

**ECOVE ENVIRONMENT CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
MARCH 31, 2020 AND 2019**

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.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of ECOVE Environment Corp. and subsidiaries (the “Group”) as at March 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

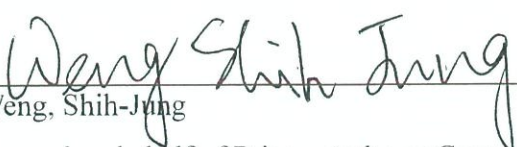
Basis for Qualified Conclusion

As explained in Notes 4(3) B and 6(7), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method were not reviewed by independent accountants. Those statements reflect total assets of NT\$1,390,311 thousand and NT\$2,994,610 thousand, constituting 14% and 32% of the consolidated total assets, and total liabilities of NT\$415,261 thousand and NT\$1,357,580 thousand, constituting 11% and 36% of the consolidated total liabilities as at March 31, 2020 and 2019, respectively, and total comprehensive income (including share of profit

(loss) of associates and joint ventures accounted for using equity method and share of other comprehensive income of associates and joint ventures accounted for using equity method) of NT\$53,584 thousand and NT\$71,025 thousand, constituting 23% and 27% of the consolidated total comprehensive income for the three months then ended, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for using equity method been reviewed by independent accountants, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.


Wang, Shih-Jung


Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

April 30, 2020

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2020 and 2019 are reviewed, not audited)

Assets	Notes	March 31, 2020		December 31, 2019		March 31, 2019		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 2,046,562	21	\$ 1,679,523	18	\$ 1,824,162	19
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		-	-	10,933	-	268,233	3
1120	Current financial assets at fair	6(3)						
	value through other comprehensive							
	income		111,264	1	124,032	1	112,129	1
1136	Current financial assets at	6(4)						
	amortised cost		49,179	1	247,014	3	30,460	-
1150	Notes receivable, net		1,178	-	481	-	962	-
1170	Accounts receivable, net	6(5)	1,260,496	13	1,194,176	12	1,160,072	12
1180	Accounts receivable - related	7						
	parties, net		771	-	571	-	4,802	-
1200	Other receivables		3,631	-	103,685	1	9,089	-
1210	Other receivables - related parties	7	30,932	-	30,818	-	6,568	-
130X	Inventories		73,183	1	72,507	1	63,263	1
1410	Prepayments	6(6)	107,138	1	92,113	1	295,807	3
1470	Other current assets	8	-	-	-	-	44,785	1
11XX	Total current assets		<u>3,684,334</u>	<u>38</u>	<u>3,555,853</u>	<u>37</u>	<u>3,820,332</u>	<u>40</u>
Non-current assets								
1517	Non-current financial assets at fair	6(3)						
	value through other comprehensive							
	income		543	-	543	-	543	-
1550	Investments accounted for under	6(7)						
	equity method		426,427	5	418,868	4	413,226	4
1600	Property, plant and equipment, net	6(8) and 8	3,080,155	32	2,858,835	30	2,238,229	24
1755	Right-of-use assets	6(9) and 8	101,717	1	102,256	1	136,837	2
1780	Intangible assets	6(10)	136,153	2	136,153	2	136,153	1
1840	Deferred income tax assets		26,860	-	26,367	-	22,821	-
1900	Other non-current assets	6(11) and 8	2,148,172	22	2,441,942	26	2,712,412	29
15XX	Total non-current assets		<u>5,920,027</u>	<u>62</u>	<u>5,984,964</u>	<u>63</u>	<u>5,660,221</u>	<u>60</u>
1XXX	Total assets		<u>\$ 9,604,361</u>	<u>100</u>	<u>\$ 9,540,817</u>	<u>100</u>	<u>\$ 9,480,553</u>	<u>100</u>

(Continued)

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2020 and 2019 are reviewed, not audited)

Liabilities and Equity	Notes	March 31, 2020		December 31, 2019		March 31, 2019		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 249,700	3	\$ 305,000	3	\$ 56,000	1
2110	Short-term notes and bills payable		16,000	-	-	-	-	-
2130	Current contract liabilities	6(23)	15,549	-	50,005	1	111,992	1
2150	Notes payable		313	-	-	-	1,021	-
2170	Accounts payable	6(13)	584,643	6	652,577	7	593,421	6
2180	Accounts payable - related parties	7	39,097	-	27,892	-	32,403	-
2200	Other payables	6(14)	289,428	3	421,493	4	326,188	3
2220	Other payables - related parties	7	2,098	-	3,365	-	6,071	-
2230	Current income tax liabilities		152,107	2	96,809	1	183,342	2
2280	Current lease liabilities	7	24,672	-	25,523	-	8,980	-
2300	Other current liabilities	6(15)(16)	170,104	2	151,939	2	146,900	2
21XX	Total current liabilities		<u>1,543,711</u>	<u>16</u>	<u>1,734,603</u>	<u>18</u>	<u>1,466,318</u>	<u>15</u>
Non-current liabilities								
2540	Long-term borrowings	6(16)	1,437,411	15	1,427,563	15	1,507,864	16
2570	Deferred income tax liabilities		212,373	2	210,864	2	206,737	2
2580	Non-current lease liabilities	7	45,863	-	44,102	-	91,886	1
2600	Other non-current liabilities	6(17)	535,059	6	530,882	6	522,289	6
25XX	Total non-current liabilities		<u>2,230,706</u>	<u>23</u>	<u>2,213,411</u>	<u>23</u>	<u>2,328,776</u>	<u>25</u>
2XXX	Total liabilities		<u>3,774,417</u>	<u>39</u>	<u>3,948,014</u>	<u>41</u>	<u>3,795,094</u>	<u>40</u>
Equity attributable to owners of parent								
Share capital								
3110	Common stock	6(20)	671,051	7	671,051	7	671,051	7
Capital surplus								
3200	Capital surplus	6(21)	2,213,038	23	2,208,031	23	2,195,975	23
Retained earnings								
3310	Legal reserve	6(22)	684,320	7	684,320	7	603,629	7
3320	Special reserve		2,243	-	2,243	-	32,284	-
3350	Unappropriated retained earnings		1,612,820	17	1,408,234	15	1,575,972	17
Other equity interest								
3400	Other equity interest		1,195	-	12,487	-	14,941	-
31XX	Equity attributable to owners of the parent		<u>5,184,667</u>	<u>54</u>	<u>4,986,366</u>	<u>52</u>	<u>5,093,852</u>	<u>54</u>
36XX	Non-controlling interest	4(3)	<u>645,277</u>	<u>7</u>	<u>606,437</u>	<u>7</u>	<u>591,607</u>	<u>6</u>
3XXX	Total equity		<u>5,829,944</u>	<u>61</u>	<u>5,592,803</u>	<u>59</u>	<u>5,685,459</u>	<u>60</u>
Significant contingent liabilities and unrecognised contract commitments								
Significant events after the balance sheet date								
3X2X	Total liabilities and equity		<u>\$ 9,604,361</u>	<u>100</u>	<u>\$ 9,540,817</u>	<u>100</u>	<u>\$ 9,480,553</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
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)
(UNAUDITED)

				Three months ended March 31			
Items		Notes	2020		2019		
			AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(23) and 7	\$ 1,300,056	100	\$ 1,283,837	100	
5000	Operating costs	6(27)(28) and 7	(969,698)	(75)	(942,851)	(73)	
5900	Gross profit		<u>330,358</u>	<u>25</u>	<u>340,986</u>	<u>27</u>	
	Operating expenses	6(27)(28) and 7					
6200	General and administrative expenses		(45,327)	(3)	(48,060)	(4)	
6000	Total operating expenses		<u>(45,327)</u>	<u>(3)</u>	<u>(48,060)</u>	<u>(4)</u>	
6900	Operating profit		<u>285,031</u>	<u>22</u>	<u>292,926</u>	<u>23</u>	
	Non-operating income and expenses						
7010	Other income	6(24) and 7	12,333	1	9,883	1	
7020	Other gains and losses	6(25)	1,101	-	1,422	-	
7050	Finance costs	6(26) and 7	(9,580)	(1)	(9,746)	(1)	
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	8,938	1	6,720	-	
7000	Total non-operating income and expenses		<u>12,792</u>	<u>1</u>	<u>8,279</u>	<u>-</u>	
7900	Profit before income tax		<u>297,823</u>	<u>23</u>	<u>301,205</u>	<u>23</u>	
7950	Income tax expense	6(29)	(56,161)	(4)	(56,768)	(4)	
8200	Profit for the period		<u>\$ 241,662</u>	<u>19</u>	<u>\$ 244,437</u>	<u>19</u>	
	Other comprehensive income						
	Components of other comprehensive income that will not be reclassified to profit or loss						
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(\$ 12,767)	(1)	\$ 14,636	1	
	Components of other comprehensive income that will be reclassified to profit or loss						
8361	Cumulative translation differences of foreign operations		<u>2,949</u>	<u>-</u>	<u>2,374</u>	<u>-</u>	
8300	Total other comprehensive (loss) income for the period		<u>(\$ 9,818)</u>	<u>(1)</u>	<u>\$ 17,010</u>	<u>1</u>	
8500	Total comprehensive income for the period		<u>\$ 231,844</u>	<u>18</u>	<u>\$ 261,447</u>	<u>20</u>	
	Profit attributable to:						
8610	Owners of the parent		\$ 204,586	16	\$ 196,577	15	
8620	Non-controlling interest		<u>37,076</u>	<u>3</u>	<u>47,860</u>	<u>4</u>	
	Total		<u>\$ 241,662</u>	<u>19</u>	<u>\$ 244,437</u>	<u>19</u>	
	Comprehensive income attributable to:						
8710	Owners of the parent		\$ 193,294	15	\$ 213,112	16	
8720	Non-controlling interest		<u>38,550</u>	<u>3</u>	<u>48,335</u>	<u>4</u>	
	Total		<u>\$ 231,844</u>	<u>18</u>	<u>\$ 261,447</u>	<u>20</u>	
	Earnings per share (in dollars)	6(30)					
9750	Basic earnings per share		<u>\$ 3.05</u>		<u>\$ 2.93</u>		
9850	Diluted earnings per share		<u>\$ 3.04</u>		<u>\$ 2.92</u>		

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

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

	Equity attributable to owners of the parent							Total	Non-controlling interest	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Other Equity Interest			
Notes							Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income			
Three months ended March 31, 2019										
	\$ 671,051	\$ 2,193,473	\$ 603,629	\$ 32,284	\$ 1,380,044	\$ 3,626	(\$ 5,869)	\$ 4,878,238	\$ 543,121	\$ 5,421,359
Balance at January 1, 2019	-	-	-	-	196,577	-	-	196,577	47,860	244,437
Profit for the period	-	-	-	-	-	2,265	14,270	16,535	475	17,010
Other comprehensive income	-	-	-	-	196,577	2,265	14,270	213,112	48,335	261,447
Total comprehensive income	-	-	-	-	-	-	-	2,502	151	2,653
Share-based payment transactions	-	2,502	-	-	-	-	-	-	-	-
Employee stock options exercised	-	-	-	-	(649)	-	649	-	-	-
Balance at March 31, 2019	\$ 671,051	\$ 2,195,975	\$ 603,629	\$ 32,284	\$ 1,575,972	\$ 5,891	\$ 9,050	\$ 5,093,852	\$ 591,607	\$ 5,685,459
Three months ended March 31, 2020										
	\$ 671,051	\$ 2,208,031	\$ 684,320	\$ 2,243	\$ 1,408,234	(\$ 12,681)	\$ 25,168	\$ 4,986,366	\$ 606,437	\$ 5,592,803
Balance at January 1, 2020	-	-	-	-	204,586	-	-	204,586	37,076	241,662
Profit for the period	-	-	-	-	-	1,067	(12,359)	(11,292)	1,474	(9,818)
Other comprehensive income (loss)	-	-	-	-	204,586	1,067	(12,359)	193,294	38,550	231,844
Total comprehensive income (loss)	-	-	-	-	-	-	-	5,007	290	5,297
Share-based payment transactions	-	5,007	-	-	-	-	-	-	-	-
Balance at March 31, 2020	\$ 671,051	\$ 2,213,038	\$ 684,320	\$ 2,243	\$ 1,612,820	(\$ 11,614)	\$ 12,809	\$ 5,184,667	\$ 645,277	\$ 5,829,944

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

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

	Notes	Three months ended March 31	
		2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 297,823	\$ 301,205
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(27)	73,078	42,754
Depreciation - right-of-use assets	6(9)(27)	9,200	9,046
Amortisation	6(27)	2,354	2,502
Interest expense	6(26)	9,447	9,585
Interest expense - lease liability	6(9)	133	161
Interest income	6(24)	(1,203)	(3,230)
Salary expense - employee stock options	6(19)(28)	5,072	2,524
Gain on valuation of financial assets	6(25)	(881)	(760)
Profit from lease modification	6(25)	(98)	-
Share of profit of associates and joint ventures accounted for under equity method	6(7)	(8,938)	(6,720)
Gain on disposal of property, plant and equipment	6(25)	(208)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		12,986	(83,249)
Notes receivable, net		(697)	359
Accounts receivable, net		(81,545)	(118,901)
Accounts receivable - related parties, net		(200)	(3,085)
Other receivables		100,589	(4,823)
Other receivables - related parties		(116)	11,072
Inventories		(676)	591
Prepaid expenses		(15,025)	(31,093)
Other current assets		-	(3,845)
Increase in other non-current assets		94,774	72,442
Changes in operating liabilities			
Current contract liabilities		(34,456)	(28,588)
Notes payable		313	(11)
Accounts payable		(67,934)	57,624
Accounts payable - related parties		11,205	8,992
Other payables		(131,485)	(141,879)
Other payables - related parties		(1,267)	(410)
Other current liabilities		2,622	2,003
Other non-current liabilities		(126)	(1,330)
Cash inflow generated from operations		274,741	92,936
Interest received		592	3,699
Interest paid		(10,027)	(9,455)
Income tax paid		(159)	(3,341)
Net cash flows from operating activities		<u>265,147</u>	<u>83,839</u>

(Continued)

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

	Notes	Three months ended March 31	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Disposal of financial assets measured at fair value		\$ -	\$ 4,708
Decrease in financial assets at amortised cost		197,835	270,778
Decrease in other receivables-related parties		-	7,000
Interest received		78	12
Acquisition of property, plant and equipment	6(8)	(2,764)	(7,542)
Proceeds from disposal of property, plant and equipment		270	-
Increase in refundable deposits		(1,298)	4,624
Increase in other non-current assets		(76,062)	(164,218)
Net cash flows from investing activities		<u>118,059</u>	<u>115,362</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term loans		(367,400)	(44,000)
Increase in short-term loans		312,100	48,000
Increase in short-term notes payable		16,000	-
Proceeds from long-term loans		120,025	120,000
Repayment of long-term loans		(94,634)	(30,263)
Repayment of lease liabilities		(6,561)	(6,016)
Increase(decrease) in deposits received (shown in other non-current liabilities)		4,303	(5,922)
Net cash flows (used in) from financing activities		(<u>16,167</u>)	<u>81,799</u>
Net increase in cash and cash equivalents		367,039	281,000
Cash and cash equivalents at beginning of period		<u>1,679,523</u>	<u>1,543,162</u>
Cash and cash equivalents at end of period		<u>\$ 2,046,562</u>	<u>\$ 1,824,162</u>

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020 AND 2019

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

(UNAUDITED)

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 57.31% equity interest in the Company as of March 31, 2020.

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

These consolidated financial statements were authorised by the Board of Directors on April 30, 2020.

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”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of Material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7, ‘Interest rate benchmark reform’	January 1, 2020

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 IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

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 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2019, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2019.

(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 and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income/Available-for-sale financial assets measured at fair value.

(c) Defined benefit liabilities recognised 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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “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:

The basis for preparation of consolidated financial statements are consistent with those of the year ended December 31, 2019.

B. Subsidiaries included in the consolidated financial statements:

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%)			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Environmental engineering	100.00	100.00	100.00	
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	74.999	74.999	74.999	
ECOVE Environment Service Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	0.001	0.001	0.001	
ECOVE Environment Corp.	ECOVE Environment Service Corp.	Environmental engineering	93.15	93.15	93.15	
ECOVE Waste Management Corp.	ECOVE Environment Service Corp.	Environmental engineering	0.01	0.01	0.01	
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Environmental engineering	100.00	100.00	98.00	Note 2
ECOVE Environment Service Corp.	ECOVE Wujih Energy Corp.	Environmental engineering	-	-	2.00	Note 2

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%)			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Environmental engineering	100.00	100.00	60.00	Notes 3 and 5
ECOVE Waste Management Corp.	Yuan Ding Resources Corp.	Environmental engineering	-	-	40.00	Notes 3 and 5
ECOVE Environment Service Corp.	SINOGAL-Waste Services Co., Ltd.	Environmental engineering	30.00	30.00	30.00	Notes 1 and 5
ECOVE Environment Service Corp.	ECOVE Environment Consulting Corp.	Environmental engineering	100.00	100.00	100.00	Note 5
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	89.99	89.99	89.99	Note 5
ECOVE Environment Service Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	0.01	0.01	0.01	Note 5
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Energy sector	100.00	100.00	100.00	
ECOVE Solar Energy Corporation.	ECOVE Solar Power Corporation	Energy sector	100.00	100.00	100.00	Note 6
ECOVE Solar Energy Corporation.	ECOVE Central Corporation Ltd.	Energy sector	-	-	100.00	Notes 4 and 6
ECOVE Solar Energy Corporation.	ECOVE South Corporation Ltd.	Energy sector	100.00	100.00	100.00	Note 5
ECOVE Solar Energy Corporation.	G.D. International, LLC.	Energy sector	100.00	100.00	100.00	Note 5
G.D. International, LLC.	Lumberton Solar W2-090, LLC.	Energy sector	100.00	100.00	100.00	Note 6

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 Group was restructured in May 2019, whereby Ecove Environmental Services Corp. sold its originally held 2% equity of ECOVE Wujih Energy Corp. to ECOVE Environment Corp.

Note 3: The Group was restructured in May 2019, whereby ECOVE Waste Management Corp. sold its originally held 40% equity of Yuan Ding Resources Corp. to ECOVE Environment Corp.

Note 4: ECOVE Central Corporation Ltd. conducted a simple merger with ECOVE Solar Energy Corporation and then dissolved under the approval of the Ministry of Economic Affairs due to the restructure of the Group in October 2019.

Note 5: The financial statements of the entity as of and for the three months ended March 31, 2020 and 2019 were not reviewed by independent accountants as the entity did not meet the definition of a significant subsidiary.

Note 6: The financial statements of the entity as of and for the three months ended March 31, 2020 were not reviewed by the independent accountants as the entity did not meet the definition of a significant subsidiary.

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 March 31, 2020, December 31, 2019 and March 31, 2019, the non-controlling interest amounted to \$645,277, \$606,437 and \$591,607, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		March 31, 2020		December 31, 2019	
		Amount	Ownership (%)	Amount	Ownership (%)
ECOVE Miaoli Energy Corp.	Taiwan	\$ 347,155	25.00%	\$ 339,354	25.00%
SINOGAL-Waste Services Co., Ltd.	Macau	228,924	70.00%	203,420	70.00%

Name of subsidiary	Principal place of business	Non-controlling interest	
		March 31, 2019	
		Amount	Ownership (%)
ECOVE Miaoli Energy Corp.	Taiwan	\$ 342,799	25.00%
SINOGAL-Waste Services Co., Ltd.	Macau	169,545	70.00%

Summarised financial information of the subsidiaries:

Balance sheets

	ECOVE Miaoli Energy Corp.		
	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 354,767	\$ 281,104	\$ 207,833
Non-current assets	1,169,744	1,206,458	1,312,109
Current liabilities	(65,653)	(58,486)	(69,448)
Non-current liabilities	(70,236)	(71,662)	(79,297)
Total net assets	<u>\$ 1,388,622</u>	<u>\$ 1,357,414</u>	<u>\$ 1,371,197</u>

	SINOGAL-Waste Services Co., Ltd.		
	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 542,547	\$ 512,877	\$ 448,563
Non-current assets	14,163	14,941	4,462
Current liabilities	(155,748)	(165,235)	(149,526)
Non-current liabilities	(73,928)	(71,982)	(61,291)
Total net assets	<u>\$ 327,034</u>	<u>\$ 290,601</u>	<u>\$ 242,208</u>

Statements of comprehensive income

	ECOVE Miaoli Energy Corp.	
	Three months ended March 31	
	2020	2019
Revenue	\$ 81,933	\$ 78,433
Profit before income tax	38,867	40,659
Income tax expense	(7,745)	(8,126)
Profit for the period	31,122	32,533
Other comprehensive income (loss), net of tax	-	-
Total comprehensive income for the period	<u>\$ 31,122</u>	<u>\$ 32,533</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 7,781</u>	<u>\$ 8,133</u>

SINOGAL-Waste Services Co, Ltd.		
Three months ended March 31		
	2020	2019
Revenue	\$ 159,871	\$ 196,780
Profit before income tax	33,694	49,178
Income tax expense	-	(173)
Profit for the period	33,694	49,005
Other comprehensive income, net of tax	2,509	169
Total comprehensive income for the period	\$ 36,203	\$ 49,174
Comprehensive income attributable to non-controlling interest	\$ 25,342	\$ 34,422

Statements of cash flows

ECOVE Miaoli Energy Corp.		
Three months ended March 31		
	2020	2019
Net cash provided by operating activities	\$ 44,136	\$ 39,425
Net cash provided by (used in) investing activities	101	(39,618)
Net cash used in financing activities	(13)	-
Increase (decrease) in cash and cash equivalents	44,224	(193)
Cash and cash equivalents, beginning of year	108,366	1,582
Cash and cash equivalents, end of year	\$ 152,590	\$ 1,389

SINOGAL-Waste Services Co., Ltd.		
Three months ended March 31		
	2020	2019
Net cash provided by (used in) operating activities	\$ 67,398	(\$ 21,459)
Net cash provided by investing activities	56,288	151,491
Increase in cash and cash equivalents	123,686	130,032
Cash and cash equivalents, beginning of year	11,516	51,961
Cash and cash equivalents, end of year	\$ 135,202	\$ 181,993

(4) Pensions

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant

one-off events. Also, the related information is disclosed accordingly.

(5) Income tax

A. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

B. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

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>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Cash on hand and revolving funds	\$ 10,247	\$ 10,048	\$ 10,608
Checking accounts and demand deposits	1,767,533	1,550,737	597,584
Time deposits	<u>268,782</u>	<u>118,738</u>	<u>1,215,970</u>
Total	<u>\$ 2,046,562</u>	<u>\$ 1,679,523</u>	<u>\$ 1,824,162</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

<u>Items</u>	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Currents items			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ -	\$ 10,393	\$ 267,349
Valuation adjustment	-	540	884
Total	<u>\$ -</u>	<u>\$ 10,933</u>	<u>\$ 268,233</u>

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

	<u>Three months ended March 31</u>	
	<u>2020</u>	<u>2019</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	<u>\$ 881</u>	<u>\$ 760</u>

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

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

<u>Items</u>	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Current items:			
Equity instruments			
Listed stocks	\$ 96,118	\$ 96,118	\$ 100,984
Valuation adjustment	15,146	27,914	11,145
Total	<u>\$ 111,264</u>	<u>\$ 124,032</u>	<u>\$ 112,129</u>
Non-current items:			
Equity instruments			
Unlisted stocks	\$ 2,342	\$ 2,342	\$ 2,342
Valuation adjustment	(1,799)	(1,799)	(1,799)
Total	<u>\$ 543</u>	<u>\$ 543</u>	<u>\$ 543</u>

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

	Three months ended March 31	
	2020	2019
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 12,767)	\$ 15,311
Cumulative gains (losses) reclassified to retained earnings due to derecognition	\$ -	(\$ 675)

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

(4) Financial assets at amortised cost

Items	March 31, 2020	December 31, 2019	March 31, 2019
Current items:			
Time deposits with original maturity over 3 months	\$ 49,179	\$ 247,014	\$ 30,460

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

B. As at March 31, 2020, December 31, 2019 and March 31, 2019, 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 amortised cost held by the Group was \$49,179, \$247,014 and \$30,460, respectively.

(5) Accounts receivable

	March 31, 2020	December 31, 2019	March 31, 2019
Accounts receivable	\$ 967,445	\$ 881,687	\$ 878,571
Long-term accounts receivable - due in one year	293,051	312,489	281,501
	\$ 1,260,496	\$ 1,194,176	\$ 1,160,072

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Current	\$ 1,150,467	\$ 1,057,697	\$ 1,052,472
Up to 120 days	35,639	80,486	57,745
121 to 180 days	29,938	20,661	7,989
Over 180 days	44,452	35,332	41,866
	\$ 1,260,496	\$ 1,194,176	\$ 1,160,072

The above ageing analysis was based on invoice date.

B. As of March 31, 2020, December 31, 2019 and March 31, 2019, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2019, the balance of receivables from contracts with customers amounted to \$1,044,209.

C. For details on the long-term accounts receivable – due in one year, please refer to Note 6(10).

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

(6) Prepayments

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Prepayments for material purchases	\$ 29,497	\$ 23,541	\$ 26,879
Sub-contract costs payable	3,625	5,226	149,777
Prepaid rents	3,372	2,652	719
Prepaid insurance premiums	18,580	7,890	42,689
Others	52,064	52,804	75,743
	<u>\$ 107,138</u>	<u>\$ 92,113</u>	<u>\$ 295,807</u>

(7) Investments accounted for under the equity method

	<u>2020</u>	<u>2019</u>
At January 1	\$ 418,868	\$ 405,718
Share of profit or loss of investments accounted for using the equity method	8,938	6,720
Changes in capital surplus	225	129
Changes in other equity items	(1,604)	659
At March 31	<u>\$ 426,427</u>	<u>\$ 413,226</u>

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Associates:			
CTCI Chemicals Corp.	\$ 69,100	\$ 65,631	\$ 68,488
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	308,932	304,623	295,412
Ever Ecome Corporation	48,395	48,614	49,326
	<u>\$ 426,427</u>	<u>\$ 418,868</u>	<u>\$ 413,226</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
		March 31, 2020	December 31, 2019	March 31, 2019		
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	20.00%	20.00%	20.00%	Strategic Investment	Equity method

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

Balance sheet

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)		
	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 1,188,575	\$ 294,347	\$ 1,116,747
Non-current assets	491,792	852,027	417,051
Current liabilities	(510,356)	(12,411)	(438,089)
Non-current liabilities	(2,877)	-	-
Total net assets	\$ 1,167,134	\$ 1,133,963	\$ 1,095,709
Share in associate's net assets	\$ 233,427	\$ 226,793	\$ 219,142
Land-use right	-	255	765
Goodwill	75,505	75,505	75,505
Others	-	2,070	-
Carrying amount of the associate	\$ 308,932	\$ 304,623	\$ 295,412

Statement of comprehensive income

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	Three months ended March 31	
	2020	2019
Revenue	\$ 263,128	\$ 280,857
Profit (loss) for the period from continuing operations	(1,147)	14,204
Other comprehensive income (loss), net of tax	(8,020)	3,289
Total comprehensive income (loss)	(\$ 9,167)	\$ 17,493

- (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 March 31, 2020, December 31, 2019 and March 31, 2019, the carrying amount of the Group's individually immaterial associates amounted to \$117,495, \$114,245 and \$117,814, respectively.

	Three months ended March 31	
	2020	2019
Profit for the period from continuing operations	\$ 9,158	\$ 4,134
Other comprehensive loss	-	-
Total comprehensive income	\$ 9,158	\$ 4,134

- B. The financial statements of the investees accounted for using equity method as of and for the three months ended March 31, 2020 and 2019 were not reviewed by independent accountants.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Transportation	Unfinished construction	Others	Total
<u>At January 1, 2020</u>							
Cost	\$ 169,755	\$ 516	\$ 2,783,947	\$ 107,005	\$ 153,011	\$ 15,633	\$ 3,229,867
Accumulated depreciation	-	(276)	(287,085)	(75,247)	-	(8,424)	(371,032)
	<u>\$ 169,755</u>	<u>\$ 240</u>	<u>\$ 2,496,862</u>	<u>\$ 31,758</u>	<u>\$ 153,011</u>	<u>\$ 7,209</u>	<u>\$ 2,858,835</u>
<u>Three months ended</u>							
<u>March 31, 2020</u>							
Opening net book amount	\$ 169,755	\$ 240	\$ 2,496,862	\$ 31,758	\$ 153,011	\$ 7,209	\$ 2,858,835
Additions	-	-	1,310	1,250	-	204	2,764
Transfers	-	15,886	418,032	-	(153,011)	8,321	289,228
Disposals	-	-	-	(62)	-	-	(62)
Depreciation charge	-	(185)	(69,489)	(2,589)	-	(815)	(73,078)
Net exchange differences	375	-	2,084	1	-	8	2,468
Closing net book amount	<u>\$ 170,130</u>	<u>\$ 15,941</u>	<u>\$ 2,848,799</u>	<u>\$ 30,358</u>	<u>\$ -</u>	<u>\$ 14,927</u>	<u>\$ 3,080,155</u>
<u>At March 31, 2020</u>							
Cost	\$ 170,130	\$ 16,402	\$ 3,389,667	\$ 105,268	\$ -	\$ 24,172	\$ 3,705,639
Accumulated depreciation	-	(461)	(540,868)	(74,910)	-	(9,245)	(625,484)
	<u>\$ 170,130</u>	<u>\$ 15,941</u>	<u>\$ 2,848,799</u>	<u>\$ 30,358</u>	<u>\$ -</u>	<u>\$ 14,927</u>	<u>\$ 3,080,155</u>

	Land	Buildings and structures	Machinery	Transportation	Unfinished construction	Others	Total
<u>At January 1, 2019</u>							
Cost	\$ 171,883	\$ 516	\$ 1,916,471	\$ 103,234	\$ 108,997	\$ 14,560	\$ 2,315,661
Accumulated depreciation	-	(111)	(112,502)	(65,938)	-	(5,877)	(184,428)
	<u>\$ 171,883</u>	<u>\$ 405</u>	<u>\$ 1,803,969</u>	<u>\$ 37,296</u>	<u>\$ 108,997</u>	<u>\$ 8,683</u>	<u>\$ 2,131,233</u>
<u>Three months ended</u>							
<u>March 31, 2019</u>							
Opening net book amount	\$ 171,883	\$ 405	\$ 1,803,969	\$ 37,296	\$ 108,997	\$ 8,683	\$ 2,131,233
Additions	-	-	3,162	-	4,380	-	7,542
Transfers	-	-	139,899	-	-	-	139,899
Depreciation charge	-	(42)	(39,580)	(2,426)	-	(706)	(42,754)
Net exchange differences	324	-	1,984	-	-	1	2,309
Closing net book amount	<u>\$ 172,207</u>	<u>\$ 363</u>	<u>\$ 1,909,434</u>	<u>\$ 34,870</u>	<u>\$ 113,377</u>	<u>\$ 7,978</u>	<u>\$ 2,238,229</u>
<u>At March 31, 2019</u>							
Cost	\$ 172,207	\$ 516	\$ 2,061,583	\$ 103,237	\$ 113,377	\$ 14,567	\$ 2,465,487
Accumulated depreciation	-	(153)	(152,149)	(68,367)	-	(6,589)	(227,258)
	<u>\$ 172,207</u>	<u>\$ 363</u>	<u>\$ 1,909,434</u>	<u>\$ 34,870</u>	<u>\$ 113,377</u>	<u>\$ 7,978</u>	<u>\$ 2,238,229</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 was \$477, and the interest rates for capitalisation ranged from 1.10%-2.04% for the three months ended March 31, 2020.

(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 8 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. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 56,736	\$ 54,969	\$ 59,617
Buildings	29,464	31,387	60,321
Transportation	11,469	11,840	13,952
Other equipment	4,048	4,060	2,947
	<u>\$ 101,717</u>	<u>\$ 102,256</u>	<u>\$ 136,837</u>

	<u>Three months ended March 31</u>	
	<u>2020</u>	<u>2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 2,408	\$ 2,295
Buildings	4,645	5,000
Transportation	1,818	1,514
Other equipment	329	237
	<u>\$ 9,200</u>	<u>\$ 9,046</u>

C. As of March 31, 2020, December 31, 2019 and March 31, 2019, right-of-use assets-land amounting to \$29,853, \$33,653 and \$37,617 pertain to land use right obtained by ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corporation for the refuse incineration plant according to the service concession arrangements, respectively. Please refer to Note 6(10) A for details.

D. For the three months ended March 31, 2020 and 2019, the additions to right-of-use assets were \$8,288 and \$15,060, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Three months ended March 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 133	\$ 161
Expense on short-term lease contracts	2,328	2,990
Expense on leases of low-value assets	127	244
Expense on variable lease payments	9,601	5,902

F. For the three months ended March 31, 2020 and 2019, the Group's total cash outflow for leases amounted to \$18,813 and \$15,152, respectively.

G. Variable lease payments

(a) Some of the Group's lease contracts contain variable lease payment terms that are linked to electricity production of solar power. Various lease payments that depend on the electricity production of solar power are recognised as costs in the period in which the event or condition that triggers those payments occurs.

(b) A 1% increase in electricity production of solar power with such variable lease contracts would increase total lease payments by approximately 1%.

(10) Intangible assets

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Cost	\$ 136,153	\$ 136,153
Accumulated amortisation and impairment	-	-
	<u>\$ 136,153</u>	<u>\$ 136,153</u>

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

(11) Other non-current assets

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Long-term accounts receivable	\$ 2,063,760	\$ 2,158,699	\$ 2,345,261
Less: current portion	(293,051)	(312,489)	(281,501)
	1,770,709	1,846,210	2,063,760
Deferred recovery cost	16,969	18,685	14,718
Refundable deposits	22,380	21,082	15,841
Air pollution fee	-	-	54,267
Prepayments for business facilities	154,750	367,916	539,140
Restricted bank deposits	41,227	44,327	-
Executory contract cost	104,610	120,909	-
Others	37,527	22,813	24,686
	<u>\$ 2,148,172</u>	<u>\$ 2,441,942</u>	<u>\$ 2,712,412</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 recognised at its fair value. Such considerations are recognised 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 realised within twelve months from

the balance sheet date are classified as “accounts receivable” (please refer to Note 6(5)); assets that are expected to be realised 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 has continued for 20 years since the plant began operating.
 - (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 March 12, 2026.
 - (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 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. Accrued recovery cost pertain to the contracts for the operation and maintenance service of refuse incineration plant between the subsidiaries, ECOVE Environment Service Corp. and SINOGAL -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 amortises it over the contract period.
- C. For details of the refundable deposits and restricted bank deposits, please refer to Note 8.
- D. Information on air pollution fee is provided in Note 9(5).
- E. Costs to fulfill a contract 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 amortised over the term of the contract.

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>March 31, 2020</u>	<u>Note</u>
Secured borrowings				
	1.25%	ECOVE Solvent Recycling Corporation issued a promissory note in the amount of \$100 million and the Company acted as guarantor.	\$ 84,000	The borrowing facilities were 100% jointly guaranteed by ECOVE Environment Corp.
	1.50%	ECOVE Solar Energy Corporation issued a promissory note in the amount of \$380 million and the Company acted as guarantor.	70,000	"
	0.97%	ECOVE Solar Power Corporation issued a promissory note in the amount of \$100 million and the Company acted as guarantor.	55,000	"
	1.50%	ECOVE South Corporation Ltd. issued a promissory note in the amount of \$150 million and the Company acted as guarantor.	<u>40,700</u>	"
			<u>\$ 249,700</u>	

<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2019</u>	<u>Note</u>
Secured borrowings	1.7%	Note	\$ 42,000	The borrowing facilities were 100% jointly guaranteed by ECOVE Environment Corp.
	0.95%~ 0.97%	ECOVE Solvent Recycling Corporation issued a promissory note in the amount of \$100 million and the Company acted as guarantor.	84,000	"
	0.97%	ECOVE Solar Energy Corporation issued a promissory note in the amount of \$509,110 thousand and the Company acted as guarantor.	16,000	"
	1.50%	ECOVE Solar Energy Corporation issued a promissory note in the amount of \$380 million and the Company acted as guarantor.	70,000	"
	0.97%	ECOVE Solar Power Corporation issued a promissory note in the amount of \$75,370 thousand and the Company acted as guarantor.	55,000	"
	1.50%	ECOVE South Corporation Ltd. issued a promissory note in the amount of \$150 million and the Company acted as guarantor.	<u>38,000</u>	"
			<u>\$ 305,000</u>	

<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>March 31, 2019</u>	<u>Note</u>
Secured borrowings	1.25%	ECOVE Solar Energy Corporation issued a promissory note in the amount of \$70 million.	\$ 24,000	The borrowing facilities were 100% jointly guaranteed by ECOVE Environment Corp.
	1.10%	ECOVE Solar Energy Corporation issued a promissory note in the amount of \$70 million.	<u>32,000</u>	ECOVE Solar Energy Corporation acted as guarantor.
			<u>\$ 56,000</u>	

Note: ECOVE Solvent Recycling Corporation committed that if the construction has finished, ECOVE Solvent Recycling Corporation will complete the registration of ownership on the construction and pledge with the land of construction in first priority to Chang Hwa Bank.

(13) Accounts payable

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Materials payable	\$ 27,676	\$ 44,954	\$ 36,950
Sub-contract costs payable	126,847	178,377	83,787
Incinerator equipment costs payable	35,493	41,517	15,141
Maintenance costs payable	305,630	310,079	365,793
Others	88,997	77,650	91,750
	<u>\$ 584,643</u>	<u>\$ 652,577</u>	<u>\$ 593,421</u>

(14) Other payables

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Accrued payroll	\$ 132,238	\$ 271,018	\$ 193,623
Other payables	157,190	150,475	132,565
	<u>\$ 289,428</u>	<u>\$ 421,493</u>	<u>\$ 326,188</u>

(15) Other current liabilities

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Other current liabilities			
Long-term liabilities-current portion	\$ 150,833	\$ 134,149	\$ 134,792
Advance receipts	28	-	-
Others	19,243	17,790	12,108
	<u>\$ 170,104</u>	<u>\$ 151,939</u>	<u>\$ 146,900</u>

(16) Long-term borrowings

<u>Type of borrowings</u>	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Secured borrowings	\$ 1,588,244	\$ 1,561,712	\$ 1,642,656
Less: Current portion	(150,833)	(134,149)	(134,792)
	<u>\$ 1,437,411</u>	<u>\$ 1,427,563</u>	<u>\$ 1,507,864</u>
Facility amount	<u>\$ 2,282,647</u>	<u>\$ 2,033,525</u>	<u>\$ 2,637,861</u>
Interest rate	<u>1.20%~3.11963%</u>	<u>1.49%~4.385%</u>	<u>1.3950%~4.9%</u>

A. ECOVE Miaoli Energy Corp. committed to maintain the following financial ratios and criteria during the period of the contract:

- (i) Current ratio above 100%;
- (ii) Debt ratio (Total Liabilities/Net Value) under 190%; and

(iii) Time interest earned above 150%.

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

C. The Group has pledged promissory notes as March 31, 2020, December 31, 2019 and March 31, 2019 amounting to \$1,658,475, \$1,664,080 and \$1,792,501, respectively.

(17) Other non-current liabilities

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Net defined benefit liability	\$ 49,873	\$ 49,555	\$ 40,795
Accrued recovery costs	105,894	104,823	92,556
Guaranteed deposits received	188,711	184,408	184,373
Deferred revenue	154,032	157,648	166,545
Others	36,549	34,448	38,020
	<u>\$ 535,059</u>	<u>\$ 530,882</u>	<u>\$ 522,289</u>

A. For details of the accrued recovery costs, please refer to Note 6(10) B.

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.

(18) 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 Group recognised pension expenses of \$1,463 and \$1,592 in the statement of comprehensive income for the three months ended March 31, 2020 and 2019, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2020 amount to \$5,294.

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 three months ended March 31, 2020 and 2019 were \$7,284 and \$7,127, respectively.
- (c) SINOGAL-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 three months ended March 31, 2020 and 2019 were \$2,418 and \$2,332, respectively.

(19) Share-based payment

A. For the three months ended March 31, 2020 and 2019, the Company’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Sixth plan of employee stock options	2018.7.9	1,500 units	6 years	Service of 2 years
Seven plan of employee stock options	2019.7.24	1,500 units	6 years	Service of 2 years

B. The above employee stock options are as follows:

(a) Details of the sixth plan of employee stock options outstanding as of March 31, 2020 and 2019 are as follows.

	Three months ended March 31			
	2020		2019	
	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 period	1,408	NT\$ 155.00	1,448	NT\$ 173.50
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(20)	-	(12)	-
Options exercised	-	-	-	-
Options revoked	-	-	-	-
Options outstanding at end of period	<u>1,388</u>	NT\$ 155.00	<u>1,436</u>	NT\$ 163.90
Options exercisable at end of period	<u>-</u>	-	<u>-</u>	-

(b) Details of the seventh plan of employee stock options outstanding as of March 31, 2020 is as follow.

	Three months ended March 31	
	2020	
	No. of units (in thousands)	Weighted- average exercise price (in dollars)
<u>Stock options</u>		
Options outstanding at beginning of period	1,466	NT\$ 201.00
Options granted	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-
Options waived	(19)	-
Options exercised	-	-
Options revoked	-	-
Options outstanding at end of period	<u>1,447</u>	NT\$ 201.00
Options exercisable at end of period	<u>-</u>	-

C. As of March 31, 2020, December 31, 2019 and March 31, 2019, the range of exercise prices of stock options outstanding was \$155~\$201, \$173.5~\$212.5 and \$173.5 (in dollars), respectively; the weighted-average remaining contractual period was as follows:

Type of arrangement	March 31, 2020	December 31, 2019	March 31, 2019
Sixth plan of employee stock options	4.25 years	4.5 years	5.25 years
Seventh plan of employee stock options	5.25 years	5.5 years	-

D. 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 (Note)	Exercise price	Expected price volatility	Expected duration	Expected dividend yield rate	Risk-free interest rate	Fair value per unit
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

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

	Three months ended March 31	
	2020	2019
Equity-settled	\$ 5,072	\$ 2,524

(20) Share capital

- A. As of March 31, 2020, the Company's authorized capital was \$800,000, consisting of 80 million shares of ordinary stock (including 6 million shares reserved for employee stock options), and the paid-in capital was \$671,051 with a par value of NT\$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. As of March 31, 2020, December 31, 2019 and March 31, 2019, the associate of the Group held 276 thousand shares.

(21) 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:

	Share premium	Employee stock options	Others	Total
At January 1, 2020	\$ 2,186,678	\$ 19,667	\$ 1,686	\$ 2,208,031
Share-based payment transaction	-	5,007	-	5,007
At March 31, 2020	\$ 2,186,678	\$ 24,674	\$ 1,686	\$ 2,213,038

	Share premium	Employee stock options	Others	Total
At January 1, 2019	\$ 2,188,235	\$ 5,238	\$ -	\$ 2,193,473
Share-based payment transaction	-	2,502	-	2,502
At March 31, 2019	\$ 2,188,235	\$ 7,740	\$ -	\$ 2,195,975

(22) 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' remuneration, 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' remuneration 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.

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 Jin-Guan-Zheng-Fa-Zi Order No. 1010012865, 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 2018 and 2017 earnings had been resolved at the stockholders' meeting on May 30, 2019 and May 31, 2018, respectively. Details are summarised below:

	<u>2018</u>	<u>2017</u>
Legal reserve	\$ 80,691	\$ 76,134
(Reversal) special reserve	(30,041)	32,139
Cash dividends	<u>726,078</u>	<u>647,313</u>
Total	<u>\$ 776,728</u>	<u>\$ 755,586</u>

F. The appropriations of 2019 earnings had been proposed by the Board of Directors during its meeting on March 9, 2020.

Details are summarised below:

	<u>2019</u>	
	<u>Amount</u>	<u>Dividends per share (in NT dollars)</u>
Legal reserve	\$ 80,492	\$ -
Reversal of special reserve	(2,243)	-
Cash dividends	<u>726,749</u>	<u>10.83</u>
Total	<u>\$ 804,998</u>	<u>\$ 10.83</u>

The appropriations of 2019 earnings has not yet been resolved at the stockholders' meeting as of March 31, 2020.

(23) Operating revenue

	<u>Three months ended March 31</u>	
	<u>2020</u>	<u>2019</u>
Revenue from contracts with customers	<u>\$ 1,300,056</u>	<u>\$ 1,283,837</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines and geographical regions:

Three months ended	Domestic	China	Macau	United States	Total
March 31, 2020					
Total segment revenue	\$ 1,472,671	\$ 24,186	\$ 207,142	\$ 24,672	\$ 1,728,671
Inter-segment revenue	(400,453)	(8,625)	(19,537)	-	(428,615)
Revenue from external customer contracts	<u>\$ 1,072,218</u>	<u>\$ 15,561</u>	<u>\$ 187,605</u>	<u>\$ 24,672</u>	<u>\$ 1,300,056</u>
Timing of revenue recognition					
Over a period time	<u>\$ 1,072,218</u>	<u>\$ 15,561</u>	<u>\$ 187,605</u>	<u>\$ 24,672</u>	<u>\$ 1,300,056</u>

Three months ended	Domestic	China	Macau	United States	Total
March 31, 2019					
Total segment revenue	\$ 1,379,759	\$ 39,655	\$ 245,987	\$ 26,075	\$ 1,691,476
Inter-segment revenue	(386,453)	(13,186)	(8,000)	-	(407,639)
Revenue from external customer contracts	<u>\$ 993,306</u>	<u>\$ 26,469</u>	<u>\$ 237,987</u>	<u>\$ 26,075</u>	<u>\$ 1,283,837</u>
Timing of revenue recognition					
Over a period time	<u>\$ 993,306</u>	<u>\$ 26,469</u>	<u>\$ 237,987</u>	<u>\$ 26,075</u>	<u>\$ 1,283,837</u>

B. Contract assets and liabilities

(a) Details on contract assets are provided in Note 6(11).

(b) Contract liabilities:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
Receipts in advance	\$ 15,549	\$ 50,005

	<u>March 31, 2019</u>	<u>January 1, 2019</u>
Receipts in advance	\$ 111,992	\$ 140,580

(c) Revenue recognised that was included in the contract liability balance at the beginning of the period

	<u>Three months ended March 31</u>	
	<u>2020</u>	<u>2019</u>
Contract assets:		
Contract assets relating to IT consulting contracts		
Receipts in advance	\$ 36,545	\$ 35,043

C. Assets recognised from costs to fulfill a contract

When the Company entered into the operation and maintenance service of refuse incineration plant contracts with customers in 2017, the construction cost incurred at the beginning should be recognised as other non-current assets in the balance sheet under IFRS 15.

As at March 31, 2020, December 31, 2019 and March 31, 2019, the balance was \$104,610, \$120,909 and \$0, respectively, and the amounts amortised to cost were \$16,299 and \$0 for the three months ended March 31, 2020 and 2019, respectively.

The asset is amortised on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue.

(24) Other income

	<u>Three months ended March 31</u>	
	<u>2020</u>	<u>2019</u>
Interest income:		
Interest income from bank deposits	\$ 1,127	\$ 3,224
Other interest income	76	6
Total interest income	1,203	3,230
Other income	11,130	6,653
	<u>\$ 12,333</u>	<u>\$ 9,883</u>

(25) Other gains and losses

	Three months ended March 31	
	2020	2019
Gains on disposals of property, plant and equipment	\$ 208	\$ -
Foreign exchange gains (losses)	(80)	663
Gains on financial assets at fair value through profit or loss	881	760
Gains arising from lease modifications	98	-
Miscellaneous disbursements	(6)	(1)
	<u>\$ 1,101</u>	<u>\$ 1,422</u>

(26) Finance cost

	Three months ended March 31	
	2020	2019
Interest expense		
Interest expense arising from bank borrowings	\$ 9,447	\$ 9,585
Interest expense arising from lease liabilities	133	161
	<u>\$ 9,580</u>	<u>\$ 9,746</u>

(27) Expenses by nature

	Three months ended March 31	
	2020	2019
Employee benefit expense	\$ 274,961	\$ 294,031
Depreciation charges on property, plant and equipment	73,078	42,754
Depreciation charges on right-of-use asset	9,200	9,046
Amortisation	2,354	2,502
Incinerator equipment costs	108,104	101,131
Materials	171,078	158,525
Sub-contract costs	172,526	172,917
Insurance	10,537	10,263
Other expenses	193,187	199,742
	<u>\$ 1,015,025</u>	<u>\$ 990,911</u>

(28) Employee benefit expense

	Three months ended March 31	
	2020	2019
Salaries	\$ 230,024	\$ 251,718
Employee stock options	5,072	2,524
Labor and health insurance fees	17,286	17,330
Pension costs	11,165	11,051
Other personnel expenses	11,414	11,408
	<u>\$ 274,961</u>	<u>\$ 294,031</u>

- A. As of March 31, 2020 and 2019, the Group had 962 and 971 employees, respectively.
- B. 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.
- C. For the three months ended March 31, 2020 and 2019, employees' compensation was accrued at \$87 and \$87, respectively; directors' and supervisors' remuneration was accrued at \$1,300 and \$1,300, respectively. The aforementioned amounts were recognised 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 as of the end of December 31, 2019. The employees' compensation and directors' and supervisors' remuneration have not yet been resolved by the Board of Directors. The employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2019 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2019 financial statements, however, they have not yet been approved by the shareholders.

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.

(29) Income tax

A. Components of income tax expense:

	Three months ended March 31	
	2020	2019
Current tax:		
Current tax on profits for the period	\$ 54,847	\$ 54,509
Deferred tax:		
Origination and reversal of temporary differences	1,016	1,911
Effect of exchange rate changes	298	348
Income tax expense	<u>\$ 56,161</u>	<u>\$ 56,768</u>

B. As of March 31, 2020, except for ECOVE Waste Management Corporation's income tax returns through 2017, the Company's and its subsidiaries' income tax returns through 2018 have been assessed and approved by the Tax Authority.

(30) Earnings per share

	Three months ended March 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share:</u>			
Profit attributable to owners of the parent	\$ 204,586	67,105	<u>\$ 3.05</u>
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	245	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 204,586</u>	<u>67,350</u>	<u>\$ 3.04</u>

Three months ended March 31, 2019			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share:</u>			
Profit attributable to owners of the parent	\$ 196,577	67,105	\$ <u>2.93</u>
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	<u>125</u>	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	\$ <u>196,577</u>	<u>67,230</u>	\$ <u>2.92</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 57.31% of the Company's shares. The remaining 42.69% 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
E&C Engineering Corp.	Associate

(3) Significant transactions and balances with related parties

A. Operating revenue

	Three months ended March 31	
	2020	2019
Operating revenue:		
Ultimate parent company	\$ 652	\$ 5,501
Associates	-	22
	<u>\$ 652</u>	<u>\$ 5,523</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 and approximately the same as those with third parties.

(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

	Three months ended March 31	
	2020	2019
Purchases of goods and services:		
Ultimate parent company	\$ 1,080	\$ 1,200
Associates	49,332	39,197
	<u>\$ 50,412</u>	<u>\$ 40,397</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 and approximately the same as those with third parties.

C. Period-end balances arising from sales of services

	March 31, 2020	December 31, 2019	March 31, 2019
Accounts receivable:			
Ultimate parent company	\$ 771	\$ 571	\$ 4,779
Associates	-	-	23
	<u>\$ 771</u>	<u>\$ 571</u>	<u>\$ 4,802</u>

D. Period-end balances arising from purchases of services

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Accounts payable:			
Ultimate parent company	\$ 6,406	\$ 5,278	\$ 5,463
Associates	<u>32,691</u>	<u>22,614</u>	<u>26,940</u>
	<u>\$ 39,097</u>	<u>\$ 27,892</u>	<u>\$ 32,403</u>

E. Other receivables-related parties

(a) Reclassified from accounts receivable

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Ultimate parent company	\$ 85	\$ -	\$ 6,351

Certain accounts receivable from related parties which are not on regular collection terms, were reclassified to “other receivables-related parties” whose aging is from 121 to 730 days.

(b) Others

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Other receivables:			
Associates (Note)	<u>\$ 847</u>	<u>\$ 792</u>	<u>\$ 217</u>

Note: The receivable is a result of the personnel’s transfer from related parties and apportioned office expenses.

F. Loans to related parties

(a) Receivables from related parties

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
CTCI Machinery Corp.	<u>\$ 30,000</u>	<u>\$ 30,026</u>	<u>\$ -</u>

(b) Interest income

	<u>Three months ended March 31</u>	
	<u>2020</u>	<u>2019</u>
Associates (Note 1)	<u>\$ 76</u>	<u>\$ 6</u>

Note 1: The terms of lending include interest to be calculated and received monthly, using the annual rate of 1.01% for the three months ended March 31, 2020 and 2019.

G. Other income

	Three months ended March 31	
	2020	2019
Associates	\$ 30	\$ 209

Note : The income is a result of the personnel's transfer from related parties and sales of scraps.

H. Other payables-related parties

(a) Operating expenses

	Three months ended March 31	
	2020	2019
Ultimate parent comopany	\$ 1,831	\$ 2,127

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

(b) As of March 31, 2020, December 31, 2019 and March 31, 2019, the unpaid amounts are as follows (shown as other payables):

	March 31, 2020	December 31, 2019	March 31, 2019
Ultimate parent company	\$ 1,781	\$ 3,337	\$ 6,071
Associates	317	28	-
	<u>\$ 2,098</u>	<u>\$ 3,365</u>	<u>\$ 6,071</u>

I. Leasing arrangements - lease

(a) As of March 31, 2020, 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	\$252/year	2019.1.1~2028.12.31
Associates	Buildings and structures	\$285/year	2010.7.22~2029.7.21

(b) Lease liabilities:

	March 31, 2020	December 31, 2019	March 31, 2019
Ultimate parent company	\$ 1,682	\$ 1,641	\$ 8,466
Associates	2,623	2,621	17,782
	<u>\$ 4,305</u>	<u>\$ 4,262</u>	<u>\$ 26,248</u>

(c) Interest expense on lease liabilities

	Three months ended March 31	
	2020	2019
Ultimate parent company	\$ 3	\$ 14
Associates	14	30
	<u>\$ 17</u>	<u>\$ 44</u>

J. Property transactions:

Acquisition of prepayments for business facilities

	Three months ended March 31	
	2020	2019
Associates	\$ 2,003	\$ -

K. Endorsements and guarantees for others

	March 31, 2020	December 31, 2019	March 31, 2019
Joint ventures	<u>\$ 220,500</u>	<u>\$ 220,500</u>	<u>\$ -</u>

(4) Key management compensation

	Three months ended March 31	
	2020	2019
Salaries and other short-term employee benefits	\$ 9,511	\$ 9,282
Post-employment benefits	376	316
Total	<u>\$ 9,887</u>	<u>\$ 9,598</u>

8. PLEGDED ASSETS

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

Assets	Book value			Purposes
	March 31, 2020	December 31, 2019	March 31, 2019	
Other current assets				
Restricted bank deposits	\$ -	\$ -	\$ 44,230	Guarantee for bid
Property, plant and equipment	311,376	442,234	174,377	Guarantee for long-term loans
Right-of-use assets	-	-	15,954	Guarantee for long-term loans
Other non-current assets				
Refundable deposits	22,380	21,082	15,841	Guarantee for bid rent, performance guarantee, tender bond and staff dormitory
Restricted bank deposits	41,227	44,327	-	Guarantee for bid rent, performance guarantee, tender bond and staff dormitory
	<u>\$ 374,983</u>	<u>\$ 507,643</u>	<u>\$ 250,402</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

In addition to those items which have been disclosed in Note 6(10), the significant commitments and contingent liabilities of the Group as of March 31, 2020 are as follows:

- (1) The subsidiaries 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 March 31, 2020, the total amount of guarantee notes issued amounted to \$4,804,641.
- (2) As of March 31, 2020, for contractual guarantee, performance guarantee, waste collection and other guarantees, the subsidiaries have a performance letter of guarantee issued by the bank amounting to \$1,058,940.
- (3) As of March 31, 2020, the subsidiaries had outstanding commitments for service contracts amounting to \$217,985.
- (4) As of March 31, 2020, the subsidiaries had unused letters of credit for importing materials and sub-contract amounting to \$2,860.
- (5) On October 28, 2014, the Environmental Protection Bureau New Taipei City Government requested the subsidiary, ECOVE Environmental Service Corp. to pay a substantial amount of air pollution control fee of \$54,267 in accordance with the action stated in Bei-Huan-Kong-Zi Letter No. 1031588875 (the original action) and the judgement rendered by an administrative court of New Taipei City Government. ECOVE Environmental Service Corp., disagreed and filed an appeal for revocation of the original action and administrative decision on July 6, 2015, and was dismissed by Taiwan High Administrative Court. Therefore, ECOVE Environmental Service Corp., filed an appeal to Supreme Administrative Court. On January 31, 2018, the Supreme Administrative Court reversed the Taiwan High Administrative Court's ruling and remanded the case to the Taiwan High Administrative Court. On November 14, 2019, the Taiwan High Court rendered a judgement to revoke both the subsequent decision on the administrative appeal and the original penalty, that is, the Environmental Protection Department of the New Taipei City Government shall "return" \$54,267 to the plaintiff, ECOVE Environment Services Corp., but dismissed the remaining appeals made by the plaintiff. In March 2020, ECOVE Environment Services Corp. received the payment for the air pollution control fee amounting to \$54,267.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company during its meeting on March 9, 2020 resolved to issue employee stock warrants of 1,500 units which was approved by the Financial Supervisory Commission, Securities and Futures on April 13, 2020.

12. OTHERS

(1) Capital risk management

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2019.

The gearing ratios at March 31, 2020, December 31 2019, and March 31, 2019 were as follows:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Total borrowings	\$ 1,837,944	\$ 1,866,712	\$ 1,698,656
Total equity	\$ 5,829,944	\$ 5,592,803	\$ 5,685,459
Gearing ratio	32%	33%	30%

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</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	\$ -	\$ 10,933	\$ 268,233
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	111,807	124,575	112,672
	<u>\$ 111,807</u>	<u>\$ 135,508</u>	<u>\$ 380,905</u>

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
<u>Financial assets</u>			
Financial assets at amortised cost			
Cash and cash equivalents	\$ 2,046,562	\$ 1,679,523	\$ 1,824,162
Financial assets at amortised cost	49,179	247,014	30,460
Notes receivable	1,178	481	962
Accounts receivable	1,260,496	1,194,176	1,160,072
Accounts receivable-related parties	771	571	4,802
Other receivables	3,631	103,685	9,089
Other receivables-related parties	30,932	30,818	6,568
Guarantee deposits paid	22,380	21,082	15,841
Other financial assets	41,227	44,327	44,230
	<u>\$ 3,456,356</u>	<u>\$ 3,321,677</u>	<u>\$ 3,096,186</u>
	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 249,700	\$ 305,000	\$ 56,000
Short-term notes and bills payable	16,000	-	-
Notes payable	313	-	1,021
Accounts payable	584,643	652,577	593,421
Accounts payable-related parties	39,097	27,892	32,403
Other payables	289,428	421,493	326,188
Other payables-related parties	2,098	3,365	6,071
Long-term borrowings (including current portion)	1,588,244	1,561,712	1,642,656
Guarantee deposits received	188,711	184,408	184,373
	<u>\$ 2,958,234</u>	<u>\$ 3,156,447</u>	<u>\$ 2,842,133</u>
Lease liability	<u>\$ 70,535</u>	<u>\$ 69,625</u>	<u>\$ 100,866</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 RMB. Exchange rate risk arises from future commercial transactions and recognised 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:

March 31, 2020			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 890	30.254	\$ 26,926
MOP : NTD	49,532	3.783	187,380
 <u>Financial Liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	3,599	3.783	13,615

December 31, 2019			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 416	30.150	\$ 12,530
MOP : NTD	47,563	3.754	178,527
 <u>Financial Liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	4,103	3.754	15,400

March 31, 2019			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 7,681	30.830	\$ 236,805
CNY : NTD	7,846	4.577	35,911
MOP : NTD	55,887	3.808	212,818
 <u>Financial Liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	4,301	3.808	16,378

- v. The unrealised exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2020 and 2019 amounted to \$241 and (\$59), respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Three months ended March 31, 2020			
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%	\$ 269	\$ -
MOP : NTD	1.00%	1,874	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1.00%	136	-
Three months ended March 31, 2019			
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%	\$ 2,368	\$ -
CNY : NTD	1.00%	359	-
MOP : NTD	1.00%	2,128	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1.00%	164	-

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 three months ended March 31, 2020 and 2019, 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 accounts receivable. On March 31, 2020, December 31, 2019 and March 31, 2019, the provision matrix is as follows:

	<u>Excellent customers (Note 1)</u>	<u>General customers (Note 2)</u>	<u>Total</u>
<u>At March 31, 2020</u>			
Expected loss rate	0%	0%	
Total book value	\$ 2,894,618	\$ 151,812	\$ 3,046,430
Loss allowance	\$ -	\$ -	\$ -
	<u>Excellent customers (Note 1)</u>	<u>General customers (Note 2)</u>	<u>Total</u>
<u>At December 31, 2019</u>			
Expected loss rate	0%	0%	
Total book value	\$ 2,898,997	\$ 141,389	\$ 3,040,386
Loss allowance	\$ -	\$ -	\$ -

	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At March 31, 2019</u>			
Expected loss rate	0%	0%	
Total book value	\$ 2,990,491	\$ 233,341	\$ 3,223,832
Loss allowance	\$ -	\$ -	-

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

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

(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>March 31, 2020</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 250,564	\$ -
Short-term notes and bills payable	16,000	-
Notes payable	313	-
Accounts payable (including related parties)	623,740	-
Other payables (including related parties)	291,526	-
Lease liabilities	27,321	47,168
Long-term borrowings (including current portion)	154,114	1,610,824
Other non-current liabilities	188,711	-

Non-derivative financial liabilities

<u>December 31, 2019</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 306,595	\$ -
Accounts payable (including related parties)	680,469	-
Other payables (including related parties)	424,858	-
Lease liabilities	29,201	45,899
Long-term borrowings (including current portion)	137,215	1,617,248
Other non-current liabilities	184,408	-

Non-derivative financial liabilities

<u>March 31, 2019</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 56,489	\$ -
Notes payable	1,021	-
Accounts payable (including related parties)	625,824	-
Other payables (including related parties)	332,259	-
Lease liabilities	8,980	91,886
Long-term borrowings (including current portion)	137,979	1,746,164
Other non-current liabilities	184,373	-

(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:

March 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 111,264</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 111,807</u>
December 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 10,933	\$ -	\$ -	\$ 10,933
Financial assets at fair value through other comprehensive income				
Equity securities	<u>124,032</u>	<u>-</u>	<u>543</u>	<u>124,575</u>
Total	<u>\$ 134,965</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 135,508</u>
March 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 268,233	\$ -	\$ -	\$ 268,233
Financial assets at fair value through other comprehensive income				
Equity securities	<u>112,129</u>	<u>-</u>	<u>543</u>	<u>112,672</u>
Total	<u>\$ 380,362</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 380,905</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 three months ended March 31, 2020 and 2019, there were no transfers between Level 1 and Level 2.

F. For the three months ended March 31, 2020 and 2019, there were no transfers into or out from Level 3.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please 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: Please refer to table 4.

E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

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: Please refer to table 5.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 10.

(4) Major shareholders information

Please refer to table 11.

14. OPERATING SEGMENT FINANCIAL INFORMATION

(1) 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. segment

(2) 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:

	Three months ended March 31	
	2020	2019
Revenue from external customers	\$ 1,300,056	\$ 1,283,837
Inter-segment revenue	428,615	407,639
Total segment revenue	<u>\$ 1,728,671</u>	<u>\$ 1,691,476</u>
Segment income	<u>\$ 285,031</u>	<u>\$ 292,926</u>
Depreciation	<u>\$ 82,278</u>	<u>\$ 51,800</u>
Amortisation	<u>\$ 2,354</u>	<u>\$ 2,502</u>

(3) Reconciliation information of segmental income

A reconciliation of adjusted EBITDA for reportable segment and income from continuing operations before income tax for the three months ended March 31, 2020 and 2019 is provided as follows:

	Three months ended March 31	
	2020	2019
Adjusted EBITDA for reportable segment	\$ 285,031	\$ 292,926
Financial cost, net	(9,580)	(9,746)
Others	22,372	18,025
Income from continuing operations before income tax	<u>\$ 297,823</u>	<u>\$ 301,205</u>

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Loans to others
Three months ended March 31, 2020

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 1

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the three months ended March 31, 2020 (Note 3)	Balance at March 31, 2020 (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	\$ 200,000	\$ 200,000	\$ 200,000	1.01%	2	\$ -	For operational needs	\$ -	\$ -	\$ -	\$ 518,467	\$ 2,073,867	-
1	ECOVE Environment Services Corp.	ECOVE Solvent Recycling Corporation	"	"	36,000	36,000	6,000	1.01%	"	"	"	-	-	-	87,854	351,418	-
1	"	E&C Engineering Corp.	"	"	30,000	30,000	-	-	"	"	"	-	-	-	87,854	351,418	-
1	"	CTCI Machinery Corp.	"	"	30,000	30,000	30,000	1.01%	"	"	"	-	-	-	87,854	351,418	-
2	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	"	"	90,000	90,000	-	-	"	"	"	-	-	-	425,482	425,482	-
2	"	ECOVE South Corporation Ltd.	"	"	14,000	14,000	14,000	1.71%	"	"	"	-	-	-	425,482	425,482	-

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 recognised, 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 during the three-month period ended March 31, 2020.

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 to a single party shall not exceed 10% of the Company's net assets value.

(2) The ceiling on totals loans shall not exceed 40% of the Company's net assets value.

(3) The limit on loans granted to a single party of ECOVE Solar Energy Corporation shall not exceed 40% of its net assets value.

(4) The ceiling on totals loans of ECOVE Solar Energy Corporation shall not exceed 40% of its net assets 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 alements 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

Three months ended March 31, 2020

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Company name	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 March 31, 2020 (Note 4)	Outstanding endorsement/ guarantee amount at March 31, 2020 (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/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	ECOVE Environment Corp.	ECOVE South Corporation Ltd.	2	\$ 10,369,334	\$ 150,000	\$ 150,000	\$ 40,700	-	2.89%	\$ 15,554,001	Y	N	N	-
0	"	ECOVE Solar Power Corporation	2	10,369,334	417,000	417,000	261,273	-	8.04%	15,554,001	Y	N	N	-
0	"	ECOVE Solar Energy Corporation	2	10,369,334	2,108,706	2,107,800	1,060,054	-	40.65%	15,554,001	Y	N	N	-
0	"	ECOVE Solvent Recycling Corporation	2	10,369,334	213,400	157,600	126,025	-	3.04%	15,554,001	Y	N	N	-
0	"	EVER ECOVE Corporation	6	10,369,334	220,500	220,500	39,034	-	4.25%	15,554,001	N	N	N	-
1	ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	2	4,254,823	14,000	14,000	12,250	-	1.32%	6,382,234	N	N	N	-
1	"	ECOVE Solar Power Corporation	2	4,254,823	757,076	757,076	510,195	-	71.17%	6,382,234	N	N	N	-
2	ECOVE Solar Power Corporation	ECOVE Solar Energy Corporation	3	1,094,336	12,420	12,420	12,420	-	4.54%	1,641,505	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 500% 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 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 by accountant.

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

Note 5: Once endorsement / guarantee contracts or promissory notes are signed / issued by the endorser / guarantor company to the banks, the endorser/guarantor company bears endorsement/guarantee liabilities. And all other events involve endorsements and guarantees should be included in the balance of outstanding endorsements and guarantees.

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)

March 31, 2020

Securities held by	Marketable securities (Note 1)		Relationship with the securities issuer (Note 2)	General ledger account	Number of shares/denominations	March 31, 2020		Footnote (Note 4)
	Type	Name				Book value (Note 3)	Ownership (%)	
ECOVE Environment Corp.	Common Stock	Taiwan Cement Corp.	N/A	Financial assets at fair value through other comprehensive income-current Adjustment	505,902	\$ 16,671	\$ 19,629	-
"	"	Teamwin Opto-Electronics Co., Ltd.	"	Financial assets at fair value through other comprehensive income-non-current	150,000	\$ 2,361	\$ 475	-
"	"	Eastern Pacific Energy Sdn. Bhd less: Accumulated impairment	The Chairman of the Company is the Board of Director	"	10,000	81	68	-
ECOVE Wujih Energy Corp.	Common Stock	Taiwan Cement Corp.	N/A	Financial assets at fair value through other comprehensive income- current	508,845	\$ 19,743	\$ 543	-
ECOVE Environment Services Corp.	Common Stock	CTCI Corp.	Ultimate parent company	Financial assets at fair value through other comprehensive income-current	1,028	28	28	-
"	"	Taiwan Cement Corp.	N/A	"	1,339,745	51,982	51,982	-
ECOVE Waste Management Corp.	"	Taiwan Cement Corp.	"	Financial assets at fair value through other comprehensive income-current	512,411	19,882	19,882	-

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

Three months ended March 31, 2020

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, 2020		Addition (Note 3)		Disposal (Note 3)		Balance as at March 31, 2020	
					Number of shares	Amount	Number of shares	Amount	Selling price	Book value	Number of shares	Amount
ECOVE Environmental Services Corp.	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	\$ -	11,041,102	\$ 150,000	\$ 150,190	\$ 150,000	190	\$ -
"	Capital Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	9,260,002	150,000	150,080	150,000	80	-
ECOVE Waste Management Corp.	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	14,173,818	211,000	211,125	211,000	125	-

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 NTD\$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 NTD\$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

Purchases or sales of goods from or to related parties reaching NTS100 million or 20% of paid-in capital or more

Three months ended March 31, 2020

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)	
			Purchases (sales) (Waste disposal revenue)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	Affiliate	(S 114,688)	(S 114,688)	59%	30 days quarterly	No significant difference	S 74,054	26%	-
ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	(Operating revenue)	(161,395)	20%	"	"	110,447	17%	-
ECOVE Waste Management Corp.	ECOVE Environment Services Corp.	"	Waste disposal cost	161,395	51%	"	"	(110,447)	59%	-
"	ECOVE Wujih Energy Corp.	"	"	114,688	36%	"	"	(74,054)	39%	-

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 NTS10 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 NTS 100 million or 20% of paid-in capital or more

March 31, 2020

Table 6

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2020 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Action taken			
					Amount	Note 3		
ECOVE Environment Services	ECOVE Waste Management Corp.	Affiliate	\$ 110,447	1.53	-	Note 3	\$ -	-
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	A subsidiary	203,586	Note 3	-	-	-	-

Note 1: Fitt 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 NTS 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: Other accounts receivable arise from lending capital.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
Significant inter-company transactions during the reporting period

Three months ended March 31, 2020

Table 7 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	
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	1	Other accounts receivable	\$ 203,586	2.12%
0	"	ECOVE Solar Energy Corporation	1	Endorsements and guarantees	2,107,800	N/A
0	"	ECOVE Solar Power Corporation	1	"	417,000	N/A
0	"	ECOVE South Corporation Ltd.	1	"	150,000	N/A
0	"	ECOVE Solvent Recycling Corporation	1	"	157,600	N/A
1	ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	3	Operating revenue	114,688	8.82%
2	ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	"	161,395	12.41%
2	"	ECOVE Miaoli Energy Corp.	"	"	114,815	8.83%
2	"	ECOVE Wujih Energy Corp.	"	"	61,790	4.75%
2	"	ECOVE Waste Management Corp.	"	Accounts receivable	110,447	1.15%
3	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	"	Endorsements and guarantees	757,076	N/A
4	SINOGAL-Waste Services Co., Ltd.	ECOVE Environment Services Corp.	2	Operating revenue	14,072	1.08%

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)

Three months ended March 31, 2020

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2020			Net profit (loss) of the investee for the three months ended March 31, 2020	Investment income (loss) recognised by the Company for the three months ended March 31, 2020	Footnote
				Balance as at March 31, 2020	Balance as at December 31, 2019	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%	\$ 1,009,402	\$ 69,125	\$ 69,125 A subsidiary	
ECOVE Environment Corp.	ECOVE Environment Services Corp.	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance, etc.	339,921	339,921	14,065,936	93.15%	835,161	76,989	71,328 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%	111,716	12,188	12,188 A subsidiary	
ECOVE Environment Corp.	ECOVE Miaoili Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	1,012,483	1,012,483	56,249,000	74.999%	1,041,447	31,123	23,341 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%	39,363	28	28 A subsidiary	
ECOVE Environment Corp.	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	Share holding and investment	309,489	309,489	13,333,333	20.00%	308,932	(1,147)	\$ 5,913 An investee under equity method	

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

		Initial investment amount					Shares held as at March 31, 2020			Net profit (loss)		Investment income (loss)	
Investor	Investee	Main business activities	Location	Balance as at March 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value	of the investee for the three months ended		recognised by the Company for the three months ended		Footnote
									March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Energy technology services etc.	Taiwan	\$ 1,062,348	\$ 1,062,348	84,078,782	100.00%	\$ 1,187,396	\$	24,449	\$	24,449	A subsidiary
ECOVE Environment Corp.	EVER ECOVE Corporation	Waste services, waste clean and co-generation	Taiwan	50,000	50,000	5,000,000	5.00%	48,395	(4,398	(220)	An investee under equity method
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Operating basic chemical industry and manufacture of other chemical products	Taiwan	86,480	86,480	8,099,000	89.99%	83,465		3,240		2,916	A subsidiary
ECOVE Environment Services Corp.	CTCI Chemicals Corp.	Industrial chemicals' wholesale manufacturing and retail.	Taiwan	24,851	24,851	1,910,241	26.90%	69,100		12,059		3,245	Affiliate
ECOVE Environment Services Corp.	ECOVE Miaofei Energy Corp.	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	Taiwan	13	13	1,000	0.001%	19		31,123		-	Affiliate
ECOVE Environment Services Corp.	SINOGAL-Waste Services Co., Ltd.	Management of waste recycling site and maintenance of related mechanical and equipment etc.	Macau	4,964	4,964	-	30.00%	98,110		33,694		10,177	A subsidiary

Initial investment amount		Shares held as at March 31, 2020				Investment income (loss)					
Investor	Investee	Location	Main business activities	Balance as at	Balance as at	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three months ended March 31, 2020	Investment income (loss) recognised by the Company for the three months ended March 31, 2020	Footnote
				December 31, 2019	March 31, 2020						
ECOVE Environment Services Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	10	10	1,000	0.01%	\$	8	\$ 3,240	- Affiliate
ECOVE Waste Management Corp.	ECOVE Environmental Services Corp.	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance, etc.	53	53	1,000	0.01%	55	76,989	- Affiliate	
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Taiwan	Energy technology services etc.	230,000	230,000	23,000,000	100.00%	273,584	17,341	17,341	A subsidiary
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Taiwan	Energy technology services etc.	30,500	30,500	3,050,000	100.00%	33,258	355	355	A subsidiary
ECOVE Solar Energy Corporation	G.D. International, LLC.	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	384,005	3,384	3,384	A subsidiary
G.D. International, LLC.	Lumberton Solar W2-090, LLC	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	383,265	3,418	3,418	A subsidiary

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
 Information on investments in Mainland China
 Three months ended March 31, 2020

Table 9

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, 2020	Amount remitted from Taiwan to Mainland China/ Amount		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020	Net income of investee for the three months ended March 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2020 (Note 2)(2)B	Book value of investments in Mainland China as of March 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2020	Footnote
					Remitted to Mainland China	Reitted 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.	\$ 4,147	1	\$ 4,147	-	\$ -	\$ 4,147	\$ 1,487	93.16%	\$ 1,487	\$ 13,407	\$ 24,178	-
				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			\$ 3,110,800						
ECOVE Environment Corp.		\$ 4,147		\$ 4,147			\$ 4,147			\$ 1,487	\$ 13,407	\$ 24,178	-

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) recognised by the Company for the three-month period ended March 31, 2020 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 reviewed by international accounting firm which has cooperative relationship with accounting firm in P.O.C.
- B. Investment income (loss) of non-significant subsidiaries was recognized based on the reviewed 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.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
Three months ended March 31, 2020

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)	Provision of endorsements/guarantees or collaterals		Financing		Interest during the three months ended March 31, 2020	
	Amount	%	Amount	%		Balance at March 31, 2020	Balance at March 31, 2020	Purpose	Balance at March 31, 2020		Interest rate
ECOVE Environment Consulting Corp.	\$ 8,625	1.08%	-	-	\$ 38,048	7.3%	-	-	\$ -	-	\$ -
							Maximum balance during the three months ended March 31, 2020				
							\$ -				\$ -

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
Major shareholders information
March 31, 2020

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
CTCI Corp.	38,457,105	57%
Fubon Life Assurance Co., Ltd	4,567,507	7%