

**ECOVE ENVIRONMENT CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
JUNE 30, 2021 AND 2020**

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

INDEPENDENT AUDITORS' REVIEW REPORT 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 June 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and six months then ended as well as the consolidated statements of changes in equity and of cash flows for the six 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

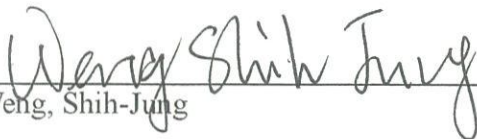
As explained in Notes 4(3)B and 6(7), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method were not reviewed by independent auditors. Those statements reflect total assets of NT\$1,240,179 thousand and NT\$1,195,682 thousand, constituting 11% and 12% of the consolidated total assets, and total liabilities of NT\$341,760 thousand and NT\$434,398 thousand, constituting 5% and 9% of the consolidated total liabilities as at June 30, 2021 and 2020, 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\$56,198 thousand, NT\$89,508 thousand, NT\$154,794 thousand and NT\$143,092 thousand, constituting 22%, 39%, 29% and 31% of the consolidated total comprehensive income for the three months and six months then ended, respectively.



資誠

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 auditors as described in the Basis for qualified conclusion section above, 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 June 30, 2021 and 2020, and of its consolidated financial performance for the three months and six months then ended and its consolidated cash flows for the six months then ended 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.


Weng, Shih-Jung


Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

July 30, 2021

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The balance sheets as of June 30, 2021 and 2020 are reviewed, not audited)

Assets	Notes	June 30, 2021		December 31, 2020		June 30, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,630,205	14	\$ 533,625	6	\$ 395,839	4
1110	Current financial assets at fair value through profit or loss	6(2)	1,597,525	14	1,405,767	14	1,691,808	17
1120	Current financial assets at fair value through other comprehensive income	6(3)	153,868	1	129,482	1	122,314	1
1136	Current financial assets at amortised cost	6(4)	131,652	1	108,925	1	139,129	2
1140	Current contract assets	6(25)	555,259	5	512,733	5	495,392	5
1150	Notes receivable, net		125	-	88	-	2,629	-
1170	Accounts receivable, net	6(5)	906,074	8	840,100	9	786,593	8
1180	Accounts receivable - related parties, net		216	-	-	-	794	-
1200	Other receivables		2,126	-	908	-	1,897	-
1210	Other receivables - related parties	7	278,715	3	30,084	-	44,187	1
130X	Inventories		70,311	1	74,927	1	75,162	1
1410	Prepayments	6(6)	154,644	1	99,519	1	127,251	1
11XX	Total current assets		<u>5,480,720</u>	<u>48</u>	<u>3,736,158</u>	<u>38</u>	<u>3,882,995</u>	<u>40</u>
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	543	-	543	-	543	-
1550	Investments accounted for using equity method	6(7)	501,879	4	482,853	5	423,281	4
1600	Property, plant and equipment, net	6(8) and 8	3,596,690	31	3,484,650	35	3,147,911	32
1755	Right-of-use assets	6(9)	75,653	1	81,511	1	94,164	1
1780	Intangible assets	6(10)	136,153	1	136,153	1	136,153	2
1840	Deferred income tax assets		28,902	-	27,162	-	27,088	-
1900	Other non-current assets	6(11) and 8	1,694,978	15	1,936,966	20	2,097,628	21
15XX	Total non-current assets		<u>6,034,798</u>	<u>52</u>	<u>6,149,838</u>	<u>62</u>	<u>5,926,768</u>	<u>60</u>
1XXX	Total assets		<u>\$ 11,515,518</u>	<u>100</u>	<u>\$ 9,885,996</u>	<u>100</u>	<u>\$ 9,809,763</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 June 30, 2021 and 2020 are reviewed, not audited)

Liabilities and Equity	Notes	June 30, 2021		December 31, 2020		June 30, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 356,217	3	\$ 464,700	5	\$ 423,700	4
2110	Short-term notes and bills payable	6(13)	466,743	4	147,925	2	17,993	-
2130	Current contract liabilities	6(25)	44,551	1	9,729	-	17,272	-
2150	Notes payable		577	-	23	-	-	-
2170	Accounts payable	6(14)	859,422	8	694,711	7	604,591	6
2180	Accounts payable - related parties	7	36,970	-	17,021	-	39,323	1
2200	Other payables	6(15)	691,642	6	389,474	4	674,371	7
2220	Other payables - related parties	7	487,745	4	2,577	-	489,706	5
2230	Income tax liabilities		148,743	1	240,350	2	127,991	1
2280	Current lease liabilities	7	13,904	-	16,791	-	20,591	-
2300	Other current liabilities	6(16)(18)	91,096	1	281,644	3	293,426	3
21XX	Total current liabilities		<u>3,197,610</u>	<u>28</u>	<u>2,264,945</u>	<u>23</u>	<u>2,708,964</u>	<u>27</u>
Non-current liabilities								
2530	Bonds payable	6(17)	1,987,420	17	-	-	-	-
2540	Long-term borrowings	6(18)	280,518	2	1,148,610	12	1,248,837	13
2570	Deferred income tax liabilities		170,317	2	196,240	2	198,876	2
2580	Non-current lease liabilities	7	39,439	-	39,849	-	43,881	-
2600	Other non-current liabilities	6(19)	585,335	5	585,909	6	539,203	6
25XX	Total non-current liabilities		<u>3,063,029</u>	<u>26</u>	<u>1,970,608</u>	<u>20</u>	<u>2,030,797</u>	<u>21</u>
2XXX	Total liabilities		<u>6,260,639</u>	<u>54</u>	<u>4,235,553</u>	<u>43</u>	<u>4,739,761</u>	<u>48</u>
Equity attributable to owners of parent								
Share capital								
3110	Common stock	6(22)	690,840	6	689,762	7	671,051	7
3140	Advance receipts for share capital		277	-	524	-	-	-
Capital surplus								
3200	Capital surplus	6(23)	2,335,470	21	2,310,642	23	2,220,148	23
Retained earnings								
3310	Legal reserve	6(24)	848,366	7	764,812	8	764,812	8
3320	Special reserve		23,272	-	-	-	-	-
3350	Unappropriated retained earnings		1,018,255	9	1,438,777	15	1,010,845	10
Other equity interest								
3400	Other equity interest		1,030	-	(23,272)	(1)	(9,402)	-
3500	Treasury shares	6(22)	(57)	-	(57)	-	-	-
31XX	Equity attributable to owners of the parent		<u>4,917,453</u>	<u>43</u>	<u>5,181,188</u>	<u>52</u>	<u>4,657,454</u>	<u>48</u>
36XX	Non-controlling interest	4(3)	337,426	3	469,255	5	412,548	4
3XXX	Total equity		<u>5,254,879</u>	<u>46</u>	<u>5,650,443</u>	<u>57</u>	<u>5,070,002</u>	<u>52</u>
Significant contingent liabilities and unrecognised contract commitments								
3X2X	Total liabilities and equity		<u>\$ 11,515,518</u>	<u>100</u>	<u>\$ 9,885,996</u>	<u>100</u>	<u>\$ 9,809,763</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 as otherwise indicated)
(UNAUDITED)

Items	Notes	Three months ended June 30				Six months ended June 30			
		2021		2020		2021		2020	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(25)	\$ 1,403,747	100	\$ 1,348,638	100	\$ 2,819,897	100	\$ 2,648,694	100
5000 Operating costs	6(30)(31) and 7	(1,040,486)	(74)	(1,015,163)	(75)	(2,106,260)	(75)	(1,984,861)	(75)
5900 Gross profit		<u>363,261</u>	<u>26</u>	<u>333,475</u>	<u>25</u>	<u>713,637</u>	<u>25</u>	<u>663,833</u>	<u>25</u>
Operating expenses	6(30)(31) and 7								
6200 General and administrative expenses		(43,469)	(3)	(43,604)	(3)	(90,344)	(3)	(88,931)	(3)
6000 Total operating expenses		(43,469)	(3)	(43,604)	(3)	(90,344)	(3)	(88,931)	(3)
6900 Operating profit		<u>319,792</u>	<u>23</u>	<u>289,871</u>	<u>22</u>	<u>623,293</u>	<u>22</u>	<u>574,902</u>	<u>22</u>
Non-operating income and expenses									
7100 Interest income	6(26) and 7	846	-	739	-	1,271	-	1,942	-
7010 Other income	6(27) and 7	7,557	-	1,672	-	14,291	-	12,802	1
7020 Other gains and losses	6(28)	(399)	-	3,460	-	491	-	4,561	-
7050 Finance costs	6(29) and 7	(5,917)	-	(8,002)	(1)	(11,891)	-	(17,582)	(1)
7060 Share of profit of associates and joint ventures accounted for using equity method	6(7)	<u>17,117</u>	<u>1</u>	<u>19,085</u>	<u>2</u>	<u>28,561</u>	<u>1</u>	<u>28,023</u>	<u>1</u>
7000 Total non-operating income and expenses		<u>19,204</u>	<u>1</u>	<u>16,954</u>	<u>1</u>	<u>32,723</u>	<u>1</u>	<u>29,746</u>	<u>1</u>
7900 Profit before income tax		<u>338,996</u>	<u>24</u>	<u>306,825</u>	<u>23</u>	<u>656,016</u>	<u>23</u>	<u>604,648</u>	<u>23</u>
7950 Income tax expense	6(32)	(76,163)	(6)	(57,737)	(5)	(140,027)	(5)	(113,898)	(4)
8200 Profit for the period		<u>\$ 262,833</u>	<u>18</u>	<u>\$ 249,088</u>	<u>18</u>	<u>\$ 515,989</u>	<u>18</u>	<u>\$ 490,750</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)	\$ 13,852	1	\$ 11,049	1	\$ 24,386	1	(\$ 1,718)	-
Components of other comprehensive income that will be reclassified to profit or loss									
8361 Cumulative translation differences of foreign operations		(17,154)	(1)	(27,696)	(2)	(1,132)	-	(24,747)	(1)
8300 Total other comprehensive income (loss) for the period		(\$ 3,302)	-	(\$ 16,647)	(1)	\$ 23,254	1	(\$ 26,465)	(1)
8500 Total comprehensive income for the period		<u>\$ 259,531</u>	<u>18</u>	<u>\$ 232,441</u>	<u>17</u>	<u>\$ 539,243</u>	<u>19</u>	<u>\$ 464,285</u>	<u>18</u>
Profit attributable to:									
8610 Owners of the parent		\$ 234,302	16	\$ 203,023	15	\$ 445,786	16	\$ 407,609	16
8620 Non-controlling interest		<u>28,531</u>	<u>2</u>	<u>46,065</u>	<u>3</u>	<u>70,203</u>	<u>2</u>	<u>83,141</u>	<u>3</u>
Total		<u>\$ 262,833</u>	<u>18</u>	<u>\$ 249,088</u>	<u>18</u>	<u>\$ 515,989</u>	<u>18</u>	<u>\$ 490,750</u>	<u>19</u>
Comprehensive income attributable to:									
8710 Owners of the parent		\$ 234,891	16	\$ 192,426	14	\$ 470,088	17	\$ 385,720	15
8720 Non-controlling interest		<u>24,640</u>	<u>2</u>	<u>40,015</u>	<u>3</u>	<u>69,155</u>	<u>2</u>	<u>78,565</u>	<u>3</u>
Total		<u>\$ 259,531</u>	<u>18</u>	<u>\$ 232,441</u>	<u>17</u>	<u>\$ 539,243</u>	<u>19</u>	<u>\$ 464,285</u>	<u>18</u>
Earnings per share (in dollars):	6(33)								
9750 Basic earnings per share		<u>\$ 3.39</u>		<u>\$ 3.03</u>		<u>\$ 6.45</u>		<u>\$ 6.07</u>	
9850 Diluted earnings per share		<u>\$ 3.35</u>		<u>\$ 3.01</u>		<u>\$ 6.39</u>		<u>\$ 6.05</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												
	Capital			Retained Earnings				Other Equity Interest					
	Notes	Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interest	Total equity
Six months ended June 30, 2020													
Balance at January 1, 2020		\$ 671,051	\$ -	\$ 2,208,031	\$ 684,320	\$ 2,243	\$ 1,408,234	(\$ 12,681)	\$ 25,168	\$ -	\$ 4,986,366	\$ 606,437	\$ 5,592,803
Profit for the period		-	-	-	-	-	407,609	-	-	-	407,609	83,141	490,750
Other comprehensive income (loss)		-	-	-	-	-	-	(20,226)	(1,663)	-	(21,889)	(4,576)	(26,465)
Total comprehensive income		-	-	-	-	-	407,609	(20,226)	(1,663)	-	385,720	78,565	464,285
Appropriations of 2019 earnings	6(24)												
Legal reserve		-	-	-	80,492	-	(80,492)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	(2,243)	2,243	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(726,749)	-	-	-	(726,749)	(235,671)	(962,420)
Capital reduction of subsidiary	4(3)	-	-	-	-	-	-	-	-	-	-	(37,500)	(37,500)
Share-based payment transactions	6(23)	-	-	11,785	-	-	-	-	-	-	11,785	693	12,478
Adjustments of changes in investments accounted for using equity method	6(7)	-	-	332	-	-	-	-	-	-	332	24	356
Balance at June 30, 2020		<u>\$ 671,051</u>	<u>\$ -</u>	<u>\$ 2,220,148</u>	<u>\$ 764,812</u>	<u>\$ -</u>	<u>\$ 1,010,845</u>	<u>(\$ 32,907)</u>	<u>\$ 23,505</u>	<u>\$ -</u>	<u>\$ 4,657,454</u>	<u>\$ 412,548</u>	<u>\$ 5,070,002</u>
Six months ended June 30, 2021													
Balance at January 1, 2021		\$ 689,762	\$ 524	\$ 2,310,642	\$ 764,812	\$ -	\$ 1,438,777	(\$ 53,716)	\$ 30,444	(\$ 57)	\$ 5,181,188	\$ 469,255	\$ 5,650,443
Profit for the period		-	-	-	-	-	445,786	-	-	-	445,786	70,203	515,989
Other comprehensive income (loss)		-	-	-	-	-	-	(84)	24,386	-	24,302	(1,048)	23,254
Total comprehensive income		-	-	-	-	-	445,786	(84)	24,386	-	470,088	69,155	539,243
Appropriations of 2020 earnings	6(24)												
Legal reserve		-	-	-	83,554	-	(83,554)	-	-	-	-	-	-
Special reserve		-	-	-	-	23,272	(23,272)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(759,482)	-	-	-	(759,482)	(201,038)	(960,520)
Share-based payment transactions	6(23)	-	-	13,158	-	-	-	-	-	-	13,158	54	13,212
Employee stock options exercised	6(22)(23)	554	277	11,421	-	-	-	-	-	-	12,252	-	12,252
Adjustments of changes in investments accounted for using equity method	6(7)	-	-	249	-	-	-	-	-	-	249	-	249
Advance receipts for share capital transferred to share capital		524	(524)	-	-	-	-	-	-	-	-	-	-
Balance at June 30, 2021		<u>\$ 690,840</u>	<u>\$ 277</u>	<u>\$ 2,335,470</u>	<u>\$ 848,366</u>	<u>\$ 23,272</u>	<u>\$ 1,018,255</u>	<u>(\$ 53,800)</u>	<u>\$ 54,830</u>	<u>(\$ 57)</u>	<u>\$ 4,917,453</u>	<u>\$ 337,426</u>	<u>\$ 5,254,879</u>

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	Six months ended June 30	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 656,016	\$ 604,648
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(30)	140,262	131,472
Depreciation - right-of-use assets	6(9)(30)	11,637	16,017
Amortisation	6(30)	5,143	4,708
Interest expense	6(29)	11,695	17,227
Interest expense - lease liability	6(9)(29)	196	355
Interest income	6(26)	(1,271)	(1,942)
Salary expense - employee stock options	6(21)(31)	13,212	12,478
Gain on valuation of financial assets	6(28)	(2,039)	(2,743)
Loss (gain) from lease modification	6(28)	288	(253)
Share of profit of associates and joint ventures accounted for using equity method	6(7)	(28,561)	(28,023)
Gain on disposal of property, plant and equipment	6(28)	(19)	(1,296)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(191,802)	(1,686,299)
Current contract assets		(42,526)	(152,672)
Notes receivable, net		(37)	(2,148)
Accounts receivable, net		(65,974)	61,543
Accounts receivable - related parties, net		(216)	(223)
Other receivables		(1,227)	101,200
Other receivables - related parties		(729)	133
Inventories		4,616	(2,655)
Prepaid expense		(55,125)	(35,138)
Other non-current assets		192,939	184,738
Changes in operating liabilities			
Current contract liabilities		34,822	(32,733)
Notes payable		554	-
Accounts payable		164,711	(47,986)
Accounts payable - related parties		19,949	11,431
Other payables		(37,150)	(76,140)
Other payables - related parties		(50)	(940)
Other current liabilities		3,603	20,380
Other non-current liabilities		(4,628)	(6,020)
Cash inflow (outflow) generated from operations		828,289	(910,881)
Interest received		992	2,379
Interest paid		(12,459)	(18,311)
Income tax paid		(259,042)	(95,458)
Net cash flows from (used in) operating activities		<u>557,780</u>	<u>(1,022,271)</u>

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

	Notes	Six months ended June 30	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Increase) decrease in financial assets at amortised cost		(\$ 22,727)	\$ 107,885
Increase in other receivables - related parties		(234,000)	-
Interest received		106	152
Acquisition of property, plant and equipment	6(8)	(9,462)	(12,336)
Proceeds from disposal of property, plant and equipment		20	1,358
Decrease (increase) in refundable deposits		4,479	(1,190)
Increase in other non-current assets		(199,276)	(260,359)
Net cash flows used in investing activities		(460,860)	(164,490)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term loans		(2,391,700)	(1,182,100)
Increase in short-term loans		2,283,217	1,300,800
Increase in short-term notes payable		318,818	18,000
Proceeds from issuing bonds		1,993,665	-
Proceeds from long-term loans		69,455	120,025
Repayment of long-term loans		(1,130,360)	(172,268)
Repayment of lease liabilities		(9,556)	(11,413)
Increase in deposits received (shown in other non-current liabilities)		(4,666)	14,341
Cash dividends paid	4(3)	(141,465)	(184,308)
Employee stock options exercised		12,252	-
Net cash flows from (used in) financing activities		999,660	(96,923)
Net increase (decrease) in cash and cash equivalents		1,096,580	(1,283,684)
Cash and cash equivalents at beginning of period		533,625	1,679,523
Cash and cash equivalents at end of period		\$ 1,630,205	\$ 395,839

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2021 AND 2020

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

(Reviewed, not audited)

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 55.64% equity interest in the Company as of June 30, 2021.

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

These consolidated financial statements were authorised by the Board of Directors on July 30, 2021.

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 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

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 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	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, 2020, 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, 2020.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities 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:

Basis for preparation for the current period financial statements and the 2020 consolidated financial statements is the same.

- B. Subsidiaries included in the consolidated financial statements:

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%)			Note
			June 30, 2021	December 31, 2020	June 30, 2020	
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Environmental engineering	100.00	100.00	100.00	
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	75.00	75.00	75.00	Note 2
ECOVE Environment Service Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	0.001	0.001	0.001	Note 2

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%)			Note
			June 30, 2021	December 31, 2020	June 30, 2020	
ECOVE Environment Corp.	ECOVE Environment Service Corp.	Environmental engineering	100.00	100.00	93.15	Note 3
ECOVE Waste Management Corp.	ECOVE Environment Service Corp.	Environmental engineering	-	-	0.01	Note 3
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Environmental engineering	100.00	100.00	100.00	
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Environmental engineering	100.00	100.00	100.00	Note 4
ECOVE Environment Service Corp.	SINOGAL-Waste Services Co., Ltd.	Environmental engineering	30.00	30.00	30.00	Note 1, 4
ECOVE Environment Service Corp.	ECOVE Environment Consulting Corp.	Environmental engineering	100.00	100.00	100.00	Note 4
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	89.99	89.99	89.99	Note 4
ECOVE Environment Service Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	0.01	0.01	0.01	Note 4
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	
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Energy sector	100.00	100.00	100.00	Note 4
ECOVE Solar Energy Corporation	G.D. International, LLC.	Energy sector	100.00	100.00	100.00	Note 4
G.D. International, LLC.	Lumberton Solar W2-090, LLC.	Energy sector	100.00	100.00	100.00	

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

Note 2: The resolution of capital reduction amounting to \$150,000 was proposed by the Board of Directors of the subsidiary, ECOVE Miaoli Energy Corporation, during its meeting in March 2020, and resolved by the shareholders in May 2020.

Note 3: The Board of Directors of the Company during its meeting in October 2020 resolved to issue 1,659,672 ordinary shares on December 31, 2020 to the shareholders of the subsidiary, ECOVE Environment Services Corp., excluding the Company, in order to acquire a 6.85% equity interest in ECOVE Environment Services Corp. (including 1,000 shares held by the subsidiary, ECOVE Waste Management Corp.).

Note 4: The financial statements of the entity as of and for the six months ended June 30, 2021 and 2020 were not reviewed by the independent auditors 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 June 30, 2021, December 31, 2020 and June 30, 2020, the non-controlling interest amounted to \$337,426, \$469,255 and \$412,548, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest					
		June 30, 2021		December 31, 2020		June 30, 2020	
		Amount	Ownership (%)	Amount	Ownership (%)	Amount	Ownership (%)
ECOVE Miaoli Energy Corp.	Taiwan	\$ 258,458	25.00%	\$ 303,343	25.00%	\$ 287,148	25.00%
SINO GAL-Waste Services Co., Ltd.	Macau	69,007	70.00%	156,910	70.00%	71,013	70.00%

Summarised financial information of the subsidiaries:

Balance sheets

	ECOVE Miaoli Energy Corp.		
	June 30, 2021	December 31, 2020	June 30, 2020
Current assets	\$ 401,720	\$ 285,605	\$ 426,247
Non-current assets	984,304	1,061,757	1,134,693
Current liabilities	(288,840)	(68,765)	(344,308)
Non-current liabilities	(63,352)	(65,223)	(68,042)
Total net assets	<u>\$ 1,033,832</u>	<u>\$ 1,213,374</u>	<u>\$ 1,148,590</u>

	SINO GAL-Waste Services Co., Ltd.		
	June 30, 2021	December 31, 2020	June 30, 2020
Current assets	\$ 339,549	\$ 477,095	\$ 331,214
Non-current assets	20,609	12,815	12,918
Current liabilities	(179,559)	(194,038)	(169,174)
Non-current liabilities	(82,017)	(71,715)	(73,511)
Total net assets	<u>\$ 98,582</u>	<u>\$ 224,157</u>	<u>\$ 101,447</u>

Statements of comprehensive income

ECOVE Miaoli Energy Corp.		
Three months ended June 30		
	2021	2020
Revenue	\$ 78,803	\$ 80,668
Profit before income tax	37,872	38,790
Income tax expense	(7,646)	(7,722)
Profit for the period	30,226	31,068
Other comprehensive income, net of tax	-	-
Total comprehensive income for the period	<u>\$ 30,226</u>	<u>\$ 31,068</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 7,557</u>	<u>\$ 7,767</u>

ECOVE Miaoli Energy Corp.		
Six months ended June 30		
	2021	2020
Revenue	\$ 156,046	\$ 162,601
Profit before income tax	73,232	77,657
Income tax expense	(14,705)	(15,467)
Profit for the period	58,527	62,190
Other comprehensive income, net of tax	-	-
Total comprehensive income for the period	<u>\$ 58,527</u>	<u>\$ 62,190</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 14,632</u>	<u>\$ 15,548</u>

SINOGAL-Waste Services Co., Ltd.		
Three months ended June 30		
	2021	2020
Revenue	\$ 179,035	\$ 160,024
Profit before income tax	54,081	46,317
Income tax expense	(24,845)	-
Profit for the period	29,236	46,317
Other comprehensive loss, net of tax	(5,554)	(8,607)
Total comprehensive income for the period	<u>\$ 23,682</u>	<u>\$ 37,710</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 16,577</u>	<u>\$ 26,397</u>
Dividends paid to non-controlling interest	<u>\$ 141,465</u>	<u>\$ 184,308</u>

	SINO GAL-Waste Services Co., Ltd.	
	Six months ended June 30	
	2021	2020
Revenue	\$ 351,903	\$ 319,895
Profit before income tax	107,508	80,011
Income tax expense	(29,499)	-
Profit for the period	78,009	80,011
Other comprehensive loss, net of tax	(1,493)	(6,098)
Total comprehensive income for the period	\$ 76,516	\$ 73,913
Comprehensive income attributable to non-controlling interest	\$ 53,561	\$ 51,739
Dividends paid to non-controlling interest	\$ 141,465	\$ 184,308

Statements of cash flows

	ECOVE Miaoli Energy Corp.	
	Six months ended June 30	
	2021	2020
Net cash used in operating activities	(\$ 30,671)	(\$ 82,401)
Net cash provided by investing activities	-	90
Net cash used in financing activities	(494)	(528)
Decrease in cash and cash equivalents	(31,165)	(82,839)
Cash and cash equivalents, beginning of period	37,290	108,366
Cash and cash equivalents, end of period	\$ 6,125	\$ 25,527

	SINO GAL-Waste Services Co., Ltd.	
	Six months ended June 30	
	2021	2020
Net cash provided by operating activities	\$ 98,184	\$ 202,459
Net cash provided by investing activities	35,245	73,636
Net cash used in financing activities	(202,520)	(265,204)
(Decrease) increase in cash and cash equivalents	(69,091)	10,891
Cash and cash equivalents, beginning of period	113,751	11,516
Cash and cash equivalents, end of period	\$ 44,660	\$ 22,407

(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 taxes

- 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 pre-tax 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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Cash on hand and revolving funds	\$ 10,532	\$ 10,324	\$ 10,441
Checking accounts and demand deposits	465,144	330,100	322,714
Time deposits	<u>1,154,529</u>	<u>193,201</u>	<u>62,684</u>
	<u>\$ 1,630,205</u>	<u>\$ 533,625</u>	<u>\$ 395,839</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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Current items			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 1,594,768	\$ 1,404,333	\$ 1,690,190
Valuation adjustment	<u>2,757</u>	<u>1,434</u>	<u>1,618</u>
	<u>\$ 1,597,525</u>	<u>\$ 1,405,767</u>	<u>\$ 1,691,808</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 June 30</u>	
	<u>2021</u>	<u>2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	<u>\$ 986</u>	<u>\$ 1,862</u>

	<u>Six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	<u>\$ 2,039</u>	<u>\$ 2,743</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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Current items:			
Equity instruments			
Listed stocks	\$ 96,118	\$ 96,118	\$ 96,118
Valuation adjustment	<u>57,750</u>	<u>33,364</u>	<u>26,196</u>
	<u>\$ 153,868</u>	<u>\$ 129,482</u>	<u>\$ 122,314</u>
Non-current items:			
Equity instruments			
Unlisted stocks	\$ 2,342	\$ 2,342	\$ 2,342
Valuation adjustment	<u>(1,799)</u>	<u>(1,799)</u>	<u>(1,799)</u>
	<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:

	<u>Three months ended June 30</u>	
	<u>2021</u>	<u>2020</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 13,851	\$ 11,049
	<u>2021</u>	<u>2020</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 24,385	(\$ 1,718)

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

(4) Financial assets at amortised cost

<u>Items</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Current items:			
Time deposits with original maturity over 3 months	\$ 131,652	\$ 108,925	\$ 139,129

- A. The Group has no financial assets at amortised cost pledged to others.
- B. As at June 30, 2021, December 31, 2020 and June 30, 2020, 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 \$131,652, \$108,925 and \$139,129, respectively.
- C. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(5) Accounts receivable

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Accounts receivable	\$ 597,830	\$ 538,096	\$ 490,558
Long-term accounts receivable - due in one year	308,244	302,004	296,035
	<u>\$ 906,074</u>	<u>\$ 840,100</u>	<u>\$ 786,593</u>

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
1 to 90 days	\$ 596,851	\$ 498,318	\$ 492,096
91 to 120 days	508	26,328	412
121 to 180 days	457	12,793	678
Over 180 days	139	745	1
	<u>\$ 597,955</u>	<u>\$ 538,184</u>	<u>\$ 493,187</u>

The above ageing analysis was based on invoice date.

B. As of June 30, 2021, December 31, 2020 and June 30, 2020, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to \$851,937.

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

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

(6) Prepayments

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Prepayments for material purchases	\$ 65,558	\$ 7,178	\$ 31,935
Sub-contract costs payable	5,692	31,411	20,016
Prepaid rents	1,247	1,990	999
Prepaid insurance	25,756	7,582	19,419
Others	56,391	51,358	54,882
	<u>\$ 154,644</u>	<u>\$ 99,519</u>	<u>\$ 127,251</u>

(7) Investments accounted for using the equity method

	<u>2021</u>	<u>2020</u>
At January 1	\$ 482,853	\$ 418,868
Share of profit or loss of investments accounted for using the equity method	28,561	28,023
Earnings distribution of investments accounted for using the equity method	(13,720)	(13,502)
Changes in capital surplus	249	356
Changes in other equity items	3,936	(10,464)
At June 30	<u>\$ 501,879</u>	<u>\$ 423,281</u>

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Associates:			
CTCI Chemicals Corp.	\$ 64,405	\$ 67,975	\$ 59,517
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	354,599	331,214	315,653
Ever Ecove Corporation	77,150	77,826	48,111
Jing Ding Green Energy Technology Co., Ltd.	5,725	5,838	-
	<u>\$ 501,879</u>	<u>\$ 482,853</u>	<u>\$ 423,281</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
		June 30, 2021	December 31, 2020	June 30, 2020		
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)		
	June 30, 2021	December 31, 2020	June 30, 2020
Current assets	\$ 1,473,265	\$ 1,360,007	\$ 1,431,994
Non-current assets	531,022	525,236	495,801
Current liabilities	(598,652)	(572,660)	(631,040)
Non-current liabilities	(10,164)	(19,656)	(19,519)
Total net assets	<u>\$ 1,395,471</u>	<u>\$ 1,292,927</u>	<u>\$ 1,277,236</u>
Share in associate's net assets	\$ 279,094	\$ 258,586	\$ 255,447
Goodwill	75,505	75,505	75,505
Others	-	(2,877)	(15,299)
Carrying amount of the associate	<u>\$ 354,599</u>	<u>\$ 331,214</u>	<u>\$ 315,653</u>

Statement of comprehensive income

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	Three months ended June 30	
	2021	2020
Revenue	\$ 662,244	\$ 847,790
Profit for the period from continuing operations	63,584	154,397
Other comprehensive loss, net of tax	(5,277)	(44,295)
Total comprehensive income	<u>\$ 58,307</u>	<u>\$ 110,102</u>

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	Six months ended June 30	
	2021	2020
Revenue	\$ 1,044,574	\$ 1,110,918
Profit for the period from continuing operations	81,279	153,250
Other comprehensive income (loss), net of tax	19,682	(52,315)
Total comprehensive income	<u>\$ 100,961</u>	<u>\$ 100,935</u>

- (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 June 30, 2021, December 31, 2020 and June 30, 2020, the carrying amount of the Group's individually immaterial associates amounted to \$147,280 \$151,639 and \$107,628, respectively.

	Three months ended June 30	
	2021	2020
Profit for the period from continuing operations	\$ 3,478	\$ 8,421
Other comprehensive income (loss)	-	-
Total comprehensive income	<u>\$ 3,478</u>	<u>\$ 8,421</u>

	Six months ended June 30	
	2021	2020
Profit for the period from continuing operations	\$ 9,112	\$ 16,083
Other comprehensive income (loss)	-	-
Total comprehensive income	<u>\$ 9,112</u>	<u>\$ 16,083</u>

- B. In September 2020, the Board of Directors of the Company's subsidiary, ECOVE Environment Service Corp., resolved to invest an expected aggregate amount of \$650 million in Jing Ding Green Energy Technology Co., Ltd. In 2020, the subsidiary invested \$6 million for a shareholding ratio of 30%.
- C. In July 2018, the Board of Directors of the Company resolved to invest an expected aggregate amount of \$100 million in EVER ECOVE Corporation. As of June 30, 2021, the Company has invested \$80 million for a shareholding ratio of 5%.
- D. The financial statements of the investees accounted for using equity method as of and for the six months ended June 30, 2021 and 2020 were not reviewed by independent auditors.

(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Transportation</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2021</u>						
Cost	\$ 162,349	\$ 16,402	\$ 3,783,530	\$ 110,146	\$ 20,273	\$ 4,092,700
Accumulated depreciation	-	(918)	(523,502)	(76,892)	(6,738)	(608,050)
	<u>\$ 162,349</u>	<u>\$ 15,484</u>	<u>\$ 3,260,028</u>	<u>\$ 33,254</u>	<u>\$ 13,535</u>	<u>\$ 3,484,650</u>
<u>Six months ended</u>						
<u>June 30, 2021</u>						
Opening net book amount	\$ 162,349	\$ 15,484	\$ 3,260,028	\$ 33,254	\$ 13,535	\$ 3,484,650
Additions	-	100	2,929	5,050	1,383	9,462
Transfers	-	-	247,423	-	-	247,423
Disposals	-	-	-	-	(1)	(1)
Depreciation charge	-	(304)	(132,967)	(5,488)	(1,503)	(140,262)
Net exchange differences	(750)	-	(3,812)	(8)	(12)	(4,582)
Closing net book amount	<u>\$ 161,599</u>	<u>\$ 15,280</u>	<u>\$ 3,373,601</u>	<u>\$ 32,808</u>	<u>\$ 13,402</u>	<u>\$ 3,596,690</u>
<u>At June 30, 2021</u>						
Cost	\$ 161,599	\$ 16,502	\$ 4,024,881	\$ 113,227	\$ 16,358	\$ 4,332,567
Accumulated depreciation	-	(1,222)	(651,280)	(80,419)	(2,956)	(735,877)
	<u>\$ 161,599</u>	<u>\$ 15,280</u>	<u>\$ 3,373,601</u>	<u>\$ 32,808</u>	<u>\$ 13,402</u>	<u>\$ 3,596,690</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Transportation</u>	<u>Unfinished construction</u>	<u>Others</u>	<u>Total</u>
<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>Six months</u>							
<u>June 30, 2020</u>							
Opening net book amount	\$ 169,755	\$ 240	\$ 2,496,862	\$ 31,758	\$ 153,011	\$ 7,209	\$ 2,858,835
Additions	-	-	10,586	1,250	-	500	12,336
Transfers	-	15,886	548,541	-	(153,011)	8,321	419,737
Disposals	-	-	-	(62)	-	-	(62)
Depreciation charge	-	(337)	(124,060)	(5,363)	-	(1,712)	(131,472)
Net exchange differences	(1,768)	-	(9,680)	1	-	(16)	(11,463)
Closing net book amount	<u>\$ 167,987</u>	<u>\$ 15,789</u>	<u>\$ 2,922,249</u>	<u>\$ 27,584</u>	<u>\$ -</u>	<u>\$ 14,302</u>	<u>\$ 3,147,911</u>
<u>At June 30, 2020</u>							
Cost	\$ 167,987	\$ 16,402	\$ 3,331,063	\$ 99,737	\$ -	\$ 24,420	\$ 3,639,609
Accumulated depreciation	-	(613)	(408,814)	(72,153)	-	(10,118)	(491,698)
	<u>\$ 167,987</u>	<u>\$ 15,789</u>	<u>\$ 2,922,249</u>	<u>\$ 27,584</u>	<u>\$ -</u>	<u>\$ 14,302</u>	<u>\$ 3,147,911</u>

A. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

B. The amount of capitalised interest were \$1,185 and \$777, respectively, and the interest rates for capitalisation ranged from 0.85%~1.23% and 1.10%~2.04% for the six months ended June 30, 2021 and 2020, respectively.

(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. Short-term leases with a lease term of 12 months or less comprise staff dormitory. For the three months and six months ended June 30, 2021 and 2020, payments of lease commitments for short-term leases amounted to \$4,299, \$2,911, \$8,667 and \$5,239, respectively.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 47,132	\$ 50,490	\$ 54,328
Buildings	17,074	20,509	24,677
Transportation	8,146	7,182	11,556
Other equipment	3,301	3,330	3,603
	<u>\$ 75,653</u>	<u>\$ 81,511</u>	<u>\$ 94,164</u>

	<u>Three months ended June 30</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 2,492	\$ 2,408
Buildings	1,107	3,241
Transportation	1,510	1,132
Other equipment	230	36
	<u>\$ 5,339</u>	<u>\$ 6,817</u>

	<u>Six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 4,920	\$ 4,816
Buildings	3,070	7,886
Transportation	3,201	2,950
Other equipment	446	365
	<u>\$ 11,637</u>	<u>\$ 16,017</u>

- D. As of June 30, 2021, December 31, 2020 and June 30, 2020, right-of-use assets-land amounting to \$22,383, \$25,371 and \$28,359 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(11)A for details.

E. For the three months and six months ended June 30, 2021 and 2020, the additions to right-of-use assets were \$1,388, \$3,499, \$6,396 and \$11,787, respectively.

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

	Three months ended June 30	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 100	\$ 222
Expense on short-term lease contracts	4,299	2,911
Expense on leases of low-value assets	145	159
Expense on variable lease payments	20,127	14,750
	Six months ended June 30	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 196	\$ 355
Expense on short-term lease contracts	8,667	5,239
Expense on leases of low-value assets	295	286
Expense on variable lease payments	34,066	24,351

G. For the six months ended June 30, 2021 and 2020, the Group's total cash outflow for leases amounted to \$52,584 and \$41,289, respectively.

H. 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

	June 30, 2021	December 31, 2020	June 30, 2020
Goodwill	\$ 136,153	\$ 136,153	\$ 136,153
Accumulated impairment	-	-	-
	<u>\$ 136,153</u>	<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 are independent cash-generating units.

(11) Other non-current assets

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Long-term accounts receivable	\$ 1,695,208	\$ 1,846,210	\$ 1,991,243
Less: Current portion	(308,244)	(302,004)	(296,035)
	1,386,964	1,544,206	1,695,208
Refundable deposits	26,582	31,061	22,272
Prepayments for business facilities	163,270	211,417	208,538
Restricted bank deposits	44,545	41,300	41,261
Contract fulfillment cost	35,473	74,265	88,311
Others	38,144	34,717	42,038
	<u>\$ 1,694,978</u>	<u>\$ 1,936,966</u>	<u>\$ 2,097,628</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 are 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, but not to exceed 50 years. 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 the construction or operation.

(d) Per Service cost is calculated and adjusted based on the “Waste Incineration Commission Contract”, “Index of Average Regular Earnings of Employees–Manufacturing” and “Consumer Price Index”.

B. For details of the refundable deposits and restricted bank deposits, please refer to Note 8.

C. Contract fulfillment cost refer to the initial reconstruction cost of the refuse incineration plant for the contract that the Company entered into with the owner to operate the plant on its behalf, and it is amortised over the term of the contract. Refer to Note 6(25)C for details.

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>June 30, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Secured borrowings	\$ <u>356,217</u>	1.00%~1.24%	Note 1, 2

<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Secured borrowings	\$ <u>464,700</u>	1.00%~1.23%	Note 1, 2

<u>Type of borrowings</u>	<u>June 30, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Secured borrowings	\$ <u>423,700</u>	1.00%~1.23%	Note 1, 2

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

Note 2: The Group has pledged promissory notes as of June 30, 2021, December 31, 2020 and June 30, 2020 amounting to \$520,000, \$850,000 and \$850,000, respectively.

(13) Short-term notes and bills payable

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Commercial paper payable	\$ <u>467,000</u>	\$ <u>148,000</u>	\$ <u>17,993</u>
Discount on commercial papers payable	(<u>257</u>)	(<u>75</u>)	<u>-</u>
	\$ <u>466,743</u>	\$ <u>147,925</u>	\$ <u>17,993</u>
Interest rate	<u>0.94%~0.95%</u>	<u>0.95%</u>	<u>0.97%</u>

The commercial paper payable listed above was guaranteed and issued by Grand Bills Finance Corporation and Mega Bills Finance Co., Ltd.

(14) Accounts payable

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Materials payable	\$ 29,703	\$ 7,884	\$ 29,959
Sub-contract costs payable	136,969	109,685	127,490
Incinerator equipment costs payable	61,337	64,357	57,371
Maintenance costs payable	495,226	411,330	323,961
Others	136,187	101,455	65,810
	<u>\$ 859,422</u>	<u>\$ 694,711</u>	<u>\$ 604,591</u>

(15) Other payables

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Accrued payroll	\$ 233,751	\$ 290,800	\$ 215,044
Dividends payable	333,837	-	328,331
Other payables	124,054	98,674	130,996
	<u>\$ 691,642</u>	<u>\$ 389,474</u>	<u>\$ 674,371</u>

(16) Other current liabilities

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Long-term liabilities-current portion	\$ 53,259	\$ 247,409	\$ 255,256
Advance receipts	387	-	1,270
Others	37,450	34,235	36,900
	<u>\$ 91,096</u>	<u>\$ 281,644</u>	<u>\$ 293,426</u>

(17) Bonds payable

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Bonds payable	\$ 2,000,000	\$ -	\$ -
Less: Discount on bonds payable	(12,580)	-	-
	<u>\$ 1,987,420</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

(18) Long-term borrowings

Type of borrowings	June 30, 2021	December 31, 2020	June 30, 2020
Secured borrowings	\$ 333,777	\$ 1,396,019	\$ 1,504,093
Less: Current portion	(53,259)	(247,409)	(255,256)
	<u>\$ 280,518</u>	<u>\$ 1,148,610</u>	<u>\$ 1,248,837</u>
Facility amount	<u>\$ 465,449</u>	<u>\$ 2,855,785</u>	<u>\$ 2,016,401</u>
Interest rate	<u>1.2166%~2.54363%</u>	<u>1.0964%~2.63488%</u>	<u>1.09%~3.11963%</u>

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

B. The Group has pledged promissory notes and IOU as of June 30, 2021, December 31, 2020 and June 30, 2020 amounting to \$465,449, \$2,855,785 and \$2,016,401, respectively.

(19) Other non-current liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Net defined benefit liability	\$ 61,405	\$ 60,227	\$ 50,215
Accrued recovery costs	171,709	162,745	105,893
Guarantee deposits received	188,187	192,853	198,749
Deferred revenue	123,073	133,507	147,937
Others	40,961	36,577	36,409
	<u>\$ 585,335</u>	<u>\$ 585,909</u>	<u>\$ 539,203</u>

A. Accrued recovery cost

(a) It pertains to the contracts for the operation and maintenance service of refuse incineration plant between the subsidiaries, ECOVE Environment Service Corp. and 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.

(b) It pertains to the land lease contracts among ECOVE Solar Energy Corporation, ECOVE Solar Power Corporation, ECOVE South Corporation Ltd., and the landowners, requiring demolition of solar power models and recovery of land when the contract expires. The Group has estimated the related recovery cost when the service contracts expire and amortises it over the contract period.

B. The deferred revenue represents cash grants received from the state government of New Jersey for the construction and operation of the Lumberton solar power plant in 2017. The construction period for the solar power plant is 15 years.

(20) Pensions

A. Defined benefit pension plan

- (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards 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 \$1,447, \$1,516, \$2,920 and \$2,979 in the statement of comprehensive income for the three months and six months ended June 30, 2021 and 2020, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to \$4,743.

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 and six months ended June 30, 2021 and 2020 were \$7,760, \$7,257, \$15,274 and \$14,541, respectively.
- (c) SINO GAL-Waste Services Co., Ltd. has a funded defined contribution plan, covering all regular employees. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the local government are based on

employees' monthly salaries and wages. The pension costs under the defined contribution pension plan for the three months and six months ended June 30, 2021 and 2020 were \$2,382, \$2,446, \$4,790 and \$4,864, respectively.

(21) Share-based payment

A. For the six months ended June 30, 2021 and 2020, 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
Seventh plan of employee stock options	2019.7.24	1,500 units	6 years	Service of 2 years
Eighth plan of employee stock options	2020.4.13	1,500 units	6 years	Service of 2 years

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

(a) Sixth plan of employee stock options:

	Six months ended June 30			
	2021		2020	
	No. of units (in thousands)	Weighted- average exercise price (in dollars)	No. of units (in thousands)	Weighted- average exercise price (in dollars)
Stock options				
Options outstanding at beginning of period	1,102	NT\$ 147.40	1,408	NT\$ 155.00
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(6)	-	(25)	-
Options exercised	(83)	NT\$ 147.40	-	-
Options revoked	-	-	-	-
Options outstanding at end of period	<u>1,013</u>	NT\$ 147.40	<u>1,383</u>	NT\$ 155.00
Options exercisable at end of period	<u>165</u>	NT\$ 147.40	<u>-</u>	-

(b) Seventh plan of employee stock options:

Stock options	Six months ended June 30			
	2021		2020	
	No. of units (in thousands)	Weighted- average exercise price (in dollars)	No. of units (in thousands)	Weighted- average exercise price (in dollars)
Options outstanding at beginning of period	1,423	NT\$ 191.10	1,466	NT\$ 201.00
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(14)	-	(25)	-
Options exercised	-	-	-	-
Options revoked	-	-	-	-
Options outstanding at end of period	<u>1,409</u>	NT\$ 191.10	<u>1,441</u>	NT\$ 201.00
Options exercisable at end of period	<u>-</u>	-	<u>-</u>	-

(c) Eighth plan of employee stock options:

Stock options	Six months ended June 30			
	2021		2020	
	No. of units (in thousands)	Weighted- average exercise price (in dollars)	No. of units (in thousands)	Weighted- average exercise price (in dollars)
Options outstanding at beginning of period	1,473	NT\$ 193.00	-	-
Options granted	-	-	1,500	NT\$ 203.00
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(13)	-	(8)	-
Options exercised	-	-	-	-
Options revoked	-	-	-	-
Options outstanding at end of period	<u>1,460</u>	NT\$ 193.00	<u>1,492</u>	NT\$ 203.00
Options exercisable at end of period	<u>-</u>	-	<u>-</u>	-

C. The weighted-average stock price of stock options at exercise dates for the six months ended June 30, 2021 was NT\$221.31 (in dollars).

D. As of June 30, 2021, December 31, 2020 and June 30, 2020, the range of exercise prices of stock options outstanding was NT\$147.4~NT\$193.0, NT\$147.4~NT\$193.0 and NT\$155~NT\$203 (in dollars), respectively; the weighted-average remaining contractual period was as follows:

Type of arrangement	June 30, 2021	December 31, 2020	June 30, 2020
Sixth plan of employee stock options	3 years	3.5 years	4 years
Seventh plan of employee stock options	4 years	4.5 years	5 years
Eighth plan of employee stock options	4.75 years	5.25 years	5.75 years

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

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

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

	Three months ended June 30	
	2021	2020
Equity-settled	\$ 6,448	\$ 7,406

	Six months ended June 30	
	2021	2020
Equity-settled	\$ 13,212	\$ 12,478

(22) Share capital

A. As of June 30, 2021, the Company's authorised 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 \$690,286 with a par value of NT\$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	<u>2021</u>	<u>2020</u>
At January 1	69,028,564	67,105,148
Employee stock options exercised	<u>83,119</u>	<u>-</u>
At June 30	<u><u>69,111,683</u></u>	<u><u>67,105,148</u></u>

B. As of June 30, 2021, December 31, 2020 and June 30, 2020, the associate of the Group held 276 thousand shares.

C. The Company issued 1,659,672 ordinary shares on December 31, 2020 (2% of the total ordinary share capital issued) to the shareholders of ECOVE Environment Service Corp. as part of the purchase consideration for 6.85% of its ordinary share capital. The ordinary shares issued have the same rights as other shares in issue. The fair value of the shares issued amounted to \$363,468 (NT\$219 per share). The related transaction costs amounting to \$1,185 have been netted off with the deemed proceeds.

D. The shares of the Company held by the subsidiary, ECOVE Waste Management Corp, were the ordinary shares issued by the Company on December 31, 2020 to acquire the shares of ECOVE Environment Services Corp. from ECOVE Waste Management Corp. through the share swap. As of June 30, 2021, the carrying amount of the shares of the Company held by ECOVE Waste Management Corp. amounted to \$57. The details are as follows:

	<u>June 30, 2021</u>		
	<u>Number of shares</u>	<u>Carrying amount (in dollars/share)</u>	<u>Market value (in dollars/share)</u>
ECOVE Waste Management Corp.	1,605	<u>NT\$ 35.34</u>	<u>NT\$ 229</u>

	<u>Decembr 31, 2020</u>		
	<u>Number of shares</u>	<u>Carrying amount (in dollars/share)</u>	<u>Market value (in dollars/share)</u>
ECOVE Waste Management Corp.	1,605	<u>NT\$ 35.34</u>	<u>NT\$ 219</u>

(23) 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	Total
At January 1, 2021	\$ 2,265,828	\$ 44,814	\$ 2,310,642
Employee stock options exercised	11,421	-	11,421
Share-based payment transaction	-	13,158	13,158
Adjustments of changes in investments accounted for using equity method	-	249	249
At June 30, 2021	<u>\$ 2,277,249</u>	<u>\$ 58,221</u>	<u>\$ 2,335,470</u>

	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	-	11,785	-	11,785
Adjustments of changes in investments accounted for using equity method	-	332	-	332
At June 30, 2020	<u>\$ 2,186,678</u>	<u>\$ 31,784</u>	<u>\$ 1,686</u>	<u>\$ 2,220,148</u>

(24) 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 authorised 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 stabilising financial structure is the priority of the Company's dividend policy. Thus, the distribution of the accumulated distributable earnings corresponds with the shareholders' resolutions. The amount of shareholders' bonus shall not be less than 20% of accumulated distributable earnings of the Company, and in particular, cash dividends shall not be less than 5%.

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

D. Special reserve

(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010028685, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. The appropriation of 2020 earnings had been resolved after meeting the statutory voting threshold on May 25, 2021 via the electronic voting platform for the shareholders' meeting. The appropriation of 2019 earnings had been resolved at the shareholders' meeting on May 28, 2020. Details are summarised below:

	2020	2019
Legal reserve	\$ 83,554	\$ 80,492
Provision for (reversal of) special reserve	23,272	(2,243)
Cash dividends	759,482	726,749
	\$ 866,308	\$ 804,998

F. The Company recognised dividends of \$759,482 (NT11.00 dollars per share) and \$726,749 (NT\$10.83 dollars per share) in 2020 and 2019, respectively.

(25) Operating revenue

	Three months ended June 30	
	2021	2020
Revenue from contracts with customers	<u>\$ 1,403,747</u>	<u>\$ 1,348,638</u>

	Six months ended June 30	
	2021	2020
Revenue from contracts with customers	<u>\$ 2,819,897</u>	<u>\$ 2,648,694</u>

A. Disaggregation of revenue from contracts with customers

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

Three months ended June 30, 2021	Domestic	China	Macau	United States	Total
Total segment revenue	\$ 1,562,452	\$ 11,713	\$ 221,909	\$ 21,472	\$ 1,817,546
Inter-segment revenue	(390,000)	(3,886)	(19,913)	-	(413,799)
Revenue from external customer contracts	<u>\$ 1,172,452</u>	<u>\$ 7,827</u>	<u>\$ 201,996</u>	<u>\$ 21,472</u>	<u>\$ 1,403,747</u>
Timing of revenue recognition					
Over a period time	<u>\$ 1,172,452</u>	<u>\$ 7,827</u>	<u>\$ 201,996</u>	<u>\$ 21,472</u>	<u>\$ 1,403,747</u>

Three months ended June 30, 2020	Domestic	China	Macau	United States	Total
Total segment revenue	\$ 1,517,282	\$ 28,613	\$ 223,565	\$ 21,503	\$ 1,790,963
Inter-segment revenue	(397,011)	(10,600)	(34,714)	-	(442,325)
Revenue from external customer contracts	<u>\$ 1,120,271</u>	<u>\$ 18,013</u>	<u>\$ 188,851</u>	<u>\$ 21,503</u>	<u>\$ 1,348,638</u>
Timing of revenue recognition					
Over a period time	<u>\$ 1,120,271</u>	<u>\$ 18,013</u>	<u>\$ 188,851</u>	<u>\$ 21,503</u>	<u>\$ 1,348,638</u>

Six months ended June 30, 2021	Domestic	China	Macau	United States	Total
Total segment revenue	\$ 3,126,797	\$ 28,872	\$ 437,213	\$ 57,241	\$ 3,650,123
Inter-segment revenue	(779,730)	(10,984)	(39,512)	-	(830,226)
Revenue from external customer contracts	<u>\$ 2,347,067</u>	<u>\$ 17,888</u>	<u>\$ 397,701</u>	<u>\$ 57,241</u>	<u>\$ 2,819,897</u>
Timing of revenue recognition					
Over a period time	<u>\$ 2,347,067</u>	<u>\$ 17,888</u>	<u>\$ 397,701</u>	<u>\$ 57,241</u>	<u>\$ 2,819,897</u>

Six months ended June 30, 2020	Domestic	China	Macau	United States	Total
Total segment revenue	\$ 2,989,953	\$ 52,799	\$ 430,707	\$ 46,175	\$ 3,519,634
Inter-segment revenue	(797,464)	(19,225)	(54,251)	-	(870,940)
Revenue from external customer contracts	<u>\$ 2,192,489</u>	<u>\$ 33,574</u>	<u>\$ 376,456</u>	<u>\$ 46,175</u>	<u>\$ 2,648,694</u>
Timing of revenue recognition					
Over a period time	<u>\$ 2,192,489</u>	<u>\$ 33,574</u>	<u>\$ 376,456</u>	<u>\$ 46,175</u>	<u>\$ 2,648,694</u>

B. Contract assets and liabilities

(a) Contract assets:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Estimated accounts receivable	\$ 555,259	\$ 512,733
Executory contract cost	35,473	74,265
	<u>\$ 590,732</u>	<u>\$ 586,998</u>
	<u>June 30, 2020</u>	<u>January 1, 2020</u>
Estimated accounts receivable	\$ 495,392	\$ 342,720
Executory contract cost	88,311	120,909
	<u>\$ 583,703</u>	<u>\$ 463,629</u>

(b) Contract liabilities:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Receipts in advance	\$ 44,551	\$ 9,729

	<u>June 30, 2020</u>	<u>January 1, 2020</u>
Receipts in advance	\$ 17,272	\$ 50,005

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

	<u>Three months ended June 30</u>	
	<u>2021</u>	<u>2020</u>
Receipts in advance	\$ 50	\$ 17,103

	<u>Six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>
Receipts in advance	\$ 5,148	\$ 43,583

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 June 30, 2021, December 31, 2020 and June 30, 2020, the balance was \$35,473, \$74,265 and \$88,311, respectively, and the amounts amortised to cost were \$19,396, \$16,299, \$38,792 and \$32,598 for the three months and six months ended June 30, 2021 and 2020, 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.

(26) Interest income

	Three months ended June 30	
	2021	2020
Interest income from bank deposits	\$ 604	\$ 664
Other interest income	242	75
	<u>\$ 846</u>	<u>\$ 739</u>

	Six months ended June 30	
	2021	2020
Interest income from bank deposits	\$ 983	\$ 1,791
Other interest income	288	151
	<u>\$ 1,271</u>	<u>\$ 1,942</u>

(27) Other income

	Three months ended June 30	
	2021	2020
Income from government grants	\$ 3,104	\$ 3,319
Income from sale of scraps	2,713	1,383
Other income, others	1,740	(3,030)
	<u>\$ 7,557</u>	<u>\$ 1,672</u>

	Six months ended June 30	
	2021	2020
Income from government grants	\$ 6,220	\$ 6,662
Income from sale of scraps	4,860	1,648
Other income, others	3,211	4,492
	<u>\$ 14,291</u>	<u>\$ 12,802</u>

(28) Other gains and losses

	Three months ended June 30	
	2021	2020
Gains on disposals of property, plant and equipment	\$ -	\$ 1,088
(Losses) gains arising from lease modifications	(477)	155
Foreign exchange (losses) gains	(605)	364
Gains on financial assets at fair value through profit or loss	986	1,862
Miscellaneous disbursements	(303)	(9)
	<u>(\$ 399)</u>	<u>\$ 3,460</u>

	Six months ended June 30	
	2021	2020
Gains on disposals of property, plant and equipment	\$ 19	\$ 1,296
(Losses) gains arising from lease modifications	(288)	253
Foreign exchange (losses) gains	(786)	284
Gains on financial assets at fair value through profit or loss	2,039	2,743
Miscellaneous disbursements	(493)	(15)
	<u>\$ 491</u>	<u>\$ 4,561</u>

(29) Finance cost

	Three months ended June 30	
	2021	2020
Interest expense	\$ 5,571	\$ 7,780
Interest expense arising from corporate bonds	246	-
Interest expense arising from lease liabilities	100	222
	<u>\$ 5,917</u>	<u>\$ 8,002</u>

	Six months ended June 30	
	2021	2020
Interest expense	\$ 11,449	\$ 17,227
Interest expense arising from corporate bonds	246	-
Interest expense arising from lease liabilities	196	355
	<u>\$ 11,891</u>	<u>\$ 17,582</u>

(30) Expenses by nature

	Three months ended June 30	
	2021	2020
Employee benefit expense	\$ 296,880	\$ 288,817
Depreciation charges on property, plant and equipment	74,375	58,394
Depreciation charges on right-of-use asset	5,339	6,817
Amortisation	2,757	2,354
Incinerator equipment costs	123,692	118,914
Materials	190,374	182,325
Sub-contract costs	271,802	293,368
Insurance	14,259	9,436
Other expenses	104,477	98,342
	<u>\$ 1,083,955</u>	<u>\$ 1,058,767</u>

	Six months ended June 30	
	2021	2020
Employee benefit expense	\$ 603,055	\$ 563,778
Depreciation charges on property, plant and equipment	140,262	131,472
Depreciation charges on right-of-use asset	11,637	16,017
Amortisation	5,143	4,708
Incinerator equipment costs	243,563	227,018
Materials	352,194	353,403
Sub-contract costs	482,092	465,894
Insurance	29,094	19,973
Other expenses	329,564	291,529
	<u>\$ 2,196,604</u>	<u>\$ 2,073,792</u>

(31) Employee benefit expense

	Three months ended June 30	
	2021	2020
Salaries	\$ 247,787	\$ 240,147
Employee stock options	6,448	7,406
Labor and health insurance fees	15,999	14,448
Pension costs	11,589	11,219
Other personnel expenses	15,057	15,597
	<u>\$ 296,880</u>	<u>\$ 288,817</u>

	Six months ended June 30	
	2021	2020
Salaries	\$ 503,129	\$ 470,171
Employee stock options	13,212	12,478
Labor and health insurance fees	35,311	31,734
Pension costs	22,984	22,384
Other personnel expenses	28,419	27,011
	<u>\$ 603,055</u>	<u>\$ 563,778</u>

- A. As of June 30, 2021, December 31, 2020 and June 30, 2020, the Group had 990, 976 and 966 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 and six months ended June 30, 2021 and 2020, employees' compensation was accrued at \$76, \$116, \$152 and \$203, respectively; directors' and supervisors' remuneration was accrued at \$2,500, \$1,733, \$5,000 and \$3,033, respectively. The aforementioned amounts were recognised in salary and other expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 0.01% and 2% of distributable profit of current year amounting to \$304 and \$5,200 for the year ended December 31, 2020, respectively. The employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2020 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2020 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.

(32) Income tax

A. Components of income tax expense:

	Three months ended June 30	
	2021	2020
Current tax:		
Current tax on profits for the period	\$ 75,038	\$ 69,898
Prior year income tax underestimation	25,742	1,376
Total current tax	100,780	71,274
Deferred tax:		
Origination and reversal of temporary differences	(24,950)	(13,725)
Effect of exchange rate changes	333	188
Income tax expense	<u>\$ 76,163</u>	<u>\$ 57,737</u>

	Six months ended June 30	
	2021	2020
Current tax:		
Current tax on profits for the period	\$ 141,726	\$ 124,745
Prior year income tax underestimation	25,742	1,376
Total current tax	167,468	126,121
Deferred tax:		
Origination and reversal of temporary differences	(27,663)	(12,709)
Effect of exchange rate changes	222	486
Income tax expense	<u>\$ 140,027</u>	<u>\$ 113,898</u>

- B. As of June 30, 2021, except for ECOVE Waste Management Corporation's income tax returns through 2018, the income tax returns of the Company and other domestic subsidiaries through 2019 have been assessed and approved by the Tax Authority.

(33) Earnings per share

Three months ended June 30, 2021			
	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	\$ 234,302	69,089	<u>NT\$ 3.39</u>
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	<u>763</u>	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 234,302</u>	<u>69,852</u>	<u>NT\$ 3.35</u>
Six months ended June 30, 2021			
	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	\$ 445,786	69,070	<u>NT\$ 6.45</u>
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	717	
Employees' bonus	-	<u>1</u>	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 445,786</u>	<u>69,788</u>	<u>NT\$ 6.39</u>

Three months ended June 30, 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	\$ 203,023	67,105	<u>NT\$ 3.03</u>
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	297	
Employees' bonus	-	1	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 203,023</u>	<u>67,403</u>	<u>NT\$ 3.01</u>

Six months ended June 30, 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	\$ 407,609	67,105	<u>NT\$ 6.07</u>
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	244	
Employees' bonus	-	1	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 407,609</u>	<u>67,350</u>	<u>NT\$ 6.05</u>

(34) Changes in liabilities from financing activities

The Group's liabilities from financing activities for the six-month periods ended June 30, 2021 and 2020 included short-term borrowings, short-term notes and bills payable, corporate bonds payable, long-term borrowings, and lease liabilities, changes in cash flow from financing, etc. The summary amount is as follows. For the rest of the information, please refer to the cash flow statement.

	2021	2020
At January 1	\$ 2,065,284	\$ 1,936,337
Changes in cash flow from financing activities	1,133,539	73,044
Changes in other non-cash items	(1,323)	877
At June 30	<u>\$ 3,197,500</u>	<u>\$ 2,010,258</u>

(35) Supplemental cash flow information

Financing activities with no cash flow effects:

	Six months ended June 30	
	2021	2020
Cash dividends declared but yet to be paid	\$ 819,055	\$ 778,112
Capital reduction payments yet to be paid	-	37,500
	<u>\$ 819,055</u>	<u>\$ 815,612</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 55.64% of the Company's shares. The remaining 44.36% of the shares are widely held by the public.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
CTCI Corp.	Ultimate parent company
CTCI Chemical Corp.	Associate
CTCI Machinery Corp.	Associate
Ever Ecove Corporation	Associate
E&C Engineering Corp.	Associate
Topco Scientific Co., Ltd.	Associate
Topco International Investment Co., Ltd.	Associate
CTCI Development Corp.	Associate
CTCI Investment Corp.	Associate
CTCI Education Foundation	Other related parties

(3) Significant transactions and balances with related parties

A. Purchases of goods and services

	Three months ended June 30	
	2021	2020
Ultimate parent company	\$ 1,205	\$ 1,119
Associates	40,872	40,733
	<u>\$ 42,077</u>	<u>\$ 41,852</u>

	Six months ended June 30	
	2021	2020
Ultimate parent company	\$ 2,473	\$ 2,199
Associates	78,353	90,065
	<u>\$ 80,826</u>	<u>\$ 92,264</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 quarterly.

B. Period-end balances arising from purchases of services

	June 30, 2021	December 31, 2020	June 30, 2020
Ultimate parent company	\$ -	\$ 5,152	\$ 7,393
Associates	36,970	11,869	31,930
	<u>\$ 36,970</u>	<u>\$ 17,021</u>	<u>\$ 39,323</u>

C. Other receivables - related parties

	June 30, 2021	December 31, 2020	June 30, 2020
Associates (Note)	<u>\$ 14,715</u>	<u>\$ 84</u>	<u>\$ 14,187</u>

Note: The above arose from cash dividends, personnel transfer from related parties, interest income and apportioned office expenses.

D. Loans to related parties

(a) Outstanding balance

	June 30, 2021	December 31, 2020	June 30, 2020
CTCI Machinery Corp.	<u>\$ 264,000</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>

(b) Interest income

	Three months ended June 30	
	2021	2020
Associates (Note)	\$ 242	\$ 75

	Six months ended June 30	
	2021	2020
Associates (Note)	\$ 288	\$ 151

Note: The terms of lending include interest to be calculated and received monthly, using the annual rate of 0.75%~1.01% and 1.01% for the six months ended June 30, 2021 and 2020, respectively.

E. Other income

	Three months ended June 30	
	2021	2020
Associates	\$ -	\$ 560

	Six months ended June 30	
	2021	2020
Associates	\$ -	\$ 590
Other related parties	500	-
	\$ 500	\$ 590

The above other income arose from personnel transfer from related parties and sales of scraps.

F. Operating expenses

	Three months ended June 30	
	2021	2020
Ultimate parent company	\$ 2,440	\$ 2,348
Associates	80	41
	\$ 2,520	\$ 2,389

	Six months ended June 30	
	2021	2020
Ultimate parent company	\$ 4,116	\$ 4,179
Associates	188	41
	\$ 4,304	\$ 4,220

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

G. Other payables-related parties

(a) Other payables

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Ultimate parent company	\$ 2,527	\$ 2,577	\$ 2,425
Associates (Note)	-	-	37,500
	<u>\$ 2,527</u>	<u>\$ 2,577</u>	<u>\$ 39,925</u>

Note: The amount as of June 30, 2020 pertains to capital reduction payable.

(b) Dividends payable

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Ultimate parent company	\$ 422,613	\$ -	\$ 416,491
Associates	62,605	-	33,290
	<u>\$ 485,218</u>	<u>\$ -</u>	<u>\$ 449,781</u>

H. Leasing arrangements - lessee

(a) As of June 30, 2021, the main lease contracts between the Group and related parties are as follows:

<u>Lessor</u>	<u>Lease object</u>	<u>Payment method</u>	<u>Lease term</u>
Ultimate parent company	Buildings and structures	\$252/year	2019.1.1~2028.12.31
Associates	"	\$285/year	2010.7.22~2029.7.21

(b) Lease liabilities

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Ultimate parent company	\$ 1,404	\$ 1,428	\$ 1,675
Associates	2,222	2,358	2,485
	<u>\$ 3,626</u>	<u>\$ 3,786</u>	<u>\$ 4,160</u>

(c) Interest expense on lease liabilities

	Three months ended June 30	
	2021	2020
Ultimate parent company	\$ 5	\$ 3
Associates	3	4
	<u>\$ 8</u>	<u>\$ 7</u>

	Six months ended June 30	
	2021	2020
Ultimate parent company	\$ 7	\$ 6
Associates	7	18
	<u>\$ 14</u>	<u>\$ 24</u>

I. Property transactions – prepayments for business facilities

	Three months ended June 30	
	2021	2020
Associates	\$ -	\$ 15,437

	Six months ended June 30	
	2021	2020
Associates	\$ -	\$ 17,440

J. Endorsements and guarantees for others

	June 30, 2021	December 31, 2020	June 30, 2020
Associates	<u>\$ 220,500</u>	<u>\$ 220,500</u>	<u>\$ 220,500</u>

(4) Key management compensation

	Three months ended June 30	
	2021	2020
Salaries and other short-term employee benefits	\$ 13,019	\$ 12,168
Post-employment benefits	247	233
	<u>\$ 13,266</u>	<u>\$ 12,401</u>

	Six months ended June 30	
	2021	2020
Salaries and other short-term employee benefits	\$ 26,424	\$ 21,679
Post-employment benefits	545	609
	<u>\$ 26,969</u>	<u>\$ 22,288</u>

8. PLEDGED ASSETS

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

Assets	Book value			Purposes
	June 30, 2021	December 31, 2020	June 30, 2020	
Property, plant and equipment	\$ 713,471	\$ 732,910	\$ 747,561	Guarantee for long-term and short-term loans
Other non-current assets				
Guarantee deposits paid	26,582	31,061	22,272	Guarantee for bid, rent, performance guarantee, tender bond and staff dormitory
Restricted bank deposits	44,545	41,300	41,261	"
	<u>\$ 784,598</u>	<u>\$ 805,271</u>	<u>\$ 811,094</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

In addition to those items which have been disclosed in Note 6(11), the significant commitments and contingent liabilities of the Group as of June 30, 2021 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 June 30, 2021, the total amount of guarantee notes issued amounted to \$6,576,973.
- (2) As of June 30, 2021, for contractual guarantee, performance guarantee, waste collection and other guarantees, the subsidiaries have a performance letter of guarantee issued by the bank amounting to \$1,245,681.
- (3) As of June 30, 2021, the subsidiaries had outstanding commitments for service contracts amounting to \$148,248.
- (4) As of June 30, 2021, the subsidiaries had unused letters of credit for importing materials and sub-contract amounting to \$5,218.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The appropriation of 2020 earnings had been resolved at the shareholders' meeting on July 30, 2021. Please refer to Note 6(24) for details.

12. OTHERS

(1) Capital risk management

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

The gearing ratios at June 30, 2021, December 31, 2020 and June 30, 2020 were as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Total borrowings	\$ 3,144,157	\$ 2,008,644	\$ 1,945,786
Total equity	\$ 5,254,879	\$ 5,650,443	\$ 5,070,002
Gearing ratio	<u>60%</u>	<u>36%</u>	<u>38%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
<u>Financial assets</u>			
Financial assets measured at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,597,525	\$ 1,405,767	\$ 1,691,808
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	154,411	130,025	122,857
	<u>\$ 1,751,936</u>	<u>\$ 1,535,792</u>	<u>\$ 1,814,665</u>

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
<u>Financial assets</u>			
Financial assets at amortised cost			
Cash and cash equivalents	\$ 1,630,205	\$ 533,625	\$ 395,839
Financial assets at amortised cost	131,652	108,925	139,129
Notes receivable	125	88	2,629
Accounts receivable	906,073	840,100	786,593
Accounts receivable - related parties	216	-	794
Other receivables	2,683	908	1,897
Other receivables - related parties	278,159	30,084	44,187
Guarantee deposits paid	26,582	31,061	22,272
Long-term accounts receivable	1,386,964	1,544,206	1,695,208
Other financial assets	44,545	41,300	41,261
	<u>\$ 4,407,204</u>	<u>\$ 3,130,297</u>	<u>\$ 3,129,809</u>
	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 356,217	\$ 464,700	\$ 423,700
Short-term notes and bills payable	466,743	147,925	17,993
Notes payable	577	23	-
Accounts payable	859,422	694,711	604,591
Accounts payable - related parties	36,970	17,021	39,323
Other payables	691,642	389,474	674,371
Other payables - related parties	487,745	2,577	489,706
Bonds payable	1,987,420	-	-
Long-term borrowings (including current portion)	333,777	1,396,019	1,504,093
Guarantee deposits received	188,187	192,853	198,749
	<u>\$ 5,408,700</u>	<u>\$ 3,305,303</u>	<u>\$ 3,952,526</u>
Lease liability	<u>\$ 53,343</u>	<u>\$ 56,640</u>	<u>\$ 64,472</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 CNY. 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:

				June 30, 2021		
				Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$	1,349		27.889	\$	37,622
CNY : NTD		499		4.316		2,153
MOP : NTD		28,087		3.488		97,970
 <u>Financial liabilities</u>						
<u>Monetary items</u>						
MOP : NTD		1,122		3.488		3,914
				December 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	\$	1,162		28.097	\$	32,649
MOP : NTD		30,697		3.514		107,869
 <u>Financial liabilities</u>						
<u>Monetary items</u>						
MOP : NTD		1,395		3.514		4,902

	June 30, 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	\$ 3,049	29.660	\$ 90,433
MOP : NTD	30,697	3.710	113,889
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1,395	3.710	5,176

- v. The unrealised exchange (loss) gain arising from significant foreign exchange variation on the monetary items held by the Group for the three months and six months ended June 30, 2021 and 2020 amounted to (\$412), \$15, (\$544) and \$256, respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Six months ended June 30, 2021		
	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%	\$ 376	\$ -
CNY : NTD	1.00%	22	-
MOP : NTD	1.00%	980	-
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1.00%	39	-

	Six months ended June 30, 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%	\$ 904	\$ -
MOP : NTD	1.00%	1,139	-
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1.00%	52	-

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 six months ended June 30, 2021 and 2020, the Group's borrowings at variable rate were denominated in NTD.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition.

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

- iii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the

contract payments are past due over 90 days.

- iv. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of notes and accounts receivable. On June 30, 2021, December 31, 2020 June 30, 2020, the provision matrix is as follows:

	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At June 30, 2021</u>			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	\$ 2,105,999	\$ 187,038	\$ 2,293,037
Loss allowance	\$ -	\$ -	\$ -

	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At December 31, 2020</u>			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	\$ 2,262,264	\$ 122,042	\$ 2,384,306
Loss allowance	\$ -	\$ -	\$ -

	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At June 30, 2020</u>			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	\$ 2,793,994	\$ 185,828	\$ 2,979,822
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>June 30, 2021</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 356,689	\$ -
Short-term notes and bills payable	467,102	-
Notes payable	577	-
Accounts payable		
(including related parties)	896,392	-
Other payables		
(including related parties)	1,179,387	-
Lease liabilities	14,382	41,159
Bonds payable	12,100	2,048,154
Long-term borrowings		
(including current portion)	54,388	296,556
Other non-current liabilities	-	188,187

Non-derivative financial liabilities

<u>December 31, 2020</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 465,540	\$ -
Short-term notes and bills payable	148,033	-
Notes payable	23	-
Accounts payable		
(including related parties)	711,732	-
Other payables		
(including related parties)	392,051	-
Lease liabilities	17,781	41,242
Long-term borrowings		
(including current portion)	251,466	1,249,155
Other non-current liabilities	-	192,853

Non-derivative financial liabilities

<u>June 30, 2020</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 425,661	\$ -
Short-term notes and bills payable	18,004	-
Accounts payable		
(including related parties)	643,914	-
Other payables		
(including related parties)	1,164,077	-
Lease liabilities	23,104	46,174
Long-term borrowings		
(including current portion)	259,514	1,379,426
Other non-current liabilities	-	198,749

(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:

June 30, 2021	<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	\$ 1,597,525	\$ -	\$ -	\$ 1,597,525
Financial assets at fair value through other comprehensive income				
Equity securities	<u>153,868</u>	<u>-</u>	<u>543</u>	<u>154,411</u>
	<u>\$ 1,751,393</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 1,751,936</u>

December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,405,767	\$ -	\$ -	\$ 1,405,767
Financial assets at fair value through other comprehensive income				
Equity securities	<u>129,482</u>	<u>-</u>	<u>543</u>	<u>130,025</u>
	<u>\$ 1,535,249</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 1,535,792</u>
June 30, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,691,808	\$ -	\$ -	\$ 1,691,808
Financial assets at fair value through other comprehensive income				
Equity securities	<u>122,314</u>	<u>-</u>	<u>543</u>	<u>122,857</u>
	<u>\$ 1,814,122</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 1,814,665</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 six months ended June 30, 2021 and 2020, there were no transfers between Level 1 and Level 2.

F. For the six months ended June 30, 2021 and 2020, there were no transfers into or out from Level 3.

(4) Other matter

Based on the Group's assessment, the COVID-19 pandemic had no significant impact on the consolidated financial position of the Group as at June 30, 2021 and 2020, and its consolidated financial performance for the six-month periods ended June 30, 2021 and 2020.

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.

(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 June 30	
	2021	2020
Revenue from external customers	\$ 1,403,747	\$ 1,348,638
Inter-segment revenue	413,799	442,325
Total segment revenue	<u>\$ 1,817,546</u>	<u>\$ 1,790,963</u>
Segment income	<u>\$ 319,792</u>	<u>\$ 289,871</u>
Depreciation	<u>\$ 79,714</u>	<u>\$ 65,211</u>
Amortisation	<u>\$ 2,757</u>	<u>\$ 2,354</u>

	Six months ended June 30	
	2021	2020
Revenue from external customers	\$ 2,819,897	\$ 2,648,694
Inter-segment revenue	830,226	870,940
Total segment revenue	<u>\$ 3,650,123</u>	<u>\$ 3,519,634</u>
Segment income	<u>\$ 623,293</u>	<u>\$ 574,902</u>
Depreciation	<u>\$ 151,899</u>	<u>\$ 147,489</u>
Amortisation	<u>\$ 5,143</u>	<u>\$ 4,708</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 and six months ended June 30, 2021 and 2020 is provided as follows:

	Three months ended June 30	
	2021	2020
Adjusted EBITDA for reportable segment	\$ 319,792	\$ 289,871
Financial cost, net	(5,917)	(8,002)
Others	25,121	24,956
Income from continuing operations before income tax	<u>\$ 338,996</u>	<u>\$ 306,825</u>

	Six months ended June 30	
	2021	2020
Adjusted EBITDA for reportable segment	\$ 623,293	\$ 574,902
Financial cost, net	(11,891)	(17,582)
Others	44,614	47,328
Income from continuing operations before income tax	<u>\$ 656,016</u>	<u>\$ 604,648</u>

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Loans to others
Six months ended June 30, 2021

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the		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
					June 30, 2021 (Note 3)	June 30, 2021 (Note 8)							Item	Value			
0	ECOVE Environment Corp.	ECOVE South Corporation Ltd.	Other receivables-related parties	Yes	\$ 77,317	\$ 77,317	\$ 77,317	0.75%	2	\$ -	For operational needs	\$ -	-	\$ -	\$ 1,966,981	\$ 1,966,981	-
0	"	ECOVE Solar Power Corporation	"	"	534,307	534,307	534,307	0.75%	"	"	"	"	"	"	1,966,981	1,966,981	-
0	"	ECOVE Solar Energy Corporation	"	"	538,758	538,758	538,758	0.75%~0.93%	"	"	"	"	"	"	1,966,981	1,966,981	-
1	ECOVE Environment Services Corp.	ECOVE South Corporation Ltd.	"	"	30,000	30,000	23,000	0.75%	"	"	"	"	"	"	277,246	277,246	-
1	"	CTCI Machinery Corp.	"	"	300,000	233,000	233,000	0.75%	"	"	"	"	"	"	277,246	277,246	-
1	"	ECOVE Solvent Recycling Corporation	"	"	30,000	-	-	-	"	"	"	"	"	"	277,246	277,246	-
1	"	E&C Engineering Corp.	"	"	30,000	-	-	-	"	"	"	"	"	"	277,246	277,246	-
2	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	"	"	80,000	80,000	-	-	"	"	"	"	"	"	537,757	537,757	-
2	"	ECOVE South Corporation Ltd.	"	"	80,000	-	-	-	"	"	"	"	"	"	537,757	537,757	-
3	ECOVE Waste Management Corp.	CTCI Machinery Corp.	"	"	45,000	31,000	31,000	0.75%	"	"	"	"	"	"	33,773	33,773	-

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 six months ended June 30, 2021.

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 40% of the Company's net assets value. (The legal resolution threshold was reached through e-voting by the shareholders at their meeting.)

(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.

(5) The limit on loans granted to a single party of ECOVE Environment Services Corp. shall not exceed 40% of its net assets value.

(6) The ceiling on totals loans of ECOVE Environment Services Corp. 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 authorised the chairman to loan funds in installments alments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Six months ended June 30, 2021

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of June 30, 2021 (Note 4)	Outstanding endorsement/ guarantee amount at June 30, 2021 (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
		Relationship with the endorser/ guarantor (Note 2)	Company name											
0	ECOVE Environment Corp.	ECOVE South Corporation Ltd.	2	\$ 9,834,906	\$ 150,000	\$ 150,000	\$ -	-	3.05%	\$ 14,752,359	Y	N	N	-
0	"	ECOVE Solar Power Corporation	2	9,834,906	783,000	783,000	227,289	-	15.92%	14,752,359	Y	N	N	-
0	"	ECOVE Solar Energy Corporation	2	9,834,906	2,249,108	1,983,446	955,012	-	40.33%	14,752,359	Y	N	N	-
0	"	ECOVE Solvent Recycling Corporation	2	9,834,906	157,600	157,600	77,000	-	3.20%	14,752,359	Y	N	N	-
0	"	EVER ECOVE Corporation	6	9,834,906	220,500	220,500	131,000	-	4.48%	14,752,359	N	N	N	-
1	ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	2	5,377,574	14,000	14,000	-	-	1.04%	8,066,362	N	N	N	-
1	"	ECOVE Solar Power Corporation	2	5,377,574	757,076	687,076	60,245	-	51.11%	8,066,362	N	N	N	-
2	ECOVE Solar Power Corporation	ECOVE Solar Energy Corporation	3	1,513,545	12,420	12,420	12,420	-	3.28%	2,270,318	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 or reviewed by accountant.

(2) The ceiling on total endorsements and guarantees shall not exceed 300% of the Company's net assets value in last financial statement which was audited or reviewed by accountant.

(3) The limit on endorsements and guarantees granted to a single party shall not exceed 400% of ECOVE Solar Energy Corporation and ECOVE Solar Power Corporation's net assets value in last financial statement which was audited or reviewed by accountant.

(4) The ceiling on total endorsements and guarantees shall not exceed 600% of ECOVE Solar Energy Corporation and ECOVE Solar Power Corporation's net assets value in last financial statement which was audited or reviewed by accountant.

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)

June 30, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)		Relationship with the securities issuer (Note 2)	General ledger account	June 30, 2021				Footnote (Note 4)
	Type	Name			Number of shares/ denominations	Book value (Note 3)	Ownership (%)	Fair value	
ECOVE Environment Corp.	Beneficiary certificates	Prudential Financial Money Market	None	Financial assets at fair value through profit or loss - current	2,217,174	\$ 35,334	-	\$ 35,420	-
				Adjustment		<u>86</u>			
						<u>\$ 35,420</u>			
"	"	FSITC Taiwan Money Market Fund	"	Financial assets at fair value through profit or loss - current	5,186,230	\$ 80,000	-	80,150	-
				Adjustment		<u>150</u>			
						<u>\$ 80,150</u>			
"	"	Franklin Templeton Sinoam Money Market	"	Financial assets at fair value through profit or loss - current	2,682,407	\$ 28,000	-	28,010	-
				Adjustment		<u>10</u>			
						<u>\$ 28,010</u>			
"	Common Stock	Taiwan Cement Corp.	"	Financial assets at fair value through other comprehensive income-current	531,205	\$ 16,671	-	27,145	-
				Adjustment		<u>10,474</u>			
						<u>\$ 27,145</u>			
"	"	Teamwin Opto-Electronics Co., Ltd.	"	Financial assets at fair value through other comprehensive income-non-current	150,000	\$ 2,261	2.46%	\$ 475	-
"	"	Eastern Pacific Energy Sdn. Bhd	The Chairman of the Company is the Board of Director	"	10,000	81	10.00%	<u>68</u>	-
		Less: Accumulated impairment				<u>(1,799)</u>			
						<u>\$ 543</u>		<u>\$ 543</u>	-

Securities held by	Marketable securities (Note 1)		Relationship with the securities issuer (Note 2)	General ledger account	June 30, 2021				Footnote (Note 4)
	Type	Name			Number of shares/ denominations	Book value (Note 3)	Ownership (%)	Fair value	
ECOVE Wujih Energy Corp.	Common Stock	Taiwan Cement Corp.	None	Financial assets at fair value through other comprehensive income-current	534,295	\$ 27,303	-	\$ 27,303	-
"	Beneficiary certificates	FSITC Taiwan Money Market Fund	"	Financial assets at fair value through profit or loss - current	7,124,903	110,111	-	110,111	-
"	"	Taishin 1699 Money Market Fund	"	"	16,563,983	226,320	-	226,320	-
"	"	Capital Money Market Fund	"	"	5,231,990	85,189	-	85,189	-
"	"	Franklin Templeton Money Market Fund	"	"	6,423,925	67,079	-	67,079	-
"	"	Taishin Ta-Chong Money Market	"	"	2,023,557	29,010	-	29,010	-
ECOVE Environment Services Corp.	"	Taishin 1699 Money Market Fund	"	"	30,067,107	410,819	-	410,819	-
"	"	Jih Sun Money Market Fund	"	"	5,927,679	88,744	-	88,744	-
"	"	Taishin Ta-Chong Money Market	"	"	2,790,840	40,010	-	40,010	-
"	"	Franklin Templeton Money Market Fund	"	"	1,916,397	20,011	-	20,011	-
"	Common Stock	CTCI Corp.	Ultimate parent company	Financial assets at fair value through other comprehensive income-current	1,028	40	-	40	-
"	"	Taiwan Cement Corp.	None	"	1,406,754	71,885	-	71,885	-
ECOVE Waste Management Corp.	"	Taiwan Cement Corp.	"	"	538,039	27,495	-	27,495	-
"	"	ECOVE Environment Corp.	Parent company	"	1,605	369	-	369	-
"	Beneficiary certificates	Jih Sun Money Market Fund	None	Financial assets at fair value through profit or loss - current	7,249,584	108,534	-	108,534	-
"	"	Taishin 1699 Money Market	"	"	4,100,293	56,024	-	56,024	-
"	"	Taishin Ta-Chong Money Market	"	"	683,579	9,800	-	9,800	-
ECOVE Mioali Energy Corporation	"	FSITC Taiwan Money Market Fund	"	"	4,338,723	67,052	-	67,052	-
"	"	Taishin 1699 Money Market Fund	"	"	2,786,012	38,066	-	38,066	-
"	"	Franklin Templeton Money Market Fund	"	"	5,542,956	57,880	-	57,880	-
Yuan Ding Resources Corp.	"	Jih Sun Money Market Fund	"	"	2,624,764	39,296	-	39,296	-

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

Six months ended June 30, 2021

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, 2021		Addition (Note 3)		Disposal (Note 3)			Balance as at June 30, 2021		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
ECOVE Environmental Services Corp.	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss	-	-	31,167,316	\$ 425,070	15,380,041	\$ 210,000	\$ 16,480,250	\$ 225,000	\$ 224,803	\$ 197	30,067,107	\$ 410,267
"	Taishin Ta-Chong Money Market	"	-	-	-	-	28,611,779	410,000	25,820,939	370,092	369,996	96	2,790,840	40,004

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

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

Six months ended June 30, 2021

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)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	
ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	Affiliate	(Waste disposal revenue)	(\$ 226,959)	(59%)	30 days quarterly	No significant difference	\$ 86,226	28%	-
ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	(Operating revenue)	(313,656)	(18%)	"	"	106,958	34%	-
"	ECOVE Wujih Energy Corp.	"	"	(117,147)	(7%)	"	"	45,719	14%	-
ECOVE Waste Management Corp.	ECOVE Environment Services Corp.	"	Waste disposal cost	313,656	50%	"	"	(106,958)	(54%)	-
"	ECOVE Wujih Energy Corp.	"	"	226,959	36%	"	"	(86,226)	(44%)	-
ECOVE Wujih Energy Corp.	ECOVE Environment Services Corp.	"	Cost of services	117,147	57%	"	"	(45,719)	(41%)	-

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
June 30, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	Affiliate	\$ 106,958	2.93	\$ -	-	\$ -	\$ -
"	ECOVE Environment Services Corp.	"	233,181	Note 3	-	Note 3	-	-
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	A subsidiary	545,831	"	-	"	-	-
"	ECOVE Environment Services Corp.	"	369,206	"	-	"	-	-
"	ECOVE Wujih Energy Corp.	"	379,935	"	-	"	-	-
"	ECOVE Miaoli Energy Corp.	"	178,712	"	-	"	-	-
"	ECOVE Solar Power Corporation	"	534,636	"	-	"	-	-

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
Six months ended June 30, 2021

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	Transaction terms	
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	1	Other accounts receivable	\$ 545,831	-	4.74%
0	"	ECOVE Solar Power Corporation	1	"	534,636	-	4.64%
0	"	ECOVE Wujih Energy Corp.	1	"	379,935	-	3.30%
0	"	ECOVE Miaoli Energy Corp.	1	"	178,712	-	1.55%
0	"	ECOVE Environment Services Corp.	1	"	369,206	-	3.21%
0	"	ECOVE Solar Energy Corporation	1	Endorsements and guarantees	1,983,446	-	N/A
0	"	ECOVE Solar Power Corporation	1	"	783,000	-	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	226,959	30 days quarterly	8.05%
2	ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	"	313,656	"	11.12%
2	"	ECOVE Miaoli Energy Corp.	"	"	71,854	"	2.55%
2	"	ECOVE Wujih Energy Corp.	"	"	117,147	"	4.15%
3	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	"	Endorsements and guarantees	687,076	-	N/A
4	ECOVE Waste Management Corp.	ECOVE Solvent Recycling Corporation	"	Operating revenue	28,915	30 days quarterly	1.03%

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)
Six months ended June 30, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2021			Net profit (loss) of the investee for the six months ended June 30, 2021	Investment income (loss) recognised by the Company for the six months ended June 30, 2021	Footnote
				Balance as at June 30, 2021	Balance as at December 31, 2020	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%	\$ 666,567	\$ 136,074	\$ 136,074	A subsidiary
ECOVE Environment Corp.	ECOVE Environment Services Corp.	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance, etc.	356,518	356,518	15,100,000	100.00%	709,031	166,785	166,785	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%	84,064	23,601	23,601	A subsidiary
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	899,985	899,985	44,999,200	74.999%	775,360	58,527	43,895	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%	39,390	2	2	A subsidiary
ECOVE Environment Corp.	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	Share holding and investment	309,489	309,489	12,039,903	20.00%	354,599	81,279	19,450	An investee using equity method

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2021			Net profit (loss) of the investee for the six months ended June 30, 2021	Investment income (loss) recognised by the Company for the six months ended June 30, 2021	Footnote
				Balance as at June 30, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Taiwan	Energy technology services etc.	\$ 1,312,348	\$ 1,312,348	104,621,082	100.00%	\$ 1,468,084	\$ 58,539	\$ 58,539	A subsidiary
ECOVE Environment Corp.	EVER ECOVE Corporation	Taiwan	Waste services, waste clean and co-generation	80,000	80,000	8,000,000	5.00%	77,150 (16,577) (676)	An investee using equity method
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	86,480	86,480	8,099,000	89.99%	102,128	9,638	8,673	A subsidiary
ECOVE Environment Services Corp.	CTCI Chemicals Corp.	Taiwan	Industrial chemicals' wholesale manufacturing and retail.	24,851	24,851	1,910,241	26.90%	64,405	36,800	9,900	Associate
ECOVE Environment Services Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	11	11	800	0.001%	14	58,527	1	Affiliate
ECOVE Environment Services Corp.	SINOGAL-Waste Services Co., Ltd.	Macau	Management of waste recycling site and maintenance of related mechanical and equipment etc.	4,964	4,964	-	30.00%	29,574	78,009	23,403	A subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2021			Net profit (loss) of the investee for the six months ended June 30, 2021	Investment income (loss) recognised by the Company for the six months ended June 30, 2021	Footnote
				Balance as at June 30, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
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%	\$ 10	\$ 9,638	-	Affiliate
ECOVE Environment Services Corp.	Jing Ding Green Energy Technology Co., Ltd.	Taiwan	Wastewater sludge treatment	6,000	6,000	600,000	30.00%	5,725 (377) (113)	An investee using equity method
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Taiwan	Energy technology services etc.	306,000	306,000	30,600,000	100.00%	378,386	19,176	19,176	A subsidiary
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Taiwan	Energy technology services etc.	30,500	30,500	3,050,000	100.00%	32,873	1,236	1,236	A subsidiary
ECOVE Solar Energy Corporation	G.D. International, LLC.	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	381,775	16,258	16,258	A subsidiary
G.D. International, LLC.	Lumberton Solar W2-090, LLC	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	381,310	16,338	16,338	A subsidiary

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Information on investments in Mainland China

Six months ended June 30, 2021

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, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six months ended June 30, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021	Net income of investee for the six months ended June 30, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2021 (Note 2)(2)B	Book value of investments in Mainland China as of June 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2021	Footnote
				Remitted to Mainland China	Remitted back to Taiwan	Investment amount approved by the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA						
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	\$ 2,643	100.00%	\$ 2,643	\$ 15,326	\$ 33,286	-
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021		Investment amount approved by the Ministry of Economic Affairs (MOEA)		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA								
ECOVE Environment Corp.	\$ 4,147	\$ 4,147		\$ 2,950,472									

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 six months ended June 30, 2021' 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 R.O.C.
 - B. Investment income (loss) of non-significant subsidiaries was recognised based on the unreviewed 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
Six months ended June 30, 2021

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				
	Amount	%	Amount	%	Balance at June 30, 2021	%	Balance at June 30, 2021	Purpose	Maximum balance during the six months ended June 30, 2021	Balance at June 30, 2021	Interest rate	Interest during the six months ended June 30, 2021	Others
ECOVE Environment Consulting Corp.	(\$ 10,984)	0.63%	-	-	(\$ 10,316)	1.5%	\$ -	-	\$ -	\$ -	-	\$ -	-

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Major shareholders information

June 30, 2021

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
CTCI Corp.	38,457,105	55.64%
Fubon Life Assurance Co., Ltd.	4,567,507	6.60%

(1) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis.

(2) If the aforementioned data contains shares which were held in trust by the shareholders, the data was disclosed as a separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, at the same time, the shareholder has the power to decide how to allocate the trust assets. For the information on reported share equity of insider, please refer to Market Observation Post System.