of Paragraph 3 of this article are not applicable:

1. The related party acquired the real property through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.

(VII) When the Company obtains real property from a related party, it shall also comply with Sub-paragraph (5) of Paragraph 3 of this article if there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 11: Procedures for acquisition or disposal of memberships or intangible assets

I. Assessment and operating procedures

The acquisition or disposal of memberships or intangible assets shall be handled according to the internal control system fixed asset cycle procedures.

II. Procedures for determining transaction criteria and degree of authority delegation

(I) For the acquisition or disposal of memberships, the market fair price shall be considered to determine the transaction terms and transaction price, and analysis report shall be prepared for submission to the President. Where the amount is less than NT\$ 3 million, it shall be reported to the Chairman for approval and shall be submitted to the most recent board of directors' meeting for approval after the occurrence of the event. Where the amount exceeds NT\$ 3 million, it shall be submitted to the boards of directors for approval before executing the matter.

(II) For the acquisition or disposal of intangible assets, the market fair price shall be considered to determine the transaction terms and transaction price, and analysis report shall be prepared for submission to the Chairman. Where the amount is less than 10 percent of the paid-in capital or NT\$ 20 million, it shall be reported to the Chairman for approval and shall be submitted to the most recent board of directors' meeting for approval after the occurrence of the event. Where the amount exceeds NT\$ 20 million, it shall be submitted to the boards of directors for approval before executing the matter.

III. Executing unit

When the Company acquires or disposes memberships or intangible assets, it is necessary to proceed with the report for approval according to the delegation of authority described in the preceding paragraph, following which the using unit and relevant responsible unit shall be responsible for the execution thereof.

IV. Expert assessment opinion report for memberships or intangible assets

Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a 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; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 12: Procedures for the acquisition or disposal of claims of financial institutions

The Company does not perform any acquisition or disposal of claims of financial institutions. However, if the Company plans to perform transactions related to the acquisition or disposal of claims of financial institutions, the assessment and procedures thereof shall be established and submitted to the board of directors for

approval.

Article 13: Procedures for acquisition or disposal derivatives

I. Transaction principles and directives

(I) Transaction type

1. The derivatives traded by the Company refer to transaction contracts (such as forward contracts, options contracts, futures, interest rate or exchange rate, swap contracts, and hybrid contracts formed as a combination of the aforementioned commodities etc.), whose value is derived from commodities of asset, interest rate, exchange rate, index or other benefits etc.
2. Presently, the Company performs the trading of derivatives limited to the financial derivatives. Except where the of “forward exchange” hedging transactions are authorized to the management department for handling, the other financial commodity trades shall be reported to the board of directors for approval before execution.

(II) Operating (hedging) strategy

The Company engages in derivatives transactions shall not be for the purpose of trading but shall be based on the principle of risk aversion. Each relevant unit shall handle works properly according to the responsibility requirements, shall be aware of risk management and shall submit assessment report periodically. Other trades of special purposes shall be assessed carefully and shall be submitted to the board of directors for approval before execution.

(III) Delegation of Responsibilities

1 Financial and Accounting Division

(1) Trading personnel

- A. Responsible for the establishment of strategies for trading of financial commodities.
- B. Trading personnel shall calculate the position periodically on every Tuesday, shall collect market information to perform trend determination and risk assessment, shall

- establish operation strategy, which shall be approved according to the approval authority in order to be used as a basis for engaging in trading.
- C. Execute trading according to the authorization granted and the existing strategy.
- D. In case of any major changes in the financial market, when the trading personnel determine that the existing strategy is not applicable, then assessment report shall be submitted at any time, and strategy shall be re-established, following which once the approval of President is obtained, it is used as a basis for engaging in trading.
- (2) Accounting personnel
- A. Confirm execution of trading.
- B. Review whether trading are performed according to the authorization and existing strategy.
- C. Perform evaluation monthly, and submit the evaluation to the President.
- D. Accounting affairs handling.
- E. Perform reporting and public announcement according to the regulations of FSC.
- (3) Settlement personnel: Perform settlement works.
- (4) Derivatives approval authority
- A. Approval authority for hedge trades

	Single transaction amount	Daily total amount
President	limited to US\$ 2.5 million and below	limited to US\$ 5 million and below
Vice President of Management Department	limited to US\$ 1.5 million and below	limited to US\$ 3 million and below
Manager of Financial and Accounting Division	limited to US\$ 500 thousand and below	limited to US\$ 1 million and below

- B. Other trading of special purposes shall be reported to the board of directors for approval before execution.
- C. When the Company engages in derivative trading, where relevant personnel are authorized according to these Procedures, it is necessary to report to the most recent board

of directors' meeting after such trading.

2. Auditing department

Responsible for understanding the appropriateness of derivative trading internal control and auditing the status of trading department's compliance with the operating procedures, and analyzing the trading cycle, preparing audit report and submitting the report to the supervisor for review after the completion of the audit items and before the end of following month. In addition, in case where external/internal auditors discover the likelihood of material breach or major loss, a report shall be prepared for submission to and informing each supervisor.

3. Performance evaluation

After the monthly settlement at the end of each month, the profit/loss generated in the current period shall be settled according to the actual amount of the derivatives trading contracts engaged in the current month recorded on the account, and shall prepare statistical table for reporting to the Vice President of the management department in order to be used as a reference for the performance evaluation.

4. Trading amount and loss limit

(1) Trading amount

For derivative trading, the net position of the Company shall be estimated monthly. For medium and long term net positions, an amount equivalent to one-half of the total hedging amount shall be used as the limit in principle. For short term net positions, operation in full amount may be performed. When the contract total amount exceeds the aforementioned limit, it shall be reported to the board of directors for approval before execution thereof.

(2) Establishment of loss limit

For derivative trading, the loss limit for an individual contract shall not exceed 20 percent of the individual contract amount. Where it exceeds the aforementioned loss limit, it shall be reported to the Chairman immediately, and after adopting

necessary countermeasures, it shall be reported to the board of directors.

II. Risk management measures

When the Company engages in the derivative trading, the following risks shall be considered, and hedging shall be properly performed in advance:

- (I) Credit risk management: Risk of loss due to transaction counterparty fails to perform the contract terms.
- (II) Market risk management: Risk of possible generation of loss due to fluctuation of future market price of derivatives.
- (III) Liquidity risk management: One aspect of the risk refers to the commodity market trading depth and reasonable market price liquidation and settlement; the other aspect of risk refers to the fund procurement for settlement amount due in the future.
- (IV) Cash flow risk management: The source of funds for the Company to engage in derivatives trading shall be limited to its own funds only, and shall consider the fund demand anticipated for the cash income/expenditure in the next three months.
- (V) Operating risk management: Operating risk due to human errors, improper supervision, fraud and improper control management etc.
- (VI) Commodity tool risk management: Trading personnel shall be equipped with complete and correct professional knowledge on financial commodities, and shall request banks to disclose risks in order to prevent the risk of misuse of tools.
- (VII) Legal risk management: For contract document signing, opinions of foreign exchange and legal or legal consultant professional personnel shall be obtained before executing official signing in order to prevent legal risk.

III. Internal audit system

- (I) Internal auditors shall periodically understand the appropriateness of the derivatives trading internal control, and shall audit the status of the trading department complying with the procedures for engaging in derivatives trading and analyze

the trading cycle in order to prepare audit report. In case of discovery of material breach, written notice shall be submitted to supervisors.

- (II) Internal auditors shall submit the audit report along with the internal audit operation annual audit plan execution status to FSC before the end of February of next year, and shall also report the abnormality improvement status to FSC for recordation no later than the end of May of next year.

IV. Periodic assessment method and abnormality handling status

- (I) Vice President of the management department shall periodically supervise and assess whether derivative trading performed are handled according to the trading procedures established by the Company, and whether the risk management procedures currently adopted are appropriate, and shall evaluate whether performance comply with the predefined operational strategies and whether the risk borne is within the acceptable range. In case of any abnormal conditions (such as the position held has exceeded the loss limit), report to the Chairman shall be made immediately, and responsive measures shall be adopted, which shall also be reported to the board of directors' meeting of the most recent period.

- (II) The positions held for the derivatives trading shall be assessed at least once weekly. However, for hedge trades performed due to business needs, such trades shall be assessed at least twice monthly. The assessment report shall be submitted to the Vice President of the management department.

- V. The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under Subparagraph s(1) and (2) of Paragraph 4 of this article shall be recorded in detail in the log book.

Article 14: Procedures for merger, de-merger, acquisition or

transfer of shares

I. Assessment and operating procedures

- (I) To conduct a merger, de-merger, acquisition or transfer of shares, the Company is recommended to appoint attorney, CPA and securities underwriter to jointly establish the statutory procedure and pre-defined schedule, and organize project team to execute according to the statutory procedure. In addition, prior to convening the board of directors to resolve on the matter, the Company shall engage a CPA, attorney, or securities underwriter to provide opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for approval. However, the requirements for obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of the Company's merger of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.
- (II) The Company shall prepare the necessary documents to shareholders detailing important contractual content and matters relevant to the merger, demerger or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in the preceding sub-paragraph when sending shareholders' notification of the shareholders meeting for reference. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, de-merger, or acquisition, this restriction shall not apply. Where the shareholders' meeting of any one of the companies participating in a merger, de-merger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition

shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

II. Other matters requiring attention

- (I) Date of board of directors' meeting: The Company participating in a merger, de-merger, or acquisition shall convene a board of directors meeting and a shareholders meeting on the same day to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent thereto. Companies participating in a transfer of shares shall call a board of directors meeting on the same day, unless another act provides otherwise or the competent authority is notified in advance of extraordinary circumstances and grants consent thereto.
- (II) Prior to non-disclosure undertaking: All personnel of the companies participating in or privy to the plan for a merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition or transfer of shares.
- (III) Principles for share exchange ratio or acquisition price establishment and alternation: Companies conducting a merger, demerger, acquisition or transfer of shares, prior to convening the board of directors of both parties to resolve the matter, shall engage a CPA, attorney or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price or distribution of cash or other property to shareholders, and submit it to the board of directors for approval, followed by reporting to the shareholders' meeting. The share exchange ratio or acquisition price shall not be altered arbitrarily in principle; however, where the contract has

specified terms/conditions permitting alternation and such alternation have been publicly disclosed, then such restriction shall not be applied. The criteria permitted for the alternation of share exchange ratio or acquisition price are as follows:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets, that affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

(IV) Required content of contract: The contract for participation by a public company in a merger, demerger, acquisition, or of shares shall comply with the regulations of Article 317-1 of the Company Act and Article 32 of Business Mergers And Acquisitions Act, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.

4. The manner of handling changes in the number of participating entities or companies.
 5. Preliminary progress schedule for plan execution, and anticipated completion date.
 6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- (V) When there is change in the number of companies participating in a merger, de-merger, acquisition or transfer of share: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, de-merger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, de-merger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
- (VI) Where any of the companies participating in a merger, de-merger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company and shall handle the board of directors' meeting date according to Sub-paragraph (1) , prior non-disclosure undertaking according to Subparagraph (2) and requirements for the change in the number of companies participating in a merger, de-merger, acquisition or transfer of share according to Subparagraph (5) of Paragraph 2 of this article.
- Article 14-1: When participating in a merger, de-merger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following

information and retain it for five years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

For the documents specified in Subparagraph 1 and Subparagraph 2 of the preceding paragraph, the Company shall, within two days from the date of passage of a resolution by the board of directors' meeting, report and in the prescribed format and via the Internet-based information system to the FSC for recordation.

Article 14-2 The Company participating in a de-merger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

- I. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
- II. An action, such as a disposal of major assets, that affects the company's financial operations.
- III. An event, such as a major disaster or major change in

- technology, that affects shareholder equity or share price.
- IV. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares, repurchases the treasury stock.
 - V. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - VI. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 14-3 The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

- I. Handling of breach of contract.
- II. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
- III. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
- IV. The manner of handling changes in the number of participating entities or companies.
- V. Preliminary progress schedule for plan execution, and anticipated completion date.
- VI. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 14-4: Where the Company participates in merger, split-up, acquisition or transfer of shares, in addition to handling such matters according to these Procedures, the Company shall also

comply with Paragraph 2 of Article 23, Paragraph 1, Paragraph 2 and Paragraph 5 of Article 24, Article 28 and Article 29 of the Regulations.

Article 15: Procedures for public disclosure of information

I. Required announcement and report items and standards for announcement and report

Under any of the following circumstances, the Company acquiring or disposing assets shall publicly announce and report the relevant information on the FSC's designated website within two days counting inclusively from the date of occurrence of the event:

(I) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds, bonds under re-purchase and re-sale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

(II) Merger, de-merger, acquisition or transfer of shares.

(III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures established.

(IV) Where the type of equipment belongs to business use is acquired or disposed of, and furthermore the transaction counterparty is not a related party and the transaction amount reaches NT\$ 500 million or more.

(V) Where the real property for construction use is acquired or disposed for the operation of a construction business and the transaction counterparty is not a related party and the transaction amount reaches NT\$ 500 million or more.

(VI) Where land is acquired under an arrangement on engaging

others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.

(VII) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

1. Trading of government bonds.
2. Where done by professional investors—securities trading on domestic/foreign securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics that are offered and issued in the domestic primary market, 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.
3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions described in this article shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and

disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

The "within the preceding year" described in this article refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and its subsidiaries that are not domestic public companies and enter the information in the prescribed format into the website designated by the FSC by the 10th day of each month. In case where there is an error or omission of item in the public announcement and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.

(VIII) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported according to the regulations, a public report of relevant information shall be made on the information reporting website designated within two days counting inclusively from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, de-merger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

II. Format of public announcement

- (I) For securities of parent/subsidiaries or affiliates trading on domestic/foreign securities exchanges or OTC markets, the required matters for public announcement and the content of public announcement format shall be made according to Attachment 2.
- (II) For land acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, the required matters for announcement and the content of public announcement format shall be made according to Attachment 3.
- (III) For the acquisition or disposal of real property or equipment, and real property acquired from a related party, the public announcement format shall be made according to Attachment 4.
- (IV) For securities, memberships, trading of intangible assets not performed at securities exchanges or OTC markets and disposal of receivables by a financial institution, the public announcement format shall be made according to Attachment 5.
- (V) For investments in the mainland China area, the announcement format shall be made according to Attachment 6.
- (VI) For the public announcement of derivative trading within two days from the date of occurrence, the public announcement format shall be made according to Attachment 7-1.
- (VII) For the public announcement of derivative trading before the tenth day of each month, the public announcement format shall be made according to Attachment 7-1.
- (VIII) For merger, de-merger, acquisition, or transfer of shares, the public announcement format shall be made according

to Attachment 8.

Article 16: Procedures for subsidiaries' acquisition or disposal of assets

I. A subsidiary shall establish its "Procedures for Acquisition and Disposal of Assets" according to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", which shall be approved by the board of directors and reported to the shareholders' meeting for approval. The same requirements shall be applied to amendments thereof.

II. When a subsidiary acquires or disposes assets, it shall also handle the matter according to these Procedures.

III. Where a subsidiary is not a public company, when its acquisition or disposal of assets reaches the announcement and report standards under these Procedures, the Company shall handle the public announcement and report thereof.

IV. The paid-in capital or total assets of the Company shall be the standard applicable to the criteria of reaching 20 percent of the paid-in capital or 10 percent of the total asset of the company" described in the public announcement and report standard of a subsidiary.

Article 16-1

For requirements related to the calculation of 10 percent of the total assets, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of the Company whose shares have no par value or a par value other than NT\$10—for relevant calculation of transaction amounts of 20 percent of paid-in capital, 10 percent of equities attributable to owners of the parent shall be substituted.

Article 17: Penalties

Where managerial officers and primary handling personnel of the Company violate these Procedures, performance evaluation shall be submitted according to the "Code of Conduct" of the Company in

order to impose penalty depending upon the severity of violation.

Article 18: Supplementary Provisions

In case of any matters not specified in these Procedures, such matters shall be handled according to relevant laws.

Article 19: Implementation

These Procedures shall be implemented after the approval of the board of directors, and shall be sent to the supervisors and reported to the shareholders' meeting. The same requirements shall be applied to amendments thereof.

Seven. Appendix

Appendix 1

Impact of the distribution of bonus shares proposed in the present shareholders' meeting on the business performance of the Company and earning per share

The Company plans to distribute cash dividends in full; therefore, such impact is not applicable.

Appendix 2

Shareholding Detail of Directors and Supervisors of the Company

(Up to the book closure of Annual Meeting of Shareholders of this year:
April 27, 2019)

Unit: Shares %

Job Title	Name		Shareholder Account No.	Shareholding (Ordinary shares)	Holding percentage (%)
Chairman	Tsung-Te Chen	China Steel Corporation	1	55,393,138	44.76%
Director	Chao-Tung Weng				
Director	Hung-Nan Lin				
Director	Tzu-An Wu				
Director	Huo-Kun Chen				
Director	Ming-Hsiang Lin	Hua Eng Wire and Cable Co., Ltd.	4	11,843,730	9.57%
Director	Wen-Lung Lee	Chun Yuan Steel Industry Co., Ltd.	15	2,990,772	2.42%
Director	Yu-Lun Kuo	Great Grandeur Steel Corporation	19071	3,764,000	3.04%
Independent Director	Chia-Jung Chen			0	0
Independent Director	Po-Han Wang			0	0
Supervisor	Ming-Huang Lee	Chun Yu Co., Ltd.	9	4,333,266	3.50%
Supervisor	Wei-Yen Hung	CHF Steel Co., Ltd.	11	3,610,475	2.92%
Supervisor	Po-Nien Lin	Bi-Jen Investment Co., Ltd.	16	3,005,000	2.43%
Number of shares held by all directors				73,991,640	59.78%
Number of shares held by all supervisors				10,948,741	8.85%
Minimum number of shares required to be held by all directors				10,000,000	
Minimum number of shares required to be held by all supervisors				1,000,000	

Note 1: The Company has issued 123,742,552 shares of ordinary shares

China Ecotek Corporation

2019 Annual Meeting of Shareholders Speaker's Slip

Dear Shareholders:

We welcome your attendance in this year's Annual Meeting of Shareholders of China Ecotek Corporation. To adhere to the company's rules of procedures for shareholders' meetings and to facilitate your speech in the meeting, please describe your question on this Speaker's Slip, and submit it to the service personnel. We will request the Chair or relevant personnel to provide explanations to your question during the Q&A session.

We thank you for your support and care for China Ecotek Corporation

Account Name: _____
Shareholders' Account No.: _____
(or Attendance Certificate No.)
Date: Month Date, Year

I am a shareholder of the Company, and I hereby confirm that the summary of my speech at the 2019 Annual Meeting of Shareholders is as follows:
