ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 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' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of ECOVE Environment Corporation and its subsidiaries (the "Group") as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of other independent auditors, as described in the other matters section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The most significant key audit matters in our audit of the Group's 2021 consolidated financial statements are as follows:

Accuracy of service revenue

Description

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

Operating revenue mainly arises from service revenue and electricity sales revenue. The service revenue mainly arises from contracts entered into with certain governments (grantors) that involve charging for the service per unit in accordance with contracts. The cash amount of service revenue was NT$2,574,279 thousand, constituting 43% of operating revenue for the year ended December 31, 2021. As the determination of this type of revenue of subject to manual calculation, we consider the accuracy of service revenue a key audit matter.

How our audit addressed the matter

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

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

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

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investees accounted for using equity method that are included in the consolidated financial statements. The balance of these investments accounted for using equity method was NT$81,879 thousand and NT$83,664 thousand, constituting 0.7% and 0.8% of consolidated total assets as of December 31, 2021 and 2020, respectively, and the share of loss of associates and joint ventures accounted for using equity method was (NT$1,785) thousand and (NT$950) thousand, constituting (0.16%) and (0.09%) of consolidated total comprehensive income for the years then ended, respectively. Those financial statements were audited by other independent auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other independent auditors.

Other matter - non-consolidated financial statements

We have audited and expressed an unqualified opinion with *Other matter* section on the non-consolidated financial statements of ECOVE Environment Corporation as at and for the years ended December 31, 2021 and 2020.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Weng, Shih-Jung   Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 7, 2022

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,216,106	10	$ 533,625	6
1110	Financial assets at fair value through profit or loss - current	6(2)	1,072,745	9	1,405,767	14
1120	Current financial assets at fair value through other comprehensive income	6(3)	144,983	1	129,482	1
1136	Current financial assets at amortised cost	6(4)	421,908	3	108,925	1
1140	Current contract assets	6(24)	620,662	5	512,733	5
1150	Notes receivable, net		667	-	88	-
1170	Accounts receivable, net	6(5)	1,034,775	8	840,100	9
1180	Accounts receivable - related parties, net	7	6,348	-	-	-
1200	Other receivables		2,516	-	908	-
1210	Other receivables - related parties	7	272,541	2	30,084	-
130X	Inventories		82,906	1	74,927	1
1410	Prepayments	6(6)	94,559	1	99,519	1
11XX	**Total current assets**		4,970,716	40	3,736,158	38
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	543	-	543	-
1550	Investments accounted for using equity method	6(7)	504,507	4	482,853	5
1600	Property, plant and equipment, net	6(8) and 8	3,896,431	32	3,484,650	35
1755	Right-of-use assets	6(9)	208,430	2	81,511	1
1780	Intangible assets	6(10)	1,014,402	8	136,153	1
1840	Deferred income tax assets		31,442	-	27,162	-
1900	Other non-current assets	6(11) and 8	1,658,388	14	1,936,966	20
15XX	**Total non-current assets**		7,314,143	60	6,149,838	62
1XXX	**Total assets**		$ 12,284,859	100	$ 9,885,996	100

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ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(12)	$ 498,000	4	$ 464,700	5
2110	Short-term notes and bills payable	6(13)	39,969	1	147,925	2
2130	Current contract liabilities	6(24)	22,284	-	9,729	-
2150	Notes payable		7,494	-	23	-
2170	Accounts payable	6(14)	844,165	7	694,711	7
2180	Accounts payable - related parties	7	34,206	-	17,021	-
2200	Other payables	6(15)	544,480	5	389,474	4
2220	Other payables - related parties	7	8,174	-	2,577	-
2230	Income tax liabilities		290,614	3	240,350	2
2280	Current lease liabilities	7	35,181	-	16,791	-
2320	Long-term liabilities, current portion	6(17)	36,936	-	247,409	3
2399	Other current liabilities		38,698	-	34,235	-
21XX	**Total current liabilities**		2,400,201	20	2,264,945	23
	Non-current liabilities					
2527	Non-current contract liabilities	6(24)	888,190	7	-	-
2530	Bonds payable	6(16)	1,988,845	16	-	-
2540	Long-term borrowings	6(17)	85,824	1	1,148,610	12
2570	Deferred income tax liabilities		151,859	1	196,240	2
2580	Non-current lease liabilities	7	155,681	1	39,849	-
2600	Other non-current liabilities	6(18)	717,897	6	585,909	6
25XX	**Total non-current liabilities**		3,988,296	32	1,970,608	20
2XXX	**Total liabilities**		6,388,497	52	4,235,553	43
	Equity attributable to owners of parent					
	Share capital	6(21)				
3110	Common stock		695,170	6	689,762	7
3140	Advance receipts for share capital		857	-	524	-
	Capital surplus	6(22)				
3200	Capital surplus		2,421,348	20	2,310,642	23
	Retained earnings	6(23)				
3310	Legal reserve		848,366	7	764,812	8
3320	Special reserve		23,272	-	-	-
3350	Unappropriated retained earnings		1,490,020	12	1,438,777	15
	Other equity interest					
3400	Other equity interest		(14,895)	(1)	(23,272)	(1)
3500	Treasury shares	6(21)	(57)	-	(57)	-
31XX	**Equity attributable to owners of the parent**		5,464,081	44	5,181,188	52
36XX	Non-controlling interest	4(3)	432,281	4	469,255	5
3XXX	**Total equity**		5,896,362	48	5,650,443	57
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant subsequent events	11				
3X2X	**Total liabilities and equity**		$ 12,284,859	100	$ 9,885,996	100

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2021		2020	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(24) and 7	$ 5,955,250	100	$ 5,637,590	100
5000	Operating costs	6(29)(30) and 7	(4,511,035)	(76)	(4,246,675)	(75)
5900	Gross profit		1,444,215	24	1,390,915	25
	Operating expenses	6(29)(30) and 7				
6200	General and administrative expenses		(174,178)	(3)	(180,587)	(3)
6000	Total operating expenses		(174,178)	(3)	(180,587)	(3)
6900	Operating profit		1,270,037	21	1,210,328	22
	Non-operating income and expenses					
7100	Interest income	6(25) and 7	3,459	-	2,970	-
7010	Other income	6(26) and 7	40,566	1	36,690	1
7020	Other gains and losses	6(27)	2,374	-	5,552	-
7050	Finance costs	6(28) and 7	(23,516)	-	(29,896)	(1)
7060	Share of profit of associates and joint ventures accounted for using equity method	6(7)	59,902	1	56,689	1
7000	Total non-operating income and expenses		82,785	2	72,005	1
7900	**Profit before income tax**		1,352,822	23	1,282,333	23
7950	Income tax expense	6(31)	(275,075)	(5)	(234,244)	(4)
8200	**Profit for the year**		$ 1,077,747	18	$ 1,048,089	19
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans	6(19)	$ 8,313	-	($ 9,007)	-
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	15,501	-	5,450	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method		54	-	51	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	(1,683)	-	1,731	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Cumulative translation differences of foreign operations		(10,516)	-	(53,015)	(1)
8300	**Total other comprehensive income (loss) for the year**		$ 11,669	-	($ 54,790)	(1)
8500	**Total comprehensive income for the year**		$ 1,089,416	18	$ 993,299	18
	Profit attributable to:					
8610	Owners of the parent		$ 910,816	15	$ 842,254	15
8620	Non-controlling interest		166,931	3	205,835	4
	Total		$ 1,077,747	18	$ 1,048,089	19
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 925,928	15	$ 799,782	15
8720	Non-controlling interest		163,488	3	193,517	3
	Total		$ 1,089,416	18	$ 993,299	18
	Earnings per share (in dollars):	6(32)				
9750	Basic earnings per share		$	13.15	$	12.53
9850	Diluted earnings per share		$	13.00	$	12.45

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		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
Year ended December 31, 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 year		-	-	-	-	-	842,254	-	-	-	842,254	205,835	1,048,089
Other comprehensive income (loss)		-	-	-	-	-	(6,713)	(41,035)	5,276	-	(42,472)	(12,318)	(54,790)
Total comprehensive income (loss)		-	-	-	-	-	835,541	(41,035)	5,276	-	799,782	193,517	993,299
Appropriations of 2019 earnings	6(23)												
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(20)	-	-	24,586	-	-	-	-	-	-	24,586	1,439	26,025
Employee stock options exercised	6(21)(22)	2,114	524	36,238	-	-	-	-	-	-	38,876	-	38,876
Adjustments of changes in investments accounted for under equity method	6(7)	-	-	561	-	-	-	-	-	-	561	41	602
Acquisition of non-controlling interests by issuing new shares		16,597	-	41,226	-	-	-	-	-	-	57,823	(59,008)	(1,185)
Acquisition of shares of parent company that were regarded as treasury stock	6(21)	-	-	-	-	-	-	-	-	(57)	(57)	-	(57)
Balance at December 31, 2020		$ 689,762	$ 524	$ 2,310,642	$ 764,812	$ -	$ 1,438,777	($ 53,716)	$ 30,444	($ 57)	$ 5,181,188	$ 469,255	$ 5,650,443
Year ended December 31, 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 year		-	-	-	-	-	910,816	-	-	-	910,816	166,931	1,077,747
Other comprehensive income (loss)		-	-	-	-	-	6,735	(7,124)	15,501	-	15,112	(3,443)	11,669
Total comprehensive income		-	-	-	-	-	917,551	(7,124)	15,501	-	925,928	163,488	1,089,416
Appropriations of 2021 earnings	6(23)												
Legal reserve		-	-	-	83,554	-	(83,554)	-	-	-	-	-	-
Special reserve		-	-	-	-	23,272	(23,272)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(759,482)	-	-	-	(759,482)	(200,557)	(960,039)
Share-based payment transactions	6(20)	-	-	23,066	-	-	-	-	-	-	23,066	95	23,161
Employee stock options exercised	6(21)(22)	4,884	857	87,255	-	-	-	-	-	-	92,996	-	92,996
Adjustments of changes in investments accounted for using equity method	6(7)	-	-	385	-	-	-	-	-	-	385	-	385
Advance receipts for share capital transferred to share capital		524	(524)	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2021		$ 695,170	$ 857	$ 2,421,348	$ 848,366	$ 23,272	$ 1,490,020	($ 60,840)	$ 45,945	($ 57)	$ 5,464,081	$ 432,281	$ 5,896,362

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,352,822	$ 1,282,333
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(29)	286,955	262,731
Depreciation - right-of-use assets	6(9)(29)	29,252	29,824
Amortization	6(29)	20,720	9,588
Interest expense	6(28)	22,757	29,348
Interest expense - lease liability	6(9)(28)	759	548
Dividend income	6(26)	(10,159)	(7,172)
Interest income	6(25)	(3,459)	(2,970)
Salary expense - employee stock options	6(20)(30)	23,161	26,025
Gain on valuation of financial assets	6(2)(27)	(3,891)	(5,282)
Gain from lease modification	6(27)	727	(627)
Share of profit of associates and joint ventures accounted for under equity method	6(7)	(59,902)	(56,689)
Gain on disposal of property, plant and equipment	6(27)	(814)	(2,374)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		330,836	(1,409,657)
Current contract assets		(107,929)	(170,013)
Notes receivable, net		(579)	393
Accounts receivable, net		(194,675)	11,356
Accounts receivable - related parties, net		(6,348)	571
Other receivables		(1,571)	102,356
Other receivables - related parties		(398)	734
Inventories		(7,979)	(2,420)
Prepaid expenses		4,960	(7,406)
Other non-current assets		359,420	350,210
Changes in operating liabilities			
Current contract liabilities		12,555	(40,276)
Notes payable		7,471	23
Accounts payable		149,454	42,134
Accounts payable - related parties		17,185	(10,871)
Other payables		39,410	(30,056)
Other payables - related parties		5,597	(788)
Other current liabilities		4,462	16,444
Other non-current liabilities		(13,559)	(22,744)
Cash inflow generated from operations		2,257,240	395,273
Interest received		2,136	3,087
Dividends received		43,684	32,642
Interest paid		(17,409)	(31,311)
Income tax paid		(276,167)	(108,944)
Net cash flows from operating activities		2,009,484	290,747

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ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in financial assets at amortised cost		($ 312,983)	$ 138,089
Increase in other receivables - related parties		(234,000)	-
Interest received		1,149	304
Increase in investments accounted for using equity method-non-subsidiaries	6(7)	-	(36,000)
Acquisition of property, plant and equipment	6(33)	(36,398)	(36,485)
Proceeds from disposal of property, plant and equipment		1,920	2,577
Increase in refundable deposits		(34,337)	(9,979)
Increase in other non-current assets	6(33)	(523,573)	(683,910)
		-	(37,500)
Net cash flows used in investing activities		(1,138,222)	(662,904)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans		33,300	159,700
Decrease (increase) in short-term notes payable		(107,956)	147,925
Proceeds from isssuing bonds		1,987,324	-
Proceeds from long-term loans		69,455	236,546
Repayment of long-term loans		(1,339,994)	(379,715)
Repayment of lease liabilities		(23,203)	(21,913)
Increase in deposits received (shown in other non-current liabilities)		59,336	8,445
Cash dividends paid		(960,039)	(962,420)
Employee stock options exercised		92,996	38,876
Increase in non-controlling interests		-	(1,185)
Net cash flows used in financing activities		(188,781)	(773,741)
Net increase (decrease) in cash and cash equivalents		682,481	(1,145,898)
Cash and cash equivalents at beginning of year		533,625	1,679,523
Cash and cash equivalents at end of year		$ 1,216,106	$ 533,625

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) ECOVE Environment Corporation (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on December 13, 1999. The consolidated investee-Chang Ting Corporation was incorporated in December, 2005.

(2) The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in waste management. The Company's shares were issued through an initial public offering on December 3, 2007, and have been listed in the Taiwan OTC market since May 27, 2010.

(3) CTCI Corporation, the Company's ultimate parent company, holds 55.25% equity interest in the Company as of December 31, 2021.

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

These consolidated financial statements were authorised by the Board of Directors on March 7, 2022.

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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 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 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 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
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.

(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:

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

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

B. Subsidiaries included in the consolidated financial statements:

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%)		Note
			December 31, 2021	December 31, 2020	
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Environmental engineering	100.00	100.00	
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	74.999	74.999	Note 2
ECOVE Environment Service Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	0.001	0.001	Note 2
ECOVE Environment Corp.	ECOVE Environment Service Corp.	Environmental engineering	100.00	100.00	Note 3
ECOVE Waste Management Corp.	ECOVE Environment Service Corp.	Environmental engineering	-	-	Note 3
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Environmental engineering	100.00	100.00	
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Environmental engineering	100.00	100.00	
ECOVE Environment Service Corp.	SINOGAL-Waste Services Co., Ltd.	Environmental engineering	30.00	30.00	Note 1
ECOVE Environment Service Corp.	ECOVE Environment Consulting Corp.	Environmental engineering	100.00	100.00	
ECOVE Environment Service Corp.	ECOVE Environment Services Gangshan Corporation	Environmental engineering	100.00	-	Note 4
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	89.99	89.99	
ECOVE Environment Service Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	0.01	0.01	

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%)		Note
			December 31, 2021	December 31, 2020	
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Energy sector	100.00	100.00	
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Energy sector	100.00	100.00	
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Energy sector	100.00	100.00	
ECOVE Solar Energy Corporation	G.D. International, LLC.	Energy sector	100.00	100.00	
G.D. International, LLC.	Lumberton Solar W2-090, LLC.	Energy sector	100.00	100.00	

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

Note 2: The 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 Board of Directors of the Company's subsidiary, ECOVE Environment Service Corp., approved a resolution to invest and establish ECOVE Environment Services Gangshan corporation, with the amount of $251,000 in October 2021.

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

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

E. Significant restrictions: None.

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

As of December 31, 2021 and 2020, the non-controlling interest amounted to $432,281 and $469,255, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest			
		December 31, 2021		December 31, 2020	
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)
ECOVE Miaoli Energy Corp.	Taiwan	$ 274,598	25.00%	$ 303,343	25.00%
SINOGAL-Waste Services Co., Ltd.	Macau	146,591	70.00%	156,910	70.00%

Summarised financial information of the subsidiaries:

<u>Balance sheets</u>

	ECOVE Miaoli Energy Corp.	
	December 31, 2021	December 31, 2020
Current assets	$ 325,250	$ 285,605
Non-current assets	910,566	1,061,757
Current liabilities	(72,961)	(68,765)
Non-current liabilities	(64,462)	(65,223)
Total net assets	$ 1,098,393	$ 1,213,374

	SINOGAL-Waste Services Co., Ltd.	
	December 31, 2021	December 31, 2020
Current assets	$ 538,096	$ 477,095
Non-current assets	16,950	12,815
Current liabilities	(263,714)	(194,038)
Non-current liabilities	(81,916)	(71,715)
Total net assets	$ 209,416	$ 224,157

Statements of comprehensive income

	ECOVE Miaoli Energy Corp.	
	Year ended December 31	
	2021	2020
Revenue	$ 324,403	$ 332,356
Profit before income tax	153,969	158,372
Income tax expense	(30,842)	(31,555)
Profit for the year	123,127	126,817
Other comprehensive loss, net of tax	(203)	(59)
Total comprehensive income for the year	$ 122,924	$ 126,758
Comprehensive income attributable to non-controlling interest	$ 30,731	$ 31,690
Dividends paid to non-controlling interest	$ 59,572	$ 30,301

	SINOGAL-Waste Services Co., Ltd.	
	Year ended December 31	
	2021	2020
Revenue	$ 845,020	$ 746,356
Profit before income tax	244,372	213,584
Income tax expense	(52,861)	(724)
Profit for the year	191,511	212,860
Other comprehensive loss, net of tax	(4,846)	(16,237)
Total comprehensive income for the year	$ 186,665	$ 196,623
Comprehensive income attributable to non-controlling interest	$ 130,666	$ 137,798
Dividends paid to non-controlling interest	$ 140,984	$ 184,308

Statements of cash flows

	ECOVE Miaoli Energy Corp.	
	Year ended December 31	
	2021	2020
Net cash provided by operating activities	$ 303,795	$ 201,477
Net cash used in investing activities	(29,844)	(86)
Net cash used in financing activities	(239,604)	(272,467)
Increase (decrease) in cash and cash equivalents	34,347	(71,076)
Cash and cash equivalents, beginning of year	37,290	108,366
Cash and cash equivalents, end of year	$ 71,637	$ 37,290

	SINOGAL-Waste Services Co., Ltd.	
	Year ended December 31	
	2021	2020
Net cash provided by operating activities	$ 173,507	$ 279,466
Net cash provided by investing activities	52,854	86,036
Net cash used in financing activities	(198,844)	(263,267)
Increase in cash and cash equivalents	27,517	102,235
Cash and cash equivalents, beginning of year	113,751	11,516
Cash and cash equivalents, end of year	$ 141,268	$ 113,751

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

B. Translation of foreign operations

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

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognized in other comprehensive income.

(5) Classification of current and non-current items

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

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly for trading purposes;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

(6) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using settlement date accounting.

C. At initial recognition, the Group measures the financial assets at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures these financial assets at fair value with any gain or loss recognized in profit or loss.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using settlement date accounting.

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

(a) The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

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

(10) Financial assets at amortized cost

A. Financial assets at amortized cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

(13) Inventories

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

(14) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

B. The Group’s share of its associates’ post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate’s equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group’s ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in ‘capital surplus’ in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

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

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

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

Buildings and structures	6 ~ 26 years
Machinery and equipment	2 ~ 20 years
Transportation equipment	3 ~ 5 years
Others	2 ~ 5 years

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

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

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

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

(17) Intangible assets

A. Trademarks and licences

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

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

(18) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill is evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

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

(19) Borrowings

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

(20) Notes and accounts payable

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

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

(21) Derecognition of financial liabilities

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

(22) Offsetting financial instruments

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

(23) Provisions for other liabilities

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

(24) Employee benefits

A. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the balance sheet date).

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

B. Employees' compensation directors' and supervisors' remuneration

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

(25) Employee share-based payment

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

(26) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. If a change in tax rate is enacted or substantively enacted, the Group recognizes the effect of the change immediately when the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

(27) Share capital

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

(28) Dividends

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

(29) Revenue recognition

A. Service concession arrangements

(a) The Group contracted with the government (grantor) a service concession arrangement whereby the Group shall provide construction of the government's infrastructure assets for public services and operate those assets during the term of the arrangement, and when the term of the operating period expires, the underlying infrastructure assets will be transferred to the government without consideration. The Group allocates the fair value of the consideration received or receivable in respect of the service concession arrangement between construction services and operating services provided based on their relative fair values, and recognizes such allocated amounts as revenue in accordance with IFRS 15, 'Revenue from contracts with customers'.

(b) Costs incurred on provision of construction services or upgrading services under a service concession arrangement are accounted for in accordance with IFRS 15, 'Revenue from contracts with customers'.

(c) The consideration received or receivable from the grantor in respect of the service concession arrangement is recognized at its fair value. Such considerations are recognized as a financial asset or an intangible asset based on how the considerations from the grantor to the operator are made as specified in the arrangement. The Group recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services, and recognizes an intangible asset to the extent that it receives a right (a license) to charge users of the public service.

(d) The Group entered into a service concession arrangement with the government (grantor) for the construction of a Refuse Incineration Plant through a build-operate-transfer (BOT) mode. Revenue is recognized based on the contract. The Group evaluates the significant financing component of the contract and adjusts the price on the commencement of the contract and recognizes revenue and accounts receivable at the amount that it has a right to bill each month.

B. Service revenue

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

C. Electricity sales revenue

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

D. Clearance income

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

E. Other revenue

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

(30) Government grant

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

(31) Operating segments

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

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

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and revolving funds	$ 26,453	$ 10,324
Checking accounts and demand deposits	725,454	330,100
Time deposits	464,199	193,201
Total	$ 1,216,106	$ 533,625

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

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

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

Items	December 31, 2021	December 31, 2020
Current items		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 1,070,969	$ 1,404,333
Valuation adjustment	1,776	1,434
Total	$ 1,072,745	$ 1,405,767

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

	Year ended December 31	
	2021	2020
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 3,891	$ 5,282

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

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

Items	December 31, 2021	December 31, 2020
Current items:		
Equity instruments		
Listed stocks	$ 96,118	$ 96,118
Valuation adjustment	48,865	33,364
Total	$ 144,983	$ 129,482
Non-current items:		
Equity instruments		
Unlisted stocks	$ 2,342	$ 2,342
Valuation adjustment	(1,799)	(1,799)
Total	$ 543	$ 543

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

	Year ended December 31			
	2021		2020	
Equity instruments at fair value through other comprehensive income				
Fair value change recognised in other comprehensive income	$	15,501	$	5,450
Dividend income recognised in profit or loss				
Held at end of year	$	10,159	$	7,172

(4) Financial assets at amortized cost

Items	December 31, 2021		December 31, 2020	
Current items:				
Time deposits with original maturity over 3 months	$	421,908	$	108,925

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

B. As at December 31, 2021 and 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 amortized cost held by the Group was $421,908 and $108,925, 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

	December 31, 2021		December 31, 2020	
Accounts receivable	$	720,291	$	538,096
Long-term accounts receivable - due in one year		314,484		302,004
	$	1,034,775	$	840,100

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

	December 31, 2021		December 31, 2020	
1 to 90 days	$	720,291	$	498,318
91 to 120 days		-		26,328
121 to 180 days		-		12,793
Over 180 days		-		745
	$	720,291	$	538,184

The above ageing analysis was based on invoice date.

B. As of December 31, 2021 and 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

	December 31, 2021		December 31, 2020	
Prepayments for material purchases	$	30,605	$	7,178
Sub-contract costs payable		-		31,411
Prepaid rents		2,312		1,990
Prepaid insurance premiums		7,814		7,582
Others		53,828		51,358
	$	94,559	$	99,519

(7) Investments accounted for using the equity method

	2021		2020	
At January 1	$	482,853	$	418,868
Addition of investments accounted for under the equity method		-		36,000
Share of profit or loss of investments accounted for using the equity method		59,902		56,689
Earnings distribution of investments accounted for using equity method	(	41,447)	(	25,470)
Changes in capital surplus		385		602
Changes in other equity items		2,814	(	3,836)
At December 31	$	504,507	$	482,853

	December 31, 2021		December 31, 2020	
Associates:				
CTCI Chemicals Corp.	$	73,588	$	67,975
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)		349,040		331,214
Ever Ecove Corporation		76,308		77,826
Jing Ding Green Energy Technology Co., Ltd.		5,571		5,838
	$	504,507	$	482,853

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 December 31, 2021	Shareholding ratio December 31, 2020	Nature of relationship	Method of measurement
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	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)	
	December 31, 2021	December 31, 2020
Current assets	$ 1,357,373	$ 1,360,007
Non-current assets	664,766	525,236
Current liabilities	(649,026)	(572,660)
Non-current liabilities	(5,442)	(19,656)
Total net assets	$ 1,367,671	$ 1,292,927
Share in associate's net assets	$ 273,535	$ 258,586
Goodwill	75,505	75,505
Others	-	(2,877)
Carrying amount of the associate	$ 349,040	$ 331,214

Statement of comprehensive income

	Year ended December 31	
	2021	2020
Revenue	$ 2,730,700	$ 2,373,815
Profit for the year from continuing operations	197,996	197,481
Other comprehensive income(loss), net of tax	13,795	(19,438)
Total comprehensive income	$ 211,791	$ 178,043

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

As of December 31, 2021 and 2020, the carrying amount of the Group's individually immaterial associates amounted to $155,467 and$151,639, respectively.

	Year ended December 31	
	2021	2020
Profit for the year from continuing operations	$ 35,919	$ 40,179
Other comprehensive income	203	190
Total comprehensive income	$ 36,122	$ 40,369

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. As of December 31, 2020, the subsidiary has 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 December 31, 2021, the Company has invested $80 million for a shareholding ratio of 5%.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Transportation	Others	Total
At January 1, 2021						
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)
	$ 162,349	$ 15,484	$ 3,260,028	$ 33,254	$ 13,535	$ 3,484,650
Year ended December 31, 2021						
Opening net book amount	$ 162,349	$ 15,484	$ 3,260,028	$ 33,254	$ 13,535	$ 3,484,650
Additions	-	100	105,019	14,035	3,167	122,321
Transfers	-	-	586,659	-	-	586,659
Disposals	-	-	(8)	(1,065)	(33)	(1,106)
Depreciation charge	-	(610)	(272,107)	(11,005)	(3,233)	(286,955)
Net exchange differences	(1,526)	-	(7,560)	(20)	(32)	(9,138)
Closing net book amount	$ 160,823	$ 14,974	$ 3,672,031	$ 35,199	$ 13,404	$ 3,896,431
At December 31, 2021						
Cost	$ 160,823	$ 16,502	$ 4,453,120	$ 112,598	$ 22,741	$ 4,765,784
Accumulated depreciation	-	(1,528)	(781,089)	(77,399)	(9,337)	(869,353)
	$ 160,823	$ 14,974	$ 3,672,031	$ 35,199	$ 13,404	$ 3,896,431

	Land	Buildings and structures	Machinery	Transportation	Unfinished construction	Others	Total
At January 1, 2020							
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)
	$ 169,755	$ 240	$ 2,496,862	$ 31,758	$ 153,011	$ 7,209	$ 2,858,835
Year ended December 31, 2020							
Opening net book amount	$ 169,755	$ 240	$ 2,496,862	$ 31,758	$ 153,011	$ 7,209	$ 2,858,835
Additions	-	-	79,180	11,769	-	1,486	92,435
Transfers	-	15,885	972,241	-	(153,011)	8,321	843,436
Disposals	-	-	(142)	(61)	-	-	(203)
Depreciation charge	-	(641)	(248,472)	(10,213)	-	(3,405)	(262,731)
Net exchange differences	(7,406)	-	(39,641)	1	-	(76)	(47,122)
Closing net book amount	$ 162,349	$ 15,484	$ 3,260,028	$ 33,254	$ -	$ 13,535	$ 3,484,650
At December 31, 2020							
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)
	$ 162,349	$ 15,484	$ 3,260,028	$ 33,254	$ -	$ 13,535	$ 3,484,650

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

B. The amount of capitalised interest were $2,333 and $2,115, respectively, and the interest rates for capitalisation ranged from 0.75%~1.23% and 0.85%~2.0364% for the years ended December 31, 2021and 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 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise staff dormitory. On December 31, 2021and 2020, payments of lease commitments for short-term leases amounted to $19,636 and $12,284, respectively.

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

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Land	$ 46,467	$ 50,490
Buildings	148,806	20,509
Transportation	8,048	7,182
Other equipment	5,109	3,330
	$ 208,430	$ 81,511

	Year ended December 31	
	2021	2020
	Depreciation charge	Depreciation charge
Land	$ 10,367	$ 9,671
Buildings	11,528	12,419
Transportation	6,245	6,676
Other equipment	1,112	1,058
	$ 29,252	$ 29,824

D. As of December 31, 2021 and 2020, right-of-use assets-land amounting to $19,395 and $25,371 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 years ended December 31, 2021 and 2020, the additions to right-of-use assets were $160,399 and $16,207, respectively.

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

	Year ended December 31	
	2021	2020
Items affecting profit or loss		
Interest expense on lease liabilities	$ 759	$ 548
Expense on short-term lease contracts	19,636	12,284
Expense on leases of low-value assets	1,266	944
Expense on variable lease payments	69,424	48,532
Gain arising from lease modifications	(727)	627

G. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases amounted to $113,529 and $83,673, 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 recognized 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

	2021		
	Franchise	Goodwill	Total
At January 1, 2021			
Cost	$ -	$ 136,153	$ 136,153
Accumulated amortisation and impairment	-	-	-
	$ -	$ 136,153	$ 136,153
Opening net book amount as at January 1, 2021	$ -	$ 136,153	$ 136,153
Additions－acquired separately	888,190	-	888,190
Amortisation charge	(9,941)	-	(9,941)
Closing net book amount as at December 31, 2021	$ 878,249	$ 136,153	$ 1,014,402
At December 31, 2021			
Cost	$ 888,190	$ 136,153	$ 1,024,343
Accumulated amortisation and impairment	(9,941)	-	(9,941)
	$ 878,249	$ 136,153	$ 1,014,402

	2020
	Goodwill
At January 1, 2020	
Cost	$ 136,153
Accumulated amortisation and impairment	-
	$ 136,153
Opening net book amount as at January 1	$ 136,153
Amortisation charge	-
Closing net book amount as at December 31, 2020	$ 136,153
At December 31, 2020	
Cost	$ 136,153
Accumulated amortisation and impairment	-
	$ 136,153

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

	Year ended December 31, 2021	Year ended December 31, 2020
Operating costs	$ 9,941	$ -

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

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

	Year ended December 31	
	2021	2020
Gross margin	18.40%~23.93%	18.18%~25.84%
Growth rate	4.74%~39.40%	20%~25%
Discount rate	8.70%	7.10%

D. On October 28, 2021, the subsidiary, ECOVE Environment Services Gangshan Corporation, signed a rehabilitate-operation-transfer (ROT) investment agreement with the Kaohsiung City government. The Company participated in the construction and operation of the Gangshan refuse incineration plant in accordance with the Act for Promotion of Private Participation in Infrastructure Projects. After the expiration of the agreement period, the operating rights of the Gangshan refuse incineration plant, the operating assets and the land invested in its construction would be returned to the Kaohsiung city government. The agreement period is 15 years from the year when the refuse incineration plant starts to operate.

Under the investment agreement signed by the subsidiary, ECOVE Environment Services Gangshan Corporation, the royalties and compensation were required to be paid to the Kaohsiung City Government during the agreement period. The royalties and compensation were calculated by applying the disposable waste in tons received by the subsidiary, ECOVE Environment Services Gangshan Corporation, to the royalties amount per ton.

According to the investment agreement, starting from the date of operation to December 31, 2025, the rehabilitation work specified in the agreement must be completed, at least $600,000 must be invested during the rehabilitation period to complete the construction area specified in the agreement, and the total rehabilitation cost amounted to $888,190. In accordance with IFRIC 12, "Service Concession Arrangement", the Company will provide the construction or enhance the performance services as a right to acquire electricity sales and self-collected waste and the future construction costs to be invested, which would be recognised as intangible assets and contract liabilities - non-current, respectively. The amortization of the Company's concession is based on the straight-line method over a period of 15 years.

(11) Other non-current assets

	December 31, 2021	December 31, 2020
Long-term accounts receivable	$ 1,544,206	$ 1,846,210
Less: Current portion	(314,484)	(302,004)
	1,229,722	1,544,206
Refundable deposits	65,398	31,061
Prepayments for business facilities	251,426	211,417
Restricted bank deposits	49,974	41,300
Contract fulfillment cost	28,414	74,265
Others	33,454	34,717
	$ 1,658,388	$ 1,936,966

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

(12) Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Secured borrowings	$ 498,000	1.00%	Note 1, 2

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Secured borrowings	$ 464,700	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 December 31, 2021 and 2020 amounting to $1,100,000 and $850,000, respectively.

(13) Short-term notes and bills payable

	December 31, 2021	December 31, 2020
Commercial paper payable	$ 40,000	$ 148,000
Discount on commercial papers payable	(31)	(75)
	$ 39,969	$ 147,925
Interest rate	0.9380%	0.95%

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

(14) Accounts payable

	December 31, 2021	December 31, 2020
Materials payable	$ 19,707	$ 7,884
Sub-contract costs payable	101,572	109,685
Incinerator equipment costs payable	42,446	64,357
Maintenance costs payable	552,400	411,330
Others	128,040	101,455
	$ 844,165	$ 694,711

(15) Other payables

	December 31, 2021	December 31, 2020
Accrued payroll	$ 315,237	$ 290,800
Payables on equipment	111,769	-
Other payables	117,474	98,674
	$ 544,480	$ 389,474

(16) Bonds payable

	December 31, 2021	December 31, 2020
Bonds payable	$ 2,000,000	$ -
Less: Discount on bonds payable	(11,155)	-
	$ 1,988,845	$ -

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.

(17) Long-term borrowings

Type of borrowings	December 31, 2021	December 31, 2020
Secured borrowings	$ 122,760	$ 1,396,019
Less: Current portion	(36,936)	(247,409)
	$ 85,824	$ 1,148,610
Facility amount	$ 146,866	$ 2,855,785
Interest rate	2.49663%	1.0964%~2.63488%

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

B. The Group has pledged promissory notes and IOU as of December 31, 2021 and 2020 amounting to $146,866 and $2,855,785, respectively.

(18) Other non-current liabilities

	December 31, 2021	December 31, 2020
Net defined benefit liability	$ 53,667	$ 60,227
Accrued recovery costs	255,262	162,745
Guaranteed deposits received	252,189	192,853
Deferred revenue	115,706	133,507
Others	41,073	36,577
	$ 717,897	$ 585,909

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 amortizes it over the contract period.

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

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

(19) Pensions

A. Defined benefit pension plan

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

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

	December 31, 2021		December 31, 2020	
Present value of defined benefit obligations	$	273,001	$	281,601
Fair value of plan assets	(	219,334)	(	221,374)
Net defined benefit liability	$	53,667	$	60,227

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2021			
At January 1	$ 281,601	($ 221,374)	$ 60,227
Current service cost	5,658	-	5,658
Interest expense (income)	845	(664)	181
	288,104	(222,038)	66,066
Remeasurements:			
Return on plan assets	-	(15)	(15)
Change in demographic assumptions	243	-	243
Change in financial assumptions	(10,304)	-	(10,304)
Experience adjustments	5,269	(3,506)	1,763
	(4,792)	(3,521)	(8,313)
Pension fund contribution	-	(3,786)	(3,786)
Paid pension	(10,011)	10,011	-
Paid by company account	(300)	-	(300)
At December 31	$ 273,001	($ 219,334)	$ 53,667

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2020			
At January 1	$ 274,105	($ 224,550)	$ 49,555
Current service cost	5,956	-	5,956
Interest expense (income)	1,915	(1,572)	343
	281,976	(226,122)	55,854
Remeasurements:			
Change in financial assumptions	10,678	-	10,678
Experience adjustments	6,013	(7,684)	(1,671)
	16,691	(7,684)	9,007
Pension fund contribution	-	(4,634)	(4,634)
Paid pension	(17,066)	17,066	-
At December 31	$ 281,601	($ 221,374)	$ 60,227

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.).

With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	December 31, 2021	December 31, 2020
Discount rate	0.60%～0.70%	0.30%
Future salary increases	2.50%～3.00%	2.50%～3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with the 5th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
December 31, 2021	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Effect on present value of defined benefit obligation	($ 6,043)	$ 6,248	$ 5,417	($ 5,276)

	Discount rate		Future salary increases	
December 31, 2020	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Effect on present value of defined benefit obligation	($ 6,744)	$ 6,985	$ 6,085	($ 5,918)

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

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to $5,282.

B. Defined contribution pension plan

(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were $31,507 and $29,514, respectively.

(c) SINOGAL-Waste Services Co., Ltd. has a funded defined contribution plan, covering all regular employees. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the local government are based on employees' monthly salaries and wages. The pension costs under the defined contribution pension plan for the years ended December 31, 2021 and 2020 were $9,624 and $9,690, respectively.

(20) <u>Share-based payment</u>

A. For the years ended December 31, 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:

	Year ended December 31			
	2021		2020	
Stock options	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 year	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	(14)	-	(42)	-
Options exercised	(340)	NT$ 145.18	(264)	NT$ 147.40
Options revoked	-	-	-	-
Options outstanding at end of year	748	NT$ 140.60	1,102	NT$ 147.40
Options exercisable at end of year	414	NT$ 140.60	249	NT$ 147.40

(b) Seventh plan of employee stock options:

	Year ended December 31					
	2021			2020		
Stock options	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 year	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	(19)		-	(43)		-
Options exercised	(234)	NT$	186.41	-		-
Options revoked	-		-	-		-
Options outstanding at end of year	1,170	NT$	182.3	1,423	NT$	191.10
Options exercisable at end of year	293	NT$	182.3	-		-

(c) Eighth plan of employee stock options:

	Year ended December 31					
	2021			2020		
Stock options	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 year	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	(18)		-	(27)		-
Options exercised	-		-	-		-
Options revoked	-		-	-		-
Options outstanding at end of year	1,455	NT$	184.01	1,473	NT$	193.00
Options exercisable at end of year	-		-	-		-

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2021 and 2020 was NT$227.25 and NT$212.47 (in dollars) , respectively.

D. As of December 31, 2021 and 2020, the range of exercise prices of stock options outstanding was \$140.6~\$191.1 and \$147.4~\$193.0 (in dollars), respectively; the weighted-average remaining contractual period was as follows:

Type of arrangement	December 31, 2021	December 31, 2020
Sixth plan of employee stock options	2.5 years	3.5 years
Seventh plan of employee stock options	3.5 years	4.5 years
Eighth plan of employee stock options	4.25 years	5.25 years

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

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

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

	Year ended December 31	
	2021	2020
Equity-settled	$ 23,161	$ 26,025

(21) Share capital

A. As of December 31, 2021, the Company's authorised capital was $1,200,000, consisting of 120 million shares of ordinary stock (including 6 million shares reserved for employee stock options), and the paid-in capital was $695,170 with a par value of NT$10 (in dollars) per share.

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

	2021	2020
At January 1	69,028,564	67,105,148
Employee stock options exercised	574,114	263,744
Acquisition of non-controlling interests by issuing ordinary shares	-	1,659,672
At December 31	69,602,678	69,028,564

B. As of December 31, 2021 and 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 December 31, 2021, the carrying amount of the shares of the Company held by ECOVE Waste Management Corp. amounted to $57. The details are as follows:

	December 31, 2021				
	Number of shares	Carrying amount (in dollars/share)		Market value (in dollars/share)	
ECOVE Waste Management Corp.	1,605	NT$	35.34	NT$	234

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

(22) Capital surplus

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

B. Changes in capital surplus are as follows:

	Share premium	Employee stock options	Others	Total
At January 1, 2021	$ 2,265,828	$ 44,814	$ -	$ 2,310,642
Employee stock options exercised	87,255	-	-	87,255
Share-based payment transaction	-	23,066	-	23,066
Adjustments of changes in investments accounted for using equity method	-	385	-	385
At December 31, 2021	$ 2,353,083	$ 68,265	$ -	$ 2,421,348

	Share premium	Employee stock options	Others	Total
At January 1, 2020	$ 2,186,678	$ 19,667	$ 1,686	$ 2,208,031
Employee stock options exercised	36,238	-	-	36,238
Share-based payment transaction	-	24,586	-	24,586
Transactions with non-controlling	42,912	-	(1,686)	41,226
Adjustments of changes in investments accounted for using equity method	-	561	-	561
At December 31, 2020	$ 2,265,828	$ 44,814	$ -	$ 2,310,642

(23) Retained earnings

A. When net profit occurs in the annual accounts, the Company may, after reserving a sufficient amount of the income before tax to cover the accumulated losses, upon the resolution of the Board of Directors, distribute at least 0.01% of the income before tax as employees' remuneration, and distribute no more than 2% of the income before tax as directors' remuneration. The remuneration could be in the form of stock or cash, and the employees' remuneration could be distributed to the employees of subsidiaries of the Company under certain conditions. A report of the distribution of employees' compensation or the directors' remuneration shall be submitted to the shareholders at the shareholders' meeting.

B. The Company shall, after all taxes and dues have been paid and its losses have been covered and at the time of allocating surplus profits, first set aside 10% of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. Furthermore, in accordance with the provisions of laws and regulations and the rules prescribed by the central competent authority, a special reserve shall be set aside. If there is recovery of the balance of special reserve, the recovered amount shall be included in the distribution of the profit for the current year.

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

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

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

D. Special reserve

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

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

E. The appropriations of 2020 and 2019 earnings had been resolved at the stockholders' meeting on July 30, 2021 and May 28, 2020, respectively. Details are summarised below:

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

F. The Company recognized dividends of $759,482 (NT$10.94880262 per share) and $726,749 (NT$10.83 per share) in 2019 and 2018, respectively.

G. The Company recognized dividends of $759,482 (NT$11.00 dollars per share) in 2020. In addition, outstanding stocks will be influenced by employees' share rights. Thus, Board of Directors approved the adjustment of the dividend per share from NT$11 per share to NT$10.94880262 per share.

H. The appropriations of 2021 earnings had been proposed by Board of Directors during its meeting on March 7, 2022.

Details are summarized below:

	2021	
	Amount	Dividends per share (in NT$ dollars)
Legal reserve	$ 91,755	NT$ -
Special reserve	(8,377)	-
Cash dividends	834,675	11.99
Total	$ 918,053	NT$ 11.99

The appropriations of 2021 earnings has not yet been resolved at the stockholders' meeting.

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

(24) Operating revenue

	Year ended December 31,	
	2021	2020
Operating revenue	$ 2,106,560	$ 2,254,862
Electricity	2,029,402	1,654,013
Waste collection	84,949	73,172
Others	1,182,050	1,084,781
	5,402,961	5,066,828
Service concession arrangements		
Operating revenue	467,719	474,255
Finance revenue	84,570	96,507
	552,289	570,762
	$ 5,955,250	$ 5,637,590

A. Disaggregation of revenue from contracts with customers

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

Year ended December 31, 2021	Domestic	China	Macau	United States	Total
Total segment revenue	$ 6,475,048	$ 55,058	$ 1,065,669	$ 78,999	$ 7,674,774
Inter-segment revenue	(1,576,234)	(24,303)	(118,987)	-	(1,719,524)
Revenue from external customer contracts	$ 4,898,814	$ 30,755	$ 946,682	$ 78,999	$ 5,955,250
Timing of revenue recognition over a period of time	$ 4,898,814	$ 30,755	$ 946,682	$ 78,999	$ 5,955,250

Year ended December 31, 2020	Domestic	China	Macau	United States	Total
Total segment revenue	$ 6,297,290	$ 91,962	$ 995,173	$ 75,292	$ 7,459,717
Inter-segment revenue	(1,674,637)	(31,898)	(115,592)	-	(1,822,127)
Revenue from external customer contracts	$ 4,622,653	$ 60,064	$ 879,581	$ 75,292	$ 5,637,590
Timing of revenue recognition					
Over a period of time	$ 4,622,653	$ 60,064	$ 879,581	$ 75,292	$ 5,637,590

B. Contract assets and liabilities

(a) Contract assets:

	December 31, 2021	December 31, 2020	January 1, 2020
Estimated accounts receivable	$ 620,662	$ 512,733	$ 342,720
Executory contract cost	28,414	74,265	120,909
	$ 649,076	$ 586,998	$ 463,629

(b) Contract liabilities:

	December 31, 2021	December 31, 2020	January 1, 2020
Receipts in advance	$ 22,284	$ 9,729	$ 50,005
construction contract	888,190	-	-
	$ 910,474	$ 9,729	$ 50,005

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

	Year ended December 31	
	2021	2020
Receipts in advance	$ 5,538	$ 44,827

(25) Interest income

	Year ended December 31	
	2021	2020
Interest income from bank deposits	$ 2,095	$ 2,666
Other interest income	1,364	304
	$ 3,459	$ 2,970

(26) Other income

	Year ended December 31	
	2021	2020
Dividend income	$ 10,159	$ 7,172
Income from government grants	12,403	13,083
Income from sale of scraps	14,610	3,019
Other income, others	3,394	13,416
	$ 40,566	$ 36,690

(27) Other gains and losses

	Year ended December 31	
	2021	2020
Gains on disposals of property, plant and equipment	$ 814	$ 2,374
(Losses) gains arising from lease modifications	(727)	627
Foreign exchange losses	(770)	(2,480)
Gains on financial assets at fair value through profit or loss	3,891	5,282
Miscellaneous disbursements	(834)	(251)
	$ 2,374	$ 5,552

(28) Finance cost

	Year ended December 31	
	2021	2020
Interest expense	$ 14,043	$ 29,348
Interest expense arising from corporate bonds	8,714	-
Interest expense arising from lease liabilities	759	548
	$ 23,516	$ 29,896

(29) Expenses by nature

	Year ended December 31	
	2021	2020
Employee benefit expense	$ 1,164,394	$ 1,091,403
Depreciation charges on property, plant and equipment	286,955	262,731
Depreciation charges on right-of-use assets	29,252	29,824
Amortisation	20,720	9,588
Incinerator equipment costs	486,775	503,860
Materials	901,661	757,601
Sub-contract costs	1,131,518	1,071,485
Insurance	70,481	59,942
Air pollution fee	-	20,000
Other expenses	593,457	620,828
	$ 4,685,213	$ 4,427,262

(30) Employee benefit expense

	Year ended December 31	
	2021	2020
Salaries	$ 972,457	$ 913,446
Employee stock options	23,161	26,025
Labor and health insurance fees	68,797	61,342
Pension costs	46,970	45,503
Other personnel expenses	53,009	45,087
	$ 1,164,394	$ 1,091,403

A. As of December 31, 2021 and 2020, the Group had 1,040 and 976 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 years ended December 31, 2021 and 2020, employees' compensation was accrued at $325 and $304, respectively; directors' remuneration was accrued at $5,200 and $5,200, respectively. The aforementioned amounts were recognized in salary and other expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 0.01% and 2% of distributable profit of current year for the year ended December 31, 2021. The employees' compensation and directors' remuneration have not yet been resolved by the Board of Directors. The employees' compensation will be distributed in the form of cash.

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

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

(31) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	Year ended December 31	
	2021	2020
Current tax:		
Current tax on profits for the year	$ 277,228	$ 247,624
Prior year income tax overestimation	47,290	(69)
Total current tax	324,518	247,555
Deferred tax:		
Origination and reversal of temporary differences	(50,344)	(13,688)
Effect of exchange rate changes	901	377
Income tax expense	$ 275,075	$ 234,244

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

	Year ended December 31	
	2021	2020
Remeasurement of defined benefit obligations	($ 1,683)	$ 1,731

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate (note)	$ 259,654	$ 247,022
Income disallowed by tax regulation	(16,260)	(12,709)
Change in assessment of realisation of deferred tax assets	(15,609)	-
Prior year income tax under (over)estimation	47,290	(69)
Income tax expense	$ 275,075	$ 234,244

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

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

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Unused compensated absences	$ 3,435	$ 269	$ -	$ 3,704
Unrealized pension costs	9,579	294	(1,683)	8,190
Unrealized maintenance costs	12,832	5,479	-	18,311
Unrealized cost of services	20	31	-	51
Unrealized gains on disposal of fixed assets	1,296	(110)	-	1,186
	$ 27,162	$ 5,963	($ 1,683)	$ 31,442
- Deferred tax liabilities:				
Unrealized foreign investment gain	($ 33,056)	$ 15,574	$ -	($ 17,482)
Unrealized exchange loss	(1,066)	77	-	(989)
Unrealized concession arrangements gain	(162,118)	28,730	-	(133,388)
	($ 196,240)	$ 44,381	$ -	($ 151,859)
	($ 169,078)	$ 50,344	($ 1,683)	($ 120,417)

	2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Unused compensated absences	5,000	(1,565)	-	3,435
Unrealized pension costs	7,785	63	1,731	9,579
Unrealized maintenance costs	11,224	1,608	-	12,832
maintenance expense	952	(952)	-	-
Unrealized cost of services	-	20	-	20
Unrealized gains on disposal of fixed assets	1,406	(110)	-	1,296
	$ 21,367	($ 936)	$ 1,731	$ 27,162
- Deferred tax liabilities:				
Unrealized foreign investment gain	($ 32,814)	($ 242)	$ -	($ 33,056)
Unrealized exchange gain	(1,335)	269	-	(1,066)
Unrealized concession arrangements gain	(176,715)	14,597	-	(162,118)
	($ 210,864)	$ 14,624	$ -	($ 196,240)
	($ 184,497)	$ 13,688	$ 1,731	($ 169,078)

D. As of December 31, 2021, the income tax returns of the Company through 2019 have been assessed and approved by the Tax Authority.

(32) Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share:			
Profit attributable to owners of the parent	$ 910,816	69,261	NT$ 13.15
Diluted earnings per share:			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	794	
Employees' bonus	-	1	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	$ 910,816	70,056	NT$ 13.00

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share:			
Profit attributable to owners of the parent	$ 842,254	67,197	NT$ 12.53
Diluted earnings per share:			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	473	
Employees' bonus	-	1	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	$ 842,254	67,671	NT$ 12.45

(33) Supplemental cash flow information

A. Investing activities with partial cash payments

	2021	2020
Purchase of property, plant and equipment	$ 122,321	$ 92,435
Less: Payable on demolition costs	(85,923)	(55,950)
Cash paid during the year	$ 36,398	$ 36,485

	2021	2020
Changes in other non-current assets	$ 635,342	$ 683,910
Less: Ending balance of payable on equipment	(111,769)	-
Cash paid during the year	$ 523,573	$ 683,910

(34) Changes in liabilities from financing activities

The Group's liabilities from financing activities for the years ended December 31, 2021 and 2020 included short-term borrowings, short-term notes and bills payable, corporate bonds payable, long-term borrowings, lease liabilities, changes in cash flow from financing, etc. The summary amount is as follows. For the rest of the information, please refer to the cash flow statement.

	2021 Liabilities from financing activities-gross	2020 Liabilities from financing activities-gross
At January 1	$ 2,065,284	$ 1,936,337
Changes in cash flow from financing activities	618,926	142,543
Changes in other non-cash items	156,226	(13,596)
At December 31	$ 2,840,436	$ 2,065,284

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is controlled by CTCI Corporation (incorporated in R.O.C.), which owns 55.25% of the Company's shares. The remaining 44.75% 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
CTCI Development Corp.	Associate
CTCI Shanghai Co., Ltd.	Associate
Boretech Resource Recovery Engineering Co., Ltd.	Associate
CTCI Foundation	Other related party
CTCI Education Foundation	Other related party

(3) Significant transactions and balances with related parties

A. Operating revenue

	Year ended December 31	
	2021	2020
Ultimate parent company	$ 3,188	$ 1,979
Associates	4,012	-
	$ 7,200	$ 1,979

(a) The prices on the operating, removal and transportation contracts entered into with related parties are set through negotiation by both parties. The collection term was 30 days quarterly.

(b) In accordance with Financial-Supervisory-Securities-Firms No. 0990100279 of the GreTai Securities Market, the Company provides illustrations as follows:

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

B. Purchases of goods and services

	Year ended December 31	
	2021	2020
Ultimate parent company	$ 7,883	$ 5,673
Associates	168,159	166,969
	$ 176,042	$ 172,642

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

C. Period-end balances arising from sales of services

	December 31, 2021	December 31, 2020
Accounts receivable:		
Ultimate parent company	$ 2,336	$ -
Associates	4,012	-
	$ 6,348	$ -

D. Period-end balances arising from purchases of services

	December 31, 2021	December 31, 2020
Accounts payable:		
Ultimate parent company	$ 6,146	$ 5,152
Associates	28,060	11,869
	$ 34,206	$ 17,021

E. Other receivables - related parties

	December 31, 2021	December 31, 2020
Other receivables:		
Associates (Note)	$ 8,541	$ 84

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

F. Loans to related parties

(a) Outstanding balance

	December 31, 2021	December 31, 2020
CTCI Machinery Corp.	$ 264,000	$ 30,000

(b) Interest income

	Year ended December 31	
	2021	2020
Associates (Note)	$ 1,286	$ 304

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 years ended December 31, 2021 and 2020, respectively.

G. Other income

	Year ended December 31	
	2021	2020
Associates	$ 508	$ 785

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

H. Dividend income

	Year ended December 31	
	2021	2020
Associates	$ 41,447	$ 25,470

I. Operating expenses

	Year ended December 31	
	2021	2020
Ultimate parent company	$ 15,073	$ 9,317
Associates	1,554	539
	$ 16,627	$ 9,856

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

J. Other payables-related parties

	December 31, 2021	December 31, 2020
Ultimate parent company	$ 8,041	$ 2,577
Associates	133	-
	$ 8,174	$ 2,577

K. Leasing arrangements - leasee

(a) As of December 31, 2021, the main lease contracts between the Group and related parties are as follows:

Lessor	Lease object	Payment method	Lease term
Ultimate parent company	Buildings and structures	$27/year	2019.1.1~2022.12.31
Associates	Buildings and structures	$285/year	2010.7.22~2029.7.21
Associates	Buildings and structures	$14,927/year	2021.8.1~2031.7.31

(b) Acquisition of right-of-use assets

	Year ended December 31,	
	2021	2020
Ultimate parent company	$ 862	$ -
Associates	138,519	-
	$ 139,381	$ -

(c) Lease liabilities

	December 31, 2021	December 31, 2020
Ultimate parent company	$ 821	$ 1,428
Associates	134,815	2,358
	$ 135,636	$ 3,786

(d) Interest expense on lease liabilities

	Year ended December 31	
	2021	2020
Ultimate parent company	$ 7	$ 14
Associates	396	36
	$ 403	$ 50

L. Property transactions

Acquisition of prepayments for business facilities

	Year ended December 31	
	2021	2020
Associates	$ -	$ 17,440

M. Endorsements and guarantees for others

	December 31, 2021	December 31, 2020
Associates	$ 208,000	$ 220,500

(4) Key management compensation

	Year ended December 31	
	2021	2020
Salaries and other short-term employee benefits	$ 48,575	$ 47,205
Post-employment benefits	991	1,061
	$ 49,566	$ 48,266

8. PLEDGED ASSETS

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

	Book value		
Assets	December 31, 2021	December 31, 2020	Purposes
Property, plant and equipment	$ 696,027	$ 732,910	Guarantee for long-term and short-term loans
Other non-current assets			
Guarantee deposits paid	65,398	31,061	Guarantee for bid, rent, performance guarantee, tender bond and staff dormitory
Restricted bank deposits	49,974	41,300	"
	$ 811,399	$ 805,271	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

In addition to those items which have been disclosed in Note 6(11), the significant commitments and contingent liabilities of the Group as of December 31, 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 December 31, 2021, the total amount of guarantee notes issued amounted to $7,054,750.

(2) As of December 31, 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 $1,552,985.

(3) As of December 31, 2021, the subsidiaries had outstanding commitments for service contracts amounting to $110,592.

(4) As of December 31, 2021, the subsidiaries had unused letters of credit for importing materials and sub-contract amounting to $9,257.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

A. The appropriation of 2021 earnings had been proposed at the Board of Directors' meeting on March 7, 2022. Please refer to Note 6(23)H for detailed information.

12. OTHERS

(1) Capital risk management

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

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

	December 31, 2021	December 31, 2020
Total borrowings	$ 2,649,574	$ 2,008,644
Total equity	$ 5,896,362	$ 5,650,443
Gearing ratio	45%	36%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 1,072,745	$ 1,405,767
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	145,526	130,025
	$ 1,218,271	$ 1,535,792

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	$ 1,216,106	$ 533,625
Financial assets at amortised cost	421,908	108,925
Notes receivable	667	88
Accounts receivable	1,034,775	840,100
Accounts receivable - related parties	6,348	-
Other receivables	2,516	908
Other receivables - related parties	272,541	30,084
Guarantee deposits paid	65,398	31,061
Long-term accounts receivable	1,229,722	1,544,206
Other financial assets	49,974	41,300
	$ 4,299,955	$ 3,130,297

	December 31, 2021	December 31, 2020
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 498,000	$ 464,700
Short-term notes and bills payable	39,969	147,925
Notes payable	7,494	23
Accounts payable	844,165	694,711
Accounts payable - related parties	34,206	17,021
Other payables	544,480	389,474
Other payables - related parties	8,174	2,577
Bonds payable	1,988,845	-
Long-term borrowings (including current portion)	122,760	1,396,019
Guarantee deposits received	252,189	192,853
	$ 4,340,282	$ 3,305,303
Lease liability	$ 190,862	$ 56,640

B. Risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

iii. The Group has certain investments in foreign operations, therefore, does not hedge the risk.

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

	December 31, 2021		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 423	27,674	$ 11,706
CNY：NTD	1,673	4.345	7,269
MOP：NTD	13,618	3.441	46,853
Financial liabilities			
Monetary items			
MOP：NTD	1,835	3.441	6,313

	December 31, 2020		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 1,162	28.097	$ 32,649
MOP：NTD	30,697	3.514	107,869
Financial liabilities			
Monetary items			
MOP：NTD	1,395	3.514	4,902

v. The unrealized exchange (loss) gain arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020 amounted to ($593) and ($1,545), respectively.

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

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD：NTD	1.00%	$ 117	$ -
CNY：NTD	1.00%	73	$ -
MOP：NTD	1.00%	469	-
Financial liabilities			
Monetary items			
MOP：NTD	1.00%	63	-

	Year ended December 31, 2020		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD：NTD	1.00%	$ 326	$ -
MOP：NTD	1.00%	1,079	-
Financial liabilities			
Monetary items			
MOP：NTD	1.00%	49	-

Price risk

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

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 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 December 31, 2021 and 2020, the provision matrix is as follows:

	Excellent customers (Note 1)	General customers (Note 2)	Total
At December 31, 2021			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	$ 2,136,417	$ 128,080	$ 2,264,497
Loss allowance	$ -	$ -	$ -

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

Note 1: Government institutions, 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 December 31, 2021	Less than 1 year	Over 1 year
Short-term borrowings	$ 498,041	$ -
Short-term notes and bills payable	40,000	-
Notes payable	7,494	-
Accounts payable (including related parties)	878,371	-
Other payables (including related parties)	552,654	-
Lease liabilities	36,033	159,648
Bonds payable	12,100	2,030,052
Long-term borrowings (including current portion)	37,876	89,413
Other non-current liabilities	252,189	-

Non-derivative financial liabilities December 31, 2020	Less than 1 year	Over 1 year
Short-term borrowings	$ 465,540	$ -
Short-term notes and bills payable	148,000	-
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	-

(3) Fair value estimation

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

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

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

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

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

The related information on the nature of the assets and liabilities is as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 1,072,745	$ -	$ -	$ 1,072,745
Financial assets at fair value through other comprehensive income				
Equity securities	144,983	-	543	145,526
	$ 1,217,728	$ -	$ 543	$ 1,218,271

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
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	129,482	-	543	130,025
	$ 1,535,249	$ -	$ 543	$ 1,535,792

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

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

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

E. For the years ended December 31, 2021 and 2020, there were no transfers between Level 1 and Level 2.

F. For the years ended December 31, 2021 and 2020, there were no transfers into or out from Level 3.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

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

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 4.

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

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 5.

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

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

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

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

(4) Major shareholders information

Please refer to table 11.

14. OPERATING SEGMENT FINANCIAL INFORMATION

(1) General information

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

(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:

	Year ended December 31	
	2021	2020
Revenue from external customers	$ 5,955,250	$ 5,637,590
Inter-segment revenue	1,719,524	1,822,127
Total segment revenue	$ 7,674,774	$ 7,459,717
Segment income	$ 1,270,037	$ 1,210,328
Depreciation	$ 316,207	$ 292,555
Amortisation	$ 20,720	$ 9,588

(3) Reconciliation information of segmental income

A reconciliation of adjusted EBITDA for reportable segment and income from continuing operations before income tax for the years ended December 31, 2021and 2020 is provided as follows:

	Year ended December 31	
	2021	2020
Adjusted EBITDA for reportable segment	$ 1,270,037	$ 1,210,328
Financial cost, net	(23,516)	(29,896)
Others	106,301	101,901
Income from continuing operations before income tax	$ 1,352,822	$ 1,282,333

(4) Information on products and services

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

(5) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	Year ended December 31,			
	2021		2020	
	Operating revenue	Non-current assets	Operating revenue	Non-current assets
Taiwan	$ 4,898,814	$ 5,088,878	$ 4,622,653	$ 4,942,510
Macau	946,682	17,336	879,581	13,293
China	30,755	319	60,064	1,515
USA	78,999	591,318	75,292	647,951
Total	$ 5,955,250	$ 5,697,851	$ 5,637,590	$ 5,605,269

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

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2021 and 2020 is as follows:

	Year ended December 31,	
	2021	2020
Customer A	$ 1,200,035	$ 941,190
Customer B	324,403	332,356
Customer C	320,679	318,221
Customer D	263,797	311,714

ECOVE ENVIRONMENT CORPORATION
Loans to others
Year ended December 31, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2021 (Note 3)	Balance at December 31, 2021 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Other receivables-related parties	Yes	$ 1,447,731	$ 1,447,731	$ 1,184,731	0.75%	2	$ -	For operational needs	$ -	-	$ -	$ 2,185,632	$ 2,185,632	-
0	"	ECOVE Solar Power Corporation	"	"	574,952	574,952	552,952	0.75%	"	"	"	"	"	"	2,185,632	2,185,632	
0	"	ECOVE South Corporation Ltd	"	"	77,317	77,317	77,317	0.75%	"	"	"	"	"	"	2,185,632	2,185,632	
1	ECOVE Environment Services Corp.	CTCI Machinery Corp.	"	"	300,000	233,000	233,000	0.75%	"	"	"	"	"	"	359,948	359,948	-
1	"	ECOVE South Corporation Ltd	"	"	30,000	30,000	23,000	0.75%	"	"	"	"	"	"	359,948	359,948	-
1	"	ECOVE Solvent Recycling Corporation	"	"	30,000	-	-		"	"	"	"	"	"	359,948	359,948	-
1	"	E&C Engineering Corp.	"	"	30,000	-	-		"	"	"	"	"	"	359,948	359,948	-
2	ECOVE Waste Management Corp.	CTCI Machinery Corp.	"	"	45,000	31,000	31,000	0.75%	"	"	"	"	"	"	43,734	43,734	-
3	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	"	"	80,000	-	-	-	"	"	"	"	"	"	551,446	551,446	-
3	"	ECOVE South Corporation Ltd	"	"	80,000	-	-	-	"	"	"	"	"	"	551,446	551,446	-

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 for the year ended December 31, 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.

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

ECOVE ENVIRONMENT CORPORATION

Provision of endorsements and guarantees to others

Year ended December 31, 2021

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 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
0	ECOVE Environment Corp.	ECOVE South Corporation Ltd	2	$ 10,928,162	$ 300,000	$ 300,000	$ -	$ -	5.49%	$ 16,392,243	Y	N	N	-
0	"	ECOVE Solar Energy Corporation	2	10,928,162	2,660,630	2,659,622	489,985	-	48.67%	16,392,243	Y	N	N	-
0	"	ECOVE Solar Power Corporation	2	10,928,162	1,087,000	920,000	299,589	-	16.84%	16,392,243	Y	N	N	-
0	"	ECOVE Solvent Recycling Corporation	2	10,928,162	157,600	157,600	59,000	-	2.88%	16,392,243	Y	N	N	-
0	"	Ever Ecove Corporation	6	10,928,162	220,500	208,000	153,000	-	3.81%	16,392,243	N	N	N	-
1	ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd	2	5,514,455	14,000	-	-	-	-	8,271,682	N	N	N	-
1	"	ECOVE Solar Power Corporation	2	5,514,455	757,076	181,760	-	-	13.18%	8,271,682	N	N	N	-
2	ECOVE Solar Power Corporation	ECOVE Solar Energy Corporation	3	1,545,133	12,420	12,420	12,420	-	3.22%	2,317,700	N	N	N	-

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

(1)The Company is ‘0’.

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

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

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3)The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4)The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7)Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

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

(1)The limit on endorsements and guarantees granted to a single party shall not exceed 200% of the Company’s net assets value in last financial statement which was audited by accountant.

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

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

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

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

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

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

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

ECOVE ENVIRONMENT CORPORATION

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

Year ended December 31, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

	Marketable securities（Note 1）		Relationship with		December 31, 2021				
Securities held by	Type	Name	the securities issuer（Note 2）	General ledger account	Number of shares/ denominations	Book value（Note 3）	Ownership (%)	Fair value	Footnote（Note 4）
ECOVE Environment Corp.	Beneficiary certificates	Prudential Financial Money Market	None	Financial assets at fair value through profit or loss-current	9,742,320	$ 155,593	-	$ 155,793	-
				Adjustment		200			
						$ 155,793			
"	"	FSITC Taiwan Money Market Fund	"	Financial assets at fair value through profit or loss-current	30,746,577	$ 475,204	-	$ 475,683	-
				Adjustment		479			
						$ 475,683			
"	"	Franklin Templetion Sinoam Money Market	"	Financial assets at fair value through profit or loss-current	2,682,407	$ 28,000	-	$ 28,041	-
				Adjustment		41			
						$ 28,041			
"	Common Stock	Taiwan Cement Corp.	"	Financial assets at fair value through other comprehensive income-current	531,205	$ 16,671	-	$ 25,578	-
				Adjustment		8,907			
						$ 25,578			
"	"	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%	68	-
		Less: Accumulated impairment				(1,799)			-
						$ 543		$ 543	
ECOVE Wujih Energy Corp.	Common Stock	Taiwan Cement Corp.	None	Financial assets at fair value through other comprehensive income-current	534,295	$ 25,726	-	$ 25,726	-
"	Beneficiary certificates	FSITC Taiwan Money Market Fund	"	Financial assets at fair value through profit or loss-current	3,881,259	60,048	-	60,048	-
"	"	Taishin 1699 Money Market Fund	"	"	8,588,811	117,481	-	117,481	
"	"	Franklin Templetor Money Market Fund	"	"	6,423,925	67,153	-	67,153	
ECOVE Environment Services Corp.	Common Stock	CTCI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income-current	1,028	$ 38	-	$ 38	-
"	"	Taiwan Cement Corp.	None	"	1,406,754	67,735	-	67,735	-
ECOVE Waste Management Corp.	"	Taiwan Cement Corp.	"	"	538,039	25,906	-	25,906	-
"	"	ECOVE Environment Corp.	Parent company	"	1,605	376	-	376	-
"	Beneficiary certificates	Jih Sun Money Market Fund	None	Financial assets at fair value through profit or loss-current	5,915,058	88,649	-	88,649	-
"	"	Taishin 1699 Money Market	"	"	1,597,636	21,853	-	21,853	-
"	"	Franklin Templetor Money Market Fund	"	"	4,021,149	42,035	-	42,035	-
ECOVE Mioali Energy Corporation	"	Taishin 1699 Money Market	"	"	1,170,421	16,009	-	16,009	-

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

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

Year ended December 31, 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 December 31, 2021		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 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.	Prudential Financial Money Market	Financial assets at fair value through profit or loss	-	-	6,475,471	$ 103,195	16,838,389	$ 269,000	13,571,540	$ 216,835	$ 216,602	$ 233	9,742,320	$ 155,593
"	FSITC Taiwan Money Market Fund	"	-	-	5,186,230	80,000	39,462,081	610,000	13,901,734	214,975	214,796	179	30,746,577	475,204
"	FSITC Money Market Fund	"	-	-	-	-	2,310,376	416,000	2,310,376	416,208	416,000	208	-	-
ECOVE Environmental Services Corp.	Taishin 1699 Money Market Fund	"	-	-	31,167,316	425,070	20,062,825	274,000	51,230,141	699,993	699,070	923	-	-
"	Taishin Ta-Chong Money Market	"	-	-	-	-	33,214,540	476,000	33,214,540	476,121	476,000	121	-	-
ECOVE Wujih Energy Corp.	FSITC Taiwan Money Market Fund	"	-	-	3,694,229	57,000	9,770,493	151,000	9,583,463	148,143	148,000	143	3,881,259	60,000
ECOVE Waste Management Corp.	Taishin 1699 Money Market Fund	"	-	-	-	-	10,466,588	143,000	8,868,952	121,200	121,164	36	1,597,636	21,836

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

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

Year ended December 31, 2021

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp	Affiliate	(Waste disposal revenue)	($ 436,386)	(57%)	30 days quarterly	No significant difference		$ 58,604	23%	-
"	ECOVE Environment Services Corp.	"	Cost of services	300,876	72%	"	"		(66,462)	(65%)	-
ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	(Operating revenue)	(540,015)	(14%)	"	"		53,793	15%	-
"	ECOVE Wujih Energy Corp.	"	"	(300,876)	(8%)	"	"		66,462	18%	-
"	ECOVE Mioali Energy Corp	"	"	(148,645)	(4%)	"	"		28,167	14%	-
ECOVE Waste Management Corp.	ECOVE Environment Services Corp.	"	Waste disposal cost	540,015	47%	"	"		(53,793)	(44%)	-
"	ECOVE Wujih Energy Corp.	"	"	436,386	38%	"	"		(58,604)	(47%)	-
ECOVE Miaoli Energy Corp.	ECOVE Environment Services Corp.	"	Operating cost	148,645	92%	"	"		(28,167)	(100%)	-

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

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

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

ECOVE ENVIRONMENT CORPORATION

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

Year ended December 31, 2021

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
ECOVE Environment Services Corp.	CTCI Machinery Corp.	Affiliate	$ 233,144	Note 3	$ -	Note 3	$ -	$ -
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	A subsidiary	1,190,240	"	-	"	-	-
"	ECOVE Solar Power Corporation	"	553,237	"	-	"	-	-

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

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

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

ECOVE ENVIRONMENT CORPORATION

Significant inter-company transactions during the reporting period

Year ended December 31, 2021

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	1	Other accounts receivable	$ 1,190,240	-	9.69%
0	"	ECOVE Solar Power Corporation	"	"	553,237	-	4.50%
0	"	ECOVE Solar Energy Corporation	"	Endorsements and guarantees	2,659,622	-	N/A
0	"	ECOVE Solar Power Corporation	"	"	920,000	-	N/A
0	"	ECOVE South Corporation Ltd.	"	"	300,000	-	N/A
0	"	ECOVE Solvent Recycling Corporation	"	"	157,600	-	N/A
1	ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	3	Operating revenue	(436,386)	30 days quarterly	-7.33%
2	ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	"	(540,015)	"	-9.07%
2	"	ECOVE Miaoli Energy Corp.	"	"	(148,645)	"	-2.50%
2	"	ECOVE Wujih Energy Corp.	"	"	(300,876)	"	-5.05%
2	"	SINOGALWaste Services Co., Ltd.	"	"	71,008	"	1.19%
3	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	"	Endorsements and guarantees	181,760	-	N/A
4	ECOVE Waste Management Corp.	ECOVE Solvent Recycling Corporation	"	Operating revenue	66,239	30 days quarterly	1.11%

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

(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

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

Information on investees (not including investees in Mainland China)

Year ended December 31, 2021

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2021	Initial investment amount: Balance as at December 31, 2020	Shares held as at December 31, 2021: Number of shares	Shares held as at December 31, 2021: Ownership (%)	Shares held as at December 31, 2021: Book value	Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
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%	$ 790,299	$ 261,361	$ 261,361	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%	914,952	367,306	365,640	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%	108,960	49,004	49,004	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%	823,780	123,127	92,344	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%	39,377	(11)	(11)	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%	349,040	197,996	42,793	An investee using equity method

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2021	Initial investment amount: Balance as at December 31, 2020	Shares held as at December 31, 2021: Number of shares	Shares held as at December 31, 2021: Ownership (%)	Shares held as at December 31, 2021: Book value	Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Taiwan	Energy technology services etc.	$ 1,312,348	$ 1,312,348	104,621,082	100.00%	$ 1,502,304	$ 95,465	$ 95,465	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%	76,308	(33,419)	(1,518)	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%	112,274	20,914	18,820	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%	73,588	70,226	18,894	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%	15	123,127	2	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%	62,825	191,511	57,453	A subsidiary
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%	12	20,914	2	Affiliate

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2021	Initial investment amount: Balance as at December 31, 2020	Shares held as at December 31, 2021: Number of shares	Shares held as at December 31, 2021: Ownership (%)	Shares held as at December 31, 2021: Book value	Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
ECOVE Environment Services Corp.	Jing Ding Green Energy Technology Co., Ltd.	Taiwan	Wastewater sludge treatment	$ 6,000	$ 6,000	600,000	30.00%	$ 5,571	($ 888)	($ 267)	An investee using equity method
ECOVE Environment Services Corp.	ECOVE Environment Services Gangshan Corporation	Taiwan	Refuse incineration plant’s operation, machinery and equipment maintenance,etc.	251,000	-	25,100,000	100.00%	251,741	741	741	A subsidiary
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Taiwan	Energy technology services etc.	306,000	306,000	30,600,000	100.00%	386,283	27,073	27,073	A subsidiary
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Taiwan	Energy technology services etc.	30,500	30,500	3,050,000	100.00%	34,486	2,849	2,849	A subsidiary
ECOVE Solar Energy Corporation	G.D. International, LLC.	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	383,622	21,044	21,044	A subsidiary
G.D. International, LLC.	Lumberton Solar W2-090, LLC	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	383,275	21,240	21,240	A subsidiary

ECOVE ENVIRONMENT CORPORATION

Information on investments in Mainland China

Year ended December 31, 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 year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)(2)B	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
ECOVE Environment Consulting Corp.	Technical development, advisory and service in environmental field; environmental pollution control equipment and related parts wholesale, import and export, etc.	$ 4,147	1	$ 4,147	$ -	$ -	$ 4,147	$ 3,145	100.00%	$ 3,145	$ 15,933	$ 33,286	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ECOVE Environment Corp.	$ 4,147	$ 4,147	$ 3,278,449

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 year ended December 31, 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 that are audited by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B. Investment income (loss) of non-significant subsidiaries was recognized based on the audited 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

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2021

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2021	%	Balance at December 31, 2021	Purpose	Maximum balance during the month ended December 31, 2021	Balance at December 31, 2021	Interest rate	Interest during the month ended December 31, 2021	Others
ECOVE Environment Consulting Corp.	($ 24,303)	0.64%	-	-	($ 5,060)	0.80%	$ -	-	$ -	$ -	-	$ -	-

ECOVE ENVIRONMENT CORPORATION

Major shareholders information

December 31, 2021

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
CTCI Corp.	38,457,105	55.25%
Fubon Life Assurance Co., Ltd.	4,567,507	6.56%

(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.