

**ECOVE ENVIRONMENT CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2022 AND 2021**

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of ECOVE Environment Corporation and its subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of other independent auditors, as described in the other matter section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context

of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The most significant key audit matters in our audit of the Group's 2022 consolidated financial statements are as follows:

Accuracy of service revenue

Description

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

Operating revenue mainly arises from service revenue and electricity sales revenue. The service revenue mainly arises from contracts entered into with certain governments (grantors) that involve charging for the service per unit in accordance with contracts. The cash amount of service revenue was NT\$2,667,366 thousand, constituting 38% of operating revenue for the year ended December 31, 2022. As the determination of this type of revenue is subject to manual calculation, we considered the accuracy of service revenue a key audit matter.

How our audit addressed the matter

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

- A. Obtained an understanding of the procedures of waste treatment and tested relevant internal controls, including randomly checking the actual amount of disposals that are treated at the waste treatment plant monthly, the consistency of monthly statements that management used in calculating revenue, and the consistency between service fees per unit and contract.
- B. Verified the accuracy of statements that management used in calculating revenue, including the amount of disposals treated and the service fees per unit, recalculated the accuracy of cash amount and ascertained whether it was in agreement with recorded revenue.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investees accounted for using equity method that are included in the consolidated financial statements. The balance of these investments accounted for using equity method was NT\$272,913 thousand and NT\$81,879 thousand, constituting 2% and 0.7% of consolidated total assets as of December 31, 2022 and 2021, respectively, and the share of profit (loss)

of

associates and joint ventures accounted for using equity method was NT\$11,034 thousand and (NT\$1,785) thousand, constituting 0.8% and (0.16%) of consolidated total comprehensive income for the years then ended, respectively. Those financial statements were audited by other independent auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other independent auditors.

Other matter - non-consolidated financial statements

We have audited and expressed an unqualified opinion with *Other matter* section on the non-consolidated financial statements of ECOVE Environment Corporation as at and for the years ended December 31, 2022 and 2021.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will

always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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


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

solely responsible for our audit opinion.

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

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

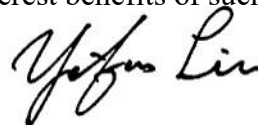
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law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



Liao, Fu-Ming

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 6, 2023



Lin, Yi-Fan

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,611,740	12	\$ 1,216,106	10
1110	Financial assets at fair value through profit or loss - current	6(2)	1,522,915	12	1,072,745	9
1120	Current financial assets at fair value through other comprehensive income	6(3)	113,614	1	144,983	1
1136	Current financial assets at amortised cost	6(4)	138,333	1	421,908	3
1140	Current contract assets	6(24) and 7	642,206	5	620,662	5
1150	Notes receivable, net		6	-	667	-
1170	Accounts receivable, net	6(5)	813,356	6	1,034,775	8
1180	Accounts receivable - related parties, net	7	20,724	-	6,348	-
1200	Other receivables		4,928	-	2,516	-
1210	Other receivables - related parties	7	64	-	272,541	2
1220	Current tax assets		31,598	-	-	-
130X	Inventories		100,681	1	82,906	1
1410	Prepayments	6(6)	129,210	1	94,559	1
11XX	Total current assets		<u>5,129,375</u>	<u>39</u>	<u>4,970,716</u>	<u>40</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	50,068	-	543	-
1550	Investments accounted for using equity method	6(7)	739,380	6	504,507	4
1600	Property, plant and equipment, net	6(8) and 8	4,303,398	32	3,896,431	32
1755	Right-of-use assets	6(9)	278,458	2	208,430	2
1780	Intangible assets	6(10)	955,261	7	1,014,402	8
1840	Deferred income tax assets	6(31)	35,379	-	31,442	-
1900	Other non-current assets	6(11) and 8	1,797,188	14	1,658,388	14
15XX	Total non-current assets		<u>8,159,132</u>	<u>61</u>	<u>7,314,143</u>	<u>60</u>
1XXX	Total assets		<u>\$ 13,288,507</u>	<u>100</u>	<u>\$ 12,284,859</u>	<u>100</u>

(Continued)

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 360,000	3	\$ 498,000	4
2110	Short-term notes and bills payable	6(13)	-	-	39,969	1
2130	Current contract liabilities	6(24)	100,304	1	22,284	-
2150	Notes payable		4,660	-	7,494	-
2170	Accounts payable	6(14)	1,327,844	10	844,165	7
2180	Accounts payable - related parties	7	12,649	-	34,206	-
2200	Other payables	6(15)	447,174	3	544,480	5
2220	Other payables - related parties	7	268,526	2	8,174	-
2230	Income tax liabilities		271,498	2	290,614	3
2280	Current lease liabilities	7	40,913	-	35,181	-
2320	Long-term liabilities, current portion	6(17)	52,288	1	36,936	-
2399	Other current liabilities		42,348	-	38,698	-
21XX	Total current liabilities		<u>2,928,204</u>	<u>22</u>	<u>2,400,201</u>	<u>20</u>
Non-current liabilities						
2527	Non-current contract liabilities	6(24)	711,552	5	888,190	7
2530	Bonds payable	6(16)	1,991,381	15	1,988,845	16
2540	Long-term borrowings	6(17)	-	-	85,824	1
2570	Deferred income tax liabilities	6(31)	134,206	1	151,859	1
2580	Non-current lease liabilities	7	225,217	2	155,681	1
2600	Other non-current liabilities	6(18)	868,606	7	717,897	6
25XX	Total non-current liabilities		<u>3,930,962</u>	<u>30</u>	<u>3,988,296</u>	<u>32</u>
2XXX	Total liabilities		<u>6,859,166</u>	<u>52</u>	<u>6,388,497</u>	<u>52</u>
Equity attributable to owners of parent						
Share capital						
3110	Common stock	6(21)	704,579	5	695,170	6
3140	Advance receipts for share capital		2,334	-	857	-
Capital surplus						
3200	Capital surplus	6(22)	2,626,341	20	2,421,348	20
Retained earnings						
3310	Legal reserve	6(23)	940,121	7	848,366	7
3320	Special reserve		14,895	-	23,272	-
3350	Unappropriated retained earnings		1,622,165	12	1,490,020	12
Other equity interest						
3400	Other equity interest		16,017	-	(14,895)	(1)
3500	Treasury shares	6(21)	(57)	-	(57)	-
31XX	Equity attributable to owners of the parent		<u>5,926,395</u>	<u>44</u>	<u>5,464,081</u>	<u>44</u>
36XX	Non-controlling interest	4(3)	<u>502,946</u>	<u>4</u>	<u>432,281</u>	<u>4</u>
3XXX	Total equity		<u>6,429,341</u>	<u>48</u>	<u>5,896,362</u>	<u>48</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant events after the balance sheets date						
3X2X	Total liabilities and equity		<u>\$ 13,288,507</u>	<u>100</u>	<u>\$ 12,284,859</u>	<u>100</u>

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

Items	Notes	Year ended December 31				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(24) and 7	\$ 7,030,160	100	\$ 5,955,250	100
5000	Operating costs	6(29)(30) and 7	(5,444,710)	(78)	(4,511,035)	(76)
5900	Gross profit		<u>1,585,450</u>	<u>22</u>	<u>1,444,215</u>	<u>24</u>
	Operating expenses	6(29)(30) and 7				
6200	General and administrative expenses		(165,428)	(2)	(174,178)	(3)
6000	Total operating expenses		(165,428)	(2)	(174,178)	(3)
6900	Operating profit		<u>1,420,022</u>	<u>20</u>	<u>1,270,037</u>	<u>21</u>
	Non-operating income and expenses					
7100	Interest income	6(25) and 7	9,208	-	3,459	-
7010	Other income	6(26) and 7	34,295	-	40,566	1
7020	Other gains and losses	6(27)	7,149	-	2,374	-
7050	Finance costs	6(28) and 7	(26,979)	-	(23,516)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(7)	<u>74,398</u>	<u>1</u>	<u>59,902</u>	<u>1</u>
7000	Total non-operating income and expenses		<u>98,071</u>	<u>1</u>	<u>82,785</u>	<u>2</u>
7900	Profit before income tax		<u>1,518,093</u>	<u>21</u>	<u>1,352,822</u>	<u>23</u>
7950	Income tax expense	6(31)	(239,931)	(3)	(275,075)	(5)
8200	Profit for the year		<u>\$ 1,278,162</u>	<u>18</u>	<u>\$ 1,077,747</u>	<u>18</u>
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains on remeasurements of defined benefit plans	6(19)	\$ 6,482	-	\$ 8,313	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(29,583)	-	15,501	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		121	-	54	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	(1,427)	-	(1,683)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Cumulative translation differences of foreign operations		<u>75,051</u>	<u>1</u>	(10,516)	-
8300	Total other comprehensive income for the year		<u>\$ 50,644</u>	<u>1</u>	<u>\$ 11,669</u>	<u>-</u>
8500	Total comprehensive income for the year		<u>\$ 1,328,806</u>	<u>19</u>	<u>\$ 1,089,416</u>	<u>18</u>
	Profit attributable to:					
8610	Owners of the parent		\$ 1,045,026	15	\$ 910,816	15
8620	Non-controlling interest		<u>233,136</u>	<u>3</u>	<u>166,931</u>	<u>3</u>
	Total		<u>\$ 1,278,162</u>	<u>18</u>	<u>\$ 1,077,747</u>	<u>18</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 1,081,110	15	\$ 925,928	15
8720	Non-controlling interest		<u>247,696</u>	<u>4</u>	<u>163,488</u>	<u>3</u>
	Total		<u>\$ 1,328,806</u>	<u>19</u>	<u>\$ 1,089,416</u>	<u>18</u>
	Earnings per share (in dollars):	6(32)				
9750	Basic earnings per share		<u>\$ 14.91</u>		<u>\$ 13.15</u>	
9850	Diluted earnings per share		<u>\$ 14.85</u>		<u>\$ 13.00</u>	

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent												
	Capital			Retained Earnings				Other Equity Interest					
	Notes	Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interest	Total equity
<u>Year ended December 31, 2021</u>													
Balance at January 1, 2021		\$ 689,762	\$ 524	\$ 2,310,642	\$ 764,812	\$ -	\$ 1,438,777	(\$ 53,716)	\$ 30,444	(\$ 57)	\$ 5,181,188	\$ 469,255	\$ 5,650,443
Profit for the year		-	-	-	-	-	910,816	-	-	-	910,816	166,931	1,077,747
Other comprehensive income (loss)		-	-	-	-	-	6,735	(7,124)	15,501	-	15,112	(3,443)	11,669
Total comprehensive income		-	-	-	-	-	917,551	(7,124)	15,501	-	925,928	163,488	1,089,416
Appropriations of 2020 earnings	6(23)												
Legal reserve		-	-	-	83,554	-	(83,554)	-	-	-	-	-	-
Special reserve		-	-	-	-	23,272	(23,272)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(759,482)	-	-	-	(759,482)	(200,557)	(960,039)
Share-based payment transactions	6(20)(22)	-	-	23,066	-	-	-	-	-	-	23,066	95	23,161
Employee stock options exercised	6(21)(22)	4,884	857	87,255	-	-	-	-	-	-	92,996	-	92,996
Adjustments of changes in investments accounted for using equity method	6(7)	-	-	385	-	-	-	-	-	-	385	-	385
Advance receipts for share capital transferred to share capital		524	(524)	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2021		<u>\$ 695,170</u>	<u>\$ 857</u>	<u>\$ 2,421,348</u>	<u>\$ 848,366</u>	<u>\$ 23,272</u>	<u>\$ 1,490,020</u>	<u>(\$ 60,840)</u>	<u>\$ 45,945</u>	<u>(\$ 57)</u>	<u>\$ 5,464,081</u>	<u>\$ 432,281</u>	<u>\$ 5,896,362</u>
<u>Year ended December 31, 2022</u>													
Balance at January 1, 2022		\$ 695,170	\$ 857	\$ 2,421,348	\$ 848,366	\$ 23,272	\$ 1,490,020	(\$ 60,840)	\$ 45,945	(\$ 57)	\$ 5,464,081	\$ 432,281	\$ 5,896,362
Profit for the year		-	-	-	-	-	1,045,026	-	-	-	1,045,026	233,136	1,278,162
Other comprehensive income (loss)		-	-	-	-	-	5,172	60,495	(29,583)	-	36,084	14,560	50,644
Total comprehensive income (loss)		-	-	-	-	-	1,050,198	60,495	(29,583)	-	1,081,110	247,696	1,328,806
Appropriations of 2021 earnings	6(23)												
Legal reserve		-	-	-	91,755	-	(91,755)	-	-	-	-	-	-
Special reserve		-	-	-	-	8,377	(8,377)	8,377	-	-	-	-	-
Cash dividends		-	-	-	-	-	(834,675)	-	-	-	(834,675)	(177,108)	(1,011,783)
Share-based payment transactions	6(20)(22)	-	-	12,105	-	-	-	-	-	-	12,105	56	12,161
Employee stock options exercised	6(21)(22)	8,552	2,334	162,389	-	-	-	-	-	-	173,275	-	173,275
Employee restricted stocks	6(22)	-	-	3,517	-	-	-	-	-	-	3,517	21	3,538
Adjustments of changes in investments accounted for using equity method	6(7)	-	-	26,982	-	-	-	-	-	-	26,982	-	26,982
Advance receipts for share capital transferred to share capital		857	(857)	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2022		<u>\$ 704,579</u>	<u>\$ 2,334</u>	<u>\$ 2,626,341</u>	<u>\$ 940,121</u>	<u>\$ 14,895</u>	<u>\$ 1,622,165</u>	<u>(\$ 345)</u>	<u>\$ 16,362</u>	<u>(\$ 57)</u>	<u>\$ 5,926,395</u>	<u>\$ 502,946</u>	<u>\$ 6,429,341</u>

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,518,093	\$ 1,352,822
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(29)	318,566	286,955
Depreciation - right-of-use assets	6(9)(29)	43,732	29,252
Amortization	6(29)	72,636	20,720
Interest expense	6(28)	25,058	22,757
Interest expense - lease liability	6(9)(28)	1,921	759
Dividend income	6(26)	(3,030)	(10,159)
Interest income	6(25)	(9,208)	(3,459)
Salary expense - employee stock options	6(20)(30)	12,161	23,161
Salary expense - employee restricted stocks	6(30)	3,538	-
Gain on valuation of financial assets	6(27)	(5,268)	(3,891)
Loss from lease modification	6(27)	87	727
Share of profit of associates and joint ventures accounted for under equity method	6(7)	(74,398)	(59,902)
Gain on disposal of investments	6(27)	(543)	-
Gain on disposal of property, plant and equipment	6(27)	(100)	(814)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(415,213)	330,836
Current contract assets		(21,544)	(107,929)
Notes receivable, net		661	(579)
Accounts receivable, net		221,419	(194,675)
Accounts receivable - related parties, net		(14,376)	(6,348)
Other receivables		(1,816)	(1,571)
Other receivables - related parties		387	(398)
Inventories		(17,775)	(7,979)
Prepaid expenses		(34,651)	4,960
Other non-current assets		314,877	359,420
Changes in operating liabilities			
Current contract liabilities		(98,618)	12,555
Notes payable		(2,834)	7,471
Accounts payable		483,679	149,454
Accounts payable - related parties		(21,557)	17,185
Other payables		6,014	39,410
Other payables - related parties		282	5,597
Other current liabilities		3,650	4,462
Other non-current liabilities		11,684	(13,559)
Cash inflow generated from operations		2,317,514	2,257,240
Interest received		7,814	2,136
Dividends received		57,910	43,684
Interest paid		(23,762)	(17,409)
Income tax paid		(316,393)	(276,167)
Net cash flows from operating activities		<u>2,043,083</u>	<u>2,009,484</u>

(Continued)

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value through other comprehensive income		\$ 2,261	\$ -
Acquisition of non-current financial assets at fair value through other comprehensive income		(50,000)	-
Decrease (increase) in financial assets at amortised cost		283,575	(312,983)
Decrease (increase) in other receivables - related parties		264,000	(234,000)
Interest received		966	1,149
Increase in investments accounted for using equity method	6(7)	(180,000)	-
Acquisition of property, plant and equipment	6(33)	(420,658)	(36,398)
Proceeds from disposal of property, plant and equipment		100	1,920
Decrease (increase) in refundable deposits		29,969	(34,337)
Increase in other non-current assets	6(33)	(787,246)	(523,573)
Net cash flows used in investing activities		(857,033)	(1,138,222)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term loans		(138,000)	33,300
Decrease in short-term notes payable		(39,969)	(107,956)
Proceeds from issuing bonds		-	1,987,324
Proceeds from long-term loans		-	69,455
Repayment of long-term loans		(83,886)	(1,339,994)
Repayment of lease liabilities		(40,531)	(23,203)
Increase in other payables - related parties		260,000	-
Increase in deposits received (shown in other non-current liabilities)		90,478	59,336
Cash dividends paid		(1,011,783)	(960,039)
Employee stock options exercised		173,275	92,996
Net cash flows used in financing activities		(790,416)	(188,781)
Net increase in cash and cash equivalents		395,634	682,481
Cash and cash equivalents at beginning of year		1,216,106	533,625
Cash and cash equivalents at end of year		\$ 1,611,740	\$ 1,216,106

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022 AND 2021

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

1. HISTORY AND ORGANISATION

- (1) ECOVE Environment Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on December 13, 1999. The consolidated investee-Chang Ting Corporation was incorporated in December, 2005.
- (2) The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in waste management. The Company’s shares were issued through an initial public offering on December 3, 2007, and have been listed in the Taiwan OTC market since May 27, 2010.
- (3) CTCI Corporation, the Company’s ultimate parent company, holds 54.40% equity interest in the Company as of December 31, 2022.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 6, 2023.

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”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC and became effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

(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 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

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

(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
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

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

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 that came into effect as endorsed by the FSC (collectively referred herein as the

“IFRSs”).

(2) Basis of preparation

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

(3) Basis of consolidation

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

B. Subsidiaries included in the consolidated financial statements:

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%)		Note
			December 31, 2022	December 31, 2021	
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Environmental engineering	100.00	100.00	
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	74.999	74.999	
ECOVE Environment Service Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	0.001	0.001	
ECOVE Environment Corp.	ECOVE Environment Service Corp.	Environmental engineering	100.00	100.00	
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Environmental engineering	100.00	100.00	
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Environmental engineering	100.00	100.00	
ECOVE Environment Service Corp.	SINOGAL-Waste Services Co., Ltd.	Environmental engineering	30.00	30.00	Note 1
ECOVE Environment Service Corp.	ECOVE Environment Consulting Corp.	Environmental engineering	100.00	100.00	
ECOVE Environment Service Corp.	ECOVE Environment Services Gangshan Corporation	Environmental engineering	100.00	100.00	Note 2
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	89.99	89.99	
ECOVE Environment Service Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	0.01	0.01	
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Energy sector	100.00	100.00	
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Energy sector	100.00	100.00	
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Energy sector	100.00	100.00	
ECOVE Solar Energy Corporation	G.D. International, LLC.	Energy sector	100.00	100.00	
G.D. International, LLC.	Lumberton Solar W2-090, LLC.	Energy sector	100.00	100.00	

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

Note 2: The Board of Directors of the subsidiary, ECOVE Environment Services Corp., during its meeting in October 2021, resolved to invest and establish ECOVE Environment Services Gangshan Corporation in the amount of \$251,000.

- 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, 2022 and 2021, the non-controlling interest amounted to \$502,946 and \$432,281, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2022		December 31, 2021	
		Amount	Ownership (%)	Amount	Ownership (%)
ECOVE Miaoli Energy Corp.	Taiwan	\$ 265,346	25.00%	\$ 274,598	25.00%
SINOGAL-Waste Services Co., Ltd.	Macau	225,896	70.00%	146,591	70.00%

Summarised financial information of the subsidiaries:

Balance sheets

	ECOVE Miaoli Energy Corp.	
	December 31, 2022	December 31, 2021
Current assets	\$ 444,202	\$ 325,250
Non-current assets	750,341	910,566
Current liabilities	(75,163)	(72,961)
Non-current liabilities	(57,995)	(64,462)
Total net assets	\$ 1,061,385	\$ 1,098,393

	SINOGAL-Waste Services Co., Ltd.	
	December 31, 2022	December 31, 2021
Current assets	\$ 616,597	\$ 538,096
Non-current assets	11,836	16,950
Current liabilities	(209,012)	(263,714)
Non-current liabilities	(96,713)	(81,916)
Total net assets	\$ 322,708	\$ 209,416

Statements of comprehensive income

	ECOVE Miaoli Energy Corp.	
	Year ended December 31	
	2022	2021
Revenue	\$ 318,568	\$ 324,403
Profit before income tax	138,657	153,969
Income tax expense	(27,671)	(30,842)
Profit for the year	110,986	123,127
Other comprehensive income (loss), net of tax	19	(203)
Total comprehensive income for the year	\$ 111,005	\$ 122,924
Comprehensive income attributable to non-controlling interest	\$ 27,751	\$ 30,731
Dividends paid to non-controlling interest	\$ 37,077	\$ 59,572

	SINOGAL-Waste Services Co., Ltd.	
	Year ended December 31	
	2022	2021
Revenue	\$ 850,852	\$ 845,020
Profit before income tax	260,627	244,372
Income tax benefit (expense)	29,227	(52,861)
Profit for the year	289,854	191,511
Other comprehensive income (loss), net of tax	20,794	(4,846)
Total comprehensive income for the year	\$ 310,648	\$ 186,665
Comprehensive income attributable to non-controlling interest	\$ 217,454	\$ 130,666
Dividends paid to non-controlling interest	\$ 138,149	\$ 140,984

Statements of cash flows

	ECOVE Miaoli Energy Corp.	
	Year ended December 31	
	2022	2021
Net cash provided by operating activities	\$ 99,356	\$ 303,795
Net cash provided by (used in) investing activities	29,621	(29,844)
Net cash used in financing activities	(149,829)	(239,604)
(Decrease) increase in cash and cash equivalents	(20,852)	34,347
Cash and cash equivalents, beginning of year	71,637	37,290
Cash and cash equivalents, end of year	\$ 50,785	\$ 71,637

	SINO GAL-Waste Services Co., Ltd.	
	Year ended December 31	
	2022	2021
Net cash provided by operating activities	\$ 342,956	\$ 173,507
Net cash (used in) provided by investing activities	(80,306)	52,854
Net cash used in financing activities	(209,441)	(198,844)
Increase in cash and cash equivalents	53,209	27,517
Cash and cash equivalents, beginning of year	141,268	113,751
Cash and cash equivalents, end of year	\$ 194,477	\$ 141,268

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

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

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange

rate at the date of that balance sheet;

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

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

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

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

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

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

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

C. At initial recognition, the Group measures the financial assets at fair value. All related transaction

costs are recognized in profit or loss. The Group subsequently measures these financial assets at fair value with any gain or loss recognized in profit or loss.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using settlement date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
 - (a) The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.
 - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(9) Accounts and notes receivable

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

(10) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.

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

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

(13) Inventories

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

(14) Investments accounted for using equity method / associates

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

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

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

- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(15) Property, plant and equipment

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

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

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

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

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

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

(17) Intangible assets

- A. Trademarks and licences

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

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

(18) Impairment of non-financial assets

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

impairment had not been recognized.

- B. The recoverable amounts of goodwill is evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(19) Borrowings

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

(20) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Derecognition of financial liabilities

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

(22) Offsetting financial instruments

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

(23) Provisions for other liabilities

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

(24) Employee benefits

- A. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

B. Employees' compensation directors' and supervisors' remuneration

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

(25) Employee share-based payment

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

(26) Income tax

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

items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

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

(27) Share capital

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

(28) Dividends

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

(29) Revenue recognition

A. Service concession arrangements

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

B. Service revenue

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

C. Other revenue

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

D. Revenue from the electricity production of solar power

The Group sells electricity generated by solar power. Revenue from the sale of the electricity is

recognized when the Group sells the electricity to the customer.

E. Clearance income

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

(30) Government grant

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

(31) Operating segments

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

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

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 10,660	\$ 26,453
Checking accounts and demand deposits	1,211,152	725,454
Time deposits	389,928	464,199
Total	<u>\$ 1,611,740</u>	<u>\$ 1,216,106</u>

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

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

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

Items	December 31, 2022	December 31, 2021
Current items		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 1,520,031	\$ 1,070,969
Valuation adjustment	2,884	1,776
Total	\$ 1,522,915	\$ 1,072,745

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

	Year ended December 31	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 5,268	\$ 3,891

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, 2022	December 31, 2021
Current items:		
Equity instruments		
Listed stocks	\$ 96,118	\$ 96,118
Valuation adjustment	17,496	48,865
Total	\$ 113,614	\$ 144,983
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 50,081	\$ 2,342
Valuation adjustment	(13)	(1,799)
Total	\$ 50,068	\$ 543

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

	Year ended December 31	
	2022	2021
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 29,583)	\$ 15,501
Dividend income recognised in profit or loss		
Held at end of year	\$ 3,030	\$ 10,159

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

(4) Financial assets at amortized cost

Items	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Time deposits with original maturity over 3 months	\$ 138,333	\$ 421,908

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

B. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was \$138,333 and \$421,908, respectively.

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

(5) Accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	\$ 485,821	\$ 720,291
Long-term accounts receivable		
- due in one year	327,535	314,484
	<u>\$ 813,356</u>	<u>\$ 1,034,775</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
1 to 90 days	\$ 485,821	\$ 720,291
91 to 120 days	-	-
121 to 180 days	-	-
Over 180 days	-	-
	<u>\$ 485,821</u>	<u>\$ 720,291</u>

The above ageing analysis was based on invoice date.

B. As of December 31, 2022 and 2021, accounts receivable were all from contracts with customers.

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

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

(6) Prepayments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Prepayments for material purchases	\$ 21,280	\$ 30,605
Sub-contract costs payable	15,711	-
Prepaid rents	849	2,312
Prepaid insurance premiums	34,456	7,814
Others	56,914	53,828
	<u>\$ 129,210</u>	<u>\$ 94,559</u>

(7) Investments accounted for using the equity method

	<u>2022</u>	<u>2021</u>
At January 1	\$ 504,507	\$ 482,853
Addition of investments accounted for using the equity method	180,000	-
Share of profit or loss of investments accounted for using the equity method	74,398	59,902
Earnings distribution of investments accounted for using equity method	(46,958)	(41,447)
Changes in capital surplus	26,982	385
Changes in other equity items	451	2,814
At December 31	<u>\$ 739,380</u>	<u>\$ 504,507</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Associates:		
CTCI Chemicals Corp.	\$ 77,134	\$ 73,588
Boretch Resource Recovery Engineering Co., Ltd. (Cayman)	389,333	349,040
Ever Ecove Corporation	87,733	76,308
Jing Ding Green Energy Technology Co., Ltd.	185,180	5,571
	<u>\$ 739,380</u>	<u>\$ 504,507</u>

A. Associates

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

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2022	December 31, 2021		
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	18.47%	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, 2022	December 31, 2021
Current assets	\$ 2,645,963	\$ 1,357,373
Non-current assets	760,710	664,766
Current liabilities	(1,684,537)	(649,026)
Non-current liabilities	(22,674)	(5,442)
Total net assets	\$ 1,699,462	\$ 1,367,671
Share in associate's net assets	\$ 313,828	\$ 273,535
Goodwill	75,505	75,505
Carrying amount of the associate	\$ 389,333	\$ 349,040

Statement of comprehensive income

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	Year ended December 31	
	2022	2021
Revenue	\$ 3,654,650	\$ 2,730,700
Profit for the year from continuing operations	229,730	197,996
Other comprehensive income, net of tax	683	13,795
Total comprehensive income	\$ 230,413	\$ 211,791
Dividends received from associate	\$ 29,910	\$ 27,726

- (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, 2022 and 2021, the carrying amount of the Group's individually immaterial associates amounted to \$350,047 and \$155,467, respectively.

	Year ended December 31	
	2022	2021
Profit for the year from continuing operations	\$ 302,253	\$ 35,919
Other comprehensive income	451	203
Total comprehensive income	<u>\$ 302,704</u>	<u>\$ 36,122</u>

- B. In September 2020, the Board of Directors of the Company's subsidiary, ECOVE Environment Service Corp., resolved to invest an aggregate amount of \$650,000 in Jing Ding Green Energy Technology Co., Ltd. In 2022 and 2021, the subsidiary invested \$180,000 and \$6,000 in Jing Ding Green, respectively. As of December 31, 2022 and 2021, the subsidiary has invested \$186,000 and \$6,000, respectively, for a shareholding ratio of 30%.
- C. On September 1, 2022, the Company's associate, Boretech Resource Recovery Engineering Co., Ltd. (Cayman), issued new shares and the Company did not subscribe or acquire new shares proportionately, which resulted in a change in the Company's ownership percentage of the associate. Accordingly, 'Capital surplus' and 'investments accounted for using the equity method' were adjusted for the increase or decrease of its share in equity interest amounting to \$26,658, and the gain of \$543 which was previously recognized in other comprehensive income was reclassified to profit or loss proportionately.
- D. For the years ended December 31, 2022 and 2021, Ever Ecove Corporation and Jing Ding Green Energy Technology Co., Ltd were recognized based on the investees' financial statements audited by other independent auditors.

(8) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2021</u>						
Cost	\$ 162,349	\$ 16,402	\$ 3,783,530	\$ 110,146	\$ 20,273	\$ 4,092,700
Accumulated depreciation	-	(918)	(523,502)	(76,892)	(6,738)	(608,050)
	<u>\$ 162,349</u>	<u>\$ 15,484</u>	<u>\$ 3,260,028</u>	<u>\$ 33,254</u>	<u>\$ 13,535</u>	<u>\$ 3,484,650</u>
<u>Year ended</u>						
<u>December 31, 2021</u>						
Opening net book amount	\$ 162,349	\$ 15,484	\$ 3,260,028	\$ 33,254	\$ 13,535	\$ 3,484,650
Additions	-	100	105,019	14,035	3,167	122,321
Transfers	-	-	586,659	-	-	586,659
Disposals	-	-	(8)	(1,065)	(33)	(1,106)
Depreciation charge	-	(610)	(272,107)	(11,005)	(3,233)	(286,955)
Net exchange differences	(1,526)	-	(7,560)	(20)	(32)	(9,138)
Closing net book amount	<u>\$ 160,823</u>	<u>\$ 14,974</u>	<u>\$ 3,672,031</u>	<u>\$ 35,199</u>	<u>\$ 13,404</u>	<u>\$ 3,896,431</u>
<u>At December 31, 2021</u>						
Cost	\$ 160,823	\$ 16,502	\$ 4,453,120	\$ 112,598	\$ 22,741	\$ 4,765,784
Accumulated depreciation	-	(1,528)	(781,089)	(77,399)	(9,337)	(869,353)
	<u>\$ 160,823</u>	<u>\$ 14,974</u>	<u>\$ 3,672,031</u>	<u>\$ 35,199</u>	<u>\$ 13,404</u>	<u>\$ 3,896,431</u>

- A. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- B. The amount of capitalised interest were \$1,563 and \$2,333, respectively, and the interest rates for capitalisation ranged from 0.75%~1.15% and 0.75%~1.23% for the years ended December 31, 2022 and 2021, respectively.
- C. Transfers pertain to reclassifications from prepayments for business facilities (shown in other non-current assets).

(9) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings, machinery and equipment, and business vehicles. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise staff dormitory. On December 31, 2022 and 2021, payments of lease commitments for short-term leases amounted to \$15,223 and \$19,636, respectively.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 87,999	\$ 46,467
Buildings	178,997	148,806
Transportation equipment	7,570	8,048
Other equipment	3,892	5,109
	<u>\$ 278,458</u>	<u>\$ 208,430</u>

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 14,343	\$ 10,367
Buildings	21,834	11,528
Transportation equipment	6,099	6,245
Other equipment	1,456	1,112
	<u>\$ 43,732</u>	<u>\$ 29,252</u>

- D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$114,301 and \$160,399, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,921	\$ 759
Expense on short-term lease contracts	15,223	19,636
Expense on leases of low-value assets	1,177	1,266
Expense on variable lease payments	53,930	69,424
Losses on lease modification	(87)	(727)

- F. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases

amounted to \$110,861 and \$113,529, respectively.

G. Variable lease payments

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

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

(10) Intangible assets

	2022		
	<u>Franchise</u>	<u>Goodwill</u>	<u>Total</u>
At January 1, 2022			
Cost	\$ 888,190	\$ 136,153	\$ 1,024,343
Accumulated amortisation and impairment	(9,941)	-	(9,941)
	<u>\$ 878,249</u>	<u>\$ 136,153</u>	<u>\$ 1,014,402</u>
Opening net book amount as at January 1, 2022	\$ 878,249	\$ 136,153	\$ 1,014,402
Amortisation charge	(59,141)	-	(59,141)
Closing net book amount as at December 31, 2022	<u>\$ 819,108</u>	<u>\$ 136,153</u>	<u>\$ 955,261</u>
At December 31, 2022			
Cost	\$ 888,190	\$ 136,153	\$ 1,024,343
Accumulated amortisation and impairment	(69,082)	-	(69,082)
	<u>\$ 819,108</u>	<u>\$ 136,153</u>	<u>\$ 955,261</u>

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

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

	Year ended December 31,	Year ended December 31,
	2022	2021
Operating costs	<u>\$ 59,141</u>	<u>\$ 9,941</u>

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

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

	Year ended December 31	
	2022	2021
Gross margin	18.10%~22.50%	18.40%~23.93%
Growth rate	4.12%~33.40%	4.74%~39.40%
Discount rate	9.60%	8.70%

D. The subsidiary, ECOVE Environment Services Gangshan Corporation, entered into an investment contract for the Rehabilitate-Operate-Transfer (ROT) with the Kaohsiung City Government on October 28, 2021. The subsidiary participated in the rehabilitation and operation

of the refuse incineration plant in Gangshan Dist., Kaohsiung City according to the Act for Promotion of Private Participation in Infrastructure Projects and will return the operating right, rehabilitated operating assets and land of the refuse incineration plant in Gangshan Dist., Kaohsiung City to the Kaohsiung City Government after the term of the contract period expires. The duration of the contract is 15 years after the plant began operation.

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

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

(11) Other non-current assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Long-term accounts receivable	\$ 1,229,722	\$ 1,544,206
Less: Current portion	<u>(327,535)</u>	<u>(314,484)</u>
	902,187	1,229,722
Refundable deposits	35,429	65,398
Prepayments for business facilities	246,291	251,426
Restricted bank deposits	50,378	49,974
Contract fulfillment cost	39,964	28,414
Prepayments for land purchases	475,380	-
Others	47,559	33,454
	<u>\$ 1,797,188</u>	<u>\$ 1,658,388</u>

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

- (a) The subsidiary, ECOVE Wujih Energy Corp., obtained the operation for the construction of Wujih Refuse Incineration Plant by build - operate - transfer (BOT) mode since April, 2000. In September, 2000, the “Waste incineration, Taichung City commission contract” between ECOVE Wujih Energy Corp. and Taichung City Government had been signed. The operating period is for 20 years starting from September 6, 2004. However, according to the contract, if it is expired in advance or extended during construction or operation, duration of the operation will be deemed to be matured or extended, but not to exceed 50 years. In order to work the “Waste Incineration Taichung City Commission Contract”, ECOVE Wujih Energy Corp. obtained the land-use right of Wujih Refuse Incineration Plant. Therefore, duration of the land-use right has continued for 20 years since the plant began operating.
 - (b) The subsidiary, ECOVE Miaoli Energy Corp., obtained the operation for the construction of Miaoli County Refuse Incineration Plant by build - operate - transfer (BOT) mode since August, 2002. In September, 2002, the “Waste Incineration Commission Contract” between ECOVE Miaoli Energy Corp. and Miaoli County Government had been signed. The operating period is for 20 years starting February 29, 2008. However, according to the contract, if it is expired in advance or extended during construction or operation, duration of the operation will be deemed to be matured or extended. In order to work the “Waste Incineration Miaoli County Commission Contract”, ECOVE Miaoli Energy Corp. obtained the land-use right of Miaoli Refuse Incineration Plant. Therefore, duration of the land-use right is from September 13, 2002 to March 12, 2026.
 - (c) ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corp. need to deal with the guarantee tonnage of waste from government according to the contract during the construction or operation.
 - (d) Per service cost is calculated and adjusted based on the “Waste Incineration Commission Contract”, “Index of Average Regular Earnings of Employees–Manufacturing” and “Consumer Price Index”.
- B. For details of the refundable deposits and restricted bank deposits, refer to Note 8.
- C. Contract fulfillment cost refer to the initial reconstruction cost of the refuse incineration plant for the contract that the Company entered into with the owner to operate the plant on its behalf, and it is amortized over the term of the contract.
- D. The prepayment for land purchases arose from the purchase of the land located at Lun Hai Section No. 60-21, Lukang Township, Changhua County, amounting to \$2,376,900 through Industrial Development Bureau, Ministry of Economic Affairs, as resolved by the Board of Directors of the Company’s subsidiary, ECOVE Environment Services Corp. on July 19, 2022. The first installment of the land amounting to \$475,380 had been paid on September 6, 2022.

(12) Short-term borrowings

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

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

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

Note 2: The Group has pledged promissory notes as of December 31, 2022 and 2021 amounting to \$1,200,000 and \$1,100,000, respectively.

(13) Short-term notes and bills payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commercial paper payable	\$ -	\$ 40,000
Discount on commercial papers payable	-	(31)
	<u>\$ -</u>	<u>\$ 39,969</u>
Interest rate	-	<u>0.9380%</u>

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

(14) Accounts payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Materials payable	\$ 69,945	\$ 19,707
Sub-contract costs payable	220,023	135,579
Incinerator equipment costs payable	65,851	52,817
Maintenance costs payable	766,860	552,400
Others	205,165	83,662
	<u>\$ 1,327,844</u>	<u>\$ 844,165</u>

(15) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accrued payroll	\$ 310,859	\$ 315,237
Payables on equipment	9,759	111,769
Insurance payable	15,700	13,616
Payables on employees' compensation	16,109	13,789
Other payables	94,747	90,069
	<u>\$ 447,174</u>	<u>\$ 544,480</u>

(16) Bonds payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bonds payable	\$ 2,000,000	\$ 2,000,000
Less: Discount on bonds payable	(8,619)	(11,155)
	<u>\$ 1,991,381</u>	<u>\$ 1,988,845</u>

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

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

B. Interest expense arising from corporate bonds for the years ended December 31, 2022 and 2021 were \$14,636 and \$8,713, respectively.

(17) Long-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Secured borrowings	\$ 52,288	\$ 122,760
Less: Current portion	(52,288)	(36,936)
	<u>\$ -</u>	<u>\$ 85,824</u>
Facility amount	<u>\$ 55,686</u>	<u>\$ 146,866</u>
Interest rate	<u>6.12986%</u>	<u>2.49663%</u>

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

B. The Group has pledged promissory notes and IOU as of December 31, 2022 and 2021 amounting to \$600,000 and \$146,866, respectively.

(18) Other non-current liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Net defined benefit liability	\$ 48,490	\$ 53,667
Accrued recovery costs	312,880	255,262
Guaranteed deposits received	342,667	252,189
Deferred revenue	115,571	115,706
Others	48,998	41,073
	<u>\$ 868,606</u>	<u>\$ 717,897</u>

A. Accrued recovery cost

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

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

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

(19) Pensions

A. Defined benefit pension plan

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 280,442	\$ 273,001
Fair value of plan assets	(231,952)	(219,334)
Net defined benefit liability	<u>\$ 48,490</u>	<u>\$ 53,667</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2022</u>			
At January 1	\$ 273,001	(\$ 219,334)	\$ 53,667
Current service cost	5,154	-	5,154
Interest expense (income)	<u>1,902</u>	<u>(1,533)</u>	<u>369</u>
	<u>280,057</u>	<u>(220,867)</u>	<u>59,190</u>
Remeasurements:			
Change in financial assumptions	(14,125)	-	(14,125)
Experience adjustments	<u>24,271</u>	<u>(16,628)</u>	<u>7,643</u>
	<u>10,146</u>	<u>(16,628)</u>	<u>(6,482)</u>
Pension fund contribution	-	(4,218)	(4,218)
Paid pension	<u>(9,761)</u>	<u>9,761</u>	<u>-</u>
At December 31	<u>\$ 280,442</u>	<u>(\$ 231,952)</u>	<u>\$ 48,490</u>
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2021</u>			
At January 1	\$ 281,601	(\$ 221,374)	\$ 60,227
Current service cost	5,658	-	5,658
Interest expense (income)	<u>845</u>	<u>(664)</u>	<u>181</u>
	<u>288,104</u>	<u>(222,038)</u>	<u>66,066</u>
Remeasurements:			
Return on plan assets	-	(15)	(15)
Change in demographic assumptions	243	-	243
Change in financial assumptions	(10,304)	-	(10,304)
Experience adjustments	<u>5,269</u>	<u>(3,506)</u>	<u>1,763</u>
	<u>(4,792)</u>	<u>(3,521)</u>	<u>(8,313)</u>
Pension fund contribution	-	(3,786)	(3,786)
Paid pension	(10,011)	10,011	-
Paid by company account	<u>(300)</u>	<u>-</u>	<u>(300)</u>
At December 31	<u>\$ 273,001</u>	<u>(\$ 219,334)</u>	<u>\$ 53,667</u>

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

shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.20% ~ 1.30%	0.60% ~ 0.70%
Future salary increases	2.50% ~ 3.00%	2.50% ~ 3.00%

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

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

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

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

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

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to \$5,650.

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, 2022 and 2021 were \$34,403 and \$31,507, respectively.
- (c) SINO GAL-Waste Services Co., Ltd. has a funded defined contribution plan, covering all regular employees. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the local government are based on employees' monthly salaries and wages. The pension costs under the defined contribution pension plan for the years ended December 31, 2022 and 2021 were \$11,065 and \$9,624, respectively.

(20) Share-based payment

- A. For the years ended December 31, 2022 and 2021, the Company’s share-based payment arrangements were as follows:

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

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

(a) Sixth plan of employee stock options:

	Year ended December 31			
	2022		2021	
	No. of units	Weighted- average exercise price	No. of units	Weighted- average exercise price
<u>Stock options</u>	<u>(in thousands)</u>	<u>(in dollars)</u>	<u>(in thousands)</u>	<u>(in dollars)</u>
Options outstanding at beginning of year	748	NT\$ 140.60	1,102	NT\$ 147.40
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(19)	-	(14)	-
Options exercised	(466)	NT\$ 134.73	(340)	NT\$ 145.18
Options revoked	-	-	-	-
Options outstanding at end of year	<u>263</u>	NT\$ 133.80	<u>748</u>	NT\$ 140.60
Options exercisable at end of year	<u>263</u>	NT\$ 133.80	<u>414</u>	NT\$ 140.60

(b) Seventh plan of employee stock options:

	Year ended December 31			
	2022		2021	
	No. of units (in thousands)	Weighted- average exercise price (in dollars)	No. of units (in thousands)	Weighted- average exercise price (in dollars)
Stock options				
Options outstanding at beginning of year	1,170	NT\$ 182.30	1,423	NT\$ 191.10
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(35)	-	(19)	-
Options exercised	(316)	NT\$ 175.84	(234)	NT\$ 186.41
Options revoked	-	-	-	-
Options outstanding at end of year	<u>819</u>	NT\$ 173.50	<u>1,170</u>	NT\$ 182.30
Options exercisable at end of year	<u>316</u>	NT\$ 173.50	<u>293</u>	NT\$ 182.30

(c) Eighth plan of employee stock options:

	Year ended December 31			
	2022		2021	
	No. of units (in thousands)	Weighted- average exercise price (in dollars)	No. of units (in thousands)	Weighted- average exercise price (in dollars)
Stock options				
Options outstanding at beginning of year	1,455	NT\$ 184.01	1,473	NT\$ 193.00
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(50)	-	(18)	-
Options exercised	(307)	NT\$ 179.15	-	-
Options revoked	-	-	-	-
Options outstanding at end of year	<u>1,098</u>	NT\$ 175.20	<u>1,455</u>	NT\$ 184.01
Options exercisable at end of year	<u>227</u>	NT\$ 175.20	<u>-</u>	-

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2022 and 2021 was NT\$245.83 and NT\$227.25 (in dollars), respectively.

D. As of December 31, 2022 and 2021, the range of exercise prices of stock options outstanding was \$133.80~184.10 and \$140.60~\$191.10 (in dollars), respectively; the weighted-average remaining contractual period was as follows:

Type of arrangement	December 31, 2022	December 31, 2021
Sixth plan of employee stock options	1.5 years	2.5 years
Seventh plan of employee stock options	2.5 years	3.5 years
Eighth plan of employee stock options	3.25 years	4.25 years

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

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

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

	Year ended December 31	
	2022	2021
Equity-settled	\$ 12,161	\$ 23,161

G. On January 1, 2022, the Company's parent company, CTCI Corp., issued restricted stocks to employees, granting 5,500 units (1,000 shares per unit) to the parent company and full-time employees of the Company and its domestic subsidiaries. For the years ended December 31, 2022 and 2021, relative to the aforementioned plan for employee restricted stocks, the Group recognized the labour costs and corresponding capital surplus - employee restricted stocks as follows:

	Year ended December 31	
	2022	2021
Equity-settled	\$ 3,538	\$ -

(21) Share capital

- A. As of December 31, 2022, the Company's authorised capital was \$1,200,000, consisting of 120 million shares of ordinary stock (including 6 million shares reserved for employee stock options), and the paid-in capital was \$704,579 with a par value of NT\$10 (in dollars) per share.

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

	<u>2022</u>	<u>2021</u>
At January 1	69,602,678	69,028,564
Employee stock options exercised	1,088,627	574,114
At December 31	<u>70,691,305</u>	<u>69,602,678</u>

- B. As of December 31, 2022 and 2021, the associate of the Group held 276 thousand shares.
- C. The shares of the Company held by the subsidiary, ECOVE Waste Management Corp, were the ordinary shares issued by the Company on December 31, 2020 to acquire the shares of ECOVE Environment Services Corp. from ECOVE Waste Management Corp. through the share swap. As of December 31, 2022 and 2021, the carrying amount of the shares of the Company held by ECOVE Waste Management Corp. are as follows:

	<u>December 31, 2022</u>	
	<u>Number of shares</u>	<u>Carrying amount</u>
ECOVE Waste Management Corp.	1,605	\$ <u>57</u>
	<u>December 31, 2021</u>	
	<u>Number of shares</u>	<u>Carrying amount</u>
ECOVE Waste Management Corp.	1,605	\$ <u>57</u>

(22) Capital surplus

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

B. Changes in capital surplus are as follows:

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

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

(23) Retained earnings

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

Furthermore, in accordance with the provisions of laws and regulations and the rules prescribed by the central competent authority, a special reserve shall be set aside. If there is recovery of the balance of special reserve, the recovered amount shall be included in the distribution of the profit for the current year.

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

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

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

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- D. Special reserve
 - (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
 - (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010028685, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- E. The appropriations of 2021 and 2020 earnings had been resolved at the stockholders' meeting on May 26, 2022 and July 30, 2021, respectively. Details are summarised below:

	2021	2020
Legal reserve	\$ 91,755	\$ 83,554
(Reversal of) set aside as special reserve	(8,377)	23,272
Cash dividends	834,675	759,482
Total	<u>\$ 918,053</u>	<u>\$ 866,308</u>

F. The Company recognized dividends of \$834,675 (NT11.94333923 per share) and \$759,482 (NT10.94880262 per share) in 2021 and 2020, respectively.

G. The appropriations of 2022 earnings had been proposed by Board of Directors during its meeting on March 6, 2023.

Details are summarized below:

	Amount	Dividends per share (in NT dollars)
Legal reserve	\$ 105,020	
Special reserve	(14,895)	
Cash dividends	960,073	\$ 13.58
Total	<u>\$ 1,050,198</u>	

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

(24) Operating revenue

	Year ended December 31,	
	2022	2021
Operating revenue	\$ 2,197,886	\$ 2,106,560
Electricity	2,459,914	2,029,402
Waste collection	229,534	84,949
Others	1,601,257	1,182,050
	<u>6,488,591</u>	<u>5,402,961</u>
Service concession arrangements		
Operating revenue	469,480	467,719
Finance revenue	72,089	84,570
	<u>541,569</u>	<u>552,289</u>
	<u>\$ 7,030,160</u>	<u>\$ 5,955,250</u>

A. Disaggregation of revenue from contracts with customers

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

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

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

B. Contract assets and liabilities

(a) Contract assets:

	December 31, 2022	December 31, 2021
Estimated accounts receivable	<u>\$ 642,206</u>	<u>\$ 620,662</u>

(b) Contract liabilities:

	December 31, 2022	December 31, 2021
Receipts in advance	\$ 42,218	\$ 22,284
Construction contract	<u>769,638</u>	<u>888,190</u>
	<u>\$ 811,856</u>	<u>\$ 910,474</u>

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

	Year ended December 31	
	2022	2021
Receipts in advance	\$ 22,284	\$ 5,538
Construction contract	118,552	-
	<u>\$ 140,836</u>	<u>\$ 5,538</u>

(25) Interest income

	Year ended December 31	
	2022	2021
Interest income from bank deposits	\$ 8,341	\$ 2,095
Other interest income	867	1,364
	<u>\$ 9,208</u>	<u>\$ 3,459</u>

(26) Other income

	Year ended December 31	
	2022	2021
Dividend income	\$ 3,030	\$ 10,159
Income from government grants	13,534	12,403
Income from sale of scraps	16,065	14,610
Other income, others	1,666	3,394
	<u>\$ 34,295</u>	<u>\$ 40,566</u>

(27) Other gains and losses

	Year ended December 31	
	2022	2021
Gains on disposals of property, plant and equipment	\$ 100	\$ 814
Gains on disposals of investments	543	-
Losses on lease modification	(87)	(727)
Foreign exchange gains (losses)	1,968	(770)
Gains on financial assets at fair value through profit or loss	5,268	3,891
Miscellaneous disbursements	(643)	(834)
	<u>\$ 7,149</u>	<u>\$ 2,374</u>

(28) Finance cost

	Year ended December 31	
	2022	2021
Interest expense	\$ 11,985	\$ 16,376
Interest expense arising from corporate bonds	14,636	8,714
Interest expense arising from lease liabilities	1,921	759
Less: Capitalised interest payments	(1,563)	(2,333)
	<u>\$ 26,979</u>	<u>\$ 23,516</u>

(29) Expenses by nature

	Year ended December 31	
	2022	2021
Employee benefit expense	\$ 1,198,325	\$ 1,164,394
Depreciation charges on property, plant and equipment	318,566	286,955
Depreciation charges on right-of-use assets	43,732	29,252
Amortisation	72,636	20,720
Incinerator equipment costs	503,600	486,775
Materials	1,127,328	901,661
Sub-contract costs	1,435,382	1,131,518
Insurance	77,595	70,481
Other expenses	832,974	593,457
	<u>\$ 5,610,138</u>	<u>\$ 4,685,213</u>

(30) Employee benefit expense

	Year ended December 31	
	2022	2021
Salaries	\$ 997,592	\$ 972,457
Employee stock options	12,161	23,161
Employee restricted stocks	3,538	-
Labor and health insurance fees	71,654	68,797
Pension costs	50,991	46,970
Other personnel expenses	62,389	53,009
	<u>\$ 1,198,325</u>	<u>\$ 1,164,394</u>

- A. As of December 31, 2022 and 2021, the Group had 1,045 and 1,040 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, 2022 and 2021, employees' compensation was accrued at \$367 and \$325, respectively; directors' and supervisors' remuneration was accrued at \$5,200 and \$5,200, respectively. The aforementioned amounts were recognized in salary and other expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 0.01% and 2% of distributable profit of current year for the year ended December 31, 2022. The employees' compensation and directors' and supervisors' remuneration have 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 2021 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2021 financial statements.

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

(31) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ 296,311	\$ 277,228
Prior year income tax (over) underestimation	(34,041)	47,290
Total current tax	262,270	324,518
Deferred tax:		
Origination and reversal of temporary differences	(23,017)	(50,344)
Effect of exchange rate changes	678	901
Income tax expense	<u>\$ 239,931</u>	<u>\$ 275,075</u>

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

	Year ended December 31	
	2022	2021
Remeasurement of defined benefit obligations	<u>(\$ 1,427)</u>	<u>(\$ 1,683)</u>

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate (note)	\$ 339,221	\$ 259,654
Expenses disallowed by tax regulation	(58,105)	(16,260)
Effect from investment tax credits	(7,144)	-
Change in assessment of realisation of deferred tax assets	-	(15,609)
Prior year income tax (over) underestimation	(34,041)	47,290
Income tax expense	<u>\$ 239,931</u>	<u>\$ 275,075</u>

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

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

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

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

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

Qualifying items	December 31, 2022		Expiry year
	Unused tax credits	Unrecognised deferred tax assets	
Investments in emerging important strategic industries	<u>\$ 14,280</u>	<u>\$ 2,856</u>	2026

Note: There was no such circumstance for the year ended December 31, 2021.

E. As of December 31, 2022, the income tax returns of the Company through 2020 have been assessed and approved by the Tax Authority.

(32) Earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share:</u>			
Profit attributable to owners of the parent	\$ 1,045,026	70,091	<u>NT\$ 14.91</u>
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	278	
Employees' bonus	-	2	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 1,045,026</u>	<u>70,371</u>	<u>NT\$ 14.85</u>

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

(33) Supplemental cash flow information

Investing activities with partial cash payments

	2022	2021
Purchase of property, plant and equipment	\$ 449,195	\$ 122,321
Less: Ending balance of payable on recovery cost	(28,537)	(85,923)
Cash paid during the year	<u>\$ 420,658</u>	<u>\$ 36,398</u>
	2022	2021
Changes in other non-current assets	\$ 685,236	\$ 635,342
Add: Beginning balance of payable on equipment	111,769	-
Less: Ending balance of payable on equipment	(9,759)	(111,769)
Cash paid during the year	<u>\$ 787,246</u>	<u>\$ 523,573</u>

(34) Changes in liabilities from financing activities

The Group's liabilities from financing activities for the years ended December 31, 2022 and 2021 included short-term borrowings, short-term notes and bills payable, corporate bonds payable, long-term borrowings, lease liabilities, changes in cash flow from financing, etc. The summary amount is as follows. For the rest of the information, refer to the cash flow statement

	2022	2021
	Liabilities from financing activities-gross	Liabilities from financing activities-gross
At January 1	\$ 2,840,436	\$ 2,065,284
Changes in cash flow from financing activities	(302,386)	618,926
Changes in other equity items	131,749	156,226
At December 31	\$ 2,669,799	\$ 2,840,436

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is controlled by CTCI Corporation (incorporated in R.O.C.), which owns 54.40% of the Company's shares. The remaining 45.60% of the shares are widely held by the public.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
CTCI Corp.	Ultimate parent company
CTCI Chemical Corp.	Associate
CTCI Machinery Corp.	Associate
Ever Ecove Corporation	Associate
E&C Engineering Corp.	Associate
CTCI Resources Engineering Inc.	Associate
CTCI Development Corp.	Associate
Boretch Resource Recovery Engineering Co., Ltd.	Associate
Jing Ding Green Energy Technology Co., Ltd	Associate
Bao Ding Reclaimed Water Co., Ltd.	Other related party
CTCI Education Foundation	Other related party

(3) Significant transactions and balances with related parties

A. Operating revenue

	Year ended December 31	
	2022	2021
Operating revenue:		
Ultimate parent company	\$ 22,419	\$ 3,188
Associates	40,851	4,012
	\$ 63,270	\$ 7,200

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

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

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

B. Purchases of goods and services

	Year ended December 31	
	2022	2021
Ultimate parent company	\$ 8,124	\$ 7,883
Associates	180,098	168,159
	<u>\$ 188,222</u>	<u>\$ 176,042</u>

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

C. Accounts receivable

	December 31, 2022	December 31, 2021
Ultimate parent company	\$ 20,724	\$ 2,336
Associates	-	4,012
	<u>\$ 20,724</u>	<u>\$ 6,348</u>

D. Contract assets

	December 31, 2022	December 31, 2021
Associates	<u>\$ 39,757</u>	<u>\$ -</u>

E. Accounts payable

	December 31, 2022	December 31, 2021
Associates	\$ 6,041	\$ 28,060
Ultimate parent company	6,608	6,146
	<u>\$ 12,649</u>	<u>\$ 34,206</u>

F. Other receivables - related parties

	December 31, 2022	December 31, 2021
Other receivables:		
Associates (Note)	<u>\$ 64</u>	<u>\$ 8,541</u>

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

G. Loans to related parties

(a) Loans to related parties - Outstanding balance

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
CTCI Machinery Corp.	\$ -	\$ 264,000

(b) Loans to related parties - Interest income

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Associates (Note)	\$ 798	\$ 1,286

Note: The terms of lending include interest to be calculated and received monthly, using the annual rate of 0.75% and 0.75%~1.01% for the years ended December 31, 2022 and 2021.

(c) Loans from related parties – Outstanding balance

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
CTCI Resources Engineering Inc.	\$ 260,000	\$ -

(d) Loans from related parties – Interest expense

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Ultimate parent company (Note)	\$ 1,324	\$ -
Associates (Note)	127	-
	<u>\$ 1,451</u>	<u>\$ -</u>

Note: The loans from ultimate parent company and related party are repayable monthly and carry interest at 0.98~1.450% per annum for the year ended December 31, 2022.

H. Other income

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Ultimate parent company	\$ 1	\$ -
Other related parties	500	500
Associates	-	8
	<u>\$ 501</u>	<u>\$ 508</u>

The above other income arose from sponsorship.

I. Operating expenses

	Year ended December 31	
	2022	2021
Ultimate parent company	\$ 18,077	\$ 15,073
Associates	3,612	1,554
	<u>\$ 21,689</u>	<u>\$ 16,627</u>

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

J. Other payables-related parties

	December 31, 2022	December 31, 2021
Ultimate parent company	\$ 8,388	\$ 8,041
Associates	138	133
	<u>\$ 8,526</u>	<u>\$ 8,174</u>

K. Leasing arrangements - leasee

(a) As of December 31, 2022, the main lease contracts between the Group and related parties are as follows:

<u>Lessor</u>	<u>Lease object</u>	<u>Payment method</u>	<u>Lease term</u>
Ultimate parent company	Buildings and structures	\$27/year	2019.1.1~2028.12.7
Associates	Buildings and structures	\$285/year	2010.7.22~2029.7.21
Associates	Buildings and structures	\$14,927/year	2021.8.1~2031.7.31

(b) Acquisition of right-of-use assets

	Year ended December 31,	
	2022	2021
Ultimate parent company	\$ 124	\$ 862
Associates	-	138,519
	<u>\$ 124</u>	<u>\$ 139,381</u>

(c) Lease liabilities

	December 31, 2022	December 31, 2021
Ultimate parent company	\$ 791	\$ 821
Associates	120,147	134,815
	<u>\$ 120,938</u>	<u>\$ 135,636</u>

(d) Interest expense on lease liabilities

	Year ended December 31	
	2022	2021
Ultimate parent company	\$ 6	\$ 7
Associates	858	396
	<u>\$ 864</u>	<u>\$ 403</u>

L. Endorsements and guarantees for others

	December 31, 2022	December 31, 2021
Associates	\$ 1,936,100	\$ 208,000
Other related parties	333,000	-
	<u>\$ 2,269,100</u>	<u>\$ 208,000</u>

(4) Key management compensation

	Year ended December 31	
	2022	2021
Salaries and other short-term employee benefits	\$ 45,726	\$ 48,575
Post-employment benefits	1,355	991
Total	<u>\$ 47,081</u>	<u>\$ 49,566</u>

8. PLEDGED ASSETS

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

Assets	Book value		Purposes
	December 31, 2022	December 31, 2021	
Property, plant and equipment	\$ 582,848	\$ 696,027	Guarantee for long-term and short-term loans
Other non-current assets			
Guarantee deposits paid	35,429	65,398	Guarantee for bid, rent, performance guarantee, tender bond and staff dormitory
Restricted bank deposits	50,378	49,974	Guarantee for bid
	<u>\$ 668,655</u>	<u>\$ 811,399</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

In addition to those items which have been disclosed in Note 6(11), the significant commitments and contingent liabilities of the Group as of December 31, 2022 are as follows:

(1) The subsidiaries had entered into lines of credit agreements with several banks for guarantee

payments under various service contracts. The subsidiaries had either issued guarantee notes or promissory notes for amounts drawn down under the line of credit agreements. As of December 31, 2022, the total amount of guarantee notes issued amounted to \$7,814,370.

(2) As of December 31, 2022, for contractual guarantee, performance guarantee, waste collection and other guarantees, the subsidiaries have a performance letter of guarantee issued by the bank amounting to \$1,407,218.

(3) As of December 31, 2022, the subsidiaries had outstanding commitments for service contracts amounting to \$41,823.

(4) As of December 31, 2022, the subsidiaries had unused letters of credit for importing materials and sub-contract amounting to \$67,724.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

A. The appropriation of 2022 earnings had been proposed at the Board of Directors' meeting on March 6, 2023. Refer to Note 6(23)G for detailed information.

B. In January 2023, the Board of Directors resolved for the Company's subsidiary, ECOVE Environment Services Corp., to jointly invest and establish ECOVE Resource Recycling Corporation with FGD Recycling Industrial Co., Ltd., ECOVE Resource Recycling Corporation's paid-in capital was \$65,000. The Company's shareholding ratio in ECOVE Resource Recycling Corporation was 95% with an investment amount of \$61,750.

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, 2022 and 2021 were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total borrowings	\$ 2,663,669	\$ 2,649,574
Total equity	\$ 6,429,341	\$ 5,896,362
Gearing ratio	<u>41%</u>	<u>45%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,522,915	\$ 1,072,745
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	163,682	145,526
Financial assets at amortised cost		
Cash and cash equivalents	1,611,740	1,216,106
Financial assets at amortised cost	138,333	421,908
Notes receivable	6	667
Accounts receivable	813,356	1,034,775
Accounts receivable - related parties	20,724	6,348
Other receivables	4,928	2,516
Other receivables - related parties	64	272,541
Guarantee deposits paid	35,429	65,398
Long-term accounts receivable	902,187	1,229,722
Other financial assets	50,378	49,974
	<u>\$ 5,263,742</u>	<u>\$ 5,518,226</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 360,000	\$ 498,000
Short-term notes and bills payable	-	39,969
Notes payable	4,660	7,494
Accounts payable	1,327,844	844,165
Accounts payable - related parties	12,649	34,206
Other payables	447,174	544,480
Other payables - related parties	268,526	8,174
Bonds payable	1,991,381	1,988,845
Long-term borrowings (including current portion)	52,288	122,760
Guarantee deposits received	342,667	252,189
	<u>\$ 4,807,189</u>	<u>\$ 4,340,282</u>
Lease liability	<u>\$ 266,130</u>	<u>\$ 190,862</u>

B. Risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

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

	December 31, 2022		
(Foreign currency : functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 216	30.698	\$ 6,631
MOP : NTD	27,595	3.817	105,336
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1,232	3.817	4,703
	December 31, 2021		
(Foreign currency : functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 423	27.674	\$ 11,706
CNY : NTD	1,673	4.345	7,269
MOP : NTD	13,618	3.441	46,853
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1,835	3.441	6,313

- v. The unrealized exchange (loss) gain arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021 amounted to \$2,783 and (\$593), respectively.

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

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1.00%	\$ 66	\$ -
MOP : NTD	1.00%	1,053	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1.00%	47	-
	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1.00%	\$ 117	\$ -
CNY : NTD	1.00%	73	-
MOP : NTD	1.00%	469	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1.00%	63	-

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, 2022 and 2021, the Group's borrowings at variable rate were denominated in NTD.

(b) Credit risk

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

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

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

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

iv. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of notes and accounts receivable. On December 31, 2022 and 2021, the provision matrix is as follows:

	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At December 31, 2022</u>			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	\$ 1,624,394	\$ 111,873	\$ 1,736,267
Loss allowance	\$ -	\$ -	\$ -

	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At December 31, 2021</u>			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	\$ 2,142,765	\$ 128,080	\$ 2,270,845
Loss allowance	\$ -	\$ -	\$ -

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

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

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the

Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

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

Non-derivative financial liabilities

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

Non-derivative financial liabilities

<u>December 31, 2021</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 498,041	\$ -
Short-term notes and bills payable	40,000	-
Notes payable	7,494	-
Accounts payable (including related parties)	878,371	-
Other payables (including related parties)	552,654	-
Lease liabilities	36,033	159,648
Bonds payable	12,100	2,041,207
Long-term borrowings (including current portion)	37,876	89,413
Other non-current liabilities	-	252,189

(3) Fair value estimation

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

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

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

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

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

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

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,522,915	\$ -	\$ -	\$ 1,522,915
Financial assets at fair value through other comprehensive income				
Equity securities	113,614	-	50,068	163,682
	<u>\$ 1,636,529</u>	<u>\$ -</u>	<u>\$ 50,068</u>	<u>\$ 1,686,597</u>
December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,072,745	\$ -	\$ -	\$ 1,072,745
Financial assets at fair value through other comprehensive income				
Equity securities	144,983	-	543	145,526
	<u>\$ 1,217,728</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 1,218,271</u>

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

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

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

E. For the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2.

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

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

G. For the year ended December 31, 2021, there were no transfers into or out from Level 3.

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

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

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ <u>70,346</u>	Market price method	Price to book ratio multiple, discount for lack of marketability	Median : 1.98 Average : 2.72 Liquidity discount : 30%	The higher the multiple and control premium, the higher the fair
Non-derivative equity instrument:					
Unlisted shares	\$ <u>68</u>	Net assets value	Not applicable	-	Not applicable
	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ <u>543</u>	Net assets value	Not applicable	-	Not applicable

(4) Others

Based on the Group's assessment, the COVID-19 pandemic had no significant impact on the consolidated financial performance for the years ended December 31, 2022 and 2021.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 6.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 7.

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

J. Significant inter-company transactions during the reporting periods: Refer to table 8.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 10.

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

(4) Major shareholders information

Refer to table 11.

14. OPERATING SEGMENT FINANCIAL INFORMATION

(1) General information

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

(2) Information about segmental income, assets and liabilities

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

	Year ended December 31	
	2022	2021
Revenue from external customers	\$ 7,030,160	\$ 5,955,250
Inter-segment revenue	1,350,835	1,719,524
Total segment revenue	\$ 8,380,995	\$ 7,674,774
Segment income	\$ 1,420,022	\$ 1,270,037
Depreciation	\$ 362,298	\$ 316,207
Amortisation	\$ 72,636	\$ 20,720

(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, 2022 and 2021 is provided as follows:

	Year ended December 31	
	2022	2021
Adjusted EBITDA for reportable segment	\$ 1,420,022	\$ 1,270,037
Financial cost, net	(26,979)	(23,516)
Others	125,050	106,301
Income from continuing operations before income tax	<u>\$ 1,518,093</u>	<u>\$ 1,352,822</u>

(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, 2022 and 2021 is as follows:

	Year ended December 31,			
	2022		2021	
	Operating revenue	Non-current assets	Operating revenue	Non-current assets
Taiwan	\$ 5,992,652	\$ 6,720,060	\$ 4,898,814	\$ 6,168,678
Macau	936,966	10,922	946,682	17,336
China	-	-	30,755	319
USA	100,542	603,323	78,999	591,318
Total	<u>\$ 7,030,160</u>	<u>\$ 7,334,305</u>	<u>\$ 5,955,250</u>	<u>\$ 6,777,651</u>

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, 2022 and 2021 is as follows:

	Year ended December 31,	
	2022	2021
Customer A	\$ 1,789,519	\$ 1,200,035
Customer B	318,568	324,403
Customer C	359,466	320,679
Customer D	112	263,797
Customer E	322,565	83,190

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2022 (Note 3)	Balance at December 31, 2022 (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)	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote	
												Allowance for doubtful accounts	Value				
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Other receivables - related parties	Yes	\$ 1,715,000	\$ 1,715,000	\$ 1,347,000	1.08~1.45%	2	\$ -	For operational needs	\$ -	-	\$ -	\$ 2,370,558	\$ 2,370,558	-
0	"	ECOVE Solar Power Corporation	"	"	583,000	450,000	450,000	1.08%	"	-	"	-	"	-	2,370,558	2,370,558	-
0	"	ECOVE South Corporation Ltd	"	"	100,000	100,000	100,000	1.08%	"	-	"	-	"	-	2,370,558	2,370,558	-
1	ECOVE Environment Services Corp.	CTCI Machinery Corp.	"	"	233,000	-	-	-	"	-	"	-	"	-	413,879	413,879	-
1	"	ECOVE South Corporation Ltd	"	"	30,000	-	-	-	"	-	"	-	"	-	413,879	413,879	-
1	"	CTCI Development Corp.	"	"	210,000	-	-	-	"	-	"	-	"	-	413,879	413,879	-
2	ECOVE Waste Management Corp.	CTCI Machinery Corp.	"	"	31,000	-	-	-	"	-	"	-	"	-	47,526	47,526	-

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

(1)The Company is '0'.

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

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

Note 3: Fill in the maximum outstanding balance of loans to others for the year ended December 31, 2022.

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

(1)The Business association is '1'.

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

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

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

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

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2022 (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/g uarantees by parent company to subsidiary (Note 7)	Provision of endorsements/g uarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	ECOVE Environment Corp.	ECOVE South Corporation Ltd.	2	\$ 11,852,790	\$ 300,000	\$ 200,000	\$ -	-	3.37%	\$ 17,779,185	Y	N	N	-
0	"	ECOVE Solar Energy Corporation	2	11,852,790	2,659,622	2,170,000	434,005	-	36.62%	17,779,185	Y	N	N	-
0	"	ECOVE Solar Power Corporation	2	11,852,790	1,120,000	1,120,000	183,351	-	18.90%	17,779,185	Y	N	N	-
0	"	ECOVE Environment Services Gangshan Corporation	2	11,852,790	900,000	900,000	250,000	-	15.19%	17,779,185	Y	N	N	-
0	"	ECOVE Solvent Recycling Corporation	2	11,852,790	207,600	150,000	20,000	-	2.53%	17,779,185	Y	N	N	-
0	"	Ever Ecove Corporation	6	11,852,790	208,000	203,000	159,000	-	3.43%	17,779,185	N	N	N	-
1	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	2	6,873,945	181,760	100,000	-	-	5.82%	10,310,918	N	N	N	-
2	ECOVE Solar Power	ECOVE Solar Energy Corporation	3	1,620,968	30,006	30,006	30,006	-	7.40%	2,431,452	N	N	N	-
3	ECOVE Environment Services Corp.	Jing Ding Green Energy Technology Co., Ltd.	6	4,138,791	1,733,100	1,733,100	268,200	-	167.50%	6,208,186	N	N	N	-
3	"	Bao Ding Reclaimed Water Co., Ltd.	6	4,138,791	333,000	333,000	40,000	-	32.18%	6,208,186	N	N	N	-

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

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

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

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

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

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

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

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

Year ended December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)		Relationship with the securities issuer (Note 2)	General ledger account	December 31, 2022			Footnote (Note 4)	
	Type	Name			Number of shares/ denominations	Book value (Note 3)	Ownership (%)		Fair value
ECOVE Environment Corp.	Common Stock	Taiwan Cement Corp.	None	Financial assets at fair value through other comprehensive income-current	584,287	\$ 16,671	-	\$ 20,041	-
				Adjustment		3,370		20,041	
						\$			
"	"	Eastern Pacific Energy Sdn. Bhd.	The Chairman of the Company is the Board of director	Financial assets at fair value through other comprehensive income - non-current	10,000	\$ 81	10.00%	68	-
				Less: Accumulated impairment		(13)		68	-
						\$			
"	Beneficiary certificates	Yuanta De-Li Money Market Fund	None	Financial assets at fair value through other comprehensive income - current	39,919,485	661,378	-	661,378	-
"	Beneficiary certificates	Capital Money Market Fund	"	Financial assets at fair value through other comprehensive income - current	2,446,648	40,085	-	40,085	-
ECOVE Wujih Energy Corp.	Common Stock	Taiwan Cement Corp.	None	Financial assets at fair value through profit or loss - current	587,686	\$ 20,158	-	\$ 20,158	-
"	Beneficiary certificates	Taishin 1699 Money Market Fund	"	Financial assets at fair value through other comprehensive income - current	39,166,638	539,082	-	539,082	-
ECOVE Environment Services Corp.	Common Stock	CTCI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income - current	1,028	\$ 43	-	\$ 43	-
"	"	Taiwan Cement Corp.	None	"	1,547,328	53,073	-	53,073	-
"	"	Bao Ding Reclaimed Water Co., Ltd.	"	Financial assets at fair value through other comprehensive income - non-current	5,000,000	50,000	10.00%	50,000	-
ECOVE Waste Management Corp.	Common Stock	Taiwan Cement Corp.	"	Financial assets at fair value through other comprehensive income - current	591,804	20,299	-	20,299	-
"	"	ECOVE Environment Corp.	Parent company	"	1,605	396	-	396	-
"	Beneficiary certificates	Taishin 1699 Money Market	None	Financial assets at fair value through profit or loss - current	2,980,827	41,028	-	41,028	-
ECOVE Miaoli Energy Corp.	Beneficiary certificates	Taishin 1699 Money Market	None	Financial assets at fair value through profit or loss - current	14,697,836	202,298	-	202,298	-

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

Year ended December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)		Relationship with the securities issuer (Note 2)	General ledger account	December 31, 2022			Fair value	Footnote (Note 4)
	Type	Name			Number of shares/ denominations	Book value (Note 3)	Ownership (%)		
Yuan Ding Resources Corp.	Beneficiary certificates	Jih Sun Money Market Fund	None	Financial assets at fair value through profit or loss - current	2,590,966	39,044	-	39,044	-

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

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

Year ended December 31, 2022

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, 2022		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2022		
					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.	Prudential Financial Money Market	Financial assets at fair value through profit or loss	-	-	9,742,320	\$ 155,593	-	\$ -	9,742,320	\$ 156,024	\$ 155,593	\$ 431	-	\$ -
"	FSITC Taiwan Money Market Fund	"	-	-	30,746,577	475,204	-	-	30,746,577	476,098	475,204	894	-	-
"	Yuanta De-Li Money Market Fund	"	-	-	-	-	43,843,397	725,000	3,923,912	65,000	64,869	131	39,919,485	660,131
ECOVE Environment Services Corp.	Taishin 1699 Money Market Fund	"	-	-	-	-	17,495,267	240,000	17,495,267	240,357	240,000	357	-	-
"	Yuanta De-Li Money Market Fund	"	-	-	-	-	9,087,576	150,000	9,087,576	150,153	150,000	153	-	-
ECOVE Wujih Energy Corp.	Taishin 1699 Money Market Fund	"	-	-	8,588,811	117,207	39,166,638	538,000	8,588,811	117,741	117,207	534	39,166,638	538,000
ECOVE Mioali Energy Corp.	Taishin 1699 Money Market Fund	"	-	-	1,170,421	16,000	14,697,836	202,000	1,170,421	16,030	16,000	30	14,697,836	202,000

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

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

Year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:			Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments	
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction				
ECOVE Environment Services Corp.	Land	2022/7/19	\$ 2,376,900	\$475,380	Industrial Development Bureau, Ministry of Economic Affairs	None	-	-	-	\$ -	Bid price	Acquisition of environmental land	None

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

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

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

Note 4: If ECOVE Environment Services Corp. doesn't obtain the approval documents for waste collection and complete the land use based on the approved plan within 3 years after the approval of the environmental impact statements or the assessment reports, the completion deposits would not be refunded and shall be turned over to the industrial park development and management fund, Ministry of Economic Affairs. In addition, the Industrial Development Bureau shall repurchase the land mandatorily at the original price with no interest bearing. ECOVE Environment Services Corp. assumes the consideration for land used from the turn over completion day of the bid land to the day before the return of the land to the Industrial Development Bureau (calculated by multiplying the total area of the bid land by 12% of the present value of land).

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

Year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	
ECOVE Environment Services Corp.	ECOVE Environment Services Gangshan Corporation	Affiliate	(Operating and maintaining revenue)	(\$ 508,849)	(12%)	30 days monthly	No significant difference	\$ 60,373	27%	-
"	ECOVE Wujih Energy Corp.	"	(Operating and maintaining revenue)	(263,168)	(6%)	"	"	23,166	10%	-
"	ECOVE Mioali Energy Corporation	"	(Operating and maintaining revenue)	(162,299)	(4%)	"	"	31,859	14%	-
ECOVE Environment Services Gangshan Corporation	ECOVE Environment Services Corp.	"	Operating cost	508,849	61%	"	"	(60,373)	(32%)	-
ECOVE Wujih Energy Corp.	ECOVE Environment Services Corp.	"	Operating cost	263,168	58%	"	"	(23,166)	(35%)	-
ECOVE Mioali Energy Corporation	ECOVE Environment Services Corp.	"	Operating cost	162,299	94%	"	"	(31,859)	(100%)	-

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	A subsidiary	\$ 1,353,365	Note 3	\$ -	Note 3	\$ -	\$ -
"	ECOVE Solar Power Corporation	"	450,413	"	-	"	-	-
"	ECOVE South Corporation Ltd.	"	100,092	"	-	"	-	-

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

Year ended December 31, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or
				General ledger account	Amount	Transaction terms	
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	1	Other accounts receivable	\$ 1,353,365	-	10.20%
0	"	ECOVE Solar Power Corporation	1	"	450,413	-	3.39%
0	"	ECOVE South Corporation Ltd.	1	Endorsements and guarantees	200,000	-	N/A
0	"	ECOVE Solar Energy Corporation	1	"	2,170,000	-	N/A
0	"	ECOVE Solar Power Corporation	1	"	1,120,000	-	N/A
0	"	ECOVE Environment Services Gangshan Corporation	1	"	900,000	-	N/A
0	"	ECOVE Solvent Recycling Corporation	1	"	150,000	-	N/A
1	ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	3	Operating revenue	74,142	30 days monthly	1.05%
2	ECOVE Environment Services Corp.	ECOVE Miaoli Energy Corp.	"	"	162,299	"	2.31%
2	"	ECOVE Wujih Energy Corp.	"	"	263,168	"	3.74%
2	"	ECOVE Environment Services Gangshan Corporation	"	"	508,849	"	7.23%
3	ECOVE Waste Management Corp.	ECOVE Solvent Recycling Corporation	"	"	86,738	"	1.23%

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

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

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

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
Information on investees (not including investees in Mainland China)
Year ended December 31, 2022

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	\$ 450,435	\$ 450,435	30,000,000	100.00%	\$ 798,753	\$ 274,790	\$ 274,790	A subsidiary
ECOVE Environment Corp.	ECOVE Environment Services Corp.	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance, etc.	356,518	356,518	15,100,000	100.00%	1,048,115	451,484	449,818	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%	118,419	63,500	63,500	A subsidiary
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	899,985	899,985	44,999,200	74.999%	796,025	110,986	83,238	A subsidiary
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Taiwan	Waste services, waste clean, other environmental services, and environmental pollution services, etc.	42,696	42,696	4,500,000	100.00%	39,382	5	5	A subsidiary
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Taiwan	Energy technology services etc.	1,512,347	1,312,348	118,338,502	100.00%	1,842,176	96,442	96,442	A subsidiary
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%	117,789	24,917	22,423	A subsidiary
ECOVE Environment Corp.	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	Share holding and investment	309,489	309,489	12,039,903	18.47%	389,333	229,730	43,209	An investee using equity method
ECOVE Environment Corp.	EVER ECOVE Corporation	Taiwan	Waste services, waste clean and cogeneration	80,000	80,000	8,000,000	5.00%	87,733	228,647	11,425	An investee using equity method

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
ECOVE Environment Services Corp.	CTCI Chemicals Corp.	Taiwan	Industrial chemicals' wholesale manufacturing and retail.	\$ 24,851	\$ 24,851	1,910,241	26.90%	\$ 77,134	\$ 74,910	\$ 20,155	Associate
ECOVE Environment Services Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	11	11	800	0.001%	14	110,986	1	Affiliate
ECOVE Environment Services Corp.	SINOGAL-Waste Services Co., Ltd.	Macau	Management of waste recycling site and maintenance of related mechanical and equipment etc.	4,964	4,964	-	30.00%	96,812	289,854	86,956	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%	13	24,917	3	Affiliate
ECOVE Environment Services Corp.	Jing Ding Green Energy Technology Co., Ltd.	Taiwan	Wastewater sludge treatment	186,000	6,000	18,600,000	30.00%	185,180 (1,304) (391)	An investee using equity method
ECOVE Environment Services Corp.	ECOVE Environment Services Gangshan Corporation	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance, etc.	251,000	251,000	25,100,000	100.00%	312,875	61,757	62,189	A subsidiary
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Taiwan	Energy technology services etc.	306,000	306,000	30,600,000	100.00%	405,242	18,959	18,959	A subsidiary
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Taiwan	Energy technology services etc.	30,500	30,500	3,050,000	100.00%	33,148	1,226	1,226	A subsidiary
ECOVE Solar Energy Corporation	G.D International, LLC.	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	461,487	34,907	34,907	A subsidiary
G.D International, LLC.	Lumberton Solar W2-090, LLC	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	461,302	35,100	35,100	A subsidiary

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2022

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Taiwan to Mainland China/ Amount		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)(2)B	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	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	(\$ 142)	100.00%	(\$ 142)	\$ 5,425	\$ 43,900	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ECOVE Environment Corp.	\$ 4,147	\$ 4,147	\$ 3,555,837	

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, 2022' column:

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

Major shareholders information

Year ended December 31, 2022

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
CTCI Corp.	38,457,105	54.40%
Fubon Life Assurance Co., Ltd.	4,471,000	6.32%

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