ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2019 AND 2018

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.

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REPORT OF INDEPENDENT ACCOUNTANTS 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, 2019 and 2018, 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 accountants, 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, 2019 and 2018, 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 (ROC GAAS). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the audit reports of other independent accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. 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 consolidated financial statements of the current period are as follows:

Accuracy of service revenue

Description

Refer to Note 4(29) for accounting policies on operating revenue and Note 6(22) 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 and self-undertook services. The cash amount of service revenue was NT$2,602,026 thousand, constituting 49% of operating revenue for the year ended December 31, 2019. Due to the fact that this type of revenue involving the accuracy of the reports used and 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.

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Business combination

Description

Refer to Notes 4(31) and 6(30) for accounting policies on the acquisition method on business combinations. The Company holds 100% of shares in ECOVE Solar Energy Corporation and obtained the control over it after acquiring 50% of its shares by cash on September 20, 2018. The acquisition price was measured and allocated to identifiable assets acquired and liabilities assumed in the business combination based on the assets appraisal report provided by the external expert who was appointed by the Company.

As the assumptions of the acquisition price allocation in the business combination involves estimates by management, and are significant to the financial statements, we consider the business combination a key audit matter.

How our audit addressed the matter

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

A. Inquired with management for the procedures of the acquisition, including the motivation and price of the acquisition as well as obtaining evaluation basis of the fair values of assets and liabilities, accounting policies and relevant internal control procedures.
B. Reviewed and verified the business combination contract and the voucher of consideration payment.
C. Evaluated the reasonableness of the acquisition price allocation by reviewing the valuation method and key assumptions adopted based on the assets appraisal report of the business combination.
D. Obtained the accounting entries of business combination and ensured the assets acquired and liabilities assumed in the business combination were recognised in accordance with the abovementioned assets appraisal report and the related information was fully disclosed in the notes to the financial statements.

Other matter – scope of the audit

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$48,614 thousand, constituting 0.5% of consolidated total assets as of December 31, 2019, and the share of loss of associates and joint ventures accounted for using equity method was

NT$(722) thousand, constituting (0.07%) of consolidated total comprehensive income for the year then ended. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other independent accountants.

Other matter - non-consolidated financial statements

We have audited and expressed an unqualified opinion on the non-consolidated financial statements of ECOVE Environment Corporation as at and for the years ended December 31, 2019 and 2018.

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.

Auditor's 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 auditor's 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 ROC GAAS 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 ROC GAAS, 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 auditor's 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 auditor's 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

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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 auditor's 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　　Chang, Shu-Chiung

Weng, Shih-Jung　　Chang, Shu-Chiung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 11, 2020

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,679,523	18	$ 1,543,162	17
1110	Financial assets at fair value through profit or loss - current	6(2)	10,933	-	183,288	2
1120	Current financial assets at fair value through other comprehensive income	6(3)	124,032	1	102,201	1
1136	Current financial assets at amortised cost	6(4)	247,014	3	301,238	3
1150	Notes receivable, net		481	-	1,321	-
1170	Accounts receivable, net	6(5)	1,194,176	12	1,041,171	12
1180	Accounts receivable - related parties, net	7	571	-	1,717	-
1200	Other receivables		103,685	1	4,741	-
1210	Other receivables - related parties	7	30,818	-	24,646	-
130X	Inventories		72,507	1	63,854	1
1410	Prepayments	6(6)	92,113	1	266,503	3
1470	Other current assets	8	-	-	40,940	-
11XX	**Total current assets**		3,555,853	37	3,574,782	39
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	543	-	543	-
1550	Investments accounted for under equity method	6(7)	418,868	4	405,718	4
1600	Property, plant and equipment, net	6(8) and 8	2,858,835	30	2,131,233	24
1755	Right-of-use assets	6(9)	102,256	1	-	-
1780	Intangible assets	6(30)	136,153	2	136,153	2
1840	Deferred income tax assets	6(28)	26,367	-	22,295	-
1900	Other non-current assets	6(10) and 8	2,441,942	26	2,804,983	31
15XX	**Total non-current assets**		5,984,964	63	5,500,925	61
1XXX	**Total assets**		$ 9,540,817	100	$ 9,075,707	100

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ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(11)	$ 305,000	3	$ 52,000	1
2130	Current contract liabilities	6(22)	50,005	1	140,580	2
2150	Notes payable		-	-	1,032	-
2170	Accounts payable	6(12)	652,577	7	535,797	6
2180	Accounts payable - related parties	7	27,892	-	23,411	-
2200	Other payables	6(13)	421,493	4	467,937	5
2220	Other payables - related parties	7	3,365	-	6,481	-
2230	Current income tax liabilities		96,809	1	130,245	1
2280	Current lease liabilities	7	25,523	-	-	-
2300	Other current liabilities	6(14)(15)	151,939	2	139,437	1
21XX	**Total current liabilities**		1,734,603	18	1,496,920	16
	Non-current liabilities					
2540	Long-term borrowings	6(15)	1,427,563	15	1,423,587	16
2570	Deferred income tax liabilities	6(28)	210,864	2	204,300	2
2580	Non-current lease liabilities	7	44,102	-	-	-
2600	Other non-current liabilities	6(16)	530,882	6	529,541	6
25XX	**Total non-current liabilities**		2,213,411	23	2,157,428	24
2XXX	**Total liabilities**		3,948,014	41	3,654,348	40
	Equity attributable to owners of parent					
	Share capital	6(19)				
3110	Common stock		671,051	7	671,051	8
	Capital surplus	6(20)				
3200	Capital surplus		2,208,031	23	2,193,473	24
	Retained earnings	6(21)				
3310	Legal reserve		684,320	7	603,629	7
3320	Special reserve		2,243	-	32,284	-
3350	Unappropriated retained earnings		1,408,234	15	1,380,044	15
	Other equity interest					
3400	Other equity interest		12,487	-	(2,243)	-
31XX	**Equity attributable to owners of the parent**		4,986,366	52	4,878,238	54
36XX	**Non-controlling interest**	4(3)	606,437	7	543,121	6
3XXX	**Total equity**		5,592,803	59	5,421,359	60
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 9,540,817	100	$ 9,075,707	100

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share ammount)

	Items	Notes	2019 AMOUNT	2019 %	2018 AMOUNT	2018 %
4000	**Operating revenue**	6(22) and 7	$ 5,321,559	100	$ 4,847,096	100
5000	**Operating costs**	6(26)(27) and 7	(3,977,155)	(75)	(3,539,458)	(73)
5900	**Gross profit**		1,344,404	25	1,307,638	27
	Operating expenses	6(26)(27) and 7				
6200	General and administrative expenses		(172,357)	(3)	(178,722)	(4)
6000	**Total operating expenses**		(172,357)	(3)	(178,722)	(4)
6900	**Operating profit**		1,172,047	22	1,128,916	23
	Non-operating income and expenses					
7010	Other income	6(23) and 7	97,127	2	40,169	1
7020	Other gains and losses	6(24)	6,997	-	41,733	1
7050	Finance costs	6(25)	(34,083)	(1)	(7,483)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	32,747	1	31,435	-
7000	**Total non-operating income and expenses**		102,788	2	105,854	2
7900	**Profit before income tax**		1,274,835	24	1,234,770	25
7950	Income tax expense	6(28)	(212,685)	(4)	(254,298)	(5)
8200	**Profit for the year**		$ 1,062,150	20	$ 980,472	20
	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(17)	($ 7,367)	-	($ 3,212)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	31,158	-	(2,076)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method.		(1)	-	(31)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	1,459	-	1,379	-
8310	**Other comprehensive income (loss) that will not be reclassified to profit or loss**		25,249	-	(3,940)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Cumulative translation differences of foreign operations		(20,411)	-	233	-
8300	**Total other comprehensive income (loss) for the year**		$ 4,838	-	($ 3,707)	-
8500	**Total comprehensive income for the year**		$ 1,066,988	20	$ 976,765	20
	Profit attributable to:					
8610	Owners of the parent		$ 811,312	15	$ 806,912	17
8620	Non-controlling interest		250,838	5	173,560	3
	Total		$ 1,062,150	20	$ 980,472	20
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 819,645	15	$ 806,087	16
8720	Non-controlling interest		247,343	5	170,678	4
	Total		$ 1,066,988	20	$ 976,765	20
	Earnings per share (in dollars):	6(29)				
9750	**Basic earnings per share**		$	12.09	$	12.04
9850	**Diluted earnings per share**		$	12.06	$	12.04

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

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

		Equity attributable to owners of the parent									
				Retained Earnings			Other Equity Interest				
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain or loss on valuation of available-for-sale financial assets	Total	Non-controlling interest	Total equity
For the year ended December 31, 2018											
Balance at January 1, 2018		$ 668,106	$2,161,029	$ 527,495	$ 145	$1,359,148	$ 704	$ -	$4,716,627	$ 547,243	$5,263,870
Effect of retrospective application and retrospective restatement		-	-	-	-	1,799	-	(34,787)	(32,988)	-	(32,988)
Balance at January 1, 2018 after adjustments		668,106	2,161,029	527,495	145	1,360,947	704	(34,787)	4,683,639	547,243	5,230,882
Profit for the year		-	-	-	-	806,912	-	-	806,912	173,560	980,472
Other comprehensive income (loss)		-	-	-	-	(1,782)	2,922	(1,965)	(825)	(2,882)	(3,707)
Total comprehensive income (loss)		-	-	-	-	805,130	2,922	(1,965)	806,087	170,678	976,765
Appropriations of 2017 earnings	6(21)										
Legal reserve		-	-	76,134	-	(76,134)	-	-	-	-	-
Special reserve		-	-	-	32,139	(32,139)	-	-	-	-	-
Cash dividends		-	-	-	-	(647,313)	-	-	(647,313)	(183,364)	(830,677)
Share-based payment transactions	6(20)	-	5,055	-	-	-	-	-	5,055	308	5,363
Employee stock options exercised	6(20)	2,945	27,389	-	-	-	-	-	30,334	-	30,334
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	(30,447)	-	30,883	436	31	467
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	-	-	-	-	-	-	-	8,225	8,225
Balance at December 31, 2018		$ 671,051	$2,193,473	$ 603,629	$ 32,284	$1,380,044	$ 3,626	($ 5,869)	$4,878,238	$ 543,121	$5,421,359

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

		Equity attributable to owners of the parent									
				Retained Earnings			Other Equity Interest				
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain or loss on valuation of available-for-sale financial assets	Total	Non-controlling interest	Total equity
For the year ended Decemcer 31, 2019											
Balance at January 1, 2019		$ 671,051	$2,193,473	$ 603,629	$ 32,284	$1,380,044	$ 3,626	($ 5,869)	$4,878,238	$ 543,121	$5,421,359
Profit for the year		-	-	-	-	811,312	-	-	811,312	250,838	1,062,150
Other comprehensive income (loss)		-	-	-	-	(5,508)	(16,307)	30,148	8,333	(3,495)	4,838
Total comprehensive income (loss)		-	-	-	-	805,804	(16,307)	30,148	819,645	247,343	1,066,988
Appropriations of 2018 earnings	6(21)										
Legal reserve		-	-	80,691	-	(80,691)	-	-	-	-	-
Reversal of special reserve		-	-	-	(30,041)	30,041	-	-	-	-	-
Cash dividends		-	-	-	-	(726,078)	-	-	(726,078)	(184,766)	(910,844)
Share-based payment transactions	6(20)	-	14,421	-	-	-	-	-	14,421	879	15,300
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	(886)	-	886	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired	6(20)	-	137	-	-	-	-	3	140	(140)	-
Balance at December 31, 2019		$ 671,051	$2,208,031	$ 684,320	$ 2,243	$1,408,234	($ 12,681)	$ 25,168	$4,986,366	$ 606,437	$5,592,803

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

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

	Notes	For the years ended December 31 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,274,835	$ 1,234,770
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(26)	189,789	73,778
Depreciation - right-of-use	6(9)(26)	35,419	-
Amortization	6(26)	9,675	14,462
Interest expense	6(25)	33,505	7,483
Interest expense - lease liabilities	6(9)	578	-
Dividend income	6(23)	(8,857)	(3,657)
Interest income	6(23)	(11,990)	(16,390)
Salary expense-employee stock options	6(18)(27)	14,677	4,885
Gain on valuation of financial assets	6(24)	(2,849)	(1,564)
Gain on disposal of investment	6(24)	-	(26,481)
Profit from lease modification	6(24)	(28)	-
Share of profit of associates and joint ventures accounted for under equity method	6(7)	(32,747)	(31,435)
Loss (gain) on disposal of property, plant and equipment	6(24)	411	(4,387)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		170,448	250,721
Notes receivable, net		840	(1,087)
Accounts receivable, net		(153,005)	(80,446)
Accounts receivable - related parties, net		1,146	6,405
Other receivables		(45,270)	3,432
Other receivables - related parties		16,848	30,195
Inventories		(8,653)	(18,503)
Prepaid expenses		10,207	(23,847)
Other current assets		-	(30,940)
Other non-current assets		333,383	254,209
Changes in operating liabilities			
Current contract liabilities		(90,575)	140,580
Notes payable		(1,032)	843
Accounts payable		116,780	(89,136)
Accounts payable - related parties		4,481	(4,671)
Other payables		(40,109)	52,181
Other payables - related parties		(3,116)	(2,424)
Other current liabilities		6,620	(25,302)
Other non-current liabilities		(11,566)	2,380
Cash inflow generated from operations		1,809,845	1,716,054
Interest received		12,488	13,400
Dividends received		23,067	17,654
Interest paid		(39,840)	(8,436)
Income tax paid		(246,360)	(172,789)
Net cash flows from operating activities		1,559,200	1,565,883

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

	Notes	For the years ended December 31 2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets measured at fair value through other comprehensive income		$ 9,326	$ 48,206
Acquisition of financial assets at fair value through other comprehensive income		-	(16,258)
Decrease (increase) in financial assets at amortised cost		50,837	(115,328)
Increase (decrease) in other receivables - related parties		(23,000)	7,000
Interest received		75	2,570
Increase in investments accounted for under equity method - non-subsidiaries		-	(77,500)
Acquisition of property, plant and equipment	6(8)	(122,081)	(135,302)
Proceeds from disposal of property, plant and equipment		72	4,569
Increase in refundable deposits		(617)	(589)
Net cash flow from acquisition of subsidiaries (net of cash acquired)	6(30)	-	(206,659)
Increase in other non-current assets		(662,727)	(154,398)
Net cash flows used in investing activities		(748,115)	(643,689)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loans		(256,300)	(91,000)
Increase in short-term loans		509,300	-
Proceeds from long-term loans		185,700	87,000
Repayment of long-term loans		(168,856)	(258,933)
Repayment of lease liabilities		(30,244)	-
Increase in deposits received (shown in other non-current liabilities)		(3,480)	22,189
Employee stock options exercised		-	30,334
Cash dividends paid		(910,844)	(830,677)
Increase in non-controlling interests		-	4,100
Net cash flows used in financing activities		(674,724)	(1,036,987)
Net increase (decrease) in cash and cash equivalents		136,361	(114,793)
Cash and cash equivalents at beginning of year		1,543,162	1,657,955
Cash and cash equivalents at end of year		$ 1,679,523	$ 1,543,162

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(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 in was incorporated December, 2005.

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

(3) CTCI Corporation, the Company's ultimate parent company, holds 57.31% equity interest in the Company as of December 31, 2019.

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 9, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

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

IFRS 16, 'Leases'

A. IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Group increased 'right-of-use asset' by $130,771, increased 'lease liability' by $91,660 and decreased other non-current assets by $39,111 with respect to the lease contracts of lessees on January 1, 2019.

C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:

(a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.

(b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

(c) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of $10,966 was recognised for the year ended December 31, 2019.

(d) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.

(e) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

D. The Group calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate of 0.68%.

E. The Group recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	$	91,980
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	$	91,980
Incremental borrowing interest rate at the date of initial application		0.68%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	$	91,660

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7, 'Interest rate benchmark reform'	January 1, 2020

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

(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, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

B. The preparation of financial statements in conformity with 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 unrealised 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) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%)		Note
			December 31, 2019	December 31, 2018	
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Environmental engineering	100.00	100.00	
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	74.999	74.999	
ECOVE Environment Service Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	0.001	0.001	
ECOVE Environment Corp.	ECOVE Environment Service Corp.	Environmental engineering	93.15	93.15	
ECOVE Waste Management Corp.	ECOVE Environment Service Corp.	Environmental engineering	0.01	0.01	
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Environmental engineering	100.00	98.00	Note 4
ECOVE Environment Service Corp.	ECOVE Wujih Energy Corp.	Environmental engineering	-	2.00	Note 4
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Environmental engineering	100.00	60.00	Note 5
ECOVE Waste Management Corp.	Yuan Ding Resources Corp.	Environmental engineering	-	40.00	Note 5
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	

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%)		Note
			December 31, 2019	December 31, 2018	
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	89.99	89.99	Note 2
ECOVE Environment Service Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	0.01	0.01	Note 2
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Energy sector	100.00	100.00	Note 3
ECOVE Solar Energy Corporation.	ECOVE Solar Power Corporation	Energy sector	100.00	100.00	Note 3
ECOVE Solar Energy Corporation.	ECOVE Central Corporation Ltd.	Energy sector	-	100.00	Note 3 and 6
ECOVE Solar Energy Corporation.	ECOVE South Corporation Ltd.	Energy sector	100.00	100.00	Note 3
ECOVE Solar Energy Corporation.	G.D. International, LLC.	Energy sector	100.00	100.00	Note 3
G.D. International, LLC.	Lumberton Solar W2-090,LLC.	Energy sector	100.00	100.00	Note 3

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

Note 2: In May 2018, the Group acquired ECOVE Solvent Recycling Corporation by cash, which became a subsidiary whose 90% equity was directly and indirectly held by the Company, and the subsidiary was consolidated into financial statements from the date of acquisition.

Note 3: The Group originally held 50% equity of ECOVE Solar Energy Corporation. On December 31, 2019, the Group acquired the remaining 50% equity through cash. After the acquisition, ECOVE Solar Energy Corporation became a directly wholly owned subsidiary of the Company and was included in the consolidated financial statements since the Company obtained control over it.

Note 4: The Group was restructured in May 2019, whereby Ecove Environmental Services Corp. sold its originally held 2% equity of ECOVE Wujih Energy Corp. to ECOVE Environment Corp.

Note 5: The Group was restructured in May 2019, Whereby ECOVE Waste Management Corp. sold its originally held 40% equity of Yuan Ding Resources Corp. to ECOVE Environment Corp.

Note 6: ECOVE Central Corporation Ltd. conducted a simple merger with ECOVE Solar Energy Corporation and then dissolved under the approval of the Ministry of Economic Affairs due to the restructure of the Group in October 2019.

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, 2019 and 2018, the non-controlling interest amounted to $606,437 and $543,121, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest			
		December 31, 2019		December 31, 2018	
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)
ECOVE Miaoli Energy Corp.	Taiwan	$ 339,354	25.00%	$ 334,656	25.00%
SINOGAL-Waste Services Co., Ltd.	Macau	203,420	70.00%	135,150	70.00%

Summarised financial information of the subsidiaries:

Balance sheets

	ECOVE Miaoli Energy Corp.	
	December 31, 2019	December 31, 2018
Current assets	$ 281,104	$ 175,062
Non-current assets	1,206,458	1,337,570
Current liabilities	(58,486)	(102,176)
Non-current liabilities	(71,662)	(71,831)
Total net assets	$ 1,357,414	$ 1,338,625

	SINOGAL-Waste Services Co., Ltd.	
	December 31, 2019	December 31, 2018
Current assets	$ 512,877	$ 403,137
Non-current assets	14,941	5,683
Current liabilities	(165,235)	(155,808)
Non-current liabilities	(71,982)	(59,941)
Total net assets	$ 290,601	$ 193,071

Statements of comprehensive income

	ECOVE Miaoli Energy Corp.	
	For the years ended December 31,	
	2019	2018
Revenue	$ 336,766	$ 347,786
Profit before income tax	168,330	175,309
Income tax expense	(33,665)	(46,254)
Profit for the year	134,665	129,055
Other comprehensive income (loss) for the year	5	(48)
Total comprehensive income for the year	$ 134,670	$ 129,007
Comprehensive income attributable to non-controlling interest	$ 33,668	$ 32,252
Dividends paid to non-controlling interst	$ 29,025	$ 33,592

	SINOGAL-Waste Services Co, Ltd	
	For the years ended December 31,	
	2019	2018
Revenue	$ 786,378	$ 649,134
Profit before income tax	273,193	167,716
Income tax expense	709	(692)
Profit for the year	273,902	167,024
Other comprehensive income (loss), net of tax	(5,547)	(1,186)
Total comprehensive income for the year	$ 268,355	$ 165,838
Comprehensive income attributable to non-controlling interest	$ 187,849	$ 116,087
Dividends paid to non-controlling interst	$ 119,578	$ 127,558

Statements of cash flows

	ECOVE Miaoli Energy Corp.	
	For the years ended December 31,	
	2019	2018
Net cash provided by operating activities	$ 268,132	$ 279,321
Net cash provided by investing activities	12	4,326
Net cash used in financing activities	(161,360)	(310,368)
Increase (decrease) in cash and cash equivalents	106,784	(26,721)
Cash and cash equivalents, beginning of year	1,582	28,303
Cash and cash equivalents, end of year	$ 108,366	$ 1,582

	SINOGAL-Waste Services Co., Ltd.	
	For the years ended December 31,	
	2019	2018
Net cash provided by operating activities	$ 136,372	$ 212,053
Net cash provided by investing activities	(8,144)	29,902
Net cash used in financing activities	(168,673)	(193,169)
Increase (decrease) in cash and cash equivalents	(40,445)	48,786
Cash and cash equivalents, beginning of year	51,961	3,175
Cash and cash equivalents, end of year	$ 11,516	$ 51,961

(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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 realised, 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 realised 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) Assets held 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 amortised 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 recognised and derecognised using settlement date accounting.

C. At initial recognition, the Group measures the financial assets at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial assets at fair value with any gain or loss recognised 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 recognise 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 recognised and derecognised 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 recognised 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 recognised 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 recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised 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) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises 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 recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

(12) 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.

(13) 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 recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised 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 recognise 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 recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised 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 recognised 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 recognised 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 recognised 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 recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(14) Investment accounted for using equity method – joint ventures

The Group accounts for its interest in a joint venture using equity method. Unrealised profits and losses arising from the transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(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 recognised 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 derecognised. 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

Effective 2019

A. Leases are recognised 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 recognised 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 amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised 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 recognised as an adjustment to the right-of-use asset.

(17) Intangible assets

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 recognised 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 amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill is evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised 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 recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised 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 derecognised 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 recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(23) Provisions for other liabilities

Provisions-accrued recovery costs are recognised 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 recognised for future operating losses.

(24) Employee benefits

A. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised 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 recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the balance sheet date).

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

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

B. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

C. Employees' compensation directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised 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) <u>Employee share-based payment</u>

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 recognised 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 recognised 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 recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised 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 recognised, 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 realised or the deferred income tax liability is settled.

D. Deferred tax assets are recognised 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, unrecognised and recognised 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 recognised amounts and there is an intention to settle on a net basis or realise 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 realise the asset and settle the liability simultaneously.

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

(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.

(29) <u>Revenue recognition</u>

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 recognises 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 recognised at its fair value. Such considerations are recognised 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 recognises 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 recognises an intangible asset to the extent that it receives a right (a licence) 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 recognised 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 recognises revenue and account receivable to the amount that it has a right to bill each month.

B. Service revenue

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

C. Other revenue

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

D. Revenue from the electricity production of solar power

The Group sell the electricity generated by solar power. Revenue from the sale of the electricity is recognised when the Group sells the electricity to the customer.

(30) Government grant

The government grant is recognised when the Group is reasonably convinced the company will comply with the conditions attached to the government grant and will recognise 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 recognised as current profit and loss on a systematic basis during the period in which the related expenses are incurred.

(31) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(32) 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, 2019	December 31, 2018
Cash on hand and revolving funds	$ 10,048	$ 10,343
Checking accounts and demand deposits	1,550,737	422,288
Time deposits	118,738	1,110,531
Total	$ 1,679,523	$ 1,543,162

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, 2019	December 31, 2018
Currents items		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 10,393	$ 182,925
Valuation adjustment	540	363
Total	$ 10,933	$ 183,288

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

	For the year ended December 31, 2019	For the year ended December 31, 2018
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 2,849	$ 1,564

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, 2019	December 31, 2018
Current items:		
Equity instruments		
Listed stocks	$ 96,118	$ 106,367
Valuation adjustment	27,914	(4,166)
Total	$ 124,032	$ 102,201
Non-current items:		
Equity instruments		
Unlisted stocks	$ 2,342	$ 2,342
Valuation adjustment	(1,799)	(1,799)
Total	$ 543	$ 543

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

	For the year ended December 31, 2019	For the year ended December 31, 2018
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 31,158	($ 2,143)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	($ 922)	($ 31,653)
Debt instruments at fair value through other comprehensive income		
Exchange gains recognised in profit or loss	$ -	($ 3,697)
Fair value change recognised in other comprehensive income	$ -	$ 67
Accumulated other comprehensive income reclassified to profit or loss		
Reclassified due to derecognition	$ -	($ 467)
Interest income recognised in profit or loss	$ -	$ 825

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

(4) Financial assets at amortised cost

Items	December 31, 2019	December 31, 2018
Current items:		
Time deposits with original maturity over 3 months	$ 247,014	$ 301,238

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

B. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was $247,014 and $301,238, respectively.

(5) Accounts receivable

	December 31, 2019	December 31, 2018
Accounts receivable	$ 881,687	$ 762,525
Long-term accounts receivable - due in one year	312,489	278,646
	$ 1,194,176	$ 1,041,171

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

	December 31, 2019	December 31, 2018
Current	$ 1,057,697	$ 278,646
Up to 120 days	80,486	654,851
121 to 180 days	20,661	49,119
Over 181 days	35,332	58,555
	$ 1,194,176	$ 1,041,171

The above ageing analysis was based on invoice date.

B. As of December 31, 2019 and 2018, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2018, the balance of receivables from contracts with customers amounted to $955,580.

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

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

(6) Prepayments:

	December 31, 2019	December 31, 2018
Prepayments for material purchases	$ 23,541	$ 17,030
Sub-contract costs payable	5,226	164,183
Prepaid rents	2,652	3,277
Prepaid insurance premiums	7,890	26,925
Others	52,804	55,088
	$ 92,113	$ 266,503

(7) Investments accounted for under the equity method

	2019	2018
At January 1	$ 405,718	$ 666,510
Addition of investments accounted for using the equity method	-	77,500
Transferred to consolidated subsidiaries	-	(358,790)
Share of profit or loss of investments accounted for using the equity method	32,747	31,435
Earnings distribution of investments accounted for using equity method	(14,210)	(13,997)
Changes in capital surplus	624	476
Changes in other equity items	(6,011)	2,584
At December 31	$ 418,868	$ 405,718

	December 31, 2019	December 31, 2018
Associates:		
CTCI Chemicals Corp.	$ 65,631	$ 64,214
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	304,623	292,168
Ever Ecove Corporation	48,614	49,336
	$ 418,868	$ 405,718

A. Associates

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

		Shareholding ratio			
Company name	Principal place of business	December 31, 2019	December 31, 2018	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, 2019	December 31, 2018
Current assets	$ 294,347	$ 300,925
Non-current assets	852,027	788,200
Current liabilities	(12,411)	(10,906)
Non-current liabilities	-	-
Total net assets	$ 1,133,963	$ 1,078,219
Share in associate's net assets	$ 226,793	$ 215,643
Land-use right	255	1,020
Goodwill	75,505	75,505
Others	2,070	-
Carrying amount of the associate	$ 304,623	$ 292,168

Statement of comprehensive income

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	For the years ended December 31,	
	2019	2018
Revenue	$ -	$ -
Profit for the year from continuing operations	89,405	2,188
Other comprehensive loss, net of tax	(34,034)	(1,826)
Total comprehensive income	$ 55,371	$ 362

(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, 2019 and 2018, the carrying amount of the Group's individually immaterial associates amounted to $114,245 and $113,550, respectively.

	For the years ended December 31,	
	2019	2018
Profit for the year from continuing operations	$ 14,283	$ 15,159
Other comprehensive loss	(1)	(31)
Total comprehensive income	$ 14,282	$ 15,128

B. In August 2018, the Group acquired 5% of the shares of EVER ECOVE Corporation for $50,000 in accordance with the resolution of the Board of Directors adopted during its meeting on July 30, 2018. The Group's ownership in EVER ECOVE Corporation is less than 20%, but one of the directors also holds directorship of EVER ECORE Corporation, therefore, this investment is accounted for using the equity method.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Transportation	Unfinished construction	Others	Total
At January 1, 2019							
Cost	$ 171,883	$ 516	$ 1,916,471	$ 103,234	$ 108,997	$ 14,560	$ 2,315,661
Accumulated depreciation	-	(111)	(112,502)	(65,938)	-	(5,877)	(184,428)
	$ 171,883	$ 405	$ 1,803,969	$ 37,296	$ 108,997	$ 8,683	$ 2,131,233
For the year ended December 31, 2019							
Opening net book amount	$ 171,883	$ 405	$ 1,803,969	$ 37,296	$ 108,997	$ 8,683	$ 2,131,233
Additions	-	-	72,255	4,530	44,014	1,282	122,081
Acquired from business acquisition	-	-	809,632	-	-	-	809,632
Disposals	-	-	(472)	-	-	(11)	(483)
Depreciation charge	-	(165)	(176,810)	(10,069)	-	(2,745)	(189,789)
Net exchange differences	(2,128)	-	(11,712)	1	-	-	(13,839)
Closing net book amount	$ 169,755	$ 240	$ 2,496,862	$ 31,758	$ 153,011	$ 7,209	$ 2,858,835
At December 31, 2019							
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

	Land	Buildings and structures	Machinery	Transportation	Unfinished construstion	Others	Total
At January 1, 2018							
Cost	$ -	$ -	$ 87,542	$ 106,933	$ -	$ 7,505	$ 201,980
Accumulated depreciation	-	-	(52,406)	(73,254)	-	(3,076)	(128,736)
	$ -	$ -	$ 35,136	$ 33,679	$ -	$ 4,429	$ 73,244
For the year ended December 31, 2018							
Opening net book amount	$ -	$ -	$ 35,136	$ 33,679	$ -	$ 4,429	$ 73,244
Additions	-	-	7,460	11,960	108,997	6,885	135,302
Acquired from business acquisition	172,038	516	1,429,080	129	-	288	1,602,051
Transfer	-	-	396,010	-	-	-	396,010
Disposals	-	-	(182)	-	-	-	(182)
Depreciation charge	-	(111)	(62,268)	(8,474)	-	(2,925)	(73,778)
Net exchange differences	(155)	-	(1,267)	2	-	6	(1,414)
Closing net book amount	$ 171,883	$ 405	$ 1,803,969	$ 37,296	$ 108,997	$ 8,683	$ 2,131,233
At December 31, 2018							
Cost	$ 171,883	$ 516	$ 1,916,471	$ 103,234	$ 108,997	$ 14,560	$ 2,315,661
Accumulated depreciation	-	(111)	(112,502)	(65,938)	-	(5,877)	(184,428)
	$ 171,883	$ 405	$ 1,803,969	$ 37,296	$ 108,997	$ 8,683	$ 2,131,233

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

B. The amount of capitalised interest was $7,911 and $2,738, respectively, and the interest rates for capitalisation ranged from 0.95%~2.0364% and 1.088%~1.7% for the years ended December 31, 2019 and 2018, respectively.

(9) Leasing arrangements－lessee

Effective 2019

A. The Group leases various assets including land, buildings, machinery and equipment, business vehicles. Rental contracts are typically made for periods of 1 to 8 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	For the year ended December 31, 2019	For the year ended December 31, 2018
	Carrying amount	Depreciation charge
Land	$ 54,969	$ 9,421
Buildings	31,387	17,837
Transportation	11,840	6,741
Other equipment	4,060	1,420
	$ 102,256	$ 35,419

C. As of December 31, 2019, right-of-use assets-land amounting to $33,653 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. Please refer to Note 6(10) A for details.

D. For the year ended December 31, 2019, the additions to right-of-use assets was $39,573.

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

	For the year ended December 31, 2019
Items affecting profit or loss	
Interest expense on lease liabilities	$ 578
Expense on short-term lease contracts	10,966
Expense on leases of low-value assets	1,132
Expense on variable lease payments	30,165

F. For the years ended December 31, 2019, the Group's total cash outflow for leases amounted to $72,507.

G. Variable lease payments

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

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

(10) Other non-current assets

	December 31, 2019		December 31, 2018	
Long-term accounts receivable	$	2,158,699	$	2,414,923
Less:Current portion	(	312,489)	(	278,646)
		1,846,210		2,136,277
Long-term prepaid rents		-		37,321
Deferred recovery cost		18,685		16,525
Refundable deposits		21,082		20,465
Air pollution fee		-		54,267
Prepayments for business facilities		367,916		514,821
Restricted bank deposits		44,327		-
Executory contract cost		120,909		-
Others		22,813		25,307
	$	2,441,942	$	2,804,983

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

(a) The subsidiary, ECOVE Wujih Energy Corp., obtained the operation for the construction of Wujih Refuse Incineration Plant by build - operate - transfer (BOT) mode since April, 2000. In September, 2000, the "Waste incineration, Taichung City commission contract" between ECOVE Wujih Energy Corp. and Taichung City Government had been signed. The operating period is for 20 years starting from September 6, 2004. However, according to the contract, if it is expired in advance or extended during construction or operation, duration of the operation will be deemed to be matured or extended, but not to exceed 50 years. In order to work the "Waste Incineration Taichung City Commission Contract", ECOVE Wujih Energy Corp. obtained the land-use right of Wujih Refuse Incineration Plant. Therefore, duration of the land-use right has continued for 20 years since the plant began operating.

(b) The subsidiary, ECOVE Miaoli Energy Corp., obtained the operation for the construction of Miaoli County Refuse Incineration Plant by build - operate - transfer (BOT) mode since August, 2002. In September, 2002, the "Waste Incineration Commission Contract" between ECOVE Miaoli Energy Corp. and Miaoli County Government had been signed. The operating period is for 20 years starting February 29, 2008. However, according to the contract, if it is expired in advance or extended during construction or operation, duration of the operation will be deemed to be matured or extended. In order to work the "Waste Incineration Miaoli County Commission Contract", ECOVE Miaoli Energy Corp. obtained the land-use right of Miaoli Refuse Incineration Plant. Therefore, duration of the land-use right is from September 13, 2002 to March 12, 2026.

(c) ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corp. needs to deal with the guarantee tonnage of waste from government according to the contract during construction or operation.

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

B. Long-term prepaid rents are due to ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corp. obtaining the land-use right according to the "BOT". As of December 31, 2018, the long-term prepaid rent of ECOVE Wujih Energy Corp. amounted to $20,791. As of December 31, 2018, the long-term prepaid rent of ECOVE Miaoli Energy Corp. amounted to $16,530.

C. Accrued recovery cost pertain to the contracts for the operation and maintenance service of refuse incineration plant between the subsidiaries, ECOVE Environment Service Corp. and SINOGAL - Waste Services Co., Ltd., and the grantors, requiring recovery of refuse incineration plant, related machinery and equipment when the contract expires. The Group has estimated the related recovery cost when the service contracts expire and amortizes it over the contract period.

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

E. Information on air pollution fee is provided in Note 9(5).

F. Costs to fulfill a contract refer to the initial reconstruction cost of the refuse incineration plant for the contract that the Company entered into with the owner to operate the plant on its behalf, and it is amortised over the term of the contract.

(11) Short-term borrowings

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

Type of borrowings	Interest rate range	Collateral	December 31, 2018	Note
Secured borrowings	1.10%	ECOVE Solar Energy Corporation issued a promissory note in the amount of $70 million	$ 52,000	-

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

(12) Accounts payable

	December 31, 2019	December 31, 2018
Materials payable	$ 44,954	$ 21,902
Sub-contract costs payable	178,377	85,073
Incinerator equipment costs payable	41,517	31,861
Maintenance costs payable	310,079	281,003
Others	77,650	115,958
	$ 652,577	$ 535,797

(13) Other payables

	December 31, 2019	December 31, 2018
Accrued payroll	$ 271,018	$ 292,559
Other payables	150,475	175,378
	$ 421,493	$ 467,937

(14) Other current liabilities

	December 31, 2019	December 31, 2018
Other current liabilities		
Long-term liabilities-current portion	$ 134,149	$ 128,267
Others	17,790	11,170
	$ 151,939	$ 139,437

(15) Long-term borrowings

Type of borrowings	December 31, 2019	December 31, 2018
Secured borrowings	$ 1,561,712	$ 1,551,854
Less: Current portion	(134,149)	(128,267)
	$ 1,427,563	$ 1,423,587
Facility amount	$ 2,033,525	$ 2,420,861
Interest rate	1.49%~4.385%	1.3915%~4.9%

Note 1. ECOVE Miaoli Energy Corp. committed to maintain the following financial ratios and criteria during the period of the contract:

(i) Current ratio above 100%;

(ii) Debt ratio (Total Liabilities/Net Value) is under 190%; and

(iii) Time interest earned above 150%.

As of December 31, 2018, the long-term borrowings (including current portion) of ECOVE Miaoli Energy Corp. amounted to $4,000.

Note 2. ECOVE Solvent Recycling Corporation committed that if the construction has finished, ECOVE Solvent Recycling Corporation will complete the registration of ownership on the construction and pledge with the building lot in first priority to Chang Hwa Bank. Please refer to Note 8.

As of December 31, 2018, the long-term borrowings (including current portion) of ECOVE Solvent Recycling Corporation amounted to $25,645.

Note 3. The Group has pledged promissory notes as December 31, 2019 and 2018 amounting to $1,664,080 and $1,559,720, respectively.

(16) Other non-current liabilities

	December 31, 2019	December 31, 2018
Net defined benefit liability	$ 49,555	$ 40,412
Accrued recovery costs	104,823	92,532
Guaranteed deposits received	184,408	190,295
Deferred revenue	157,648	169,471
Others	34,448	36,831
	$ 530,882	$ 529,541

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

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.

(17) 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 subsidiasies 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 subsidiasies 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 subsidiasies will make contributions to cover the deficit by next March.

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

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	$ 274,104	$ 250,739
Fair value of plan assets	(224,549)	(210,327)
Net defined benefit liability	$ 49,555	$ 40,412

(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
For the year ended December 31, 2019			
At January 1	$ 250,739	($ 210,327)	$ 40,412
Current service cost	6,014	-	6,014
Interest (expense) income	2,482	(2,097)	385
	259,235	(212,424)	46,811
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(29)	(29)
Change in financial assumptions	7,958	-	7,958
Experience adjustments	6,912	(7,474)	(562)
	14,870	(7,503)	7,367
Pension fund contribution	-	(4,623)	(4,623)
Paid pension	-	-	-
At December 31	$ 274,105	($ 224,550)	$ 49,555

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended December 31, 2018			
At January 1	$ 240,044	($ 203,985)	$ 36,059
Current service cost	6,025	-	6,025
Interest (expense) income	2,606	(2,243)	363
	248,675	(206,228)	42,447
Remeasurements:			
Return on plan assets	-	(6,332)	(6,332)
Change in financial assumptions	2,873	-	2,873
Experience adjustments	6,671	-	6,671
	9,544	(6,332)	3,212
Pension fund contribution	-	(5,247)	(5,247)
Paid pension	(7,480)	7,480	-
At December 31	$ 250,739	($ 210,327)	$ 40,412

(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, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Year ended December 31, 2019	Year ended December 31, 2018
Discount rate	0.60%~0.70%	0.80%~1.00%
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	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2019				
Effect on present value of defined benefit obligation	($ 6,441)	$ 6,682	$ 5,873	($ 5,702)

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2018				
Effect on present value of defined benefit obligation	($ 6,714)	$ 6,973	$ 6,196	($ 6,009)

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, 2020 amount to $5,294.

B. Defined contribution pension plan

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

(b) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2019 and 2018 were $28,735 and $26,901, 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, 2019 and 2018 were $9,346 and $7,938, respectively.

(18) Share-based payment

A. For the years ended December 31, 2019 and 2018, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Fourth plan of employee stock options	2011.6.17	1,200 units	6 years	Service of 2 years
Fifth plan of employee stock options	2012.6.28	1,200 units	6 years	Service of 2 years
Sixth plan of employee stock options	2018.7.9	1,500 units	6 years	Service of 2 years
Seven plan of employee stock options	2019.7.24	1,500 units	6 years	Service of 2 years

B. The above employee stock options are as follows:

(a) Details of the fourth plan of employee stock options outstanding as of December 31, 2019 and 2018 are as follows, and all options were exercised.

	For the years ended December 31,				
	2019		2018		
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	-	-	3.00	NT$	106.30
Options granted	-	-	-		-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-		-
Options waived	-	-	(3.00)		-
Options exercised	-	-	-	NT$	106.30
Options revoked	-	-	-		-
Options outstanding at end of year	-	-	-		-
Options exercisable at end of year	-	-	-		-

(b) Details of the fifth plan of employee stock options outstanding as of December 31, 2019 and 2018 are as follows, and all options were exercised.

	For the years ended December 31,				
	2019		2018		
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	-	-	298.25	NT$	103.00
Options granted	-	-	-		-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-		-
Options waived	-	-	(3.75)		-
Options exercised	-	-	(294.50)	NT$	103.00
Options revoked	-	-	-		-
Options outstanding at end of year	-	-	-		-
Options exercisable at end of year	-	-	-		-

(c) Details of the sixth plan of employee stock options outstanding as of December 31, 2019 and 2018 are as follows and all options were exercised.

Stock options	2019 No. of options	2019 Weighted-average exercise price (in dollars)		2018 No. of options	2018 Weighted-average exercise price (in dollars)	
Options outstanding at January 1	1,448	NT$	173.50	-	$	-
Options granted	-		-	1,500	NT$	173.50
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-		-	-		-
Options waived	(40)		-	(52)		-
Options exercised	-		-	-		-
Options revoked	-		-	-		-
Options outstanding at end of year	1,408	NT$	155.00	1,448	NT$	173.50
Options exercisable at end of year	-		-	-		-

(d) Details of the seventh plan of employee stock options outstanding as of December 31, 2019 and 2018 are as follows and all options were exercised.

Stock options	2019 No. of options	2019 Weighted-average exercise price (in dollars)	
Options outstanding at beginning of year	-		-
Options granted	1,500	NT$	212.50
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-		-
Options waived	(34)		-
Options exercised	-		-
Options revoked	-		-
Options outstanding at end of year	1,466	NT$	201.00
Options exercisable at end of year	-		-

C. The weighted-average stock price of stock options at exercise dates for the year ended December 31, 2018 was $172.63 (in dollars).

D. As of December 31, 2019 and 2018, the range of exercise prices of stock options outstanding was $173.5~ $212.50 and $173.5 (in dollars), respectively; the weighted-average remaining contractual period was as follows:

Type of arrangement	December 31, 2019	December 31, 2018
Fourth plan of employee stock options	-	-
Fifth plan of employee stock options	-	-
Sixth plan of employee stock options	4.5 years	5.5 years
Seventh plan of employee stock options	5.5 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 (Note)	Exercise price	Expected price volatility	Expected duration	Expected dividend yield rate	Risk-free interest rate	Fair value per unit
Fourth plan of employee stock options	2011.6.17	NT$146.0	NT$146.0	38.65%	4.50 years	0%	1.05%	NT$ 48.82
Fifth plan of employee stock options	2012.6.28	NT$145.0	NT$145.0	33.63%	4.60 years	0%	1.00%	NT$ 42.79
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

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

	For the years ended December 31	
	2019	2018
Equity-settled	$ 14,677	$ 4,885

(19) Share capital

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

	2019	2018
At January 1	67,105,148	66,810,648
Employee stock options exercised	-	294,500
At December 31	67,105,148	67,105,148

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

C. As of December 31, 2019 and 2018, the associate of the Group held 276 thousand shares.

(20) 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, 2019	$ 2,188,235	$ 5,238	$ -	$ 2,193,473
Share-based payment transaction	-	14,421	-	14,421
Difference between consideration and carrying amount of subsidiaries acquired or disposed	(1,557)	8	1,686	137
At December 31, 2019	$ 2,186,678	$ 19,667	$ 1,686	$ 2,208,031

	Share premium	Employee stock options	Others	Total
At January 1, 2018	$ 1,971,969	$ 188,747	$ 313	$ 2,161,029
Share-based payment transaction	-	5,055	-	5,055
Expired employee stock options	188,877	(188,564)	(313)	-
Employee stock options exercised	27,389	-	-	27,389
At December 31, 2018	$ 2,188,235	$ 5,238	$ -	$ 2,193,473

(21) Retained earnings

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

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

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

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

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

D. Special reserve

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

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Order No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. The appropriations of 2018 and 2017 earnings had been resolved at the stockholders' meeting on May 30, 2019 and May 31, 2018, respectively.

Details are summarised below:

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

F. The Company recognised dividends of $647,313 (NT$9.68 per share) in 2018. In addition, outstanding stocks will be influenced by employees' share rights. Thus, the Board of Directors gave the right to adjust the rate of distributed dividends from NT$9.68 per share to NT$9.64624522 per share.

G. The appropriation of 2019 earnings had been proposed by Board of Directors during its meeting on March 9, 2020.

Details are summarised below:

	2019	
	Amount	Dividends per share (in NT dollars)
Legal reserve	$ 80,492	$ -
Special reserve	(2,243)	-
Cash dividends	726,749	10.83
Total	$ 804,998	$ 10.83

The appropriation of 2019 earnings has not yet been resolved at the stockholders' meeting.

H. For information relating to employees' compensation (bonuses) and directors' and supervisors' remuneration, please refer to Note 6 (27).

I. The Company recognised the effect of the change in tax rate immediately on January 1, 2018 when the change occurred. The effect of the change on items recognised outside profit or loss was recognised in other comprehensive income or equity (including non-controlling interest) amounting to $729.

(22) Operating revenue

	For the years ended December 31,	
	2019	2018
Operating revenue	$ 2,136,055	$ 1,969,174
Electricity	1,573,058	1,105,578
Waste collection	70,507	78,749
Others	968,041	1,116,590
	4,747,661	4,270,091
Service concession arrangements		
Operating revenue	465,971	458,152
Finance revenue	107,927	118,853
	573,898	577,005
	$ 5,321,559	$ 4,847,096

A. Disaggregation of revenue from contracts with customers

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

For the year ended December 31, 2019	Domestic	China	Macau	United States	Total
Total segment revenue	$ 5,865,052	$ 133,102	$ 958,405	$ 92,194	$ 7,048,753
Inter-segment revenue	(1,579,853)	(49,883)	(97,458)	-	(1,727,194)
Revenue from external customer contracts	$ 4,285,199	$ 83,219	$ 860,947	$ 92,194	$ 5,321,559
Timing of revenue recognition					
Over a period time	$ 4,285,199	$ 83,219	$ 860,947	$ 92,194	$ 5,321,559

For the year ended December 31, 2018	Domestic	China	Macau	United States	Total
Total segment revenue	$ 5,443,412	$ 160,358	$ 878,793	$ 14,083	$ 6,496,646
Inter-segment revenue	(1,526,207)	(55,274)	(68,069)	-	(1,649,550)
Revenue from external customer contracts	$ 3,917,205	$ 105,084	$ 810,724	$ 14,083	$ 4,847,096
Timing of revenue recognition					
Over a period time	$ 3,917,205	$ 105,084	$ 810,724	$ 14,083	$ 4,847,096

B. Contract assets and liabilities

(a) Details on contract assets are provided in Note 6(10).

(b) Contract liabilities:

	December 31, 2019	December 31, 2018	December 31, 2017
Receipts in advance	$ 50,005	$ 140,580	$ 36,605

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

	For the years ended December 31,	
	2019	2018
Receipts in advance	$ 120,937	$ 36,605

C. Assets recognised from costs to fulfill a contract

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

As at December 31, 2019, the balance was $120,909, and amortised to the cost amounting to $58,746 for the year ended December 31, 2019.

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

(23) Other income

	For the years ended December 31,	
	2019	2018
Interest income:		
Interest income from bank deposits	$ 11,895	$ 13,842
Other interest income	95	2,548
Total interest income	11,990	16,390
Dividend income	8,857	3,657
Other income, others	76,280	20,122
	$ 97,127	$ 40,169

(24) Other gains and losses

	For the years ended December 31,	
	2019	2018
(Losses) gains on disposals of property, plant and equipment	($ 411)	$ 4,387
Gains on disposals of investments	-	26,481
Foreign exchange gains (losses)	4,863	9,312
Gains on financial assets at fair value through profit or loss	2,849	1,564
Gains arising from lease modificiations	28	-
Miscellaneous disbursements	(332)	(11)
	$ 6,997	$ 41,733

(25) Finance cost

	For the years ended December 31,	
	2019	2018
Interest expense	$ 33,505	$ 7,483
Interest expense arising from lease liabilities	578	-
	$ 34,083	$ 7,483

(26) Expenses by nature

	For the years ended December 31,	
	2019	2018
Employee benefit expense	$ 1,099,972	$ 1,065,692
Depreciation charges on property, plant and equipment	189,789	73,778
Depreciation charges on right-of-use asset	35,419	-
Amortisation	9,675	14,462
Incinerator equipment costs	468,373	323,629
Materials	749,678	675,895
Sub-contract costs	1,005,626	1,016,100
Insurances	69,349	38,353
Other expenses	521,631	510,271
	$ 4,149,512	$ 3,718,180

(27) Employee benefit expense

	For the years ended December 31,	
	2019	2018
Salaries	$ 930,387	$ 916,519
Employee stock options	14,677	4,885
Labor and health insurance fees	59,916	54,849
Pension costs	44,480	41,227
Other personnel expenses	50,512	48,212
	$ 1,099,972	$ 1,065,692

A. As of December 31, 2019 and 2018, the Group had 973 and 988 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, 2019 and 2018, employees' compensation was accrued at $329 and $343, respectively; directors' and supervisors' remuneration was accrued at $5,200 and $5,200, respectively. The aforementioned amounts were recognised in salary and other expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 0.01% and 2% of distributable profit of current year as of the end of December 31, 2019. The employees' compensation and directors' and supervisors' remuneration have not yet been resolved by the Board of Directors. The employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2018 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2018 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.

(28) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	For the years ended December 31,	
	2019	2018
Current tax:		
Current tax on profits for the year	$ 216,195	$ 223,578
Prior year income tax over estimation	(7,976)	(1,381)
Total current tax	208,219	222,197
Deferred tax:		
Origination and reversal of temporary differences	3,951	4,395
Impact of change in tax rate	-	27,467
Effect of exchange rate changes	515	239
Income tax expense	$ 212,685	$ 254,298

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

	For the years ended December 31,	
	2019	2018
Remeasurement of defined benefit obligations	($ 1,459)	($ 650)
Impact of change in tax rate	-	($ 729)
	($ 1,459)	($ 1,379)

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2019	2018
Tax calculated based on profit before tax and statutory tax rate (note)	$ 225,281	$ 233,374
Expenses disallowed by tax regulation	(4,620)	(5,162)
Prior year income tax overestimation	(7,976)	(1,381)
Effect from change in tax rate	-	27,467
Income tax expense	$ 212,685	$ 254,298

Note: The basis for computing the applicable tax rate is the rate applicable in Taiwan.

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

	2019			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Unused compensated absences	$ 4,625	$ 375	$ -	$ 5,000
Unrealised pension costs	6,263	63	1,459	7,785
Unrealised maintenance costs	10,538	686	-	11,224
Unrealised repairs and maintenance expense	-	952	-	952
Unrealised exchange loss	(647)	647	-	-
Unrealised gains on disposal of fixed assets	1,516	(110)	-	1,406
	$ 22,295	$ 2,613	$ 1,459	$ 26,367
Deferred tax liabilities:				
Temporary differences:				
Unrealised foreign investment gain	($ 22,909)	($ 9,905)	$ -	($ 32,814)
Unrealised exchange gain	-	(1,335)	-	(1,335)
Unrealised concession arrangements gain	(181,391)	4,676	-	(176,715)
	($ 204,300)	($ 6,564)	$ -	($ 210,864)
	($ 182,005)	($ 3,951)	$ 1,459	($ 184,497)

	2018				
	January 1	Acquisition through business combination	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:					
Temporary differences:					
Unused compensated absences	$ 3,152	$ -	$ 1,473	$ -	$ 4,625
Unrealised pension costs	4,802	-	82	1,379	6,263
Unrealised maintenance costs	8,304	-	2,234	-	10,538
Unrealised exchange loss	2,815	134	(3,596)	-	(647)
Unrealised gains on disposal of fixed assets	-	1,382	134	-	1,516
	$ 19,073	$ 1,516	$ 327	$ 1,379	$ 22,295
Deferred tax liabilities:					
Temporary differences:					
Unrealised foreign investment gain	($ 12,965)	($ 2,773)	($ 7,171)	$ -	($ 22,909)
Unrealised concession arrangements gain	(156,373)	-	(25,018)	-	(181,391)
	($ 169,338)	($ 2,773)	($ 32,189)	$ -	($ 204,300)
	($ 150,265)	($ 1,257)	($ 31,862)	$ 1,379	($ 182,005)

D. As of December 31, 2019, except for ECOVE Environment Services Corporation's income tax returns through 2016, the Company's and its subsidiaries' income tax returns through 2017 have been assessed and approved by the Tax Authority.

E. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(29) Earnings per share

	For the year ended December 31, 2019		
	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	$ 811,312	67,105	NT$ 12.09
Diluted earnings per share:			
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	159	
Employees' bonus	-	2	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	$ 811,312	67,266	NT$ 12.06

	For the year ended December 31, 2018		
	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	$ 806,912	67,024	NT$ 12.04
Diluted earnings per share:			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	2	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	$ 806,912	67,026	NT$ 12.04

(30) Business combinations

A. ECOVE Solvent Recycling Corporation

(a) On May 10, 2018, the Group acquired a 90% equity interest of ECOVE Solvent Recycling Corporation in the amount of $49,590 in the form of cash, and had control over ECOVE Solvent Recycling Corporation which is primarily engaged in operating basic chemical industry and manufacture of other chemical products. As a result of the acquisition, the Group is expected to increase its presence in these markets. It also expects to reduce costs through economies of scale.

(b) The following table summarises the consideration paid for ECOVE Solvent Recycling Corporation and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

	May 10, 2018
Purchase consideration	
Cash paid	$ 49,590
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	4,126
	53,716
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	150
Prepayments	291
Property, plant and equipment	68,492
Other non-current assets	588
Other payables	(143)
Other current liabilities	(325)
Long-term borrowings	(27,800)
Total identifiable net assets	41,253
Goodwill	$ 12,463

(c) The operating revenue included in the consolidated statement of comprehensive income since May 10, 2018 contributed by ECOVE Solvent Recycling Corporation was $0. ECOVE Solvent Recycling Corporation also contributed loss before income tax of ($7,014) over the same period. Had ECOVE Solvent Recycling Corporation been consolidated from January 1, 2018, the consolidated statement of comprehensive income for the year ended December 31, 2018 would show operating revenue of $4,848,581 and profit before income tax of $1,226,813.

B. ECOVE Solar Energy Corporation

(a) On September 20, 2018, the Group acquired 50% of the shares by cash of NT$455,384; therefore, the Group holds 100% of shares and obtained control of ECOVE Solar Energy Corporation.

(b) The following table summarises the consideration paid for ECOVE Solar Energy Corporation and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

		September 20, 2018
Purchase consideration		
Cash paid	$	455,384
Fair value of equity interest in ECOVE Solar Energy Corporation held before the business combination		388,193
		843,577
Fair value of the identifiable assets acquired and liabilities assumed		
Cash		298,165
Accounts receivable		13,501
Other receivables		5,509
Prepayments		29,536
Property, plant and equipment		1,533,559
Deferred tax assets		1,516
Other non-current assets		721,902
Short-term borrowings	(	143,000)
Accounts payable	(	5,245)
Current tax liabilities	(	8,903)
Other payables	(	33,310)
Other current liabilities	(	138,880)
Long-term borrowings	(	1,376,650)
Deferred tax liabilities	(	2,773)
Other non-current liabilities	(	175,040)
Total identifiable net assets		719,887
Goodwill	$	123,690

(c) The operating revenue included in the consolidated statement of comprehensive income since September 20, 2018 contributed by ECOVE Solar Energy Corporation was $83,600. ECOVE Solar Energy Corporation also contributed profit before income tax of $12,047 over the same period. Had ECOVE Solar Energy Corporation been consolidated from January 1, 2018, the consolidated statement of comprehensive income for the year ended December 31, 2018 would show operating revenue of $5,115,340 and profit before income tax of $1,290,371.

(31) Operating leases

Prior to 2018

A. The Group leases offices and dormitories under non-cancellable operating lease agreements. These leases have terms expiring between 1 year and 16 years. The Group recognised rental expenses of $49,870 for these leases for the year ended December 31, 2018.

B. In order to build the refuse incineration plant, the Group obtained the land-use right amounting to $114,902. For the year ended December 31, 2018, the rent is amortized on a straight-line basis during construction or operation amounting to $5,976.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2018
Less than one year	$ 29,633
More than one year but not less than five years	33,134
More than five years	29,213
	$ 91,980

The Group has lease contracts that are charged based on the service per unit in accordance with electricity production. As such, there is no minimum lease payments for those contracts.

(32) Supplemental cash flow information

Investing activities with partial cash payments

	For the years ended December 31, 2019	For the years ended December 31, 2018
Other increasing amount of non-current assets	$ -	$ 870,331
Less: Acquisition through business combination	-	(715,933)
Cash paid during the year	$ -	$ 154,398

(33) Changes in liabilities from financing activities

2019	Short-term borrowings	Long-term borrowings	Liabilities from financing activities-gross
At January 1	$ 52,000	$ 1,551,854	$ 1,603,854
activities	253,000	16,844	269,844
Impact of changes in foreign exchange rate	-	(6,986)	(6,986)
At December 31	$ 305,000	$ 1,561,712	$ 1,866,712

2018	Short-term borrowings	Long-term borrowings	Liabilities from financing activities-gross
At January 1	$ -	$ 180,000	$ 180,000
activities	(91,000)	(171,933)	(262,933)
Changes in acquisition of subsidiaries	143,000	1,515,530	1,658,530
Impact of changes in foreign exchange rate	-	28,257	28,257
At December 31	$ 52,000	$ 1,551,854	$ 1,603,854

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is controlled by CTCI Corporation (incorporated in R.O.C.), which owns 57.31% of the Company's shares. The remaining 42.69% of the shares are widely held by the public.

(2) Names of related parties and relationship

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
Ever Solar Energy Corporation	The entity became a subsidiary on September 20, 2018; before this date, the enitity was a joint venture.

(3) Significant transactions and balances with related parties

A. Operating revenue

	For the years ended December 31,	
	2019	2018
Operating revenue:		
Ultimate parent company	$ 9,543	$ 27,528
Associates	22	-
	$ 9,565	$ 27,528

(a) The prices on the operating, removal and transportation contracts entered into with related parties are set through negotiation by both parties. The collection terms were 30 days and approximately the same as those with third parties.

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

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

B. Purchases of goods and services

	For the years ended December 31,	
	2019	2018
Purchases of goods and services:		
Ultimate parent company	$ 5,399	$ 6,576
Associates	158,629	163,963
	$ 164,028	$ 170,539

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 terms were 30 days and approximately the same as those with third parties.

C. Period-end balances arising from sales of services

	December 31, 2019	December 31, 2018
Accounts receivable:		
Ultimate parent company	$ 571	$ 1,717

D. Period-end balances arising from purchases of services

	December 31, 2019	December 31, 2018
Accounts payable:		
Ultimate parent company	$ 5,278	$ 4,260
Associates	22,614	19,151
	$ 27,892	$ 23,411

E. Other receivables-related parties

(a) Reclassified from accounts receivable

	December 31, 2019	December 31, 2018
Ultimate parent company	$ -	$ 17,566

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

(b) Others

	December 31, 2019	December 31, 2018
Other receivables:		
Associates (Note)	$ 792	$ 74

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

F. Loans to related parties

(a) Receivables from related parties

	December 31, 2019		December 31, 2018	
Ultimate parent company	$	-	$	-
CTCI Machinery Corp.		30,026		7,006
	$	30,026	$	7,006

(b) Interest income

	For the years ended December 31,			
	2019		2018	
Ultimate parent company (Note 1)	$	-	$	2,487
Associates (Note 2)		94		77
	$	94	$	2,564

Note 1: The terms of lending include interest to be calculated and received monthly, using the annual rate of 0.81% for the year ended December 31, 2018.

Note 2: The terms of lending include interest to be calculated and received monthly, using the annual rate of 1.01% for both years ended December 31, 2019 and 2018.

G. Other income

	For the years ended December 31,			
	2019		2018	
Associates	$	1,703	$	999
Joint ventures		-		2,555
	$	1,703	$	3,554

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

H. Other payables-related parties

(a) Operating expenses

	For the years ended December 31,			
	2019		2018	
Associates	$	14,603	$	8,830
Joint ventures		26		25
	$	14,629	$	8,855

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

(b) As of December 31, 2019 and 2018, the unpaid amounts are as follows (shown as other payables):

	December 31, 2019	December 31, 2018
Ultimate parent company	$ 3,337	$ 6,481
Associates	28	-
	$ 3,365	$ 6,481

I. Leasing arrangements - lease

(a) As of December 31, 2019, the main lease contracts between the Group and related parties are as follows:

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

(b) Acquisition of right-of-use assets:

	For the year ended December 31, 2019
Ultimate parent company	$ 1,781

On January 1, 2019 (the date of initial application of IFRS 16), the Group increased right-of-use assets by $26,904.

(c) Lease liabilities:

	December 31, 2019
Ultimate parent company	$ 1,641
Associates	2,621
	$ 4,262

(d) Interest expense on lease liabilities

	For the year ended December 31, 2019
Ultimate parent company	$ 55
Associates	19
	$ 74

J. Property transactions:

(a) Acquisition of prepayments for business facilities

	For the years ended December 31, 2019	For the years ended December 31, 2018
Associates	$ 61,711	$ 163,582

(b) Acquisition of financial assets

	Accounts	No. of shares	Object	For the year ended December 31, 2018 Consideration
Other related parties	Investments accounted for using equity method	31,622,726	ECOVE Solar Energy Corporation	$ 455,384

K. Endorsements and guarantees for others

	December 31, 2019	December 31, 2018
Joint ventures	$ 220,500	$ -

(4) Key management compensation

	For the years ended December 31,	
	2019	2018
Salaries and other short-term employee benefits	$ 37,176	$ 36,451
Post-employment benefits	1,500	860
Total	$ 38,676	$ 37,311

8. PLEDGED ASSETS

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

	Book value		
Assets	2019	2018	Purposes
Other current assets			
Restricted bank deposits	$ -	$ 40,940	Guarantee for bid
Property, plant and equipment	442,234	169,997	Guarantee for long-term loans
Other non-current assets			
Restricted bank deposits	-	-	Performance guarance
Long-term prepaid rents -land-use right	-	16,530	Guarantee for long-term loans
Refundable deposits	21,082	20,465	Guarantee for bid rent, performance guarantee, tender bond and staff dormitory
Restricted bank deposits	44,327	-	
	$ 507,643	$ 247,932	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

In addition to those items which have been disclosed in Notes 6(10), the significant commitments and contingent liabilities of the Group as of December 31, 2019 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 crédit agreements. As of December 31, 2019, the total amount of guarantee notes issued amounted to $4,206,624.

(2) As of December 31, 2019, for contractual guarantee, performance guarantee, waste collection and other guarantees, the subsidiaries have a performance letter of guarantee issued by the bank amounting to $1,662,963

(3) As of December 31, 2019, the subsidiaries had outstanding commitments for service contracts amounting to $219,156.

(4) As of December 31, 2019, the subsidiaries had unused letters of credit for importing materials and sub-contract amounting to $3.

(5) On October 28, 2014, the Environmental Protection Bureau New Taipei City Government requested the subsidiary, ECOVE Environmental Service Corp. to pay a substantial amount of air pollution control fee of $54,267 in accordance with the action stated in Bei-Huan-Kong-Zi Letter No. 1031588875 (the original action) and the judgement rendered by an administrative court of New Taipei City Government. ECOVE Environmental Service Corp., disagreed and filed an appeal for revocation of the original action and administrative decision on July 6, 2015, and was dismissed by Taiwan High Administrative Court. Therefore, ECOVE Environmental Service Corp., filed an appeal to Supreme Administrative Court. On January 31, 2018, the Supreme Administrative Court reversed the Taiwan High Administrative Court's ruling and remanded the case to the Taiwan High Administrative Court.On November 14, 2019, the Taiwan High Court rendered a judgement to revoke both the subsequent decision on the administrative appeal and the original penalty, that is, the Environmental Protection Department of the New Taipei City Government shall "return" $54,267 to the plaintiff, ECOVE Environment Services Corp., but dismissed the remaining appeals made by the plaintiff. As of December 31, 2019, the appeal period has ended and both parties decided not to appeal against the judgement. Accordingly, the case was closed.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) The appropriation of 2019 earnings had been proposed at the Board of Directors' meeting on March 9, 2020. Please refer to Note 6(21)G for detailed information.

(2) The Board of Directors of subsidiary, ECOVE Miaoli Energy Corporation, during its meeting on March 4, 2020, resolved a capital reduction amounting to $150,000.

(3) The Board of Directors of the Company during its meeting on March 9, 2020 resolved to issue employee stock warrants of 1,500 units, each unit allows employees to purchase 1,000 common

stocks.

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 2019, and 2018 were as follows:

	December 31, 2019	December 31, 2018
Total borrowings	$ 1,866,712	$ 1,603,854
Total equity	$ 5,592,803	$ 5,421,359
Gearing ratio	33%	30%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2019	December 31, 2018
Financial assets		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 10,933	$ 183,288
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	124,575	102,744
	$ 135,508	$ 286,032

	December 31, 2019	December 31, 2018
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	$ 1,679,523	$ 1,543,162
Financial assets at amortized cost	247,014	301,238
Notes receivable	481	1,321
Accounts receivable	1,194,176	1,041,171
Accounts receivable- related parties	571	1,717
Other receivables	103,685	4,741
Other receivables-related parties	30,818	24,646
Other financial assets	65,409	61,405
	$ 3,321,677	$ 2,979,401

	December 31, 2019	December 31, 2018
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 305,000	$ 52,000
Notes payable	-	1,032
Accounts payable	652,577	535,797
Accounts payable- related parties	27,892	23,411
Other payables	421,493	467,937
Other payables-related parties	3,365	6,481
Lease liabilities-current	25,523	-
Long-term borrowings (including current portion)	1,561,712	1,551,854
Lease liabilities-non-current	44,102	-
Guarantee deposits received	184,408	190,295
	$ 3,226,072	$ 2,828,807

B. Risk management policies

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

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

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

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

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

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

	December 31, 2018		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 3,470	30.740	$ 106,668
MOP : NTD	53,270	3.804	202,650
Financial Liabilities			
Monetary items			
MOP : NTD	2,723	3.804	10,359

v. The unrealised exchange gain arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2019 and 2018 amounted to $2,752 and $3,550, respectively.

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

	For the year ended December 31, 2019		
	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%	$ 125	$ -
MOP : NTD	1.00%	1,785	-
Financial liabilities			
Monetary items			
MOP : NTD	1.00%	154	-

	For the year ended December 31, 2018		
	Sensitivity analysis		
	Extent of variation	Effect on profit or loss	Effect on equity
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD : NTD	1.00%	$ 1,067	$ -
MOP : NTD	1.00%	2,026	-
Financial liabilities			
Monetary items			
MOP : NTD	1.00%	104	-

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, 2019 and 2018, the Group's borrowings at variable rate were denominated in NTD.

(b) Credit risk

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

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

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

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

iv. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2019 and 2018, the provision matrix is as follows:

	Excellent customers (Note 1)	General customers (Note 2)	Total
At December 31, 2019			
Expected loss rate	0%	0%	
Total book value	$ 2,898,997	$ 141,389	$ 3,040,386
Loss allowance	$ -	$ -	$ -

	Excellent customers (Note 1)	General customers (Note 2)	Total
At December 31, 2018			
Expected loss rate	0%	0%	
Total book value	$ 2,981,673	$ 195,775	$ 3,177,448
Loss allowance	$ -	$ -	$ -

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

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

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

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

Non-derivative financial liabilities December 31, 2018	Less than 1 year	Over 1 year
Short-term borrowings	$ 52,429	$ -
Notes payable	1,032	-
Accounts payable (including related parties)	559,208	-
Other payable (including related parties)	474,418	-
Long-term borrowings (including current portion)	131,788	1,670,586
Other non-current liabilities	190,295	-

(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 of 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, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 10,933	$ -	$ -	$ 10,933
Financial assets at fair value through other comprehensive income				
Equity securities	124,032	-	543	124,575
Total	$ 134,965	$ -	$ 543	$ 135,508

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 183,288	$ -	$ -	$ 183,288
Financial assets at fair value through other comprehensive income				
Equity securities	102,201	-	543	102,744
Total	$ 285,489	$ -	$ 543	$ 286,032

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, 2019 and 2018, there were no transfers between Level 1 and Level 2.

F. For the years ended December 31, 2019 and 2018, 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.

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:

	For the years ended December 31,	
	2019	2018
Revenue from external customers	$ 7,048,753	$ 6,496,646
Inter-segment revenue	(1,727,194)	(1,649,550)
Total segment revenue	$ 5,321,559	$ 4,847,096
Segment income	$ 1,172,047	$ 1,128,916
Depreciation	$ 225,208	$ 73,778
Amortisation	$ 9,675	$ 14,462

(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, 2019 and 2018 is provided as follows:

	For the years ended December 31,	
	2019	2018
Adjusted EBITDA for reportable segment	$ 1,172,047	$ 1,128,916
Unrealised gain on financial instruments	-	-
Financial cost, net	(34,083)	(7,483)
Others	136,871	113,337
Income from continuing operations before income tax	$ 1,274,835	$ 1,234,770

(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, 2019 and 2018 is as follows:

	For the years ended December 31,			
	2019		2018	
	Operating revenue	Non-current assets	Operating revenue	Non-current assets
Taiwan	$ 4,285,199	$ 4,639,766	$ 3,917,205	$ 4,115,233
Macau	860,947	14,797	810,724	6,353
China	83,219	2,302	105,084	1,585
USA	92,194	746,168	14,083	813,045
Total	$ 5,321,559	$ 5,403,033	$ 4,847,096	$ 4,936,216

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, 2019 and 2018 is as follows:

	For the years ended December 31,	
	2019	2018
Customer A	$ 717,751	$ 500,304
Customer B	388,463	449,860
Customer C	336,766	347,786
Customer D	315,990	339,005

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
Loans to others
For the year ended December 31, 2019

Table I

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, 2019 (Note 3)	Balance at December 31, 2019 (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 Item	Collateral Value	Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Other receivables-related parties	Yes	$ 400,000	$ 200,000	$ 200,000	1.01%	2	$ -	For operational needs	$ -	-	$ -	$ 498,637	$ 1,994,546	-
1	ECOVE Waste Management Corp.	CTCI Machinery Corp.	"	"	7,000	5,000	-	-	"	"	"	-	-	-	10,142	40,567	-
1	"	E&C Engineering Corp.	"	"	7,000	5,000	-	-	"	"	"	-	-	-	10,142	40,567	-
2	ECOVE Environment Services Corp.	ECOVE Solvent Recycling Corporation	"	"	70,000	6,000	6,000	1.01%	"	"	"	-	-	-	80,215	320,860	-
2	"	ECOVE Miaoli Energy Corporation	"	"	70,000	-	-	-	"	"	"	-	-	-	80,215	320,860	-
2	"	CTCI Machinery Corp.	"	"	35,000	30,000	30,000	1.01%	"	"	"	-	-	-	80,215	320,860	-
2	"	CTCI Corp.	"	"	70,000	30,000	-	-	"	"	"	-	-	-	80,215	320,860	-
2	"	E&C Engineering Corp.	"	"	70,000	30,000	-	-	"	"	"	-	-	-	80,215	320,860	-

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2019 (Note 3)	Balance at December 31, 2019 (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 Item	Collateral Value	Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
3	ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Other receivables-related parties	Yes	$ 14,000	$ 14,000	$ 14,000	1.71%	2	$ -	For operational needs	$ -	-	$ -	$ 415,162	$ 415,162	-
3	"	ECOVE Solar Power Corporation	"	"	200,000	90,000	-	-	"	"	"	-	-	-	415,162	415,162	-
3	"	ECOVE Central Corporation Ltd.	"	"	17,000	-	-	-	"	"	"	-	-	-	415,162	415,162	-

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1)The Company is '0'.
(2)The subsidiaries are numbered in order starting from '1'.
Note 2: Fill in the name of account in which the loans are recognised, such as receivables–related parties, current account with stockholders, prepayments, temporary payments, etc.
Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2019.
Note 4: The column of 'Nature of loan' shall fill in 'Business transaction or 'Short-term financing:
(1) The Business association is '1'.
(2) The Short-term financing are numbered in order starting from '2'
Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.
Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.
Note 7: The calculation and amount on ceiling of loans are as follows:
(1) The limit on loans granted to a single party shall not exceed 10% of the Company's net assets value.
(2) The ceiling on totals loans shall not exceed 40% of the Company's net assets value.
(3) The limit on loans granted to a single party of ECOVE Solar Energy Corporation shall not exceed 40% of its net assets value.
(4) The ceiling on totals loans of ECOVE Solar Energy Corporation shall not exceed 40% of its net assets value.
Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in installments alments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2019

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, 2019 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2019 (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 Solar Energy Corporation	2	$ 9,972,732	$ 2,110,790	$ 2,106,562	$ 1,015,895	$ -	42.25%	$ 14,959,098	Y	N	N	-
0	"	ECOVE Solar Power Corporation	2	9,972,732	317,000	317,000	263,762	-	6.36%	14,959,098	Y	N	N	-
0	"	EVER ECOVE Corporation	6	9,972,732	220,500	220,500	28,500	-	4.42%	14,959,098	N	N	N	-
0	"	ECOVE South Corporation Ltd.	2	9,972,732	150,000	150,000	38,000	-	3.01%	14,959,098	Y	N	N	-
0	"	ECOVE Solvent Recycling Corporation	2	9,972,732	155,800	155,800	126,000	-	3.12%	14,959,098	Y	N	N	-
1	ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	2	4,151,620	14,000	14,000	12,600	-	1.35%	6,227,430	N	N	N	-
1	"	ECOVE Central Corporation Ltd.	2	4,151,620	21,790	-	-	-	0.00%	6,227,430	N	N	N	-
1	"	ECOVE Solar Power Corporation	2	4,151,620	784,076	757,076	504,586	-	72.94%	6,227,430	N	N	N	-
2	ECOVE Solar Power Corporation	ECOVE Solar Energy Corporation	3	1,024,972	12,420	12,420	12,420	-	4.85%	1,537,458	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 by ac

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

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

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

December 31, 2019

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

	Marketable securities (Note 1)		Relationship with the securities issuer	General	December 31, 2019				
Securities held by	Type	Name	(Note 2)	ledger account	Number of shares/ denominations	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
ECOVE Environment Corp.	Common Stock	Taiwan Cement Corp.	N/A	Financial assets at fair value through other comprehensive income-current	505,902	$ 16,671	-	$ 21,880	-
				Adjustment		5,209			
						$ 21,880			
"	"	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.	N/A	Financial assets at fair value through other comprehensive income- current	508,845	$ 22,007	-	$ 22,007	-
ECOVE Environment Services Corp.	Fund	Schroder 2022 Maturity Emerging Market Quality Sovereign Bond Fund	"	Financial assets at fair value through profit or loss-current	35,000	10,933	-	10,933	-
"	Common Stock	CTCI Corp.	Ultimate parent company	Financial assets at fair value through other comprehensive income-current	1,028	39	-	39	-
"	"	Taiwan Cement Corp.	N/A	"	1,339,745	57,944	-	57,944	-
ECOVE Waste Management Corp.	"	Taiwan Cement Corp.	"	Financial assets at fair value through other comprehensive income-current	512,411	22,162	-	22,162	-

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

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

For the year ended December 31, 2019

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2019		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2019	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
ECOVE Environment Corp.	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	$ -	23,643,258	$ 386,000	23,643,258	$ 386,283	$ 386,000	$ 283	-	$ -
"	FSITC Money Market Fund	"	-	-	-	-	2,741,785	490,000	2,741,785	490,248	490,000	248	-	-
"	Franklin Templeton Sinoam Money Market Fund	"	-	-	198,085	2,041	28,004,553	290,000	28,202,638	292,226	292,041	185	-	-
ECOVE Environmental Services Corp.	Taishin 1699 Money Market Fund	"	-	-	3,366,412	45,470	21,427,257	290,000	24,793,669	335,942	335,470	472	-	-
"	Jih Sun Money Market Fund	"	-	-	-	-	14,799,360	220,000	14,799,360	220,166	220,000	166	-	-
ECOVE Wujih Energy Corp.	FSITC Money Market Fund	"	-	-	-	-	1,191,406	212,670	1,191,406	212,787	212,670	117	-	-
"	FSITC Taiwan Money Market Fund	"	-	-	65,511	1,000	8,010,006	122,800	8,075,517	123,917	123,800	117	-	-
"	Mega Diamond Money Market Fund	"	-	-	-	-	9,300,783	117,000	9,300,783	117,100	117,000	100	-	-
ECOVE Waste Management Corp.	FSITC Money Market Fund	"	-	-	-	-	967,877	173,000	967,877	173,053	173,000	53	-	-
"	Taishin 1699 Money Market Fund	"	-	-	1,333,007	18,000	9,931,466	134,700	11,264,473	152,906	152,700	206	-	-
"	FSITC Taiwan Money Market Fund	"	-	-	1,311,441	20,000	10,692,794	164,000	12,004,235	184,233	184,000	233	-	-

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

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

For the year ended December 31, 2019

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)	($ 428,652)	(57%)	30 days quarterly	No significant difference		$ 34,115	15%	-
ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	(Operating revenue)	(655,005)	(19%)	"	"		48,358	8%	-
"	ECOVE Wujih Energy Corp.	"	"	(291,610)	(9%)	"	"		66,700	11%	-
"	ECOVE Miaoli Energy Corp.	"	"	(148,284)	(4%)	"	"		22,527	4%	-
"	CTCI Chemicals Corp.	"	Purchase	140,615	4%	"	"		(18,459)	(3%)	-
ECOVE Waste Management Corp.	ECOVE Environment Services Corp.	"	Waste disposal cost	655,005	53%	"	"		(48,358)	(56%)	-
"	ECOVE Wujih Energy Corp.	"	"	428,652	35%	"	"		(34,115)	(39%)	-
ECOVE Wujih Energy Corp.	ECOVE Environment Services Corp.	"	Cost of services	291,610	68%	"	"		(66,700)	(65%)	-
ECOVE Miaoli Energy Corp.	"	"	"	148,284	93%	"	"		(22,527)	(100%)	-

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

December 31, 2019

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	A subsidiary	$ 202,885	Note 3	$ -	Note 3	$ -	$ -

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: Other accounts receivable arise from lending capital.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the year ended December 31, 2019

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	$ 202,885	-	2.13%
0	"	ECOVE Solar Energy Corporation	1	Endorsements and guarantees	2,106,562	-	N/A
0	"	ECOVE Solar Power Corporation	1	"	317,000	-	N/A
0	"	ECOVE South Corporation Ltd.	1	"	150,000	-	N/A
0	"	ECOVE Solvent Recycling Corporation	1	"	155,800	-	N/A
1	ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	3	Operating revenue	428,652	30 days quarterly	8.06%
2	ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	"	655,005	"	12.31%
2	"	ECOVE Miaoli Energy Corp.	"	"	148,284	"	2.79%
2	"	ECOVE Wujih Energy Corp.	"	"	291,610	"	5.48%
3	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	"	Endorsements and guarantees	757,076	-	N/A
4	SINOGAL-Waste Services Co., Ltd.	ECOVE Environment Services Corp.	2	Operating revenue	59,698	30 days quarterly	1.12%

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
Information on investees (not including investees in Mainland China)
For the year ended December 31, 2019

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2019					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	$ 450,435	$ 425,085	30,000,000	100.00%	$ 942,498	$ 243,178	$ 241,400	A subsidiary
ECOVE Environment Corp.	ECOVE Environment Services Corp.	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance,etc.	339,921	339,921	14,065,936	93.15%	764,386	348,483	346,147	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%	101,418	54,420	54,127	A subsidiary
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	1,012,483	1,012,483	56,249,000	74.999%	1,018,043	134,665	100,997	A subsidiary
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Taiwan	Waste services, waste clean, other environmental services, and environmental pollution services, etc.	42,696	27,000	4,500,000	100.00%	39,335	97	82	A subsidiary

				Initial investment amount		Shares held as at December 31, 2019					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
ECOVE Environment Corp.	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	Share holding and investment	$ 309,489	$ 309,489	13,333,333	20.00%	$ 304,623	$ 89,405	$ 18,465	An investee under equity method
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Taiwan	Energy technology services etc.	1,062,348	762,349	84,078,782	100.00%	1,161,595	53,301	53,301	A subsidiary
ECOVE Environment Corp.	EVER ECOVE Corporation	Taiwan	Waste services, waste clean and co-generation	50,000	50,000	5,000,000	5.00%	48,614	(14,256)	(722)	An investee under 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%	80,549	423	381	A subsidiary
ECOVE Environment Services Corp.	ECOVE Wujih Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	-	6,000	-	-	-	243,178	1,778	Affiliate
ECOVE Environment Services Corp.	CTCI Chemicals Corp.	Taiwan	Industrial chemicals' wholesale manufacturing and retail.	24,851	24,851	1,910,241	26.9048%	65,631	55,769	15,004	Affiliate
ECOVE Environment Services Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	13	13	1,000	0.001%	18	134,665	2	Affiliate

				Initial investment amount		Shares held as at December 31, 2019					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
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%	$ 87,180	$ 273,903	$ 82,171	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%	8	423	-	Affiliate
ECOVE Waste Management Corp.	ECOVE Environmental Services Corp.	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance,etc.	53	53	1,000	0.01%	55	348,483	25	Affiliate
ECOVE Waste Management Corp.	Yuan Ding Resources Corp.	Taiwan	Waste services, waste clean, other environmental services, and environmental pollution services, etc.	-	18,000	-	-	-	97	15	A subsidiary
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Taiwan	Energy technology services etc.	230,000	180,000	23,000,000	100.00%	256,243	18,992	18,992	A subsidiary
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Taiwan	Energy technology services etc.	30,500	16,500	3,050,000	100.00%	32,903	1,761	1,761	A subsidiary
ECOVE Solar Energy Corporation	G.D. International, LLC.	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	379,298	18,112	18,233	A subsidiary
G.D. International, LLC.	Lumberton Solar W2-090, LLC	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	378,526	18,349	18,349	A subsidiary

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2019

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, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 2)(2)B	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	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	$ 7,240	93.16%	$ 7,238	$ 12,136	$ 24,178	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	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	$ 2,991,820

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, 2019 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 were attested 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 AND SUBSIDIARIES

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

For the year ended December 31, 2019

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				Others
	Amount	%	Amount	%	Balance at December 31, 2019	%	Balance at December 31, 2019	Purpose	Maximum balance during the year ended December 31, 2019	Balance at December 31, 2019	Interest rate	Interest during the year ended December 31, 2019	
ECOVE Environment Consulting Corp.	($ 46,551)	1.36%	-	-	($ 29,423)	5.0%	$ -	-	$ -	$ -	-	$ -	-