

**ECOVE ENVIRONMENT CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of ECOVE Environment Corporation and its subsidiaries (the “Group”) as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of other independent auditors, as described in the other matter section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The most significant key audit matters in our audit of the Group's 2023 consolidated financial statements are as follows:

Accuracy of service revenue

Description

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

Operating revenue mainly arises from service revenue and electricity sales revenue. The service revenue mainly arises from contracts entered into with certain governments (grantors) that involve charging for the service per unit in accordance with contracts. The cash amount of service revenue was NT\$2,636,496 thousand, constituting 35% of operating revenue for the year ended December 31, 2023. As the determination of this type of revenue is subject to manual calculation, we considered the accuracy of service revenue a key audit matter.

How our audit addressed the matter

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

- A. Obtained an understanding of the procedures of waste treatment and tested relevant internal controls, including randomly checking the actual amount of disposals that are treated at the waste treatment plant monthly, the consistency of monthly statements that management used in calculating revenue, and the consistency between service fees per unit and contract.

B. Verified the accuracy of statements that management used in calculating revenue, including the amount of disposals treated and the service fees per unit, recalculated the accuracy of cash amount and ascertained whether it was in agreement with recorded revenue.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investees accounted for using equity method that are included in the consolidated financial statements. The balance of these investments accounted for using equity method was NT\$300,156 thousand and NT\$272,913 thousand, both constituting 2% of consolidated total assets as of December 31, 2023 and 2022, respectively, and the share of profit of associates and joint ventures accounted for using equity method was NT\$27,243 thousand and NT\$11,034 thousand, constituting 2% and 0.8% of consolidated total comprehensive income for the years then ended, respectively. Those financial statements were audited by other independent auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other independent auditors.

Other matter - parent company only financial statements

We have audited and expressed an unqualified opinion with *Other matter* section on the parent company only financial statements of ECOVE Environment Corporation as at and for the years ended December 31, 2023 and 2022.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Liao, Fu-Ming



Lin, Yi-Fan

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 6, 2024

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,663,477	13	\$ 1,611,740	12
1110	Financial assets at fair value through profit or loss - current	6(2)	1,033,535	8	1,522,915	12
1120	Current financial assets at fair value through other comprehensive income	6(3)	115,601	1	113,614	1
1136	Current financial assets at amortised cost	6(4) and 8	288,496	2	138,333	1
1140	Current contract assets	6(24) and 7	866,155	6	642,206	5
1150	Notes receivable, net		6	-	6	-
1170	Accounts receivable, net	6(5)	942,411	7	813,356	6
1180	Accounts receivable - related parties, net	7	11,773	-	20,724	-
1200	Other receivables		5,777	-	4,928	-
1210	Other receivables - related parties	7	157	-	64	-
1220	Current tax assets		7,953	-	31,598	-
130X	Inventories		103,512	1	100,681	1
1410	Prepayments	6(6)	91,937	1	129,210	1
11XX	Total current assets		<u>5,130,790</u>	<u>39</u>	<u>5,129,375</u>	<u>39</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	120,624	1	50,068	-
1550	Investments accounted for using equity method	6(7)	824,288	7	739,380	6
1600	Property, plant and equipment, net	6(8) and 8	4,472,310	34	4,303,398	32
1755	Right-of-use assets	6(9)	289,983	2	278,458	2
1780	Intangible assets	6(10)	896,571	7	955,261	7
1840	Deferred income tax assets	6(31)	39,406	-	35,379	-
1900	Other non-current assets	6(11), 7 and 8	1,309,330	10	1,797,188	14
15XX	Total non-current assets		<u>7,952,512</u>	<u>61</u>	<u>8,159,132</u>	<u>61</u>
1XXX	Total assets		<u>\$ 13,083,302</u>	<u>100</u>	<u>\$ 13,288,507</u>	<u>100</u>

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ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(12)	\$ -	-	\$ 360,000	3
2110	Short-term notes and bills payable	6(13)	19,983	-	-	-
2130	Current contract liabilities	6(24) and 7	147,541	1	100,304	1
2150	Notes payable		1,643	-	4,660	-
2170	Accounts payable	6(14)	1,399,199	11	1,327,844	10
2180	Accounts payable - related parties	7	56,090	1	12,649	-
2200	Other payables	6(15)	492,201	4	447,174	3
2220	Other payables - related parties	7	8,878	-	268,526	2
2230	Income tax liabilities		299,100	2	271,498	2
2280	Current lease liabilities	7	39,614	-	40,913	-
2320	Long-term liabilities, current portion	6(17)	-	-	52,288	1
2399	Other current liabilities		9,907	-	42,348	-
21XX	Total current liabilities		<u>2,474,156</u>	<u>19</u>	<u>2,928,204</u>	<u>22</u>
	Non-current liabilities					
2527	Non-current contract liabilities	6(24)	495,750	4	711,552	5
2530	Bonds payable	6(16)	1,993,916	15	1,991,381	15
2570	Deferred income tax liabilities	6(31)	107,350	1	134,206	1
2580	Non-current lease liabilities	7	241,038	2	225,217	2
2600	Other non-current liabilities	6(18)	954,441	7	868,606	7
25XX	Total non-current liabilities		<u>3,792,495</u>	<u>29</u>	<u>3,930,962</u>	<u>30</u>
2XXX	Total liabilities		<u>6,266,651</u>	<u>48</u>	<u>6,859,166</u>	<u>52</u>
	Equity attributable to owners of parent					
	Share capital	6(21)				
3110	Common stock		715,590	6	704,579	5
3140	Advance receipts for share capital		589	-	2,334	-
	Capital surplus	6(22)				
3200	Capital surplus		2,786,873	21	2,626,341	20
	Retained earnings	6(23)				
3310	Legal reserve		1,045,141	8	940,121	7
3320	Special reserve		-	-	14,895	-
3350	Unappropriated retained earnings		1,727,596	13	1,622,165	12
	Other equity interest					
3400	Other equity interest		46,943	-	16,017	-
3500	Treasury shares	6(21)	(57)	-	(57)	-
31XX	Equity attributable to owners of the parent		<u>6,322,675</u>	<u>48</u>	<u>5,926,395</u>	<u>44</u>
36XX	Non-controlling interest	4(3)	493,976	4	502,946	4
3XXX	Total equity		<u>6,816,651</u>	<u>52</u>	<u>6,429,341</u>	<u>48</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance	11				
3X2X	Total liabilities and equity		<u>\$ 13,083,302</u>	<u>100</u>	<u>\$ 13,288,507</u>	<u>100</u>

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	Items	Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(24) and 7	\$ 7,628,502	100	\$ 7,030,160	100
5000	Operating costs	6(29)(30) and 7	(6,008,793)	(79)	(5,444,710)	(78)
5900	Gross profit		<u>1,619,709</u>	<u>21</u>	<u>1,585,450</u>	<u>22</u>
	Operating expenses	6(29)(30) and 7				
6200	General and administrative expenses		(158,067)	(2)	(165,428)	(2)
6000	Total operating expenses		(158,067)	(2)	(165,428)	(2)
6900	Operating profit		<u>1,461,642</u>	<u>19</u>	<u>1,420,022</u>	<u>20</u>
	Non-operating income and expenses					
7100	Interest income	6(25) and 7	15,230	-	9,208	-
7010	Other income	6(26) and 7	27,245	-	34,295	-
7020	Other gains and losses	6(27)	17,616	-	7,149	-
7050	Finance costs	6(28) and 7	(30,161)	-	(26,979)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(7)	<u>131,576</u>	<u>2</u>	<u>74,398</u>	<u>1</u>
7000	Total non-operating income and expenses		<u>161,506</u>	<u>2</u>	<u>98,071</u>	<u>1</u>
7900	Profit before income tax		<u>1,623,148</u>	<u>21</u>	<u>1,518,093</u>	<u>21</u>
7950	Income tax expense	6(31)	(256,460)	(3)	(239,931)	(3)
8200	Profit for the year		<u>\$ 1,366,688</u>	<u>18</u>	<u>\$ 1,278,162</u>	<u>18</u>
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	(Losses) gains on remeasurements of defined benefit plans	6(19)	(\$ 4,544)	-	\$ 6,482	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	<u>32,494</u>	-	(29,583)	-
8320	Share of other comprehensive (loss) 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		(28)	-	121	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	<u>1,402</u>	-	(1,427)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Cumulative translation differences of foreign operations		(6,250)	-	<u>75,051</u>	<u>1</u>
8300	Total other comprehensive income for the year		<u>\$ 23,074</u>	<u>-</u>	<u>\$ 50,644</u>	<u>1</u>
8500	Total comprehensive income for the year		<u>\$ 1,389,762</u>	<u>18</u>	<u>\$ 1,328,806</u>	<u>19</u>
	Profit attributable to:					
8610	Owners of the parent		\$ 1,164,040	15	\$ 1,045,026	15
8620	Non-controlling interest		<u>202,648</u>	<u>3</u>	<u>233,136</u>	<u>3</u>
	Total		<u>\$ 1,366,688</u>	<u>18</u>	<u>\$ 1,278,162</u>	<u>18</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 1,191,797	15	\$ 1,081,110	15
8720	Non-controlling interest		<u>197,965</u>	<u>3</u>	<u>247,696</u>	<u>4</u>
	Total		<u>\$ 1,389,762</u>	<u>18</u>	<u>\$ 1,328,806</u>	<u>19</u>
	Earnings per share (in dollars):	6(32)				
9750	Basic earnings per share		<u>\$ 16.36</u>		<u>\$ 14.91</u>	
9850	Diluted earnings per share		<u>\$ 16.28</u>		<u>\$ 14.85</u>	

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent											
		Capital	Retained Earnings					Other Equity Interest					
		Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interest	Total equity
Year ended December 31, 2022													
Balance at January 1, 2022		\$ 695,170	\$ 857	\$ 2,421,348	\$ 848,366	\$ 23,272	\$ 1,490,020	(\$ 60,840)	\$ 45,945	(\$ 57)	\$ 5,464,081	\$ 432,281	\$ 5,896,362
Profit for the year		-	-	-	-	-	1,045,026	-	-	-	1,045,026	233,136	1,278,162
Other comprehensive income (loss)		-	-	-	-	-	5,172	60,495	(29,583)	-	36,084	14,560	50,644
Total comprehensive income (loss)		-	-	-	-	-	1,050,198	60,495	(29,583)	-	1,081,110	247,696	1,328,806
Appropriations of 2021 earnings	6(23)	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	91,755	(91,755)	-	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	(8,377)	8,377	-	-	-	-	-	-
Cash dividends		-	-	-	-	(834,675)	-	-	-	(834,675)	(177,108)	(1,011,783)	
Share-based payment transactions	6(20)(22)	-	-	12,105	-	-	-	-	-	-	12,105	56	12,161
Exercise of employee share options	6(21)(22)	8,552	2,334	162,389	-	-	-	-	-	-	173,275	-	173,275
Employee restricted stock	6(20)(22)	-	-	3,517	-	-	-	-	-	-	3,517	21	3,538
Adjustments of changes in investments accounted for using equity method	6(7)	-	-	26,982	-	-	-	-	-	-	26,982	-	26,982
Advance receipts for share capital transferred to share capital		857	(857)	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2022		\$ 704,579	\$ 2,334	\$ 2,626,341	\$ 940,121	\$ 14,895	\$ 1,622,165	(\$ 345)	\$ 16,362	(\$ 57)	\$ 5,926,395	\$ 502,946	\$ 6,429,341
Year ended December 31, 2023													
Balance at January 1, 2023		\$ 704,579	\$ 2,334	\$ 2,626,341	\$ 940,121	\$ 14,895	\$ 1,622,165	(\$ 345)	\$ 16,362	(\$ 57)	\$ 5,926,395	\$ 502,946	\$ 6,429,341
Profit for the year		-	-	-	-	-	1,164,040	-	-	-	1,164,040	202,648	1,366,688
Other comprehensive income (loss)		-	-	-	-	(3,141)	(1,596)	(1,596)	32,494	-	27,757	(4,683)	23,074
Total comprehensive income (loss)		-	-	-	-	-	1,160,899	(1,596)	32,494	-	1,191,797	197,965	1,389,762
Appropriations of 2022 earnings	6(23)	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	105,020	(105,020)	-	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	(14,895)	14,895	-	-	-	-	-	-
Cash dividends		-	-	-	-	(960,073)	-	-	-	(960,073)	(247,804)	(1,207,877)	
Share-based payment transactions	6(20)(22)	-	-	4,924	-	-	-	-	-	-	4,924	23	4,947
Exercise of employee share options	6(21)(22)	8,104	589	131,876	-	-	-	-	-	-	140,569	-	140,569
Employee restricted stock	6(20)(22)	-	-	5,734	-	-	-	-	-	-	5,734	40	5,774
Adjustments of changes in investments accounted for using equity method	6(7)	-	-	885	-	-	-	-	-	-	885	-	885
Advance receipts for share capital transferred to share capital		2,334	(2,334)	-	-	-	-	-	-	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(3)	-	-	-	-	(28)	-	-	28	-	-	-	-
Change in non-controlling interests due to issuance of new shares	6(21)(22)	573	-	17,113	-	(5,242)	-	-	-	-	12,444	(12,444)	-
Increase in non-controlling interests		-	-	-	-	-	-	-	-	-	-	53,250	53,250
Balance at December 31, 2023		\$ 715,590	\$ 589	\$ 2,786,873	\$ 1,045,141	\$ -	\$ 1,727,596	(\$ 1,941)	\$ 48,884	(\$ 57)	\$ 6,322,675	\$ 493,976	\$ 6,816,651

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 1,623,148	\$ 1,518,093
Adjustments			
Adjustments to reconcile profit (loss)			
Impairment loss determined in accordance with IFRS 9	12(2)	46	-
Depreciation	6(8)(29)	346,207	318,566
Depreciation - right-of-use assets	6(9)(29)	44,153	43,732
Amortization	6(29)	66,067	72,636
Interest expense	6(28)	25,708	25,058
Interest expense - lease liability	6(9)(28)	4,453	1,921
Dividend income	6(26)	(2,348)	(3,030)
Interest income	6(25)	(15,230)	(9,208)
Salary expense - employee stock options	6(20)(30)	4,947	12,161
Salary expense - employee restricted stock	6(20)(30)	5,774	3,538
Gain on valuation of financial assets		(18,739)	(5,268)
Loss on lease modification	6(27)	-	87
Share of profit of associates and joint ventures accounted for under equity method	6(7)	(131,576)	(74,398)
Gain on disposals of investments	6(27)	-	543
Gain on disposal of property, plant and equipment	6(27)	(405)	(100)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		506,544	(415,213)
Current contract assets		(223,949)	(21,544)
Notes receivable, net		-	661
Accounts receivable, net		(129,101)	221,419
Accounts receivable - related parties, net		8,951	(14,376)
Other receivables		2,528	(1,816)
Other receivables - related parties		(93)	387
Inventories		(2,831)	(17,775)
Prepaid expense		37,273	(34,651)
Other non-current assets		346,699	314,877
Changes in operating liabilities			
Contract liabilities		(168,565)	(98,618)
Notes payable		(3,017)	(2,834)
Accounts payable		71,355	483,679
Accounts payable - related parties		43,441	(21,557)
Other payables		50,545	6,014
Other payables - related parties		479	282
Other current liabilities		(32,441)	3,650
Other non-current liabilities		(16,457)	11,684
Cash inflow generated from operations		2,443,566	2,317,514
Interest received		11,853	7,814
Dividends received		48,963	57,910
Interest paid		(26,006)	(23,762)
Income tax paid		(295,066)	(316,393)
Income tax refund receivable		56,769	-
Net cash flows from operating activities		2,240,079	2,043,083

(Continued)

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income		\$ 53	\$ 2,261
Acquisition of non-current financial assets at fair value through other comprehensive income		(40,102)	(50,000)
(Increase) decrease in financial assets at amortised cost		(150,163)	283,575
Decrease in other receivables - related parties		-	264,000
Interest received		-	966
Increase in investments accounted for using equity method-non-sub-sidiaries	6(7)	-	(180,000)
Acquisition of property, plant and equipment	6(33)	(292,653)	(420,658)
Proceeds from disposal of property, plant and equipment		480	100
Decrease in refundable deposits		4,592	29,969
Acquisition of intangible assets	6(10)	(560)	-
Increase in other non-current assets	6(33)	(80,765)	(787,246)
Net cash flows used in investing activities		<u>(559,118)</u>	<u>(857,033)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term loans		(360,000)	(138,000)
Increase (decrease) in short-term notes payable		19,983	(39,969)
Repayment of long-term loans		(52,920)	(83,886)
Repayment of lease liabilities		(45,603)	(40,531)
(Decrease) increase in other payables to related parties		(260,000)	260,000
Increase in deposits received (shown in other non-current liabilities)		83,374	90,478
Cash dividends paid		(1,207,877)	(1,011,783)
Employee stock options exercised		140,569	173,275
Increase in non-controlling interests		53,250	-
Net cash flows used in financing activities		<u>(1,629,224)</u>	<u>(790,416)</u>
Net increase in cash and cash equivalents		51,737	395,634
Cash and cash equivalents at beginning of year		<u>1,611,740</u>	<u>1,216,106</u>
Cash and cash equivalents at end of year		<u>\$ 1,663,477</u>	<u>\$ 1,611,740</u>

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

- (1) ECOVE Environment Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on December 13, 1999. The consolidated investee-Chang Ting Corporation was incorporated in December, 2005.
- (2) The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in waste management. The Company’s shares were issued through an initial public offering on December 3, 2007, and have been listed in the Taiwan OTC market since May 27, 2010.
- (3) CTCI Corporation, the Company’s ultimate parent company, holds 53.69% equity interest in the Company as of December 31, 2023.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 4, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.
 - (d) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%)		Note
			December 31, 2023	December 31, 2022	
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Environmental engineering	100.00	100.00	
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	74.999	74.999	
ECOVE Environment Service Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	0.001	0.001	
ECOVE Environment Corp.	ECOVE Environment Service Corp.	Environmental engineering	100.00	100.00	
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Environmental engineering	100.00	100.00	
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Environmental engineering	100.00	100.00	
ECOVE Environment Service Corp.	SINOGAL-Waste Services Co., Ltd.	Environmental engineering	30.00	30.00	Note 1
ECOVE Environment Service Corp.	ECOVE Environment Consulting Corp.	Environmental engineering	-	100.00	Note 3
ECOVE Environment Service Corp.	ECOVE Environment Services Gangshan Corporation	Environmental engineering	100.00	100.00	
ECOVE Environment Service Corp.	ECOVE Resource Recycling Corporation	Environmental engineering	95.00	-	Note 2
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	100.00	89.99	Note 4 Note 5
ECOVE Environment Service Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	-	0.01	Note 4
ECOVE Environment Corp.	ECOVE Chiayi Energy Corp	Environmental engineering	50.00	-	Note 6
ECOVE Environment Service Corp.	ECOVE Chiayi Energy Corp	Environmental engineering	25.00	-	Note 6
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Energy sector	100.00	100.00	
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Energy sector	100.00	100.00	
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Energy sector	100.00	100.00	
ECOVE Solar Energy Corporation	G.D. International, LLC.	Energy sector	100.00	100.00	
G.D. International, LLC.	Lumberton Solar W2-090, LLC.	Energy sector	100.00	100.00	

Note 1: Included in the consolidated financial statements due to the Company's control of the subsidiary's finance, operations and personnel.

Note 2: The Board of Directors of the subsidiary, ECOVE Environment Services Corp., during its meeting in January 2023, resolved to invest and establish ECOVE Resource Recycling Corporation in the amount of \$61,750.

Note 3: The liquidation of the subsidiary, ECOVE Environment Consulting Corp., was completed in April 2023.

Note 4: In September 2023, the Company acquired 0.01% equity interest in ECOVE Solvent Recycling Corporation in cash from the subsidiary, ECOVE Environment Services Corp.

Note 5: The subsidiary, ECOVE Environment Corp., issued 57,330 ordinary shares to the shareholders of ECOVE Solvent Recycling Corp. other than itself on December 29, 2023 and acquired 10% equity interests amounting to \$12,444 in ECOVE Solvent Recycling Corp. as resolved by the Board of Directors in October 2023.

Note 6: The Board of Directors of the Company, the parent company, CTCI Corp., and the subsidiary, ECOVE Environment Service Corp., resolved to establish ECOVE Chiayi Energy Corp amounting to \$200,000 in October 2023.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2023 and 2022, the non-controlling interest amounted to \$493,976 and \$502,946, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of	Non-controlling interest			
		December 31, 2023		December 31, 2022	
		Amount	Ownership (%)	Amount	Ownership (%)
ECOVE Miaoli Energy Corp.	Taiwan	\$ 254,111	25.00%	\$ 265,346	25.00%
SINOGAL-Waste Services Co., Ltd.	Macau	186,770	70.00%	225,896	70.00%

Summarised financial information of the subsidiaries:

Balance sheets

	<u>ECOVE Miaoli Energy Corp.</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 573,197	\$ 444,202
Non-current assets	576,836	750,341
Current liabilities	(83,824)	(75,163)
Non-current liabilities	(49,765)	(57,995)
Total net assets	<u>\$ 1,016,444</u>	<u>\$ 1,061,385</u>

	<u>SINOGAL-Waste Services Co., Ltd.</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 533,791	\$ 616,597
Non-current assets	12,324	11,836
Current liabilities	(178,935)	(209,012)
Non-current liabilities	(100,366)	(96,713)
Total net assets	<u>\$ 266,814</u>	<u>\$ 322,708</u>

Statements of comprehensive income

	<u>ECOVE Miaoli Energy Corp.</u>	
	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Revenue	\$ 346,976	\$ 318,568
Profit before income tax	127,080	138,657
Income tax expense	(24,939)	(27,671)
Profit for the year	102,141	110,986
Other comprehensive (loss) income, net of tax	(114)	19
Total comprehensive income for the year	<u>\$ 102,027</u>	<u>\$ 111,005</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 25,507</u>	<u>\$ 27,751</u>
Dividends paid to non-controlling interest	<u>\$ 36,799</u>	<u>\$ 37,077</u>

	SINO GAL-Waste Services Co., Ltd.	
	Year ended December 31	
	2023	2022
Revenue	\$ 819,440	\$ 850,852
Profit before income tax	223,583	260,627
Income tax expense	25,404	29,227
Profit for the year	248,987	289,854
Other comprehensive (loss) income, net of tax	(6,649)	20,794
Total comprehensive income for the year	<u>\$ 242,338</u>	<u>\$ 310,648</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 169,637</u>	<u>\$ 217,454</u>
Dividends paid to non-controlling interest	<u>\$ 208,763</u>	<u>\$ 138,149</u>

Statements of cash flows

	ECOVE Miaoli Energy Corp.	
	Year ended December 31	
	2023	2022
Net cash provided by operating activities	\$ 445,048	\$ 99,356
Net cash provided by investing activities	-	29,621
Net cash used in financing activities	(148,668)	(149,829)
Increase (decrease) in cash and cash equivalents	296,380	(20,852)
Cash and cash equivalents, beginning of year	50,785	71,637
Cash and cash equivalents, end of year	<u>\$ 347,165</u>	<u>\$ 50,785</u>

	SINO GAL-Waste Services Co., Ltd.	
	Year ended December 31	
	2023	2022
Net cash provided by operating activities	\$ 300,403	\$ 342,956
Net cash used in investing activities	(156,669)	(80,306)
Net cash used in financing activities	(300,630)	(209,441)
(Decrease) increase in cash and cash equivalents	(156,896)	53,209
Cash and cash equivalents, beginning of year	194,477	141,268
Cash and cash equivalents, end of year	<u>\$ 37,581</u>	<u>\$ 194,477</u>

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

B. Translation of foreign operations

The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognized in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using settlement date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures these financial assets at fair value with any gain or loss recognized in profit or loss.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using settlement date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

- (a) The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.
- (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	6 ~ 35 years
Machinery and equipment	2 ~ 20 years
Transportation equipment	3 ~ 5 years
Others	2 ~ 5 years

(16) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability; and
 - (b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(17) Intangible assets

A. Trademarks and licences

Separately acquired trademarks and licences are stated at historical cost. Trademarks and licences have a finite useful life and are amortized on a straight-line basis over their estimated useful lives of 15 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 5 years.

C. Goodwill arises in a business combination accounted for by applying the acquisition method.

(18) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.
- B. The recoverable amounts of goodwill is evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(19) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(22) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(23) Provisions for other liabilities

Provisions-accrued recovery costs are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. Provisions are not recognized for future operating losses.

(24) Employee benefits

A. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the balance sheet date).
- ii. Remeasurement arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

B. Employees' compensation directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequent actual distributed amounts is accounted for as a change in estimate.

(25) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(26) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. If a change in tax rate is enacted or substantively enacted, the Group recognizes the effect of the change immediately when the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

(27) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities, stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

A. Service concession arrangements

- (a) The Group contracted with the government (grantor) a service concession arrangement whereby the Group shall provide construction of the government's infrastructure assets for public services and operate those assets during the term of the arrangement, and when the term of the operating period expires, the underlying infrastructure assets will be transferred to the government without consideration. The Group allocates the fair value of the consideration received or receivable in respect of the service concession arrangement between construction services and operating services provided based on their relative fair values, and recognizes such allocated amounts as revenue in accordance with IFRS 15, 'Revenue from contracts with customers'.
- (b) Costs incurred on provision of construction services or upgrading services under a service concession arrangement are accounted for in accordance with IFRS 15, 'Revenue from contracts with customers'.
- (c) The consideration received or receivable from the grantor in respect of the service concession arrangement is recognized at its fair value. Such considerations are recognized as a financial asset or an intangible asset based on how the considerations from the grantor to the operator are made as specified in the arrangement. The Group recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services, and recognizes an intangible asset to the extent that it receives a right (a license) to charge users of the public service.
- (d) The Group entered into a service concession arrangement with the government (grantor) for the construction of a Refuse Incineration Plant through a build-operate-transfer (BOT) mode. Revenue is recognized based on the contract. The Group evaluates the significant financing component of the contract and adjusts the price on the commencement of the contract and recognizes revenue and accounts receivable at the amount that it has a right to bill each month.

B. Service revenue

The Group provides waste treatment service that are charged per unit at a fixed rate. The Group recognizes revenue and accounts receivable at the amount that it has a right to bill each month.

C. Revenue from the electricity production

The Group sells electricity generated by solar power and waste treatment. Revenue from the sale of the electricity is recognized when the Group sells the electricity to the customer.

D. Clearance income

The Group operates related services such as waste removal and transportation. The income is priced according to the fixed rate per ton of the service contract. The Group recognizes the income and the payable amount when the customer bills are issued each month according to the amount that the Group has the right to bill.

E. Other revenue

The Group provides repairs and maintenance, and consulting services that are charged per unit at a fixed rate. The Group recognizes its revenue and accounts receivable based on the amount that it has a right to bill each month

(30) Government grant

The government grant is recognized when the Group is reasonably convinced the company will comply with the conditions attached to the government grant and will recognize the grant at fair value. If the nature of the government grant is to compensate the expenses incurred by the Group, the government grant is recognized as current profit and loss on a systematic basis during the period in which the related expenses are incurred.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Judgements and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The Group has no critical accounting judgements, estimates and assumption uncertainty.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 10,958	\$ 10,660
Checking accounts and demand deposits	1,422,542	1,211,152
Time deposits	<u>229,977</u>	<u>389,928</u>
Total	<u>\$ 1,663,477</u>	<u>\$ 1,611,740</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The details of cash and cash equivalents pledged to others are provided in Note 8.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2023	December 31, 2022
Current items		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 1,029,687	\$ 1,520,031
Valuation adjustment	<u>3,848</u>	<u>2,884</u>
Total	<u>\$ 1,033,535</u>	<u>\$ 1,522,915</u>

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Year ended December 31	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	<u>\$ 18,739</u>	<u>\$ 5,268</u>

B. Information relating to credit risk is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2023	December 31, 2022
Current items:		
Equity instruments		
Listed stocks	\$ 96,118	\$ 96,118
Valuation adjustment	<u>19,483</u>	<u>17,496</u>
Total	<u>\$ 115,601</u>	<u>\$ 113,614</u>
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 90,102	\$ 50,081
Valuation adjustment	<u>30,522</u>	<u>(13)</u>
Total	<u>\$ 120,624</u>	<u>\$ 50,068</u>

A. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income (loss)	\$ 32,494	(\$ 29,583)
Cumulative losses reclassified to retained earnings due to derecognition	(\$ 28)	\$ -
Dividend income recognized in profit or loss held at end of year	\$ 2,348	\$ 3,030

B. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortized cost

Items	December 31, 2023	December 31, 2022
Current items:		
Restricted time deposits with original maturity less 3 months	\$ 30,000	\$ -
Time deposits with original maturity over 3 months	258,496	138,333
	\$ 288,496	\$ 138,333

A. The Group has no financial assets at amortized cost pledged to others.

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was \$288,496 and \$138,333, respectively.

C. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 617,924	\$ 485,821
Long-term accounts receivable due in one year	324,533	327,535
Less: Allowance for uncollectible accounts	(46)	-
	\$ 942,411	\$ 813,356

A. The ageing analysis of accounts receivable is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
1 to 90 days	\$ 617,924	\$ 485,821

The above ageing analysis was based on invoice date.

B. As of December 31, 2023 and 2022, accounts receivable were all from contracts with customers.

C. For details on the long-term accounts receivable – due in one year, refer to Note 6(11).

D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Prepayments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments for material purchases	\$ 15,065	\$ 21,280
Sub-contract costs payable	10,527	15,711
Prepaid rents	3,482	849
Prepaid insurance premiums	11,856	34,456
Others	51,007	56,914
	<u>\$ 91,937</u>	<u>\$ 129,210</u>

(7) Investments accounted for using the equity method

	<u>2023</u>	<u>2022</u>
At January 1	\$ 739,380	\$ 504,507
Addition of investments accounted for using the equity method	-	180,000
Share of profit or loss of investments accounted for using the equity method	131,576	74,398
Earnings distribution of investments accounted for using equity method	(46,615)	(46,958)
Changes in capital surplus	885	26,982
Changes in other equity items	(938)	451
At December 31	<u>\$ 824,288</u>	<u>\$ 739,380</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Associates:		
CTCI Chemicals Corp.	\$ 88,198	\$ 77,134
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	435,934	389,333
Ever Ecove Corporation	119,455	87,733
Jing Ding Green Energy Technology Co., Ltd.	180,701	185,180
	<u>\$ 824,288</u>	<u>\$ 739,380</u>

A. Associates

(a) The basic information of the associate that is material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2023	December 31, 2022		
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	18.47%	18.47%	Strategic Investment	Equity method

(b) The summarised financial information of the associate that is material to the Group is as follows:

Balance sheet

	<u>Boretech Resource Recovery Engineering Co., Ltd. (Cayman)</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 3,022,360	\$ 2,645,963
Non-current assets	854,885	760,710
Current liabilities	(1,873,838)	(1,684,537)
Non-current liabilities	(51,584)	(22,674)
Total net assets	<u>\$ 1,951,823</u>	<u>\$ 1,699,462</u>
Share in associate's net assets	\$ 360,429	\$ 313,828
Goodwill	75,505	75,505
Carrying amount of the associate	<u>\$ 435,934</u>	<u>\$ 389,333</u>

Statement of comprehensive income

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	Year ended December 31	
	2023	2022
Revenue	\$ 4,514,445	\$ 3,654,650
Profit for the year from continuing operations	414,390	229,730
Other comprehensive (loss) income, net of tax	(4,925)	683
Total comprehensive income	\$ 409,465	\$ 230,413
Dividends received from associate	\$ 28,367	\$ 29,910

- (c) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of December 31, 2023 and 2022, the carrying amount of the Group's individually immaterial associates amounted to \$388,354 and \$350,047, respectively.

	Year ended December 31	
	2023	2022
Profit for the year from continuing operations	\$ 56,249	\$ 31,188
Other comprehensive (loss) income	(28)	121
Total comprehensive income	\$ 56,221	\$ 31,309

- B. In September 2020, the Board of Directors of the Company's subsidiary, ECOVE Environment Service Corp., resolved to invest an aggregate amount of \$650,000 in Jing Ding Green Energy Technology Co., Ltd. In 2022, the subsidiary invested \$180,000 in Jing Ding Green. As of December 31, 2023 and 2022, the subsidiary has invested \$186,000 and \$186,000, respectively, for a shareholding ratio of 30%.
- C. On September 1, 2022, the Company's associate, Boretech Resource Recovery Engineering Co., Ltd. (Cayman), issued new shares and the Company did not subscribe or acquire new shares proportionately, which resulted in a change in the Company's ownership percentage of the associate. Accordingly, 'Capital surplus' and 'investments accounted for using the equity method' were adjusted for the increase or decrease of its share in equity interest amounting to \$26,658, and the gain of \$543 which was previously recognized in other comprehensive income was reclassified to profit or loss proportionately.
- D. For the years ended December 31, 2023 and 2022, Ever Ecove Corporation and Jing Ding Green Energy Technology Co., Ltd. were accounted for based on the investees' financial statements audited by other independent auditors.

(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2023</u>						
Cost	\$ 171,731	\$ 16,792	\$ 5,158,880	\$ 125,273	\$ 26,098	\$ 5,498,774
Accumulated depreciation	-	(2,139)	(1,091,308)	(89,063)	(12,866)	(1,195,376)
	<u>\$ 171,731</u>	<u>\$ 14,653</u>	<u>\$ 4,067,572</u>	<u>\$ 36,210</u>	<u>\$ 13,232</u>	<u>\$ 4,303,398</u>
<u>Year ended</u>						
<u>December 31, 2023</u>						
Opening net book amount	\$ 171,731	\$ 14,653	\$ 4,067,572	\$ 36,210	\$ 13,232	\$ 4,303,398
Additions	-	566	283,806	20,357	2,298	307,027
Transfers	-	-	207,703	-	-	207,703
Disposals	-	-	-	-	(75)	(75)
Depreciation charge	-	(708)	(327,940)	(13,126)	(4,433)	(346,207)
Net exchange differences	(64)	-	518	2	8	464
Closing net book amount	<u>\$ 171,667</u>	<u>\$ 14,511</u>	<u>\$ 4,231,659</u>	<u>\$ 43,443</u>	<u>\$ 11,030</u>	<u>\$ 4,472,310</u>
<u>At December 31, 2023</u>						
Cost	\$ 171,667	\$ 17,358	\$ 5,644,298	\$ 142,557	\$ 28,247	\$ 6,004,127
Accumulated depreciation	-	(2,847)	(1,412,639)	(99,114)	(17,217)	(1,531,817)
	<u>\$ 171,667</u>	<u>\$ 14,511</u>	<u>\$ 4,231,659</u>	<u>\$ 43,443</u>	<u>\$ 11,030</u>	<u>\$ 4,472,310</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2022</u>						
Cost	\$ 160,823	\$ 16,502	\$ 4,453,120	\$ 112,598	\$ 22,741	\$ 4,765,784
Accumulated depreciation	-	(1,528)	(781,089)	(77,399)	(9,337)	(869,353)
	<u>\$ 160,823</u>	<u>\$ 14,974</u>	<u>\$ 3,672,031</u>	<u>\$ 35,199</u>	<u>\$ 13,404</u>	<u>\$ 3,896,431</u>
<u>Year ended</u>						
<u>December 31, 2022</u>						
Opening net book amount	\$ 160,823	\$ 14,974	\$ 3,672,031	\$ 35,199	\$ 13,404	\$ 3,896,431
Additions	-	170	432,263	13,350	3,412	449,195
Transfers	-	120	214,467	-	-	214,587
Depreciation charge	-	(611)	(301,658)	(12,425)	(3,872)	(318,566)
Net exchange differences	10,908	-	50,469	86	288	61,751
Closing net book amount	<u>\$ 171,731</u>	<u>\$ 14,653</u>	<u>\$ 4,067,572</u>	<u>\$ 36,210</u>	<u>\$ 13,232</u>	<u>\$ 4,303,398</u>
<u>At December 31, 2023</u>						
Cost	\$ 171,731	\$ 16,792	\$ 5,158,880	\$ 125,273	\$ 26,098	\$ 5,498,774
Accumulated depreciation	-	(2,139)	(1,091,308)	(89,063)	(12,866)	(1,195,376)
	<u>\$ 171,731</u>	<u>\$ 14,653</u>	<u>\$ 4,067,572</u>	<u>\$ 36,210</u>	<u>\$ 13,232</u>	<u>\$ 4,303,398</u>

- A. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- B. The amount of capitalised interest were \$2,234 and \$1,563, and the interest rates for capitalisation ranged from 0.75%~1.85% and 0.75%~1.15% for the years ended December 31, 2023 and 2022, respectively.
- C. Transfers pertain to reclassifications from prepayments for business facilities (shown in other non-current assets).

(9) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings, machinery and equipment, and business vehicles. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise staff dormitory. On December 31, 2023 and 2022, payments of lease commitments for short-term leases amounted to \$14,133 and \$15,223, respectively.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 94,576	\$ 87,999
Buildings	186,934	178,997
Transportation equipment	5,451	7,570
Other equipment	3,022	3,892
	<u>\$ 289,983</u>	<u>\$ 278,458</u>

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 14,167	\$ 14,343
Buildings	22,499	21,834
Transportation equipment	6,174	6,099
Other equipment	1,313	1,456
	<u>\$ 44,153</u>	<u>\$ 43,732</u>

- D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$55,653 and \$114,301, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 4,453	\$ 1,921
Expense on short-term lease contracts	14,133	15,223
Expense on leases of low-value assets	1,577	1,177
Expense on variable lease payments	72,476	53,930
Losses on lease modification	-	(87)

A. Details of amortization on intangible assets are as follows:

	Year ended December 31,	
	2023	2022
Operating costs	\$ 59,250	\$ 59,141

B. Goodwill which belongs to the operating segments of Taiwan arose from a business combination accounted for by applying the acquisition method and are independent cash-generating units.

C. Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount. The key assumptions used for value-in-use calculations are as follows:

	Year ended December 31	
	2023	2022
Gross margin	19.11%~23.28%	17.05%~38.74%
Gross rate	0.58%~21.71%	1.66%~28.90%
Discount rate	8.3%	6.9%

D. The subsidiary, ECOVE Environment Services Gangshan Corporation, entered into an investment contract for the Rehabilitate-Operate-Transfer (ROT) with the Kaohsiung City Government on October 28, 2021. The subsidiary participated in the rehabilitation and operation of the refuse incineration plant in Gangshan Dist., Kaohsiung City according to the Act for Promotion of Private Participation in Infrastructure Projects and will return the operating right, rehabilitated operating assets and land of the refuse incineration plant in Gangshan Dist., Kaohsiung City to the Kaohsiung City Government after the term of the contract period expires. The duration of the contract is 15 years after the plant began operation.

The subsidiary, ECOVE Environment Services Gangshan Corporation, should pay royalties and rebates to the Kaohsiung City Government according to the investment contract. Royalties and rebates were calculated by multiplying the tonnage of disposable waste that the subsidiary, ECOVE Environment Services Gangshan Corporation, recovered by the unit price of royalties per ton.

In accordance with the investment contract, the scope of rehabilitation and construction works stipulated in the contract must be completed during the period from the date of operation to December 31, 2025. The total cost of rehabilitation was \$888,190. In accordance with IFRIC 12, 'Service Concession Arrangements', the right to sell electricity and self-collected waste in exchange for provision of construction or performance upgrade services and the rehabilitation cost to be invested in the future were recognized as intangible assets and non-current contract liabilities, respectively. Licences of the Company are amortised on a straight-line basis over their estimated useful life of 15 years.

(11) Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Long-term accounts receivable	\$ 885,536	\$ 1,229,722
Less: Current portion	(324,533)	(327,535)
	561,003	902,187
Refundable deposits	30,837	35,429
Prepayments for business facilities	117,360	246,291
Restricted bank deposits	49,559	50,378
Contract fulfillment cost	34,429	39,964
Prepayments for land purchases	475,380	475,380
Others	40,762	47,559
	<u>\$ 1,309,330</u>	<u>\$ 1,797,188</u>

A. The Group entered into contracts with certain governments (grantors) for service concession arrangements. The consideration received or receivable from the grantor in respect of the service concession arrangement is recognized at its fair value. Such considerations are recognized as a financial asset based on how the considerations from the grantor to the operator are made as specified in the arrangement. Assets that are expected to be realized within twelve months from the balance sheet date are classified as “accounts receivable” (refer to Note 6(5)); assets that are expected to be realized over twelve months from the balance sheet date are classified as “long-term accounts receivable”. The other terms of the agreement is as follows:

- (a) The subsidiary, ECOVE Wujih Energy Corp., obtained the operation for the construction of Wujih Refuse Incineration Plant by build - operate - transfer (BOT) mode since April, 2000. In September, 2000, the “Waste incineration, Taichung City commission contract” between ECOVE Wujih Energy Corp. and Taichung City Government had been signed. The operating period is for 20 years starting from September 6, 2004. However, according to the contract, if it is expired in advance or extended during construction or operation, duration of the operation will be deemed to be matured or extended, but not to exceed 50 years. In order to work the “Waste Incineration Taichung City Commission Contract”, ECOVE Wujih Energy Corp. obtained the land-use right of Wujih Refuse Incineration Plant. Therefore, duration of the land-use right is from May 23, 2000 to September 5, 2024.
- (b) The subsidiary, ECOVE Miaoli Energy Corp., obtained the operation for the construction of Miaoli County Refuse Incineration Plant by build - operate - transfer (BOT) mode since August, 2002. In September, 2002, the “Waste Incineration Commission Contract” between ECOVE Miaoli Energy Corp. and Miaoli County Government had been signed. The operating period is for 20 years starting February 29, 2008. However, according to the contract, if it is expired in advance or extended during construction or operation, duration of the operation will be deemed to be matured or extended. In order to work the “Waste Incineration Miaoli County Commission Contract”, ECOVE Miaoli Energy Corp. obtained the land-use right of Miaoli Refuse Incineration Plant. Therefore, duration of the land-use right is from September 13, 2002 to February 28, 2028.

- (c) ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corp. need to deal with the guarantee tonnage of waste from government according to the contract during the construction or operation.
- (d) Per service cost is calculated and adjusted based on the “Waste Incineration Commission Contract”, “Index of Average Regular Earnings of Employees–Manufacturing” and “Consumer Price Index”.
- B. For details of the refundable deposits and restricted bank deposits, refer to Note 8.
- C. Contract fulfillment cost refer to the initial reconstruction cost of the refuse incineration plant for the contract that the Company entered into with the owner to operate the plant on its behalf, and it is amortized over the term of the contract.
- D. The prepayment for land purchases arose from the purchase of the land located at Lun Hai Section No. 60-21, Lukang Township, Changhua County, amounting to \$2,376,900 through Industrial Development Bureau, Ministry of Economic Affairs, as resolved by the Board of Directors of the Company’s subsidiary, ECOVE Environment Services Corp. on July 19, 2022. The first installment of the land amounting to \$475,380 had been paid on September 6, 2022.

(12) Short-term borrowings

As of December 31, 2023, there were no short-term borrowings.

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Secured borrowings	\$ <u>360,000</u>	1.57% ~ 2.20%	Note 1, 2

Note 1: The borrowing facilities were 100% jointly guaranteed by ECOVE Environment Corp.

Note 2: The Group has pledged promissory notes as of December 31, 2022 amounting to \$1,200,000.

(13) Short-term notes and bills payable

	December 31, 2023	December 31, 2022
Commercial paper payable	\$ 20,000	\$ -
Discount on commercial papers payable	(17)	-
	\$ <u>19,983</u>	\$ -
Interest rate	<u>1.838%</u>	\$ -

The commercial paper payable listed above was guaranteed and issued by Grand Bills Finance Corporation. The commercial paper issued by the Group for guarantee amounted to \$50,000 as of December 31, 2023.

(14) Accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Materials payable	\$ 75,718	\$ 69,945
Sub-contract costs payable	237,757	220,023
Incinerator equipment costs payable	164,825	190,788
Maintenance costs payable	796,347	766,860
Others	124,552	80,228
	<u>\$ 1,399,199</u>	<u>\$ 1,327,844</u>

(15) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accrued payroll	\$ 347,859	\$ 310,859
Payables on equipment	6,947	9,759
Insurance payable	16,167	15,700
Payables on employees' compensation	15,164	16,109
Other payables	106,064	94,747
	<u>\$ 492,201</u>	<u>\$ 447,174</u>

(16) Bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bonds payable	\$ 2,000,000	\$ 2,000,000
Less: Discount on bonds payable	(6,084)	(8,619)
	<u>\$ 1,993,916</u>	<u>\$ 1,991,381</u>

A. The terms of the domestic unsecured bonds issued by the Company are as follows:

In 2021, the Company issued \$1,000,000 and \$1,000,000, with annual fixed interest rate of 0.65% and 0.56%, domestic unsecured bonds, respectively. The bonds both mature 5 years from the issue date (May 27, 2021 ~ May 27, 2026) and will be redeemed at the maturity date. The bonds were approved to be issued by the Taipei Exchange on May 19, 2021.

B. Interest expense arising from corporate bonds for the years ended December 31, 2023 and 2022 were \$14,635 and \$14,636, respectively.

(17) Long-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured borrowings	\$ -	\$ 52,288
Less: Current portion	-	(52,288)
	<u>\$ -</u>	<u>\$ -</u>
Facility amount	\$ -	\$ 55,686
Interest rate	-	<u>6.12986%</u>

A. Details of assets pledged as collateral for the abovementioned borrowings are provided in Note 8.

B. The Group has pledged promissory notes and IOU as of December 31, 2022 amounting to \$600,000.

(18) Other non-current liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Net defined benefit liability	\$ 47,465	\$ 48,490
Accrued recovery costs	327,122	312,880
Guaranteed deposits received	426,041	342,667
Deferred revenue	101,030	115,571
Others	52,783	48,998
	<u>\$ 954,441</u>	<u>\$ 868,606</u>

A. Accrued recovery cost

- (a) It pertains to the contracts for the operation and maintenance service of refuse incineration plant between the subsidiaries, ECOVE Environment Service Corp. and SINO GAL -Waste Services Co., Ltd., and the grantors, requiring recovery of refuse incineration plant, related machinery and equipment when the contract expires. The Group has estimated the related recovery cost when the service contracts expire and amortizes it over the contract period.
 - (b) It pertains to the land lease contracts among ECOVE Solar Energy Corporation, ECOVE Solar Power Corporation, ECOVE South Corporation Ltd., and the landowners, requiring demolition of solar power models and recovery of land when the contract expires. The Group has estimated the related recovery cost when the service contracts expire and amortizes it over the contract period.
- B. The deferred revenue represents cash grants received from the state government of New Jersey for the construction and operation of the Lumberton solar power plant in 2017. The construction period for the solar power plant is 15 years.

(19) Pensions

A. Defined benefit pension plan

- (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standard Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement next year, the Company and its domestic subsidiaries will make contributions to cover the deficit by next March.

(b) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 269,400	\$ 280,442
Fair value of plan assets	(221,935)	(231,952)
Net defined benefit liability	<u>\$ 47,465</u>	<u>\$ 48,490</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2023</u>			
At January 1	\$ 280,442	(\$ 231,952)	\$ 48,490
Current service cost	5,161	-	5,161
Interest expense (income)	3,615	(3,007)	608
	<u>289,218</u>	<u>(234,959)</u>	<u>54,259</u>
Remeasurements:			
Change in financial assumptions	2,051	-	2,051
Experience adjustments	3,475	(982)	2,493
	<u>5,526</u>	<u>(982)</u>	<u>4,544</u>
Pension fund contribution	-	(4,252)	(4,252)
Paid pension	(25,344)	18,258	(7,086)
At December 31	<u>\$ 269,400</u>	<u>(\$ 221,935)</u>	<u>\$ 47,465</u>
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2022</u>			
At January 1	\$ 273,001	(\$ 219,334)	\$ 53,667
Current service cost	5,154	-	5,154
Interest expense (income)	1,902	(1,533)	369
	<u>280,057</u>	<u>(220,867)</u>	<u>59,190</u>
Remeasurements:			
Change in financial assumptions	(14,125)	-	(14,125)
Experience adjustments	24,271	(16,628)	7,643
	<u>10,146</u>	<u>(16,628)</u>	<u>(6,482)</u>
Pension fund contribution	-	(4,218)	(4,218)
Paid pension	(9,761)	9,761	-
At December 31	<u>\$ 280,442</u>	<u>(\$ 231,952)</u>	<u>\$ 48,490</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.10% ~ 1.20%	1.20% ~ 1.30%
Future salary increases	2.50% ~ 3.00%	2.50% ~ 3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis is as follows:

	<u>Discount rate</u>		<u>Future salary increases</u>	
December 31, 2023	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
Effect on present value of defined benefit obligation	(\$ <u>5,332</u>)	<u>\$ 5,494</u>	<u>\$ 4,719</u>	(\$ <u>4,611</u>)

	<u>Discount rate</u>		<u>Future salary increases</u>	
December 31, 2022	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
Effect on present value of defined benefit obligation	(\$ <u>5,639</u>)	<u>\$ 5,818</u>	<u>\$ 5,014</u>	(\$ <u>4,892</u>)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to \$4,839.

B. Defined contribution pension plan

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were \$38,237 and \$34,403, respectively.
- (c) SINO GAL-Waste Services Co., Ltd. has a funded defined contribution plan, covering all regular employees. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the local government are based on employees' monthly salaries and wages. The pension costs under the defined contribution pension plan for the years ended December 31, 2023 and 2022 were \$11,610 and \$11,065, respectively.

(20) Share-based payment

- A. For the years ended December 31, 2023 and 2022, the Company’s share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Sixth plan of employee stock options	2018.7.9	1,500 units	6 years	Service of 2~4 years
Seventh plan of employee stock options	2019.7.24	1,500 units	6 years	Service of 2~4 years
Eighth plan of employee stock options	2020.4.13	1,500 units	6 years	Service of 2~4 years

B. The details of above employee stock options are as follows:

(a) Sixth plan of employee stock options:

	Year ended December 31			
	2023		2022	
	No. of units (in thousands)	Weighted- average exercise price (in dollars)	No. of units (in thousands)	Weighted- average exercise price (in dollars)
<u>Stock options</u>				
Options outstanding at beginning of year	263	NT\$133.80	748	NT\$140.60
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(3)	-	(19)	-
Options exercised	(183)	NT\$131.87	(466)	NT\$134.73
Options revoked	<u>-</u>	-	<u>-</u>	-
Options outstanding at end of year	<u>77</u>	NT\$128.00	<u>263</u>	NT\$133.80
Options exercisable at end of year	<u>77</u>	NT\$128.00	<u>263</u>	NT\$133.80

(b) Seventh plan of employee stock options:

	Year ended December 31			
	2023		2022	
	No. of units	Weighted- average exercise price	No. of units	Weighted- average exercise price
<u>Stock options</u>	<u>(in thousands)</u>	<u>(in dollars)</u>	<u>(in thousands)</u>	<u>(in dollars)</u>
Options outstanding at beginning of year	819	NT\$173.50	1,170	NT\$182.30
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(15)	-	(35)	-
Options exercised	(367)	NT\$167.83	(316)	NT\$175.84
Options revoked	-	-	-	-
Options outstanding at end of year	<u>437</u>	NT\$165.90	<u>819</u>	NT\$173.50
Options exercisable at end of year	<u>437</u>	NT\$165.90	<u>316</u>	NT\$173.50

(c) Eighth plan of employee stock options:

	Year ended December 31			
	2023		2022	
	No. of units (in thousands)	Weighted- average exercise price (in dollars)	No. of units (in thousands)	Weighted- average exercise price (in dollars)
<u>Stock options</u>				
Options outstanding at beginning of year	1,098	NT\$175.20	1,455	NT\$184.01
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(39)	-	(50)	-
Options exercised	(320)	NT\$171.79	(307)	NT\$179.15
Options revoked	-	-	-	-
Options outstanding at end of year	<u>739</u>	NT\$167.50	<u>1,098</u>	NT\$175.20
Options exercisable at end of year	<u>242</u>	NT\$167.50	<u>227</u>	NT\$175.20

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2023 and 2022 was NT\$299.16 and NT\$245.83 (in dollars), respectively.

D. As of December 31, 2023 and 2022, the range of exercise prices of stock options outstanding was \$128.00~\$175.20 and \$133.80~\$184.10 (in dollars), respectively; the weighted-average remaining contractual period was as follows:

Type of arrangement	December 31, 2023	December 31, 2022
Sixth plan of employee stock options	0.5 years	1.5 years
Seventh plan of employee stock options	1.5 years	2.5 years
Eighth plan of employee stock options	2.25 years	3.25 years

E. The fair value of stock options is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Market value (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected duration	Expected dividend yield rate	Risk-free interest rate	Fair value per unit (in dollars)
Sixth plan of employee stock options	2018.7.9	NT\$173.5	NT\$173.5	11.38%~ 12.71%	4~5 years	0%	0.66%~ 0.71%	NT\$ 17.88~ 22.44
Seventh plan of employee stock options	2019.7.24	NT\$212.5	NT\$212.5	10.83%~ 11.00%	4~5 years	0%	0.56%~ 0.58%	NT\$ 20.57~ 23.68
Eighth plan of employee stock options	2020.4.13	NT\$203.0	NT\$203.0	11.58%~ 12.02%	4~5 years	0%	0.41%~ 0.45%	NT\$ 20.26~ 23.79

F. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31	
	2023	2022
Equity-settled	\$ 4,947	\$ 12,161

G. On January 1, 2023 and 2022, the Company's parent company, CTCI Corp., issued restricted stocks to employees, granting 4,150 and 5,500 units (1,000 shares per unit) to the parent company and full-time employees of the Company and its domestic subsidiaries. For the ended December 31, 2023 and 2022, relative to the aforementioned plan for employee restricted stocks, the Group recognized the labour costs and corresponding capital surplus - employee restricted stocks as follows:

	Year ended December 31	
	2023	2022
Equity-settled	\$ 5,774	\$ 3,538

(21) Share capital

A. As of December 31, 2023, the Company's authorised capital was \$1,200,000, consisting of 120 million shares of ordinary stock (including 6 million shares reserved for employee stock options), and the paid-in capital was \$716,179 with a par value of NT\$10 (in dollars) per share.

Movements in the number of the Company's ordinary shares outstanding are as follows (Including advance receipts for share capital):

	2023	2022
At January 1	70,691,305	69,602,678
Change in non-controlling interests due to issuance of new shares	57,330	-
Employee stock options exercised	869,216	1,088,627
At December 31	71,617,851	70,691,305

- B. As of December 31, 2023 and 2022, the associate of the Group held 276 thousand shares.
- C. On December 29, 2023, the Company issued 57,330 shares of common shares to the shareholders of ECOVE Solvent Recycling Corporation as a consideration for acquiring 10% of common shares. The common shares issued have the same rights as other shares in issue, and the fair value of the shares issued amounted to \$17,686 (NT\$308.5 (in dollars) per share).
- D. The shares of the Company held by the subsidiary, ECOVE Waste Management Corp, were the ordinary shares issued by the Company on December 31, 2020 to acquire the shares of ECOVE Environment Services Corp. from ECOVE Waste Management Corp. through the share swap. As of December 31, 2023 and 2022, the carrying amount of the shares of the Company held by ECOVE Waste Management Corp. are as follows:

	<u>December 31, 2023</u>	
	<u>Number of shares</u>	<u>Carrying amount</u>
ECOVE Waste Management Corp.	1,605	\$ <u>57</u>
	<u>December 31, 2022</u>	
	<u>Number of shares</u>	<u>Carrying amount</u>
ECOVE Waste Management Corp.	1,605	\$ <u>57</u>

(22) Capital surplus

- A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Changes in capital surplus are as follows:

	<u>Share premium</u>	<u>Employee stock options</u>	<u>Employee restricted stocks</u>	<u>Expired employee share options</u>	Changes in equity of associates and joint ventures accounted for using equity method	<u>Total</u>
At January 1, 2023	\$ 2,515,472	\$ 80,514	\$ 3,697	\$ -	\$ 26,658	\$ 2,626,341
Employee stock options exercised	131,876	-	-	-	-	131,876
Expired employee share options	-	(201)	-	201	-	-
Employee restricted stocks	-	-	5,734	-	-	5,734
Share-based payment transaction	-	4,924	-	-	-	4,924
Employee stock options expired	17,113	-	-	-	-	17,113
Adjustments of changes in investments accounted for using equity method	-	15	320	-	550	885
At December 31, 2023	<u>\$ 2,664,461</u>	<u>\$ 85,252</u>	<u>\$ 9,751</u>	<u>\$ 201</u>	<u>\$ 27,208</u>	<u>\$ 2,786,873</u>

	<u>Share premium</u>	<u>Employee stock options</u>	<u>Employee restricted stocks</u>	<u>Expired employee share options</u>	Changes in equity of associates and joint ventures accounted for using equity method	<u>Total</u>
At January 1, 2022	\$ 2,353,083	\$ 68,265	\$ -	\$ -	\$ -	\$ 2,421,348
Employee stock options exercised	162,389	-	-	-	-	162,389
Employee restricted stocks	-	-	-	3,517	-	3,517
Share-based payment transaction	-	12,105	-	-	-	12,105
Adjustments of changes in investments accounted for using equity method	-	144	-	180	26,658	26,982
At December 31, 2022	<u>\$ 2,515,472</u>	<u>\$ 80,514</u>	<u>\$ 3,697</u>	<u>\$ -</u>	<u>\$ 26,658</u>	<u>\$ 2,626,341</u>

(23) Retained earnings

- A. When net profit occurs in the annual accounts, the Company may, after reserving a sufficient amount of the income before tax to cover the accumulated losses, upon the resolution of the Board of Directors, distribute at least 0.01% of the income before tax as employees' compensation, and distribute no more than 2% of the income before tax as directors' remuneration. The remuneration could be in the form of stock or cash, and the employees' compensation could be distributed to the employees of subsidiaries of the Company under certain conditions. A report of the distribution of employees' compensation or the directors' remuneration shall be submitted to the shareholders at the shareholders' meeting.
- B. The Company shall, after all taxes and dues have been paid and its losses have been covered and at the time of allocating surplus profits, first set aside 10% of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. Furthermore, in accordance with the provisions of laws and regulations and the rules prescribed by the central competent authority, a special reserve shall be set aside. If there is recovery of the balance of special reserve, the recovered amount shall be included in the distribution of the profit for the current year.

The allocable profit for the current year, which is the balance after the profit distribution and covering losses aforementioned in the preceding paragraph, together with the undistributed retained earnings accrued from prior years shall be referred to as accumulated distributable earnings, which shall be distributed as dividends to shareholders according to shareholders' resolutions.

The Board of Directors is authorised by the Company to resolve the distribution of dividends and bonuses, capital reserve or legal reserve in whole or in part in the form of cash by the resolution adopted by the majority vote at its meeting attended by two-thirds of the total number of directors, and reported it to the shareholders.

In order to meet the requirements of business expansion and industry growth, fulfilling future operating needs and stabilizing financial structure is the priority of the Company's dividend policy. Thus, the distribution of the accumulated distributable earnings corresponds with the shareholders' resolutions. The amount of shareholders' bonus shall not be less than 20% of accumulated distributable earnings of the Company, and in particular, cash dividends shall not be less than 5%.

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

D. Special reserve

- (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010028685, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- E. The appropriations of 2022 and 2021 earnings had been resolved at the stockholders' meeting on May 31, 2023 and May 26, 2022, respectively. Details are summarised below:

	2022	2021
Set aside as legal reserve	\$ 105,020	\$ 91,755
Reversal of special reserve	(14,895)	(8,377)
Cash dividends	960,073	834,675
Total	<u>\$ 1,050,198</u>	<u>\$ 918,053</u>

- F. The Company recognized dividends of \$960,073 (NT\$13.50609174 per share) and \$834,675 (NT\$11.94333923 per share) in 2022 and 2021, respectively.
- G. The appropriations of 2023 earnings had been proposed by Board of Directors during its meeting on March 4, 2024.

Details are summarised below:

	2023	2022
	Amount	Dividends per share (in NT dollars)
Set aside as legal reserve	\$ 115,563	
Cash dividends	1,045,307	\$ 14.59
Total	<u>\$ 1,160,870</u>	

- H. For information relating to employees' compensation (bonuses) and directors' and supervisors' remuneration, refer to Note 6 (30).

(24) Operating revenue

	Year ended December 31,	
	2023	2022
Operating revenue	\$ 2,139,524	\$ 2,197,886
Electricity	2,679,713	2,459,914
Waste collection	270,913	229,534
Others	1,982,768	1,601,257
	<u>7,072,918</u>	<u>6,488,591</u>
Service concession arrangements		
Operating revenue	496,972	469,480
Finance revenue	58,612	72,089
	<u>555,584</u>	<u>541,569</u>
	<u>\$ 7,628,502</u>	<u>\$ 7,030,160</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of services over time in the following major geographical regions:

Year ended				
December 31, 2023	Domestic	Macau	United States	Total
Total segment revenue	\$ 8,087,105	\$ 1,011,684	\$ 94,945	\$ 9,193,734
Inter-segment revenue	(1,466,886)	(98,346)	-	(1,565,232)
Revenue from external customer contracts	<u>\$ 6,620,219</u>	<u>\$ 913,338</u>	<u>\$ 94,945</u>	<u>\$ 7,628,502</u>
Timing of revenue recognition over a period time	<u>\$ 6,620,219</u>	<u>\$ 913,338</u>	<u>\$ 94,945</u>	<u>\$ 7,628,502</u>

Year ended				
December 31, 2022	Domestic	Macau	United States	Total
Total segment revenue	\$ 7,253,471	\$ 1,026,982	\$ 100,542	\$ 8,380,995
Inter-segment revenue	(1,260,819)	(90,016)	-	(1,350,835)
Revenue from external customer contracts	<u>\$ 5,992,652</u>	<u>\$ 936,966</u>	<u>\$ 100,542</u>	<u>\$ 7,030,160</u>
Timing of revenue recognition over a period time	<u>\$ 5,992,652</u>	<u>\$ 936,966</u>	<u>\$ 100,542</u>	<u>\$ 7,030,160</u>

B. Contract assets and liabilities

(a) Contract assets:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Estimated accounts receivable	\$ 866,155	\$ 642,206	\$ 620,662

(b) Contract liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Receipts in advance	\$ 147,541	\$ 42,218	\$ 22,284
Construction contract	495,750	769,638	888,190
	<u>\$ 643,291</u>	<u>\$ 811,856</u>	<u>\$ 910,474</u>

(c) Revenue recognized that was included in the contract liability balance at the beginning of the year

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Receipts in advance	\$ 36,120	\$ 22,284
Construction contract	273,888	118,552
	<u>\$ 310,008</u>	<u>\$ 140,836</u>

(25) Interest income

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 15,128	\$ 8,341
Other interest income	102	867
	<u>\$ 15,230</u>	<u>\$ 9,208</u>

(26) Other income

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Dividend income	\$ 2,348	\$ 3,030
Income from government grants	13,903	13,534
Income from sale of scraps	8,105	16,065
Others	2,889	1,666
	<u>\$ 27,245</u>	<u>\$ 34,295</u>

(27) Other gains and losses

	Year ended December 31	
	2023	2022
Gains on disposals of property, plant and equipment	\$ 405	\$ 100
Gains on disposals of investments	-	543
Losses on lease modification	-	(87)
Foreign exchange (loss) gains	(1,431)	1,968
Gains on financial assets at fair value through profit or loss	18,739	5,268
Miscellaneous disbursements	(97)	(643)
	<u>\$ 17,616</u>	<u>\$ 7,149</u>

(28) Finance cost

	Year ended December 31	
	2023	2022
Interest expense	\$ 13,307	\$ 11,985
Interest expense arising from corporate bonds	14,635	14,636
Interest expense arising from lease liabilities	4,453	1,921
Less: Capitalised interest payments	(2,234)	(1,563)
	<u>\$ 30,161</u>	<u>\$ 26,979</u>

(29) Expenses by nature

	Year ended December 31	
	2023	2022
Employee benefit expense	\$ 1,335,118	\$ 1,198,325
Depreciation charges on property, plant and equipment	346,207	318,566
Depreciation charges on right-of-use assets	44,153	43,732
Amortisation	66,067	72,636
Incinerator equipment costs	594,190	503,600
Materials	1,097,260	1,127,328
Sub-contract costs	1,738,887	1,435,382
Insurance	119,453	77,595
Other expenses	825,525	832,974
Operating costs and expenses	<u>\$ 6,166,860</u>	<u>\$ 5,610,138</u>

(30) Employee benefit expense

	Year ended December 31	
	2023	2022
Salaries	\$ 1,126,745	\$ 997,592
Employee stock options	4,947	12,161
Employee restricted stocks	5,774	3,538
Labor and health insurance fees	80,562	71,654
Pension costs	55,616	50,991
Other personnel expenses	61,474	62,389
	<u>\$ 1,335,118</u>	<u>\$ 1,198,325</u>

- A. As of December 31, 2023 and 2022, the Group had 1,086 and 1,045 employees, respectively.
- B. When net profit occurs in the annual accounts, the Company may, after setting aside a sufficient amount of the income before tax to cover the accumulated losses, upon the resolution of the Board of Directors, distribute at least 0.01% of the income before tax as employees' compensation, and distribute no more than 2% of the income before tax as directors' remuneration. The remuneration could be in the form of stock or cash, and the employees' compensation could be distributed to the employees of subsidiaries of the Company under certain conditions. A report of the distribution of employees' compensation or the directors' remuneration shall be submitted to the shareholders at the shareholders' meeting.
- C. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$287 and \$367, respectively; directors' and supervisors' remuneration was accrued at \$5,200 and \$5,200, respectively. The aforementioned amounts were recognized in salary and other expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 0.01% and 2% of distributable profit of current year for the year ended December 31, 2023, respectively. The employees' compensation and directors' and supervisors' remuneration have been resolved by the Board of Directors, which were accrued at \$287 and \$5,200, respectively. The employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2023 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2023 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(31) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	Year ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 319,815	\$ 296,311
Prior year income tax over estimation	(33,783)	(34,041)
Total current tax	286,032	262,270
Deferred tax:		
Origination and reversal of temporary differences	(29,481)	(23,017)
Effect of exchange rate changes	(91)	678
Income tax expense	<u>\$ 256,460</u>	<u>\$ 239,931</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2023	2022
Remeasurement of defined benefit obligations	<u>\$ 1,402</u>	<u>(\$ 1,427)</u>

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate (note)	\$ 336,951	\$ 330,423
Expenses disallowed by tax regulation	(43,814)	(49,307)
Effect from investment tax credits	(2,894)	(7,144)
Prior year income tax over estimation	(33,783)	(34,041)
Income tax expense	<u>\$ 256,460</u>	<u>\$ 239,931</u>

Note: The basis for computing the applicable tax rate is the rate applicable in Taiwan, Macao and China and United States.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Unrealised compensated absences	\$ 3,853	\$ 224	\$ -	\$ 4,077
Unrealised pension costs	6,894	112	1,402	8,408
Unrealised maintenance costs	23,519	2,416	-	25,935
Unrealised cost of services	37	(17)	-	20
Unrealised gains on disposal of fixed assets	1,076	(110)	-	966
	<u>\$ 35,379</u>	<u>\$ 2,625</u>	<u>\$ 1,402</u>	<u>\$ 39,406</u>
Deferred tax liabilities:				
- Temporary differences:				
Unrealised foreign investment gain	(\$ 30,569)	(\$ 6,108)	\$ -	(\$ 36,677)
Unrealised exchange loss	(1,437)	87	-	(1,350)
Unrealised concession arrangements gain	(102,200)	32,877	-	(69,323)
	<u>(\$ 134,206)</u>	<u>\$ 26,856</u>	<u>\$ -</u>	<u>(\$ 107,350)</u>
	<u>(\$ 98,827)</u>	<u>\$ 29,481</u>	<u>\$ 1,402</u>	<u>(\$ 67,944)</u>

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Unused compensated absences	\$ 3,704	\$ 149	\$ -	\$ 3,853
Unrealised pension costs	8,190	131	(1,427)	6,894
Unrealised maintenance costs	18,311	5,208	-	23,519
Unrealised cost of services	51	(14)	-	37
Unrealised gains on disposal of fixed assets	<u>1,186</u>	<u>(110)</u>	<u>-</u>	<u>1,076</u>
	<u>\$ 31,442</u>	<u>\$ 5,364</u>	<u>(\$ 1,427)</u>	<u>\$ 35,379</u>
Deferred tax liabilities:				
- Temporary differences:				
Unrealised foreign investment gain	(\$ 17,482)	(\$ 13,087)	\$ -	(\$ 30,569)
Unrealised exchange loss	(989)	(448)	-	(1,437)
Unrealised concession arrangements gain	<u>(133,388)</u>	<u>31,188</u>	<u>-</u>	<u>(102,200)</u>
	<u>(\$ 151,859)</u>	<u>\$ 17,653</u>	<u>\$ -</u>	<u>(\$ 134,206)</u>
	<u>(\$ 120,417)</u>	<u>\$ 23,017</u>	<u>(\$ 1,427)</u>	<u>(\$ 98,827)</u>

D. Details of the amount the Company is entitled as investment tax credit and unrecognized deferred tax assets are as follows:

Qualifying items	December 31, 2023		
	Unused tax credits	Unrecognized deferred tax assets	Expiry year
Investments in emerging important strategic industries	<u>\$ -</u>	<u>\$ -</u>	2026
Qualifying items	December 31, 2022		
	Unused tax credits	Unrecognized deferred tax assets	Expiry year
Investments in emerging important strategic industries	<u>\$ 14,470</u>	<u>\$ 2,894</u>	2026

E. As of December 31, 2023, the income tax returns of the Company through 2021 have been assessed and approved by the Tax Authority.

(32) Earnings per share

Year ended December 31, 2023			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,164,040	71,173	<u>\$ 16.36</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	347	
Employees' compensation	-	1	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,164,040</u>	<u>71,521</u>	<u>\$ 16.28</u>
Year ended December 31, 2022			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,045,026	70,091	<u>\$ 14.91</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	278	
Employees' bonus	-	2	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,045,026</u>	<u>70,371</u>	<u>\$ 14.85</u>

(33) Supplemental cash flow information

Investing activities with partial cash payments

	2023	2022
Purchase of property, plant and equipment	\$ 307,027	\$ 449,195
Less: Ending balance of payable on recovery cost	(14,374)	(28,537)
Cash paid during the year	<u>\$ 292,653</u>	<u>\$ 420,658</u>
	Year ended December 31	
	2023	2022
Changes in other non-current assets	\$ 77,953	\$ 685,236
Add: Beginning balance of payable on equipment	9,759	111,769
Less: Ending balance of payable on equipment	(6,947)	(9,759)
Cash paid during the year	<u>\$ 80,765</u>	<u>\$ 787,246</u>

(34) Changes in liabilities from financing activities

The Group's liabilities from financing activities for the years ended December 31, 2023 and 2022 included short-term borrowings, short-term notes and bills payable, corporate bonds payable, long-term borrowings, lease liabilities, changes in cash flow from financing, etc. The summary amount is as follows. For the rest of the information, refer to the cash flow statement.

	2023	2022
	Liabilities from financing activities-gross	Liabilities from financing activities-gross
At January 1	\$ 2,669,799	\$ 2,840,436
Changes in cash flow from financing activities	(438,540)	(302,386)
Changes in other equity items	63,292	131,749
At December 31	<u>\$ 2,294,551</u>	<u>\$ 2,669,799</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is controlled by CTCI Corporation (incorporated in R.O.C.), which owns 53.69% of the Company's shares. The remaining 46.31% of the shares are widely held by the public.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
CTCI Corp.	Ultimate parent company
CTCI Chemical Corp.	Associate
CTCI Machinery Corp.	Associate
Ever Ecove Corporation	Associate
CTCI Resources Engineering Inc.	Associate
CTCI Investment Corp.	Associate
CTCI Development Corp.	Associate
CTCI Smart Engineering Corporation	Associate
CTCI Americas Inc.	Associate
CTCI Advanced Systems Inc.	Associate
Jing Ding Green Energy Technology Co., Ltd	Associate
Bao Ding Reclaimed Water Co., Ltd.	Other related party
CTCI Education Foundation	Other related party
CTCI Foundation	Other related party
Blue Whale Water Technologies Corporation	Other related party
HDEC-CTCI (Linhai) Corporation	Other related party
East Pacific Energy and Technologies	Other related party

(3) Significant transactions and balances with related parties

A. Operating revenue

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Operating revenue:		
Ultimate parent company	\$ 51,911	\$ 22,419
Associates	108,778	40,851
Other related party	3,046	-
	<u>\$ 163,735</u>	<u>\$ 63,270</u>

- (a) The prices on the operating, removal and transportation contracts entered into with related parties are set through negotiation by both parties. The collection term was 30 days monthly.
- (b) In accordance with Financial-Supervisory-Securities-Firms No. 0990100279 of the GreTai Securities Market, the Company provides illustrations as follows:

Although the Group discloses operating revenues from CTCI as above, the related costs including equipment maintenance cost and employee salary of Ecove Environmental Services Corp. when performing operation service, are not related party transactions.

B. Purchases of goods and services

	Year ended December 31	
	2023	2022
Ultimate parent company	\$ 17,182	\$ 8,124
Associates	268,744	180,098
	<u>\$ 285,926</u>	<u>\$ 188,222</u>

The prices on the purchase of goods and services and operating contracts entered into with related parties are set through negotiation by both parties. The payment term was 30 days monthly.

C. Accounts receivable

	December 31, 2023	December 31, 2022
Ultimate parent company	\$ 10,768	\$ 20,724
Associates	68	-
Other related party	937	-
	<u>\$ 11,773</u>	<u>\$ 20,724</u>

D. Contract assets

	December 31, 2023	December 31, 2022
Associates	<u>\$ 19,588</u>	<u>\$ 39,757</u>

E. Contract liabilities

	December 31, 2023	December 31, 2022
Associates	<u>\$ 52</u>	<u>\$ -</u>

F. Accounts payable

	December 31, 2023	December 31, 2022
Associates	\$ 42,528	\$ 6,041
Ultimate parent company	13,562	6,608
	<u>\$ 56,090</u>	<u>\$ 12,649</u>

G. Other receivables - related parties

	December 31, 2023	December 31, 2022
Other receivables:		
Associates (Note)	<u>\$ 157</u>	<u>\$ 64</u>

Note: The above receivables arose from interest income and apportioned office expenses.

H. Loans to related parties

(a) Loans to related parties - Interest income

	Year ended December 31	
	2023	2022
Associates (Note)	\$ -	\$ 798

Note: The terms of lending include interest to be calculated and received monthly, using the annual rate of 0.75% for the year ended December 31, 2022.

(b) Loans from related parties – Outstanding balance

	December 31, 2023	December 31, 2022
	CTCI Resources Engineering Inc.	\$ -	$ 260,000

(c) Loans from related parties – Interest expense

	Year ended December 31	
	2023	2022
Ultimate parent company (Note)	\$ -	\$ 1,324
Associates (Note)	3,391	127
	<u>\$ 3,391</u>	<u>\$ 1,451</u>

Note: The loans from related party are repayable monthly and carry interest at 1.325%~1.8% and 0.98%~1.450% per annum for the years ended December 31, 2023 and 2022, respectively.

I. Other income

	Year ended December 31	
	2023	2022
Ultimate parent company	\$ 4	\$ 1
Associates	400	500
Other related parties	1,235	-
	<u>\$ 1,639</u>	<u>\$ 501</u>

The above other income arose from sponsorship, dividend income and directors' and supervisors' remuneration.

J. Operating expenses

	Year ended December 31	
	2023	2022
Ultimate parent company	\$ 14,343	\$ 18,077
Associates	2,456	3,612
	<u>\$ 16,799</u>	<u>\$ 21,689</u>

This is mainly from personnel transfers from related parties, accrued directors' and supervisors' remuneration, and office related expenses.

K. Other payables-related parties

	December 31, 2023	December 31, 2022
Ultimate parent company	\$ 8,865	\$ 8,388
Associates	13	138
	<u>\$ 8,878</u>	<u>\$ 8,526</u>

L. Leasing arrangements - lessee

(a) As of December 31, 2023, the main lease contracts between the Group and related parties are as follows:

Lessor	Lease object	Payment method	Lease term
Ultimate parent company	Buildings and structures	\$73/year	2019.1.1~2028.12.7
Associates	Buildings and structures	\$285/year	2010.7.22~2029.7.21
Associates	Buildings and structures	\$14,927/year	2021.8.1~2031.7.31

(b) Acquisition of right-of-use assets

	Year ended December 31,	
	2023	2022
Ultimate parent company	\$ -	\$ 124

(c) Lease liabilities

	December 31, 2023	December 31, 2022
Ultimate parent company	\$ 646	\$ 791
Associates	105,698	120,147
	<u>\$ 106,344</u>	<u>\$ 120,938</u>

(d) Interest expense on lease liabilities

	Year ended December 31	
	2023	2022
Ultimate parent company	\$ 5	\$ 6
Associates	763	858
	<u>\$ 768</u>	<u>\$ 864</u>

M. Property transactions

Prepayments for equipment (shown as other non-current assets)

	Year ended December 31	
	2023	2022
Associates	\$ 18,778	\$ -

N. Endorsements and guarantees for others

	December 31, 2023	December 31, 2022
	Associates	\$ 1,925,600	$ 1,936,100
Other related parties	293,000	333,000
	<u>\$ 2,218,600</u>	<u>\$ 2,269,100</u>

(4) Key management compensation

	Year ended December 31	
	2023	2022
Salaries and other short-term employee benefits	\$ 52,232	\$ 49,047
Post-employment benefits	1,412	1,355
Total	<u>\$ 53,644</u>	<u>\$ 50,402</u>

8. PLEGDED ASSETS

The Group's assets pledged as collateral are as follows:

<u>Assets</u>	<u>Book value</u>		<u>Purposes</u>
	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	
Current financial assets at amortised cost	\$ 30,000	\$ -	Guarantee for bid
Property, plant and equipment	543,778	582,848	Guarantee for long-term and short-term loans
Other non-current assets Guarantee deposits paid	30,837	35,429	Guarantee for bid, rent, performance guarantee, tender bond and staff dormitory
Restricted bank	49,559	50,378	Guarantee for bid
	<u>\$ 654,174</u>	<u>\$ 668,655</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

In addition to those items which have been disclosed in Note 6(11), the significant commitments and contingent liabilities of the Group as of December 31, 2023 are as follows:

- (1) The Group had entered into lines of credit agreements with several banks for guarantee payments under various service contracts. The subsidiaries had either issued guarantee notes or promissory notes for amounts drawn down under the line of credit agreements. As of December 31, 2023, the guarantee notes issued amounted to \$8,797,252.
- (2) As of December 31, 2023, for contractual guarantee, performance guarantee, waste collection and other guarantees, the Group have a performance letter of guarantee issued by the bank amounting to \$1,253,997.
- (3) As of December 31, 2023, the Group had outstanding commitments for service contracts amounting to \$2,358,475.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- A. The appropriation of 2023 earnings had been proposed at the Board of Directors' meeting on March 4, 2024. Refer to Note 6(23)G for detailed information.
- B. The Board of Directors of the subsidiary, ECOVE Environment Corp., resolved to conduct a short-form merger with a wholly-owned second-tier subsidiaries, ECOVE Solar Energy Corp. and ECOVE South Corp. Ltd. during its meeting on March 4, 2024.

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The gearing ratios at December 31, 2023 and 2022 were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total borrowings	\$ 2,013,899	\$ 2,663,669
Total equity	\$ 6,816,651	\$ 6,429,341
Gearing ratio	<u>30%</u>	<u>41%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,033,535	\$ 1,522,915
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	236,225	163,682
Financial assets at amortised cost		
Cash and cash equivalents	1,663,477	1,611,740
Financial assets at amortised cost	288,496	138,333
Notes receivable	6	6
Accounts receivable	942,411	813,356
Accounts receivable - related parties	11,773	20,724
Other receivables	5,777	4,928
Other receivables - related parties	157	64
Guarantee deposits paid	30,837	35,429
Long-term accounts receivable	561,003	902,187
Other financial assets	49,559	50,378
	<u>\$ 4,823,256</u>	<u>\$ 5,263,742</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ -	\$ 360,000
Short-term notes and bills payable	19,983	-
Notes payable	1,643	4,660
Accounts payable	1,399,199	1,327,844
Accounts payable - related parties	56,090	12,649
Other payables	492,201	447,174
Other payables - related parties	8,878	268,526
Bonds payable	1,993,916	1,991,381
Long-term borrowings (including current portion)	-	52,288
Guarantee deposits received	426,041	342,667
	<u>\$ 4,397,951</u>	<u>\$ 4,807,189</u>
Lease liability	<u>\$ 280,652</u>	<u>\$ 266,130</u>

B. Risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and MOP. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.
- iii. The Group has certain investments in foreign operations, therefore, does not hedge the risk.

- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: MOP and CNY. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 392	30.6800	\$ 12,027
MOP : NTD	29,423	3.8066	112,002
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	7,327	3.8066	27,891
December 31, 2022			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 216	30.6980	\$ 6,631
MOP : NTD	27,595	3.8172	105,336
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1,232	3.8172	4,703

- v. The unrealized exchange gain arising from significant foreign exchange variation on the monetary items held by the Group as of December 31, 2023 and 2022 amounted to (\$159) and \$2,783, respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2023			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1.00%	\$ 120	\$ -
MOP : NTD	1.00%	1,120	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1.00%	279	-
Year ended December 31, 2022			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1.00%	\$ 66	\$ -
MOP : NTD	1.00%	1,053	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1.00%	47	-

Price risk

The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2023 and 2022, the Group's borrowings at variable rate were denominated in NTD.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition.

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

iv. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of notes and accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At December 31, 2023</u>			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	\$ 1,400,268	\$ 114,971	\$ 1,515,239
Loss allowance	\$ -	(\$ 46)	(\$ 46)
	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At December 31, 2022</u>			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	\$ 1,624,394	\$ 111,879	\$ 1,736,273
Loss allowance	\$ -	\$ -	\$ -

Note 1: Government institution, state-owned enterprises, listed companies and associates.

Note 2: Customers who have not been included in Note 1.

Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2023	2022
	Accounts receivable	Accounts receivable
At January 1	\$ -	\$ -
Provision for impairment	46	-
At December 31	\$ 46	\$ -

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 19,983	\$ -
Notes payable	1,643	-
Accounts payable (including related parties)	1,455,289	-
Other payables (including related parties)	501,079	-
Lease liabilities	42,866	255,267
Bonds payable	12,100	2,004,840
Other non-current liabilities	-	426,041

Non-derivative financial liabilities

<u>December 31, 2022</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 361,896	\$ -
Notes payable	4,660	-
Accounts payable (including related parties)	1,340,493	-
Other payables (including related parties)	719,232	-
Lease liabilities	42,904	233,419
Bonds payable	12,100	2,029,040
Long-term borrowings (including current portion)	55,493	-
Other non-current liabilities	-	342,667

(3) Fair value estimation

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:
The related information on the nature of the assets and liabilities is as follows:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,033,535	\$ -	\$ -	\$ 1,033,535
Financial assets at fair value through other comprehensive income				
Equity securities	<u>115,601</u>	<u>-</u>	<u>120,624</u>	<u>236,225</u>
	<u>\$ 1,149,136</u>	<u>\$ -</u>	<u>\$ 120,624</u>	<u>\$ 1,269,760</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,522,915	\$ -	\$ -	\$ 1,522,915
Financial assets at fair value through other comprehensive income				
Equity securities	<u>113,614</u>	<u>-</u>	<u>50,068</u>	<u>163,682</u>
	<u>\$ 1,636,529</u>	<u>\$ -</u>	<u>\$ 50,068</u>	<u>\$ 1,686,597</u>

C. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value

D. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques method can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

E. For the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2.

F. Movements on Level 3 for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
	Financial assets at fair value through other comprehensive income	Financial assets at fair value through other comprehensive income
At January 1	\$ 50,068	\$ 543
Gain recognized in other comprehensive income		
Recorded as unrealized gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	30,535	1,786
Acquired during the year	40,102	50,000
Sold during the year	(81)	(2,261)
At December 31	<u>\$ 120,624</u>	<u>\$ 50,068</u>

G. Group finance department is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 120,624	Market price method	Price to book ratio multiple, discount for lack of marketability	Median : 1.75 Average : 1.98 Liquidity discount : 30%	The higher the multiple and control premium, the higher the fair value
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 70,346	Market price method	Price to book ratio multiple, discount for lack of marketability	Median : 1.98 Average : 2.72 Liquidity discount : 30%	The higher the multiple and control premium, the higher the fair value
Unlisted shares	68	Net assets value	Not applicable	-	Not applicable

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Refer to table 4.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Refer to table 5.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 6.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 7.

- I. Trading in derivative instruments undertaken during the reporting periods: None.
 J. Significant inter-company transactions during the reporting periods: Refer to table 8.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 9.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 10.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Refer to table 11.

14. OPERATING SEGMENT FINANCIAL INFORMATION

(5) General information

The Group's main business is only in a single industry. The Board of Directors, which allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(6) Information about segmental income, assets and liabilities

The segmental financial information provided to the chief operating decision-maker for the reportable segments is as follows:

	Year ended December 31	
	2023	2022
Revenue from external customers	\$ 7,628,502	\$ 7,030,160
Inter-segment revenue	1,565,232	1,350,835
Total segment revenue	<u>\$ 9,193,734</u>	<u>\$ 8,380,995</u>
Segment income	<u>\$ 1,461,642</u>	<u>\$ 1,420,222</u>
Depreciation	<u>\$ 390,360</u>	<u>\$ 362,298</u>
Amortisation	<u>\$ 66,067</u>	<u>\$ 72,636</u>

(7) Reconciliation information of segmental income

A reconciliation of adjusted EBITDA for reportable segment and income from continuing operations before income tax for the years ended December 31, 2023 and 2022 is provided as follows:

	Year ended December 31	
	2023	2022
Adjusted EBITDA for reportable segment	\$ 1,461,642	\$ 1,420,022
Financial cost, net	(30,161)	(26,979)
Others	<u>191,667</u>	<u>125,050</u>
Income from continuing operations before income tax	<u>\$ 1,623,148</u>	<u>\$ 1,518,093</u>

(8) Information on products and services

The Company and its subsidiaries are operating in an environmental-friendly industry. In addition, no product information is disclosed.

(9) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31,			
	2023		2022	
	Operating revenue	Non-current assets	Operating revenue	Non-current assets
Taiwan	\$ 6,620,219	\$ 6,405,558	\$ 5,992,652	\$ 6,720,060
Macau	913,338	11,434	936,966	10,922
United States	94,945	551,202	100,542	603,323
Total	<u>\$ 7,628,502</u>	<u>\$ 6,968,194</u>	<u>\$ 7,030,160</u>	<u>\$ 7,334,305</u>

Non-current assets consists of property, plant and equipment, right-of-use assets, intangible assets and other non-current assets.

(10) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31,	
	2023	2022
Customer A	\$ 1,936,155	\$ 1,789,519
Customer B	346,976	318,568
Customer C	318,106	359,466
Customer D	288,617	68,801
Customer E	171,930	322,565

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2023 (Note 3)	Balance at December 31, 2023 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Other receivables - related parties	Yes	\$ 1,715,000	\$ 1,650,000	\$ 1,625,000	1.575%	2	\$ -	For operational needs	\$ -	-	\$ -	\$ 2,529,070	\$ 2,529,070	-
0	"	ECOVE Solar Power Corporation	"	"	650,000	650,000	650,000	1.575%	"	-	"	-	"	-	2,529,070	2,529,070	-
0	"	ECOVE South Corporation Ltd.	"	"	100,000	100,000	100,000	1.575%	"	-	"	-	"	-	2,529,070	2,529,070	-
1	ECOVE Environment Services Corp.	CTCI Smart Engineering Corp.	"	"	249,000	249,000	-	-	"	-	"	-	"	-	452,078	452,078	-

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the name of account in which the loans are recognized, such as receivables-related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others for the nine-month period ended September 30, 2023.

Note 4: The column of 'Nature of loan' shall fill in 'Business transaction or 'Short-term financing':

(1) The Business association is '1'.

(2) The Short-term financing are numbered in order starting from '2'

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: The calculation and amount on ceiling of loans are as follows:

(1) The limit on loans granted by the Company and subsidiaries to a single party shall not exceed 40% of each company's net asset value.

(2) The ceiling on totals loans granted by the Company and subsidiaries shall not exceed 40% of each company's net asset value.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in installments alments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 4)	Outstanding endorsement/ guarantees amount at December 31, 2023 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/gu arantees by parent company to subsidiary (Note 7)	Provision of endorsements/gu arantees by subsidiary to parent company (Note 7)	Provision of endorsements/gu arantees to the party in Mainland China (Note 7)	Footnote
0	ECOVE Environment Corp.	ECOVE South Corporation Ltd.	\$ 12,645,350	\$ 200,000	\$ 100,000	\$ -	-	1.58%	\$ 18,968,025	Y	N	N	-
0	"	ECOVE Solar Energy Corporation	12,645,350	2,670,000	2,670,000	168,819	-	42.23%	18,968,025	Y	N	N	-
0	"	ECOVE Solar Power Corporation	12,645,350	1,210,000	1,210,000	85,152	-	19.14%	18,968,025	Y	N	N	-
0	"	ECOVE Environment Services Gangshan Corporation	12,645,350	900,000	900,000	250,000	-	14.23%	18,968,025	Y	N	N	-
0	"	ECOVE Solvent Recycling Corporation	12,645,350	160,000	160,000	10,000	-	2.53%	18,968,025	Y	N	N	-
0	"	Ever Ecove Corporation	12,645,350	395,500	192,500	141,500	-	3.04%	18,968,025	N	N	N	-
1	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	7,305,714	100,000	-	-	-	0.00%	10,958,571	N	N	N	-
2	ECOVE Solar Power Corporation	ECOVE Solar Energy Corporation	1,771,120	30,006	30,006	30,006	-	6.78%	2,656,680	N	N	N	-
3	ECOVE Environment Services Corp.	Jing Ding Green Energy Technology Co., Ltd.	4,520,777	1,733,100	1,733,100	346,920	-	153.35%	6,781,165	N	N	N	-
3	"	Bao Ding Reclaimed Water Co., Ltd.	4,520,777	333,000	293,000	74,700	-	25.92%	6,781,165	N	N	N	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

- (1) The limit on endorsements and guarantees granted to a single party shall not exceed 200% of the Company's net assets value in last financial statement which was audited by accountant.
- (2) The ceiling on total endorsements and guarantees shall not exceed 300% of the Company's net assets value in last financial statement which was audited by accountant.
- (3) The limit on endorsements and guarantees granted to a single party shall not exceed 400% of ECOVE Solar Energy Corporation and ECOVE Solar Power Corporation's net assets value in last financial statement which was audited or reviewed by accountant.
- (4) The ceiling on total endorsements and guarantees shall not exceed 600% of ECOVE Solar Energy Corporation and ECOVE Solar Power Corporation's net assets value in last financial statement which was audited or reviewed by accountant.
- (5) The limit on endorsements and guarantees granted to a single party shall not exceed 400% of ECOVE Environment Services Corp.'s net assets value in last financial statement which was audited or reviewed by accountant.
- (6) The ceiling on total endorsements and guarantees shall not exceed 600% of ECOVE Environment Services Corp.'s net assets value in last financial statement which was audited or reviewed by accountant.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)		Relationship with the securities issuer (Note 2)	General ledger account	December 31, 2023				Footnote (Note 4)
	Type	Name			Number of shares/ denominations	Book value (Note 3)	Ownership (%)	Fair value	
ECOVE Environment Corp.	Common Stock	Taiwan Cement Corp.	None	Financial assets at fair value through other comprehensive income-current	584,287	\$ 16,671	-	\$ 20,392	-
				Adjustment		3,721		20,392	
ECOVE Wujih Energy Corp.	Common Stock	Taiwan Cement Corp.	None	Financial assets at fair value through other comprehensive income-current	587,686	20,510	-	20,510	-
"	Beneficiary certificates	Taishin 1699 Money Market Fund	"	Financial assets at fair value through profit or loss - current	21,776,409	303,596	-	303,596	-
"	Beneficiary certificates	FSITC Taiwan Money Market Fund	"	Financial assets at fair value through profit or loss - current	23,511,769	370,014	-	370,014	-
ECOVE Environment Services Corp.	Common Stock	CTCI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income - current	1,028	43	-	43	-
"	"	Taiwan Cement Corp.	None	"	1,547,328	54,002	-	54,002	-
"	"	Bao Ding Reclaimed Water Co., Ltd.	"	Financial assets at fair value through other comprehensive income - non-current	8,720,000	120,624	10.00%	120,624	-
ECOVE Waste Management Corp.	Common Stock	Taiwan Cement Corp.	"	Financial assets at fair value through other comprehensive income - current	591,804	20,654	-	20,654	-
"	"	ECOVE Environment Corp.	The Company	"	1,605	495	-	495	-
"	Beneficiary certificates	SinoPac TWD Money Market Fund	None	Financial assets at fair value through profit or loss - current	4,901,549	70,092	-	70,092	-
Yuan Ding Resources Corp.	Beneficiary certificates	Jih Sun Money Market Fund	None	Financial assets at fair value through profit or loss - current	2,574,886	39,276	-	39,276	-
ECOVE Environment Services Gangshan Corporation	Beneficiary certificates	SinoPac TWD Money Market Fund	None	Financial assets at fair value through profit or loss - current	17,521,481	250,557	-	250,557	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2023		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
ECOVE Environment Corp.	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss	-	-	39,919,485	\$ 660,131	-	\$ -	39,919,485	\$ 663,178	\$ 660,131	\$ 3,047	-	\$ -
"	Capital Money Market Fund	"	-	-	2,446,647	40,000	68,696,770	1,130,000	71,143,417	1,176,023	1,170,000	6,023	-	-
ECOVE Environment Services Corp.	Yuanta Wan Tai Money Market Fund	"	-	-	-	-	9,747,665	150,000	9,747,665	150,150	150,000	150	-	-
ECOVE Wujih Energy Corp.	Taishin 1699 Money Market Fund	"	-	-	39,166,638	538,000	34,737,951	480,000	52,128,180	721,000	717,312	3,688	21,776,409	300,688
"	FSITC Taiwan Money Market Fund	"	-	-	-	-	23,511,769	370,000	-	-	-	-	23,511,769	370,000
"	Capital Money Market Fund	"	-	-	-	-	30,330,513	500,000	30,330,513	501,215	500,000	1,215	-	-
ECOVE Environment Services Gangshan Corp.	SinoPac TWD Money Market Fund	"	-	-	-	-	33,005,607	470,000	15,484,125	220,164	220,000	164	17,521,481	250,000
ECOVE Mioali Energy Corp.	Taishin 1699 Money Market Fund	"	-	-	14,697,836	202,000	20,111,423	278,000	34,809,259	481,831	480,000	1,831	-	-
"	FSITC Taiwan Money Market Fund	"	-	-	-	-	13,444,029	211,000	13,444,029	211,558	211,000	558	-	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for using the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
ECOVE Environment Services Corp.	Land	2022/7/19	\$ 2,376,900	\$ 475,380	Industrial Development Bureau, Ministry of Economic Affairs	None	-	-	-	\$ -	Bid price	Acquisition of environmental land	Note 6
ECOVE Resource Recycling Corporation	Buildings and structures	2022/10/17	339,499	18,778	CTCI Resources Engineering Inc.	Affiliate	-	-	-	-	Price negotiation by both parties	Operations	-

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Note 4: It pertained to the price excluding tax.

Note 5: For the year ended December 31, 2023, ECOVE Environment Services Corp. and ECOVE Resource Recycling Corporation paid \$0 and \$18,778, respectively.

Note 6: If ECOVE Environment Services Corp. doesn't obtain the approval documents for waste collection and complete the land use based on the approved plan within 3 years after the approval of the environmental impact statements or the assessment reports, the completion deposits would not be refunded and shall be turned over to the industrial park development and management fund, Ministry of Economic Affairs. In addition, the Industrial Development Bureau shall repurchase the land mandatorily at the original price with no interest bearing. ECOVE Environment Services Corp. assumes the consideration for land used from the turn over completion day of the bid land to the day before the return of the land to the Industrial Development Bureau (calculated by multiplying the total area of the bid land by 12% of the present value of land).

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
				Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
ECOVE Environment Services Corp.	ECOVE Environment Services Gangshan Corporation	Affiliate	(Operating and maintaining revenue)	(\$ 625,196)	(13%)	30 days monthly	No significant difference	\$ 49,895	11%	-	
"	ECOVE Wujih Energy Corp.	"	(Operating and maintaining revenue)	(305,602)	(6%)	"	"	15,093	3%	-	
"	ECOVE Mioali Energy Corporation	"	(Operating and maintaining revenue)	(199,510)	(4%)	"	"	43,134	9%	-	
ECOVE Environment Services Gangshan Corporation	ECOVE Environment Services Corp.	"	Operating cost	625,196	68%	"	"	(49,895)	(26%)	-	
ECOVE Wujih Energy Corp.	ECOVE Environment Services Corp.	"	Operating cost	305,602	61%	"	"	(15,093)	(26%)	-	
ECOVE Mioali Energy Corporation	ECOVE Environment Services Corp.	"	Operating cost	199,510	92%	"	"	(43,134)	(100%)	-	

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the 'Unit price' and 'Credit' term columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31., 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	A subsidiary	\$ 1,632,319	Note 3	\$ -	Note 3	\$ -	\$ -
"	ECOVE Solar Power Corporation	"	650,722	"	-	"	-	-
"	ECOVE South Corporation Ltd.	"	100,134	"	-	"	-	-

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties....

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: It pertains to other accounts receivable arising from lending capital and directors' remuneration receivable.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

Year ended December 31, 2023

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	1	Other accounts receivable	\$ 1,632,319	-	12.48%
0	"	ECOVE Solar Power Corporation	1	"	650,722	-	4.97%
0	"	ECOVE Solar Energy Corporation	1	Endorsements and guarantees	2,670,000	-	N/A
0	"	ECOVE Solar Power Corporation	1	"	1,210,000	-	N/A
0	"	ECOVE Environment Services Gangshan Corporation	1	"	900,000	-	N/A
0	"	ECOVE Solvent Recycling Corporation	1	"	160,000	-	N/A
1	ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	3	Operating revenue	80,958	30 days monthly	1.06%
2	ECOVE Environment Services Corp.	ECOVE Miaoli Energy Corp.	"	"	199,510	"	2.62%
2	"	ECOVE Wujih Energy Corp.	"	"	305,602	"	4.01%
2	"	ECOVE Environment Services Gangshan Corporation	"	"	625,196	"	8.20%
3	ECOVE Waste Management Corp.	ECOVE Solvent Recycling Corporation	"	"	97,161	"	1.27%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
Information on investees (not including investees in Mainland China)
Year ended December 31, 2023

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31., 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	\$ 450,435	\$ 450,435	30,000,000	100.00%	\$ 698,804	\$ 286,996	\$ 286,996	A subsidiary
ECOVE Environment Corp.	ECOVE Environment Services Corp.	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance, etc.	356,518	356,518	15,100,000	100.00%	1,141,553	473,683	471,625	A subsidiary
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Taiwan	Waste services, equipment and mechanical installation, waste clear, international trade and other environmental services, etc.	20,000	20,000	2,000,000	100.00%	135,588	78,631	78,631	A subsidiary
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	899,985	899,985	44,999,200	74.999%	762,319	102,141	76,605	A subsidiary
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Taiwan	Waste services, waste clean, other environmental services, and environmental pollution services, etc.	42,696	42,696	4,500,000	100.00%	39,644	262	262	A subsidiary
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Taiwan	Energy technology services, etc.	1,512,347	1,512,347	118,338,502	100.00%	1,950,119	108,174	108,174	A subsidiary
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	104,179	86,480	9,000,000	100.00%	136,912	29,763	26,784	A subsidiary
ECOVE Environment Corp.	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	Share holding and investment	309,489	309,489	12,039,903	18.47%	435,934	414,390	75,327	An investee using equity method
ECOVE Environment Corp.	EVER ECOVE Corporation	Taiwan	Waste services, waste clean and cogeneration	80,000	80,000	8,000,000	5.00%	119,455	579,890	31,721	An investee using equity method
ECOVE Environment Corp.	ECOVE Chiayi Energy Corp.	Taiwan	Waste services, waste clean, etc.	100,000	-	10,000,000	50.00%	100,021	42	21	A subsidiary
ECOVE Environment Services Corp.	CTCI Chemicals Corp.	Taiwan	Industrial chemicals' wholesale manufacturing and retail.	24,851	24,851	1,910,241	26.90%	88,198	107,810	29,006	Associate
ECOVE Environment Services Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	11	11	800	0.001%	13	102,141	1	Affiliate
ECOVE Environment Services Corp.	SINOGAL-Waste Services Co., Ltd.	Macau	Management of waste recycling site and maintenance of related mechanical and equipment, etc.	4,964	4,964	-	30.00%	80,044	248,987	74,696	A subsidiary
ECOVE Environment Services Corp.	ECOVE Resource Recycling Corporation	Taiwan	Resource recycling and waste disposal industry	61,750	-	6,175,000	95.00%	58,605 (	3,311) (	3,145)	A subsidiary
ECOVE Environment Services Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	-	10	-	-	-	29,763	-	Affiliate
ECOVE Environment Services Corp.	Jing Ding Green Energy Technology Co., Ltd.	Taiwan	Wastewater sludge treatment	186,000	186,000	18,600,000	30.00%	180,691 (	14,930) (	4,478)	An investee using equity method
ECOVE Environment Services Corp.	ECOVE Environment Services Gangshan Corporation	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance, etc.	251,000	251,000	25,100,000	100.00%	253,006 (	4,287) (	4,287)	A subsidiary
ECOVE Environment Services Corp.	ECOVE Chiayi Energy Corp.	Taiwan	Waste services, waste clean, etc.	50,000	-	5,000,000	25.00%	50,010	42	10	Affiliate
ECOVE Waste Management Corp.	Jing Ding Green Energy Technology Co., Ltd.	Taiwan	Wastewater sludge treatment	10	-	1,000	0.002%	10 (	14,930)	-	An investee using equity method
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Taiwan	Energy technology services, etc.	306,000	306,000	30,600,000	100.00%	442,780	37,538	37,538	A subsidiary
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Taiwan	Energy technology services, etc.	30,500	30,500	3,050,000	100.00%	32,356	311	311	A subsidiary
ECOVE Solar Energy Corporation	G.D International, LLC.	U.S.A.	Energy technology services, etc.	189,197	189,197	-	100.00%	483,214	22,339	22,339	A subsidiary
G.D International, LLC.	Lumberton Solar W2-090, LLC	U.S.A.	Energy technology services, etc.	189,197	189,197	-	100.00%	483,223	22,536	22,536	A subsidiary

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2023

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Taiwan to Mainland China/ Amount		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 2)(2)B	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
ECOVE Environment Consulting Corp.	Technical development, advisory and service in environmental field; environmental pollution control equipment and related parts wholesale, import and export, etc.	\$ -	1	\$ 4,147	-	3,692	\$ -	(\$ 32)	-	(\$ 32)	\$ -	\$ 45,516	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ECOVE Environment Corp.	\$ -	\$ -	\$ 3,793,605

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: In the 'Investment income (loss) recognized by the Company for the year ended December 31, 2023' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A. The financial statements were audited by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. Investment income (loss) of non-significant subsidiaries was recognized based on the unaudited financial statements.
 - C. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: Invested by ECOVE Environment Services Corp.

Note 5: The liquidation was completed in April 2023.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Major shareholders information

Year ended December 31, 2023

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
CTCI Corp.	38,457,105	53.69%

- (1) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis.
- (2) If the aforementioned data contains shares which were held in trust by the shareholders, the data was disclosed as a separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, at the same time, the shareholder has the power to decide how to allocate the trust assets. For the information on reported share equity of insider, please refer to Market Observation Post System.