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## 2022 Annual Report



Printed on April 02, 2023

### Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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#### **Corporate Website**

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## Contents

<b>I. LETTER TO SHAREHOLDERS .....</b>	<b>4</b>
<b>II. Company Profile .....</b>	<b>6</b>
2.1 Date of Incorporation: Dec. 13, 1999.....	6
2.2 Company History .....	6
<b>III. Corporate Governance Report .....</b>	<b>9</b>
3.1 Organization .....	9
3.2 Directors and Management Team.....	11
3.3 Remuneration of Directors, President, and Vice President .....	25
3.4 Implementation of Corporate Governance.....	32
3.5 Professional fee of CPA.....	97
3.6 Information on replacement of CPA: None.....	97
3.7 The Company's Chairman, President and Managers Responsible for Finance or Accounting who have Held a Post in the CPA Office or its Affiliated within the Latest Year: None .....	97
3.8 In the most recent year and as of the publication date of the annual report, the transfer of shares of directors, managers, and shareholders whose shareholding ratio exceeds 10% and changes in share pledge:.....	98
3.9 Information Disclosing the Relationship between any of the Company's Top Ten Shareholders .....	99
3.10 Shareholdings of the Company Directors, Supervisors, Managements, and Direct and Indirect Investments of the Company in Affiliated Companies.....	100
<b>IV. Capital Overview .....</b>	<b>101</b>
4.1 Capital and Shares.....	101
4.2 Issuance of Corporate Bonds: .....	107
4.3 Preferred Shares: None .....	107
4.4 Global Depositary Receipt: None .....	107
4.5 Employee Stock Options .....	107
4.6 Status of Restricted Stock Awards: None.....	109
4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None .....	109
4.8 Implementation of Capital Utilization Plan:.....	109
<b>V. Operations Overview .....</b>	<b>111</b>
5.1 Business content .....	111
5.2 Market and Sales Overview .....	122
5.3 Employee Information .....	133
5.4 Environmental Protection Expenditure Information .....	138
5.5 Relations between labor and employer.....	139
5.6 Information Security Management.....	142
5.7 Important Contracts.....	145

<b>VI. Financial Information.....</b>	<b>149</b>
6.1 Condensed Balance Sheet and Composite Income Sheet for the Recent 5 Years .....	149
6.2 Financial Analysis for the Recent 5 Years .....	153
<b>VII. Review of Financial Conditions, Operating Results, and Risk Management .....</b>	<b>154</b>
7.1 Analysis of Financial Status .....	154
7.2 Financial Performance Analysis.....	155
7.3 Cash Flow Analysis .....	156
7.4 The Impact of Major Capital Expenditures on Financial Operations in the Most Recent Year..	156
7.5 Reinvestment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year .....	156
7.6 Risk Management and Assessment .....	157
7.7 Other: None .....	166
<b>VIII. Special Disclosure .....</b>	<b>167</b>
8.1 Summary of Affiliated Companies .....	167
8.2 Private placement of securities in the most recent year and up to the date of annual report publication: None.....	176
8.3 Holding or disposal of this company's shares by a subsidiary company in the last year, up to the publication date of this report: None .....	176
8.4 Other Necessary Supplemental Information .....	176
<b>IX. Appendix.....</b>	<b>179</b>
Appendix I Consolidated Financial Statements and Independent Auditors' Report in the Most Recent Year.....	181
Appendix II Financial Statements and Independent Auditors' Report in the Most Recent Year.....	275

## I. LETTER TO SHAREHOLDERS

Dear Shareholders,

Thank you for taking the time to attend the Company's 2023 regular shareholder meeting. Although being under the impact of the epidemic, the Company's performance, revenue, and profits in the past year were all higher than 2021 due to the teamwork and diligence of all colleagues. Our net profit after tax and earnings per share also maintained at a certain level. The Company's 2022 business overview and overview of the 2023 Business Plan and future development strategies are stated below.

### 1. 2022 Business Overview

#### (1) Operating Results

The consolidated operating revenue in 2022 was NT\$7,030,160,000 (values with unspecified currency hereafter are also NTD), which was a \$1,074,910,000 increase from the consolidated operating revenue in 2021. The consolidated operating expense was \$165,428,000, non-operating income and expenditure was \$98,071,000 and consolidated net profit after tax was \$1,045,026,000, an increase of \$134,210,000 from the consolidated net profit after tax in 2021. The Company's earnings per share was \$14.91, an increase of \$1.76 from the earnings per share in 2021.

#### (2) Business Performance

Looking back 2022, for business promotion and execution, ECOVE followed a path of sustainable growth focusing on both the current business it has and new opportunities. Even with the impact of COVID-19, ECOVE, through proper internal management and support from its supply chain, was able to maintain stable operation. For the expansion on each business field, its staff didn't go easy on themselves either and still secured several big projects. In terms of waste management, we have successfully acquired environmental land in the Lunwei area of the Changhua Coastal Park, which will be developed into a low-carbon circular recycling and disposal center. This will enable us to complete the entire industrial chain of our waste management business. In terms of recycling, our waste solvent recycling business has been approved by the Ministry of Science and Technology and the Industrial Development Bureau, and we are actively expanding our services to more high-tech customers. As a result, our facilities are reaching full capacity. As for renewable energy, having been actively pursuing both public and private cases, the development amount of rooftop type, ground type and water surfaces type has continued to increase, and the maintenance work has also been extended to external clients. Looking into the future, ECOVE will develop each business field with following strategies to make the Group develop sustainably and expand internationally.

### 2. Overview of the 2023 Business Plan

Replacing linear economy with circular economy has become a global trend. Protecting the Earth is our mission and we shall intensify to make ECOVE the leading role of resource cycling in Taiwan. Looking forward, ECOVE will strive toward below directions so as to achieve the sustainable development and expand internationally.

#### (1) Waste Management and EfW

Domestically, in addition to solidifying our current businesses, we will start to assist the coming commissioning for Taoyuan Biomass Center and the O&M services afterwards. The EIA (Environmental Impact Assessment) process is also running for Changhua Coastal Low-Carbon Circular Reuse and Treatment Center. Also, in response to the government's project of EfW plant life extension and diversified waste treatment, we have been making use the experience of circular economy integration model from Taoyuan Biomass Center and introducing mature technologies from overseas to provide for the government total solutions. Also, we actively explore new opportunities and participate in government's projects. In addition, under the trend of net zero carbon emissions, innovative technologies will also be introduced, and more efforts will be made to reduce carbon emissions, and use the internal execution experience to transform it into the

basis for external opportunities acquisition. As for overseas markets, we keep developing business in ASEAN, China, and India by expressing our willingness to local governments that we are happy to cooperate with the local or foreign companies which have complementarity. Moreover, ECOVE actively participated in relevant forums and followed government's southbound policy, replicating successful PPP (BOT) business model and the mature O&M (including ROT) capabilities for overseas market.

## (2) Recycling and Reuse

While the waste solvent recycling and reuse business continues to operate steadily, the successful experience of this case will be continued to evaluate competitive technologies and develop more recyclable items for high-tech industries. It will also further extend opportunities overseas. In terms of water resource recycling, the O&M experience of the Linkou Wastewater Treatment Center will be introduced to participate in the operation of high-tech recycled water projects under trial operation in the group. Furthermore, the Group's engineering resources will be further integrated to compete for investment and O&M work for various government projects such as recycled water and seawater desalination plans. As for the recycling and reuse of other resources, we will constantly study domestic and overseas technical resources and evaluate feasible business models. Driven by the wave of circular economy and net zero carbon emissions, explore more project opportunities in the fields of industry or livelihood. Also, we will self-develop or evaluate targets for merging.

## (3) Renewable Energy

For the domestic market of solar power, in addition to maintaining stable operation for current projects, we will be dedicated to commencing the operation of new projects in time. Business expansion will continue to follow the government's photovoltaic policies and actively expand development, including roof-mounted, ground-mounted, or water surface-mounted systems. The venues will include both public and private sectors, etc. In addition, we combine with the resources of external partners, carefully evaluate and actively acquire for the development of large-scale projects. In the maintenance of solar power facilities, we will use our long-term accumulated experience to optimize work efficiency. In addition to improving the work performance of our own project sites, we will also use our advantages to get more external clients. Moreover, as for electricity liberalization, there are many opportunities derived from loosen legal restrictions and enterprises' needs in green power, so we will actively explore the market and discover diverse and innovative new business model possibilities. About overseas market, while maintaining stable operation for the current project in the US, we will, as per their policies and laws on green energy, keep exploring appropriate targets in developed and developing countries.

Looking forward, we believe that with the advantages of ECOVE in technology integration application, resource cycling efficiency optimization, intelligent application, and customer trust, we will be an indispensable leader in this wave of the circular economy. More importantly, we are well-positioned to continue generating profitable business growth and shareholder returns in the future!

Finally, I wish you all health and prosperity.

Chairman

J. J. Liao

## II. Company Profile

2.1 Date of Incorporation: Dec. 13, 1999

### 2.2 Company History

1999	<ul style="list-style-type: none"><li>• CTCI Corp. and CTCI Investment Corp. co-founded ECOVE Environment Corp.</li></ul>
2001	<ul style="list-style-type: none"><li>• In order to deal with waste business, ECOVE Environment Corp. wholly-owned to establish ECOVE Waste Management Corp.</li></ul>
2007	<ul style="list-style-type: none"><li>• ECOVE Environment Corp. acquired 98% equity of ECOVE Wujih Energy Corp. and 93.16% equity of ECOVE Environment Services Corp.</li></ul>
2009	<ul style="list-style-type: none"><li>• ECOVE Environment Services Corp. acquired the operation and maintenance of the Macao Waste Incineration Center and established a joint venture company, "SINOGAL - Waste Services Co., Ltd." in Macau under the joint contract agreement.</li></ul>
2010	<ul style="list-style-type: none"><li>• ECOVE Environment Corp. shares were listed on the Taipei Stock on May 27, 2010.</li><li>• ECOVE Environment Corp. issued the first domestic unsecured conversion of corporate bonds.</li><li>• ECOVE Environment Corp. acquired 36% equity of ECOVE Miaoli Energy Corp.</li></ul>
2011	<ul style="list-style-type: none"><li>• ECOVE Environment Corp. continued to acquire 39% equity of ECOVE Miaoli Energy Corp., holding a total of 75% equity of ECOVE Miaoli Energy Corp.</li><li>• ECOVE Environment Corp. and Gintech Energy Corp. each invested 50% to establish "ECOVE Solar Energy Corp."</li><li>• ECOVE Environment Corp. set up salary and compensation committee.</li></ul>
2013	<ul style="list-style-type: none"><li>• ECOVE Environment Services Corp. wholly-owned to establish "ECOVE Environment Consulting Corp."</li></ul>
2014	<ul style="list-style-type: none"><li>• ECOVE Environment Corp. set up audit committee.</li><li>• ECOVE Environment Corp. invested BORETECH Resource Recovery Engineering Co., Ltd. (Cayman), participate in the Recycle Polyethylene Terephthalate.</li></ul>
2016	<ul style="list-style-type: none"><li>• The voting power at the 2016 Annual General Shareholders' Meeting can be exercised by way of electronic transmission and adopt nominations for candidates through election of directors.</li><li>• ECOVE Environment Service Corp. won "2016 National Standardization - Corporate Standardization Award" from Ministry of Economic Affairs</li><li>• ECOVE Environment Service Corp. won "2016 National Occupational Safety &amp; Health Award" from Ministry of Labor</li></ul>
2017	<ul style="list-style-type: none"><li>• New Brand 「ECOVE」</li><li>• ECOVE Environment Corp. received the world's first BSI 8001 circular economy certification from BSI.</li><li>• ECOVE Environment Corp. received "Circular Economy Sustainability Award" from BSI.</li></ul>

2018	<ul style="list-style-type: none"> <li>• ECOVE Environment Corp. invested ECOVE Solvent Recycling Corp. to develop W-IPA recycling business.</li> <li>• Miaoli Plant won 2017 EfW Premium Performance Award EPA</li> <li>• ECOVE Environment Corp. won Taoyuan Biomass-energy Center BOT project and invested EVER ECOVE Corp.</li> <li>• For the third consecutive year, ECOVE Environment Corp. ranked 3rd in the world magazine "Excellence in CSR medium-size enterprise sector.</li> <li>• ECOVE Environment Corp. acquired 100% equity of ECOVE Solar Energy Corp.</li> <li>• ECOVE Environment Corp. awarded the "2018 National Sustainable Development Award" from Executive Yuan.</li> </ul>
2019	<ul style="list-style-type: none"> <li>• ECOVE Environment Corp. awarded the fifth "Top 5% of Corporate Governance Evaluation" in TPEX-listed group and "Top 10% of non-financial electronics category with a market value of over 10 billion NT dollars" in TPEX &amp; TWSE-listed group, and is the only TPEX-listed company.</li> <li>• ECOVE Environment Corp. acquired 100% equity of Wujih Energy Corp.</li> <li>• ECOVE Environment Corp. acquired 100% equity of Yuan Ding Resources Management Corp.</li> <li>• Keelung EfW Plant received "2018 EfW Premium Performance/Regional Cooperation Award" from EPA</li> <li>• Taoyuan EfW Plant received "2018 EfW Excellent Performance/Overall Planning Award" from EPA</li> <li>• ECOVE Environment Corp. ranked 1st in the World Magazine "Excellence in CSR medium-size enterprise sector</li> <li>• Tainan Science Park Resource Recycling Center awarded Mogul Award in "EPB 1st Annual Enterprise Environment Protection Award" from Executive Yuan</li> <li>• Keelung &amp; Miaoli EfW plants won Golden Award in "EPB 1st Annual Enterprise Environment Protection Award" from Executive Yuan</li> </ul>
2020	<ul style="list-style-type: none"> <li>• On May 28, 2020, ECOVE Environment Corp. held a general meeting of shareholders to elect 9 directors (3 independent directors included) of the 8<sup>th</sup> term. On the same day, the board of directors was held. Mr. J.J. Liao continued to serve as the chairman, and Mr. Y.P. Shih as the general manager (the spokesman also).</li> <li>• ECOVE Environment Corp. awarded the sixth "Top 5% of Corporate Governance Evaluation" in TPEX-listed group and "Top 10% of non-financial electronics category with a market value of over 10 billion NT dollars" in TPEX &amp; TWSE-listed group, and is the only TPEX-listed company for 2 consecutive years.</li> <li>• ECOVE Environment Corp. ranked 3rd in the World Magazine "Excellence in CSR medium-size enterprise sector"</li> <li>• ECOVE ESC holds 30% shares of the "Radium ECOVE Corporation", carry out "Changhua Coastal Industrial Park Resource Treatment Center BOT Project"</li> <li>• Keelung EfW plant won the High Distinction Award, and Taoyuan South Region Plant and Houli Plant won the Excellence Award in 2019 Efw Plant Performance Annual Evaluation from Environmental Protection Administration</li> <li>• ECOVE Environment Corp. awarded TOP50 Corporate Sustainability Award, Corporate Sustainability Report Platinum Award and Transparency and Integrity Award of TCSA from TAISE</li> </ul>

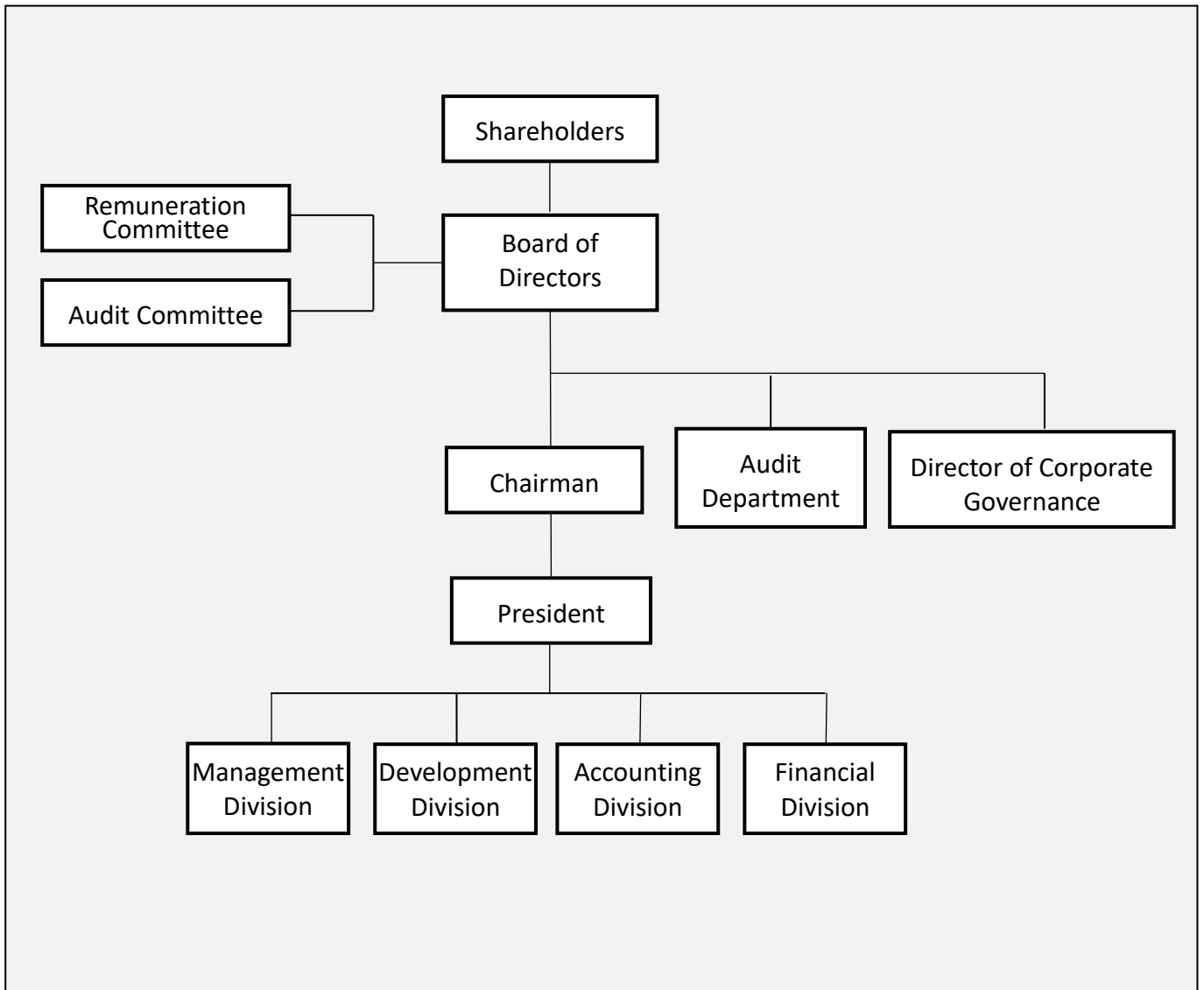


	<ul style="list-style-type: none"> <li>Keelung EfW plant won Honorary Environmental Protection Enterprise Trophy, Golden Award and Green Action Award in "EPB 2nd Annual Enterprise Environment Protection Award" from Environmental Protection Administration, Executive Yuan</li> <li>ECOVE Environment Corp. acquired 100% equity of ECOVE Environment Services Corporation.</li> </ul>
2021	<ul style="list-style-type: none"> <li>ECOVE Environment Corp. issued unsecured ordinary corporate bonds (green bonds included) with a total amount of NT\$2 billion.</li> <li>ECOVE Environment Corp. awarded the seventh "Top 5% of Corporate Governance Evaluation" in TPEX-listed group and "Top 10% of non-financial electronics category with a market value of over 10 billion NT dollars" in TPEX &amp; TWSE-listed group, and is the only TPEX-listed company for 3 consecutive years.</li> <li>ECOVE Environment Corp. and its subsidiary company working area have moved to No.16, Fushan Rd., Beitou Dist., Taipei City "The Second Headquarter of CTCI Group"</li> <li>ECOVE Solvent Recycling Corporation has obtained dual certification of carbon neutrality and circular economy.</li> <li>ECOVE Miaoli Energy Corporation won Environmental Protection Enterprise Trophy, Golden Award in "EPB 3<sup>rd</sup> Annual Enterprise Environment Protection Award" from Environmental Protection Administration, Executive Yuan.</li> <li>Keelung EfW plant which is operated by ECOVE Environment Services Corporation won the High Distinction Award in Efw Plant Performance Annual Evaluation from Environmental Protection Administration for 3 consecutive years.</li> <li>ECOVE Environment Services Corporation earned Changhua Xizhou Efw Plant operation and rectification project.</li> <li>ECOVE Environment Services Corporation earned The Gangshan Efw Plant ROT Project in Kaohsiung City. A wholly-owned subsidiary "ECOVE Ganshan Energy Corporation" has established with carrying out Efw Plant business.</li> </ul>
2022	<ul style="list-style-type: none"> <li>ECOVE Environment Corp. awarded the eighth "Top 5% of Corporate Governance Evaluation" in TPEX-listed group and "Top 10% of non-financial electronics category with a market value of over 10 billion NT dollars" in TPEX &amp; TWSE-listed group, and is the only TPEX-listed company for 3 consecutive years.</li> <li>ECOVE Environment Corp. awarded the 1st place of the environmental hygiene service category within 650 largest service enterprises surveyed by CommonWealth Magazine.</li> <li>ECOVE ESC/MEC/SRC awarded the 4th Bronze Medal of Enterprises Environmental Protection from EPA.</li> <li>Keelung EfW plant which is operated by ECOVE ESC won the High Distinction Award in Efw Plant Performance Annual Evaluation from EPA for 4 consecutive years.</li> <li>ECOVE ESC has acquired 'Environmental Protection Land in Lunwei West Zone II of Changhua Coastal Industrial Park' and established a subsidiary named "ECOVE Resource Recycling Co., Ltd." to carry out its business.</li> </ul>

### III. Corporate Governance Report

#### 3.1 Organization

##### 3.1.1 Organization Chart



### 3.1.2 Operations and functions of the various departments

Department		Operations & Functions
Immediate Board of Directors	Audit Department	<ul style="list-style-type: none"> <li>● Responsible for inspecting and reviewing defects in the internal control systems for the Company and its subsidiaries' business continuity, providing timely recommendations for improvements to reasonably ensure the sustained operating effectiveness of the systems</li> </ul>
Immediate President	Executive Management Operations (EMO)	<ul style="list-style-type: none"> <li>● Provides general administration and management.</li> <li>● Supervises and manages operations and business of subsidiary companies.</li> <li>● Integrates and coordinates application of resources of subsidiary companies.</li> <li>● Supports the investment development businesses.</li> </ul>
	Marketing Development Dept.	<ul style="list-style-type: none"> <li>● Produces investment and development plans.</li> <li>● Conducts investment risk assessments.</li> </ul>
	Finance Dept.	<ul style="list-style-type: none"> <li>● Oversees regular payment, fund collection, and capital management.</li> <li>● Makes transactions with financial institutions.</li> <li>● Provides interest rate analysis and hedging plans.</li> <li>● Conducts long-term fundraising and obtains short-term financing.</li> <li>● Supports project financial analyses and financial risk assessments.</li> <li>● Conducts investment risk assessments.</li> </ul>
	Accounting Dept.	<ul style="list-style-type: none"> <li>● Provides regular reimbursement for accounts receivable and payable.</li> <li>● Prepares accounting and budgetary statements.</li> <li>● Prepares routine taxation filing and deduction operations.</li> <li>● Submits applications for investment tax credits.</li> <li>● Establishes and improves accounting system.</li> </ul>

### 3.2 Directors and Management Team

#### 3.2.1 Directors

Apr. 02, 2023

Title	Nationality	Name	Male/ Female Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding (Rep. of juridical person)		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	R.O.C.	J. J. Liao (Rep. of CTCI Corporation)	Male 61-70	Dec. 08, 1999 (Jun. 26, 2017)	3	Jun. 26, 2017 (Dec. 08, 1999)	38,457,105	55.17	38,457,105 (111,984)	54.29 (0.1581)	250	0.0004	0	0	-MBA, EMBA Program in Finance, National Taiwan University -M.S., Civil Engineering, National Central University -B.S., Environmental Engineering and Science, Feng-Chia University -President, ECOVE Environment Corp. -Chairman, ECOVE Environmental Services Corp. -Chairman, ECOVE Wujih Energy Corp. -Chairman, ECOVE Miaoli Energy Corp. -Chairman, ECOVE Waste Management Corp. -Managing Director, ECOVE Environment Consulting Corp. -Director, SINO GAL Waste Services Co., Ltd. -Chairman, ECOVE Solar Energy Corp. - Director, CTCI Foundation	-Director, ECOVE Environmental Services Corp. -Director, ECOVE Wujih Energy Corp. -Director, ECOVE Miaoli Energy Corp. -Director, ECOVE Waste Management Corp. -Director, ECOVE Solar Energy Corp. -Vice Chairman, BORETECH Resource Recovery Engineering Co., Ltd. (Cayman) -Director, ECOVE Solvent Recycling Corp. -Director, EVER ECOVE Corp -Director, Bao Ding Reclaimed Water Co., Ltd.	-	-	-
Director	R.O.C.	Y. P. Shih (Rep. of CTCI Corporation)	Male 61-70	Dec. 08, 1999 (Jun. 26, 2017)	3	Jun. 26, 2017 (Dec. 08, 1999)	38,457,105	55.17	38,457,105 (64,474)	54.29 (0.0910)	0	0	0	0	-M.S., Civil Engineering, University of Washington -B.S., Environmental Engineering, National Chung Hsing University -Leader, Environmental Protection	-President, ECOVE Environment Corp. -Chairman, ECOVE Environmental Services Corp. -Chairman, ECOVE Wujih Energy Corp. -Chairman, ECOVE	-	-	-

															Administration, Executive Yuan -Technical Specialist, Environmental Protection Administration, Executive Yuan -President, ECOVE Waste Management Corp. -Executive Director, ECOVE Environment Consulting Corp. -President, ECOVE Solar Energy Corp. -Vice President, ECOVE Environment Corp.	Miaoli Energy Corp. -Chairman, ECOVE Waste Management Corp. -Managing Director, ECOVE Environment Consulting Corp. -Director, SINO GAL-Waste Services Co., Ltd. -Director, BORETECH Resource Recovery Engineering Co., Ltd. (Cayman) -Chairman, Yuan Ding Resources Management Corp. -Chairman, ECOVE Solvent Recycling Corp. -Chairman, ECOVE Solar Energy Corp. -Chairman, ECOVE Solar Power Corp. -Chairman, ECOVE Resource Recycling Co., Ltd. -Director, ECOVE South Corp. Ltd.			
Director	R.O.C.	Kuan Shen Wang	Male 61-70	May 28, 2020	3	Jun. 23, 2014	0	0	0	0	0	0	0	0	-Master in Management, S.M. of MIT Sloan School -Executive Director, The Goldman Sachs Group, Inc. -Supervisor, Chime Ball Technology Co., Ltd.	-Managing Director, United Capital Management -Independent Director, Quanta Storage Inc.	-	-	-
Director	R.O.C.	Ping Shen	Male 71-80	May 28, 2020	3	Mar. 26, 1999	0	0	0	0	0	0	0	0	-MBA, Harvard Business School -Executive Director, Morgan Stanley Group -Executive Vice President, China Development Industrial Bank -President, CDIB & Partners Investment Holding Corp. -Independent Director, Far Eastern International Bank -Independent Director,	-Independent Director, ELITE Material Co., Ltd.			

																Far Eastern New Century Corporation				
Director	R.O.C	Yangming Liu	Male 51-60	Sep. 30, 2009	3	Sep. 30, 2009	0	0	0	0	0	0	0	0	0	-Attorney at-law in Taiwan -Attorney at-law in China -EMBA National Taiwan University -L.L.B. Fujen Catholic University -Arbitrator of CAAI -Arbitrator of SHIAC	-Senior Partner, LIU & Co. Law Offices -Director, Sunshine Social Welfare Foundation -Director, Association of Cross-Strait Legal Exchange	-	-	-
Director	R.O.C.	Eugene Chien	Male 71-80	Jun. 22, 2015	3	Jun. 22, 2015	0	0	0	0	0	0	0	0	0	-Ph. D. Aeronautics and Astronautics, New York University, USA -Minister of Foreign Affairs/Minister of Transportation and Communications -Minister of the Environmental Protection Administration -Representative, Taipei Representative Office in the U.K./Legislator, Legislative Yuan (Parliament) -Professor and Dean, College of Engineering, Tamkang University	-Chairman, Taiwan Institute for Sustainable Energy(TAISE) -Chairman, CTCL Education Foundation -Independent Director of EVA Airways Corp. -Independent Director of Far Eastern Department Stores Ltd.	-	-	-
Independent Director	R.O.C.	Shuh Woei Yu	Male 71-80	Jun. 26, 2017	3	Jun. 26, 2017	0	0	0	0	0	0	0	0	0	-Doctor of Engineering, Tulane University -Bachelor of Science, Department of Chemical Engineering, National Taiwan University -General Director, Center for Environmental Safety and Health Technology Development, Industrial Technology Research Institute -General Director, Center for Industrial Safety and Health Technology Development, Industrial Technology	-Chairman, Safety and Health Technology Center	-	-	-

																Research Institute -Professor, Graduate Institute of Environmental Engineering, National Central University -Professor, Department of Chemical Engineering, National Central University				
Independent Director	R.O.C.	James Tsai	Male 61-70	May 28, 2020	3	Jun. 26, 2017	0	0	0	0	0	0	0	0	0	-Master in Accounting, Graduate Institute of Accounting, National Chengchi University -Master in Law, College of Law, National Chengchi University -Vice CEO, CEO, Deputy Chairman, PricewaterhouseCoopers, Taiwan -President, PricewaterhouseCoopers Management Consulting Company Ltd. -Vice Chairman, Fuh Hwa Securities Investment Trust Co., Ltd. -Managing Director, Accounting Research and Development Foundation, and Chairman, Auditing Standards Committee -Director and Managing Director, Taiwan Corporate Governance Association -Consultant, Public Service Pension Fund Supervisory Board	-Associate Professor, Department of Accounting, National Chengchi University -Board Director, Trans Globe Life Insurance Inc. -Chairman, Jia Guang Enterprise Co., Ltd. -Chairman, Wan Shi Da Enterprise Co., Ltd. Board Director, Orient Recreation and Development Corp. -Board Director, FCB Leasing Co., Ltd. -Board Director, FCB International Leasing Co., Ltd. -Board Director, Tuntex Incorporation -Independent Director of the Board, Tanvex BioPharma, Inc. -Independent Director of the Board, Sunny Friend Environmental Technology Co., Ltd. -Independent Director of the Board, Chien Kuo Construction Co., Ltd.	-	-	-
Independent Director	R.O.C.	Shan-Shan Chou	Female 51-60	May 28, 2020	3	May 28, 2020	0	0	0	0	0	0	0	0	0	-Doctor, Institute of Environmental Engineering, National Chiao Tung University -Chairman, WaterPark Environment Corporation -Director, Industrial	-Independent Director, GSD Technologies Co., Ltd. -Executive Director, Environmental Technology & Smart System Research Center, National Yang	-	-	-

																		Technology Research Institute Adjunct Associate Professor, College of Engineering, National Chiao Tung University -Chairman, KuanShan WaterPark Environmental Protection Technology Co., Ltd.	Ming Chiao Tung University -General Secretary, Water Affairs Organization, Taiwan			
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Major shareholders of the institutional shareholders

April 2, 2023

Name of institutional shareholders	Major shareholders of the institutional shareholders
CTCI Corporation	CTCI Foundation(7.59%)、Fubon Life Insurance Co., Ltd.(7.25%)、CTBC BANK CO., LTD. (CTCI Corporation Employee Stock Ownership Trust) (6.28%)、CTBC BANK CO., LTD. (Sustainability Employee Stock Ownership Trust)(5.84%)、BANK SINOPAC CO. LTD.(Reliable Employee Stock Ownership Trust)(2.9%)、USI Corporation(1.89%)、Asia Polymer Corporation(1.8%)、Union Cement Traders Inc.(1.67%)、Investment account of Norges Bank managed by Citibank Taiwan (1.51%)、Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds(1.24%)

Major shareholders of the major shareholders that are juridical persons

April 2, 2023

Name of juridical persons	Major shareholders of the juridical persons
CTCI Foundation (7.59%)	CPC CORPORATION, TAIWAN(4.44%)、TAIWAN SUGAR CORPORATION(4.44%)、TAIWAN POWER COMPANY(4.44%)、TAIWAN FERTILIZER CO., LTD.(4.44%)、BES ENGINEERING CORPORATION(4.44%)、TAIWAN INDUSTRIAL DEVELOPMENT CORPORATION(4.44%)、TATUNG CO.(4.44%)、TAIWAN CEMENT CORPORATION(4.44%)、YULON MOTOR CO., LTD.(4.44%)、CHINA MAN-MADE FIBER CORPORATION(4.44%)、FORMOSA PLASTICS CORPORATION(4.44%)、ASIA CEMENT CORPORATION(4.44%)、SESODA CORPORATION(4.44%)、Pioneer Chemical Corp.(4.44%)
Fubon Life Insurance Co., Ltd. (7.25%)	Fubon Financial Holding Co., Ltd. (100%)
CTBC BANK CO., LTD. (CTCI Corporation Employee Stock Ownership Trust) (6.28%)	N/A
CTBC BANK CO., LTD. (Sustainability Employee Stock Ownership Trust) (5.84%)	N/A
BANK SINOPAC CO. LTD. (Reliable Employee Stock Ownership Trust) (2.9%)	N/A
USI Corporation (1.89%)	Shing Lee Enterprise (Hong Kong) Limited(14.62%)、Wholegainer Company Limited(9.25%)、Asia Polymer Corporation(8.53%)、Fubon Life Insurance Co., Ltd. (4.49%)、Taishing Investment Co., Ltd.(2.04%)、Lin Hua Shin(1.75%)、Yueh Hsing Hua Investment Co., Ltd.(1.73%)、Yu Wen-Hsuan(1.41%)、Yu Wen-Tsung(1.41%)、Yu Wen-Yu(1.41%)
Asia Polymer Corporation (1.80%)	Union Polymer Int'l Investment Corp.(36.08%)、Chunghwa Post Co., Ltd(2.39%)、Tai Lien International Investment Co., Ltd.(1.99%)、Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard

	International Equity Index Funds(0.93%) 、 JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds(0.9%) 、 China General Terminal & Distribution Corporation (0.89%) 、 Prudential Life Insurance Company of Taiwan Inc.(0.84%) 、 TransGlobe Life Insurance Inc.(0.64%) 、 Taiwan Life Insurance Co., Ltd.(0.57%) 、 CTCI Bank as custodian of DFA Multi Emerging Market Stock Index Funds(0.55%)
Union Cement Traders Inc. (1.67%)	TCC Investment Co., Ltd. (100%)
Investment account of Norges Bank managed by Citibank Taiwan (1.51%)	N/A
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds (1.24%)	N/A

## A. Professional Qualifications of Directors and Independence Analysis of Independent Directors:

### Professional Qualifications of Directors

Criteria Name/Gender	Professional qualifications and experience	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
J. J. Liao/Male	<p>1. MBA, EMBA Program in Finance, National Taiwan University. M.S., Civil Engineering, National Central University and B.S., Environmental Engineering and Science, Feng-Chia University, Environmental Engineering Technician. Had worked for CTCI for many years and been the general manager of ECOVE and the chairman of subsidiaries, etc. Now serves as ECOVE chairman. (Since May 2017) and the director of subsidiaries. Has acquired professional qualifications and experience in civil engineering, environmental engineering, engineering, finance and corporate governance, etc.</p> <p>2. Not been a person of any conditions defined in Article 30 of the Company Law</p>	0
Y. P. Shih/Male	<p>1. M.S., Civil Engineering, University of Washington, B.S., Environmental Engineering, National Chung Hsing University, Leader, Environmental Protection Administration, Executive Yuan. Had been the vice president of ECOVE and the president of subsidiary ECOVE Waste Management Corp. and ECOVE Solar Energy Corp. Now serves as the general manager of ECOVE (since May 2017) and the chairman of the subsidiaries, etc. In addition to professional qualifications in the field of engineering and rich experience in Efw plant construction, he also has management capabilities such as business operation and risk control.</p> <p>2. Not been a person of any conditions defined in Article 30 of the Company Law</p>	0
Kuan Shen Wang /Male	<p>1. Master in Management, S.M. of MIT Sloan School, Director of Goldman Sachs Group, Inc. Supervisor, Chime Ball Technology Co., Ltd. Has also served as the chairman of UGUS Consulting Ltd. and the independent director of Quanta Storage Inc. for many years. Has professional qualifications and experience in investment, management consultancy and business operations.</p> <p>2. Not been a person of any conditions defined in Article 30 of the Company Law</p>	1
Ping Shen/Male	<p>1. MBA, Harvard Business School, Executive Director, Morgan Stanley Group, Executive Vice President, China Development Industrial Bank, President, CDIB &amp; Partners Investment Holding Corp. Director of CTCI, Independent Director, Far Eastern International Bank. Independent Director, Far Eastern New Century Corporation etc. Now serves as Independent Director, ELITE Material Co., Ltd. and Director, Oriental Union Chemical Corp. Based on his education and experience, in addition to professional qualifications in finance, also has extensive experience in the field of corporate governance</p> <p>2. Not been a person of any conditions defined in Article 30 of the Company Law</p>	1
Yangming Liu/Male	<p>1. EMBA National Taiwan University, L.L.B. Fujen Catholic University, Attorney at-law both in Taiwan and China. Arbitrator of CAAI and SHIAC. Now serves as attorney-at-law, LIU &amp; Co. Law Offices, Managing Director, Sunshine Social Welfare Foundation and Director of the Association for Legal Exchanges across the Taiwan Strait. Provides legal professional advice for ECOVE's board of directors to avoid legal risks</p> <p>2. Not been a person of any conditions defined in Article 30 of the Company Law</p>	0

Eugene Chien/Male	<p>1. Ph. D. Aeronautics and Astronautics, New York University, USA, Minister of Foreign Affairs/Minister of Transportation and Communications, Minister of the Environmental Protection Administration, Representative, Taipei Representative Office in the U.K./Legislator, Legislative Yuan (Parliament), Professor and Dean, College of Engineering, Tamkang University. Now serves as Taiwan Ambassador-at-large, Chairman, Taiwan Institute for Sustainable Energy(TAISE), Chairman, CTCI Education Foundation, Independent Director of EVA Airways Corp., Independent Director of Far Eastern Department Stores Ltd. With long-term and cross-disciplinary experience in the public sector and private enterprises, he has a broad international vision and forward-looking innovation &amp; planning capabilities. In recent years, he has been committed to promoting Taiwan's sustainable work being geared to international standards, focusing on issues such as climate change, sustainable energy and low-carbon society, which is in line with ECOVE's philosophy.</p> <p>2. Not been a person of any conditions defined in Article 30 of the Company Law</p>	2
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### Professional Qualifications and Independence Analysis of Independent Directors

Criteria Name/Gender	Professional qualifications and experience	Status of independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Shuh Woei Yu/Male	<p>1. Doctor of Engineering, Tulane University, General Director, Center for Environmental Safety and Health Technology Development, Industrial Technology Research Institute, General Director, Center for Industrial Safety and Health Technology Development, Industrial Technology Research Institute, Professor, Graduate Institute of Environmental Engineering, National Central University, Professor, Department of Chemical Engineering, National Central University. Has been involved in the field of industrial safety research for more than 30 years, and was awarded the "National Industrial Safety Award - Individual Special Contribution Award" by the Labor Committee of the Executive Yuan in 2007 for his outstanding performance. So far, the chairman's professional experience in the field of industrial safety has greatly benefited ECOVE's existing business or new investment business.</p> <p>2. Not been a person of any conditions defined in Article 30 of the Company Law</p>	<ol style="list-style-type: none"> <li>1. Including but not limited to a natural-person who is not a director, supervisor or an employee of ECOVE or any of its affiliates, together with the person's spouse and a relative within the second degree of kinship.</li> <li>2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, a relative within the second degree of kinship, or held by the person under others' names.</li> <li>3. Not a director, supervisor or an employee of ECOVE or any of its affiliates (reference has been made to Article 3, Item 1, Subparagraphs 5 to 8 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). Not provided ECOVE or any of its affiliates any business, legal, financial, accounting and other services with remuneration in the last two years.</li> </ol>	0

James Tsai/Male	<p>1. Master in Accounting, Graduate Institute of Accounting, National Chengchi University, certified accountant with over 40 years of experience in accounting area. Former CEO of PwC Taiwan, Managing Director, Accounting Research and Development Foundation, and Chairman, Auditing Standards Committee, Director and Managing Director, Taiwan Corporate Governance Association, etc. Since 1981, he has been an adjunct associate professor in the Accounting Department of Chengchi University. Possessing extensive knowledge and experience in accounting, auditing, and corporate governance, providing considerable assistance in ensuring compliance with financial reporting and corporate governance regulations for the company.</p> <p>2. Not been a person of any conditions defined in Article 30 of the Company Law</p>	Ditto	3
Shan-Shan Chou/Female	<p>1. Doctor, Institute of Environmental Engineering, National Chiao Tung University, Director, Industrial Technology Research Institute Adjunct Associate, Chairman, WaterPark Environment Corporation, Chairman, KuanShan WaterPark Environmental Protection Technology Co., Ltd., CEO, Environmental Technology &amp; Smart System Research ETSS (Since 2010), Secretary General, Water Affairs Organization, Taiwan (Since 2010). Engaged in water treatment practice and research for more than 20 years, with professional qualifications and experience in the field of water resources and environmental engineering. Provides experience and advice on the water resources business that ECOVE intends to develop</p> <p>2. Not been a person of any conditions defined in Article 30 of the Company Law</p>	Ditto	1

## B. Board diversity and status of independence of the board

### 1. Board diversity:

Article 20 of the Company's "Corporate Governance Practice Principles" explicitly stated that the composition of the Board of Directors should take into consideration the policy of diversity. Directors who serve concurrently as the Company's managers should not exceed one third of all Directors and appropriate diversification guidelines have been established based on company operations, business model, and development requirements. These guidelines stipulate that Directors should be assessed by standards including but not limited to the following two aspects: (1) basic qualifications and value and (2) professional knowledge and skills.

In order to achieve the ideal goal of corporate governance, the board should have the following capabilities:

(1) Operational judgment. (2) Accounting and financial analysis capabilities. (3) Management capabilities. (4) Crisis management capability. (5) Industry knowledge. (6) International market outlook. (7) Leadership. (8) Decision-making capacity.

The specific management objectives of the diversity of the Board of Directors are: (1) Directors who concurrently serve as company managers should not exceed one third of the number of directors. (2) At least one female director. (3) All independent directors have a tenure of no more than 9 years.

To implement diversification of the members of the Board of Directors, the following measures have been taken: (1) 2 of the company's directors are concurrently company managers, and they do not exceed one third of the number of directors. (2) 3 independent directors of the company, accounting for 33%, of which all independent directors have a tenure of no more than 9 years. (3) The company elected a female independent director.

The company is an investment holding company. In accordance with the requirements of a single business "general investment" project, the board members have diversified professional backgrounds, including financial investment, accountants, practicing lawyers, sustainable energy, engineering, environmental protection and water resources. For relevant information on

the educational experience, gender, professional qualifications, work experience and diversity of each director, please refer to 3.2.1 director Information and "Disclosure of Information on Directors' Professional Qualifications and Independent Directors' Independence".

Core Item Name of Director	Nationality	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8	Note 9	Note 10	Note 11	Note 12	Note 13
J. J. Liao	R.O.C	Male	v		61 to 70	Engineering and Environmental Protection	v	v	v	v	v	v	v	
Y. P. Shih	R.O.C	Male	v		61 to 70	Engineering and Environmental Protection	v	v	v	v	v	v	v	
Eugene Chien	R.O.C	Male			71 to 80	Environmental Sustainability	v	v	v	v	v	v	v	
Kuan-Sheng Wang	R.O.C	Male			61 to 70	Investment	v	v	v	v	v	v	v	
Ping Shen	R.O.C	Male			71 to 80	Finance	v	v	v	v	v	v	v	
Yang-Ming Liu	R.O.C	Male			51 to 60	Lawyer	v	v	v	v		v	v	v
Shuh Woei Yu Independent Director	R.O.C	Male		Within 6 years	71 to 80	Industrial Safety	v	v	v	v	v	v	v	
James Tsai Independent Director	R.O.C	Male		Within 6 years	61 to 70	Accountant	v	v	v	v	v	v	v	
Shan-Shan Chou Independent Director	R.O.C	Female		Within 3 years	51 To 60	Water resources	v	v	v	v	v	v	v	

Note 1: Male/Female

Note 2: Also serves as an employee of the company

Note 3: Serving as an independent director of the company

Note 4: Age

Note 5: Industry experience

Note 6: Operational judgment

Note 7: Accounting and financial analysis capabilities

Note 8: Management capabilities

Note 9: Crisis management capability

Note 10: International market outlook

Note 11: Leadership

Note 12: Decision-making capacity

Note 13: Legal capacity

2. Status of independence of the board:

ECOVE has 3 independent directors (33.3% of the total members). They all meet the qualification requirements stipulated in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” issued by Financial Supervisory Commission R.O.C (Taiwan) before and after taking the position.

There are 9 directors in ECOVE’s board of directors. 3 independent directors, 4 natural-person directors and only 2 legal person directors are included. The board of directors is highly independent. None of the 9 directors of the company has any of the conditions specified in Items 3 and 4 of Article 26-3 of Securities and Exchange Act. There is no relationship between spouses or relatives within the second degree of kinship among the 9 directors.

### 3.2.2 Management Team

March 31, 2023

Title	Nationality	Name	Male/Female	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	R.O.C.	Y. P. Shih	Male	May. 28, 2020	64,474	0.0910	0	0	0	0	-M.S., Civil Engineering, University of Washington -B.S., Environmental Engineering, National Chung Hsing University -Leader, Environmental Protection Administration, Executive Yuan -Technical Specialist, Environmental Protection Administration, Executive Yuan -President, ECOVE Waste Management Corp. -Vice President, ECOVE Environment Corp.	-Chairman, ECOVE Environmental Services Corp. -Chairman, ECOVE Wujih Energy Corp. -Chairman, ECOVE Miaoli Energy Corp. -Chairman, ECOVE Waste Management Corp. -Managing Director, ECOVE Environment Consulting Corp. -Director, SINOGAL-Waste Services Co., Ltd. -Director, BORETECH Resource Recovery Engineering Co., Ltd. (Cayman) -Chairman & President, Yuan Ding Resources Management Corp. -Chairman, ECOVE Solvent Recycling Corp. -Chairman, ECOVE Solar Energy Corp. -Chairman, ECOVE Solar Power Corp. -Director, ECOVE South Corp. Ltd.	-	-	-
Vice President	R.O.C.	Hsio-Hua Diao	Male	Aug. 01, 2022	0	0	0	0	0	0	-M.S., International Business, National Taiwan University -M.S., Graduate Institute of Environmental Engineering of National Taiwan University -B.S., Chemical Engineering, National Taiwan University -Deputy Chief Engineer, CTCI Co., Ltd. -Senior Project Manager, Air Products San Fu Co., Ltd.	-Director, ECOVE Environmental Services Corp -Chairman, ECOVE Gangshan Energy Corp -Director, SINOGAL-Waste Services Co., Ltd.	-	-	-
Financial Officer	R.O.C.	Catherine Huang	Female	Aug. 15, 2017	47,850	0.0675	0	0	0	0	-Bachelor of International Trade, Tunghai University -Master of Library and Information Study, McGill University -Financial & Accounting Manager, Sinogal Waste Services Co., Ltd. -Assistant Manager of Finance Dept., CTCI Co., Ltd.	-	-	-	



Accounting Officer	R.O.C.	Tanching Yao	Female	Nov. 3, 2015	6,113	0.0086	0	0	0	0	-LYIT Department of International Trade -Section manager of Accounting Dept., CTCI Corp. -Accounting Officer of BoReTech Co., Ltd. -Accounting Officer of ECOVE Miaoli Energy Corp. -Accounting Officer of ECOVE Solar Energy Corp. -Accounting Officer of Yuan Ding Resources Management Corp. -Accounting Officer of ECOVE Solvent Recycling Corp.	-	-	-	-
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### 3.3 Remuneration of Directors, President, and Vice President

#### 3.3.1 Remuneration of Directors (Independent Directors Included)

December 31st, 2022; Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of total remuneration (A+B+C+D) to net income(%)		Relevant remuneration received by directors who are also employees						Ratio of total compensation (A+B+C+D+E+F+G) to net income(%)		Compensation paid to directors from an invested company other than the company's subsidiary			
		Base Compensation (A)		Pension Fund(B)		Compensation of directors (C)		Allowances(D)				Salary, Bonuses, and Allowances (E)		Pension Fund (F)		Compensation of employees (G)							
		ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities		ECOVE	All Consolidated Entities	
Chairman	J. J. Liao [Note 1]																						
Director	Institutional Director																						
	Director																						
	Director																						
	Director	6,000	6,000	0	0	5,200	5,200	696	1,236	1.14	1.19	13,359	13,359	613	613	177	0	177	0	2.49	2.54	144	
	Director																						
	Director																						
	Director																						
Independent director	Shuh Woei Yu																						
Independent director	James Tsai	4,000	4,000	0	0	0	0	378	378	0.46	0.46	0	0	0	0	0	0	0	0	0.46	0.46	None	
Independent director	Shan-Shan Chou																						

1. Please state the policy, system, standard and structure of the remuneration payment for independent directors, and state the relevance to the amount of remuneration based on the responsibilities, risks, investment time and other factors: The remuneration committee of independent directors is agreed upon according to ECOVE's "Guidelines for Performance Evaluation and Remuneration System for Directors and Managers", and the remuneration of the committee is paid according to the convener or member seat of the functional committee.
2. In addition to the disclosure in the above table, the remuneration received by the company's directors for providing services to all companies in the financial report (such as serving as a non-employee consultant) in the most recent year: 0

[Note 1] Mr. J. J. Liao and Mr. Y. P. Shih are representatives of juridical persons of CTCL Corp.

Remuneration class

Bracket	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities
Under NT\$ 1,000,000	-	-	-	-
NT\$1,000,000 ~ NT\$2,000,000	J. J. Liao, Y. P. Shih, Eugene Chien, Yangming Liu, Kuan Shen Wang, Ping Shen, Shuh Woei Yu, James Tsai Shan-shan Chou	J. J. Liao, Y. P. Shih, Eugene Chien, Yangming Liu, Kuan Shen Wang, Ping Shen, Shuh Woei Yu, James Tsai Shan-shan Chou	Eugene Chien, Yangming Liu, Kuan Shen Wang, Ping Shen, Shuh Woei Yu, James Tsai Shan-shan Chou	Eugene Chien, Yangming Liu, Kuan Shen Wang, Ping Shen, Shuh Woei Yu, James Tsai Shan-shan Chou
NT\$2,000,000 ~ NT\$3,500,000	-	-	-	-
NT\$3,500,000 ~ NT\$5,000,000	-	-	-	-
NT\$5,000,000 ~ NT\$10,000,000	CTCI Corporation	CTCI Corporation	CTCI Corporation J. J. Liao Y. P. Shih	CTCI Corporation J. J. Liao Y. P. Shih
NT\$10,000,000 ~ NT\$15,000,000	-	-	-	-
NT\$30,000,000 ~ NT\$50,000,000	-	-	-	-
NT\$50,000,000 ~ NT\$100,000,000	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	-	-	-	-

### 3.3.2 Compensation of President and Executive Vice President

December 31<sup>st</sup>, 2022; Unit: NT\$ thousands; thousand shares

Title	Name	Salary(A)		Pension Fund (B) [Note 1]		Bonuses and Allowances (C)		Compensation of employees (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation paid to the president and executive vice president from an invested company other than the company's subsidiary
		ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE		All Consolidated Entities		ECOVE	All Consolidated Entities	
								Cash	Stock	Cash	Stock			
Chairman of Strategic Planning Committee	J.J Liao	8,079	10,278	631	702	5,689	7,982	177	-	247	-	14,576 1.39%	19,209 1.84%	144
President	Yun-Peng Shih													
Vice President	Hsio-Hua Diao													

Note 1: The pension cost depends on the actuarial report and the Board of Directors.

Remuneration class

Bracket	Name of President and Executive Vice President	
	ECOVE	All Consolidated Entities
Under NT\$ 1,000,000	Hsio-Hua Diao	-
NT\$1,000,000 ~ NT\$2,000,000	-	-
NT\$2,000,000 ~ NT\$3,500,000	-	-
NT\$3,500,000 ~ NT\$5,000,000	Yun-Peng Shih	Hsio-Hua Diao Yun-Peng Shih
NT\$5,000,000 ~ NT\$10,000,000	J.J Liao	J.J Liao
NT\$10,000,000 ~ NT\$15,000,000	-	-
NT\$15,000,000 ~ NT\$30,000,000	-	-
NT\$30,000,000 ~ NT\$50,000,000	-	-
NT\$50,000,000 ~ NT\$100,000,000	-	-
Over NT\$100,000,000	-	-
Total	-	-

Compensation of employees to Management Team

Unit: NT\$ thousands

	Title	Name	Compensation of employees - in Stock (Fair Market Value)	Compensation of employees - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	Chairman	J.J Liao	0	246	246	0.02
	President	Yun-Peng Shih				
	Vice President	Hsio-Hua Diao				
	Finance Manager	Chung-Lei Huang				
	Accounting Manager	Tan-Ching Yao				

Note: The distributed amount is based on the total amount approved by Board of Directors on March 6, 2023 and calculated accordingly to each executive

officers' on-job days in the previous year.

**3.3.3 Compare and Describe Total Remuneration as A Percentage of Net Income Paid by ECOVE, and by Each Other Company Included in the Consolidated Financial Statements, During the Past Two Fiscal Years to Its Directors, President, and Vice Presidents, and Describe the Remuneration Policies, Standards, and Packages, the Procedure for Determining Remuneration, and Its Linkage to Operating Performance and Future Risk Exposure.**

A. Analysis of Remuneration as A Percentage of Net Income Paid by ECOVE, and by Each Other Company Included in the Consolidated Financial Statements, During the Past Two Fiscal Years to Its Directors, President, and Vice Presidents.

Unit: NT\$ thousands

YEAR	ECOVE		All Consolidated Entities	
	Total Remuneration	Ratio to net income (%)	Total Remuneration	Ratio to net income (%)
2021	33,143	3.64	33,731	3.70
2022	30,823	2.95	31,363	3.00

B. ECOVE Remuneration Policies, Standards, and Packages, the Procedure for Determining Remuneration, and Its Linkage to Operating Performance and Future Risk Exposure.

1. Compensations to the Company's directors include remunerations, bonuses and allowances.

Remunerations to directors: Article 23 of the Company's Articles of Incorporation provides that the Board of Directors shall be authorized to decide the compensations to directors and the chairperson based on the contributions of each director to the Company and with reference to the remuneration standards within the industry.

Bonuses to directors: Article 29 of the Company's Articles of Incorporation provides that when the Company makes a profit in the current year, the profit shall be allocated with priority for settlement of the cumulative losses and a portion no more than 2 percent shall be allocated for directors' remunerations through a resolution of the Board.

Allowances to directors: This allowance is mainly allocated with reference to the allowances standards within the industry and the standards of listed companies to pay for the commuting expenses and compensations for attendance. All directors and members of the supervisory board listed in the financial report are paid with the same standards.

2. Structure of compensations to the manager is formed by two parts: fixed salary and variable pay. The fixed salary is a monthly recurring pay, and variable pay includes employee bonuses, annual bonus and employee stock options, which are determined based on the personal annual performance evaluation. The annual performance evaluation includes qualitative indicators (e.g., work-related core competencies, potential for future development, etc.) and quantitative indicators (e.g., personal achievement of the goals, rate of achievement, expected targets, etc.).

Employee bonuses are determined based on the Company's Article 29 of Incorporation- If the company makes a profit in the year, it should first retain the amount of the accumulated losses. The board of directors resulted to allocate 0.1% or above profit to be employees' compensation and 2% limited for the director's. The employees' compensation can be cash or stock. The object of distribution must include employees of subordinate companies that meet certain conditions. Employee compensation and director compensation distribution should be reported to the shareholders' meeting; The annual bonus is determined based on the operating performance of the year with agreement of the Company's Remuneration Committee through a resolution of the Board. Employees' stock options include general and bonus stock options. The general stock options, given to outstanding individuals with direct contributions to the Company, are calculated by rank, seniority and annual performance evaluation, decided by the Chairperson and approved by the Remuneration Committee and the Board of Directors.

3. The relationship between the procedure for determining remuneration, operating performance and future risks:

The procedure for determining the compensations was carried out in accordance with the Standards for Performance Evaluation of Directors and Managers and Compensations System approved by the Board of Directors. Reasonable compensations are determined based on the Company's operating performance, personal performance and each individual's contributions to the Company with reference to the industrial standards. The Remuneration Committee and Board of Directors check the reasonableness of remuneration regularly and review the compensation system whenever necessary to meet the requirements of the actual operations and relevant laws and regulations. The directors and President shall not be led to engage in activities that exceed the Company's risk appetite in pursuit of remuneration to prevent the Company from losses after paying the remuneration.



### 3.4 Implementation of Corporate Governance

#### 3.4.1 Board of Directors

A. Total of 8 meetings of the board of directors were held in the previous period, Directors' attendance was as follows: (Disclosure period: January 1, 2022 ~ March 31, 2023)

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Chairman	J. J. Liao (Rep. of CTCL Corporation)	8	0	100	None
Director	Y. P. Shih (Rep. of CTCL Corporation)	8	0	100	None
Director	Eugene Chien	8	0	100	None
Director	Ping Shen	8	0	100	None
Director	Yangming Liu	8	0	100	None
Director	Kuan Shen Wang	7	1	87.5	None
Independent Director	Shuh Woei Yu	8	0	100	None
Independent Director	James Tsai	8	0	100	None
Independent Director	Shan-Shan Chou	8	0	100	None

#### B. Other mentionable items:

1. If there are the following matters, the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion should be specified:
  - (1) Article 14-3 of Securities and Exchange Act. : ECOVE Environment Corp. already set up the Audit Committee, please refer to the section 3.4.2 "The state of operations of the Audit Committee: for the matters referred to in Article 14-5 of Securities and Exchange Act".
  - (2) In addition to the opening of the matter, the resolutions of the directors' meetings objected to by Independent Directors or subject to qualified opinion and recorded or declared in writing : None.
2. If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified:
  - (1) Directors' Names: Chairman, J. J. Liao  
 Contents of motion: The 13<sup>th</sup> meeting of the 8<sup>th</sup> term Board of Directors (2022.03.07): Admit of the endorsement of external guarantees.  
 Causes for avoidance and voting should be specified: Chairman J. J. Liao, as a director of EVER ECOVE Corp., has an interest in the case, so he avoided the discussion and did not participate in the voting.
  - (2) Directors' Names: Chairman, J. J. Liao and Director Y. P. Shih  
 Contents of motion: The 15<sup>th</sup> meeting of the 8<sup>th</sup> term Board of Directors (2022.07.29): Admit of the endorsement of external guarantees.  
 Causes for avoidance and voting should be specified: Chairman J. J. Liao and Director Y. P. Shih, as directors of ECOVE Solvent Recycling Corp., have an interest in the case, so they avoided the discussion and did not participate in the voting.
  - (3) Directors' Names: Chairman, J. J. Liao and Director Y. P. Shih  
 Contents of motion: The 16<sup>th</sup> meeting of the 8<sup>th</sup> term Board of Directors (2022.08.29): no intention of participating in the cash capital increase of new shares by BORETECH Resource Recovery Engineering Co., Ltd.  
 Causes for avoidance and voting should be specified: Chairman, J. J. Liao, as a director of BORETECH Resource Recovery Technology Co., Ltd.(100% owned by BORETECH Resource Recovery Engineering

Co., Ltd.), Director Y. P. Shih as a director of BORETECH Resource Recovery Engineering Co., Ltd., has an interest in the case, so they avoided the discussion and did not participate in the voting.

(4) Directors' Names : Chairman, J. J. Liao and Director Y. P. Shih

Contents of motion: The 19<sup>th</sup> meeting of the 8<sup>th</sup> term Board of Directors (2022.12.19): Proposed Restricted Stock Awards related issues.

Causes for avoidance and voting should be specified: Chairman J. J. Liao and Director Y. P. Shih, as employees of the company, has an interest in the case, so they avoided the discussion and did not participate in the voting.

(5) Directors' Names : Chairman, J. J. Liao and Director Y. P. Shih

Contents of motion: The 19<sup>th</sup> meeting of the 8<sup>th</sup> term Board of Directors (2022.12.19): Approval of the average salary increase rate for employees of 2023.

Causes for avoidance and voting should be specified: Chairman, J. J. Liao and Director Y. P. Shih, as employees of the company, has an interest in the case, so they avoided the discussion and did not participate in the voting.

(6) Directors' Names : Chairman, J. J. Liao and Director Y. P. Shih

Contents of motion: The 19<sup>th</sup> meeting of the 8<sup>th</sup> term Board of Directors (2022.12.19): The remuneration of the management officers of the Company.

Causes for avoidance and voting should be specified: Chairman, J. J. Liao and Director Y. P. Shih, as management officers of the company, has an interest in the case, so they avoided the discussion and did not participate in the voting.

3. Disclose information on the evaluation cycle and period, evaluation scope, methods, and evaluation contents of the board's self (or peer) evaluation, and fill out the attached table (2) The implementation of the BOD evaluation

"Evaluation of the implementation of the board of directors" is as follows.

4. Measures taken to strengthen the functionality of the Board:

(1) The company has formed an audit committee by all three independent directors on June 23, 2014. Please refer to the section 3.4.2 "The State of Operations of the Audit Committee".

(2) The company established the "Board Performance Evaluation Method" on December 13, 2016 by the resolution of the Board of Directors, which was revised in 2019, and expanded the scope of evaluation from the overall board of directors to individual directors and functional committees (Salary and Remuneration Committee and audit committee). The company has been executed by the general management office in January 2023 and completed the "2022 Annual Board Performance Evaluation Operation". The evaluation scope includes the performance evaluation of the overall board of directors and individual director members and functional committees. The evaluation method includes the board of directors and functional committees. Internal self-evaluation, self-evaluation of directors. The assessment results were reported to the 20<sup>th</sup> BOD of the 8th term on March 6, 2023, and revealed the corporate governance operations in the annual report and the company's website (<http://www.ecove.com>).

(3) The Company continuously insures our directors with Directors Liability Insurance, which is expected to minimize the impact to the Company and shareholders.

### Evaluation of the implementation of the board of directors

#### Internal evaluation of board of directors

Evaluation cycle	During evaluation	Assessment scope	Evaluation method	Evaluation content
The internal performance evaluation of the board of directors shall be implemented every year and	January 1, 2022 to December 31, 2022	Includes performance evaluation of the overall board of directors, individual board members and functional committees	Includes internal self-evaluation of board of directors and functional committees, self-evaluation of directors or other appropriate methods to conduct	Performance evaluation of the board of directors: divided into 5 aspects ("degree of participation in company operations", "quality of board decisions", "composition and structure of the board of directors," "election of directors and continuous improvement" and "internal control"), 26 indicators. Board member assessment self-

<p>completed before the end of the first quarter of the following year.</p>		<p>(salary and compensation committee and audit committee)</p>	<p>performance evaluation. ECOVE's annual board performance evaluation (including results and responses) has been detailed in the corporate governance operations of this annual report and the company's website, please refer to it. (<a href="http://www.ecove.com">http://www.ecove.com</a>)</p>	<p>assessment: divided into 6 aspects ("mastery of company goals and tasks", "cognition of directors' responsibilities", "degree of participation in company operations", "internal relationship management and communication", "director professional and continuous training "And" Internal Control "), 19 indicators.</p> <p>Salary and Remuneration Committee performance evaluation self-assessment: divided into 4 aspects ("degree of participation in company operations", "cognition of committee responsibilities", "improving the quality of committee decision-making" and "committee composition and member selection"), 15 indicators.</p> <p>Self-assessment of audit committee performance assessment: divided into 5 aspects ("participation in company operations", "cognition of committee responsibilities", "improving the quality of committee decision-making", "committee composition and selection of members" and "internal control"), 19 indicators.</p>
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External evaluation of board of directors

Evaluation cycle	During evaluation	Assessment scope	Evaluation method	Evaluation content
<p>At least once every three years by external professional independent institution or experts and scholars team.</p>	<p>January 1, 2022 to December 31, 2022</p>	<p>Includes performance evaluation of the overall board of directors</p>	<p>Appointing external professional organizations and experts to conduct performance evaluation. The most recent appointment of an external professional agency to perform ECOVE's board performance evaluation (including results and responses) has been detailed in the corporate governance operations of this annual report and the company's website, please refer to it. (<a href="http://www.ecove.com">http://www.ecove.com</a>)</p>	<p>The board performance is evaluated by appointed external professional and independent agency through company self-assessment and field visit. The evaluation aspects are divided into 8 aspects: the composition of the board of directors, the guidance of the board of directors, the authorization of the board of directors, the supervision of the board of directors, the communication of the board of directors, the internal control and risk management, the self-discipline of the board of directors, and other aspects such as board meetings and support systems.</p>

The status of independent directors attending the board of directors in the most recent year (Disclosure period: January 1, 2022 ~ April 4, 2023)

◎ : Attend in person ; ☆ Delegate to attend ; ● : Not present

Name of Independent Director	The 13th Meeting of the 8 <sup>th</sup> term BOD 2022.03.07	The 14th Meeting of the 8 <sup>th</sup> term BOD 2022.05.03	The 15th Meeting of the 8 <sup>th</sup> term BOD 2022.07.29	The 16th Meeting of the 8 <sup>th</sup> term BOD 2022.08.29	The 17th Meeting of the 8 <sup>th</sup> term BOD 2022.09.12	The 18th Meeting of the 8 <sup>th</sup> term BOD 2022.11.02	The 19th Meeting of the 8 <sup>th</sup> term BOD 2022.12.19	The 20th Meeting of the 8 <sup>th</sup> term BOD 2023.03.06
Shuh Woei Yu	◎	◎	◎	◎	◎	◎	◎	◎
James Tsai	◎	◎	◎	◎	◎	◎	◎	◎
Shan-Shan Chou	◎	◎	◎	◎	◎	◎	◎	◎

**3.4.2 The State of operations of the Audit Committee or the State of participation in board meetings by the supervisors**

**(1) The Audit Committee Operations**

A total of 8 meetings of the Audit Committee were held in the previous period. Independent Directors' attendance was as follows: (Disclosure period: January 1, 2022 ~ March 31, 2023)

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Independent Director	Shuh Woei Yu	8	0	100	None
Independent Director	James Tsai	8	0	100	None
Independent Director	Shan-Shan Chou	8	0	100	None

The most recent deliberations of the Audit Committee include:

- (1) Deliberate/Review financial reports.
- (2) Adoption or amendment of an internal control system.
- (3) Assessment of the effectiveness of the internal control system.
- (4) Adoption or amendment, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- (5) Deliberate matters bearing on the personal interest of a director.
- (6) Deliberate material asset or derivatives transaction.
- (7) Deliberate material monetary loan, endorsement, or provision of guarantee.
- (8) Deliberate the offering, issuance, or private placement of any equity-type securities.
- (9) Review the appointment, dismissal or remuneration of certified accountants.

◆ Deliberations of the annual financial report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements (both consolidated and individual), and proposal for allocation of profits, with the financial statements having been audited and certified by Mr. Fu-Ming Liao and Mr. Yi-Fan Lin, the CPA of the PricewaterhouseCoopers. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members.

◆ Assessment of the effectiveness of the internal control system

The Audit Committee assessed the effectiveness of the company's internal control system policies and procedures (including finance, operation, risk management, information security, compliance, etc.) and reviewed periodic reports from the company's Internal Audit Department, independent accountants and management. The Audit Committee believes that the company's internal control system is effective and that the company has adopted the necessary control mechanisms to monitor and correct violations.

◆ CPAs assessment

Due to the internal job adjustment within PricewaterhouseCoopers, it changes the independent auditors of the Company to Fu-Ming Liao Yi-Fan Lin, that being effective from the 1<sup>st</sup> quarter of 2022. This issue has been approved by the 12<sup>th</sup> meeting of the 3<sup>rd</sup> term Audit Committee and the 13<sup>th</sup> meeting of the 8<sup>th</sup> term Board of Directors on Mar. 7 2022.

The Audit Committee is responsible for supervising the independence of the accounting firm to ensure the impartiality of financial statements. In general, the accounting firm shall not provide non-assurance services to the company, except for tax services or services that have been approved by the Audit Committee.

To ensure the independence of the accounting firm, the Audit Committee has created

an independent evaluation form that assesses the independence, professionalism, and competence of CPAs, with reference to Article 47 of the Accountant Law and Code No. 10 of the Accountant's Code of Ethics. During the 10th meeting of the 3rd term Audit Committee and the 12th meeting of the 15th term Board of Directors on Mar. 8, 2022, it was reviewed and approved that Shin-Jung Weng and Yi-Fan Lin, both CPAs from PricewaterhouseCoopers, meet the independent evaluation standards and are qualified to serve as audit and tax CPAs for the Company.

Other mentionable items:

1. If there are the following matters, the dates of Audit Committee' meetings, sessions, contents of motions, contents of independent directors' objections, reservations or major proposals, the Audit Committee' resolutions and the Company's response to the Audit Committee's opinion should be specified:

- (1) The matter referred to in Article 14-5 of Securities and Exchange Act.
- (2) The resolution that was not approved by the Audit Committee but be undertaken upon the consent of two-thirds or more of all directors.

As at the date of publication of the annual report, the Company did not have any of the above. The matters listed in Article 14.5 of the Securities and Futures Act are as follows:

Audit Committee's Meetings	Contents of proposals and follow-up processing	The matter referred to in Article 14-5 of Securities and Exchange Act	The resolution that was not approved by the Audit Committee but be undertaken upon the consent of two-thirds or more of all directors
The 13 <sup>th</sup> meeting of the 8 <sup>th</sup> term 2022.03.07	1. Approval of the endorsement of external guarantees.	V	N/A
	2. Approval of the changes in credit amount.	V	N/A
	3. Approval of the distribution plan of the 2021 directors' and employees' remuneration.	V	N/A
	4. Approval of the Fiscal 2021 business report, financial reports and consolidated statements.	V	N/A
	5. Approval of the distribution plan of Fiscal 2021 earnings.	V	N/A
	6. Approval of "Statement of Internal Control System" for the Year 2021".	V	N/A
	7. Approval of the amendment on partial articles of the Company's "Procedure for Acquisition and Disposition of Assets".	V	N/A
	8. Approval of the "Procedure for Acquisition and Disposition of Assets", of the ECOVE Environment Services Corp., ECOVE Waste Management Corp., ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corp.	V	N/A
	9. Approval of the update of the company's paid-in capital registration.	V	N/A
	10. Approval of financial statement attestation accountant changed by PricewaterhouseCoopers Taiwan.	V	N/A
	11. Approval of the equity of Teamwin Opto-Electronics Co.,Ltd LED.(hereinafter referred to as Teamwin) disposal	V	N/A
On Mar. 7, 2022, resolution results of the 12 <sup>th</sup> Audit Committee meeting of the 3 <sup>rd</sup> term: The above 1. to 11. have been approved by all present members of the Audit Committee, and there are no objections, reservations or major suggestions.			

	The Company's managing with the opinion of the Audit Committee: 1.The above 1. was approved by the resolutions of present directors except for benefit-avoiding directors. (Benefit-avoiding director: Chairman J.J.Liao) 2. The above 2. to 11. Were approved by the resolution of all present directors.		
The 14 <sup>th</sup> meeting of the 8 <sup>th</sup> term 2022.05.03	1. Approval of the endorsement of external guarantees.	V	N/A
	2. Approval of the changes in credit amount.	V	N/A
	3. Approval of 2022 1 <sup>st</sup> quarter report of consolidated statements.	V	N/A
	4. Approval of the update of the company's paid-in capital registration.	V	N/A
	5. Approval of the adjustment and application of the company's loans to others.		
	6. Approval of the change of our company's audit supervisor.	V	N/A
	On May. 3, 2022, resolution results of the 13 <sup>th</sup> Audit Committee meeting of the 3 <sup>rd</sup> term: The above 1. to 6. have been approved by all present members of the Audit Committee, and there are no objections, reservations or major suggestions.		
	The Company's managing with the opinion of the Audit Committee: approved by the resolution of all present directors.		
The 15 <sup>th</sup> meeting of the 8 <sup>th</sup> term 2022.07.29	1. Approval of the endorsement of external guarantees.	V	N/A
	2. Approval of the changes in credit amount.	V	N/A
	3. Approval of 2022 2 <sup>nd</sup> quarter report of consolidated statements.	V	N/A
	4. Approval of the update of the company's paid-in capital registration.	V	N/A
	5. Approval of the amendment on partial articles of the Company's "Guidelines for the Prevention of Insider Trading".	V	N/A
		On Jul. 29, 2022, resolution results of the 14 <sup>th</sup> Audit Committee meeting of the 3 <sup>rd</sup> term: The above 1. To 5. have been approved by all present members of the Audit Committee, and there are no objections, reservations or major suggestions.	
	The Company's managing with the opinion of the Audit Committee: 1.The above 1. was approved by the resolutions of present directors except for benefit-avoiding directors. (Benefit-avoiding director: Chairman J.J.Liao) 2. The above 2. to 5. Were approved by the resolution of all present directors.		
The 16 <sup>th</sup> meeting of the 8 <sup>th</sup> term 2022.08.29	1. Not participating in the cash capital increase of new shares by BORETECH Resource Recovery Engineering Co., Ltd.	V	N/A
	On Aug. 29, 2022, resolution results of the 15 <sup>th</sup> Audit Committee meeting of the 3 <sup>rd</sup> term: The above 1. has been approved by all present members of the Audit Committee, and there are no objections, reservations or major suggestions.		
	The Company's managing with the opinion of the Audit Committee: The above 1. was approved by the resolutions of present directors except for benefit-avoiding directors. (Benefit-avoiding director: Chairman J.J.Liao)		
The 17 <sup>th</sup> meeting of the 8 <sup>th</sup> term 2022.09.12	1. Approval of the amendment on partial articles of ECOVE ESC's "endorsement guarantee handling process".	V	N/A
	On Sep. 12, 2022, resolution results of the 16 <sup>th</sup> Audit Committee meeting of the 3 <sup>rd</sup> term: The above 1. has been approved by all present members of the Audit Committee, and there are no objections, reservations or major suggestions.		
	The Company's managing with the opinion of the Audit Committee: approved by the resolution of all present directors.		
The 18 <sup>th</sup> meeting of the 8 <sup>th</sup> term	1. Approval of the endorsement of external guarantees.	V	N/A
	2. Approval of 2022 3 <sup>rd</sup> quarter report of consolidated statements	V	N/A

2022.11.02	3. Approval of the update of the company's paid-in capital registration.	V	N/A
	4. Approval of the amendment on partial articles of the Company's "Board Meeting Operational Management Guidelines."	V	N/A
	On Nov. 2, 2022, resolution results of the 17 <sup>th</sup> Audit Committee meeting of the 3 <sup>rd</sup> term: The above 1. to 4. have been approved by all present members of the Audit Committee, and there are no objections, reservations or major suggestions.		
	The Company's managing with the opinion of the Audit Committee: approved by the resolution of all present directors.		
The 19 <sup>th</sup> meeting of the 8 <sup>th</sup> term 2022.12.19	1. Approval of the endorsement of external guarantees.	V	N/A
	2. Approval of the issuance of new shares through cash capital increase by ECOVE SEC, in which our company has invested		
	3. Approval of the budget of 2023.		
	4. Approval of the Audit Plan of 2023.		
	5. Approval of the amendment on partial articles of the Company's "Internal Control System".		
	6. Approval to the application of the company's loans to others.	V	N/A
	7. Approval to the matters of the Restricted Stock Awards.	V	N/A
	On Dec. 19, 2022, resolution results of the 18 <sup>th</sup> Audit Committee meeting of the 3 <sup>rd</sup> term: The above 1. to 7. have been approved by all present members of the Audit Committee, and there are no objections, reservations or major suggestions.		
The Company's managing with the opinion of the Audit Committee: 1. The above 7. was approved by the resolutions of present directors except for benefit-avoiding directors. (Benefit-avoiding director: Chairman J.J.Liao, President Y.P. Shih) 2. The above 1. to 6. Were approved by the resolution of all present directors.			
The 20 <sup>th</sup> meeting of the 8 <sup>th</sup> term 2023.03.06	1. Admit of the endorsement of external guarantees.	V	N/A
	2. Admit of the Changes in credit amount.	V	N/A
	3. Approval of the distribution plan of the 2022 directors' and employees' remuneration.	V	N/A
	4. Approval of the Fiscal 2022 business report, financial reports and consolidated reports.	V	N/A
	5. Approval of the distribution plan of Fiscal 2022 earnings.	V	N/A
	6. Approval of "Statement of Internal Control System for the Year 2022".	V	N/A
	7. Approval of the amendment on partial articles of the Company's "Internal Control System".	V	N/A
	8. Approval of the "Procedure for Acquisition and Disposition of Assets".	V	N/A
	9. Approval of the update of the company's paid-in capital registration.	V	N/A
	On Mar. 6, 2023, resolution results of the 19 <sup>th</sup> Audit Committee meeting of the 3 <sup>rd</sup> term: The above 1. to 9. have been approved by all present members of the Audit Committee, and there are no objections, reservations or major suggestions.		
The Company's managing with the opinion of the Audit Committee: approved by the resolution of all present directors.			

2. If there is Independent Directors' avoidance of motions in benefit avoiding, the Independent Directors' names, contents of motions, causes for avoidance and voting should be specified:

None

3. Communication between independent directors, internal audit supervisors and accountants



(significant matters, methods and results etc. on the company's financial and business conditions should be included).

(1) After the approval of audit and follow-up report by Chairman, the audit supervisor will send it to the independent directors by e-mail every month for review. At least quarterly face-to-face communication on internal control and audit-related matters and reply to inquiries from independent directors. No opinion after communication.

(2) The audit supervisor attends the audit committee and the board of directors with audit business reports. All independent directors have good knowledge of the company's internal audit status. The independent directors of the company have good communication with the audit supervisor.

4. The State of participation in board meetings by the supervisors: None (Replacing supervisors with audit committee)

**3.4.3 Corporate Governance and Operation, Differences from the Corporate Governance Best Practice Principles for the TWSE/TPEX Listed Companies and Reasons**

Evaluation Item	Operation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary Statement	
1. Does the Company establish and disclose the Corporate Governance Practice Principals in accordance with the Corporate Governance Best Practice Principles for the TWSE/GTSM Listed Companies?	V		The Company has established "Corporate Governance Practice Principles" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and disclosed them on the Market Observation Post System (MOPS) and company website ( <a href="http://www.ecove.com">http://www.ecove.com</a> ). Last revision at the 17th meeting of the 6th term Board of Directors of the Nov. 02, 2016.	None
2. Ownership structure and shareholder's equity (1) Does the Company set up the internal standard operation procedure to handle issues such as shareholder's advices, questions, disputes and accusations for implementation accordingly?  (2) Does the Company have control over the major shareholders, who control the Company and have the name list of the major shareholders who have the ultimate control over the Company?	V		(1) The Company has the procedures for processing shareholder suggestions, questions, disputes, and litigation and processes related matters accordingly.  (2) The Company requires its internal personnel (such as directors, managers, and shareholders holding more than 10% of the shares of the Company's capital, etc.) to report changes in their shares every month and disclose these changes on MOPS in accordance with Article 25 of the Securities and Exchange Act. In the event that the Company has acquired a list of shareholders due to regulations for the cessation of stock transactions, it shall also investigate the main shareholders of the Company and the ultimate owners of those major shareholders and disclose them in the annual	None  None

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
(3) Does the Company set up and implement the risk control and firewall mechanism with the subsidiaries and affiliates?			report or on the Company's website.  (3) The Company has established "Subsidiary Supervision and Management Procedures" in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" established by the Financial Supervisory Commission and the "Procedures Governing Transactions with Group Enterprises, Specific Companies, and Related Parties" as the basis for auditing. Additionally, the Company organizes periodic meetings with related enterprises and takes part in Board of Directors meetings and shareholder meetings of subsidiaries in order to promptly learn about decisions and changes of related enterprises for the purpose of establishing corporate risk management and firewall mechanisms.	None
(4) Does the Company stipulate internal regulation, prohibiting the insiders of the company to make use of the unpublished information for the trading of securities?			(4) The Company has established "Procedures for the Prevention of Insider Trading" to prevent the Company's insiders from using information that has not been disclosed on the market to purchase and sell securities.	None
3. Composition and Responsibilities of the Board of Directors				
(1) Is there establishment of the diversification with specific management targets and implementation?	V		(1) Please refer to “B. Diversity and Independence of the Board of Directors/(1) Diversity of the Board of Directors” in 3.2.1 Information on Directors of this annual report, or the relevant information disclosed on the Company's website.	None
(2) In addition to the establishment of the Remuneration Committee and	V		(2) The Company has established the Remuneration Committee and Audit Committee, but no other functional committees.	None

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
<p>Audit Committee, does the Company have other functional committees?</p> <p>(3)Has the company formulated the board performance evaluation method and its evaluation method, and conduct performance evaluation annually and regularly, and report the results of the performance evaluation to the board of directors, and apply it to individual directors' remuneration and nomination renewal reference?</p>	V		<p>(3) The company established the "Board Performance Evaluation Method" on December 13, 2016, and revised the aforementioned method in 2019 to expand the scope of evaluation from the overall board of directors to individual directors and functional committees (salary and compensation committee and audit committee) According to the above regulations, "the internal performance evaluation of the previous year is carried out in the first quarter of the next year" and “at least once every three years by external professional independent institution or experts and scholars team”, the Company has executed and completed the "2022 annual performance evaluation of the board of directors" by the General Management Office in January 2023. In addition, the external performance evaluation of the board of directors was carried out in January 2022, and the external agency issued an evaluation report in February 2022. ◦</p> <p>The period of "2022 Annual Internal Board Performance Evaluation" is from January 1, 2022 to December 31, 2022. The scope of the evaluation includes the performance evaluation of the entire Board of Directors and individual directors and functional committees. The evaluation methods include self-assessment within the Board of Directors and functional committees, and self-assessment of director members. The detailed evaluation aspects, evaluation levels, and evaluation results were reported to the 20th meeting of the 8th Board of Directors on March 6, 2023, and can be used as a reference for individual director compensation and nomination for</p>	None

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
(4) Is there regular assessment of the independence of the certified public accountant?	V		<p>reappointment in the future. Based on the 2022 Board of Directors' performance evaluation results, the operation of the Board of Directors of the company was good.</p> <p>The "2022 Board of Directors' Performance Evaluation Report" of the company has been disclosed on the company's website.</p> <p>(4) To fulfill Corporate Governance, the Company has established “Evaluation of engaged Certified Public Accountant Regulation” in the 8th meeting of the 5th board of director on December 18, 2012. According to this regulation, the Company exams and evaluates CPA’s independence and capability annually, and submit a report to the Audit Committee and Board of Directors. The report was approved by the Audit Committee in the 19th meeting of the 3rd and by the Board of Directors in the 20th meeting of the 8th on March 6, 2023. According to the Professional Ethical Standards Bulletin No. 10 "Independence in Audit and Review" of the Taiwan Institute of Certified Public Accountants, and the Audit Quality Indicators (AQI) released by the Financial Supervisory Commission in Aug. 2022, there are 5 dimensions and 13 indicators to assess the independence of auditors. The evaluation items please refer to the [Note 1]. After assessed, CPAs Fu-Ming Liao and Yi-Fan Lin from PricewaterhouseCoopers were qualified. Both CPAs do not have any direct interest relationship with either the Board of Directors or the Company, and believed to have more than sufficient capabilities on auditing, taxation and time cost efficiency.</p>	None
4. Has the TWSE-listed or TPEX-listed company established qualified and appropriate personnel and appoint the Company Secretary responsible	V		The company has designated the financial director Ms. Huang Zhonglei also serves as the "Company secretary" and is responsible for corporate governance related matters on the 12th meeting of the 7th term BOD on March 8, 2019. The new company secretary has	None

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
for corporate governance affairs (including but not limited to providing information required for Directors and Supervisors to carry out their tasks, assist directors and supervisors to follow laws and regulations, organize meetings of the Board of Directors and shareholder meetings, implement company registration and changes, compile meeting minutes for the Board of Directors meetings and shareholder meetings, etc.)?			<p>more than three years of experience as a financial manager in a public offering company. The company's management division also designates a full-time colleague to assist in corporate governance practice. This full-time colleague has more than three years of experience in the board of directors of a public offering company. The "company secretary" authority shall include at least the following contents :</p> <ol style="list-style-type: none"> <li>(1) Handling matters relating to board meetings and shareholders meetings according to laws.</li> <li>(2) Producing minutes of board meetings and shareholders meetings.</li> <li>(3) Assisting in onboarding and continuous development of directors and supervisors.</li> <li>(4) Furnishing information required for business execution by directors and supervisors.</li> <li>(5) Assisting directors and supervisors with legal compliance.</li> <li>(6) Other matters set out in the articles or corporation or contracts.</li> </ol> <p>The company's "Company Secretary" completed the 12-hour training in 2022, and the detailed training content has been declared to the public information observatory. Its 2022 business execution focuses are as follows:</p> <ol style="list-style-type: none"> <li>(1) All 9 directors will have at least 6 hours of training in 2022.</li> <li>(2) Hold annual general shareholders meeting at the end of May in 2022.</li> <li>(3) The self-evaluation of the performance of the Board of Directors was carried out, and the evaluation results showed that all directors believed that the Board of Directors of the company was in good working order.</li> <li>(4) Responsible for corporate governance evaluation, and obtained the top 5% companies from “Corporation Governance Evaluation”.</li> </ol>	

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
			<p>(5) Responsible for checking the important information that should be issued after the board of directors and shareholders' meeting to ensure the legality and correctness of the important information.</p> <p>(6) Provide the company information required by the directors, and maintain communication between the directors and the heads of departments.</p> <p>(7) Provide board members with information on stipulation &amp; revision of laws, regulations, etc. in the field of company operations and corporate governance.</p>	
5. Does the Company establish communication channel for stakeholders (Including but not limited to shareholders, employees, customers and suppliers), set up a dedicated section in its corporate website for stakeholders, and properly respond to CSR-related issues concerned by stakeholders?	V		<p>The Company endeavors to understand the stakeholders' expectations and concerns by communicating with them. The results are the references for measures and solutions to relevant issues. Based on the five major principles of AA1000 SES-2015 Stakeholder Engagement Standard (SES), including dependency, responsibility, influence, diverse perspectives and tension, the Company assesses the level of impact which each stakeholder brings to the operation of ECOVE. Members from the sustainability team have identified six major stakeholders, including employees, government, clients, shareholders, suppliers and communities. ECOVE has set up sections for Corporate Social Responsibility and Stakeholders on the Company's website, and the actions regarding corporate social responsibility taken by the Company are specifically disclosed on the site. Questions, including but not limited to important issues relevant to corporate social responsibility, from stakeholders are responded in discreet. Please refer to the Sustainability Report of the Company for related issues and means of response.</p>	None
6. Does the Company entrust the professional stock affair agency for	V		<p>The Company has appointed the Stock Transfer Agency Department of KGI Securities to process affairs related to shareholder meetings.</p>	None

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
the shareholder affairs?				
<p>7. Information Disclosure</p> <p>(1) Does the Company set up a website to disclose information regarding the Company’s finance, business and corporate governance status?</p> <p>(2) Is there any other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, appointing spokespersons, webcasting investors conference)?</p> <p>(3) Does the company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation within the prescribed time limit?</p>	V		<p>(1) The company has established a website to disclose information regarding the company's financial, business, and corporate governance status. The Company's website: <a href="http://www.ecove.com">www.ecove.com</a></p> <p>(2) The Company has established a Chinese and English website and assigned dedicated personnel for the collection and disclosure of company information. The Company also established a spokespersons mailbox on the company website to implement the spokesperson system, and published Chinese and English presentation materials and recordings of investor conferences, shareholder meeting information in Chinese and English, annual reports, etc.</p> <p>(3) The company's 2022 annual financial report was declared and completed on March 7, 2023. The first, second and third quarters of the 2022 annual financial report and the operating conditions of each month were completed within the stipulated period, and no announcement was made in advance.</p>	None
8. Is there other important information, which helps to understand the governance and operation of the	V		(1) The Company does not discriminate between gender, race, nationality, etc. in the recruitment and appointment of employees. Each employee shall enjoy labor insurance, national health insurance,	None



Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
company, which includes but not limited to the rights and interest of the staff, cares for the employees, investor relations, relation with the suppliers, rights of the stakeholders, trainings received by the directors and supervisors, the implementation of the risk management policy and risk assessment criteria, the liability insurance policies taken out for the directors and supervisors...etc?			<p>appropriation of statutory pension fund, and the subsidiaries set up a common employee welfare committee.</p> <p>(2) The Company has provided the directors with information on related advanced study courses and appointed external professional institutions to open courses.</p> <p>(3) In accordance with the "Risk Management Standards", the company regulates the risk management process of each department and defines risk measurement standards, and implements risk management accordingly. All risk management units regularly carry out risk identification and assessment and propose improvement measures, then report to the risk management executive committee. The risk management executive committee shall submit a risk management report to the board of directors every year. In case of major risks that endanger the company’s operations or compliance with laws and regulations, they shall take immediate and appropriate actions</p> <p>(4) The Company has purchased liability insurance policies for the directors and managers for the purpose of compensation in the event that a director or important employee causes damage to the Company or any third parties during the performance of duties.</p> <p>(5) The Company complies with laws and regulations in all contracts signed with customers to safeguard the rights and obligations of both parties.</p>	
9. Please describe the improvement status and provide the items and measures that should be prioritized for improvement with regard to the corporate governance evaluation	V		According to the results of the 9 <sup>th</sup> (2022) corporate governance evaluation recently released by the Corporate Governance Center, the company has met the requirements of the indicator 3.6, the English interim financial report was disclosed within two months after the Chinese one. The company’s priority intends to strengthen: Regarding the practical	None

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
results issued by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year.			operation of the company, discuss the necessity of indicator 2.14 (establishing a functional committee other than statutory).	

[Note 1] CPAs' Audit Quality Indicators (AQI) and Independence Evaluation Form

Based on the 10th issue of the Code of Ethics for Certified Public Accountants in Taiwan on "Independence in Auditing and Reviewing" and the Audit Quality Indicators (AQI) released by the Financial Supervisory Commission of Taiwan in August 2012, the independence of the accountants can be evaluated through the following 5 main aspects and 13 indicators:

Audit Quality Indicators (AQI)		Compliance with Indicators		Note
Item	Description	Yes	No	
1	AQI Indicator I 、 Professionalism	✓		
2	AQI Indicator II 、 Quality Control	✓		
3	AQI Indicator III 、 Independence	✓		
4	AQI Indicator IV 、 Monitoring	✓		
5	AQI Indicator V 、 Innovation Capability	✓		

Independence		Independence Criteria		Remark
Item	Description	Yes	No	
1	The CPA is required to recuse him/herself if his/her service or he/she has a direct or material indirect relationship with or interest in the matter concerned that may affect his/her fairness and independence and may not take part in the process.	V		
2	The purpose of the audit or review of the financial statements is to provide a medium to high probability but not absolute verification for the potential users of the statements. In addition to maintaining independence in form, the CPA's actual independence is even more significant. Therefore, members of the audit service team, other CPAs, the firm, and the affiliate enterprises of the firm are required to remain independent from the Company.	V		
3	The CPAs appointed by the Company maintain the following conditions:			
	(1) Integrity: The CPAs shall provide professional services in an honest and solemn manner.	V		
	(2) Fair and objective: The CPAs maintain a fair and objective attitude when providing professional services and prevent conflicts of interest from affecting their independence.	V		
	(3) Independence: The CPAs remain independent in form and in substance when auditing or reviewing financial statements and express their opinions in a fair manner.	V		
4	The independence, honesty, fairness, and objectivity of the CPAs are closely related. The CPAs do not lack or lose the independence that may affect the integrity, fairness, and objectivity that they had when they were appointed.	V		
5	The independence of the CPAs has not been influenced by self-interest,	V		

	self-evaluation, defense in court, familiarity, or coercion.			
6	The influence of self-interest on the independence of the CPAs refers to the financial benefits obtained from the Company or other relations that may cause conflicts of interest with the Company. The following conditions have not occurred:			
	(1) Direct or indirect material financial interests with the Company.	V		
	(2) Financing or endorsements with the Company or its Directors or Supervisors.	V		
	(3) Intensive business relations with the Company.	V		
	(4) The possibility of losing the Company as a client.	V		
	(5) Potential employment relations with the Company.	V		
	(6) All official expenses in relations with the audit of the Company.	V		
7	The influence of self-evaluation on the independence of the CPAs refers to reports or judgments submitted by the CPAs for non-auditing services which constitute an important basis in the audit or review process of financial information; or if a member of the audit service team had once served as the Company's Director, Supervisor, or a position in the Company with significant influence over the audited case. The following conditions have not occurred:			
	(1) A member of the audit service team currently serves or had served as the Company's Director, Supervisor, or other position that could seriously impact the audit in the most recent two years.	V		
	(2) Non-auditing services provided to the Company directly impact critical items in the audit.	V		
8	The influence of defense in court on the independence of the CPAs refers to the defense provided by a member of the audit service team to the Company's stature or opinion that causes its objectivity to be questioned. The following conditions have not occurred:			
	(1) Promotion or intermediary for the stocks or other securities issued by the Company.	V		
	(2) A member of the audit service team served as the Company's defense counsel or represents the Company in mediating conflicts with third parties.	V		
9	The influence of familiarity on the independence of the CPAs refers to the close relations with the Company's Directors, Supervisors, or managers that would cause the CPAs or members of the audit service team to pay overt attention to or sympathize with the Company's interests. The following conditions have not occurred:			
	(1) A member of the audit service team is a family member or relative of the Company's Director, Supervisor, or other individuals in positions that could seriously impact the audit.	V		
	(2) A member of the audit service team is a family member or relative of the Company's Director, Supervisor, or other individuals in positions that could seriously impact the audit.	V		
	(3) A member of the audit service team has accepted valuable gifts or presents from the Company or its Director or Supervisor.	V		

10	The influence of coercion on the independence of the CPAs refers to the threat from the Company suffered or felt by a member of the audit service team that causes the member to be unable to maintain objectivity and clarify professional doubts. The following conditions have not occurred:			
	(1) The Company requested the CPAs to accept inappropriate choices requested by the management or provide inappropriate disclosure in financial statements.	V		
	(2) The Company exerted pressure on the CPAs to inappropriately reduce mandatory auditing tasks to lower expenses.	V		
11	The firm and the members of the audit team shall be responsible for maintaining their independence, at the same time, considering whether the executed works will impact their independence. If so, measures shall be taken to remove such impact or eliminate it to an acceptable level.	V		
12	When the impact on independence is confirmed to be material, whether the Company, the firm and the audit team have adopted proper measures to eliminate such impact or reduce it to an acceptable level. The result shall be recorded.			N/A
13	If the Company, the firm and the audit team do not adopt proper measures to eliminate such impact or reduce it to an acceptable level, consideration shall be taken in regards to replacing the accountants to maintain the independence.			N/A

**3.4.4** The Remunerate committee’s composition, responsibilities and operation:

1. Remuneration Committee members’ information and responsibilities

Identity (Note1)	Criteria	Professional qualifications and experience	status of independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as a member of Remuneration Committee
	Name			
Convener and Independent Director	Shuh Woei Yu	Please refer to 3.2.1 Information of Directors and the section “A. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors”	Please refer to "A. Information Disclosure of Directors' Professional Qualifications and Independent Directors' Independence" in 3.2.1 Information of Directors	0
Independent Director	James Tsai	Ditto.	Ditto.	3
Independent Director	Shan-shan Chou	Ditto.	Ditto.	1

Scope of Duties of Remuneration Committee

The Committee shall exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the board of directors for discussion:

- (1) Periodically reviewing this Charter and making recommendations for amendments.
- (2) Establishing and periodically reviewing the performance assessment standards, and the policies, systems, standards, and structure for the compensation of the directors and managerial officers of this Corporation.

- (3) Periodically assessing the degree to which performance goals for the directors and managerial officers of this Corporation have been achieved, setting the types and amounts of their individual compensation
- (4) Other matters to be considered by the board of directors.

2. The state of operations of the Remuneration Committee

a. This committee is comprised of 3 members.

b. The term of current committee members is from May. 28, 2020 to May. 27, 2023:

A total of 3 meetings of the Remuneration Committee were held in the previous period: (twice in 2022, once on Jan. 01, 2023 ~ March 31, 2023)

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Convener/Member	Shuh Woei Yu	3	0	100	None
Member	James Tsai	3	0	100	None
Member	Shan-shan Chou	3	0	100	None

Other mentionable items:

1. If the board of directors declined to adopt, or modified, a recommendation of the remuneration committee, the dates of meetings, sessions, contents of motions, resolutions of the Board Meeting and the Company's response to remuneration committee's opinion should be specified (If the remuneration passed by the board of directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.

2. If there are objections or reservations to any discussion matters or extraordinary motions expressed by any member of the Committee, recorded or provided in written forms, the dates of meetings, sessions, contents of motions, all members' opinion and the Company's response to members' opinion should be specified: None.

3. The operation of the company's remuneration committee in the most recent year:

Remuneration Committee Meetings	Contents of motion	Resolution	The company's handling of the opinions of the Remuneration Committee
The 6 <sup>th</sup> meeting of the 4 <sup>th</sup> term 2022.03.07	1. The distribution plan of the 2021 directors' and employees' remuneration.	All members of the committee agreed	Submitted to the BOD, approved by all attend directors
The 7 <sup>th</sup> meeting of the 4 <sup>th</sup> term 2022.12.19	1. Revised the "The performance evaluation of directors and guidelines for the compensation system" and "The performance evaluation of managers and guidelines for the compensation system"	All members of the committee agreed	Submitted to the BOD, approved by all attend directors
	2. Proposed Restricted Stock Awards related issues.	All members of the committee agreed	Submitted to the BOD, approved by all attend directors, except for the director who avoided the conflict of interest
	3. Revised the employees' average salary increase rate of 2023.	All members of the committee agreed	Submitted to the BOD, approved by all attend directors, except for the director who avoided the conflict of interest
	4. Designed managerial Compensation (Salary and Bonus) for Our Company	All members of the committee agreed	Submitted to the BOD, approved by all attend directors, except for the director who avoided the conflict of interest
The 8 <sup>th</sup> meeting of the 4 <sup>th</sup> term 2023.03.06	1. Distribution of director and employee compensation for fiscal year 2022 in our Company.	All members of the committee agreed	Submitted to the BOD, approved by all attend directors



**3.4.5 Corporate Social Responsibility (Systems, steps and performance taken by the company for environmental protection, community participation, social contributions/services/welfare, consumer/human rights, safety and health and other social responsibility activities.)**

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Statement	
1. Does the Company conduct risk assessments on environmental, social, and corporate governance issues related to its operations and set up relevant risk management policies or strategies in accordance with the materiality principle? (Reporting on the execution status is required for listed and OTC companies, not subject to compliance or interpretation.)	V		The Company follows GRI Standards, SASB standards and AA 1000SES to analyze the materiality by participating Sustainable Development Committee, identifying relevant environmental, social and corporate governance issues. The Company announced Risk Management Standards and established the Risk Management Executive Committee. The Committee is composed of department heads of ECOVE, chairmen, general managers and officers who are one level lower than general managers of all companies within the group. The Committee is responsible for controlling each operation risk, and effective actions shall be taken to control risks or grab potential opportunities. Risk Management Committee meeting is held on a yearly basis. Risk topics are prioritized and ranked after discussion from the Committee, and control measures will be proposed. ECOVE will continue to stay current on the implementation of control measures by reviewing audit to help the Board of Directors and managers to ensure that risks are effectively controlled. Please refer to our CSR report "Materiality Analysis" and "Risk Management."	None
2. Has the Company established a dedicated unit or appointed a unit for promoting CSR? Is the unit	V		The Company attaches great importance to the implementation of corporate social responsibility and our contributions to society and the environment. Therefore, we set up the CSR Committee in 2014. Three work groups were set up under the Committee for Business Management, Social	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Statement	
authorized by the Board of Directors to implement CSR activities at upper management levels? Does the unit report the progress of such activities to the Board of Directors? (Reporting on the execution status is required for listed and OTC companies, not subject to compliance or interpretation.)			<p>Engagement and Environmental Protection and formed by personnel from departments relevant to the issues. The General Management Office takes the responsibility to coordinate and communicate among the various work groups and holds meetings with each work group to track the results. This system enables the Company to achieve effective implementation of corporate social responsibility activities.</p> <p>In 2019, in order to integrate resources and coordinate the planning and implementation of various issues, the CSR committee was renamed as Sustainable Development Committee which included the functions of environment protection, social responsibility and corporate governance to ensure the company develop continuously. The Committee is composed of department heads of ECOVE, chairmen and general managers. The regular meeting is held once of half year and reports to the board of directors regularly once a year to review the CSR results of the current year and discuss the main the issues for the next year. The board reviews the plan’s success possibility and the progress. If needed, the board will urge the management team to make adjustments.</p> <p>Operation and Execution Process:</p> <p><b>2022 Report Topics:</b> Talent retention and recruitment, occupational safety and health, social participation, renewable energy development, rectification effect of Efw plant, office greenhouse gas check, recycling and reuse development, waste reduction, air pollution prevention and control, water resource management and corporate governance.</p> <p><b>2023 Planned Topics:</b> Talent retention and recruitment, occupational safety and health, social participation, renewable energy development, rectification effect of Efw plant, greenhouse gas check, recycling and reuse development, waste reduction, air pollution prevention and control, water resource management</p>	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Statement	
<p>3. Environment Issue</p> <p>(1) Does the company establish proper environmental management systems based on the characteristics of their industries?</p> <p>(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact</p>	V		<p>and corporate governance.</p> <p>(1) As a member of the society, ECOVE is committed to energy-saving and carbon reduction. From the view of the entire resource recycling industry, the Company is constantly pursuing the development and application of new technologies to reduce energy consumption and prevent pollution. In daily operations, the Company advocates the importance of reducing waste, electricity, water and energy. After Ecove obtained the world's first "BS 8001 Circular Economy Standard" certificate in 2017, it took "resource recycling service integration innovation and efficiency improvement" as the inspection target in 2021, and achieved the certification of circular economy standards in all business fields. It shows that Ecove enhances economic, environmental and social benefits to improve recycling rate and efficiency of every resource through effective resource management. Please refer to the last column of this form for international verification.</p> <p>(2) For pollution prevention, the EfW plants operated by the Company have established quality and environmental management systems (ISO 9001 and ISO 14001). For resource recycling, 2022 statistics show that the plants have sold a total of 1,223,047 MWh of electricity back to Taiwan Power Company, which every additional kilowatt-hour of electricity can reduce carbon</p>	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Statement	
<p>on the environment?</p> <p>(3) Does the company evaluate the potential risks and opportunities of climate change on its now and future operations and respond to the climate-related issues with any initiatives?</p>			<p>dioxide emissions for the environment. According to the calculation of the electricity emission coefficient, it can reduce about 620,000 metric tons of CO2 in 2022. In 2022, the Company processed a total of 2,069,685 metric tons of waste at the contracted EfW plants. According to the statistics of the Environmental Protection Agency of the Executive Yuan in 2022, Taiwan produces approximately 1.152 kilograms of garbage per person a day (52% was treated by EfW plants). ECOVE ESC processed a volume of general waste generated by approximately 9.825 million people in a year.</p> <p>(3) Among the top-five risks indicated in the Global Risks Report 2020 issued by the World Economic Forum ("WEF"), three of them are related to climate change. The impact of climate change on businesses has been growing. Therefore, we have set up Risk Management Standard in 2017. By continuously identifying relevant risk issues, such as information safety, occupational safety and health circle, projects (including climate change issue), organization and quality management, we have established a comprehensive governance procedure to manage risks or seize opportunities. In addition, inspection has been carried out according to the industry features to monitor parties that may be impacted by climate change. Risk management and mitigation plans have been conducted accordingly.</p> <p><b>Response measures:</b> In response to the impact of global climate change, ECOVE assess climate change risk and opportunity for its business areas: waste management, renewable energy and recycling &amp; reuse. ECOVE regularly identify risk sources and scope of impact and formulate various contingency operating standards to reduce impacts on operation caused by risks. We imported a management framework which is recommended by TCFD (Task Force on Climate-</p>	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons						
	Yes	No	Summary Statement							
(4) Does the company record the greenhouse gas emissions, water consumption and total waste generation over the past two years and developed policies to reduce greenhouse gas emissions, conserve water, or manage other types of waste?			<p>related Financial Disclosures) in 2021 to fully assess all climate change risks related to operations and improve organizational resilience under high uncertainty in the future. ECOVE also encourages green procurement policies. The amount of green procurement in 2022 was about 72.74 million. Please refer to the CSR report of the Company for further details.</p> <p>(4) ECOVE headquarter emitted a total of 123 tons of carbon dioxide. According to the 2021 self-inspection, the EfW plants operated by the Company emitted a total of 1,025,436 metric tons of carbon dioxide. The carbon dioxide emission intensity is about 479kgCO<sub>2</sub>e/ton waste. And according to the 2022 self-inspection, the EfW plants operated by the Company emitted a total of 944,703 metric tons of carbon dioxide. The carbon dioxide emission intensity is about 456kgCO<sub>2</sub>e/ton waste. The amount was less around 5% than 2021. ECOVE headquarter will obtain the ISO 14064-1 verification of greenhouse gas emissions in 2023 April. With 2022 set as the base year, the goal is to cut down the total annual carbon emission by 20 percent by 2024.</p> <p>In terms of water consumption, statistics for 2021 and 2022 are as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Water consumption</td> <td>1,700,844</td> <td>1,719,979</td> </tr> </tbody> </table> <p>With regard to water resource management, the waste water of incineration plants under the Company's management including waste water from the boiler, production process, cleaning, general waste water, or vehicle-washing waste water is 100% recycled and reused through the waste water recycling system in the Plants to achieve the goal of "zero waste water discharge".</p>	Year	2021	2022	Water consumption	1,700,844	1,719,979	
Year	2021	2022								
Water consumption	1,700,844	1,719,979								

Evaluation Item	Implementation Status		Summary Statement	Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons																			
	Yes	No																					
			<p>In the terms of total weight of waste, statistics for 2021 and 2022 are as follows:</p> <table border="1"> <thead> <tr> <th colspan="2">Item</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>General waste</td> <td>Entered quantity(tons)</td> <td>1,642,422</td> <td>1,703,308</td> </tr> <tr> <td>General industrial waste</td> <td>Entered quantity(tons)</td> <td>386,249</td> <td>392,267</td> </tr> <tr> <td rowspan="2">Subtotal</td> <td>Total entered quantity(tons)</td> <td>2,028,671</td> <td>2,095,876</td> </tr> <tr> <td>Total processed quantity(tons)</td> <td>2,023,527</td> <td>2,069,685</td> </tr> </tbody> </table> <p>Note: The difference between entered and processed quantity is mainly from water evaporation or adjustment of storage pits.</p> <p><b>Management policy for energy saving, carbon reduction and greenhouse gas reduction:</b>  Since 2019, several energy-saving topics have been formulated, including lighting system, abnormality correction of process, improvement of energy efficiency, application of frequency converter, etc. Each factory set up suitable projects related to the topics based on its own operation. The outcomes of these energy-saving efforts are reviewed and shared at the end of</p>	Item		2021	2022	General waste	Entered quantity(tons)	1,642,422	1,703,308	General industrial waste	Entered quantity(tons)	386,249	392,267	Subtotal	Total entered quantity(tons)	2,028,671	2,095,876	Total processed quantity(tons)	2,023,527	2,069,685	
Item		2021	2022																				
General waste	Entered quantity(tons)	1,642,422	1,703,308																				
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	Total processed quantity(tons)	2,023,527	2,069,685																				

Evaluation Item	Implementation Status		Summary Statement	Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
			<p>the year to set up indicators of energy-saving projects next year.</p> <p><b>Policy for wastes management:</b> With the government's policy of sustainable development, we are actively reaching the goal of resource reuse. At the same time, considering the international issues such as the conversion and sustainable use of earth energy resources, greenhouse gases, and so on, we strongly promote the recycling economy. Those whom we have achieved are recycling and reuse of waste solvents, food waste, etc. In addition, we also take action to implement our own waste 6R management in response to the concept and actions of environmental protection 6R in daily life.</p>	

<p>4. Social issue</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> <p>(2) Does the Company establish and deliver reasonable employee welfare programs (including salary, compensated absences, and other benefits) and adjust employee compensation in relation to business performance?</p> <p>(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?</p>	<p>V</p>	<p>(1) In compliance on human rights, labor standards, environment, anti-corruption and other normative spirits with UN Global Compact, Universal Declaration of Human Rights and UN Framework and Guiding Principles on Business and Human Right, and in order to ensure that daily operations are in line with corporate ethics, ECOVE sets basic standards of conduct to be observed for directors, managers, general employees and procurement personnel separately which include “Corporate Governance Code”, “Integrity Management Code”, “Directors and managers’ business ethical code of Conduct” and “Employee Ethical Code of Conduct”. Since 2020, "Employee Ethical Commitment" has been listed as a compulsory on-the-job training. Both new and in-service colleagues must study a total of 2 credits of online courses and in-class tests throughout the year. A total of 1,606 people in 2021 have completed the online course and passed the quiz. In the future, we will continue to focus on human rights issues and promote related education and training to increase awareness of human rights protection and reduce the possibility of related risks. Please refer to our sustainability report on "Human Rights Protection and Welfare" and section 5.3.2 "Work Environment and Employee Safety Explanation" and section 5.5 "Labor Relations" in this year's report for more information.</p> <p>(2) Under a competitive compensations and benefits structure, standards of salary adjustments and bonus payments do not differ based on the type of employment, gender, or age. Ecove conducts both internal and external review structure to link compensation, bonuses and performance through a comprehensive performance appraisal system. The Company conducts annual performance evaluation for all employees. Individual work performance, responsibility commitment, and future development potential are considered. Objective and valid evaluations are used as the basis for salary adjustments and bonuses through various indicators such as corporate culture and CSR participation to achieve the effect of incentives. For the company's various employee welfare measures, further education, training, and retirement systems and their implementation details, please refer to 5.5 Labor Relations.</p> <p>(3)The company passed ISO 45001 and CNS 45001. Every year, the company has a safety and health education and training plan and implements it in accordance with its plan. It also has Safety and Health Ring series activities, through which all employees participate to establish a safety culture. In response to the COVID-19 pandemic, the company has established an emergency response center, and has been cooperating with the central disease control authorities to implement a rolling health management plan, in order to continuously address</p>	<p>None</p>
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<p>(4) Does the company provide its employees with career development and training sessions?</p>		<p>the health risks posed by COVID-19. During the current fiscal year, there were zero occupational accidents reported, and no individuals were affected, representing 0% of the total workforce. The company regards the implementation of occupational safety and health management as an important mission to prevent occupational accidents from occurring. Please refer to 5.3.2 Work Environment and Employee Personal Safety for details of employee personal safety and work environmental protection measures and implementation.</p> <p>(4) ECOVE actively invests resources in talent cultivation, hoping to attract like-minded professionals, and make comprehensive education plan and training for new talents. At the same time, it provides professional training for different occupations. In addition to formulating Individual Development Plan (IDP) for each colleague, we continue to invest resources in the development of management capabilities, the mentor system, and the online learning courses of CTCI Academy. So that colleagues can learn and grow continuously, and can more agree with ECOVE's corporate culture and heritage.</p> <p>In order to tailor the most suitable course content for each colleague, ECOVE and CTCI initiated job descriptions in 2020 to thoroughly analyze the abilities of each job. In addition, the Individual Development Plan (IDP) has been gradually expanded from the original key and elite talents to all employees of the company. From suitability assessment, career planning, elective credits, to future job rotation plans, ECOVE completely plan for the resources and diversified development possibilities of colleagues at each stage of the career.</p> <p>Since its inception, 57 Key Positions, 12 High-Potential talents and 11 Young-Potential talents have been selected. The elite talent training mechanism is planned to properly configure the division of labor layout of each business territory. A rotation plan can be individually tailored for each talent to carry out a successor training plan to cope with possible future risks.</p>	
<p>(5) Does the company advertise and label its goods and services according to relevant regulations and international standards and also establish any consumer protection mechanisms and grievance procedures?</p>		<p>(5) The Company ensures product and service quality in accordance with related government and industry regulations. The Company adheres to related regulations and international standards for product and service marketing and labeling. The Company does not engage in any activities involving deceptive or misleading behaviors, frauds, or other actions which may diminish the trust of consumers or damage consumer interest. The Company regularly conducts customer satisfaction surveys, which are delivered by Sales Department to customers, for on-going projects every year. We analyze the problems and provide suggestions for improvement based on the result of survey. In order to make sure the quality of our services meets the expectations of customers, the analysis and suggestions are delivered to the relevant department for implementation after the approval of managers.</p>	

<p>(6) Does the Company formulate supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, and labor rights and request their reporting on the implementation of such issues?</p>			<p>(6) The Company requires all its suppliers to fully comply with local laws and regulations when performing services for the company. In addition, the Company has established a set of supplier/contractor social responsibility principles and requests them to bear related social responsibilities. The Company has consistently promoted concepts such as the prohibition of child labor, protection of human rights, non-discrimination, fair treatment, legal working hours and wages, and environmental friendly management. As for the requirement for labor rights, environmental protection, safety and health risk control on our supply chain, we adopt various measures to facilitate the suppliers and contractors to improve and to enhance service quality and management standards. This helps to reduce the management risks and operating costs, suppliers, and contractors, and thereby forging solid, reliable partnerships that promote sustainable growth. The contract between the company and its major suppliers already includes that if the supplier involves a violation of its corporate social responsibility policy and has a significant impact on the environment and society, the company may terminate or release the terms of the contract at any time.</p>	
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Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Statement	
5. Does the Company follow internationally recognized guidelines to prepare and disclose non-financial information of the company, such as the Corporate Social Responsibility report? Is such report assured or verified by a neutral third party? Is this report assured or verified by a neutral third party?	V		The Company follows the internationally recognized GRI Standards 2021 and SASB standards to disclose relevant information, and CSR report is prepared on a yearly basis. In addition, the Company appointed SGS, a third-party verification unit, to conduct verification of high-level assurance and obtained the certification.	None
6. If the Company has established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies," please describe any discrepancy between the principles and their implementation: The Company has established Corporate Social Responsibility Implementation Principles in accordance with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies for all employees, managers, and members of the board to follow. Its operation has no difference between "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies."				
7. Other important information for better understanding of the Company's sustainable development practices: (1) Embrace challenge and triumph through innovation: The Company and its subsidiaries have actively pursued international markets in recent years. In terms of talent cultivation, it has enhanced its expertise and international exposure and encouraged employees to advance their studies in internal or external training to increase their capabilities. In 2021, the total number of employee training hours was approximately 24,988 hours with a total investment of 3.5 million. The Company's emphasis on education and training is visible. In addition, since 2020 the Company integrates the existing GTS system (online internal training system), knowledge database and external resources to set up a new platform for internal training –CTCI University. ECOVE expands the field of knowledge to 6 colleges as university system—College of QHSE, Engineering, Integration, Management, Leadership and General Education to help				

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Statement	
<p>colleagues plan required and elective courses. The content is combined with the original knowledge base system and external resources (such as MOOC, TED, YouTube... etc.) mainly through the digital platform. ECOVE records knowledge and experience into online courses and keeps them in the cloud forever. All original training courses of each unit will also be included. To expand the vision and encourage learning, except for online learning, physical courses will be arranged and experts will be invited to deliver speeches or lectures. With complete, professional and comprehensive career training, we hope to assist and encourage employees to become global talents with diversified opportunities through continuous learning and establishment of international perspectives. Since 2021, Ecove has continued to promote industry-university cooperation, and has signed internship cooperation plans with 7 schools including Ming Chi University of Technology, National Chin-Yi University of Technology, Feng Chia University, Chia Nan University of Pharmacy &amp; Science, Tamkang University, National Central University and Chaoyang University of Technology, aiming to cultivate young talents and cultivate high-quality manpower. Since the plan started, due to the impact of the epidemic, a total of 1 student has been intern in the Linkou Water Resource Project of PJ2 department. At the same time, he can obtain credits from the school. With effectively using the resources of both parties, a cooperative relationship between the industry and academic institutions can be established.</p> <p>(2)Implement Safety and Health: ECOVE adheres to the spirit of safety and health, and has formulated 7 major safety and security policies: “Safety First”, “Improve Employee’s Health and Well-being”, “Environmental Protection and Sustainable Development”, and “Implement Risk Management Mechanism”, "Fulfilling Regulations and Contract Requirements", "Promoting Full Participation and Training", "Continuous Improvement of the Safety and Health Environment System".</p> <p>(3)Responding to international initiatives: ECOVE actively links with external advocacy, with executives and colleagues serving as advocacy ambassadors to lead the entire team in practicing green living in daily life and work. Each location responds to international advocacy to promote energy saving and carbon reduction, enhance colleagues' awareness of climate change, ecological environment and other issues, and through participation in activities, integrate environmental issues into daily life, and call for everyone to have the ability and responsibility to change the world under global climate change, like ECOVE leading colleagues to respond to World Rivers Day, and visiting Guandu Nature Park to maintain wetland environment. Through on-site participation, colleagues become part of the international advocacy.</p> <p>(4)One Plant One Step , Sustainable Environmental Education Tour: Environmental Education for Sustainability: Since 2018, ECOVE has cooperated with CTCI Education Foundation to launch a three-year program called "One Factory One Step, Sustainable Environmental Education Tour," targeting elementary</p>				

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Statement	
			<p>schools around Taiwan to promote environmental education. ECOVE colleagues actively entered schools as lecturers to teach sustainable living to students. Due to the warm reception of the program by many schools, ECOVE continued to collaborate with CTCI Education Foundation in 2021 to launch a five-year program under the same theme. In 2022, the second year of the "One Factory One Step, Sustainable Environmental Education Tour" program, nearly 56% of the sessions were from previous schools that invited the program back, with the aim of sustaining environmental education in the future generation.</p> <p>(5) Environmental Education Facilities, Empowering a Green Future: ECOVE has long been working with local resources, focusing on local environmental and ecological issues, and combining its recycling business to design various environmental education programs for different age groups based on the characteristics of each incineration plant's process, culture, and geography. By transforming dry and difficult-to-understand environmental knowledge into interesting experiential courses, ECOVE promotes environmental protection knowledge and skills. Currently, ECOVE has obtained certification for five environmental education facilities, each with its unique teaching system and mission to promote environmental protection. Among them, the Miaoli and STSP EfW plants have been awarded the highest level of "Five-Star" certification. In 2022, due to the impact of the COVID-19 pandemic, some periods were not open for guided tours, but ECOVE still provided 47 environmental education services, with 3,157 participants.</p>	
I.			<p>Inspection standards for passage of CSR reports:</p> <p>The "ECOVE 2021 Sustainability Report" was completed in 2022 to disclose the Company's implementation of corporate social responsibility policies. An external entity, the BSI Group, was appointed to independently certify the CSR Report in accordance with AA 1000 standards.</p> <p>ECOVE and its subsidiaries have acquired the following certifications for quality, safety, health, and environmental management in 2021 and by the published date of the Annual Report:</p> <ul style="list-style-type: none"> <li>• ECOVE Environment Corp. has acquired BS 8001:2017 certification for circular economy (2020.12.21 ~ 2022.12.20)</li> <li>• All O&amp;M EfW plants operated by ECOVE Environment Services Corp. have acquired ISO 9001:2015 quality management system certificate (Keelung EfW Plant 2019.11.21 ~ 2022.11.21, Southern Taoyuan EfW Plant 2020.03.21 ~ 2023.03.21, Miaoli EfW Plant 2021.10.02 ~ 2024.10.02, Houli EfW Plant 2020.06.17 ~ 2023.06.17, Wujih EfW Plant 2021.11.01 ~ 2024.03.16, Tainan EfW Plant 2021.04.21 ~ 2024.04.24, STSP EfW Plant 2020.09.29 ~ 2023.09.29)</li> <li>• All O&amp;M EfW plants operated by ECOVE Environment Services Corp. have acquired ISO 14001:2015 environmental management system certificate (Keelung EfW Plant 2022.11.21 ~ 2025.11.21, Southern Taoyuan EfW Plant 2023.03.22 ~ 2026.03.21, Miaoli EfW Plant 2021.10.02 ~ 2024.10.02, Houli</li> </ul>	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Statement	
			<p>EfW Plant 2020.06.19 ~ 2023.06.19, Wujih EfW Plant 2021.11.01 ~ 2024.03.16, Xizhou EfW Plant 2022.05.08~2025.05.08, Tainan EfW Plant 2021.04.21 ~ 2024.04.24, STSP EfW Plant 2020.09.29 ~ 2023.09.29)</p> <ul style="list-style-type: none"> <li>• ECOVE ESC has obtained the ISO 45001:2018 Occupational Health and Safety Management System Certificate (2022.09.17~2025.01.10).</li> <li>• Keelung &amp; Miaoli EfW Plant, operated by ECOVE Environment Services Corp., has acquired the Environmental Protection Administration (EPA) product carbon footprint certificate (Keelung 2020.09.30 ~ 2025.09.29, Miaoli 2020.1.11 ~ 2023.01.10)</li> <li>• Miaoli EfW Plant, operated by ECOVE Environment Services Corp., has acquired the ITRI product carbon footprint reduction critical review statement certificate (2020.9.15 ~ 2022.09.15)</li> <li>• Keelung, Miaoli, Houli EfW Plant, Tainan Science Park Resource Recycling Center and Tainan EfW Plant operated by ECOVE Environment Services Corp., has acquired the Environmental Protection Agency Environmental Education Facilities Site Certificate (Keelung EfW Plant 2019/12/29 ~ 2024/12/28 ∙ Miaoli EfW Plant 2019/12/29 ~ 2024/12/28 ∙ Houli EfW Plant 2017/12/1 ~ 2022/11/30 ∙ Tainan Science Park Resource Recycling Center 2020/12/21 ~ 2025/12/20 ∙ Tainan EfW Plant 2017/11/13 ~ 2022/11/12)</li> <li>• Southern Taoyuan, Miaoli, Houli and Tainan EfW Plant and Tainan STSP EfW Plant operated by ECOVE Environment Services Corp., has acquired the Badge of Accredited Healthy Workplace Certificate (Southern Taoyuan EfW Plant 2023/01/01 ~ 2025/12/31 ∙ Miaoli EfW Plant 2021/01/01 ~ 2023/12/31 ∙ Houli EfW Plant 2023/01/01 ~ 2025/12/31 ∙ Tainan EfW Plant 2021/01/01 ~ 2023/12/31 ∙ STSP EfW Plant 2022/01/01 ~ 2024/12/31)</li> <li>• ECOVE Waste Management Corp. has acquired ISO 9001:2015 quality management system certificate (2019.10.12 ~ 2022.10.12)</li> <li>• ECOVE Waste Management Corp. has acquired ISO 14001:2015 environmental management system certificate (2019.10.02 ~ 2022.10.02)</li> <li>• ECOVE Waste Management Corp. has acquired ISO 45001:2015 occupational health and safety management system certificate (2019.08.29 ~ 2022.08.29)</li> <li>• ECOVE Waste Management Corp. has acquired Taiwan Occupational Safety and Health Management System Certificate (2020/09/03 ~ 2023/09/02)</li> <li>• ECOVE Solar Energy Corp. has acquired ISO 9001:2015 quality management system certificate (2021/09/14 ~ 2024/09/14)</li> <li>• ECOVE Solar Energy Corp. has acquired ISO 14001:2015 environmental management system certificate (2021/09/02 ~ 2024/09/02)</li> <li>• ECOVE Solar Energy Corp. has acquired ISO 45001:2015 occupational health and safety management system certificate (2021/09/02 ~ 2024/09/02)</li> <li>• ECOVE Solar Energy Corp. has acquired CNS 45001:2018 and TOSHMS specific audit focus items: Taiwan Occupational Safety and Health Management</li> </ul>	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Statement	
System Certificate (2021/09/02 ~ 2024/09/01)				

Note 1: If "Yes" is selected for implementation status, please provide specific details on the important policies, strategies, measures, and their implementation status. If "No" is selected, please explain the differences and reasons for "Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons" column and provide a plan for future implementation. However, with regard to Items 1 and 2, listed companies are required to disclose their governance and supervision structures for sustainable development, including but not limited to management policies, strategy and goal setting, and review measures. Additionally, companies should disclose their policies or strategies for managing risks related to environmental, social, and corporate governance issues, as well as their assessment status.

Note 2: The principle of materiality refers to issues related to environmental, social, and corporate governance that have a significant impact on the company's investors and other stakeholders.

Note 3: Please refer to the Best Practice Reference Examples on the Corporate Governance Center website of the Taiwan Stock Exchange for disclosure methods.

### 3.4.6 The Ethical Corporate Management

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies" and reasons
	Yes	No	Summary Statement	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Has the company formulated the "Ethical Corporate Management Best Practice Principles" approved by the board of directors, and stated in the regulations and external documents the policies and practices of "Ethical Corporate Management Best Practice Principles", and the board and senior management's commitment to actively implement the management policy?</p> <p>(2) Whether the company has established an assessment mechanism for the risk of dishonesty, regularly analyzes and evaluates business</p>	V		<p>(1) The Company adopted the "Ethical Corporate Management Best Practice Principles" on the 14th meeting of the 5th term BOD on December 17, 2013. The latest revision was approved by the 17th meeting of the 7th term BOD on December 9, 2019.</p> <p>The company's "Ethical Corporate Management Best Practice Principles" has updated the assessment mechanism and prevention plan for the risk of dishonesty behavior, the employment contract requires employees to abide by the company's integrity management policy, the company's website expresses the integrity management policy, and the directors and senior management issued a policy that follows the integrity management policy Declare, and properly keep the relevant documents, the audit unit based on the assessment results of the risk of dishonesty, and formulate the relevant audit plan, and examine the compliance play accordingly.</p> <p>After the investigation of the whistleblower case is completed, appropriate follow-up actions, anonymous reporting and other provisions should be implemented, and the policies and practices of honest operation should be clearly stated, as well as the commitment of the board of directors and senior management to actively implement the operation policy.</p> <p>(2) The company has established an effective accounting system and internal control system for business activities with a high risk of dishonest conduct to prevent it, and reviews it at any time to ensure that the design and</p>	None



Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies" and reasons
	Yes	No	Summary Statement	
activities with a high risk of dishonesty in the business scope, and accordingly formulates a plan to prevent dishonesty to the board of directors (at least once a year)?			<p>implementation of the system continue to be effective. The internal auditors of the company regularly examine the compliance plan. On Dec. 14, 2020, the 5<sup>th</sup> term of the 8<sup>th</sup> session of the board of directors of the company submitted the "2020 Promotion of Corporate Integrity Management Policy Report". The summary of the implementation is as follows:</p> <ol style="list-style-type: none"> <li>1. Smooth reporting channels and express the determination to expose the fraud. (For example, set up a. Third-party reporting platform b. Employee opinion platform c. Organize a symposium on communication between senior executives and grassroots employees.)</li> <li>2. Deepen the connection between integrity and ethics. (For example, a. Continue to promote the "Ethical Behavior Rules", "Employee Reporting Channels" and "Receiving Rules" b. All employees re-signed the "Employee Ethics Commitment Letter" c. All employees are required to participate in online courses and test the "Employee Ethics Commitment Letter" every 6 months." incorporate the corporate culture of integrity into the annual employee self-assessment performance, accounting for 20%.")</li> <li>3. Strengthen honest business behavior with suppliers. (For example, a. With reference to international norms of human rights, labor standards, environment and anti-corruption, formulate "Supplier Code of Conduct" b. When the supplier participates in the quotation and decides to open the bid, shall not allow any type of improper benefits such as commission payment to the relevant personnel to facilitate the conclusion of the contract c. When making a factory visit to the factory, it is also checked whether it is implemented and complied with the</li> </ol>	

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies" and reasons
	Yes	No	Summary Statement	
(3) Does the company clearly specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?			<p>Supplier Code of Conduct.) The company will continue to promote annual integrity management issues in 2021.</p> <p>(3) The company's "Ethical Corporate Management Best Practice Principles" has set up a plan to prevent dishonesty, and regularly review the laws and practical operations to cooperate with the revision; in addition, cooperate with the revision of the "Guidelines for Ethical Conduct", "Accusation Management Regulations" and "Employees "Rewards and punishment measures", etc., as the basis for implementing the "prevention of dishonesty" violations and punishment and appeals.</p>	
<p>2. Fulfill operations integrity policy</p> <p>(1) Has the company assessed the ethical record of the counterparty and specified the terms of integrity in its contract with the counterparty?</p> <p>(2) Whether the company has set up a special unit under the board of directors to promote enterprise ethical management, and regularly (at least once a year) report to the board of directors on its ethical management policy and prevention of dishonesty behavior plans and supervision and implementation?</p>	V		<p>(1) In addition to prudently assessing the integrity records of the transaction partners, the company also signed a consent form when signing the contract with the supplier (or contractor), which includes agreeing to "abide by the relevant laws of the country and transaction-related countries"</p> <p>(2) The company's general management office (non-affiliated with the BOD) is responsible for the preparation and promotion of corporate ethical management plans and subsequent implementation matters. The general manager of the top decision-making director of the company's general management office determines and supervises the ethical management plan and implementation situation, and submits to the board of directors the "Promotion of corporate ethical management policy" at least annually.</p>	None

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies" and reasons
	Yes	No	Summary Statement	
			<p>On Dec. 19, 2022, the implementation of The 19<sup>th</sup> Meeting of the 8<sup>th</sup> term BOD of the company's "2022 annual promotion of corporate ethical management policy" is as follows:</p> <ol style="list-style-type: none"> <li>1. Smooth reporting channels and determination to expose fraud: <ol style="list-style-type: none"> <li>(1) continue to set up "third-party reporting platform." No reported cases were received this year.</li> <li>(2) Continue "employee opinion platform". A special person is responsible for handling. Complaints are handled confidentially to protect the rights and interests of the complainants.</li> </ol> </li> <li>2. Implement advocacy and deepen employee beliefs in integrity: <ol style="list-style-type: none"> <li>(1) Continue to promote the "Ethical Behavior Rules", "Employee Reporting Channels" and "Receiving courtesies Rules".</li> <li>(2) All employees re-signed the "Employee Ethics Commitment Letter".</li> <li>(3) The company's corporate integrity management policy was explained in the education and training of new recruits. There were 133 people participated with 133 hours.</li> <li>(4) All employees are required to participate in online courses every six months and have the "Employee Ethics Commitment" tested. In the first half of the year, 803 people participated in the course with 803 hours. In the second half of the year in Dec., 804 people participated with 804 hours.</li> <li>(5) Incorporate the corporate culture of integrity into the annual employee self-assessment performance to deepen the link between integrity ethics and positive employee behavior.</li> </ol> </li> </ol>	

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies" and reasons
	Yes	No	Summary Statement	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?			<p>3. Strengthen the integrity of business operations with manufacturers:</p> <p>(1) refer to the international relevant human rights, labor standards, environment and anti-corruption and other normative spirits and formulate a "supplier code of conduct". Have the suppliers sign a pledge to abide by the relevant code of conduct when the quotations are given.</p> <p>(2) At the time of bid opening and deciding, have suppliers not to make any type of improper benefits such as commissions to the relevant person to complete the contract. If the aforesaid situation is verified to be true, stop suppliers from continuing to participate in the bidding of this case. If the contract has been signed, it will also be terminated and we will be compensated for our losses.</p> <p>(3) While visiting the factory, check if it's implemented and abided by the "Supplier Code of Conduct."</p> <p>In 2023, the company will continue to promote the integrity of business operations in the previous year.</p> <p>(3) The company has formulated a policy to prevent conflicts of interest, provided appropriate presentation channels, and implemented them. Relevant regulations are stipulated in the "5.2 Preventing conflicts of interest", "5.5 Steps to determine the ethicalness of behavior" and "5.6 Reporting and disciplinary procedures for violation " in the "Code of Ethics and Conduct" of the Company. In addition, the company's "Code of Ethics and Conduct" have been published in the annual report.</p>	

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies" and reasons
	Yes	No	Summary Statement	
(4) Has the Company established effective systems for both accounting and internal control to facilitate ethical corporate management? Has the internal audit unit formulated relevant audit plans based on the results of the assessment of the risk of unethical behavior and audited the compliance of ethical corporate management accordingly? Or the Company entrusts CPAs to perform the audit?			(4) The Company has established effective and complete accounting system and internal control mechanism to perform exception management. The internal audit unit draws up an annual audit plan based on the results of the risk assessment, executes yearly audit plans, and reports the audit results related to ethical corporate management to the ethical management dedicated unit on a quarterly basis, so as to facilitate the effectiveness of ethical.	
(5) Does the company regularly hold internal and external educational trainings on operational integrity?			(5) The Company educates new employees on the ideals of "ethical governance" and organizes legal courses from time to time to enhance the promotion of ethical corporate management. In 2022, the Company and its important subsidiaries held internal and external training related to ethical corporate management, including promotion programs for communication among employees, workshops that promote corporate culture, online courses regarding code of ethics and business conduct, etc. In addition to continuing to provide related training to newly recruited employees in 2022, the Company also made "Employee Ethical Commitment" a compulsory on-the-job training. Both new and in-service colleagues must study a total of 2 credits of online courses and in-class quizzes throughout the year. In 2022, 1551 employees were participated in the course and passed.	
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity	V		(1) The Company has established "Accusation Management Regulations" to be implemented along with the "Employee Reward and Punishment	None

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies" and reasons
	Yes	No	Summary Statement	
<p>hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Whether the company has set the standard operating procedures for the investigation of the complaint, the follow-up measures to be taken after the investigation is completed, and the relevant confidentiality mechanism</p> <p>(3) Does the company provide proper whistleblower protection?</p>			<p>Regulations". The "Accusation Management Regulations" have established clear reporting channels and assigned dedicated personnel to investigate the reported misconducts. There are two types of prosecution channels that can be reported to the company. One is the "Third Party Reporting Platform" and the other is the "Employee Opinion Platform" built on the company's website.</p> <p>(2) The Company has established investigation procedures for reported cases and related confidentiality mechanisms in the "Accusation Management Regulations" (published in the annual report). E.g. the provision of a third-party report platform to provide employees and external parties a channel to report unethical conduct under their names or anonymously.</p> <p>(3) The Company requires "all related personnel who have knowledge of the reported case shall be obligated to maintain the confidentiality of the reporter."</p>	
<p>4. Strengthening information disclosure</p> <p>(1) Does the company disclose its Ethical Corporate Management Best Practice Principles and the results of its implementation on the Company's website and MOPS?</p>	V		<p>(1)The Company has disclosed "Ethical Corporate Management Best Practice Principles" and "Annual policy report on promoting corporate Ethical management" on the company's website, and has disclosed "Ethical Corporate Management Best Practice Principles" on MOPS.</p>	None
<p>5. If the company has established its own ethical corporate principles based on "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies", please describe the difference between operation practice and the ethical corporate principles:</p> <p>According to the "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX--Listed Companies", the Company has obtained the approval of the "Ethical Corporate Management Best Practice Principles" (the "Principle") in the 17th meeting of the 7th term Board of Directors in December 9th, 2019. The all employees, officers and board members should comply with the Principle.</p>				
<p>6. Other important information to facilitate understanding of the company's good faith management implementation.(e.g. To announce the company's</p>				

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies" and reasons
	Yes	No	Summary Statement	
<p>determination to implement good faith management to business vendors, to invite vendors to participate in related education, and to review and revise the company's ethical corporate management best practice principles):</p> <p>The Company strictly observed "Company Act"," Securities and Exchange Act", related rules for TWSE/ TPEX -Listed Companies and other commerce ordinances to implement the good faith management. Review and revise the Company's internal management principles including "Corporate Governance Principles", "Ethical Corporate Management Best Practice Principles", "Code of Ethics for Directors and Managers", "Employee Code of Ethics and Conduct", and based on the development of ethical corporate management principles.</p>				

### 3.4.7 Corporate Governance Guidelines and Regulations

Please refer to the MOPS website at <http://mops.twse.com.tw> or ECOVE's website at [www.ecove.com](http://www.ecove.com).

### 3.4.8 Other Important Information Regarding Corporate Governance

#### (1) Training program for directors

Title	Name	Study Period		Sponsoring Organizaion	Course	Training Hours
Chairman	J. J. Liao	2022/10/27	2022/10/27	Taiwan Institute for Sustainable Energy(TAISE)-Center for Corporate Sustainability	The 30th TCCS Board Meeting and CEO Lecture	2.0
		2022/08/03	2022/08/03	Taiwan Corporate Governance Association	Investigation Bureau - Corporate Anti-Corruption Mindset, Investigative Experience, and Case Studies Sharing	3.0
		2022/05/04	2022/05/04	Taiwan Corporate Governance Association	How to Prevent Internal Risks - Analysis of Corporate Internal Investigations	3.0
		2022/04/28	2022/04/28	Taiwan Institute for Sustainable Energy(TAISE)	The 28th TCCS Board Meeting and CEO Lecture	2.0
		2022/02/10	2022/02/10	Taiwan Institute for Sustainable Energy(TAISE)	The 27th TCCS Board Meeting and CEO Lecture	2.0
Director	Y. P. Shih	2022/08/03	2022/08/03	Taiwan Corporate Governance Association	Investigation Bureau - Corporate Anti-Corruption Mindset, Investigative Experience, and Case Studies Sharing	3.0
		2022/05/04	2022/05/04	Taiwan Corporate Governance Association	How to Prevent Internal Risks - Analysis of Corporate Internal Investigations	3.0
Director	Kuan Shen Wang	2022/08/03	2022/08/03	Taiwan Corporate Governance Association	Investigation Bureau - Corporate Anti-Corruption Mindset, Investigative Experience, and Case Studies Sharing	3.0
		2022/05/04	2022/05/04	Taiwan Corporate Governance Association	How to Prevent Internal Risks - Analysis of Corporate Internal Investigations	3.0
Director	Ping Shen	2022/08/03	2022/08/03	Taiwan Corporate Governance Association	Investigation Bureau - Corporate Anti-Corruption Mindset, Investigative Experience, and Case Studies Sharing	3.0
		2022/05/04	2022/05/04	Taiwan Corporate Governance Association	How to Prevent Internal Risks - Analysis of Corporate Internal Investigations	3.0
Director	Minyang Liu	2022/08/03	2022/08/03	Taiwan Corporate Governance Association	Investigation Bureau - Corporate Anti-Corruption Mindset, Investigative Experience, and Case Studies Sharing	3.0
		2022/05/04	2022/05/04	Taiwan Corporate Governance Association	How to Prevent Internal Risks - Analysis of Corporate Internal Investigations	3.0
Director	Eugene Chien	2022/07/28	2022/07/28	Taiwan Institute for Sustainable Energy(TAISE)-Center for Corporate	The 29th TCCS Board Meeting and CEO Lecture	2.0



				Sustainability		
		2022/04/28	2022/04/28	Taiwan Institute for Sustainable Energy(TAISE)-Center for Corporate Sustainability	The 28th TCCS Board Meeting and CEO Lecture	2.0
		2022/02/10	2022/02/10	Taiwan Institute for Sustainable Energy(TAISE)-Center for Corporate Sustainability	The 27th TCCS Board Meeting and CEO Lecture	2.0
Independent Director	Shuh Woei Yu	2022/08/03	2022/08/03	Taiwan Corporate Governance Association	Investigation Bureau - Corporate Anti-Corruption Mindset, Investigative Experience, and Case Studies Sharing	3.0
		2022/05/04	2022/05/04	Taiwan Corporate Governance Association	How to Prevent Internal Risks - Analysis of Corporate Internal Investigations	3.0
Independent Director	James Tsai	2022/08/11	2022/08/11	Taiwan Academy of Banking and Finance	Corporate Governance Forum - Anti-Money Laundering and Fair Treatment of Customers Principle	3.0
		2022/08/03	2022/08/03	Taiwan Corporate Governance Association	Investigation Bureau - Corporate Anti-Corruption Mindset, Investigative Experience, and Case Studies Sharing	3.0
		2022/05/04	2022/05/04	Taiwan Corporate Governance Association	How to Prevent Internal Risks - Analysis of Corporate Internal Investigations	3.0
		2022/04/20	2022/04/20	Computer Audit Association	Case Studies on How Individuals and Corporations Can Respond to Information Security Risks	3.0
Independent Director	Shan-Shan Chou	2022/05/10	2022/05/10	Securities & Futures Institute	Competitiveness vs Survival, ESG Trends and Strategies	3.0
		2022/05/04	2022/05/04	Taiwan Corporate Governance Association	How to Prevent Internal Risks - Analysis of Corporate Internal Investigations	3.0

(2) Training program for managers of corporate governance

Sponsoring Organizaion	Course	Study Period		Training Hours
Taipei Exchange	Publication of Guidelines for Independent Directors and Audit Committee Duties and Holding of Board and Supervisory Guidance Meeting	2022/09/29	2022/09/29	3.0
Taiwan Corporate Governance Association	Investigation Bureau - Corporate Anti-Corruption Mindset, Investigative Experience, and Case Studies Sharing	2022/08/03	2022/08/03	3.0
Taiwan Corporate Governance Association	How to Prevent Internal Risks - Analysis of Corporate Internal Investigations	2022/05/02	2022/05/04	3.0

Taiwan Institute for Sustainable Energy(TAISE)-Center for Corporate Sustainability	Taishin 30 Sustainable Net Zero Summit – Transform to Net Zero	2022/04/22	2022/04/22	3.0
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(3) Internal Material Information Disclosure Procedure

According to the letter of Financial Supervisory Commission dated March 16<sup>th</sup>, 2009 and consulting with “Internal Material Information Disclosure Procedure” which is announced by Taiwan Stock Exchange Corporation (TWSE), the Company has formulated the “Regulations Governing Prevention of Insider Trading” (the “Regulation”). The Regulation is the code of conduct for Directors, Supervisors, Managerial personnel, and the persons regulated under the Regulation and it includes the scope of Internal Material Information, and the laws, regulations, orders that people forenamed should comply with. The company has made a series of revisions over the years to comply with laws and regulations and to adapt to changing business practices. The most recent revision took place during the 19<sup>th</sup> board meeting of the 8<sup>th</sup> term on December 19<sup>th</sup>, 2022. The Company has provided the Regulation to all Directors and Supervisors, and also disseminates all employees.

(4) Code of Sustainable Development Best Practice Principles

**ECOVE Environment Corporation**  
**Sustainable Development Best Practice Principles**

**3<sup>rd</sup> Amended on Dec. 19, 2022**

**2<sup>nd</sup> Amended on Dec. 14, 2020**

**1<sup>st</sup> Amended on Dec. 16, 2014**

**Established on Dec. 17, 2013**

- Article 1 To fulfill Sustainable Development initiatives and to promote economic, social, environmental balance and sustainable development, ECOVE Environment Corp. (“The Company”) draws up “Sustainable Development Best Practice Principles” in accordance with “Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies” by Taipei Exchange based on the business scope and the entire operations of the Company.
- Article 2 Fulfilling Sustainable Development has been a vital scheme of the Company; with continuous concern of economic, social, environmental balance and relevant issues, the Company monitors at all times the development of domestic and international Sustainable Development framework and the change of business environment so as to examine and improve its established Sustainable Development framework and to obtain better results from the implementation of the Sustainable Development policy. In fulfilling Sustainable Development initiatives, the Company gives due consideration to the social mores and the rights and interests of the interested parties and, while pursuing sustainable operations and profits, also gives due consideration to the environment, society and corporate governance for its materializations in operation strategies and daily activities.
- Article 3 To implement Sustainable Development initiatives, the Company follows the principles below:
1. Exercise corporate governance.
  2. Foster a sustainable environment.
  3. Preserve public welfare.
  4. Enhance disclosure of Sustainable Development information.
- Article 4 The board of directors of the Company exercises the due care of good administrators to urge the company to perform its Sustainable Development initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its Sustainable Development policies and the disclosure of relevant information.
- Article 5 For the purpose of managing Sustainable Development initiatives, the Company establishes a Sustainable Development Committee to be in charge of monitoring or proposing the Sustainable Development policies or systems of the company and to detail the implementation effectiveness of Sustainable Development in various dimensions such as corporate governance, social engagement, and environmental

protection in the annual report.

- Article 6 The Company respects the rights and interests of the interested parties. A Sustainable Development page on its website was set to provide information and updates on its sustainability efforts and to identify and understand the reasonable expectations and demands of such parties through proper communication and allowing their participation, and adequately responds to the important Sustainable Development issues which such parties are concerned about.
- Article 7 The Company establishes effective corporate governance framework and relevant ethical standards so as to enhance corporate governance.
- Article 8 The Company follows relevant environmental laws and regulations and international standards to properly protect the environment and endeavors to promote a sustainable environment when engaging in business activities.
- Article 9 To utilize water resources more efficiently, the Company properly and sustainably utilizes water resource, and adopts relevant management measures.
- Article 9-1 The Company evaluates the potential risks and opportunities of climate change on its business both now and in the future, and takes appropriate measures to address them. The Company follows internationally recognized standards and conducts greenhouse gas inventories for operations, which are disclosed to the public. The scope of greenhouse gas inventory includes:
1. Direct greenhouse gas emissions: Emissions from sources owned or controlled by the Company.
  2. Indirect greenhouse gas emissions: Emissions from the use of purchased electricity, heat, and steam.
  3. Other indirect emissions: Emissions from the Company activities that are not related to energy use, but rather from sources owned or controlled by other companies.
- The Company tracks greenhouse gas emissions, water usage, and waste production, and develops policies for energy conservation, carbon reduction, water conservation, and waste management. The Company has also incorporated the procurement of green energy into its carbon reduction strategy and is actively working to reduce the impact of its operations on climate change. By measuring environmental impact and developing strategies to reduce it, the Company is committed to promoting sustainable practices and mitigating the effects of climate change caused by business activities.
- Article 10 The Company complies with relevant labor laws and regulations, protects the legal rights and interests of employees, and respects internationally recognized principles of the labor force's human rights. The human resources policies of the Company are founded on the principles of the labor force's human rights and contain appropriate management methods and procedures.
- The Company ensures that its employment policies do not contain differential treatments based on gender, race, age, marital and family status, and achieves equality in terms of compensation, employment conditions, and training and promotion opportunities.

- Article 11 The Company provides information for its employees so that the employees have knowledge of their rights under the labor laws of the countries where the company has business operations.
- Article 12 The Company provides safe and healthful work environments for its employees, including necessary health and first-aid facilities and endeavors to curb dangers to employees for safety and health and to prevent occupational accidents. Also, the Company organizes training on safety and health for its employees on a regular basis.
- Article 13 The Company creates an environment conducive to the development of its employees' careers and establishes effective training programs to foster career skills.
- Article 14 The Company establishes a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information and express their opinions on the Company's operations, management and decisions. The Company respects the employee representatives' rights to bargain for the working conditions, and provides the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.  
The Company, by reasonable means, informs employees of operation changes that might have material impacts.
- Article 15 The Company provides a clear and effective procedure for accepting client complaints and handles the complaints fairly and timely, complies with relevant laws and regulations for protecting information provided by clients.
- Article 16 The Company assesses the impact its suppliers have on society as well as the environment in terms of production and manufacturing process, and, if necessary, cooperates with its suppliers to jointly foster a stronger sense of Sustainable Development.
- Article 17 The Company discloses information according to relevant laws and regulations and the Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies and fully disclose relevant and reliable information relating to its Sustainable Development initiatives to improve information transparency.  
Relevant information relating to Sustainable Development which it discloses includes:
1. The management scheme, strategy, policy and management guidelines for Sustainable Development initiatives resolved by the board of directors.
  2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
  3. Goals and measures for realizing the Sustainable Development initiatives established by the Company.
  4. Main interested parties and their concerned topics.
  5. Other information relating to Sustainable Development initiatives.
- Article 18 The Company produces Sustainability reports disclosing the status of its implementation of the Sustainable Development policy. The reports include:

1. The framework, policy and proposal of implementing Sustainable Development initiatives.
2. Major interested parties and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment and preservation of public welfare.
4. Future improvements and goals.

Article 19 The Company monitors at all times the development of domestic and international sustainability framework and the change of business environment so as to examine and improve its established Sustainable Development framework and to obtain better results from the implementation of the Sustainable Development policy.

Article 20 The Principles shall be implemented after the board of directors grants the approval. The same procedure shall be followed when the Principles have been amended.

(5) Code of Ethics and Conduct

## **ECOVE Environment Corporation Code of Ethics and Conduct**

### 1.0 Purpose

Guidelines for ethical conduct (“the Guidelines”) are adopted to assist ECOVE Environment Corp. to foster a corporate culture of ethical management, preventing employees taking advantage of their positions in exchange for improper benefits.

### 2.0 Scope

These Guidelines are applicable to ECOVE Environment Corp. employees, subsidiaries, and other institutions or juridical persons which are substantially controlled by ECOVE Environment Corp. (“business group”).

### 3.0 Definition

3.1 Vendor: Including suppliers, third parties and subcontractors.

3.2 Family: Employee and their spouse and relatives within three degrees of consanguinity.

3.3 Confidential information: Including all ECOVE Environment Corp. methods, techniques, processes, programs, or other information that can be used for production, sale or business operation.

3.4 Intellectual property: Including all ECOVE Environment Corp. patents, trademarks, copyrights and trade secrets.

### 4.0 Responsibility

4.1 Human Resource Department: Establish guidelines of ethical conduct and accept accusations.

### 5.0 Operation Procedure

5.1 Prohibition of bribes offering and acceptance, and blackmailing

5.1.1 ECOVE employees shall not take advantage of their positions or influence in the companies to directly or indirectly request, obtain or accept any gifts, fees, rewards or other improper benefits for themselves, their families or colleagues.

5.1.2 The term “indirectly” stated in 5.1.1 refers to improper activities conducted through a third party.

5.2 Preventing conflicts of interest

ECOVE employees are allowed to conduct personal investments and other business activities under the limitation of following requirements, in order to avoid conflicts of interest between employee and ECOVE, which may further affects the loyalty of such employee :

5.2.1 Avoid personal gain during business operations :

- ECOVE employees shall not participate in business operations if business relationship appears between ECOVE and their family.
- ECOVE employees shall not directly or indirectly accept any improper benefits when conducting business operation.

- 5.2.2 Avoid part-time job and/or competing with ECOVE Environment Corp. :
- ECOVE employees shall not accept other company's employment during tenure.
  - Direct or indirect relationship with competitors shall be avoid, including part-time/full-time employment and contractor of companies in the same business, ECOVE's clients or vendors, ECOVE's competitors and its supplier.
  - Effects on ECOVE clients and/or vendors lead to disadvantage of ECOVE Environment Corp. shall not occur.
- 5.2.3 The measures of relatives' employment of related industries :
- To avoid disadvantaging ECOVE and conflicting with interests of ECOVE, ECOVE employees shall not sharing confidential information with their relatives who is employed by a company in the related industries, and their companies as well.
  - ECOVE employees shall proactively submit to Human Resource Department in written form if his/her relatives hold a business relationship with ECOVE.
- 5.2.4 ECOVE employees shall submit to Executive Management Office in advance if he/she is a director of the board, supervisor or consultant of a company in the related industries, excluding those of ECOVE affiliates.
- 5.3 Protection of business confidentiality and intellectual property rights
- 5.3.1 All types of documents and information shall not be altered or modified by ECOVE employees.
- 5.3.2 ECOVE employees shall not discuss their work with non- ECOVE employees and leak confidential information which has not been revealed by ECOVE to others. The article above is still valid after resigning or retiring.
- 5.3.3 Before ECOVE patent or confidential information is revealed, ECOVE employees shall not disclose it in any ways, including disclosing it in ECOVE. The disclosure in ECOVE should be authorized or assigned, and the disclosure out of ECOVE should be done after subscribing the contract of confidentiality.
- 5.4 Fair trade with vendors
- 5.4.1 Vendor selection
- Vendors shall be fairly selected based on the technical specification, quality, duration and business requirements with the most competitive price. ECOVE employees shall not choose vendors with preference and ignore ECOVE's interests.
  - Employees participating in vendor selection shall avoid doing any activity that might be seen as the cause for vendor selection result.
  - Employees participating in vendor selection shall not provide any information relating to the contract or proposal to irrelevant third parties.
  - ECOVE's goals in procurement are "Best price, suitable quality, and prompt delivery". ECOVE employees should assist our vendors to accomplish the quality and quantity of their products or services.
- 5.4.2 Dealing with vendors
- ECOVE employees should treat all vendors in positivity, fairness, and politeness.
  - ECOVE employees shall not disclose confidential information to vendors.
  - ECOVE employees should avoid contacting vendors due to non-business-related affairs.
- 5.5 Steps to determine the ethicalness of behavior



### 5.5.1 Ethical Decision Making

When ECOVE employees have concerns about their own acts, or find anyone has suspected unethical behavior within ECOVE, employees should take the following steps :

- Assess that if there is any adverse effect to ECOVE, other people, and yourself, due to the behaviors, according to the section 5.5.2 in Guideline.
- Taking action after assessing the above statement ,and should be noted the following principles :
  - The action plan shall comply with laws and regulations.
  - The action plan shall meet ECOVE's policies.
  - ECOVE's employees may consult ethic-responsible department before deciding to take the action.

### 5.5.2 Questions to consider)

When ECOVE employees are faced with a situation not stated in this Guideline, the following questions may help them decide the right course of action:

- Am I personally uncomfortable about the course of action?
- Would I be unwilling or embarrassed to tell my family, friends, or coworkers?
- Could someone's life, health, safety, or reputation be endangered by my action?
- Would such action damage ECOVE's reputation if it appears on the news?
- Would I be regret of such action?

## 5.6 Reporting and disciplinary procedures for violation

### 5.6.1 Disciplinary system

- ECOVE employees shall acknowledge the rules and their obligations. Employee violates the Codes of Ethical Conduct shall be reviewed by the Rewards and Punishment Committee, and penalized according to "ECOVE Employees Reward and Punishment Regulations". Employees who are in significant violation of this Conduct may be subject to disciplinary action up to and including termination of the labor contract.
- Apart from being penalized according to the ECOVE internal rewards and punishment related policies, ECOVE may conduct civil or criminal lawsuit based on the severity of violation.

### 5.6.2 Reporting system

- ECOVE employees who discover any violation of this Conduct or other unethical activities shall report under their real name or anonymously according to "Accusation Management Regulations".
- Reporter shall provide specific descriptions and relevant evidences on the concerned person, matter, time, place and object for further investigation. Reporting channels including: Online reporting (<https://www.reportnow.com.tw/ctci>) and email ([ctci@reportnow.com.tw](mailto:ctci@reportnow.com.tw)).
- The reporting channel stated above is run by an independent third-party service provider to ensure the unethical activities being reported is conveyed truthfully. ECOVE promise to keep the confidentiality of reporters' identity, protecting reporters from inappropriate disciplinary actions due to their whistle-blowing.
- ECOVE may not conduct investigation or further action if reporters could not provide descriptions and relevant evidences on the concerned person involved. Such reporters may be penalized for malicious complaints.

## 6.0 Reference Document

KCP-174 Employees Reward and Punishment Regulations

KCP-173 Accusation Management Regulations

## **ECOVE Environment Corporation Accusation Management Regulations**

### 1.0 Purpose

This regulation is specially formulated in order to effectively control the accusation case of the company and establish smooth accusation channel and fair investigation procedure, so as to prevent blackmail and correct possible undue behavior.

### 2.0 Scope

#### 2.1 Accuser

Including official, contracted and dispatched in-service employee of the company, however, if external personnel of the company finds any significant malpractice, such personnel can be included as accuser.

#### 2.2 Scope of accusation

Accusation may be proposed if the accused object violates laws and decrees, rules and regulations of the company, or has other undue behaviors affecting the rights and interests of the company.

### 3.0 Definition

#### 3.1 Individual accusation

An employee proposes real-name accusation independently in his/her own name.

#### 3.2 Joint accusation

Two (inclusive) or more employees propose real-name accusation jointly.

#### 3.3 Blackmail

The accusation letter proposed anonymously.

#### 3.4 Information provide

The act of providing information related to illegal activities, appearing as a witness, or in any other way assisting in the investigation by the reporting person.

### 4.0 Responsibility

#### 4.1 Human Resources Unit

Responsible for accepting accusation case and proposing suggestion on preliminary examination, sending the case for Management Division for hearing, and handing subsequent matters thereof according to hearing result.

#### 4.2 Investigation Group

The trans-department group formed by the members as approved by Management Division, which will be responsible for investigating whether the accusation contents are true and proposing investigation report.

#### 4.3 Management Division

Responsible for hearing the accusation case preliminary examination proposal and accusation case investigation report, and proposing suggestions on punishment.

#### 4.4 Each Division

Relevant personnel of each division shall coordinate to assist investigation group to execute relevant investigation works.

#### 4.5 Chairman

Approval of the accusation case report.

## 5.0 Operation context

### 5.1 Operation procedure

Subject to Attachment 1 - Flow Chart of this Regulation.

### 5.2 Accusation

The accuser shall provide specific descriptions and relevant evidences on the concerned person, matter, time, place and object etc, (the accusation matter must conform to the scope as prescribed in Article 2.2 hereof), on accusation website (<https://www.reportnow.com.tw/ctci>) or submit such information to the special accusation e-mail box ([ctci@reportnow.com.tw](mailto:ctci@reportnow.com.tw)). When accepting joint accusation, it will be handled as single case, and representative shall be elected upon accusation for the convenience of contact.

When the accusation case comes from outside the company, the unit or employee that receiving the accusation materials shall submit the complete accusation materials to Human Resources at first time for subsequent handling, if the affiliated department of accused object has any concealment or delay that causing impact on the handling time and affecting the rights and interests of the company, it shall be punished according to relevant regulations of the company.

### 5.3 Case acceptance

After Human Resources Unit has accepted the accusation case, if necessary, it may ask the accuser to supplement relevant descriptions or evidences, conduct preliminary examination according to relevant contents of accusation materials, propose suggestions on whether or not to establish trans-department investigation group for investigation, fill in "Accusation Preliminary Examination Proposal" (Attachment 2) and submit it to Management Division together with other case materials for review and approve whether or not to open a case for investigation. If it is not belong to the scope of accusation or the evidences proposed by accuser are not detailed and true, Human Resources Department shall ask the accuser for supplement. If the accusation case is blackmail, Human Resources Department may not handle it.

### 5.4 Investigation

If the Management Division decides to open a case for investigation, it shall designate relevant unit representatives to form investigation group and assign group convener to start investigation according to the situation of accusation case. In the course of investigation, Human Resources Unit shall inform relevant units that shall cooperate to assist in investigation according to the investigation plan of the investigation group. When necessary, investigation group may interview relevant personnel or ask relevant personnel to provide relevant materials to assist in investigation. After the completion of investigation, investigation group shall submit investigation report to Human Resources Department.

### 5.5 Punishment

After Human Resources Unit has received the investigation report, it shall convene the meeting pursuant to "ECOVE Employees Reward and Punishment Regulations" to hear the accusation case, and propose punishment suggestions according to the preceding Regulation. Then Human Resources Unit will submit the complete report contents to the

Chairman for review and decision.

#### 5.6 Response

For any accusation case, Human Resources Unit shall respond to the accuser in writing on the handling result thereof. For false accusation or fling abuses, the responding content shall include the reminder on relevant legal responsibility.

#### 5.7 Confidentiality obligation

Responsible employee of Human Resources Unit and all members of Management Division and investigation group shall bear confidentiality obligation for the materials of accuser.

The Company promises to protect accusers and will not fire, dismiss, or reduce the salary of the accusers due to the reported case, which would harm their legal, contractual, customary entitlements, or any other disadvantageous position. However, this protection does not apply to any of our colleagues who are found to have provided false or misleading information.

#### 5.8 Incentive regulation

If any employee of the Company reports cases that harm the interests of the Company according to this policy and the cases are confirmed to be true or effective measures are taken to prevent or mitigate the damage, the employee shall be granted a bonus of up to NTD 100,000.

If the informant has been involved in the illegal activities that they reported, but provides information and assistance to the Company and the administrative and judicial authorities to investigate the facts, the level of punishment and responsibility of the informant may be reduced or exempted.


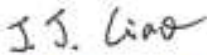

#### 6.0 Reference document

KCP-174 Employees Reward and Punishment Regulations

#### 7.0 Attachment

### 3.4.9 Internal Control System

#### (1) Statement of Internal Control System

	
<b>ECOVE Environment Corporation</b> <b>Statement of Internal Control System</b>	
Date: March 6, 2023	
Based on the findings of self-assessment, ECOVE Environment Corporation (ECOVE) states the following with regard to its internal control system during fiscal year 2022:	
<ol style="list-style-type: none"><li>1. ECOVE is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. ECOVE has established such a system aiming at providing reasonable assurance of the achievement of the following objectives :<ol style="list-style-type: none"><li>(1) Effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security).</li><li>(2) Reliability, timeliness, transparency, and regulatory compliance of reporting.</li><li>(3) Compliance with applicable norms and applicable laws, regulations, and bylaws.</li></ol></li><li>2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may be subject to changes due to environment or circumstances. Nevertheless, the internal control system of ECOVE contains self-monitoring mechanisms, and ECOVE takes immediate remedial actions in response to any identified deficiencies.</li><li>3. ECOVE evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each component also includes several items. Please refer to the Regulations for details.</li><li>4. ECOVE has assessed the design and operating effectiveness of its internal control system according to the aforesaid criteria.</li><li>5. Based on the findings of the assessment mentioned in the preceding paragraph, ECOVE believes that, as of December 31, 2022, its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for (1) operational effectiveness and efficiency, (2) reliability timeliness, transparency, and regulatory compliance of reporting, and (3) compliance with applicable norms and applicable laws, regulations, and bylaws, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.</li><li>6. This Statement will be a major part of ECOVE's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.</li><li>7. This Statement has been passed by the Board of Directors Meeting of ECOVE held on March 6, 2023, the nine attending directors all affirmed the content of this Statement.</li></ol>	
ECOVE Environment Corporation	
Chairman (J.J.Liao) :	 (signature)
President (Y. P. Shih) :	 (signature)

- (2) Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None

**3.4.10** In Recent Years until the Annual Report being Published, Violation of Internal Control Policies by Employees : None

**3.4.11** Major Resolutions of Shareholders' Meeting and Board Meetings

1. Major resolutions of Shareholders' Meeting of Year 2022 (May 26, 2022)

Shareholders' Meeting	Major Resolutions of Shareholders' Meeting	Action Arisen
2022.05.26	<b>1. Approval of the Company's 2021 Business Report, Financial Statements and Consolidated Financial Statements.</b>	The resolution has been made and implemented.
	<b>2. Approval of the Company's distribution plan of 2021 earnings. (In accordance with the total amount of common. shares outstanding, the cash dividend per share was NT\$11.99)</b>	The Chairman of the Company has taken Jul. 9, 2022 as the ex-dividend date. The chairman adjusted the cash dividend per share according to the actual number of outstanding shares on the ex-dividend date. The adjusted cash dividend per share was approximately NT\$11.94333923, and cash dividend was distributed on Jul 27, 2022.
	<b>3. The company revised some provisions of the "Articles of Association"</b>	After approval of change registration by the Ministry of Economic Affairs, was announced on the Company's website.
	<b>4. The company revised some provisions of the "Articles of Procedure for Acquisition and Disposition of Assets "</b>	Revised and uploaded to Public Information Observatory in accordance with the resolution.

2. Major resolutions of the Board Meeting in recent years until the annual report being published:

Audit Committee's Meetings	Contents of proposals and follow-up processing
The 13 <sup>th</sup> meeting of the 8 <sup>th</sup> term 2022.03.07	1. Approval of the endorsement of external guarantees.
	2. Approval of the Changes in credit amount.
	3. Approval of the distribution plan of the 2021 directors' and employees' remuneration.
	4. Approval of the Fiscal 2021 business report, financial reports and consolidated statements.
	5. Approval of the distribution plan of Fiscal 2021 earnings.
	6. Approval of "Statement of Internal Control System" for the Year 2021".
	7. Approval of amendment of the "Articles of Procedure for Acquisition and Disposition of Assets" of the company.
	8. Approval of the "Procedure for Acquisition and Disposition of Assets", of the ECOVE Environment Services Corp., ECOVE Waste Management Corp., ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corp.
	9. Approval of the amendment to the Company's "Articles".
	10. Approval of 2021 general meeting of shareholder's date, place and agenda.
	11. Approval of accepting shareholders' proposal of 2021 general meeting of shareholder's period and place.
	12. Approval of the update of the company's paid-in capital registration.
	13. Approval of financial statement attestation accountant changed by PricewaterhouseCoopers Taiwan.
	14. Approval of the equity of Teamwin Opto-Electronics Co.,Ltd LED.(hereinafter referred to as Teamwin) disposal
The 14 <sup>th</sup> meeting of the 8 <sup>th</sup>	1. Approval of the endorsement of external guarantees.
	2. Approval of the changes in credit amount.
	3. Approval of 2022 1 <sup>st</sup> quarter report of consolidated statements.

term 2022.05.03	4. Approval of the update of the company's paid-in capital registration.
	5. Approval of the adjustment and application of the company's loans to others.
	6. Approval of the change of the company's audit supervisor.
	7. Approval of the passed resolution to appoint a designated custodian for the company's endorsement guarantee seal.
The 15 <sup>th</sup> meeting of the 8 <sup>th</sup> term 2022.07.29	1. Approval of the endorsement of external guarantees.
	2. Approval of the changes in credit amount.
	3. Approval of 2022 2 <sup>nd</sup> quarter report of consolidated statements.
	4. Approval of the update of the company's paid-in capital registration.
	5. Approval of the amendment on partial articles of the Company's "Code of Corporate Governance."
	6. Approval of the amendment on partial articles of the Company's "Guidelines for the Prevention of Insider Trading."
	7. Approval of adjusting our company's executive personnel.
	8. Approval of removing the non-compete restriction for Mr. Diao HsioHua, our newly appointed Vice President, to serve as a director and manager in the affiliated companies of our company and CTCL Corporation.
The 16 <sup>th</sup> meeting of the 8 <sup>th</sup> term 2022.08.29	1. Not participating in the cash capital increase of new shares by BORETECH Resource Recovery Engineering Co., Ltd.
The 17 <sup>th</sup> meeting of the 8 <sup>th</sup> term 2022.09.12	1. Approval of the amendment on partial articles of ECOVE ESC's "endorsement guarantee handling process".
The 18 <sup>th</sup> meeting of the 8 <sup>th</sup> term 2022.11.02	1. Approval of the endorsement of external guarantees.
	2. Approval of 2022 3 <sup>rd</sup> quarter report of consolidated statements
	3. Approval of the update of the company's paid-in capital registration.
	4. Approval of the amendment on partial articles of the Company's "Terms of Reference of the Board of Directors."
	5. Approval of the amendment on partial articles of the Company's "Board Meeting Operational Management Guidelines."
The 19 <sup>th</sup> meeting of the 8 <sup>th</sup> term 2022.12.19	1. Approval of the endorsement of external guarantees.
	2. Approval of the issuance of new shares through cash capital increase by ECOVE SEC, in which our company has invested
	3. Approval of the budget of 2023.
	4. Approval of the Audit Plan of 2023.
	5. Approval of the amendment on partial articles of the Company's "Internal Control System".
	6. Approval of the endorsement of external guarantees.
	7. Approval to the application of the company's loans to others.
	8. Approval of the establishment of "Board of Directors Performance Evaluation and Compensation System Guidelines" and "Executive Performance Evaluation and Compensation System Guidelines".
	9. Approval to the matters of the Restricted Stock Awards.
	10. Approval of 2022 average salary increase for employees
	11. Approval of executive level compensation (salary adjustment and bonus).
The 20 <sup>th</sup> meeting of the 8 <sup>th</sup> term 2023.03.06	1. Admit of the endorsement of external guarantees.
	2. Admit of the Changes in credit amount.
	3. Approval of the distribution plan of the 2022 directors' and employees' remuneration.
	4. Approval of the Fiscal 2022 business report, financial reports and consolidated reports.
	5. Approval of the distribution plan of Fiscal 2022 earnings.
	6. Approval of "Statement of Internal Control System for the Year 2022".
	7. Approval of the amendment on partial articles of the Company's "Internal Control System".
	8. Approval of the "Procedure for Acquisition and Disposition of Assets".
	9. Approval of a complete re-election of the 9 <sup>th</sup> Board of Directors of the Company, including the number of director seats and their respective terms of office.
	10. Approval of releasing from the non-competition restriction for the 9 <sup>th</sup> Board of Directors and their representatives of the Company.



	11. Approval of 2023 general meeting of shareholder's date, place and agenda.
	12. Approval of accepting shareholders' proposal of 2023 general meeting of shareholder's period and place.
	13. Approval of the update of the company's paid-in capital registration.

**3.4.12** Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None

**3.4.13** Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, President, and Heads of Accounting, Finance, Internal Audit and R&D:

Mar. 31, 2023

Title	Name	Date of assumption	Date of dismissal	Reason for resignation or dismissal
Audit Supervisor	Jia-Lin Zhan	2014.08.08	2022.05.04	Job reassignment

### 3.5 Professional fee of CPA

#### 3.5.1 Information of CPA

Accounting Firm	Name of CPA		Audit Period	Note
PriceWaterHouseCoopers	Fu-Ming Liao	Yi-Fan Lin	2022.01.01-2022.12.31	

#### 3.5.2 Public Expenses of CPA

Unit: NT\$ thousands

	Item	Audit Fee	Non-audit Fee	Total
1	Amount (NTD) Less than 2,000,000			
2	2,000,000 ~ 4,000,000 (inclusive of 2,000,000)	1,220	790	2,010
3	4,000,000 ~ 6,000,000 (inclusive of 4,000,000)			
4	6,000,000 ~ 8,000,000 (inclusive of 6,000,000)			
5	8,000,000 ~ 10,000,000 (inclusive of 8,000,000)			
6	More than 10,000,000 (inclusive of 10,000,000)			

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Audit Period	Note
			System Design	Registration	Human Resource	Other	Total		
PriceWaterHouseCoopers	Fu-Ming Liao	1,220	0	150	0	640	790	2022.01.01-2022.12.31	Note1
	Yi-Fan Lin							2022.01.01-2022.12.31	

Note1: The amounts of non-audit fees as well as details of non-audit services shall be disclosed : Business Registration NT\$150 thousand, Translation fee of financial reports NT\$560 thousand and advance money for Financial & Tax Report check NT\$80 thousand.

Note2: In the event that the CPA firm is changed and the audit fees paid by the company in the concurrent year are lower than the preceding year: None

Note3: In the event that the audit fees paid by the company are reduced by 15% compared to the preceding year: None

#### 3.6 Information on replacement of CPA: None

#### 3.7 The Company's Chairman, President and Managers Responsible for Finance or Accounting who have Held a Post in the CPA Office or its Affiliated within the Latest Year: None

**3.8 In the most recent year and as of the publication date of the annual report, the transfer of shares of directors, managers, and shareholders whose shareholding ratio exceeds 10% and changes in share pledge:**

**3.8.1 Shareholding changes of directors, managers and major shareholders**

Unit: Share

Title	Name	2022		As of April 04, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	CTCI Corporation(Note 1)	0	0	0	0
	Representative: J. J. Liao(Chairman)	(544)	0	55,945	0
Director	CTCI Corporation(Note 1)	0	0	0	0
	Representative: Y. P. Shih	16,561	0	0	0
Director	Yangming Liu	0	0	0	0
Director	Eugene Chien	0	0	0	0
Director	Ping Shen	0	0	0	0
Director	Kuan Shen Wang	0	0	0	0
Independent Director	Shuh Woei Yu	0	0	0	0
Independent Director	James Tsai	0	0	0	0
Independent Director	Shan-Shan Chou	0	0	0	0
Vice President (Note 2)	Hsio Hua Tiao	0	0	0	0
Financial Manager	Catherine Huang	1,936	0	4,379	0
Accounting Manager	Tanching Yao	6,113	0	0	0

Note 1 : Shareholders holding more than 10% of shares, only CTCI Corp. CTCI Corp. holds 54.29% of the company's shares and is the major shareholder.

Note 2 : Took office on August 1st, 2022. Only revealed on-the-job information.

**3.8.2 Shares Trading with Related Parties: None**

**3.8.3 Shares Pledge with Related Parties: None**

### 3.9 Information Disclosing the Relationship between any of the Company's Top Ten Shareholders

As of April 02, 2023

Name	Shareholding		Spouse & Minor		Shareholding by Nominee Arrangement		The names and relationships of the top ten shareholders who have a relationship with Financial Accounting Standards Bulletin No. 6 or a relative within spouse, the second degree of kinship , etc.		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
CTCI Corporation	38,457,105	54.29	0	0	0	0	GRQ Investment Corporation	The parent company of GRQ Investment Corp.	-
Rep. : Michael Yang	0	0	0	0	0	0	None	None	-
Fubon Life Insurance Co., Ltd.	3,988,000	5.63	0	0	0	0	Fu bon Financial Holding Venture Capital Corp.	Subsidiary of Fubon Financial Holding Co Ltd.	-
Rep. : M. H. Tsai	0	0	0	0	0	0	None	None	-
Parkwell Investment Corp.	1,060,000	1.50	0	0	0	0	None	None	-
Rep. : S. J. Chiu	0	0	0	0	0	0	None	None	-
Bank SinoPac Company Limited	577,000	0.81	0	0	0	0	SinoPac Securities Corp.	Subsidiary of SinoPac Financial Holdings Company	-
Rep.: J. H. Chen	0	0	0	0	0	0	None	None	-
Fubon Financial Holding Venture Capital Corp.	469,856	0.66	0	0	0	0	Fubon Life Insurance Co., Ltd.	Subsidiary of Fubon Financial Holding Co Ltd.	-
Rep. : M. C. Tsai	0	0	0	0	0	0	None	None	-
Taiwan Life Insurance Co, Ltd.	337,774	0.48	0	0	0	0	None	None	-
Rep. : S. G. Huang	0	0	0	0	0	0	None	None	-
SinoPac Securities Corp.	261,000	0.37	0	0	0	0	Bank SinoPac Company Limited	Subsidiary of SinoPac Financial Holdings Company	-
Rep. : Stanley Chu	0	0	0	0	0	0	Bank SinoPac Company Limited	Director of Bank SinoPac Company Limited	-
GRQ Investment Corp.	243,918	0.34	0	0	0	0	CTCI Corporation	Subsidiary of CTCI Corp.	-
Rep. : John T. Yu	0	0	0	0	0	0	CTCI Corporation	Director of CTCI Corp.	-
Z. M. Wen	213,000	0.30	207,000	0.29	0	0	C. M. Chang	The second degree of kinship	-
C. M. Chang	207,000	0.29	213,000	0.3	0	0	Z. M. Wen	The second degree of kinship	-

**3.10 Shareholdings of the Company Directors, Supervisors, Managements, and Direct and Indirect Investments of the Company in Affiliated Companies**

As of March 31, 2023

Affiliated Company	Investment of the Company		Directors, Managements Direct and Indirect Investment of the Company		Total Investment	
	Share	%	Share	%	Share	%
ECOVE Environment Services Corporation	15,100,000	100.00	0	0	15,100,000	100.00
ECOVE Wujih Energy Corporation	30,000,000	100.00	0	0.00	30,000,000	100.00
ECOVE Waste Management Corporation	2,000,000	100.00	0	0.00	2,000,000	100.00
ECOVE Miaoli Energy Corporation	44,999,200	74.999	800	0.001	45,000,000	75.00
ECOVE Solar Energy Corporation	118,338,502	100.00	0	0.00	118,338,502	100.00
Yuan Ding Resources Corporation	4,500,000	100.00	0	0.00	4,500,000	100.00
ECOVE Solvent Recycling Corporation	8,099,000	89.99	1,000	0.01	8,100,000	90.00

\*Long-term investments accounted under the equity method.

## IV. Capital Overview

### 4.1 Capital and Shares

#### 4.1.1 Source of Capital

##### (1) Issued Shares

As of March 31, 2023

Year /Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2014.03	10	80,000,000	800,000,000	63,959,468	639,594,680	CB & ESOP	None	Note 1
2014.05	10	80,000,000	800,000,000	64,068,968	640,689,680	ESOP	None	Note 2
2014.08	10	80,000,000	800,000,000	64,386,968	643,869,680	ESOP	None	Note 3
2014.11	10	80,000,000	800,000,000	64,825,000	648,250,000	CB & ESOP	None	Note 4
2015.03	10	80,000,000	800,000,000	64,986,449	649,864,490	CB & ESOP	None	Note 5
2015.06	10	80,000,000	800,000,000	65,397,149	653,971,490	CB & ESOP	None	Note 6
2015.08	10	80,000,000	800,000,000	65,522,567	655,225,670	CB & ESOP	None	Note 6
2015.11	10	80,000,000	800,000,000	65,779,115	657,791,150	CB & ESOP	None	Note 8
2016.04	10	80,000,000	800,000,000	65,862,648	658,626,480	ESOP	None	Note 9
2016.07	10	80,000,000	800,000,000	66,064,898	660,648,980	ESOP	None	Note 10
2016.11	10	80,000,000	800,000,000	66,435,398	664,353,980	ESOP	None	Note 11
2017.03	10	80,000,000	800,000,000	66,461,398	664,613,980	ESOP	None	Note 12
2017.06	10	80,000,000	800,000,000	66,624,898	666,248,980	ESOP	None	Note 13
2017.08	10	80,000,000	800,000,000	66,784,148	667,841,480	ESOP	None	Note 14
2017.11	10	80,000,000	800,000,000	66,804,398	668,043,980	ESOP	None	Note 15
2018.03	10	80,000,000	800,000,000	66,810,648	668,106,480	ESOP	None	Note 16
2018.05	10	80,000,000	800,000,000	66,932,898	669,328,980	ESOP	None	Note 17
2018.08	10	80,000,000	800,000,000	67,105,148	671,051,480	ESOP	None	Note 18
2020.11	10	80,000,000	800,000,000	67,316,539	673,165,390	ESOP	None	Note 19
2021.02	10	80,000,000	800,000,000	68,976,211	689,762,110	Issuance of new shares due to acquisition of shares of ECOVE ESC	STOCK	Note 20
2021.03	10	80,000,000	800,000,000	69,028,564	690,285,640	ESOP	None	Note 21
2021.06	10	80,000,000	800,000,000	69,083,998	690,839,980	ESOP	None	Note 22
2021.09	10	120,000,000	120,000,000	69,111,683	691,116,830	ESOP	None	Note 23
2021.12	10	120,000,000	120,000,000	69,516,990	695,169,900	ESOP	None	Note 24
2022.04	10	120,000,000	120,000,000	69,602,678	696,026,780	ESOP	None	Note 25
2022.06	10	120,000,000	120,000,000	69,710,488	697,104,880	ESOP	None	Note 26
2022.08	10	120,000,000	120,000,000	69,886,200	698,862,000	ESOP	None	Note 27
2022.11	10	120,000,000	120,000,000	70,457,903	704,579,030	ESOP	None	Note 28
2023.03	10	120,000,000	120,000,000	70,691,305	706,913,050	ESOP	None	Note 29

Note 1: 2014.04.15 MOEA Ruling Ref. No. 10301064930

Note 2: 2014.06.04 MOEA Ruling Ref. No. 10301099890

Note 3: 2014.09.05 MOEA Ruling Ref. No. 10301181770

Note 4: 2014.11.28 MOEA Ruling Ref. No. 10301246650

Note 5: 2015.03.31 MOEA Ruling Ref. No. 10401055110

Note 6: 2015.06.01 MOEA Ruling Ref. No. 10401095880

Note 7: 2015.08.26 MOEA Ruling Ref. No. 10401178670

Note 8: 2015.11.26 MOEA Ruling Ref. No. 10401246910

Note 9: 2016.04.12 MOEA Ruling Ref. No. 10501064000

Note 10: 2016.07.14 MOEA Ruling Ref. No. 10501133770

Note 11: 2016.11.29 MOEA Ruling Ref. No. 10501271530

Note 12: 2017.03.31 MOEA Ruling Ref. No. 10601041590  
 Note 13: 2017.06.01 MOEA Ruling Ref. No. 10601070050  
 Note 14: 2017.08.28 MOEA Ruling Ref. No. 10601121260  
 Note 15: 2017.11.20 MOEA Ruling Ref. No. 10601158200  
 Note 16: 2018.03.29 MOEA Ruling Ref. No. 10701031800  
 Note 17: 2018.05.16 MOEA Ruling Ref. No. 10701053860  
 Note 18: 2018.08.16 MOEA Ruling Ref. No. 10701103650  
 Note 19: 2020.11.23 MOEA Ruling Ref. No. 10901216120  
 Note 20: 2021.02.03 MOEA Ruling Ref. No. 11001011780  
 Note 21: 2021.03.29 MOEA Ruling Ref. No. 11001049030  
 Note 22: 2021.06.10 MOEA Ruling Ref. No. 11001091980  
 Note 23: 2021.09.02 MOEA Ruling Ref. No. 11001147420  
 Note 24: 2021.12.01 MOEA Ruling Ref. No. 11001212620  
 Note 25: 2022.04.01 MOEA Ruling Ref. No. 11101047340  
 Note 26: 2022.04.01 MOEA Ruling Ref. No. 11101085750  
 Note 27: 2022.04.01 MOEA Ruling Ref. No. 11101159460  
 Note 28: 2022.04.01 MOEA Ruling Ref. No. 11101221110  
 Note 29: 2022.04.01 MOEA Ruling Ref. No. 11230047500

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Share	70,833,015	49,166,985	120,000,000	Listed on the OTC from May 27, 1999. The cut-off date for the outstanding shares is April 02, 2023

#### 4.1.2 Status of Shareholders

As of April 02, 2023

Item	Government Agencies	Financial Institutions	Other Juridical Person	Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	1	13	80	11,545	73	11,712
Shareholding (shares)	3,000	5,203,774	41,264,758	22,749,677	1,611,806	70,833,015
Percentage (%)	0.00%	7.35%	58.26%	32.12%	2.27%	100.00%

#### 4.1.3 Shareholding Distribution Status

Common Shares (The par value for each share is NT\$10)

As of April 02, 2023

Class of Shareholding (Unit : Share)	Number of Shareholders	Shareholding (Shares)	Percentage (%)
1 ~ 999	5,473	994,264	1.40
1,000 ~ 5,000	5,321	9,450,139	13.34
5,001 ~ 10,000	507	3,797,052	5.36
10,001 ~ 15,000	168	2,085,641	2.94
15,001 ~ 20,000	75	1,343,374	1.90
20,001 ~ 30,000	59	1,503,969	2.12
30,001 ~ 40,000	44	1,529,259	2.16

Class of Shareholding (Unit : Share)	Number of Shareholders	Shareholding (Shares)	Percentage (%)
40,001 ~ 50,000	11	490,622	0.69
50,001 ~ 100,000	32	2,151,058	3.04
100,001 ~ 200,000	12	1,672,984	2.36
200,001 ~ 400,000	5	1,262,692	1.78
400,001 ~ 600,000	2	1,046,856	1.48
600,001 ~ 800,000	0	0	0.00
800,001 ~ 1,000,000	0	0	0.00
1,000,001 or over	3	43,505,105	61.43
Total	11,712	70,833,015	100.00

#### 4.1.4 List of Major Shareholders

As of April 02, 2023

Shareholder's Name	Shareholding	
	Shares	Percentage (%)
CTCI Corporation	38,457,105	54.29
Fubon Life Insurance Co., Ltd.	3,988,000	5.63
Parkwell Investment Limited	1,060,000	1.50
Bank SinoPac Company Limited	577,000	0.81
Fubon Financial Holding Venture Capital Corp.	469,856	0.66
Taiwan Life Insurance Co, Ltd.	337,774	0.48
SinoPac Securities Corp.	261,000	0.37
GRQ Investment Corporation	243,918	0.34
Z. M. Wen	213,000	0.30
C. M. Chang	207,000	0.29

#### 4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Item \ Year	2021	2022	As of March 31, 2023
<b>Market Price per Share</b>			
Highest Market Price	240.00	277.00	277.00
Lowest Market Price	212.00	231.50	246.50
Average Market Price	225.58	246.83	265.75
<b>Net Worth per Share</b>			
Before Distribution	78.50	83.83	N/A
After Distribution	66.51	70.25	N/A
<b>Earnings per Share</b>			
Weighted Average Shares	69,261	70,091	N/A
Diluted Earnings Per Share	13.15	14.91	N/A
<b>Dividends per Share</b>			
Cash Dividends	11.99	13.58	N/A
Stock Dividends			
• Dividends from Retained Earnings	0	0	0
• Dividends from Capital Surplus	0	0	0
Accumulated Undistributed Dividends	0	0	0
<b>Return on Investment</b>			
Price / Earnings Ratio	17.15	16.55	N/A



Item \ Year	2021	2022	As of March 31, 2023
Price / Dividend Ratio	18.81	18.18	N/A
Cash Dividend Yield Rate	5.32	5.50	N/A

Note: The Board of Directors has approved the 2022 earnings distribution and has not been resolved by the Shareholder's Resolution.

#### 4.1.6 Dividend Policy and Implementation Status

##### A. Dividend Policies under Articles of Incorporation

###### Article 29

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, with the resolution of the board of directors, distribute at least 0.01% of the income before tax to pay to the employees as remuneration, and distribute no more than 2% of the income before tax to pay to the board of directors as remuneration. The remuneration could be stock or cash, and the employee remuneration could be distributed to the employees of subsidiaries of the Company under certain conditions.

A report of the distribution of employee remuneration or the board of directors' remuneration shall be submitted to the shareholders' meeting.

###### Article 30

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 ten percent 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 as the preceding Paragraph, together with the undistributed retained earnings accrued from prior years shall be referred to as accumulated distributable earnings, which shall be distributed as dividends to shareholders according to shareholders' resolutions.

In order to meet the requirements in 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 accords to the shareholders' resolutions. And, the amount of shareholders' bonus shall not be less than 20% of accumulated distributable earnings of the Company, and in particular cash dividend shall not be less than 5%.

- B. Proposed Distribution of Dividend: Due to the board of directors resolution on March 06 2023, the Company has decided to distribute the cash dividends NT\$960,073 thousand (NT\$13.58 per share) to common shareholders.
- C. The Company adopts a dividend policy of high earnings appropriation rate, and stipulates that at least 80% of total attributable earnings should be appropriated as dividends. In recent years, the Company distributes all of its dividends in the form of cash. Historical information about dividends distribution is available on the Company's website.

#### 4.1.7 Impact of Stock Dividend Distribution on Business Performance, EPS and Return on Investment: None

#### 4.1.8 Employee and Directors' Remuneration

- A. The percentage of employee and directors' remuneration in dividend policies under articles of incorporation:

Article 29 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, with the resolution of the board of directors, distribute at least 0.1% to employees and 2% limited to directors as remuneration. The employees' remuneration could be stock or cash. The remuneration's objects should include the employees of subsidiaries of the Company. A report of the distribution of employee remuneration or the board of directors' remuneration shall be submitted to the shareholders' meeting.

- B. The estimation basis on remuneration to Employees and Directors, the calculating basis on the number of shares for share bonus and accounting treatment for the differences between the actual distributing amounts and estimations:

Employee and Directors' Remuneration: Estimation of employee and Directors' remuneration is based on prior experience and is recognized as current expenses.

If, after the period, a resolution is passed by the Board of Directors in terms of a material change in the amount to be issued (the amount of change meets the standard for restatement of financial reports stipulated in Article 6 of the Securities and Exchange Act Enforcement Rules: the corrected amount of the comprehensive income is NT\$10 million or more, and is also 1 % or more of the originally stated net operating revenue after final accounting or the paid-in capital is more than 5%), the expense of the current year shall be adjusted (the year in which the compensation of employee is originally recognized). If the amount of change does not reach the standard of the material change, it may be treated as a change in accounting estimates and recognized as profit and loss for the following year. ◦ If the amount remains variable at the date of Shareholders' meeting in the following year, it shall be recorded in the following year as change in accounting estimation.

- C. Profit Distribution Approved in Board of Directors Meeting for Employee and Directors' Remuneration:

a. In 2022, the Board of Directors approved NT\$ 5,200 thousands for the directors' remuneration and NT\$367 thousands for the employees' remuneration respectively, and this will be distributed by cash.

b. Ratio of Recommended Employee Stock Bonus to Capitalization of Earnings: None

- D. Information of 2021 Earnings Set Aside to Employee Bonus and Directors' and Supervisors' Remuneration:

	Actual Distribution (A)	Recognized Estimated Amount (B)	Variance (C=A-B)
Remuneration for Employees (Cash)	NT\$325,231	NT\$325,231	0
Remuneration for Directors (Cash)	NT\$5,200,000	NT\$5,200,000	0

The actual distribution of employee Remuneration and Directors compensation in 2020 is based on Shareholders' Resolution and corresponds to actual reserve.

- E. The Information of Top Ten Recipients of Employee Bonuses in 2021:

Name	Title	Amount(NT\$)
J.J Liao	Chairman of Business Strategy Committee	325,231
Y. P. Shih	President	

Mike Chiu	Manager	
Chia-Lin Chan	Audit Manager	
Chung-Lei Huang	Finance Manager	
Tan-Ching Yao	Accounting Manager	
C.N Jiang	Stock Affair Specialist	
C.T Lee	Executive Specialist	

Note 1: The total number of employees in the company that meet the standard of the distribution of employee compensation in the year of 2022 is 8, therefore information on only these 8 employees will be disclosed.

**4.1.9 Company Buyback of Own Shares Situation: None**

## 4.2 Issuance of Corporate Bonds:

Type Item	2021 First Unsecured Corporate Bond	
Issuance (Process) Date	May 27, 2021	
Face value	TWD 1,000,000	
Locate of Issuance and Exchange	NA	
Price of Issuance	TWD 100 (100% of face value)	
Total Amount	Total Amount: TWD 2,000,000,000 (Tranche A: TWD 1,000,000,000; Tranche B: TWD 1,000,000,000)	
Rate	Tranche A: Fixed annual rate of 0.65% Tranche B: Fixed annual rate of 0.56%	
Tenor	Five years. Maturity Date: May 27, 2026	
Guarantor	NA	
Trustee	Bank Sinopac Co.Ltd.	
Underwriter	Yuanta Securities Co., Ltd.	
Appointed Attorney of Law	Hui-Chi Kuo	
Appointed CPAs	Shyh-Rong Ueng, Yi-Fan Lin	
Repayment Method	On due date, the bonds will be redeemed in whole	
Outstanding principal	TWD 2,000,000,000	
Terms of redemption or early repayment	NA	
Restrictive terms	NA	
Name of the credit rating agency, date, and outcome of the rating of the corporate bond	Credit Rating Agency: Taiwan Ratings Corporation Date of rating: April 12, 2021 Credit Ratings: twA	
Other Rights At A fit	By the publication date of the annual report, the amount of the converted (exchanged or subscribed) common shares, GDR, or other negotiable securities	Other Rights At A fit
	Guidelines of issuance or conversion (exchange or subscription)	NA
Guidelines of issuance or conversion, exchange or subscription; the possible dilutions to equities by the issuance terms, Effects to the current shareholders' equity	NA	
Delegated custodian of the underlying exchange	NA	

## 4.3 Preferred Shares: None

## 4.4 Global Depositary Receipt: None

## 4.5 Employee Stock Options

### 4.5.1 Issuance of Employee Stock Options

As of April 02, 2023

Type of Stock Option	2018 ESOP	2019 ESOP	2020 ESOP
Effective Date by Regulatory Agency and	2018/06/27 1,500 units	2019/06/26 1,500 units	2020/04/13 1,500 units

Total Units																				
Issue date	2018/07/09	2019/07/24	2020/04/13																	
Units issued	1,500 units	1,500 units	1,500 units																	
Option shares to be issued as a percentage of outstanding shares (%)	2.15	2.15	2.15																	
Duration	The duration for options is 6 years, during which employees may not transfer, pledge, or gift their options except to heirs. Upon the expiration of the grant period, unexercised options are deemed forfeited and the subscribers may no longer claim right to exercise the option and purchase those shares.																			
Conversion measures	Issue new common share																			
Conditional conversion periods and percentages	<p>Subscribers may exercise their options by the following schedule and proportion:</p> <table border="1"> <thead> <tr> <th rowspan="2">The availability period</th> <th colspan="2">The ceiling of option exercisable (accumulate)</th> </tr> <tr> <th>Regular</th> <th>Reward</th> </tr> </thead> <tbody> <tr> <td>Less than 2 years</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>In 2 years after the grant</td> <td>50%</td> <td>25%</td> </tr> <tr> <td>In 3 years after the grant</td> <td>75%</td> <td>50%</td> </tr> <tr> <td>In 4 years after the grant</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table>			The availability period	The ceiling of option exercisable (accumulate)		Regular	Reward	Less than 2 years	0%	0%	In 2 years after the grant	50%	25%	In 3 years after the grant	75%	50%	In 4 years after the grant	100%	100%
The availability period	The ceiling of option exercisable (accumulate)																			
	Regular	Reward																		
Less than 2 years	0%	0%																		
In 2 years after the grant	50%	25%																		
In 3 years after the grant	75%	50%																		
In 4 years after the grant	100%	100%																		
Converted shares	1,127,860 Shares	588,708 Shares	351,627 Shares																	
Exercised amount	NT\$158,795,656	NT\$105,902,283	NT\$62,814,345																	
Number of shares yet to be converted	372,140 Share	911,292 Share	1,148,373 Share																	
Adjusted exercise price for those who have yet to exercise their rights	NT\$133.80	NT\$173.50	NT\$175.20																	
Unexercised shares as a percentage of total issued shares (%)	0.53	1.29	1.62																	
Impact on possible dilution of shareholdings	The ESOP is implemented by 4 years after the 2-year expiration date of issuing. The original shareholders' equity will be diluted year by year. Dilution to Shareholders' Equity is still limited.																			

#### 4.5.2 List of Executives Receiving Employee Stock Options and the Top 10 Employees

As of April 02, 2023

	Title	Name	No. of Option Shares (share)	Option Shares as a Percentage of Shares issued (%)	Exercised				Unexercised(Note 1)			
					No. of Shares Converted (share)	Strike Price (NT\$)	Amount (NT\$ thousands)	Converted Shares as a Percentage of Shares issued (%)	No. of Shares Converted (share)	Strike Price (NT\$)	Amount (NT\$ thousands)	Converted Shares as a Percentage of Shares issued (%)
Managements	Chairman of Management Strategy Committee	J. J. Liao	666,830	0.94	313,963	2018 ESOP NT\$133.8-147.4	48,761	0.44	352,867	2018 ESOP NT\$133.8	60,317	0.50
	President	S. Y. Shih										
	Vice President	Hsio Hua Tiao										
	Accounting Officer	Tanching Yao										
	Financial Officer	Catherine Huang										
Employees	Manager	Mike Chiou	65,296	0.09	39,273	2020 ESOP NT\$175.2-184.1	6,099	0.05	26,023	2020 ESOP NT\$175.2	4,536	0.04
	Audit Officer	Charelene Chan										
	Specialist	C. N. Jiang										
	Specialist	C. T. Lee										

Note 1: The issue date of the 2018 ESOP is July 09, 2018, and the subscribers may not request for exercising the stock option within 2 years after the date of issued.

Note 2: The issue date of the 2019 ESOP is July 24, 2019, and the subscribers may not request for exercising the stock option within 2 years after the date of issued.

Note 3: The issue date of the 2019 ESOP is April 13, 2020, and the subscribers may not request for exercising the stock option within 2 years after the date of issued.

#### 4.6 Status of Restricted Stock Awards: None

#### 4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None

#### 4.8 Implementation of Capital Utilization Plan:

The issuance of 2021 first unsecured corporate Bond:

1. Capital utilization plan: To repay the debt and invest in green projects
2. Approved date and document No.: Dated April 13, 2021. Zheng-Guei-Zai-Zhi No. 1100003319.
3. Amount needed for this plan: TWD 2,000,000,000.
4. Source of funds: issuing unsecured common corporate bonds for TWD 2,000,000,000.

5. Items of the plan and the executions:

(Unit: TWD thousands)

Items of the plan	The executions		As of March 31 <sup>st</sup> , 2023	Reason of being early or late and the improvement plan
Repay the debt	Amount to be used	Estimated	1,470,000	Fully executed in the third quarter in 2021
		Actual	1,470,000	
	Progress of execution (%)	Estimated	100%	
		Actual	100%	

(Unit: TWD

thousands)

Items of the plan	The executions		As of March 31 <sup>st</sup> , 2023	Reason of being early or late and the improvement plan
invest in green projects	Amount to be used	Estimated	530,000	Fully executed in the second quarter in 2022
		Actual	530,000	
	Progress of execution (%)	Estimated	100%	
		Actual	100%	

## V. Operations Overview

In 2022, the world is facing the impact of the COVID-19 epidemic, which has caused a great impact on various industries. As the first line of defense to assist the government in handling waste, the company strictly requires colleagues to take epidemic prevention with non-stop services. Our revenue is still growing in this tough situation. In addition, we're aggressively exploring business opportunities under climate change.

The Company is committed to enhancing the efficiency of resource reuse and providing professional investment and operational services for the circular economy industry. Our focus is on the development and operation of renewable energy, biomass, and reclaimed water with specializing in waste management, recycling and reuse, renewable energy, and mechanical maintenance. The Company is an integration of related environmental resources companies which form an investment holding company; the current five main invested companies include ECOVE Environment Services Corporation Corp., ECOVE Wujih Energy Corporation, ECOVE Waste Management Corporation, ECOVE Miaoli Energy Corporation, and ECOVE Solar Energy Corporation. The operations of ECOVE Environment Corporation and its main investments are summarized below.

### 5.1 Business content

#### 5.1.1 Business Scope:

- (1) ECOVE Environment Corporation and Subsidiaries
  - a. Revenue distribution

Unit: NT\$ thousands

Year Item	2021		2022	
	Amount	%	Amount	%
Waste Treatment	2,106,560	35.37	2,197,886	31.26
Electricity	2,029,402	34.08	2,459,914	34.99
Concession Service	552,289	9.27	541,569	7.70
Waste Collection	84,949	1.43	229,534	3.27
Others	1,182,050	19.85	1,601,257	22.78
Total	5,955,250	100.00	7,030,160	100.00

- (2) ECOVE Environment Corporation: General investment

- (3) ECOVE Environment Services Corporation

- a. Main Businesses

Operations, maintenance, commissioning, annual inspections, upgrades and improvements, operational supervision and other technical services for the following items:

- i. Waste EfW plants, integrated waste processing centers, sewage and reclaimed water treatment plants.
- ii. Cogeneration power plants and public facilities.
- iii. Transportation tracks and stations.
- iv. Solar Energy stations.
- v. High-tech Industrial Utilities

- b. Revenue distribution

Unit: NT\$ thousands

Year Item	2021		2022	
	Amount	%	Amount	%
EfW plant related income	2,758,179	72.62	2,897,887	66.53
Others	1,040,177	27.38	1,458,036	33.47



Total	3,798,356	100.00	4,355,923	100.00
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- c. The Company's Current Products and Services
- i. Repairs, maintenance and technical consulting services for facilities such as electricity, environmental control and solar power plant.
  - ii. Repairs, maintenance and power conservation planning for water and electricity supply for public facilities (e.g. High-tech industry, hospitals and airports), fire-fighting equipment, air-conditioning and mechanical and electric equipment.
  - iii. Operations, management, supervision, annual overhauls and maintenance for environmental and pollution prevention processing plants and power plants.
  - iv. Updates and upgrades for hardware and software and automation control systems in mechanical and electrical equipment systems.
- d. New Products and Services Under Development
- i. Energy-saving waste solvent assisted combustion technologies for hazardous and medical waste in EfW furnaces and the use of high performance sodium bicarbonate dry spray exhaust treatment system technologies.

(4) ECOVE Wujih Energy Corporation

- a. Main Businesses
  - i. Cogeneration power plant.
  - ii. Waste disposal.
- b. Revenue distribution

Unit: NT\$ thousands

Item \ Year	2021		2022	
	Amount	%	Amount	%
Electricity	95,888	12.61	95,888	12.61
Waste Treatment	436,386	57.41	436,386	57.41
Concession Service	227,885	29.98	227,885	29.98
Total	760,159	100.00	760,159	100.00

- c. The Company's Current Products and Services
- i. General waste disposal.
  - ii. Industrial waste disposal.
  - iii. Cogeneration power sales.
- d. New Products and Services Under Development  
Not applicable.

(5) ECOVE Waste Management Corporation

- a. Main Businesses
  - i. Waste disposal and processing.
  - ii. Waste resource recycling and reuse.
- b. Revenue distribution

Unit: NT\$ thousands

Item \ Year	2021		2022	
	Amount	%	Amount	%
Waste Treatment	1,041,904	86.00	53,477	13.43
Waste Collection	114,586	9.46	268,575	67.43
Comprehensive planning	54,989	4.54	76,254	19.14

to clean up revenue (Reuse included)				
Total	1,211,479	100.00	398,306	100.00

c. The Company's Current Products and Services

- i. Waste acceptance and management: Management services consist mainly of the acceptance, reporting, coordination and commissioned processing of general waste and general industrial waste. As well as the disposal and transshipment of waste and ashes from various municipalities, EfW plants, science and industrial parks (general and hazardous industrial waste included), various institutions and schools.
- ii. Waste resource recycling and reuse: The waste that is with market scale and mature recycling technology is the main target, such as resource recovery of waste isopropyl alcohol generated after being used in high-tech industry and fertilize food waste generated by the cities and enterprises. By integrating resources and improving technology, the Company provides technical service and operation maintenance service.

d. New Products and Services Under Development  
Resource recycling and reuse

F. ECOVE Miaoli Energy Corporation

a. Main Businesses

- i. Cogeneration power plant.
- ii. Waste disposal.

b. Revenue distribution

Unit: NT\$ thousands

Item \ Year	2020		2021	
	Amount	%	Amount	%
Concession Service	324,403	100.00	318,568	100.00
Total	324,403	100.00	318,568	100.00

c. The Company's Current Products and Services

- i. General waste disposal.
- ii. Industrial waste disposal.
- iii. Cogeneration power sales.

d. New Products and Services Under Development  
Not applicable.

G. ECOVE Solar Energy Corporation

a. Main Business

- i. Development, investment and operation of solar energy domestic and overseas.
- ii. Renewable energy wholesale.

b. Revenue distribution

Unit: NT\$ thousands

Item \ Year	2021		2022	
	Amount	%	Amount	%
Electricity	269,184	100.00	310,913	100.00

Total	269,184	100.00	310,913	100.00
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- c. The Company's Current Products and Services
  - i. Energy technical services.
  - ii. Electric power supply.
  - iii. Wheeling of renewable energy power.
- d. New Products and Services Under Development
  - i. Direct supply of Renewable energy power.
  - ii. Automatic Frequency Control (AFC) ancillary service.

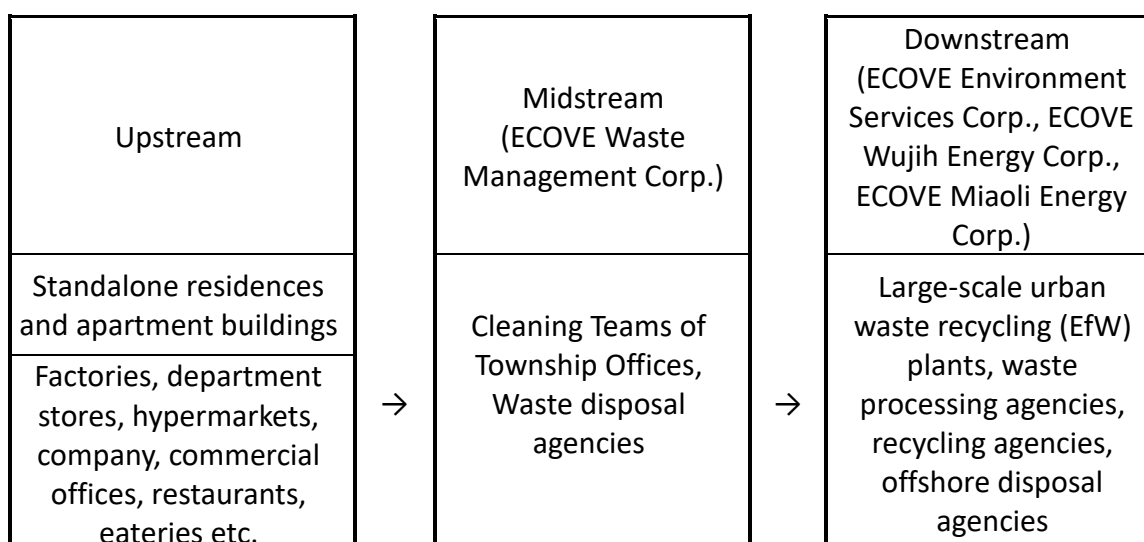
### 5.1.2 Industry Overview

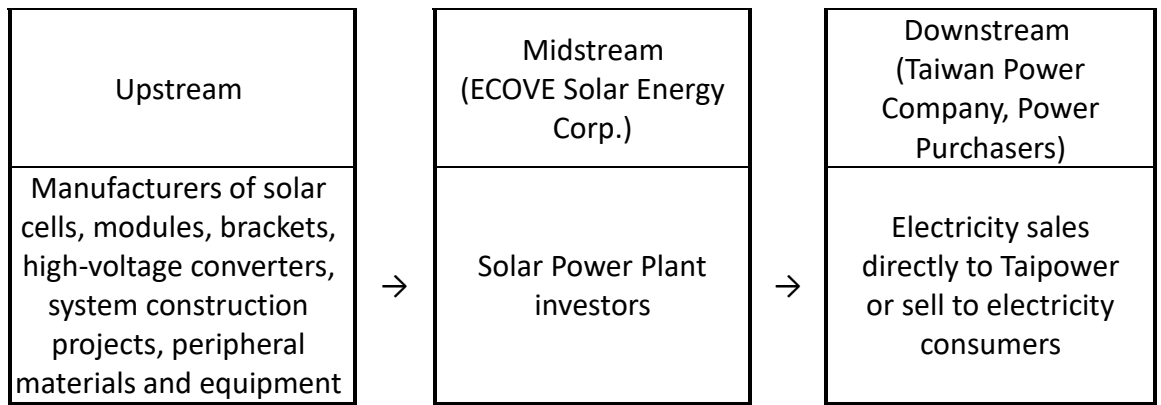
The Company is the first investment holding company in Taiwan to specialize in resource recycling as the main business scope. We hope the investment holding business organization can provide more effective management of environmental services and make the most effective use of funding for maximum investment value.

#### (1) Current State and Development of the Industry

The 24 EfW plants in Taiwan processed a total of 6,201,993.09 metric tons of waste in 2022. The waste accepted by ECOVE O&M EfW plants amounted to 2,095,875.65 metric tons and the total processed waste amounted to 2,069,685.26 metric tons. General waste constituted 1,703,308.39 metric tons of processed waste and general industrial waste amounted to 392,567.26 metric tons. ECOVE Environment Services Corporation processed the equivalent of waste produced by 4.984 million people in a year. ECOVE Waste Management Corporation accepted a total of 287,251 metric tons of waste, which constituted around 35%. At the same time, we also own the only two BOT EfW plants in Taiwan and we hold a unique position in the domestic waste disposal market. ECOVE Solar Energy Corp. has built a total of 105, with a cumulative power generation of 476.21 MWh. In domestic, through the open bidding mechanism, we have established good cooperative relations with the public sector and accumulated rich experience. The ground-based representative performance is the land reclamation and reuse of the land fill. The roof-type cases are mainly built in the high-speed rail, the MRT systems and Kaohsiung port around the North, Central and South in Taiwan. Regarding overseas market, there is also a large solar power plant in New Jersey which is the third largest investment case of Taiwanese company in the eastern U.S.

#### (2) Correlation with Upstream, Midstream, and Downstream Sections of the Industry





### (3) Business Development Trends:

#### a. O&M of EfW plants

- i. The accepted processing volume of domestic general waste has stabilized after years of government implementation of charging by the bag and resource recycling regulations.
- ii. The government's current environmental policy is to suspend the construction of domestic large-scale urban EfW plants. Regional cooperation is planned to deal with waste in municipalities that have no waste recycling (EfW plant) facilities.
- iii. According to the regulations that are clearly established in the policies of the Environmental Protection Administration of the Executive Yuan, daily waste can no longer be buried in sanitary landfills starting in 2007. Therefore the waste that would have been delivered to local landfills shall be delivered to EfW plants in accordance with EfW procedures before they can be delivered to landfills to be buried.
- iv. In foreign regions such as Mainland China and Southeast Asia, the processing of general waste has gradually shifted from landfills to EfW plant. Development in urban EfW facilities have expanded rapidly in recent years and demand for related expertise in O&M will grow with the development.

#### b. Acceptance and management of general industrial waste

The following factors have caused the oversupply of general industrial waste:

- i. The government has ordered that starting on January 1, 2007, combustible waste shall not be accepted at all public landfills and the policy caused large quantities of combustible waste to be transferred to EfW plants.
- ii. Large-scale waste disposal projects (e.g. landfill reclamation) have led to an increase in waste.
- iii. The gradual completion of the Waste Disposal Act and strict investigations on illegal disposals have caused an increase in the demand for waste processing as producers and disposal operators seek normal channels for waste processing.
- iv. Half of the existing 24 waste incineration plants in Taiwan will gradually be in the rectification period in the next five years. As incineration plants are getting older, the amount of waste treatment will be reduced, and the waste treatment gap is increasing year by year.
- v. The changes of urban life patterns have made household garbage content more complicated, and the heat energy of general waste generated has increased, which has affected the efficiency of treatment, and the waste treatment gap is increasing year by year.

#### c. Waste Disposal

With the arrival of the circular economy and changes in waste disposal and processing, resource processing and recycling have significantly replaced the simple mid-stream processing (e.g. incineration process). Therefore, in addition to working with major electronics manufacturers to process their general industrial waste and hazardous industrial waste, the waste disposal business shall also progress in the direction of working with recycling agencies and intermediate treatment plants (screening plants), etc. in order to obtain more profitable businesses and more diversified opportunities for disposing waste.

#### d. Resource Recycling and Reuse

Due to the shortage of resources, awareness for resource recycling and reuse has grown and the

circular economy has become a trend. In the future, the Company shall continue to make use of business opportunities in the waste with potential recycling resource sector and conduct R&D on related subjects for important business development in the future.

e. Renewable Energy

In response to global climate change issue, the development of renewable energy to replace traditional petrochemical energy has become a trend. In the future, ECOVE will focus on the investment and operation of solar power plants and continue to seek business opportunities

(4) Competition:

- a. As we look ahead to the contracted O&M services for waste resource recycling plants in the domestic market, the Company's subsidiary ECOVE Environment Services Corp. shall actively participate in the market for contract renewal for O&M of EfW plants across Taiwan to expand our market share in Taiwan and provide services to more people in Taiwan.
- b. The Wujih Plant of ECOVE Wujih Energy Corp. and the Miaoli Plant of ECOVE Miaoli Energy Corp. are both large-scale urban waste EfW plants that were built and operated in BOT investment projects. We have a special twenty-year operation permit and there are no issues of competition within the duration of the special permit.
- c. ECOVE Waste Management Corp. controls the domestic mid-stream and downstream market for resource waste disposal and is one of the very few operators in Taiwan that could provide one-stop services for waste disposal. With regard to the general waste disposal market in Taiwan, ECOVE Waste Management manages a substantial amount of the total domestic industrial waste. Conditions are stable.
- d. In response to the government's renewable energy policy, ECOVE Solar Energy Corp. invested in construction and operation of solar power plants. With strong engineering planning, operational capabilities and financial support under the Group, it completed many domestic and overseas excellent solar power plant construction. Moreover, it has long-term cooperation with government agencies in building solar power plants and makes business grow steady.

**5.1.3 Overview of Technologies and R&D (R&D expenses invested and successfully developed technologies or products in the most recent year and up to the date of publication of the annual report)**

- (1) In response to the trend of carbon neutrality in the world, Ecove has expanded the development direction of new technologies to carbon dioxide emission reduction and recycling (such as flue gas carbon capture to produce sodium bicarbonate) and hydrogen production (such as waste-to-hydrogen, green hydrogen from surplus electricity etc.). Continue to meet the needs of the Group's core business areas of incineration, resource recycling, and renewable energy in order to optimize the final disposal of waste (such as increasing power generation efficiency of incinerators, integration of new incineration technologies, exhaust gas reflux denitration, boiler tubes with Inconel cladding, fly ash water-washing, natural gas compression system to shockwave ash-cleaning device and agricultural waste to energy etc.), increase reuse rates of waste resources (such as recycled water, sorting and selection of waste, purification of waste solvents, biomass and biogas fuel centers, syngas from pyrolysis and gasification, solar panel recycling etc.), increase the added value of resources from waste (such as purification of waste motor oil to base stock and high-value regeneration technology of isopropanol), increase energy production efficiency (such as increasing the efficiency of solar panels, prevention of grate clinker, flue gas heat recycle, the survey and adoption of generators with optimal power generation efficiency, solar panel wind-evaded mechanism etc.) and introduce multiple application solutions of energy storage systems (such as automatic frequency control).
- (2) In response to the enterprise digital transformation worldwide, ECOVE integrated with the

development of intelligent management, control and maintenance technologies (such as remote central control room, emergency repair event inspection, high-temperature camera furnace inspection, advanced combustion control system, robot boiler slag removal, fixed shock wave ash cleaning, personnel safety positioning system, intellectualization of solar site monitoring system, solar panel damage detection with drones and AI software, semantic search engine, digital twin-assisted working process, electronic inspection system, electronic handover system, unmanned incinerator, digital security guard, digital fence system, solar panel cleaning robotic arm with high pressure water jet, AI-based arching detection system in hopper, thickness measurement technology for superheater tubes and full coverage Wi-Fi in incinerator etc.). The important operational index of each factory can also be accessed at anytime and anywhere through mobile devices (such as electronic inspection, IOI added LINE platform, etc.), so that operation performance, emissions, anomalies and patrol inspection record can be timely grasped and improved operational management effectiveness. In addition, it can also improve staff training and teaching effectiveness (such as VR education and training of 3D models, navigation and teaching applications, and expert systems, etc.).

- (3) For remote work in the post-pandemic future, ECOVE takes remote site survey as a starting point through video conference tools and intelligent management system. Given remote patrol, remote guidance and remote audit are feasible and aimed at management's intellectualization in incinerator, the operating efficiency is improved.
- (4) In terms of waste treatment operations, vehicles are equipped with fatigue detection systems which keep drivers alert and be aware of their surroundings. In 2022, driver-monitoring systems are used to measure driver's awareness and behaviors through onboard cameras and AI systems. Active safety systems keep drivers away from tragedies caused by misjudgment, bringing into full play smart fleet safety management system.

As of now, we have acquired a total of 44 domestic patents, 11 patents in Mainland China and 1 patent in the U.S.

- a. Research and Development: ECOVE Environment Services Corporation Corp. as of now the annual investment in research and development costs are as follows:

- i. Research and Development Expenses in Past Two Years

Unit: NT\$ thousands

Item/Year	2021	2022
Operating Revenue	3,798,356	4,355,923
R&D Expense	7,549	8,602
R&D Expense as percentage of Operating Revenue (%)	0.20	0.20

The above Research and Development expenses are related to the expenditure incurred by the Research and Development Center for the development of new technologies and new systems. The cost of the use of new technologies or new systems or the integration of other project systems is absorbed by the relevant project.

- ii. Successfully developed technologies and products in recent years

Year	Research and development achievements
2022	<ol style="list-style-type: none"> <li>a. Acquired a new patent of "Incineration plant carbon capture and fly ash sodium salt recovery system to produce sodium bicarbonate system" in Taiwan.</li> <li>b. Acquired a new patent of "Flue gas compression system" in</li> </ol>

Year	Research and development achievements
	Taiwan. c. Acquired a new patent of "Solar panel wind-evaded mechanism" in Taiwan. d. Acquired an invention patent of "Spent IPA to 99.5% purification" in the U.S.
2021	a. Acquired a new patent of "The purification and separation system of waste solvent" in Taiwan. b. Acquired a new patent of "The optimization of arranging the coiling and unwinding mechanism" in Taiwan. c. Acquired a new patent of "Water quality inspection by Multi-axis drone with water sampling device" in Taiwan. d. Acquired a new patent of "Multiple closed feed system for fluffy material and sludge" in Taiwan.
2020	a. Acquired a new patent of "High-efficiency and composite exhaust gas deacidification device" in Taiwan. b. Acquired a new patent of "The AI real-time image anomaly analysis system of Solar Photonics Case" in Taiwan. c. Acquired a new patent of "Ground adaptability mechanism for omni wheels crawler vehicles" in Taiwan. d. Acquired a new patent of "Heating and vaporizing methyl bromide medicament applied to epidemic prevention fumigation device" in Taiwan.

iii. Significant achievements of self-imposed improvement for mechanical and electrical systems in the plant

Project Plant	Project
Keelung	Added variable frequency controls on the primary air fan
Southern Taoyuan	Improvement of the circuit breaker control logic on the primary side of the main transformer (GCB101) to reduce low amounts of electricity usage and lower electricity bills
Southern Taoyuan	Installation of a dry calcium hydroxide injection system in the waste gas processing system to increase the efficiency of waste gas processing.
Southern Taoyuan	Reduced the minimum operating speed of the IDF to reduce the amount of fuel required for ignition.
Wujih	Installation of a sodium hydroxide injection system in the flue gas processing system to increase the efficiency of flue gas processing.
Wujih	Modified the ammonia solution control from the original motor control to variable frequency control to lower expenditure on consumables.
Wujih	Improve the ejection supply and control model to reduce the ratio of low-pressure steam required for the deaerator from the high-pressure steam supply and increase power generation efficiency.
Wujih	Use the original chilling system to create a simple cooling room to cooling the control panels and cease the usage of onsite air-conditioning units to save energy.
Wujih	Improve the water discharge valves of the soot blower to lower the number of boiler shut down caused by superheater tube failure.

Project Plant	Project
Wujih	Renewed cooling tower fan
Tainan	Reevaluated and analyzed the distribution of the air-conditioning system of the plant and increased the temperature of the chiller by 2 degrees. Installed split air-conditioners in areas with low usage efficiency to reduce the load of the chiller and optimize the air-conditioning system for power conservation.
Tainan	Upgraded the PLC of the steam turbine.
Tainan	Upgraded the PLC of the bag filter.
Tainan	Renewed ACC fan
Miaoli	Replaced the regular A/C power supply to key motor controls with uninterruptible power supply to prevent trips from sudden drops in voltage and insufficient suction of the magnetic switch.
Miaoli	Adding a three-axle vibration sensor on the vibrating conveyor to monitor the ash bridging status.
Miaoli	Converted the variable frequency controls on the secondary air fan to save energy and resolve current issues of remaining secondary air flow to the storage pit.
Miaoli	Upgraded the air compressor to the variable-frequency air compressor
Houli	Adopted cooling water temperature control for the operations of the cooling water fan.

#### 5.1.4 Short & Long Term Development Plans

##### (1) ECOVE Environment Corporation

The Company's subsidiaries ECOVE Wujih Energy Corporation, ECOVE Waste Management Corporation, ECOVE Environment Services Corporation, ECOVE Miaoli Energy Corporation and ECOVE Solar Energy Corporation have achieved leading positions in terms of expertise and scale in the domestic waste management, electromechanical maintenance, recycling & reusing and renewable energy sectors. The long-term and short-term development plans are described in the following paragraph.

- a. The subsidiary "BoReTech", which specializes in recycling PET bottles, will continue to enhance the system technologies of the entire plant and the competitiveness of supply and sales. It shall also improve the production line to achieve food grade standards, diversification and customized specifications and further expand the mature technology into recycling for other polyester materials. In addition, ECOVE also obtained the BOT tender of the Taoyuan City Biomass Energy Center this year. According to the contract, the project concession company, Ever ECOVE, was established by the bidding team to implement the construction and operation of the facility during the concession period. The plants are currently being built and trial run according to the schedule.
- b. ECOVE remains focused on resource recycling businesses and complies with related government policies to develop investment in the circular economy. In addition to EfW (including industrial waste processing) and photovoltaics power in the development of green energy, ECOVE also plans to invest in biogas power etc. In terms of material resources, in addition to PET bottles and other polyester, ECOVE also plans to recycle waste solvent, acid and alkaline waste, waste oil, incineration fly ash and slag, kitchen waste and other valued substances etc. Water resource projects include sewage and waste water treatment, sewage pipe networks and reclaimed water etc. The overall development principle shall integrate the



Group's corporate resources and provide subsidiaries with related professional services while incorporating competitive technologies and suitable strategic partners in order to increase the feasibility of business development and to diversify different investment targets while providing suitable risk management.

(2) ECOVE Environment Services Corporation

a. Short-Term Business Plans

i. Taiwan

- (a) Closely monitoring the planning direction of new municipal waste incineration plant projects in various cities and counties. In addition to working with Group to promote new BOT waste incineration plant projects, also continuously striving for ROT or OT service opportunities for existing incineration plants in Taiwan whose contracts are about to expire. Furthermore, technical services are also provided such as mechanical and electrical upgrades and maintenance for older waste incineration plants.
- (b) Maintain and intensify current services for mechanical and electric equipment at Taoyuan International Airport to open up more opportunities for services.
- (c) The related maintenance market of the government's forward-looking infrastructure development program-railways construction will continue grow and stay in organic growth. In addition, will expand the scope of services (such as MRT/Taiwan Railway Machinery Factory) to core equipment.
- (d) Comply with government policies to actively promote reclaimed water and sewage system construction and use mergers or participation of the Group in tenders for development.
- (e) Accumulate experience from own 154MW solar photovoltaic plants' O&M and expand to gain external business opportunities.
- (f) The expansion of high-tech industries in Taiwan may release business opportunities related to electrical and mechanical services for public facilities, which will be carried out together with the Group's strategy of developing high-tech industries.

ii. Overseas:

- (a) The Company keeps striving for contract extension of O&M of the EfW power generation plant and special & hazardous waste processing station in Macao. Also pay attention to design or improvement projects in related environmental protection sectors of the Macao government.
- (b) Participate in the development of the EfW market in Southeast Asia along with the Group.

b. Long-Term Business Plans

The long-term business plans will be based on short-term business plans and they involve expanding the pursuit for business opportunities such as operations, equipment repair and refurbishment as well as technical consulting in related domestic and overseas industries.

(3) ECOVE Wujih Energy Corporation

- a. With regard to short-term business plans, we shall at least satisfy the city governments' annual requirement for processing 186,000 metric tons of waste and the general industrial waste of 300 metric tons/day collected independently by the Company as well as creating maximum profits in power sales as a principle.
- b. Achieve high efficiency in power generation through the mid to long-term target of maintaining average waste acceptance and stable mechanical operation rates.

(4) ECOVE Waste Management Corporation

- a. With regard to the short-term business plans, we shall aim to provide a diversity and one-stop (planning management, removal, treatment, disposal and reuse, resource utilization etc.) of solutions for waste disposal in the Taiwan business with the status of waste removal and management specialists.
- b. The mid to long-term business plan will assist the matching of sources of production to the recycling and reuse way to achieve the goal of waste reduction with the experience and familiarity of the waste management market. Moreover, continuously increase the recycling and reuse of waste resources, expand the scope of waste business, and move forward towards the goal of recycling and diversification of waste resources to expand the business foundation.

(5) ECOVE Miaoli Energy Corporation

- a. With regard to the short-term business plans, we shall seek to satisfy, as a principle, the minimum annual processing volume of 155,125 metric tons of the county government and maximize profits from power sales.
- b. Achieve high efficiency in power generation through the mid to long-term target of maintaining average waste acceptance and stable mechanical operation rates.

(6) ECOVE Solar Energy Corporation

- a. With regard to the short-term business plans, we focus on organic growth and continue to strive for investment opportunities in solar power plants domestic and overseas.
- b. The mid to long-term business plan intends to expand the business scope and to develop new business areas, such as green electricity, renewable energy voucher trading opportunities and power grid frequency modulation services, etc. in order to become a comprehensive renewable energy solution service provider

## 5.2 Market and Sales Overview

### 5.2.1 Market Analysis

(1) ECOVE Environment Corporation and Subsidiaries

a. By Major business Categories

Unit: NT\$ thousands

Area \ Year	2021		2022	
	Amount	%	Amount	%
Taiwan	4,898,998	82.26	5,992,652	85.24
Macau	946,682	15.90	936,966	13.33
China	30,571	0.51	0	0.00
USA	78,999	1.33	100,542	1.43
Total	5,955,250	100.00	7,030,160	100.00

(2) ECOVE Environment Corporation

The Company is an investment holding company and it is not applicable as a single industry.

(3) ECOVE Environment Services Corporation

a. By Major business Categories

Unit: NT\$ thousands

Area \ Year	2021		2022	
	Amount	%	Amount	%
Taiwan	3,553,220	93.55	4,178,770	95.93
Macau	220,649	5.81	177,153	4.07
China	24,487	0.64	0	0.00
Total	3,798,356	100.00	4,355,923	100.00

b. Market Share

The main business of ECOVE ESC is O&M services for environmental protection and related facilities. It has been ranked in the top 500 service industries by the CommonWealth magazine since 2008 and it has consistently achieved top rankings in the top 500 service industries. It is evident that ECOVE ESC has achieved a significant position in Taiwan's environmental protection sector.

- i. There are currently 24 large-scale waste resource recycling plants in Taiwan and the designed capacity of the ones operated and maintained by ECOVE ESC has reached a market share of 30% compared with the total designed capacity in Taiwan.

c. Future Supply, Demand and Growth of the Market

- i. With regard to domestic EfW plants, the O&M contracts for private operations are expiring and as government policy has suspended the construction of new waste EfW plants, the service of the old plants are expected to be extended and tenders will be reopened. ECOVE ESC will continue to consolidate contracts at current operating plants while also actively pursuing the new tenders for other plants.
- ii. A large quantity of EfW plants will be built in Southeast Asia and we expect our overseas market scale to exceed the market scale in Taiwan. ECOVE ESC is now actively pursuing related businesses.

- iii. Due to the government's promotion of reclaimed water and sewage system projects, the market for operation services is expected to grow. ECOVE ESC will actively pursue the opportunities.
- d. **Competitive Niches**  
 ECOVE ESC has been in the domestic EfW industry for over 20 years and it is the most experienced O&M company for EfW plants. Moreover, its parent company CTCI is the largest professional designer and builder of EfW plants in Taiwan. ECOVE ESC retains resources and capabilities for integration and improvement of technologies and it will be beneficial to future pursuits of reopened tenders for the O&M of EfW plants.  
 ECOVE ESC has developed technologies and management capabilities through its experience in the O&M of EfW plants. It can also provide the clients with superior and more comprehensive services in water resource industries, track industries and mechanical and electrical engineering technologies.
- e. **The Favorable factors and Unfavorable Factors of the Development Prospect and Countermeasures**
  - i. **Favorable Factors**
    - (a) Starting from 2018, the contracts for O&M of EfW plants across Taiwan will expire one after another. As Taiwan's most professional and experienced operator, we shall be in a position to expand our market share.
    - (b) We can provide clients with more diversified services and increase the quality of services through technical and experience exchanges between various subsidiaries.
  - ii. **Unfavorable Factors and Countermeasures**
    - (a) The government's policy on domestic urban waste resource recycling plants is not to build new plants.  
 Countermeasure: Actively pursue expansion overseas and expand horizontally into related core expertise such as the repairs and operations of transportation industries, operations in water resource industries, plant management and mechanical and electrical equipment maintenance etc.
    - (b) The public's environmental awareness is on the rise and protests against environmental pollutions have become more common.  
 Countermeasure: Fully abide by related laws and regulations in O&M of various plants in order to prevent pollutions from occurring; conduct good-neighborly relations tasks regularly.

(4) ECOVE Wujih Energy Corporation

a. By Major business Categories

Unit: NT\$ thousands

Area \ Year	2021		2022	
	Amount	%	Amount	%
Taiwan	760,159	100.00	815,446	100.00

b. Market Share

ECOVE WEC is a dedicated BOT project company and it operates an EfW plant with a daily capacity of 900 metric tons to process the waste delivered by Taichung City Government (600mt/day) and the general industrial waste it independently collects (300mt/day) in 20 years of operation period. According to statistics of the Environmental Protection Administration of the Executive Yuan in 2022, current domestic medium to large-scale urban

EfW plants in operations process a total of approximately 6.165 million metric tons of waste a year. The annual processing capacity of Wujih Plant is approximately 277,000 metric tons and it constitutes 4.49% of the total processing capacity of the 24 EfW plants in Taiwan. In terms of the volume of electricity sales, the total amount electricity sold by EfW plants in an entire year amounts to approximately 2.62 billion kilowatt/hours while the Wujih Plant sells approximately 147 million kilowatt/hours per year, constituting 5.61% of the total amount of electricity sold. In terms of power generation, the annual power generated amounts to approximately 181 million kilowatt/hours, which is 5.48% of the 3.3 billion kilowatt/hours generated by the 24 EfW plants in a year.

c. Future Supply, Demand and Growth of the Market

Taichung City Government follows the policy of regional cooperation for waste disposal and provides support to nearby municipalities for processing waste. At present, Taichung City Government considers the limited processing capacity, so it mainly supports the collected incineration of spirit money of Nantou County.

d. Competitive Niches

The Company's partnered team - ECOVE ESC - is a professional O&M company of EfW plants and it O&M a total eight domestic large-scale urban EfW plants. Therefore its integration of operation technologies and improvement in managing production of EfW plants shall improve the performance of resource integration of ECOVE.

e. The Favorable factors and Unfavorable Factors of the Development Prospect and Countermeasures

i. Favorable Factors

(a) The other EfW plants O&M by ECOVE ESC are able to provide more diversified services such as assistance in dispatching waste disposal services to prevent waste from piling up due to an overhaul at a single EfW plant. On the other hand, it can also increase the number of clients.

(b) The supply of general waste is guaranteed by the Taichung City Government and the source of industrial waste independently collected by the plant is controlled by ECOVE Waste Management Corp. The arrangements maintain the stability of the processed volume and power generation at the plant.

ii. Unfavorable Factors and Countermeasures

(a) Equipment degradation lowers EfW processing efficiency

Countermeasure: The designed capacity of the Wujih Plant is 900mt/day and the actual operation rate (operating hours/ (annual hours-suspension hours)) in the most recent 3-4 years has been kept at approximately 91% (exceeding the 85% required in the contract). Therefore the operations of the EfW plant continue to be stable. Fully implement the preventive maintenance tasks of related facilities in the plant as well as actively implement energy and resources-saving and carbon reduction measures.

(5) ECOVE Waste Management Corporation

a. By Major business Categories

Unit: NT\$ thousands

Area \ Year	2021		2022	
	Amount	%	Amount	%
Taiwan	1,211,479	100.00	398,306	100.00

b. Market Share

ECOVE WMC is a company dedicated to industrial waste clearance and disposal. In 2022, ECOVE WMC received a total of 287,251 metric tons of waste for O&M. Its national market share in industrial waste collection and processing services is approximately 35%.

c. Future Supply, Demand and Growth of the Market

New big processing facilities in Taiwan are in development. In the next 5 years, half of them will enter the rectification period one after another. The current processing capacity is lower than the production of waste.

d. Competitive Niches

Based on the core values accumulated from 20 years of waste collection, management and disposal operations, ECOVE WMC independently developed a waste management information system along with an integrated clearing management system to allow waste disposal operators who enter the plants to jointly use the system online in order to improve management efficiency and competitiveness.

ECOVE WMC continually invested in the waste recycling business in 2022, seeking iconic resource recycling business opportunities by using existing producer information and plans to use the rich experience as a stepping stone to enter resource recovery business, in order to provide a more completed service for the producers or waste disposal operators.

e. The Favorable factors and Unfavorable Factors of the Development Prospect and Countermeasures

i. Favorable Factors

(a) Advantages in integration

The Company has capabilities for the management, disposal, and market development of waste and is able to satisfy customers' requirements for waste disposal. Also, the Company continuously develops the recycling business field, integrates the understanding of market information, and directs the waste to reuse treatment to achieve waste reduction.

(b) Brand Advantages

Our performance always meet client demands and we enjoy a favorable reputation in the industry which reassures clients that they can safely allow the Company to dispose of their waste.

(c) Low Financial Risks

Our clients have all undergone extensive evaluation by the Company to ensure the health of their financial status and therefore the risks of bad debts is low.

ii. Unfavorable Factors and Countermeasures

(a) High Dependence on Policy

The Company's business would be affected if the government becomes lax in amendments and execution of environmental protection laws.

Countermeasure: Stay abreast of government policies as well as the regulations and execution of related laws in order to make flexible adjustments in business operations to comply with policies and regulations.

(b) Decline of Processing capacity

Urban lifestyle changes, household waste content has become more complicated. The increase in thermal energy of general waste has led to a decline in the processing capacity, which will affect the company's business.

Countermeasure: In response to the limitation of the calorific value of the incineration plant, the high calorific value waste is screened out and the reuse mode is introduced. The waste removal and dispatching into the plant are mainly general business waste low-like calorific value domestic waste.

(6) ECOVE Miaoli Energy Corporation

a. By Major business Categories

Unit ; NT\$ thousands

Area \ Year	2021		2022	
	Amount	%	Amount	%
Taiwan	324,403	100.00	318,568	100.00

b. Market Share

ECOVE Miaoli Energy is a dedicated BOT project company and it operates an EfW plant with a daily capacity of 500 metric tons to process the waste delivered by Miaoli County Government (500mt/day, including general industrial waste independently collected by Miaoli County Government) in 20 years of operation period. According to statistics of the Environmental Protection Administration of the Executive Yuan in 2022, current domestic medium to large-scale urban EfW plants in operations process a total of approximately 6.165 million metric tons of waste a year. The annual processing capacity of Miaoli Plant is approximately 161,000 metric tons and it constitutes 2.61% of the total processing capacity of the 24 EfW plants in Taiwan. In terms of the volume of electricity sales, the total amount electricity sold by EfW plants in an entire year amounts to approximately 2.62 billion kilowatt-hours while Miaoli Plant sells approximately 75.15 million kilowatt-hours per year, constituting 2.87% of the total amount of electricity sold. In terms of power generation, the annual power generated amounts to approximately 92.69 million kilowatt-hours, which is 2.81% of the 3.3 billion kilowatt-hours generated by the 24 EfW plants in a year.

c. Future Supply, Demand and Growth of the Market

Miaoli County Government ensures delivery of 155,125 ton/ year. In addition to the previous plans for waste disposal, Nantou County and Hsinchu County has been included in 2022 and the waste processing volume remains at 480 ton /day. There is no shortage of waste delivery to satisfy the total required amount for operations at the EfW plant.

d. Competitive Niches

The Company's partnered team - ECOVE ESC - is a professional O&M company of EfW plants and it O&M total 8 domestic large-scale urban EfW plants. Therefore its integration of operation technologies and improvement in managing production of EfW plants shall improve the performance of resource integration of ECOVE.

e. The Favorable factors and Unfavorable Factors of the Development Prospect and Countermeasures

i. Favorable Factors

(a) All supply of waste is guaranteed by the County Government and the arrangements maintain the stability of the processed volume and power generation at the plant.

ii. Unfavorable Factors and Countermeasures

(a) The increase in general industrial waste increases equipment degradation

Countermeasure: The designed capacity of the Miaoli Plant is 500ton/day and the actual operation rate (operating hours/ (annual hours-suspension hours)) in the most recent 5 years has been kept at approximately 93% (exceeding the 85% required in the contract). Therefore the operations of the EfW plant continue to be stable. In response to the increased volume of general industrial waste processed by the plant, the Plant shall continue to enhance inspections of waste upon arrival, actively implement homogenization management of waste to ensure that they are sufficiently mixed, and fully implement the preventive maintenance tasks of related facilities in the plant.

(7) ECOVE Solar Energy Corporation

a. By Major business Categories

Unit ; NT\$ thousands

Area \ Year	2021		2022	
	Amount	%	Amount	%
Taiwan	269,184	100.00	310,913	100.00
Total	269,184	100.00	310,913	100.00

b. Market Share

ECOVE Solar Energy Corp. is a professional solar power plant construction and operation company. By the end of 2022, the cumulative domestic and overseas solar installation capacity was approximately 153.55MWp, accounting for about 2% of the domestic market.

c. Future Supply, Demand and Growth of the Market

In line with the domestic government's renewable energy policy, promote the solar photovoltaic device to reach the 20GW target in 2025. The regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity also required domestic energy-heavy industries to increase their investment in renewable energy.

Currently global carbon reduction and emission issues such as green supply chain, renewable energy initiative, carbon border adjustment mechanism, emission trading, etc. are beneficial to our renewable energy business.

d. Competitive Niches

Setting up and selling electricity for large solar power plants abroad experience, integrating group resources to maximize operating benefits, and having rich experience in index plants with long-term cooperation with government agencies, which is better than the engineering quality and brand value within others. Establishing an excellent reputation is conducive to winning cooperation opportunities.

e. The Favorable factors and Unfavorable Factors of the Development Prospect and Countermeasures

i. Favorable Factors

(a) Advantages in integration

The Company has mature market development capabilities, and has experience in the development and operation of large-scale solar power plants in domestic and overseas, which can provide customers with long-term stable power supply needs.

(b) Brand advantages

(c) The group image has a good reputation and rich resources which are conducive to business development.

(d) Low financial risks

ii. Unfavorable Factors and Countermeasures

(a) High police dependence

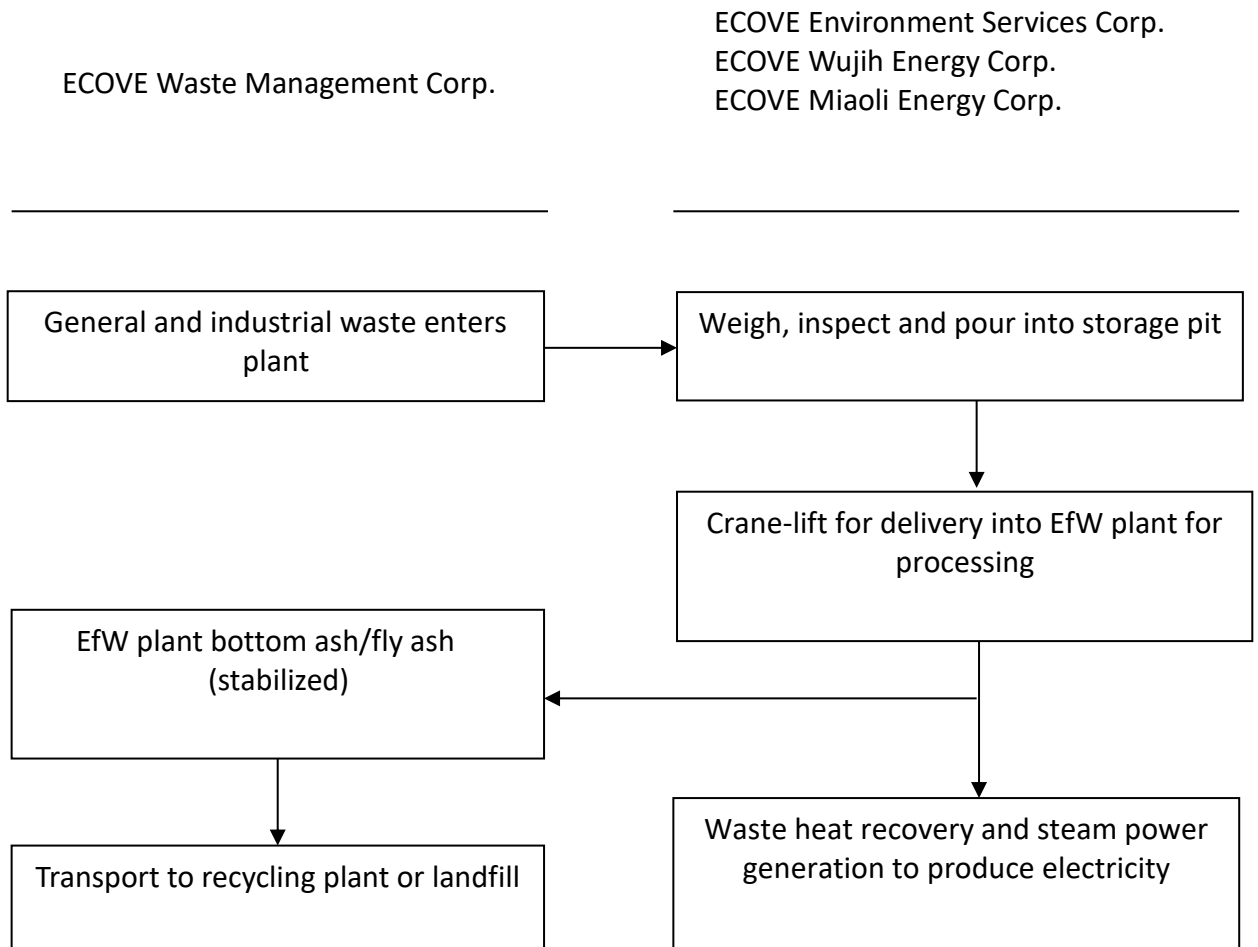
The government's incentive policy for renewable energy subsidies decreases year by year, which will affect the company's earnings.

Countermeasures:

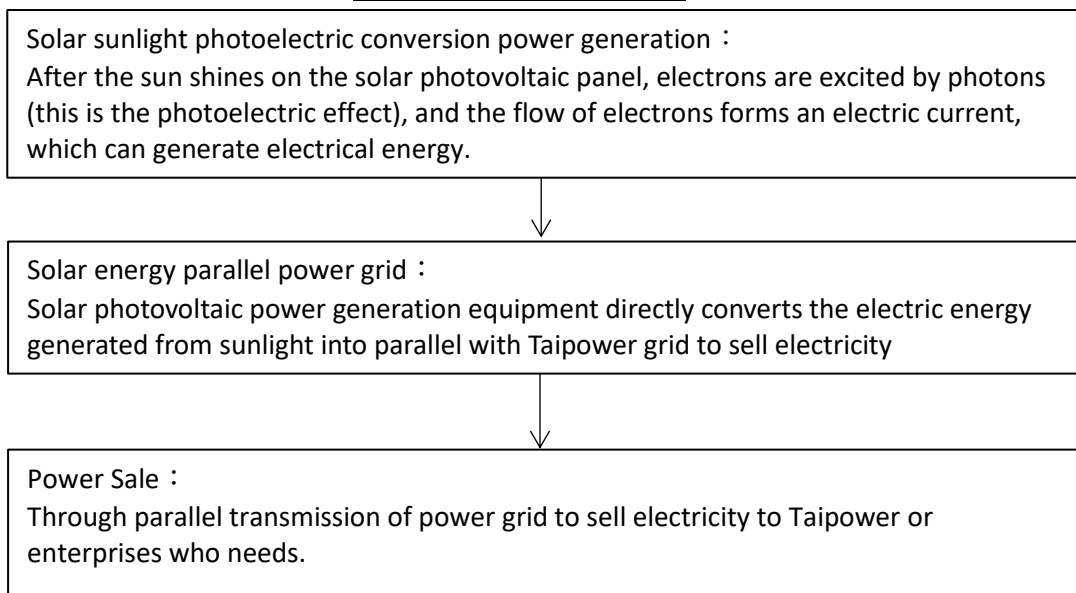
Continue to pay attention to government policies and relevant laws, regulations and implementation, adjust the business directions accordingly.



5.2.2 The Company's Main Services Purposes and Service Sequences



ECOVE Solar Energy Corp.



(1) ECOVE: The Company is an investment holding company and its main business is general investment; therefore it is not applicable as a single industry.

(2) ECOVE Environment Services Corporation

a. Usage of Primary Products (Services)

- i. The Company's main business is to provide O&M services as well as EfW plant for the disposal of waste to various urban waste resource recycling plants and EfW plants of municipality governments.
- ii. The Company also generates power from the EfW plant of waste to provide power for civilian use.

b. Production Process of Primary Products (Services)

The Company's main service is to dispose of waste and generate electricity from the EfW plant of waste. Place waste into the EfW plant for EfW and recover the heat generated in the boiler in the process to produce steam. The steam is used to power the turbine generator to generate electricity. The remaining electricity is transmitted into the power grid of Taiwan Power Corporation after deducting the self-use electricity.

(3) ECOVE Wujih Energy Corporation

a. Usage of Primary Products (Services)

- i. The Company operates Wujih EfW Plant by means of a special permit and its main service is the disposal of waste produced by civilians and industrial entities. It is a stable environmental protection service industry that is less affected by economic cycles.
- ii. Electricity is generated in the process of EfW plant of waste. Except for the self-use electricity, all remaining electricity is sold to Taiwan Power Company.

b. Production Process of Primary Products (Services)

The Company's main service is the disposal of waste delivered by Taichung City Government and general industrial waste collected by waste disposal agencies. The heat generated in the EfW plant the process is transmitted through the heat exchanger to the boiler to produce steam. The steam is used to power the turbine generator to generate electricity. The remaining electricity is transmitted into the power grid of Taiwan Power Corporation after deducting the self-use electricity.

(4) ECOVE Waste Management Corporation

a. Usage of Primary Products (Services)

The main service of ECOVE WMC is the disposal/management of general waste and industrial waste in order to provide clean and comfortable life and work environment. Since 2019, a resource waste (wasted isopropanol) of index technology factories has been strived. In 2022, the quantity is increasing. Wasted isopropanol is converted into reusable products which is enable efficient recycling of resources.

b. Production Process of Primary Products (Services)

The Company collects or manages general waste and industrial waste produced in residential buildings and industrial entities to deliver to landfills, EfW plants or reuse plants for future processing. In addition, the Company also transports ash produced by EfW plants to landfills for final disposal or to reuse plants for reuse. Additionally, since 2019, the Company has invested in the waste recycling business and provided services for reuse facility application, trial operation, operational management and product sales.

(5) ECOVE Miaoli Energy Corporation

a. Usage of Primary Products (Services)

- i. The Company operates Miaoli EfW Plant by means of a special permit and its main service is the disposal of waste produced by civilians and industrial entities. It is a stable environmental protection service industry that is less affected by economic cycles.
- ii. Electricity is generated in the process of EfW plant of waste. Except for the self-use electricity,

all remaining electricity is sold to Taiwan Power Company.

b. Production Process of Primary Products (Services)

The Company's main service is the disposal of waste delivered by Miaoli County Government and general industrial waste collected by waste disposal agencies. The heat generated in the EfW plant the process is transmitted through the heat exchanger to the boiler to produce steam. The steam is used to power the turbine generator to generate electricity. The remaining electricity is transmitted into the power grid of Taiwan Power Corporation after deducting the self-use electricity.

(6) ECOVE Solar Energy Corporation

a. Usage of Primary Products (Services)

The company mainly produces renewable energy and integrates it into the Taipower grid to supply users' electricity needs.

b. Production Process of Primary Products (Services)

After the solar photovoltaic panel is irradiated by sunlight, the light energy is converted into direct current, and after being converted into alternating current by the converter, send electricity to Taipower grid.

**5.2.3 State of Supply of Main Materials:**

ECOVE Environment Corp. is an investment holding company and its subsidiaries ECOVE Environment Services, ECOVE Wujih Energy, ECOVE Waste Management and ECOVE Miaoli Energy are all environmental protection services providers or in renewable energy power generation industry. None of them have production activities and this item is therefore not applicable.

## 5.2.4 Major Suppliers and Clients (each commanding 10%-plus share of annual order volume)

### A. Major clients commanding 10%-plus share of annual order volume

Unit: NT\$ thousands

Item	2021				2022			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Taiwan Power Company	1,200,035	20.15	None	Taiwan Power Company	1,789,519	25.46	None
2	Environmental Protection Bureau Miaoli County Government	324,403	5.45	None	Environmental Protection Bureau of Taichung City Government	359,466	5.11	None
3	Environmental Protection Bureau of Taichung City Government	320,679	5.38	None	Environmental Protection Bureau Miaoli County Government	318,568	4.53	None
4	Taiwan Sugar Corp.	263,797	4.43	None	Taiwan Sugar Corp.	112	0.00	None
5	Southern Taiwan Science Park	83,190	1.40	None	Southern Taiwan Science Park	322,565	4.59	None
6	Others	3,764,146	63.19	None	Others	4,239,930	60.31	None
	Total	5,955,250	100.00		Total	7,030,160	100.00	

B. Major suppliers commanding 10%-plus share of annual order volume: None

### 5.2.5 Production over the Last Two Years: None

### 5.2.6 Shipments and Sales over the Last Two Years

#### (1) ECOVE Environment Corporation and Subsidiaries

Unit: NT\$ thousands

Shipments & Sales Major Products	2021		2022	
	Local	Export	Local	Export
Waste Treatment	2,106,560	0	2,197,886	0
Electricity	1,509,840	519,562	1,915,917	543,997
Concession Service	552,289	0	541,569	0
Waste Collection	84,949	0	229,534	0
Others	645,176	536,874	1,107,746	493,611
Total	4,898,814	1,056,436	5,992,652	1,037,508

## (2) ECOVE Environment Services Corporation

Unit: NT\$ thousands

Shipments & Sales Major Products	Year	2021		2022	
		Local	Export	Local	Export
EfW plant related income		2,910,618	0	2,897,887	0
Others		667,089	220,649	1,280,883	177,153
Total		3,577,707	220,649	4,178,770	177,153

## (3) ECOVE Wujih Energy Corporation

Unit: NT\$ thousands

Shipments & Sales Major Plant	Year	2021		2022	
		Local	Export	Local	Export
Wujih EfW Plant		760,159	0	815,446	0
Total		760,159	0	815,446	0

## (4) ECOVE Waste Management Corporation

Unit: NT\$ thousands

Shipments & Sales Major Products	Year	2021		2022	
		Local	Export	Local	Export
Waste Treatment		1,041,904	0	53,477	0
Waste Collection		114,586	0	268,575	0
Comprehensive planning to clean up revenue		54,989	0	76,254	0
Total		1,211,479	0	398,306	0

## (5) ECOVE Miaoli Energy Corporation

Unit: NT\$ thousands

Shipments & Sales Major Plant	Year	2021		2022	
		Local	Export	Local	Export
Miaoli EfW Plant		324,403	0	318,568	0
Total		324,403	0	318,568	0

### 5.3 Employee Information

5.3.1 The information about employees employed for the most recent two fiscal years and up to the date of printing of the annual report

Year		2020	2021	As of Mar. 31 <sup>st</sup> , 2022
Number of Employees	Regular Employees	801	874	847
	Contracted Employees	6	4	5
	Total	807	878	852
Average Age		41.9	41.3	43.0
Average service seniority		12.9	8.3	9.8
Ratio of employees at each level of educational degree	Doctor	0.12	0.23	0.35
	Master	14.64	15.03	15.26
	Bachelor	66.63	62.64	63.50
	Senior High School	17.85	18.79	17.49
	Below Senior High School	2.48	3.30	3.40

Status of licenses required by competent authorities held by personnel of the Company and its subsidiaries involved in the transparency of financial information:

Certification Name	Number of People
R.O.C. Certified Public Accountant (CPA)	1
Qualified in the Basic Proficiency Test on Enterprise Internal Control of the Securities & Futures Institute	1

### 5.3.2 Safety of the Work Environment and Employees' Personal Safety

#### (1) Safety, Health and Environmental Policy

- Safety First
- Improve Employee's Health and Well-being
- Environmental Protection and Sustainable Development
- Implement Risk Management Mechanism
- Fulfilling Regulations and Contract Requirements
- Promoting Full Participation and Training

The Company has established an environmental, health and safety policy to fulfill our responsibilities towards environmental protection and create a safe and healthy working environment. The Company prioritizes the maintenance of the physical and mental health of its employees and partners, ensuring a safe working environment without hazards. Each year, the Company establishes quality, environment, health and safety objectives in accordance with its policy and develop key performance indicators (KPIs) based on the requirements of on-site safety and health management. These KPIs cover seven major areas, including contract management, operational safety control, machinery and equipment safety, fire management, risk management and control, on-site 5S, and internal control audits. The Safety and Health Management Department conducts unannounced audits every quarter and reports the results to management meetings and the occupational safety and health committee.

In addition to industry-specific regulations, the Company ensures effective control over safety and health risks, non-compliant issues, and other hazards related to waste incineration processing, power generation, and waste disposal through compliance with ISO 45001:2018 standard requirements. This systematic approach allows the Company to gradually improve its safety and

health management system, prevent, eliminate, reduce, and control risks, and continuously improve the system to achieve sustainable development goals.

The Company addresses potential employee injuries and illnesses, process changes, procurement, contractor, and property-related safety and health risks and non-compliant issues, while promoting a culture of safety and health. The Company's ultimate goal is to establish it as a model of excellence in quality, environmental protection, and safety and health, and be recognized as a leader in these areas.

(2) Safety, Health and Environmental Organization

The Company has always maintained a business model of participation of all employees in which the supervisors and staff members in each department conduct effective communication through periodic meetings and training to ensure harmonious labor relations. The company and its subsidiaries conduct safety and health promotion review through monthly meeting of plant managers and hold The Occupational Safety and Health Committee quarterly. It shall open and supervise the company's quality safety, appropriate law adequacy, and effectiveness of various policies and measures. To ensure that the company's employees work in a safe and hygienic environment. We have set Quality Assurance and Safety Department to promote the safety and security of the company's activities, audit safety management requirements for each operation, and monitor the company's safety and security performance. In addition, dedicated level one safety, health and environmental management units are established for each project to be responsible for the performance and supervision safety, health and environmental protection for each project.

(3) Safety, Health and Environmental Management System

The Company and its subsidiary, adheres to the spirit of occupational safety, health and environmental management system based on ISO 45001:2018 to actively carry out hazard prevention in risk management of safety and health operations, event prevention, energy and resource conservation, employee health. The implementation status for safety, health and environmental management goals is under review every year. The annual goals for safety, health and environmental management are re-established accordingly. Specific improvement plans are proposed to reduce potential safety, health and environmental risks and meet standards of internationalization.

(4) Safety, Health and Environmental Management Operations

The safety, health and environmental management system of the Company and subsidiaries employ management methods and strategies to resolve safety, health and environmental-related issues through sequential and targeted methodology and use the Deming Management Cycle: Plan-Do-Check-Action (P-D-C-A) logic to promote a three-tiered auditing and management system. The system employs constant auditing and real-time correction from operation safety observation to achieve real-time education and two-way communication and allow all employees to participate in the establishment a consensus and culture for safety.

(5) Statistical Analysis of Occupational Hazards

The data for statistical analyses of occupational hazards of the Company and subsidiaries are based on the disabling injury frequency rate per million work hour from the Department of Labor and the Company reports online for statistical analyses in accordance with regulations of the Ministry of Labor. Seriously and critically review and analyze the work safety accidents or false alarms that occurred in the past, and combine safety and health performance management KPIs to avoid the occurrence of the same events. The same cases where the content specification has been

announced and reviewed have occurred again. The points will be deducted from the security KPI of the project during the month, and if the cause is inconsistent with the behavior of colleagues, it will enter the evaluation of the people's assessment meeting. The employee will calculate the minimum performance of the project in the quarter, and The Occupational Safety and Health Committee worked together to develop improvement plans; in the statistical analysis, it was found that the reporting of false alarms should be given more encouragement in order to effectively and prioritize improvements to reduce the occurrence of worker safety accidents. Therefore, the company performed safety and health performance management. The KPI project specifically incorporates activities such as internal dynamic inspections and joint audits. It is expected that problems can be detected by digging around to use false alarm events or staff counseling to prevent the occurrence of workers' safety incidents, and set annual safety and health goals. Let all my colleagues recognize and work together toward the goal. The company encourages various projects to participate in the Ministry of Labor to organize statistical work on non-disaster time. It has successively been awarded with no-fault labor time certification. The company encourages projects to participate in the Zero-Accident Work Hours activities organized by the Ministry of Labor, and successively wins the Zero-Accident Work hours certificates every year. Statistics of the total cumulative Zero-Accident Work hours of the incineration plants operated and managed by ECOVE ESC as of Dec. 2022, which are 1,214,893 hours at Keelung EfW plant, 601,898 hours at Miaoli EfW plant, 1,741,374 at Houli EfW plant, 1,330,167 hours at Wujih EfW plant, 128,587 hours at Xizhou EfW plant, 1,941,054 hours at Tainan EfW plant, 1,210,588 at STSP EfW plant. The Company upholds the "people-oriented" core value, invests the necessary manpower and resources for the safety and health of employees, and creates a safe and healthy working environment. Continued business philosophy, to meet every disaster-free working hours and go all out.

#### (6) Awards

ECOVE and its subsidiaries have continued to strive for safety and health and employees' health. In recent years, we've been honored by government agencies and the awards are summarized as follows:

- Keelung EfW plant was awarded the "2022 Promoting Occupational Safety and Health Excellent Units Award" by the Occupational Safety and Health Administration.
- Tainan EfW plant was awarded "2022 Promoting Occupational Safety and Health Excellent Units Award" by the Occupational Safety and Health Administration.
- STSP EfW Plant was awarded "2022 Promoting Occupational Safety and Health Excellent Units Award" by Southern Taiwan Science Park.
- Gangshan EfW plant was awarded the "2022 Promoting Occupational Safety and Health Excellent Units Award" by Labor Affairs Bureau of Kaohsiung City Government.
- Tainan EfW plant was awarded "Safety and Healthy Family Performance Selection Excellence Award" by Labor Affairs Bureau of Tainan City Government.
- Awarded by the Industrial Safety and Health Association (ISHA) of the R.O.C. entrusted by the Ministry of Labor:
  - ✓ Keelung EfW Plant was awarded the 1.2 million zero-accident work hours certificate.
  - ✓ Taoyuan EfW Plant was awarded the 190,000 zero-accident work hours certificate.
  - ✓ Miaoli EfW Plant was awarded the 600,000 zero-accident work hours certificate.
  - ✓ Houli EfW Plant was awarded the 1.74 million zero-accident work hours certificate.
  - ✓ Wujih EfW Plant was awarded the 1.32 million zero-accident work hours certificate.
  - ✓ Tainan EfW Plant was awarded the 1.94 million n zero-accident work hours certificate.
  - ✓ STSP EfW Plant was awarded the 1.2 million zero-accident work hours certificate.
- Other awards:
  - ✓ Taoyuan EfW Plant, Miaoli EfW Plant, Houli EfW Plant, Tainan EfW Plant and STSP EfW plant received the "Healthy Workplace Certification" health promotion mark from the



- National Health Service of the Ministry of Health and Welfare.
- ✓ Received the certificate of participation in the “2022 National Workplace Safety and Health Week Series Activities Implementation Plan” by the Ministry of Labor.
- ✓ Xizhou EfW Plant received a Certificate of Appreciation as “Promoting Occupational Safety and Health Improvement in Small and Medium Enterprises” by Changhua County Government.
- ✓ Tainan EfW Plant received a Certificate of Appreciation as “2022 Promotion of the Core Enterprise of Safety and Health Family” by Tainan City Government Labor Bureau
- ✓ Keelung EfW Plant rewarded “AED+CPR site mark certificate” by Keelung City Government Health Bureau.
- ✓ Miaoli EfW Plant rewarded “AED+CPR site mark certificate” by Miaoli County Government Health Bureau.
- ✓ Houli EfW Plant rewarded “AED+CPR site mark certificate” by Taichung City Government Health Bureau.
- ✓ Wujiu EfW Plant rewarded “AED+CPR site mark certificate” by Taichung City Government Health Bureau.
- ✓ Xizhou EfW Plant rewarded “AED+CPR site mark certificate” by Changhua County Government Health Bureau.
- ✓ Tainan EfW Plant rewarded “AED+CPR site mark certificate” by Tainan City Government Health Bureau.
- ✓ STSP EfW Plant rewarded “AED+CPR site mark certificate” by Tainan City Government Health Bureau.
- ✓ Gangshan EfW Plant rewarded “AED+CPR site mark certificate” by Kaohsiung City Government Health Bureau.

### 5.3.3 Code of Ethics for Employees

#### (1) Purpose

In order to follow the behavior of the employees of the company and make the stakeholders of the company understand the ethical standards and behavior standards that the employees of the company should follow when they perform their duties, the board of directors has decided to make this code to be the basis for compliance by the employees of the company. All employees of the company are responsible for carefully reading, understanding and complying with the contents of this Code.

#### (2) Area

The term “employee” as used in this Code refers to all employees of the company. However, when the company's directors, supervisors and managers have other requirements stipulated in the Code of Business Ethics and Code of Conduct, the managers of the company shall abide by the code of conduct for business ethics of directors and supervisors and managers. Provisions.

#### (3) Principle of good faith

In performing their duties, the employees of the company should pay attention to teamwork and abandon the standard of identity; they should abide by the principle of good faith, and uphold a positive, progressive and responsible attitude.

#### (4) The principle of fairness

The employees of the company must not discriminate or exclude each other in any form due to factors such as gender, race, religion, party, sexual orientation, rank, nationality, and age.

#### (5) Work environment

Our employees should work together to maintain a healthy and safe working environment. There must be no sexual harassment or other acts of violence or threats of intimidation.

#### (6) Avoid conflicts of interest and opportunities for personal gain

The employees of the company have the responsibility to maintain and increase the legitimate gains of the company, and should avoid:

- (1) The opportunity for personal or third-person access to personal gain through the use of

company property, information, or through his or her position.

(2) Compete with the company.

(7) Fair trade

(1) The employees of the company should treat the objects of business transaction fairly; when dealing with related parties, there should be no special preferential treatment.

(2) In the performance of their duties, the employees of the company shall not be in the interest of themselves or a third party, but have requirements, contract, delivery or acceptance of any form of gift, entertainment, rebate, bribe or other improper interest. However, the gift or entertainment provided by the courtesy of social etiquette or company regulations is not limited to this.

(8) Insider trading

Any information that the employees of the company may have significant influence on the trading price of the company's securities in the course of their duties should be strictly confidential in accordance with the provisions of the Securities Exchange Act before being publicly disclosed, and may not use this information to conduct insider trading.

(9) Confidentiality responsibility

The employees of the company should respect each other's personal privacy and must not spread rumors or defamatory libel. Matters or confidential information that are known to him in his duties should be managed with care. They must not be leaked to others or used for purposes other than work unless they are disclosed by the company or are necessary for the execution of their duties. They also apply after leaving the company.

The information that should be kept confidential in the preceding paragraph includes information about the company's personnel and customers, inventions, business confidentiality, technical data, product design, manufacturing expertise, financial accounting information, intellectual property rights, and other information that may be used by competitors or leaks. Afterwards, the company or its customers are harmed by the undisclosed disclosure of information.

(10) Correct document records and reports

Employees of the company should ensure that all forms of paperwork handled by them are correct and complete and properly preserved.

(11) Protecting and Using Company Assets Properly

When employees of the company perform their duties, they should avoid theft, interference, destruction, and intrusion of resources such as data, information systems, and network equipment to protect the confidentiality, integrity, and availability of the company's information.

(12) Political Contributions and Activities

The employees of the company must not influence other employees in any way to contribute politically, support specific political parties or candidates, or participate in other political activities. In addition, political activities should be avoided during working hours and workplaces.

(13) Copyright

The employees of the company must not influence other employees in any way to contribute politically, support specific political parties or candidates, or participate in other political activities. In addition, political activities should be avoided during working hours and workplaces.

(14) Encourage the report of any illegal or violation of this Code

The head of the company should strengthen the publicity of the company's internal moral concepts and encourage employees to report the violations of the laws and regulations or this Code. The company should do its utmost to protect the identity of the presenter and protect them from being exposed. Threatened.

(15) Exemption from applicable procedures

Employees of the company may be exempted from the application of specific provisions of the Code if they have a valid reason to pass the resolution passed by the board of directors.

(16) 16. Execution

This Code shall be implemented after the resolution of the board of directors is passed and shall be disclosed in the annual report, the open specification and the public information observing station.

#### 5.4 Environmental Protection Expenditure Information

(1) According to laws and regulations, the Company is required to apply for a permit for installing polluting facilities, or permit for pollution drainage, or to organize and set up an exclusively responsible unit/personnel for environmental protection issues. The status of application and establishment of the Company and subsidiaries are described as follows:

- A. ECOVE: Not Applicable.
- B. ECOVE Environment Services Corporation
  - i. Permit for Installing Polluting Facilities, Permit for Pollution Drainage  
The Company has a total of 10 fixed pollutant operation permits, 9 water pollutant prevention permits and 1 toxic chemicals approval certification.
  - ii. Establishment of Dedicated Environmental Protection Unit and Personnel  
The Company's employees have obtained 24 Class A Dedicated Air Pollution Control Specialist certificates, 2 Class B Dedicated Air Pollution Control Specialist certificates, 5 Class A Wastewater Treatment Technician certificates, 3 Class B Dedicated Wastewater and Sewage Treatment Specialist certificates, 10 Class A Waste Disposal Technician certificates and 1 Class B Waste Disposal Technician certificates.
- C. ECOVE Wujih Energy Corporation
  - i. Permit for Installing Polluting Facilities, Permit for Pollution Drainage  
The Company has a total of 1 fixed pollutant operation permit, 1 water pollutant prevention permits, 1 waste disposal permit, and 1 industrial waste disposal plan.
  - ii. Establishment of Dedicated Environmental Protection Unit and Personnel (Including dedicated environmental protection personnel at ECOVE Environment Services Corporation)  
2 Class A Waste Disposal Technicians, 3 Class A Dedicated Air Pollution Control Specialists and 1 Class B Dedicated Wastewater and Sewage Treatment Specialist.
- D. ECOVE Waste Management Corporation
  - i. Waste Disposal Permits  
1 Class A Waste Disposal Permit
  - ii. Establishment of Dedicated Environmental Protection Unit and Personnel  
1 Class A Waste Disposal Technicians and 1 Class B Waste Disposal Technician.
- E. ECOVE Miaoli Energy Corporation
  - i. Waste Disposal Permits  
The Company has a total of one fixed pollutant operation permit, one water pollutant prevention permits, one waste disposal approval document, and one industrial waste disposal plan approval letter.
  - ii. Establishment of Dedicated Environmental Protection Unit and Personnel  
One Class A Waste Disposal Technicians, three Class A Dedicated Air Pollution Control Specialists and one Class A Dedicated Wastewater and Sewage Treatment Specialist.
- F. ECOVE Solar Energy Corporation: Not Applicable.

(2) Investment and Implementation Status of Primary Equipment for Prevention of Environmental Pollution

- A. ECOVE: Not Applicable
- B. ECOVE Environment Services Corporation: Not Applicable
- C. ECOVE Wujih Energy Corporation

December 31, 2022; Unit: NT\$1,000

Equipment Name	Quantity	Obtainment Date	Investment Cost	Book Value	Usage and Anticipated Benefit
EfW plant and Related Pollution Prevention Equipment	1	2004.09.06	2,676,083	0	Compliance with related laws and regulations on EfW plant, air and wastewater pollution prevention

- D. ECOVE Waste Management Corporation

December 31, 2022; Unit: NT\$1,000

Equipment Name	Quantity	Obtainment Date	Investment Cost	Book Value	Usage and Anticipated Benefit
Waste Disposal Trucks	46	2001.08-2022.12	108,102	34,321	The business objective is to comply with the environmental protection laws and regulations applicable to the waste removal industry

- E. ECOVE Miaoli Energy Corporation

December 31, 2022; Unit: NT\$1,000

Equipment Name	Quantity	Obtainment Date	Investment Cost	Book Value	Usage and Anticipated Benefit
EfW plant and Related Pollution Prevention Equipment	1	2008.02.29	2,279,947	624,593	Compliance with related laws and regulations on EfW plant, air and wastewater pollution prevention

- F. ECOVE Solar Energy: Not Applicable

(3) The sum of losses and total fines due to environmental pollution during the most recent year and up to the annual report publication date as well as disclosure of future countermeasures and possible expenditures: None

## 5.5 Relations between labor and employer

5.5.1 The Company's employee benefits for studying, training, the pension system and its implementation status as well as labor agreements and employee rights maintenance measures:

- (1) Employee Welfare

- A. Employee Welfare Committee; organize various subsidies for employee weddings and funerals; periodic leisure travel and recreational sports competitions etc. to promote the physical and mental health of employees.
- B. In addition to participation in Labor Insurance and the National Health Insurance, the Company also provides coverage with group insurance for employees.
- C. On-the-job professional skills training, management and language courses, health seminars etc. for employees.
- D. Distribution of three Chinese festival bonuses and birthday gifts.
- E. Periodic health examination.
- F. Establish employee bonus and share subscription regulations to share the results of the Company's growth with employees in order to increase employee coherence.

(2) Measures for Employee Training

The Company and subsidiaries have established occupational skills training systems in accordance with the Company's vision, mission and long-term business goals and it also developed occupational training plans for each expertise and level. The training methods include courses, online learning, the knowledge base etc. with the goal of enhancing employees' professional knowledge and skills as well as language, computer, management and leadership skills. The training is managed through a Global Training System (GTS) to strengthen online learning functions to allow employees to learn from the occupational training system and development plans from anywhere. In addition, the Company also provides recommendation for outstanding employees to study at domestic or foreign colleges or institutions to further enhance employees' professional skills and allow employees to develop international business capabilities by working with staff from foreign companies. The total annual training fee for the employees of the Company in 2021 was close to NT\$3.50 million and the total annual training hours for all employees exceeded 24,988 hours. The man-hours and expenses for various types of training are as follows:

Type	Sessions	Total Participants	Total hours (hour)	Total Expenses (NT\$1,000)
Training for New Employees	38	3,233	3,471	15.2
Professional Skills Training	495	6,272	15,482	2,876.6
Managerial Training	86	1,932	5,230	511.4
Self-Development Training	23	753	805	97.0
Total	642	12,190	24,988	3,500

- A. Training for new hires: New hires are trained in several topics, including the general conditions of the Company, work rules, related regulations on quality, safety, health, and environmental management, and corporate culture.
- B. Training of professional skills: Each department provides internal training that includes lectures and hands-on practice for their employees or assigns them to attend external courses and related training on professional subjects in accordance with their job description, company business development requirements, or contractual or regulatory requirements to increase their professional capacities.
- C. Training of management skills: The Human Resources Department and the business unit organize management courses in accordance with the status and development requirements of the Company and allow unit supervisors to assign personnel to participate in the courses.
- D. Self-improvement training: The Company provides English language training courses to improve employees' international communication capabilities and on-the-job training at domestic or foreign institutes to enhance employees' professional knowledge.
- E. Related employee training courses are implemented in accordance with the "Employee Education Management Regulations".

### (3) Implementation Status of the Pension System

The "Labor Pension Regulations" of the employee pension system is established in accordance with regulations in the Labor Standards Act. Dedicated labor pension fund accounts are also established to set aside workers' retirement reserve funds each month to be deposited at the dedicated accounts in the Bank of Taiwan. Also, appoint a third-party actuarial firm to conduct annual actuarial audit

Starting on July 1, 2005 with the implementation of the new system for labor pension, the Company inquires its employees whether they wish to adopt the new system or the old system. The Company has set aside 6% of the monthly salary for employees who have opted for the new labor pension system and deposited the funds into the employees' personal pension account to safeguard their lives after retirement.

### (4) Labor Agreement Status

The Company has always maintained a business model of participation of all employees in which the supervisors and staff members in each department conduct effective communication through periodic meetings and training. Ecove selects members of both labor and management according to regulations, and the proportion of labor representatives is 50% each. Labor and management meetings are held quarterly periodic labor relation meetings are also conducted in which labor representatives can communicate directly and effectively with management on various rights and benefits to ensure harmonious labor relations.

### (5) Employee Benefit Protection Measures

The Company has established the Employees' Welfare Committee and the Supervisory Committees of Workers' Retirement Reserve Funds as well as setting aside employee welfare funds and workers' retirement reserve funds in accordance with regulations.

#### **5.5.2** Losses arising as a result of labor disputes in the recent year up until the publishing date of this annual report and disclosure of potential current and future business losses and countermeasures:

In the most recent years and as of date of the publication of the annual report, there are no labor disputes that incurred business losses.

## 5.6 Information Security Management

### 5.6.1 Information Security Management Structure and Strategy:

#### 5.6.1.1 Information Security Risk Management Structure

The Risk Management Executive Committee is the principal promoter of the Company's information and communication security risk management and holds meetings in the first quarter and the third quarter of each year and reports its work status and plans for the year to the Board in the fourth quarter. In 2022, the content of information communication security risk management was combined with the "Report of Risk Management Committee" and submitted to the ECOVE's 19th meeting of 8th Board of Directors on Dec. 19, 2022.

The members of the Risk Management Executive Committee are the department heads of the Company and the department heads next from the chairman, general manager and general manager of each of its companies. The members of the Risk Management Committee of each Company shall have the overall responsibility for risk management, including risk identification, assessment, reporting and implementation supervision of daily control measures and improvement plan implementation, etc. The roles and duties of the members of the Risk Management Committee are as follows:

- ◆ Responsible for promoting, supervising, identifying and managing significant risks.
- ◆ Aggregate and compile risk profiles and improvement plans of each company.
- ◆ Collect and monitor major risk events of the respective companies to assess the extent of impact.
- ◆ Report major risks and relevant improvement plans to the general managers of the respective companies.
- ◆ Communicate risk management information to the members for understanding.

#### 5.6.1.2 Information Security Strategy

ECOVE understands the constant need to refine the flow of Plan-Do-Check-Act (PDCA) in the process of managing information security risks. The promotion and implementation of information security management, regular reviews, and timely updates not only support the sustainable operation and development of the Group's business, but also lay the foundation in a new era for ECOVE's IT.

Based on this, in accordance with the "Regulations for Publicly Issued Companies to Establish Internal Control Systems" of the Financial Supervisory Commission, a dedicated information security unit (including one information security manager and at least one information security personnel) should be established by the end of 2023, with personnel recruitment expected to be completed before the statutory deadline. ECOVE referenced the spirit in ISO/IEC 27001 to establish an "Information Security Management Regulations" to regulate the company's information and communication security management system, in order to ensure the confidentiality, integrity, and availability of the company's controlled information, thereby protecting the rights and interests of the company and all employees. As per the provisions in the "Risk Management Regulations", the "Risk Management Executive Committee" serves as the highest management unit for information security. Under the direction of the committee, the information service center shall be responsible for submitting the "information security management report" on the implementation results and effectiveness of social engineering drills, anti-virus system, firewall, email filtering system, and email audit system on a regular basis.

#### 5.6.2 Information Security Risk Identification and Solutions

To proactively identify possible risks to information security, we conducted an annual risk assessment exercise to analyze key items from a combination of potential threats and vulnerabilities, including:

- ◆ Scam syndicates using fake e-mail messages to trick employees of the Company into remittances or transactions, or providing personal information.
- ◆ Industrial spies or competitors using hacking technologies to continuously infiltrate the internal hosts and steal corporate internal information.
- ◆ The criminal syndicates and hackers distributing content with malicious links through e-mails, SMSes, social networking software, and communication software, to induce employees to fall victim to scams or to cause victims' computers to be encrypted and held hostage until the demanded ransom is paid.
- ◆ Hackers initiating a large number of connection requests through the network to block the normal operation of the Company's network.
- ◆ Employees using illegal software or copying sensitive data of the Company to portable storage devices, causing data leaks due to loss, theft, or sale of the devices.
- ◆ Natural and man-made disasters causing damage to information software and hardware, resulting in service interruption or data loss.

With regard to information security risks, ECOVE adopted a multi-prong approach to reinforce information security management mechanisms designed for reducing threats and managing risks, by applying information security management guidelines, introducing technological solutions, and stepping up information security education and training. Key measures include:

- ◆ For hard disks in obsolete computers, special drive eraser (U.S. Department of Defense DoD 5200.22 standard) is used to prevent individuals with ill-intent from tracing or restoring, or manually dismantling and destroying the records of the hard drives.
- ◆ Continuously conduct social engineering attack simulation drills every quarter and provide information security education and training to enhance employees' awareness of email protection.
- ◆ In 2022, the client-side monitoring software (SmartIT) was upgraded. Continuing to strengthen asset management and information security control, such as blocking USB storage devices and restricting user permissions to install software without authorization.
- ◆ Installation of anti-virus software on each server and personal computer to automatically and regularly scan the computers and continuously upgrade anti-virus system and virus code, so as to ensure the security of the computers.
- ◆ Plan to replace the existing email gateway filter (which filters email viruses and spam) before the second quarter of 2023, and add the function of filtering phishing emails to reduce the risk of hackers' attack.
- ◆ Protect the confidentiality of documents through smart document management system and disk encryption technologies. Set up "social engineering attack prevention advocacy" website and "scam mail notification mailbox" to reduce the risk of being attacked.
- ◆ Regularly conduct internal/external audits to serve as a basis for improving the operation of the information security system on top of refining the operation of the information security management system.
- ◆ In order to avoid the disruption of business operations due to the epidemic, Work From Home exercise was implemented in 2020 and 2021.
- ◆ In response to the third level of epidemic alert, the Company began to implement work from home since May 15, 2021, launch remote encrypted connections, promote video/networking meetings, health management and attendance clock in/out for mobile APP "myCTCI", etc. By July 26 of the same year, the Company resumed office work of all employees, eliminated remote connection (SLL VPN), but continued to arrange video/online conferences as much as possible to reduce people concentration and maintain social distance. The license-enabled remote encryption connection (SLL VPN) described above, is provided by the Personnel Administration Department with a list and duration of access privileges. In case of job rotation of A/B groups or case changes, it is also based on the latest approved list of personnel provided by the Personnel Administration Department, while the firewall permissions settings are executed by the Information Department.
- ◆ The information security joint defense measures are newly added. On August 1, 2021, the



Company moved to two headquarters. The new server room has been fully upgraded with the new firewall and the ancillary anti-virus software, requesting to check whether they are computers within the Company's network and have been installed with designated anti-virus software or not before the use of terminal computers to connect to the internal network.

- ◆ To prevent business disruptions due to the pandemic or other external environmental factors, the Company has gradually opened up and continues to remind employees about WFH-related functions, such as video/web meeting, remote access (Citrix, Global Protect SSL VPN), "myShare" electronic file exchange platform (limited to internal group exchange), group mobile extension "Deltapath Mobile" app, "myCTCI" mobile app for health management and attendance check-in, and other related operations.

- ◆ In 2022, the Company implemented a domain policy for automatic activation of remote encrypted connections (SSL VPN) on employee computers, such that when the computer connects to an external network, it first goes through the company's firewall before establishing an internal or external connection. This ensures that the same level of cybersecurity protection measures is applied to remote connections as to internal network connections.

- ◆ In 2022, the Company cooperated with our client (TSMC) to conduct a supply chain cybersecurity assessment and implement cybersecurity improvement measures.

- ◆ In 2022, a professional vendor (Chunghwa Telecom Security) was engaged to conduct an annual cybersecurity assessment and improvement confirmation operation.

- ◆ In 2022, the Company procured backup software and hardware systems (3 storage media + 2 off-site + 1 offline) to be updated and completed by the second quarter of 2023. This is to meet the basic requirements of the 3-2-1 backup rule and achieve the goal of automating backup operations, in order to prevent manual errors and omissions in the regular replacement of external hard drives or tapes.

### 5.6.3 Information security management mechanism and resources invested

ECOVE unceasingly poured resources and efforts into information security-related affairs, with the cost in 2022 annual information security-related investments reaching NT\$11.79 million/year. The resource investment includes strengthening cybersecurity defense equipment, upgrading and revising antivirus software, replacing outdated servers, automating backup software and hardware systems (including storage media, off-site backup systems, and 1 offline system), engaging professional vendors for cybersecurity assessments and improvement confirmation, improving cybersecurity management systems, and providing education and training. These measures aim to increase information security capabilities from both a management and technical perspective.

As the kidnapping virus has caused serious damage to well-known companies in recent years, a "social engineering attack prevention promotion" website and a "scam email notification mailbox" are set in order to help colleagues identify and avoid "scam emails/phishing emails" or more accurate scam emails like "Business Fraud Attack (BEC, Business Email Compromise)" attack risk. Starting from the second half of 2021, based on the consideration of information security risks, a comprehensive review, outdated servers replacement and legacy systems improvement were conducted. This operation has been listed as a routine task for each year. In 2022, the replacement of Windows Server 2008 and the extension and improvement of the work hour management system were completed. In 2023, the Company plans to replace more outdated servers, the work hour management system, and the email antivirus and spam filter with additional anti-fraud features. To effectively share the losses brought by information security risks, the Company have also purchased "Electronic Equipment Comprehensive Insurance" for information security-related coverage with a total insurance coverage of over NT\$53.34 million.

In order to enhance the information security awareness of colleagues, professional courses related to information security were provided for IT and related colleagues in 2022. For general colleagues who were identified as medium/high risk in the quarterly social engineering exercises, they

participated in the "Introduction to Social Engineering Attacks and Information Security Key Advocacy" course to enhance their awareness and defense capabilities for information security. A total of 9 people participated in the professional courses related to information security in the 2022, and a total of 64 people participated in the "Introduction to Social Engineering Attacks and Information Security Key Advocacy" course for general colleagues identified as medium/high risk in the quarterly social engineering exercises. The total number of education and training related to information security was 73, aiming to enhance the awareness and defense capabilities for information security.

According to the "Information Security Management Regulations", if personnel detect computer virus intrusion or other malware, they should notify either the information center or the computer management personnel of the unit for actions. In practice, the information service center will proactively intervene as soon as it receives the alert from the anti-virus system (the system cannot automatically clean up or the quarantine failed), so as to avoid situations where individual personnel ignoring the alerts from the anti-virus system. In 2022, there were warning or notification of 0 infection incidents, 2 automatic clearing, and 5 automatic quarantine. The aforementioned incidents did not cause any data loss or customer loss. To date, no information security incidents affecting the normal operation of internal information systems and information-related facilities have occurred. In the future, we will continue to refine and review the relevant processes to comprehensively improve information security management to meet the international quality requirements.

**5.6.4 Major Information Security Incidents:** No major information security incidents occurred in 2022.

## 5.7 Important Contracts

ECOVE owns five main subsidiary companies including ECOVE Environment Services, ECOVE Wujih Energy, ECOVE Waste Management, ECOVE Miaoli Energy and ECOVE Solar Energy Corp. The important contracts for each individual company are described below:

### (1) ECOVE Environment Services Corporation

Nature of Contract	Counterparty	Commencement/Expiration Date	Content	Restrictions
Rectification and O&M Service Contract	EPB of Changhua County Government	2021.06.02 ~2036.06.01	O&M and Rectification Services for Xizhou EfW Plant	None
Investment, rectification and operation work	EPB of Kaohsiung City Government	2021.11.10 ~2036.11.09	Handle the O&M and Rectification of Gangshan EfW Plant by means of private investment	None
Waste treatment plant Construction and operation work	Industrial Development Bureau, MOEA	2020.09.30 ~2044.09.29	Handle the construction and operation of the resource processing center in Zhangbin Industrial Park by means of private investment	None
O&M Service Contract	EPB of Taichung City Government	2003.01.01 ~2023.12.31	O&M Services for Houli EfW Plant	None
O&M Service Contract	EPB of Keelung City Government	2006.03.27 ~2026.03.26	O&M Services for Keelung EfW Plant	None
O&M Service Contract	Tainan City Government	2020.05.01 ~2023.04.30	O&M Services for Tainan Chengxi EfW Plant	None

Nature of Contract	Counterparty	Commencement/Expiration Date	Content	Restrictions
	Environmental Protection Bureau			
O&M Service Contract	Macao special administrative region Government	2019.12.16 ~2024.11.30	Macao Special and Hazardous Waste Treatment Station Extension Service Project	None
O&M Service Contract	Hsin Yung Enterprise Corporation	2021.10.09 ~2023.12.31	O&M Services for Southern Taoyuan BOO EfW Plant	None
Build-Operate-Transfer	Ever ECOVE Corporation	2023 Q3~ ~2043.10.21	Taoyuan Biomass-energy Center BOT project	None

(2) ECOVE Wujih Energy Corporation

Nature of Contract	Counterparty	Commencement date/expiration date	Content	Restrictions
Waste Resources Recycling Plant Construction and Operations	Taichung City Government	2000.09~2004.09 (Construction)  2004.09.06 ~2024.09.05 (Operations)	The construction and operations of Wujih BOT Waste Resource Recycling Plant were carried out through private investment and the special operations permit is valid for 20 years starting on the commercial operations date (September 6, 2004)	None
Qualified Cogeneration Power System Electricity Sales	Taiwan Power Company	The annual contract which commenced on August 2, 2004 is automatically renewed each year before its expiry if both parties file no objections.	According to the regulations in the Energy Administration Act, the electricity produced by the qualified cogeneration system at Wujih Plant is sold to Taiwan Power Company	None
Operations Services	ECOVE Environment Services Corporation	2004.09.06 ~2024.09.05	O&M Services of Wujih BOT Waste Resource Recycling Plant	None

(3) ECOVE Waste Management Corporation

Nature of Contract	Counterparty	Commencement /Expiration Date	Content	Restrictions
Waste disposal and processing	Taiwan Semiconductor Manufacturing Company	2022.01.01 ~2023.12.31	Industrial waste disposal and processing	None
Waste receiving and management	Ecove ESC	2022.01.01 ~2026.03.20	Waste receiving management and related reporting services of Keelung	None

Nature of Contract	Counterparty	Commencement /Expiration Date	Content	Restrictions
services			EfW Plant	
Waste incineration and management services	ECOVE Wujih Energy Corporation	2022.01.01 ~2024.09.05	Waste receiving management and clearance services of Keelung EfW Plant	None
Commission general business Waste Management Supervision Service Plan	EPB of Miaoli County Government	2021.02.01 ~2024.01.31 (If no objection, one year extension)	Management and supervision of general business waste	None
Operations Services	ECOVE Solvent Recycling Corporation	2019.07.01 ~2028.06.30	Operations and Maintenance Services	None

(4) ECOVE Miaoli Energy Corporation

Nature of Contract	Counterparty	Commencement/ Expiration Date	Content	Restrictions
Waste Resources Recycling Plant Construction and Operations	Miaoli County Government	2008.02.29 ~2028.02.28	The construction and operations of Miaoli BOT EfW Plant were carried out through private investment and the special operations permit is valid for 20 years starting on the commercial operations date (February 29, 2008)	None
Qualified Cogeneration Power System Electricity Sales	Taiwan Power Company	The annual contract which commenced on Jan. 4, 2010 is automatically renewed each year before its expiry if both parties have no objections	According to the regulations in the Energy Administration Act, the electricity produced by the qualified cogeneration system at Miaoli Plant is sold to Taiwan Power Company	None
Operations Services	ECOVE Environment Services Corp.	2008.02.29 ~2028.02.28	The operations of Miaoli BOT EfW Plant shall be 20 years starting on the commercial operations date (February 29, 2008)	None

## (5) ECOVE Solar Energy Corporation

Nature of Contract	Counterparty	Commencement/ Expiration Date	Content	Restrictions
Sales of Renewable Energy Certificate (SREC)-USA Lumberton Project	SREC Acquirer	2016.04.11 ~2031.04.10	According to New Jersey "Renewable Portfolio Standards" (RPS) regulations, the sale of renewable energy certificates are sold on the trading platform	None
Sales of Renewable Energy-Tainan Hsinying Landfill Project	Taiwan Power Company	2018.06.26 ~1038.06.25	According to the "Renewable Energy Development Act," the electricity produced by each solar power plant is sold to Taiwan Power Company	None
Sales of Renewable Energy-Taipei MRT Beitou Depot Project	Taiwan Power Company	2018.12.24 ~2038.12.23	According to the "Renewable Energy Development Act," the electricity produced by each solar power plant is sold to Taiwan Power Company	None
Sales of Renewable Energy-Taiwan High Speed Rail Yanchao Depot Project	Taiwan Power Company	2014.09.24 ~2034.09.23	According to the "Renewable Energy Development Act," the electricity produced by each solar power plant is sold to Taiwan Power Company	None
Sales of Renewable Energy-Taipei Waterworks Changxing Water Purification Plant Project	Taiwan Power Company	2019.05.20 ~2039.05.19	According to the "Renewable Energy Development Act," the electricity produced by each solar power plant is sold to Taiwan Power Company	None

## VI. Financial Information

### 6.1 Condensed Balance Sheet and Composite Income Sheet for the Recent 5 Years

#### 6.1.1 Condensed Consolidated Balance Sheet—International Financial Reporting Standards

Unit: NT\$ thousands

Year		Five-Year Financial Summary				
		2018	2019	2020	2021	2022
Item						
Current Assets		3,574,782	3,555,853	3,736,158	4,970,716	5,129,375
Property, Plant and Equipment		2,131,233	2,858,838	3,484,650	3,896,431	4,303,398
Intangible Assets		136,153	136,153	136,153	1,014,402	955,261
Other Assets		3,233,539	2,989,976	2,529,035	2,403,310	2,900,473
Total Assets		9,075,707	9,540,817	9,885,996	12,284,859	13,288,507
Current Liabilities	Before distribution	1,496,920	1,734,603	2,264,945	2,400,201	2,928,204
	After distribution	2,222,998	2,461,352	3,024,427	3,234,876	3,888,277
Non-current Liabilities		2,157,428	2,213,411	1,970,608	3,988,296	3,930,962
Total Liabilities	Before distribution	3,654,348	3,948,014	4,235,553	6,388,497	6,859,166
	After distribution	4,380,426	4,674,763	4,995,035	7,223,172	7,819,239
Equity Attributable to Shareholders of The Parent		4,878,238	4,986,366	5,181,188	5,464,081	5,926,395
Capital Stock		671,051	671,051	690,286	696,027	706,913
Capital Surplus		2,193,473	2,208,031	2,310,642	2,421,348	2,626,341
Retained Earnings	Before distribution	2,015,957	2,094,797	2,203,589	2,361,658	2,577,181
	After distribution	1,289,879	1,368,048	1,444,107	1,526,983	1,617,108
Other Equities		-2,243	12,487	-23,272	-14,895	16,017
Treasury Stocks		0	0	-57	-57	-57
Non-controlling Interests		543,121	606,437	469,255	432,281	502,946
Total Equity	Before distribution	5,421,359	5,592,803	5,650,443	5,896,362	6,429,341
	After distribution	4,695,281	4,866,054	4,890,961	5,061,687	5,469,268

Condensed Balance Sheet - International Financial Reporting Standards

Unit: NT\$ thousands

Year		Five-Year Financial Summary				
		2018	2019	2020	2021	2022
Item						
Current Assets		353,227	554,866	499,996	2,786,857	2,734,123
Property, Plant and Equipment		0	0	0	0	0
Intangible Assets		0	0	0	0	0
Other Assets		4,555,817	4,462,929	4,716,417	4,718,567	5,238,449
Total Assets		4,909,044	5,017,795	5,216,413	7,505,424	7,972,572
Current Liabilities	Before distribution	28,059	27,519	30,618	47,194	38,580
	After distribution	754,137	754,268	790,100	881,869	998,653
Non-current Liabilities		2,747	3,910	4,607	1,994,149	2,007,597
Total Liabilities	Before distribution	30,806	31,429	35,225	2,041,343	2,046,177
	After distribution	756,884	758,178	794,707	2,876,018	3,006,250
Equity Attributable to Shareholders of The Parent		4,878,238	4,986,366	5,181,188	5,464,081	5,926,395
Capital Stock		671,051	671,051	690,286	696,027	706,913
Capital Surplus		2,193,473	2,208,031	2,310,642	2,421,348	2,626,341
Retained Earnings	Before distribution	2,015,957	2,094,797	2,203,589	2,361,658	2,577,181
	After distribution	1,289,879	1,368,048	1,444,107	1,526,983	1,617,108
Other Equities		-2,243	12,487	-23,272	-14,895	16,017
Treasury Stocks		0	0	-57	-57	-57
Non-controlling Interests		0	0	0	0	0
Total Equity	Before distribution	4,878,238	4,986,366	5,181,188	5,464,081	5,926,395
	After distribution	4,152,160	4,259,617	4,421,706	4,629,406	4,966,322

## 6.1.2 Condensed Consolidated Income Statement - International Financial Reporting Standards

Unit: NT\$ thousands

Item \ Year	Five-Year Financial Summary				
	2018	2019	2020	2021	2022
Operating Revenues	4,847,096	5,321,559	5,637,590	5,955,250	7,030,160
Gross Profit	1,307,638	1,344,404	1,390,915	1,444,215	1,585,450
Operating Income	1,128,916	1,172,047	1,210,328	1,270,037	1,420,022
Non-Operating Income & Expenses	105,854	102,788	72,005	82,785	98,071
Income Before Income Tax	1,234,770	1,274,835	1,282,333	1,352,822	1,518,093
Net Income from continuing operations	980,472	1,062,150	1,048,089	1,077,747	1,278,162
Net Income(Loss)	980,472	1,062,150	1,048,089	1,077,747	1,278,162
Other Comprehensive Income (Income after tax)	-3,707	4,838	-54,790	11,669	50,644
Total Comprehensive Income	976,765	1,066,988	993,299	1,089,416	1,328,806
Net Income Attributable to Shareholders of The Parent	806,912	811,312	842,254	910,816	1,045,026
Net Income Attributable to Non-controlling Interests	173,560	250,838	205,835	166,931	233,136
Total Comprehensive Income (Loss) Attributable to Shareholders of the Parent	806,087	819,645	799,782	925,928	1,081,110
Total Comprehensive Income (Loss) Attributable to Non-controlling Interests	170,678	247,343	193,517	163,488	247,696
Earnings Per Share (NT\$)	12.04	12.09	12.53	13.15	14.91



Condensed Income Statement - International Financial Reporting Standards

Unit: NT\$ thousands

Item \ Year	Five-Year Financial Summary				
	2018	2019	2020	2021	2022
Operating Revenues	788,260	814,178	854,942	923,898	1,044,850
Gross Profit	788,260	814,178	854,942	923,898	1,044,850
Operating Income	737,985	764,515	804,276	873,183	996,923
Non-Operating Income & Expenses	78,090	54,255	49,468	51,686	64,766
Income Before Income Tax	816,075	818,770	853,744	924,869	1,061,689
Net Income from continuing operations	806,912	811,312	842,254	910,816	1,045,026
Net Income(Loss)	806,912	811,312	842,254	910,816	1,045,026
Other Comprehensive Income (Income after tax)	-825	8,333	-42,472	15,112	36,084
Total Comprehensive Income	806,087	819,645	799,782	925,928	1,081,110
Net Income Attributable to Shareholders of The Parent	806,912	811,312	842,254	910,816	1,045,026
Net Income Attributable to Non-controlling Interests	0	0	0	0	0
Total Comprehensive Income (Loss) Attributable to Shareholders of the Parent	806,087	819,645	799,782	925,928	1,081,110
Total Comprehensive Income (Loss) Attributable to Non-controlling Interests	0	0	0	0	0
Earnings Per Share (NT\$)	12.04	12.09	12.53	13.15	14.91

Auditors' Opinions in Past Five Years:

CPA Firm/Year	2018	2019	2020	2021	2022
PriceWaterhouseCoopers	Shyh-Rong Ueng Shu-Chiung Chang	Shyh-Rong Ueng Shu-Chiung Chang	Shyh-Rong Ueng Shu-Chiung Chang	Shyh-Rong Ueng Yi-Fan Lin	Fu-Ming Liao Yi-Fan Lin
	unqualified opinion	unqualified opinion	unqualified opinion	unqualified opinion	unqualified opinion

## 6.2 Financial Analysis for the Recent 5 Years

### 6.2.1 Consolidated Financial Ratio Analysis -International Financial Reporting Standards

Item		Year	Five-Year Financial Summary				
			2018	2019	2020	2021	2022
Financial Structure (%)	Debt to Asset Ratio		40.27	41.38	42.84	52.00	51.62
	Long-term Funds to Properties, Plants and Equipment Ratio		355.61	273.06	222.27	253.68	240.75
Liquidity (%)	Current ratio		238.81	205.00	164.96	207.10	175.17
	Quick ratio		216.74	195.50	157.25	199.70	167.32
	Interest Coverage Ratio		16,601.00	3,840.38	3,862.38	5,852.77	5,726.94
Operating Performance	Accounts Receivable Turnover (times)		4.71	4.75	4.42	3.96	4.48
	Average Collection Period (days)		77.49	76.84	82.57	92.17	81.47
	Inventory Turnover (times)		N/A	N/A	N/A	N/A	N/A
	Accounts Payable Turnover (times)		5.86	6.41	6.10	5.65	4.88
	Average Inventory Turnover Period (Days)		N/A	N/A	N/A	N/A	N/A
	Properties, Plant and Equipment Turnover (times)		4.40	2.13	1.79	1.61	1.71
	Total Assets Turnover (times)		0.60	0.57	0.58	0.54	0.55
Profitability	Return on Assets (%)		10.08	9.01	8.95	8.39	8.34
	Return on Equity (%)		16.88	16.45	16.57	17.11	18.35
	Income before tax to Capital Ratio (%)		184.01	189.98	185.77	194.36	214.75
	Net Margin (%)		16.64	15.25	14.94	15.29	14.86
	Earnings per share (NT\$)		12.04	12.09	12.53	13.15	14.91
Cash flow	Cash flow Ratio (%)		104.61	89.89	12.84	83.72	69.77
	Cash flow adequacy Ratio (%)		131.80	112.15	105.92	131.29	136.23
	Cash reinvestment Ratio (%)		9.29	8.19	-9.13	12.16	11.41
Leverage	Operating leverage		4.29	4.54	4.66	4.69	4.95
	Financial leverage		1.01	1.03	1.03	1.02	1.02

## VII. Review of Financial Conditions, Operating Results, and Risk Management

### 7.1 Analysis of Financial Status

#### 7.1.1 Analysis of Financial Status

Unit: NT\$ thousands

Item \ Year	2021	2022	Difference		Note
			Amount	%	
Current Assets	4,970,716	5,129,375	158,659	3.19	
Non-current Assets	7,314,143	8,159,132	844,989	11.55	[Note 1]
<b>Total Assets</b>	<b>12,284,859</b>	<b>13,288,507</b>	<b>1,003,648</b>	<b>8.17</b>	
Current Liabilities	2,400,201	2,928,204	528,003	22.00	[Note 2]
Non-current Liabilities	3,988,296	3,930,962	-57,334	-1.44	
<b>Total Liabilities</b>	<b>6,388,497</b>	<b>6,859,166</b>	<b>470,669</b>	<b>7.37</b>	
Equity attributable to owners of the parent	5,464,081	5,926,395	462,314	8.46	
Non-controlling interest	432,281	502,946	70,665	16.35	[Note 3]
<b>Total Equity</b>	<b>5,896,362</b>	<b>6,429,341</b>	<b>532,979</b>	<b>9.04</b>	

[Note 1] Increase in non-current assets: Non-current assets increased by \$884,989 thousands, mainly due to real estate, plant and equipment increased by \$406,967 thousands, investment increased by 234,873 thousands using the equity method of accounting.

[Note 2] Increase in current liabilities: Mainly due to accounts payable increased by \$483,679 thousands and other payables to related parties increased by \$260,352 thousands.

[Note 3] Increase in non-controlling interest: Mainly due to the net income of subsidiary that is not wholly owned increased for the current period.

#### 7.1.2 The evaluation basis of the balance sheet valuation items

Item	B/S valuation item	Evaluation reference	Evaluation basis
1	Monetary assets denominated in foreign currency	Spot rate on balance sheet date	Compute exchange gain or loss based on the spot rate
2	Financial instruments carried at fair value, available for sales and derivative financial products	Fair market value on balance sheet date	Evaluate based on the fair market value
3	Allowances for doubtful accounts	Based on customer historical data and customer credit risk assessment	The evaluation and assessment of allowances for bad debts are based on the credit risk assessment of customers and are classified as good customers, general customers and individual evaluation customers, and the revaluation of their possible recoveries is based on the ageing analysis of the customer's category.  Note: For receivables from related parties, no provision for allowance for bad debts exists. If there is a special credit risk for the trader, the actual situation is assessed and the bad debts are listed according to their risks.
4	Allowances for obsolescence and market value decline	N/A	Inventory are comparison of the same category.

## 7.2 Financial Performance Analysis

### 7.2.1 Analysis & Comparison of Financial Performance

Unit: NT\$ thousands

Item	Year	2021	2022	Difference		Difference Analysis Explanation
				Amount	%	
Operating Revenue		5,955,250	7,030,160	1,074,910	18.05	[Note 1]
Less: Sales Returns		0	0	0	0.00	
Net Operating Revenue		5,955,250	7,030,160	1,074,910	18.05	
Operating Costs		-4,511,035	-5,444,710	-933,675	20.70	[Note 1]
Gross Profit		1,444,215	1,585,450	141,235	9.78	
Operating Expenses		-174,178	-165,428	8,750	-5.02	
Operating Income		1,270,037	1,420,022	149,985	11.81	
Non-operating Income and expenses		82,785	98,071	15,286	18.46	[Note 2]
Profit before Income Tax		1,352,822	1,518,093	165,271	12.22	
Income Tax Expense		-275,075	-239,931	35,144	-12.78	
Non-controlling Interest		-166,931	-233,136	-66,205	39.66	[Note 3]
Income attributable to owners of the parent		910,816	1,045,026	134,210	14.74	

[Note 1] Operating revenue and costs increased: Mainly due to consolidated ECOVE Gangshan Energy Corp. in the second half of 2021, acquired Xizhou EfW Plant, and the increased projects of ECOVE SEC, resulting in an increase in revenue and gross profit compared with the same period in 2021.

[Note 2] Non-operating income and expenses increased: Mainly due to an increase in the investment interests of affiliated companies recognized by the equity method by 14,496 thousands.

[Note 3] Decrease in non-controlling interest: The increase in non-controlling interests by 70% is mainly attributable to the profit recovery of the subsidiary SINOGAL in 2022 due to the easing of the epidemic situation in Macau.

### 7.3 Cash Flow Analysis

#### 7.3.1 Cash Flow Analysis for the Past 2 Year

Item	Year		
	Dec.31, 2021	Dec. 31, 2022	Difference ratio (%)
Cash Flow Ratio (%)	83.72	69.77	-16.66
Fund Flow Adequacy Ratio (%)	131.29	136.23	3.76
Cash Re-investment Ratio (%)	12.16	11.41	-6.17

Explanation to changes:

1. The decrease in cash flow and cash re-investment ratio is mainly due to the increase in current liabilities and long-term investments.
2. The increase in fund cash flow adequacy ratio is mainly due to the increase in operating cash flow over the past five years.

#### 7.3.2 Analysis of Cash Liquidity

The consolidated cash inflow of Year 2022 is NT\$395,634 thousands. The cash balance in the end of the year is NT\$1,611,740 thousands. Cash liquidity is fine.

#### 7.3.3 Analysis of Cash Liquidity for the Coming Year

Unit: NT\$ thousands

Cash Balance at Beginning for the Year	Expected Net Cash Outflow from Operating Activities	Expected Cash Inflow (Outflow)	Expected Cash Surplus (Deficit)	Leverage of Expected Cash Deficit	
				Investment Plans	Financing Plans
1,611,740	1,841,088	(16,725)	1,595,015	-	-
<p>1. Analysis of change in cash flow in Year 2023:</p> <p>(1) Operating activities: The stable business growth will create net cash inflow.</p> <p>(2) Investing activities: The cash outflow is mainly due to increase in other non-current assets.</p> <p>(3) Financing activities: The cash outflow is mainly due to cash dividends distribution.</p> <p>2. Liquidity analysis and remedial measures against cash deficit: N/A</p>					

#### 7.4 The Impact of Major Capital Expenditures on Financial Operations in the Most Recent Year: None

#### 7.5 Reinvestment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

##### (1) Reinvestment Policy:

- a. Focus on "strategic investments".
- b. Prioritize investment targets with supplementary or synergistic effects on the overall business operations.
- c. Prioritize projects regarding environmental protection, green energy, energy conservation and carbon reduction, and resource recycling and reuse.

##### (2) Reinvestment Profits or Losses and Improvement Plans

The Company adopts the equity method for reinvestments based on long-term strategic goals. The profits generated by reinvestments in 2022 amounted to NT\$ 74,398 thousand based on the

equity method. The Company shall continue to conduct prudent assessments of investment projects based on the principle of long-term strategies.

(3) Investment Plans in the Upcoming Year

Three major directions of ECOVE business development are wastes management, recycling and reuse, renewable energy and mechanical maintenance. They will be implemented on business expansion and the growth of existing businesses. By stabilizing the domestic market, we will also seek viable opportunities in ASEAN, India, the United States and Mainland China. Extending existing core capabilities, matching future development trends, government policies coordination and complementary or synergistic effects on the overall operations of the company and its subsidiaries will be our prior target choice.

## 7.6 Risk Management and Assessment

### 7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance and Future Response Measures

(1) Assessment and analysis of interest rate changes

Unit: NT\$ thousands

Item	2021	2022
Interest Income	3,459	9,208
Interest Expense	22,757	25,058
Investment gain on money market fund	11,961	7,043
Sales	5,955,250	7,030,160
Net Income before Tax	1,352,822	1,518,093

Note 1: Besides equity products and deposits, the Company invests inactive money mainly in money market funds, which highly correlate with market interest rates.

However, the investment gain on money market fund is not credited to interest income but to gain on disposal of investment. Therefore, to analyze the effects of changes in interest rates should consolidate interest income/expense and gain on disposal of money market fund.

Note 2: For inactive money, the Company will continue to look for higher-yield financial products with safety and proper liquidity to achieve the purpose of earning stable investment profits.

A. ECOVE Environment Corporation

Besides equity products and deposits, the Company invests inactive money mainly in money market funds, interest income/expense and investment gain on money market fund to sales and net income before tax are slight, so the interest rate changes on the company's profitability is limited. However, the Company has formulated the following specific measures based on sound and conservative considerations:

The concrete methods as below,

- a. Look into interest rate changes to take appropriate and timely actions.
- b. If the interest rate decreases, loans with lower interest rate will be repaid the loans with higher interest rate. If the interest rate increases, the possibility of premium capital increase will be evaluated to decrease dependency on financial institutions.

In addition, in order to support the repayment of bank loans by subsidiaries and the funding needs of green investment plans, the Company has issued five-year corporate bonds in May 2011 with an

amount of 2 billion at a relatively low interest rate to lock in long-term capital costs, reduce interest rate risk, strengthen financial structure, and fulfill sustainable corporate governance.

B. ECOVE Environment Services Corporation

Besides equity products and deposits, the Company invests inactive money mainly in money market funds, interest income/expense and investment gain on money market fund, there is no demand for borrowing from financial institutions due to good operating conditions. The impact of the company's profit is limited. For inactive money, the Company will continue to look for higher-yield financial products with safety and proper liquidity to achieve the purpose of earning stable investment profits.

C. ECOVE Wujih Energy Corporation

Besides equity products and deposits, the Company invests inactive money mainly in money market funds, interest income/expense and investment gain on money market fund, there is no demand for borrowing from financial institutions due to good operating conditions. The impact of the company's profit is limited. For inactive money, the Company will continue to look for higher-yield financial products with safety and proper liquidity to achieve the purpose of earning stable investment profits.

D. ECOVE Waste Management Corporation

Besides equity products and deposits, the Company invests inactive money mainly in money market funds, interest income/expense and investment gain on money market fund, there is no demand for borrowing from financial institutions due to good operating conditions. The impact of the company's profit is limited. For inactive money, the Company will continue to look for higher-yield financial products with safety and proper liquidity to achieve the purpose of earning stable investment profits.

E. ECOVE Miaoli Energy Corporation

Besides equity products and deposits, the Company invests inactive money mainly in money market funds, interest income/expense and investment gain on money market fund. Since the Company only raise a little fund with the bank and the term is short, the interest rate changes on the Company's profitability is limited. However, based on conservative and considerations, the Company deposited money in reputable financial institutions and maintained a smooth communication channel with them to look for higher-yield financial products with safety and proper liquidity to achieve the purpose of earning stable investment profits.

F. ECOVE Solar Energy Corporation

ECOVE Environment Corporation acquired 100% equity of ECOVE Solar Energy Corporation at September 2018. Since the Company bade various projects, the Company originally arranged mid-term to long-term project loans with Shanghai Commercial & Savings Bank, KGI bank and Chang Hwa Bank. In May 2022, the parent company issued corporate bonds and lent to the Company to repay the bank loans, which lead a significant drop in interest expense as a percentage of net operating income. The proportion of interest expense in net operating income has decreased year by year because of the Company partially repayment principal of project loans. However, based on conservative and considerations, the company deposited money in reputable financial institutions and maintained a smooth communication channel with them for preferential lending rate.

(2) Foreign exchange rates: None

(3) Assessment of inflation

Item	2021	2022

Consumer price index (CPI)	100.00	102.95
Consumer Price Index Annual Growth Rate (%)	1.97	2.95

Source: Directorate General of Budget, Accounting and Statistics, Executive Yuan (DGBAS)/ Base year 2021

In 2022, the CPI was 102.95 with an annual growth rate of 2.95%, a new high in 14 years. Looking back at the price trend in 2022, after the outbreak of the Russia-Ukraine War, the prices of international agricultural and industrial raw materials soared, and the whole world faced severe inflationary pressure, Taiwan's CPI has also soared above 3% for 5 consecutive months since March 2022, but as major countries vigorously implement tightening monetary policies to combat inflation, raw material prices gradually fell, and the rise only in the second half of the year tends to ease. DGBAS estimates that the annual growth rate of the CPI in 2023 will be 1.86%, and the annual growth rate will still be greater than 2% in the first quarter, but it is expected to slow down quarter by quarter after the second quarter.

The Taiwan Institute of Economic Research pointed out that under the influence of mutant viruses, the Russia-Ukraine War, high inflation and climate change, major economies have launched a cycle of interest rate hikes to combat inflation. High interest rates have affected the willingness of companies to invest, and manufacturing activities in various countries have slowed down significantly, and the slowdown will continue until 2023. Major international forecasting agencies believe that the growth rate of global economy and trade in 2023 will be slower than that in 2022. Looking to the future, as the company is mainly based on the investment income of the environmental protection industry, the environmental protection industries of its holding subsidiaries are limited by the impact of inflation. The Company would refer to changes in prices at home and abroad to avoid major changes in operating costs and to erode the profits of the company.

**7.6.2** The Policies, Main Causes of profit or loss and response measures for the high risk and high leveraged investment, endorsements or guarantees for others, lending to others and derivative financial instruments :

Risk items	Executable situation	Policy and response measures
Lending to others	The corporation provide lending amount to ECOVE Solar Energy Corporation, ECOVE Solar Power Corporation, ECOVE South Corporation Ltd.	Lending to others is processed in accordance with the 「Regulations Governing Loaning of Funds」 set by the company
Endorsements for others	The corporation provide guarantee amount to ECOVE South Corporation Ltd., ECOVE Solar Energy Corporation, ECOVE Solar Power Corporation, EVER ECOVE Corporation, ECOVE Solvent Recycling Corporation, ECOVE GangShan Energy Corporation.	Endorsements for others is handled in accordance with the 「Regulations Governing Making of Endorsements」 set by the company

**7.6.3** Future R&D Projects and Estimated R&D Expenditure:



Integrate the search for external new technologies, cooperate in the development of carbon capture and other reuse technologies, and diversify the carbon dioxide reuse pipeline from flue gas capture. For example:

With the goal of recycling back to the original semiconductor process, the high-value regeneration technology of semiconductor waste isopropanol has been developed and a pilot plant has been established.

Introduce multiple application solutions for energy storage systems. For example:

Develop a new case plant for frequency regulation backup and auxiliary services, and build energy storage system integration capabilities.

To address the issue of millions tonnes of agricultural waste generated every year, introduce overseas power generation technologies taking rice straws and corn stalks as fuel.

Assess the residual heat from incinerators after revamping and reuse the surplus resource. For example:

Bag filter outlet flue gas heat recovery.

The amount of investment this year was approximately NT\$11.98 million.

**7.6.4** Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales: None

**7.6.5** Effects of and Response to Changes (Information Security Risk included) in Recent Years Technology and in Industry Relating to Corporate Finance and Sales: None

**7.6.6** The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures: None

**7.6.7** Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None

**7.6.8** Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: Not Applicable

**7.6.9** Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration: None

**7.6.10** Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, or Shareholders with Shareholdings of over 10%: As of the publication date of the annual report, the company's legal person director CTCI holds 54.29% of the company's shares. CTCI is also the largest shareholder and the only shareholder holding more than 10% of the company's shares. CTCI has no plan to sell any shares of the company in the near future. Considering the risk of a large number of equity transfers or replacements, the company will continue to strengthen the functions of the board of directors, improve corporate governance, and expand revenue and profits in order to obtain the support and trust of major shareholders and the investing public.

**7.6.11** The impact, risk and countermeasures of the change of management right on the company: None

**7.6.12** Litigation or Non-Litigation Matters (expressed in thousands of New Taiwan dollars)

A. On March 31, 2014, CTCI has entered into the building construction undertaking agreement with Oriental Petrochemical (Taiwan) Co., Ltd. and Dayu Mechanical Engineering Co., Ltd. (hereinafter referred as "Dayu") for the prefabricated installation construction of the above ground piping in 19 districts of Oriental Petrochemical (Taiwan) Co., Ltd. Guanyin Second Field PTA LINE 3 plant project which was owned and undertaken by Oriental Petrochemical (Taiwan) Co., Ltd. CTCI generally assumed all rights and obligations of Oriental Petrochemical (Taiwan) Co., Ltd. arising from the agreement. Due to the adjustment in the details of the work, CTCI has entered into a

supplement to the agreement with Dayu on November 18, 2014 to extend the construction period to December 31, 2015. Subsequently, due to Dayu's manpower shortage seriously, CTCI sent a legal warning letter to Dayu on May 9, 2016 to terminate the agreement. On May 20, 2019, Dayu filed a civil complaint against CTCI, asserted that it suffered the damage caused by CTCI's delay in starting the construction for 5 months and failure in fulfilling contractual obligations such as not completing the infrastructure on schedule, and therefore claimed for the amount of TWD 120,771 thousand which were the total of retentions, unpaid construction payment, safety and health management fee, profit management fee and night entry assess fee paid on behalf CTCI, and Dayu has changed the claimed amount to TWD 117,176 thousand. CTCI asserted that the prescription of Dayu's claims had expired and if the court considers the claims had not expired, then CTCI is also entitled to offset the claims with its damages due to Dayu's reason to re-subcontract causing additional amount of TWD 75,007 thousand and Dayu's delay penalty amounting to TWD 22,520 thousand. The judge has summoned two witnesses to clarify whether CTCI has acknowledged its debt to Dayu regarding a disputed engineering project payment during the year 2017. The witnesses are also expected to shed light on the reasons for the project's delayed completion and to determine the amount of the engineering payment that Dayu can rightfully claim based on the project's progress. This case is currently being reviewed by the Taipei District Court.

B. The plaintiff, Pao An Fire Equipment Co., Ltd. (hereinafter referred as "Pao An"), a subcontractor of CTCI mainly undertaking the "fire protection engineering of Taipower Talin Power Plant's main plant", made a claim by filing payment order against CTCI on February 2020. Pao An asserted that there were an outstanding final payment and an additional construction payment in a total of TWD 82,411 thousand. After CTCI filed the objection, this case is currently under trial in Taipei District Court. During the trial, Pao An further extended the statement of the claim and requested CTCI to pay a total of TWD 96,559 thousand. CTCI asserted that since the construction is not completely accepted by the owner and therefore the final payment hasn't met the requirements. As for the additional construction cost Pao An demanded, the amount has been confirmed by both parties' engineers shall be a few million dollars only. Since Pao An needs to pay the penalty for delayed completion, and Pao An also needs to pay the loss arising from the uncompleted works which it shall performed and CTCI handled it by itself finally after CTCI's notification, CTCI has no obligation to pay Pao An after offsetting the penalty and CTCI's damage. With respect to Pao An's claim for a third additional construction cost, CTCI has provided the relevant supporting evidences to the court, stating that the relevant items have been verified by both parties on-site and there are corresponding unit price in the original contract. Thus, the amount verified by CTCI shall prevail, and other items for which Pao An has proposed for additional construction cost are within the scope of the original contract, Pao An is not entitled to claim for additional construction cost. As for the extension of time for completion claimed by Pao An, CTCI asserted that the application should be submitted to CTCI within the deadline in accordance with the stipulation of the contract, otherwise, Pao An is not entitled to claim for additional construction cost and extension of time for completion. Citing the disputed construction contract, CTCI claims that the additional change order price for the contract must first deduct 5% of the total contract price. Therefore, the company is currently arguing in court to offset the amount of 7.05 million NTD that Pao An did not deduct from the total contract price before requesting additional payment. The case is currently being heard in Taipei District Court.

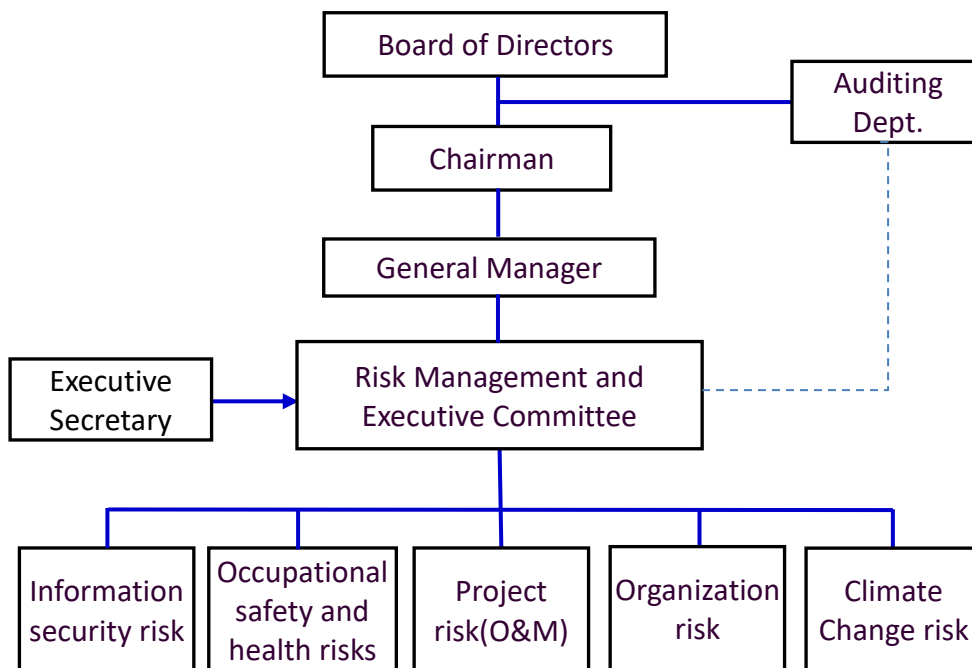
C. On May 11, 2012, the plaintiff, Ling Rong Enterprise Co., Ltd. (hereinafter referred as "Ling Rong"), entered into a construction contract with CTCI for the 60KTA isoprene unit construction project which was owned by Formosa Petrochemical Corporation, Ltd. (hereinafter referred as "Formosa Petrochemical"). Due to the change of materials by Formosa Petrochemical, Ling Rong and CTCI had a dispute over the unit price and could not complete the project settlement of the contract. Thus, Ling Rong filed a lawsuit against CTCI for construction payment, the cost of acceleration and additional payment in a total of TWD 89,164 thousands. The Center for

Engineering and Legal Research and Development at Tamkang University has submitted the appraisal report to the Taipei District Court in Taiwan, which is currently under review by the Taipei District Court.

In summary, although CTCL has the aforementioned case, it belongs to CTCL itself and has no involvement with the Company. Even if CTCL loses all the aforementioned cases, it will not have a significant impact on our shareholders' equity and stock trading price, and will not violate the principle of good faith.

### 7.6.13 Risk management organization framework

#### a. Organization chart



#### b. Job Description

(1) Chairman

It is served by the Chairman of ECOVE Environment Corp.

(2) General manager

It is served by the general manager of ECOVE Environment Corp. and serves as the chairman of the risk management executive committee

(3) Risk Management Executive Committee

The committee is the company's main promotion agency for risk management. It holds a meeting in the first and the third quarter of each year. Its main responsibilities are:

- a. Approve risk management policies and guidelines.
- b. Review the unit's risk management report, strategy and proposed improvement plan.
- c. Overseeing the risk management and control measures and improving the implementation of the plan, communicating and communicating risk management matters to all employees.
- d. Review and evaluate the effectiveness of risk management measures, according to which relevant units are required to propose improvement plans.
- e. It is necessary to conduct quarterly high-risk projects or above to track whether the improvement measures are implemented and whether the risk rating is adjusted

(4) Each Unit Risk Management Committee

Department heads of the company and the chairman, general manager and department heads of the next level of the general manager of the company. The risk management committee of each company shall be fully responsible for risk management, including risk identification, assessment, reporting, implementation and supervision of daily control measures, and promotion of improvement plans. The roles and responsibilities of the risk management committee are as follows:

- a. Responsible for promoting, supervising, identifying and managing major risks
- b. Summarize and compile the risk files and improvement plans of each company

- c. Collect and monitor major risk events of each company to assess the degree of impact
- d. Report major risks and related improvement plans to the general manager of each company
- e. Communicate the risk management instructions to the members

(5) All employees

The implementation of daily risk management operations depends on continuous implementation by all employees.

- f. Identify the risks within the scope of its daily business execution
- g. When there is a risk, immediately notify the direct supervisor
- h. Follow company policies and job descriptions to perform their duties and implement risk management related operations

(6) Executive Secretary

Appointed by the chief member of the Risk Management Executive Committee to be responsible for the consolidation and tracking of the comprehensive management risk management committee to ensure the continued effectiveness of the risk management mechanism. Its roles and responsibilities are as follows:

- a. The main contact window of each company's risk management mechanism
- b. Tracking, compiling and submitting risk management implementation reports and real-time reports, as well as other risk management related tasks
- c. Issue relevant regulations on risk management
- d. Promote coordination of risk management related activities
- e. Compile report data such as risk management execution report
- f. Organize risk management review meetings as needed, and prepare relevant topics and materials for the following items:
  - ii. Major risk events and response
  - iii. Implementation progress report of each company's risk improvement plan
  - iv. Audit major findings
  - v. Cost and financial risk
  - vi. Other, designated matters

(7) Auditing Department

The relevant audit results regarding information security, operational risks, environmental and safety regulations, quality management, and climate change risks of each company should be compiled into significant or immediate risk issues and reported to the Risk Management Executive Committee. The risk assessment results compiled by the Risk Management Executive Committee should be provided as a reference for the audit unit to formulate the annual audit plan.

#### 7.6.14 Other Major Risks

(1) Risks Associated with Limited Growth in Operations

A. ECOVE Waste Management Corporation:

In pursuit of business growth, ECOVE WMC has also actively ventured into the resource recycling industry. Based on the waste items received by its existing incineration plants, it has searched for projects that can be recycled and reused. After many efforts, it has now integrated processing technologies for waste solvent recovery and purification, as well as kitchen waste resource utilization. It will continue to actively seek out new technologies and expand its customer base,

creating more business opportunities. It hopes to use Taiwan as a base and look to the vast markets of mainland China and Southeast Asia, in order to achieve the goal of sustainable management.

B. ECOVE Wujih Energy Corporation:

Taichung City Government delivers a guaranteed amount of processable waste to Wujih Plant in accordance with contract regulations. In addition, ECOVE Wujih Energy is allowed to collect general industrial waste independently for processing at the plant in accordance with the contract and environmental assessment regulations. The total amount of waste delivered by Party A plus the general industrial waste collected by Party B and the operation of the EfW plant have now been balanced but the Company should still note the risks of changes in the volume of waste.

C. ECOVE Environment Services Corporation:

Starting in 2018, operations of EfW plants currently not operated by ECOVE Environment Services are up for renewed tenders as contracts expire one by one. ECOVE Environment Services shall work hard to obtain these contracts to increase operational growth rate. In addition to operating EfW plants, ECOVE Environment Services also actively pursues the update and upgrade services for mechanical and electrical equipment, maintenance contracts mechanical and electrical equipment of track MRT systems, high-tech industry utility maintenance work, operation services for the water resource industry and solar power station O&M. The aforementioned markets have tremendous potential for development. In addition to the aforementioned domestic businesses, ECOVE Environment Services is also actively pursuing opportunities related to EfW plant processing facilities in China and Southeast Asia.

D. ECOVE Miaoli Energy Corporation:

Miaoli County Government delivers a guaranteed amount of processable waste to Miaoli Plant in accordance with contract regulations. However, due to the exceptional performance of waste reduction efforts in Miaoli County, the amount of waste produced by the County cannot satisfy the requirements for daily EfW by the Plant. In recent years, the Miaoli Plant has been allowed to accept general industrial waste for full-load operations of the EfW plant and maximize the profits in the sale of electricity. The current waste delivery and operation of the EfW plant have been balanced but the Company should still note the risk of long-term shortage in the volume of waste.

E. ECOVE Solar Energy Corporation:

In response to the government's non-nuclear home & renewable energy policies, aggressive investors have increased. Furthermore, the purchase price of electricity has continually decreased in the long-term, which will reduce the investment benefits. Global supply chain is seriously impacted by COVID-19 and geopolitical disputes, therefore, factors as raw material cost rising, materials and labors' shortage all lead to the delay of project development and implementation. In terms of the overall economy, the effect of rising interest rates due to the inflation warning will increase investment risks and also the cost of funds, which will affect investment efficiency. Environmental protection disputes will also affect the construction schedule and expected revenue of the power plant.

(2) Risks Associated with Bottom Ash Disposal and Operating Cost

- A. ECOVE Wujih Energy Corporation:
- a. The source of the bottom ash at Wujih Plant includes the waste delivered by the City Government and the general industrial waste it independently collects. The City Government portion is delivered to designated landfills or other places while the independently collected portion is delivered to approve reuse processing plants in compliance with current environmental protection policies. Therefore there is no risk in the disposal of bottom ash.
  - b. According to the provisions in the Company's contract with Taichung City Government, the service charge is adjusted by adjustment variables including wholesale price indexes such as salaries, mechanical equipment, chemical materials etc. Therefore, when changes in international trends cause changes in raw material prices and wages, the Company can make adjustments based on changes in the aforementioned wholesale prices indexes in accordance with the contract with the City Government. Therefore changes in raw material prices and wages have limited effects on the Company's operating costs.
- B. ECOVE Environment Services Corporation:
- a. When ECOVE Environment Services Corporation obtained operations of EfW plants, it had already entered into agreements with various municipal governments or client that the disposal of the bottom ash is not within the service scope of ECOVE Environment Services Corporation but the Company shall transport the bottom ash to designated places in accordance with the contract. Therefore, there is no risk in the disposal of bottom ash.
  - b. The agreed price calculation method in the contract regarding the disposal of waste is adjusted according to changes commodity prices and labor salary index. Therefore, changes in international conditions that cause changes in raw material prices and wages have limited effect on operating costs.
- C. ECOVE Miaoli Energy Corporation:
- a. The bottom ash at Miaoli Plant is delivered to designated landfills or other places. As it is delivered to designated places by ECOVE Miaoli Energy, there is no risk in the disposal of bottom ash.
  - b. According to the provisions in the Company's contract with Miaoli County Government, the service charge is adjusted by adjustment variables including wholesale price indexes such as salaries, mechanical equipment, chemical materials etc. Therefore, when changes in international trends cause changes in raw material prices and wages, the Company can make adjustments based on changes in the aforementioned wholesale prices indexes in accordance with the contract with the County Government. Therefore changes in raw material prices and wages have limited effects on the Company's operating costs.

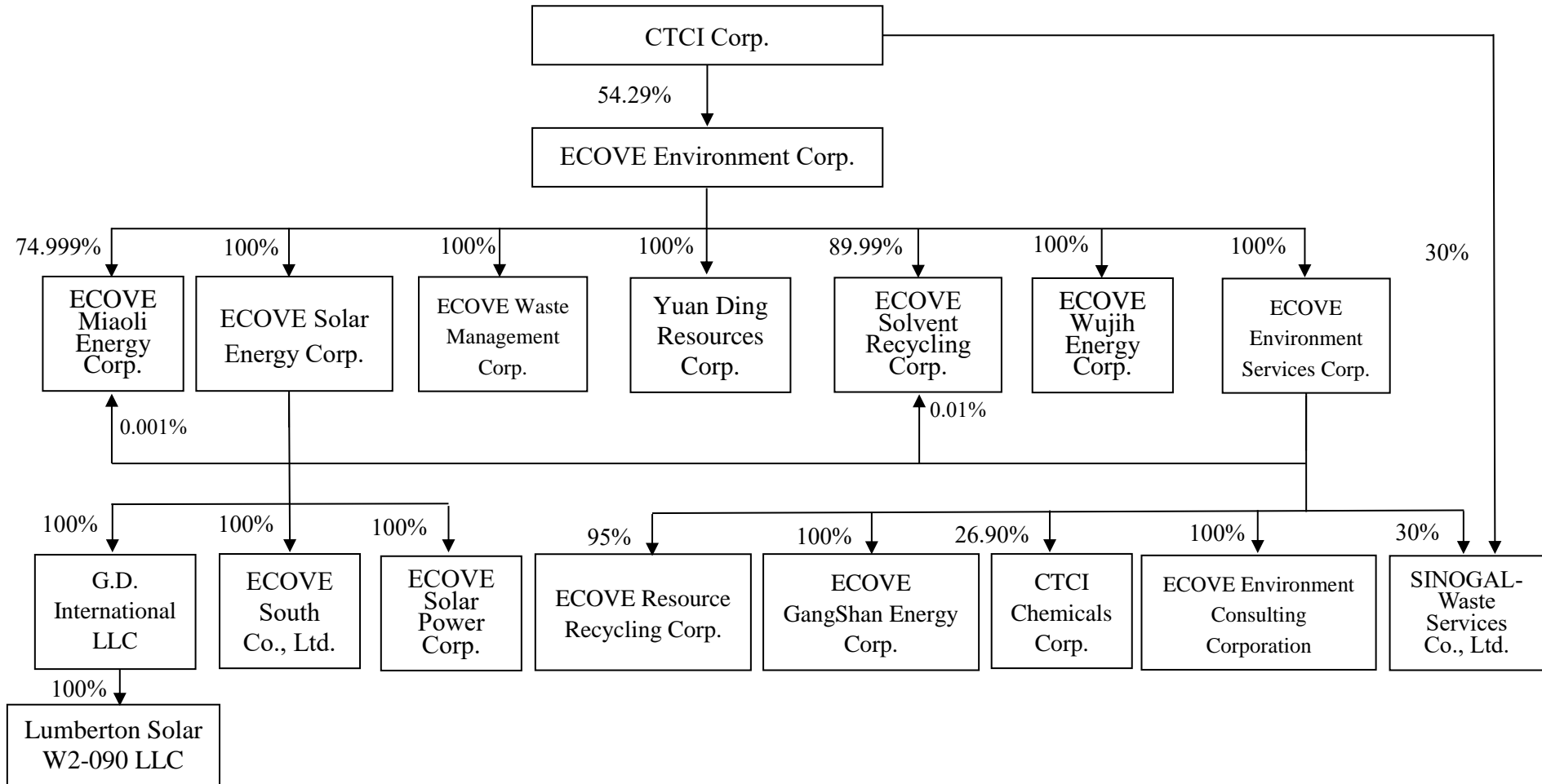
**7.7 Other: None**

## VIII. Special Disclosure

### 8.1 Summary of Affiliated Companies

#### 8.1.1 Consolidated Business Report of Affiliates

##### i. Organizational chart of the affiliates





ii. General information of the affiliates:

March 31, 2023 ; Unit: \$Thousands

Company	Date of Incorporation	Address	Common Stock Issued	Major Business Activities
CTCI Corp.	1979.04.06	89, Sec. 6, Zhongshan North Rd., Taipei	NTD 7,946,583	The design, survey, construction and inspection of various engineering and construction projects, plants, machinery and equipment and environmental protection projects.
ECOVE Environment Services Corp.	1994.05.24	10Fl, 89, Sec. 6, Zhongshan North Rd., Taipei	NTD 151,000	Refuse EfW plant's operation, machinery and equipment maintenance, etc.
ECOVE Wujih Energy Corp.	2000.05.19	12Fl., No.16, Fushan Rd., Beitou Dist., Taipei	NTD 300,000	Waste services equipment installation, co-generation, waste services and other environmental services, etc.
ECOVE Waste Management Corp.	2001.06.01	No.69, Ln. 373, Changchun St., Wujih Dist., Taichung	NTD 20,000	Waste services, equipment and mechanical installation, waste clear, international trade and other environmental services, etc.
CTCI Chemicals Corp.	1999.08.04	10Fl, 89, Sec. 6, Zhongshan North Rd., Taipei	NTD 71,000	Industrial chemicals' wholesale manufacturing and retail.
SINOGAL-Waste Services Co., Ltd.	2009.06.16	Rua Dr. Pedro Jose Lobo, ns 1-3, Edificio Banco Luso Internacional,15 andar, salas 1501 e 1510, em Macau	MOP 4,000	Management of waste recycling site and maintenance of related mechanical and equipment etc.
ECOVE Miaoli Energy Corporation	2002.11.07	12Fl., No.16, Fushan Rd., Beitou Dist., Taipei	NTD 600,000	Waste services equipment installation, co-generation, waste services and other environmental services, etc.
ECOVE Environment Consulting Corp.	2013.08.02	Room 2206-G, NO.89, East Yunling Rd., Putuo District, Shanghai	USD 140	Technical development, advisory and service in environmental field; environmental pollution control equipment and related parts wholesale, import and export, etc.
Yuan Ding Resources Corp.	2013.12.13	10Fl, 89, Sec. 6, Zhongshan North Rd., Taipei	NTD 45,000	Waste services, waste clean, other environmental services, and environmental pollution services, etc.
ECOVE Solvent Recycling Corp.	2013.07.15	No. 7-1, Guojian 3rd Rd., Guanyin Dist., Taoyuan	NTD 90,000	Basic chemical industry and other chemical materials manufacturing
ECOVE Solar Energy Corp.	2011.06.02	13F., No. 366, Bo-ai 1st Rd., Sanmin Dist., Kaohsiung	NTD 1,183,385	Energy technology service industry
ECOVE Solar Power Corp.	2013.08.09	13F., No. 366, Bo-ai 1st Rd., Sanmin Dist., Kaohsiung	NTD 306,000	Energy technology service industry

ECOVE South Co. Ltd.	2013.02.06	13F., No. 366, Bo-ai 1st Rd., Sanmin Dist., Kaohsiung	NTD 30,500	Energy technology service industry
G.D. International ,LLC	2011.12.12	251 Little Falls Drive, Wilmington, DE 19808, U.S.A.	USD 11,053	Energy technology service industry
LUMBERTON SOLAR W2-090, LLC	2011.10.28	Wilentz,Goldman &Spitzer,P.A.,90 Woodbridge Center Drive, Woodbridge, New Jersey	USD 10,942	Energy technology service industry
ECOVE GangShan Energy Corp.	2021.10.18	13F., No. 366, Bo-ai 1st Rd., Sanmin Dist., Kaohsiung	NTD 251,000	Waste clearance and service, co-generation,
ECOVE Resource Recycling Corp.	2023.01.16	10Fl, 89, Sec. 6, Zhongshan North Rd., Taipei	NTD 65,000	Waste clearance and service

iii. Common Shareholders of the Company and Its Subsidiaries or Its Affiliates with Actual of Deemed Control: None

iv. Industries covered by the business operated by all affiliates:

The businesses operated by the company and its affiliates include general investment, environmental protection service, energy technology service, chemical industry, equipment maintenance and other technical service industries, etc.

v. Directors, supervisors, and general managers of the Company and affiliates

March 31, 2022

Company	Title	Name of Representative	Shareholding	
			Shares	%
ECOVE Environment Services Corp.	Chairman	ECOVE Environment Corp. Representative: Y. P. Shih	15,100,000	100.00
	Director	ECOVE Environment Corp. Representative: J. J. Liao Hsiu Hua Tiao Y. J. Shi Ale Chen		
	Supervisor	ECOVE Environment Corp. Representative: C. L. Yen		
	President	Hsiu Hua Tiao		
ECOVE Wujih Energy	Chairman	ECOVE Environment Corp. Representative: Y. P. Shih	30,000,000	100.00

Company	Title	Name of Representative	Shareholding	
			Shares	%
Corporation	Director	ECOVE Environment Corp. Representative: J. J. Liao Pei Feng Chu		
	Supervisor	ECOVE Environment Corp. Representative: C.H. Tsai		
	President	Pei Feng Chu	0	0
ECOVE Waste Management Corp.	Chairman	ECOVE Environment Corp. Representative: Y. P. Shih		
	Director	ECOVE Environment Corp. Representative: J. J. Liao Mike Kuo	2,000,000	100.00
	Supervisor	ECOVE Environment Corp. Representative: C.C. Zhuo		
	President	Mike Kuo	0	0
ECOVE Miaoli Energy Corporation	Chairman	ECOVE Environment Corp. Representative: Y. P. Shih	44,999,200	74.999
	Director	ECOVE Environment Corp. Representative: J.J. Liao		
		TOPCO Scientific Corp. Representative: Fa-Hsiang Tan	14,960,000	24.933
	Supervisor	ECOVE Environment Services Corp. Representative: K. M. Feng	800	0
		Topco International Investment Co., Ltd. Representative: Joyce Lu	40,000	0.067
	President	Pei Feng Chu	0	0
SINO GAL - Waste Services Co., Ltd.	Chairman	Helder Jose Moura Dos Santos		
	Director	Representative: Pereira Taveira Pinto, Carlos Manuel		
	Director	Y. P. Shih Hsiu Hua Tiao F. J. Liu	0 [Note1]	0

Company	Title	Name of Representative	Shareholding	
			Shares	%
	President	Peter Wang		
Yuan Ding Resources Management Corp.	Chairman	ECOVE Environment Corp. Representative: Y. P. Shih	4,500,000	100.00
	President	Y. P. Shih	0	0
ECOVE Environment Consulting Corp.	Managing Director	ECOVE Environment Services Corp. Representative: Y. P. Shih	[Note2]	100.00
	Supervisor	ECOVE Environment Services Corp. Representative: Nicole Ku	USD140,000	
	President	Eric Wang	0	0
ECOVE Solvent Recycling Corp.	Chairman	ECOVE Environment Corp. Representative: Y. P. Shih	8,099,000	89.99
	Director	ECOVE Environment Corp. Representative: J. J. Liao C. Z. Jiang		
	Supervisor	ECOVE Environment Services Corp. Representative: Ai-Cheng Ho	1,000	0.01
	President	E. G. Su	0	0
ECOVE Solar Energy Corp.	Chairman	ECOVE Environment Corp. Representative: Y. P. Shih	118,338,502	100.00
	Director	ECOVE Environment Corp. Representative: J. J. Liao T. C. Lee		
	Supervisor	ECOVE Environment Corp. Representative: F. R. Liu		
	President	Ching Her Chao	0	0.00
ECOVE Solar Power Corp.	Chairman	ECOVE Solar Energy Corp. Representative: Y. P. Shih	30,600,000	100.00
	President	Y. P. Shih	0	0
ECOVE South Co. Ltd.	Director	ECOVE Solar Energy Corp. Representative: Y. P. Shih	[Note3] 30,500,000	100.00

Company	Title	Name of Representative	Shareholding			
			Shares	%		
G.D. International, LLC	Chairman	Y. P. Shih	[Note4] 0	0		
	Managing Director	J. J. Liao				
LUMBERTON SOLAR W2-090, LLC	Chairman	Y. P. Shih	[Note5] 0	0		
	Managing Director	J. J. Liao				
ECOVE GangShan Energy Corp.	Chairman	ECOVE Environment Service Corp. Representative: Hsiu Hua Tiao	25,100,000	100.00		
	President	Hsiu Hua Tiao	0	0		
ECOVE Resource Recycling Corp.	Director	ECOVE Solar Energy Corp. Representative: Y. P. Shih	6,175,000	95.00		
	Supervisor	Ai-Cheng Ho	0	0		
	President	Hsiu Hua Tiao	0	0		
CTCI Chemical Corporation	Chairman	Innovest Investment Corporation Representative: S. P. Jen	1,657,207	23.34		
	Director	Innovest Investment Corporation Representative: Y. J. Chen M. L. Lee Y. W. Chen				
		Shelly Chou			576,910	8.13
	Supervisor	GRQ Investment Corporation Representative: P.C. Song			480,661	6.77
	President	Sam Kuo			13,186	0.19

Note 1 : The company is a limited company established in Macau and has not issued shares.

Note 2 : The company is a limited company established in the mainland and has not issued shares.

Note 3 : The company is a company established in the Republic of China and has not issued shares.

Note 4 : The company is an LLC company established in the United States and has not issued shares.

Note 5 : The company is an LLC company established in the United States and has not issued shares.

### 8.1.2 Operation overview of the Company and affiliates

December 31<sup>st</sup>, 2022; Unit: NT\$ Thousands

Company	Common Stock Issued	Total Assets	Total Liabilities	Total Stockholders' Equity	Total Operating Revenue	Operating Income (Loss)	Net Income (Loss)	Earnings Per Share (NT\$)
ECOVE Environment Services Corporation	151,000	2,900,874	1,866,177	1,034,698	4,355,923	367,746	451,484	29.90
ECOVE Wujih Energy Corporation	300,000	1,132,618	333,864	798,753	815,446	338,841	274,790	9.16
ECOVE Miaoli Energy Corporation	600,000	1,194,543	133,158	1,061,385	318,568	138,028	110,986	1.85
ECOVE Waste Management Corporation	20,000	236,557	117,742	118,815	398,306	78,199	63,500	31.75
SINO GAL-Waste Services Co., Ltd.	15,269	636,364	337,323	299,041	850,852	265,684	266,973	0.00
Yuan Ding Resources Corporation	45,000	39,440	58	39,382	0	-155	5	0.00
ECOVE Environment Consulting Corporation	3,784	5,425	0	5,425	0	-592	-252	0.00
ECOVE Solar Energy Corporation	1,183,385	3,595,532	1,877,046	1,718,486	310,913	69,534	96,442	0.81
ECOVE Solar Power Corporation	306,000	1,337,359	932,117	405,242	146,880	32,307	18,959	0.62
ECOVE South Co., Ltd.	30,500	140,908	107,759	33,148	11,293	2,418	1,226	0.40
G.D. International, LLC	339,300	461,625	137	461,487	0	-194	34,907	31.60
LUMBERTON SOLAR W2-090, LLC	335,895	644,490	183,188	461,302	100,542	30,886	35,100	32.20
ECOVE Solvent Recycling Corporation	90,000	194,507	77,463	117,044	161,704	31,465	24,917	2.77
ECOVE GangShan Energy Corporation	251,000	1,361,836	1,048,961	312,875	910,568	75,949	61,757	2.46
CTCI Chemical Corporation	71,000	689,597	402,906	286,692	634,200	90,904	74,910	10.55

### 8.1.3 Consolidated Financial Statements of Affiliated Enterprises of the Company

The related information on the endorsements or guarantees for others, lending to others and derivative financial instruments of affiliates:

(1) Endorsements or guarantees for others: (as of March 31st, 2022) :

No. [Note1]	Endorser	Endorsed	Relationship [Note2]	The highest balance of endorsement of single enterprise [Note3]	The highest endorsement balance for the current period [Note4]	Endorsement balance at the end of the period	Amount of endorsement by property	The ratio of the accumulated endorsement amount to the net value of the latest financial statement (%)	Endorsement maximum limit [Note3]
1	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	2	The endorsement for a single enterprise shall not exceed four times the net value of the company's most recent financial statements verified by an accountant	100,000	100,000	-	7.25%	The total amount of ECOVE Solar Energy Corporation external endorsement shall not exceed six times the net value of the most recent financial statement audited by an independent certified public accountant. The maximum limit is \$8,271,682.
2	ECOVE Solar Power Corporation	ECOVE Solar Energy Corporation	3	The endorsement for a single enterprise shall not exceed four times the net value of the company's most recent financial statements verified by an accountant	12,420	12,420	-	3.22%	The total amount of ECOVE Solar Power Corporation external endorsement shall not exceed six times the net value of the most recent financial statement audited by an independent certified public accountant. The maximum limit is \$2,317,700.

Note 1 : Number for items explain as follows :

■Company : 0

■ Subsidiaries : Please fill in the number with a sequence from 1 to 10.

Note 2 : The relationship between the endorser and the endorsed is as follows:

1. Companies with business dealings.
2. A company in which the company directly or indirectly holds more than 50% of the voting shares.
3. A company that directly or indirectly holds more than 50% of the voting rights in the company.
4. Between companies where the company directly or indirectly holds more than 90% of the voting shares.
5. Based on the needs of contracting projects, the same industry or jointly create a company with mutual insurance in accordance with the contract.
6. Companies that are endorsed and guaranteed by all capital shareholders based on their shareholding ratio due to a joint investment relationship.
7. Inter-industry engages in joint and several guarantees of performance guarantees for sales contracts of pre-sale houses in accordance with the Consumer Protection Law.

Note 3 : The limit and the maximum limit of endorsement set by the company according to the operating procedures of endorsement for others should be filled out, and the calculation method of the individual endorsement and the total limit should be explained in the remarks column.

Note 4 : The highest balance of the endorsement for others in the current year

(2) Lending to others: (as of March 31st, 2022)

Unit: NTD thousands

No. [Note1]	Lender	Borrower	Account item [Note2]	The highest balance during period [Note3]	Ending balance [Note8]	Interest rate	Nature of Lending [Note4]	Amount for operation [Note5]	Reason of short-term financing [Note6]	Allowa nce for bad debts	Collateral		Limit on lending for single enterprise [Note7]	Ceiling for total amount [Note7] Name
											Name	Value		
1	ECOVE Environment Services Corporation	GRQ Investment Corporation	other receivable	210,000	200,000	0.75%	2	0	For operational needs	0	NA	0	359,948	359,948
1	ECOVE Environment Services Corporation	ECOVE South Co. Ltd.	other receivable	30,000	30,000	0.75%	2	0	For operational needs	0	NA	0	359,948	359,948

Note 1 : Number for items explain as follows :

- Company : 0
- Subsidiaries : Please fill in the number with a sequence from 1 to 10.

Note 2 : This item is for account receivable-related parties, owner's equity, prepayments, temporary payments etc. If any item belong to Lending to others needs to be filled in this column.

Note 3 : The highest balance during period

Note 4 : Description for Lending to others as follows :

- 1 : Having business relationship
- 2 : Operational needs

Note 5 : Belongs to item 1, please fill in the amount for operation.

Note 6 : Belongs to item 2, please explain the reason and lending purpose of short-term financing. For example, repayment for loans, purchasing equipment, or needs for operations and working capital, etc.

Note 7 : Please fill in the limit of amount on lending to single enterprise and total limit of amount on lending to others by the Company, according to the stipulation of the Procedures of Lending to Others, and express the calculation of the aforesaid figures in the column of remarks.

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 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.

(3) Derivative Transactions Information: None

**8.1.4 Consolidated Financial Statements of Affiliated Enterprises of the Company:**

Please refer to Appendix I and Appendix II.



**8.2 Private placement of securities in the most recent year and up to the date of annual report publication:** None

**8.3 Holding or disposal of this company's shares by a subsidiary company in the last year, up to the publication date of this report:** None

**8.4 Other Necessary Supplemental Information**

**8.4.1 Key performance index specific to the industry:**

The Company is an investment holding company and its five main subsidiary companies including ECOVE Environment Services Corp., ECOVE Wujih Energy Corp., ECOVE Waste Management Corp., ECOVE Miaoli Energy Corp. and ECOVE Solar Energy Corp. are all environmental protection service providers. A key performance index (KPI) for Social Corporate Responsibility is established based on such characteristics and it is described below:

Definitions	2022 Goal	2022 Actual Achievements	Definition
This year each project participated social corporate responsibility Award $\geq 3$	Annual social corporate responsibility award more than 3 awards	<ul style="list-style-type: none"> <li>Awarded "Top 5% of Corporate Governance Evaluation" from TPEX-listed group for 8 consecutive years</li> <li>Awarded "The 4<sup>th</sup> National Enterprise Environmental Protection Award" by the Environmental Protection Agency, Executive Yuan</li> <li>The High Distinction Award of 2021 Incineration Plant Audit &amp; Evaluation by Environmental Protection Administration, Executive Yuan</li> <li>2021 Excellent Private Enterprise Green Procurement Award by Keelung City &amp; ChangHua County Government</li> </ul> Other awards: <ul style="list-style-type: none"> <li>Received the 9<sup>th</sup> "Excellent Solar Power System Award" from the Energy Bureau of the Ministry of Economic Affairs</li> <li>Awarded the "2022 Kaohsiung City Optoelectronic Smart Building Mark" by the Kaohsiung City Government Works Bureau</li> </ul>	This year each project participated safety and health related award $\geq 3$
This year each project participated social	Annual social corporate responsibility award more	<ul style="list-style-type: none"> <li>Keelung EfW plant was awarded "2022 Excellent Unit Award of Implementing Occupational Safety and Health" by MOL</li> <li>Tainan EfW plant was awarded "2022 Excellent</li> </ul>	This year each project participated safety and

<p>corporate responsibility Award <math>\geq 3</math></p>	<p>than 3 awards</p>	<p>Unit Award of Implementing Occupational Safety and Health” by MOL</p> <ul style="list-style-type: none"> <li>• STSP EfW Plant was awarded “2022 Excellent Unit Award of Implementing Occupational Safety and Health” by Southern Taiwan Science Park</li> <li>• Gangshan EfW plant was awarded “2022 Excellent Unit Award of Implementing Occupational Safety and Health” by Labor Affairs Bureau of Kaohsiung City Government</li> <li>• Tainan EfW plant was awarded “2022 Safety and Healthy Family Performance Selection Excellence Award” by Labor Affairs Bureau of Tainan City Government</li> </ul> <p>Awarded by the Industrial Safety and Health Association (ISHA) of the R.O.C. entrusted by the Ministry of Labor:</p> <ul style="list-style-type: none"> <li>• Keelung EfW Plant was awarded the 1.2 million zero-accident work hours certificate.</li> <li>• Southern Taoyuan EfW Plant was awarded the 190,000 zero-accident work hours certificate</li> <li>• Miaoli EfW Plant was awarded the 600,000 zero-accident work hours certificate</li> <li>• Houli EfW Plant was awarded the 1.74 million zero-accident work hours certificate</li> <li>• Wujih EfW Plant was awarded the 1.32 million zero-accident work hours certificate.</li> <li>• Tainan EfW Plant was awarded the 1.94 million zero-accident work hours certificate.</li> <li>• STSP EfW Plant was awarded the 1.20 million zero-accident work hours certificate.</li> </ul> <p>Other awards:</p> <ul style="list-style-type: none"> <li>• Taoyuan EfW Plant, Miaoli EfW Plant, Houli EfW Plant, Tainan EfW Plant and STSP EfW plant received the “Healthy Workplace Certification”</li> </ul>	<p>health related award <math>\geq 3</math></p>
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		<p>health promotion mark from the National Health Service of the Ministry of Health and Welfare.</p> <ul style="list-style-type: none"> <li>• Xizhou EfW Plant received a Certificate of Appreciation as “Promoting Occupational Safety and Health Improvement in Small and Medium Enterprises” by Changhua County Government.</li> <li>• Tainan EfW Plant received a Certificate of Appreciation as “2022 Promotion of the Core Enterprise of Safety and Health Family” by Tainan City Government Labor Bureau.</li> <li>• Keelung EfW Plant rewarded “AED+CPR site mark certificate” by Keelung City Government Health Bureau</li> <li>• Miaoli EfW Plant rewarded “AED+CPR site mark certificate” by Miaoli County Government Health Bureau.</li> <li>• Houli EfW Plant rewarded “AED+CPR site mark certificate” by Taichung City Government Health Bureau.</li> <li>• Wujiu EfW Plant rewarded “AED+CPR site mark certificate” by Taichung City Government Health Bureau.</li> <li>• Xizhou EfW Plant rewarded “AED+CPR site mark certificate” by Changhua County Government Health Bureau.</li> <li>• Tainan EfW Plant rewarded “AED+CPR site mark certificate” by Tainan City Government Health Bureau.</li> <li>• STSP EfW Plant rewarded “AED+CPR site mark certificate” by Tainan City Government Health Bureau.</li> <li>• Gangshan EfW Plant rewarded “AED+CPR site mark certificate” by Kaohsiung City Government Health Bureau.</li> </ul>	
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## IX. Appendix

# APPENDIX I

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

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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.

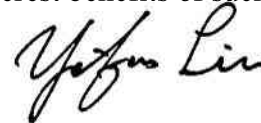
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



Lin, Yi-Fan

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 6, 2023

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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	%	
<b>Current assets</b>						
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	<b>Total current assets</b>		<u>5,129,375</u>	<u>39</u>	<u>4,970,716</u>	<u>40</u>
<b>Non-current assets</b>						
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	<b>Total non-current assets</b>		<u>8,159,132</u>	<u>61</u>	<u>7,314,143</u>	<u>60</u>
1XXX	<b>Total assets</b>		<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	%
<b>Current liabilities</b>						
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	<b>Total current liabilities</b>		<u>2,928,204</u>	<u>22</u>	<u>2,400,201</u>	<u>20</u>
<b>Non-current liabilities</b>						
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	<b>Total non-current liabilities</b>		<u>3,930,962</u>	<u>30</u>	<u>3,988,296</u>	<u>32</u>
2XXX	<b>Total liabilities</b>		<u>6,859,166</u>	<u>52</u>	<u>6,388,497</u>	<u>52</u>
<b>Equity attributable to owners of parent</b>						
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	<b>Equity attributable to owners of the parent</b>		<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	<b>Total equity</b>		<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	<b>Total liabilities and equity</b>		<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	<b>Profit before income tax</b>		<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	<b>Profit for the year</b>		<u>\$ 1,278,162</u>	<u>18</u>	<u>\$ 1,077,747</u>	<u>18</u>
	<b>Other comprehensive income</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
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)	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Cumulative translation differences of foreign operations		<u>75,051</u>	<u>1</u>	( 10,516)	-
8300	<b>Total other comprehensive income for the year</b>		<u>\$ 50,644</u>	<u>1</u>	<u>\$ 11,669</u>	<u>-</u>
8500	<b>Total comprehensive income for the year</b>		<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		\$ 14.91		\$ 13.15	
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			Non-controlling interest	Total equity	
	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
<b>Year ended December 31, 2021</b>													
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>
<b>Year ended December 31, 2022</b>													
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
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
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
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
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 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
(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:

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

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

(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

	<u>SINO GAL-Waste Services Co., Ltd.</u>	
	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
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	<u>53,209</u>	<u>27,517</u>
Cash and cash equivalents, beginning of year	<u>141,268</u>	<u>113,751</u>
Cash and cash equivalents, end of year	<u>\$ 194,477</u>	<u>\$ 141,268</u>

#### (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:

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding ratio</u>		<u>Nature of relationship</u>	<u>Method of measurement</u>
		<u>December 31, 2022</u>	<u>December 31, 2021</u>		
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

	<u>Boretech Resource Recovery Engineering Co., Ltd. (Cayman)</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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	<u>\$ 1,699,462</u>	<u>\$ 1,367,671</u>
Share in associate's net assets	\$ 313,828	\$ 273,535
Goodwill	75,505	75,505
Carrying amount of the associate	<u>\$ 389,333</u>	<u>\$ 349,040</u>

### Statement of comprehensive income

	<u>Boretech Resource Recovery Engineering Co., Ltd. (Cayman)</u>	
	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
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	<u>\$ 230,413</u>	<u>\$ 211,791</u>
Dividends received from associate	<u>\$ 29,910</u>	<u>\$ 27,726</u>

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

As of 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 6<sup>th</sup> 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:

	2022	2021
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:

	December 31, 2022	
	Number of shares	Carrying amount
ECOVE Waste Management Corp.	1,605	\$ <u>57</u>
	December 31, 2021	
	Number of shares	Carrying amount
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	(\$ 1,427)	(\$ 1,683)

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	<u>\$ 2,669,799</u>	<u>\$ 2,840,436</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is controlled by CTCI Corporation (incorporated in R.O.C.), which owns 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
	<u>\$ 63,270</u>	<u>\$ 7,200</u>

(a) The prices on the operating, removal and transportation contracts entered into with related parties are set through negotiation by both parties. The collection term was 30 days 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 amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<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 amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<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	\$ -	\$ -	\$ -
<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

# APPENDIX II

**ECOVE ENVIRONMENT CORP.  
PARENT COMPANY ONLY FINANCIAL  
STATEMENTS AND INDEPENDENT AUDITORS’  
REPORT  
DECEMBER 31, 2022 AND 2021**

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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 CORPORATION

***Opinion***

We have audited the accompanying non-consolidated balance sheets of ECOVE Environment Corporation (the "Company") as of December 31, 2022 and 2021, and the related non-consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the non-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 non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

***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 Non-consolidated Financial Statements section of our report. We are independent of the Company 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 Company's 2022 non-consolidated financial statements. These matters were addressed in the context of our audit of the non-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 Company's 2022 non-consolidated financial statements are as follows:

***Accuracy of service revenue recognition of subsidiaries accounted for using the equity method***

For the year ended December 31, 2022, the Company assessed its investments in subsidiaries, ECOVE Wujih Energy Corp., ECOVE Environmental Services Corp., ECOVE Waste Management Corp., ECOVE Miaoli Energy Corp. and second-tier subsidiary, SINOGAL-Waste Services Co., Ltd., and ECOVE Environment Services Gangshan Corporation. As the accuracy of operating revenue recognition was material to the financial statements of each subsidiaries and second-tier subsidiary, which in turn affected the investment profit or loss recognised by the Company. Thus, we considered the accuracy of service revenue of subsidiaries accounted for using the equity method as a key audit matter.

Description

Refer to Note 4(29) for accounting policies on operating revenue.

Operating revenue mainly arises from service revenue and electricity sales revenue. The service revenue mainly arises from contracts entered into with certain governments (grantors) that involve charging for the service per unit in accordance with contracts and self-undertook services. As the related revenue is the main operating income of each subsidiary and the investment income or loss is material to the financial statements, we considered the accuracy of service revenue of subsidiaries a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter of the Company's subsidiary and second-tier subsidiary:

- 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, recalculating 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 non-consolidated financial statements. The balance of the investees accounted for using equity method was NT\$272,913 thousand and NT\$81,879 thousand, constituting 3% and 1% of non-consolidated total assets as of December 31, 2022 and 2021, respectively, and share of loss of associates and joint ventures accounted for using equity method of NT\$11,034 thousand and (NT\$1,785) thousand, constituting 1% and (0.2%) of non-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.

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

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company’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 Company 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 Company’s financial reporting process.

***Auditors’ responsibilities for the audit of the non-consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the non-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 non-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 non-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 Company'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 Company'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 non-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 Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-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 Company to express an opinion on the non-consolidated financial statements. We are responsible for the direction, supervision and performance of the 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 non-consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Liao, Fu-Ming



Lin, Yi-Fan

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 6, 2023

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The accompanying parent company only 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 parent company only 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**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 58,149	1	\$ 74,365	1
1110	Financial assets at fair value through profit or loss - current	6(2)	701,463	9	659,517	9
1120	Current financial assets at fair value through other comprehensive income	6(3)	20,041	-	25,578	-
1136	Current financial assets at amortised cost	6(4)	-	-	152,000	2
1200	Other receivables		14	-	317	-
1210	Other receivables - related parties	7	1,954,456	24	1,875,080	25
11XX	<b>Total current assets</b>		<u>2,734,123</u>	<u>34</u>	<u>2,786,857</u>	<u>37</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	68	-	543	-
1550	Investments accounted for using equity method	6(5)	5,237,725	66	4,717,294	63
1755	Right-of-use assets	6(6)	639	-	713	-
1920	Guarantee deposits paid	8	17	-	17	-
15XX	<b>Total non-current assets</b>		<u>5,238,449</u>	<u>66</u>	<u>4,718,567</u>	<u>63</u>
1XXX	<b>Total assets</b>		<u>\$ 7,972,572</u>	<u>100</u>	<u>\$ 7,505,424</u>	<u>100</u>

(Continued)

**ECOVE ENVIRONMENT CORPORATION**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2150	Notes payable		\$ 481	-	\$ -	-
2200	Other payables		26,289	1	28,363	1
2220	Other payables - related parties	7	5,276	-	5,324	-
2230	Current income tax liabilities		6,461	-	13,441	-
2280	Current lease liabilities	7	73	-	66	-
21XX	<b>Current Liabilities</b>		<u>38,580</u>	<u>1</u>	<u>47,194</u>	<u>1</u>
<b>Non-current liabilities</b>						
2530	Bonds payable	6(7)	1,991,381	25	1,988,845	26
2570	Deferred tax liabilities	6(18)	9,686	-	-	-
2580	Non-current lease liabilities	7	568	-	640	-
2640	Accrued pension liabilities	6(8)	5,962	-	4,664	-
25XX	<b>Non-current liabilities</b>		<u>2,007,597</u>	<u>25</u>	<u>1,994,149</u>	<u>26</u>
2XXX	<b>Total Liabilities</b>		<u>2,046,177</u>	<u>26</u>	<u>2,041,343</u>	<u>27</u>
<b>Equity</b>						
Share capital		6(10)				
3110	Common stock		704,579	9	695,170	9
3140	Advance receipts for share capital		2,334	-	857	-
Capital surplus		6(11)				
3200	Capital surplus		2,626,341	33	2,421,348	33
Retained earnings		6(12)				
3310	Legal reserve		940,121	12	848,366	11
3320	Special reserve		14,895	-	23,272	-
3350	Unappropriated retained earnings		1,622,165	20	1,490,020	20
Other equity interest						
3400	Other equity interest		16,017	-	(14,895)	-
3500	Treasury shares	6(10)	(57)	-	(57)	-
3XXX	<b>Total equity</b>		<u>5,926,395</u>	<u>74</u>	<u>5,464,081</u>	<u>73</u>
Significant contingent liabilities and unrecognised contract commitments		9				
Significant events after the balance sheet date		11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 7,972,572</u>	<u>100</u>	<u>\$ 7,505,424</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

**ECOVE ENVIRONMENT CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
(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(5)	\$ 1,044,850	100	\$ 923,898	100
5900	Gross profit		1,044,850	100	923,898	100
	Operating expenses	6(16)(17) and 7				
6200	General and administrative expenses		( 47,927)	( 4)	( 50,715)	( 6)
6000	Total operating expenses		( 47,927)	( 4)	( 50,715)	( 6)
6900	Operating profit		996,923	96	873,183	94
	Non-operating income and expenses					
7100	Interest income	6(13) and 7	20,128	2	8,238	1
7010	Other income	6(14) and 7	56,330	5	50,931	6
7020	Other gains and losses	6(15)	2,948	-	1,234	-
7050	Finance costs	6(6)(7) and 7	( 14,640)	( 1)	( 8,717)	( 1)
7000	Total non-operating income and expenses		64,766	6	51,686	6
7900	<b>Profit before income tax</b>		1,061,689	102	924,869	100
7950	Income tax expense	6(18)	( 16,663)	( 2)	( 14,053)	( 2)
8200	<b>Profit for the year</b>		\$ 1,045,026	100	\$ 910,816	98
	<b>Other comprehensive income</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Actuarial losses on defined	6(8)	(\$ 653)	-	(\$ 103)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	( 3,751)	( 1)	2,736	1
8330	Share of other comprehensive (loss) 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		( 20,007)	( 2)	19,603	2
8310	Components of other comprehensive income that will not be reclassified to profit or loss		( 24,411)	( 3)	22,236	3
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Cumulative translation differences of foreign operations		60,495	6	( 7,124)	( 1)
8300	<b>Other comprehensive income for the year</b>		\$ 36,084	3	\$ 15,112	2
8500	<b>Total comprehensive income for the year</b>		\$ 1,081,110	103	\$ 925,928	100
	Earnings per share(in dollars)	6(19)				
9750	Basic earnings per share		\$ 14.91		\$ 13.15	
9850	Diluted earnings per share		\$ 14.85		\$ 13.00	

The accompanying notes are an integral part of these parent company only financial statements.

ECOVE Environment Corp.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital			Retained Earnings			Other Equity Interest			Treasury shares	Total equity
		Share capital - common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income			
<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	
Profit for the year		-	-	-	-	-	910,816	-	-	-	910,816	
Other comprehensive income (loss)		-	-	-	-	-	6,735	( 7,124)	15,501	-	15,112	
Total comprehensive income		-	-	-	-	-	917,551	( 7,124)	15,501	-	925,928	
Appropriations of 2020 earnings	6(12)											
Legal reserve		-	-	-	83,554	-	( 83,554)	-	-	-	-	
Special reserve		-	-	-	-	23,272	( 23,272)	-	-	-	-	
Cash dividends		-	-	-	-	-	( 759,482)	-	-	-	( 759,482)	
Share-based payment transactions	6(11)	-	-	3,337	-	-	-	-	-	-	3,337	
Employee stock options exercised	6(10)(11)	4,884	857	87,255	-	-	-	-	-	-	92,996	
Adjustments of changes in investments accounted for using equity method	6(5)(11)	-	-	20,114	-	-	-	-	-	-	20,114	
Advance receipts for share capital transferred to share		524	( 524)	-	-	-	-	-	-	-	-	
Balance at December 31, 2021		\$ 695,170	\$ 857	\$ 2,421,348	\$ 848,366	\$ 23,272	\$ 1,490,020	(\$ 60,840)	\$ 45,945	(\$ 57)	\$ 5,464,081	
<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	
Profit for the year		-	-	-	-	-	1,045,026	-	-	-	1,045,026	
Other comprehensive income (loss)		-	-	-	-	-	5,172	60,495	( 29,583)	-	36,084	
Total comprehensive income		-	-	-	-	-	1,050,198	60,495	( 29,583)	-	1,081,110	
Appropriations of 2021 earnings	6(12)											
Legal reserve		-	-	-	91,755	-	( 91,755)	-	-	-	-	
Special reserve		-	-	-	-	( 8,377)	8,377	-	-	-	-	
Cash dividends		-	-	-	-	-	( 834,675)	-	-	-	( 834,675)	
Share-based payment transactions	6(11)	-	-	2,026	-	-	-	-	-	-	2,026	
Employee stock options exercised	6(10)(11)	8,552	2,334	162,389	-	-	-	-	-	-	173,275	
Employee restricted stocks	6(11)	-	-	774	-	-	-	-	-	-	774	
Adjustments of changes in investments accounted for using equity method	6(5)(11)	-	-	39,804	-	-	-	-	-	-	39,804	
Advance receipts for share capital transferred to share		857	( 857)	-	-	-	-	-	-	-	-	
Balance at December 31, 2022		\$ 704,579	\$ 2,334	\$ 2,626,341	\$ 940,121	\$ 14,895	\$ 1,622,165	(\$ 345)	\$ 16,362	(\$ 57)	\$ 5,926,395	

The accompanying notes are an integral part of these parent company only financial statements.

**ECOVE ENVIRONMENT CORPORATION**  
**PARENT COMPANY ONLY 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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 1,061,689	\$ 924,869
Adjustments			
Adjustments to reconcile profit (loss)			
Salary expense-employee stock options	6(9)(17)	2,026	3,337
Employee restricted stocks	6(9)(17)	774	-
Depreciation - right-of-use assets	6(6)	74	68
Interest income	6(13)	( 20,128 )	( 8,238 )
Dividend income	6(14)	( 531 )	( 1,789 )
Gain on valuation of financial assets	6(2)(15)	( 2,167 )	( 1,193 )
Gain from lease modification	6(15)	-	( 11 )
Share of profit of associates and joint ventures accounted for under equity method	6(5)	( 1,044,850 )	( 923,898 )
Proceeds from capital reduction of investee company	6(15)	( 543 )	-
Interest expense	6(7)	14,636	8,713
Interest expense - lease liability	6(6) and 7	4	4
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		( 39,779 )	( 441,943 )
Other receivables		286	( 42 )
Other receivables-related parties		( 4,651 )	( 7,610 )
Prepayments		-	8
Increase in investments accounted for using the equity method-subidiaries	6(5)	( 199,999 )	-
Changes in operating liabilities			
Notes payable		481	-
Other payables		( 2,074 )	8,062
Other payables - related parties		( 48 )	( 886 )
Preference share liabilities-non-current		645	304
Cash outflow generated from operations		( 234,155 )	( 440,245 )
Interest received		2,061	823
Dividends received		813,706	948,546
Interest paid		( 12,100 )	-
Income tax paid		( 13,957 )	( 11,863 )
Net cash flows from operating activities		<u>555,555</u>	<u>497,261</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		17,437	6,506
Increase in other receivables-related parties		( 82,000 )	( 1,615,000 )
Proceeds from disposal of financial assets measured at fair value through other comprehensive income		2,261	-
Decrease (increase) in financial assets at amortised cost		152,000	( 152,000 )
Increase in refundable deposits		-	( 17 )
Net cash flows from (used in) investing activities		<u>89,698</u>	<u>( 1,760,511 )</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liabilities		( 69 )	( 74 )
Proceeds from issuance of bonds		-	1,987,324
Employee stock options exercised		173,275	92,996
Cash dividends paid	6(12)	( 834,675 )	( 759,482 )
Net cash flows (used in) from financing activities		<u>( 661,469 )</u>	<u>1,320,764</u>
Net (decrease) increase in cash and cash equivalents		( 16,216 )	57,514
Cash and cash equivalents at beginning of year		74,365	16,851
Cash and cash equivalents at end of year		<u>\$ 58,149</u>	<u>\$ 74,365</u>

The accompanying notes are an integral part of these parent company only financial statements.

ECOVE ENVIRONMENT CORPORATION  
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

**1. HISTORY AND ORGANIZATION**

- (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, and consolidated investee-Chang Ting Corporation in December, 2005.
- (2) The Company is primarily engaged in waste management. However, the Board of Directors resolved to change its main activity to investment holding on March 27, 2007. 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 AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION**

These non-consolidated financial statements were authorised 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 the 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 Company’s financial condition and financial performance based on the Company’s assessment.



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

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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 Company's financial condition and financial performance based on the Company'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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
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 Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these non-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 non-consolidated financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(2) Basis of preparation

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

(3) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading purposes;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

(4) 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.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial assets at fair value with any gain or loss recognised in profit or loss.

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

reclassified from equity to profit or loss.

(7) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
- (a) The objective of the Company'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 amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company 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 recognised in profit or loss when the asset is derecognised or impaired.
- D. The Company'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.

(8) Impairment of financial assets

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

(9) Derecognition of financial assets

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

(10) Investments accounted for using equity method /subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company 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.
- B. Unrealised gains on transactions between the Company and its subsidiaries had been eliminated.

Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profits or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the associate, the Company continues recognizing its share of further losses.
- D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- E. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- F. 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 Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- G. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the non-consolidated financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the non-consolidated financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

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

- (a) The amount of the initial measurement of lease liability; and
- (b) Any lease payments made at or before the commencement date

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

#### (12) Impairment of non-financial assets

- A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for 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 amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

#### (13) Employee benefits

##### A. Pensions

###### (a) Defined contribution plan

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

###### (b) Defined benefit plan

- 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 Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit

obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the balance sheet date).

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

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

B. Employees' compensation and directors' and supervisors' remuneration

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

(14) Employee share-based payment

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

B. Restricted stocks:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

(b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Company recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

(c) For restricted stocks where employees have to pay to acquire those stocks, if employees resign during the vesting period, they must return the stocks to the Company and the Company must refund their payments on the stocks, the Company recognises the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognises the payments from the employees who are expected to be eventually vested

with the stocks in 'capital surplus – others'.

(15)Income tax

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

(16)Share capital

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

(17)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.

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

The preparation of these non-consolidated financial statements requires management to make critical judgements in applying the Company'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 Company 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>
Checking accounts	\$ 964	\$ 484
Demand deposits	37,257	6,881
Time deposits	19,928	67,000
	<u>\$ 58,149</u>	<u>\$ 74,365</u>

- A. The Company 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-current

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 700,131	\$ 658,797
Valuation adjustment	1,332	720
Total	<u>\$ 701,463</u>	<u>\$ 659,517</u>

A. Amounts recognised 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	\$ 2,167	\$ 1,193

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	\$ 16,671	\$ 16,671
Valuation adjustment	3,370	8,907
Total	\$ 20,041	\$ 25,578
Non-Current items:		
Equity instruments		
Unlisted stocks	\$ 81	\$ 2,342
Valuation adjustment	( 13)	( 1,799)
Total	\$ 68	\$ 543

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

	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	(\$ 3,751)	\$ 2,736
Dividend income recognised in profit or loss held at end of year	\$ 531	\$ 1,789

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

(4) Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Current items:		
Time deposits with original maturity over 3 months	\$ <u>                    -</u>	\$ <u>                  152,000</u>

- A. The Company has no financial assets at amortised 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 amortised cost held by the Company was \$0 and \$152,000, respectively.
- C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The Company invests time deposits with the financial institutions with high credit quality, so it expects that the probability of counterparty default is remote.

(5) Investments accounted for using the equity method

	2022	2021
At January 1	\$ 4,717,294	\$ 4,715,482
Addition of investments accounted for using the equity method	199,999	-
Share of profit or loss of investments accounted for using equity method	1,044,850	923,898
Earnings distribution of investments accounted for using equity method	( 805,253)	( 954,679)
Changes in capital surplus	39,804	20,114
Changes in other equity items	41,031	12,479
At December 31	\$ <u>5,237,725</u>	\$ <u>4,717,294</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries:		
ECOVE Wujih Energy Corp.	\$ 798,753	\$ 790,299
ECOVE Environmental Services Corp.	1,048,115	914,952
ECOVE Waste Management Corp.	118,419	108,960
ECOVE Miaoli Energy Corp.	796,025	823,780
Yuan Ding Resources Corp.	39,382	39,377
ECOVE Solar Energy Corporation	1,842,176	1,502,304
ECOVE Solvent Recycling Corporation	117,789	112,274
Associates:		
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	389,333	349,040
EVER ECOVE Corporation	87,733	76,308
	<u>\$ 5,237,725</u>	<u>\$ 4,717,294</u>

#### A. Subsidiaries

(a) The basic information of the subsidiaries that are material to the Company is as follows:

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding ratio</u>		<u>Nature of relationship</u>	<u>Method of measurement</u>
		<u>December 31, 2022</u>	<u>December 31, 2021</u>		
ECOVE Wujih Energy Corp.	Taiwan	100.00%	100.00%	Subsidiaries	Equity method
ECOVE Environmental Services Corp.	"	100.00%	100.00%	"	"
ECOVE Waste Management Corp.	"	100.00%	100.00%	"	"
ECOVE Miaoli Energy Corp.	"	74.999%	74.999%	"	"
ECOVE Solar Energy Corp.	"	100.00%	100.00%	"	"

(b) The summarized financial information of the subsidiaries that are material to the Company is as follows:

Balance sheets

	<u>ECOVE Wujih Energy Corp.</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 946,622	\$ 729,940
Non-current assets	185,996	357,127
Current liabilities	( 206,820)	( 215,521)
Non-current liabilities	( 127,045)	( 81,247)
Total net assets	<u>\$ 798,753</u>	<u>\$ 790,299</u>
Share in subsidiary's net assets	<u>\$ 798,753</u>	<u>\$ 790,299</u>
Carrying amount of the subsidiary	<u>\$ 798,753</u>	<u>\$ 790,299</u>

	<u>ECOVE Environmental Services Corp.</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 1,473,988	\$ 1,655,907
Non-current assets	1,426,887	623,150
Current liabilities	( 1,480,765)	( 1,123,661)
Non-current liabilities	( 385,412)	( 255,527)
Total net assets	<u>\$ 1,034,698</u>	<u>\$ 899,869</u>
Share in subsidiary's net assets	<u>\$ 1,034,698</u>	<u>\$ 899,869</u>
Carrying amount of the subsidiary	<u>\$ 1,048,115</u>	<u>\$ 914,952</u>

	<u>ECOVE Waste Management Corp.</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 176,941	\$ 406,558
Non-current assets	60,118	62,433
Current liabilities	( 80,418)	( 187,325)
Non-current liabilities	( 37,826)	( 172,331)
Total net assets	<u>\$ 118,815</u>	<u>\$ 109,335</u>
Share in subsidiary's net assets	<u>\$ 118,815</u>	<u>\$ 109,335</u>
Carrying amount of the subsidiary	<u>\$ 118,419</u>	<u>\$ 108,960</u>

	<u>ECOVE Miaoli Energy Corp.</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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	<u>\$ 1,061,385</u>	<u>\$ 1,098,393</u>
Share in subsidiary's net assets	<u>\$ 796,025</u>	<u>\$ 823,780</u>
Carrying amount of the subsidiary	<u>\$ 796,025</u>	<u>\$ 823,780</u>

	<u>ECOVE Solar Energy Corporation</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 118,500	\$ 102,254
Non-current assets	3,477,031	3,009,332
Current liabilities	( 1,687,719)	( 1,601,163)
Non-current liabilities	( 189,327)	( 131,810)
Total net assets	<u>\$ 1,718,485</u>	<u>\$ 1,378,613</u>
Share in subsidiary's net assets	<u>\$ 1,718,485</u>	<u>\$ 1,378,613</u>
Carrying amount of the subsidiary	<u>\$ 1,842,176</u>	<u>\$ 1,502,304</u>

#### Statement of comprehensive income

	<u>ECOVE Wujih Energy Corp.</u>	
	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Revenue	\$ 815,446	\$ 760,159
Profit for the year from continuing operations	\$ 274,790	\$ 261,361
Other comprehensive (income) loss, net of tax	( 5,553)	2,733
Total comprehensive income	<u>\$ 269,237</u>	<u>\$ 264,094</u>
Dividends received from subsidiary	<u>\$ 260,872</u>	<u>\$ 355,287</u>

ECOVE Environmental Services Corp.		
For the years ended December 31,		
	2022	2021
Revenue	\$ 4,355,923	\$ 3,798,356
Profit for the year from continuing operations	\$ 451,484	\$ 367,306
Other comprehensive income, net of tax	8,785	9,786
Total comprehensive income	\$ 460,269	\$ 377,092
Dividends received from subsidiary	\$ 336,592	\$ 339,588

ECOVE Waste Management Corp.		
For the years ended December 31,		
	2022	2021
Revenue	\$ 398,306	\$ 1,211,479
Profit for the year from continuing operations	\$ 63,500	\$ 49,004
Other comprehensive (income) loss, net of tax	( 5,484)	3,118
Total comprehensive income	\$ 58,016	\$ 52,122
Dividends received from subsidiary	\$ 49,717	\$ 53,351

ECOVE Miaoli Energy Corp.		
For the years ended December 31,		
	2022	2021
Revenue	\$ 318,568	\$ 324,403
Profit for the year from continuing operations	\$ 110,986	\$ 123,127
Other comprehensive (income) loss, net of tax	19	( 203)
Total comprehensive income	\$ 111,005	\$ 122,924
Dividends received from subsidiary	\$ 111,230	\$ 178,712

ECOVE Solar Energy Corporation.		
For the years ended December 31,		
	2022	2021
Revenue	\$ 310,913	\$ 269,184
Profit for the year from continuing operations	\$ 96,442	\$ 95,465
Other comprehensive (income) loss, net of tax	42,958	( 5,741)
Total comprehensive income	<u>\$ 139,400</u>	<u>\$ 89,724</u>

## B. Associate

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

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding ratio</u>		<u>Nature of relationship</u>	<u>Method of measurement</u>
		December 31, 2022	December 31, 2021		
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Is.	18.47%	20.00%	Associate	Equity method

(b) The summarized financial information of the associates that are material to the Company is as follows:

### Balance sheets

	<u>Boretech Resource Recovery Engineering Co., Ltd. (Cayman)</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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	<u>\$ 1,699,462</u>	<u>\$ 1,367,671</u>
Share in associate's net assets	\$ 313,828	\$ 273,535
Goodwill	75,505	75,505
Carrying amount of the associate	<u>\$ 389,333</u>	<u>\$ 349,040</u>



## Statement of comprehensive income

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	For the years 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

- (1) The Company's Board of Directors resolved to invest in ECOVE Solar Energy Corporation in December 2022 for a total investment of \$199,999.
- (2) On September 1, 2022, in the case that the associate, Boretech Resource Recovery Engineering Co., Ltd. (Cayman), issued new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate. 'Capital surplus' and 'investments accounted for using the equity method' shall be adjusted for the increase or decrease of its share of equity interest amounting to \$26,658, and the gain of \$543 which was previously recognised in other comprehensive income was reclassified to profit or loss proportionately.
- (3) For the years ended December 31, 2022 and 2021, EVER ECOVE Corp. and Jing Ding Green Energy Technology Co., Ltd. were recognised based on the investees' financial statements audited by other independent auditors.

### (6) Leasing arrangements – lessee

A. The Company leases buildings. Rental contracts are typically made for periods of 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. 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>
	Carrying amount	Carrying amount
Buildings	\$ 639	\$ 713

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Depreciation charge	Depreciation charge
Buildings	\$ 74	\$ 68

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$0 and \$744, respectively.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 4	\$ 4
Expense on short-term lease contracts	17	214
Gain on sale and leaseback transactions	-	11

E. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$86 and \$288, respectively.

(7) 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. For the years ended December 31, 2022 and 2021, the interest expense on bonds payable were \$14,636 and \$8,713, respectively.

(8) Pensions

A. Defined benefit pension plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes 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 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 in the following year, the Company will make contributions to cover the deficit by next March.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of funded defined benefit obligations	\$ 7,581	\$ 6,814
Fair value of plan assets	( 1,619)	( 2,150)
Net defined benefit liability	<u>\$ 5,962</u>	<u>\$ 4,664</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended December 31, 2022			
At January 1	\$ 6,814	(\$ 2,150)	\$ 4,664
Current service cost	696	-	696
Interest expense ( income )	41	( 13)	28
	<u>7,551</u>	<u>( 2,163)</u>	<u>5,388</u>
Remeasurements:			
Change in financial assumptions	( 118)	-	( 118)
Experience adjustments	918	( 147)	771
	<u>800</u>	<u>( 147)</u>	<u>653</u>
Pension fund contribution	-	( 79)	( 79)
Paid pension	( 770)	770	-
At December 31	<u>\$ 7,581</u>	<u>(\$ 1,619)</u>	<u>\$ 5,962</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended December 31, 2021			
At January 1	\$ 5,957	(\$ 1,700)	\$ 4,257
Current service cost	712	-	712
Interest expense ( income )	18	( 5)	13
	<u>6,687</u>	<u>( 1,705)</u>	<u>4,982</u>
Remeasurements:			
Change in demographic assumptions	3	-	3
Change in financial assumptions	( 81)	-	( 81)
Experience adjustments	205	( 24)	181
	<u>127</u>	<u>( 24)</u>	<u>103</u>
Pension fund contribution	-	( 421)	( 421)
At December 31	<u>\$ 6,814</u>	<u>(\$ 2,150)</u>	<u>\$ 4,664</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's 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 has no right to participate in managing and operating that fund and hence the Company is 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>2022</u>	<u>2021</u>
Discount rate	1.20%	0.60%
Future salary increases	3.00%	3.00%

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

(f) Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was 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>48</u> )	<u>\$ 49</u>	<u>\$ 29</u>	( <u>\$ 29</u> )
December 31, 2021				
Effect on present value of defined benefit obligation	( <u>\$ 63</u> )	<u>\$ 65</u>	<u>\$ 47</u>	( <u>\$ 46</u> )

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. 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.

- (g) Expected contributions to the defined benefit pension plans of the Company for 2023 amount to \$43.

**B. Defined contribution pension plan**

(a) Effective July 1, 2005, the Company has 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 contributes 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 Company for the years ended December 31, 2022 and 2021 were \$601 and \$562, respectively.

**(9) Share-based payment**

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

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
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 (in thousands)	Weighted-average exercise price (in dollars)	No. of units (in thousands)	Weighted-average exercise price (in dollars)
<u>Stock options</u>				
Options outstanding at beginning of 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:

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)
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:

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)
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 NT\$133.8~NT\$184.1 and NT\$140.6~NT\$191.1 (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 (in dollars)	Exercise price (in dollars)	Expected price	Expected volatility	Expected duration	Expected dividend yield rate	Risk-free interest rate	Fair value per unit (in dollars)
Sixth plan of employee stock options	2018.7.9	NT\$ 173.5	NT\$ 173.5	11.38%~ 12.71%		4~5 years	0%	0.66%~ 0.71%	NT\$ 17.88- 22.44
Seventh plan of employee stock options	2019.7.24	NT\$212.5	NT\$212.5	10.83%~ 11.00%		4~5 years	0%	0.56%~ 0.58%	NT\$ 20.57- 23.68
Eighth plan of employee stock options	2020.4.13	NT\$ 203.0	NT\$ 203.0	11.58%~ 12.02%		4~5 years	0%	0.41%~ 0.45%	NT\$ 20.26- 23.79

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

	For the year ended December 31, 2022
Equity-settled	<u>\$ 2,026</u>

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 full-time employees of the parent company and its domestic subsidiaries. As of December 31, 2022 and 2021, the service cost recognised by the Company arising from the abovementioned restricted stocks to employees and the corresponding capital surplus - restricted stocks are as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Equity-settled	<u>\$ 774</u>	<u>\$ -</u>

(10) Share capital

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

(including advance receipts for share capital):

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

B. As of December 31, 2022, the Company's authorized 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 \$10 (in dollars) per share.

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. amounted to \$57. The details are as follows:

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

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

(11) 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
Share-based payment transaction	-	2,026	-	-	2,026
Employee restricted stocks	-	-	774	-	774
Adjustments due to capital transfer of investees	-	10,223	2,923	26,658	39,804
Employee stock options exercised	162,389	-	-	-	162,389
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>
At January 1, 2021	\$ 2,265,828	\$ 44,814	\$ -	\$ -	\$ 2,310,642
Share-based payment transaction	-	3,337	-	-	3,337
Adjustments due to capital transfer of investees	-	20,114	-	-	20,114
Employee stock options exercised	87,255	-	-	-	87,255
At December 31, 2021	<u>\$ 2,353,083</u>	<u>\$ 68,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,421,348</u>

C. Refer to Note 6(9) for detailed information about capital surplus from employee stock options and employee restricted stocks.

(12) Retained earnings

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

certain conditions. A report of the distribution of employees' compensation or the directors' remuneration shall be submitted to the shareholders at the shareholders' meeting.

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

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

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 are the priorities 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 dividend shall not be less than 5%.

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

- D. Special reserve

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

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

E. The appropriations of 2021 and 2020 earnings had been resolved at the stockholders' meeting on May 26, 2022 and July 30, 2021, respectively. Details are summarized below:

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

F. The Company recognised dividends of \$834,675 (NT\$11.94333923 per share) and \$759,482 (NT\$10.94880262 per share) in 2021 and 2020, respectively.

G. The appropriations of 2022 earnings had been proposed by the Board of Directors during their meeting on March 6, 2023. Details are summarized below:

	<u>2022</u>	
	<u>Amount</u>	<u>Dividends per share (in NT dollars)</u>
Legal reserve	\$ 105,020	
Reversal of special reserve	( 14,895)	
Cash dividends	<u>960,073</u>	\$ 13.58
Total	<u>\$ 1,050,198</u>	

H. For information relating to employees' remuneration (bonuses) and directors' and supervisors' remuneration, refer to Note 6(17).

(13) Interest income

	For the year ended December 31, 2022	For the year ended December 31, 2021
Interest income from bank deposits	\$ 2,044	\$ 847
Other interest income	18,084	7,391
	<u>\$ 20,128</u>	<u>\$ 8,238</u>

(14) Other income

	For the year ended December 31, 2022	For the year ended December 31, 2021
Dividend income	\$ 531	\$ 1,789
Other income, others	55,799	49,142
	<u>\$ 56,330</u>	<u>\$ 50,931</u>

(15) Other gains and losses

	For the year ended December 31, 2022	For the year ended December 31, 2021
Gains on disposals of investments	\$ 543	\$ -
Foreign exchange gains	238	30
Gains on financial assets at fair value through profit or loss	2,167	1,193
Gains arising from lease modifications	-	11
	<u>\$ 2,948</u>	<u>\$ 1,234</u>

(16) Expenses by nature

	For the year ended December 31, 2022	For the year ended December 31, 2021
Employee benefit expense	\$ 47,528	\$ 44,705
Insurances	106	107
Other expenses	293	5,903
Total operating expenses	<u>\$ 47,927</u>	<u>\$ 50,715</u>

(17) Employee benefit expense

	For the year ended December 31, 2022	For the year ended December 31, 2021
Salaries	\$ 24,012	\$ 20,851
Employee stock options	2,026	3,337
Employee restricted stocks	774	-
Labor and health insurance fees	1,400	1,511
Pension costs	1,325	1,287
Directors' remuneration	17,628	17,360
Other personnel expenses	363	359
	<u>\$ 47,528</u>	<u>\$ 44,705</u>

- A. As of December 31, 2022 and 2021, the Company had 15 employees with 7 directors who were not employees concurrently for both years.
- (a) The average employee benefit expenses for 2022 and 2021 were \$3,737 and \$3,418, respectively.
- (b) The average employee salaries for 2022 and 2021 were \$3,002 and \$2,606, respectively.
- (c) Change in average employees' salaries adjustment was 15%.
- (d) Since the Company has set up the audit committee, no supervisors' remuneration was accrued for the years ended December 31, 2022 and 2021.
- 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' remuneration was accrued at \$5,200 and \$5,200, respectively. The aforementioned amounts were recognized in salary and other expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 0.01% and 2% of distributable profit of current year for the year ended December 31, 2022. The employees' compensation and directors' remuneration have not been resolved by the Board of Directors, which were accrued at \$367 and \$5,200, respectively. The employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2021 amounting



to \$325 and \$5,200, respectively, as resolved by the Board of Directors were in agreement with those amounts recognised 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.

- D. The Company's overall salary positioning is set at better than the market level to attract the outstanding talents in the market. The Company refers to market salary surveys and pay levels in the same industry to ensure a highly competitive salary structure in order to motivate and retain high performing employees. In addition to strictly comply with the local labor laws and related salary regulations, the Company also pays special attention to the correlation and design rationalisation of the Company's operating performance and employee salaries.

Directors' remunerations are determined by the Board of Directors by reference to the pay levels of listed companies in the same industry and their contribution to the Company. Independent directors' remunerations are determined based on the Company's operational performance (consolidated operating revenue, earnings per share and return on equity). Management's salaries are highly correlated with the outcome and performance of the Company's operations, and are determined based on their performance indicators every year by reference to the pay levels in the same industry.

Employees' compensation includes monthly salaries, bonuses, employees' compensation and employee stock options. The employees' salary levels are decided based on their positions, education and experience, professional expertise and market value, which will not differ because of gender, religion, political stance, marital status, etc. Annual budget for salary increases is 3~5%, and the salaries are adjusted in line with market levels based on the principle of fairness. Employees' bonuses are determined based on their positions, contribution and performance to encourage employees' long-term commitment to the Company for mutual benefits and common prosperity.

(18) Income tax

A. Components of income tax expense:

	For the years ended December 31,	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ 8,346	\$ 14,099
Origination and reversal of temporary differences	9,686	-
Prior year income tax over estimation	(1,369)	(46)
Income tax expense	<u>\$ 16,663</u>	<u>\$ 14,053</u>

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	\$ 212,337	\$ 184,974
Investment tax credit	(7,144)	-
Prior year income tax over estimation	(1,369)	(46)
Effect of exempt income	(187,161)	(170,875)
Income tax expense	<u>\$ 16,663</u>	<u>\$ 14,053</u>

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

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
— Deferred tax liabilities:				
Unrealized foreign investment gain	<u>\$ -</u>	<u>(\$ 9,686)</u>	<u>\$ -</u>	<u>(\$ 9,686)</u>

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

D. Details of the amount the Company is entitled as investment tax credit and unrecognised 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	\$ 14,280	\$ 2,856	2026

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

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

(19) Earnings per share

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

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

## 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 Company
CTCI Corp.	Ultimate parent company
ECOVE Wujih Energy Corp.	Subsidiary
ECOVE Environmental Services Corp.	Subsidiary
ECOVE Waste Management Corp.	Subsidiary
ECOVE Miaoli Energy Corp.	Subsidiary
ECOVE Solar Energy Corp.	Subsidiary
ECOVE Solar Power Corp.	Subsidiary
ECOVE South Co., Ltd.	Subsidiary
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Associate
CTCI Development Corp.	Associate
EVER ECOVE Corp.	Associate
CTCI Education Foundation	Other related party

(3) Significant transactions and balances with related parties

A. Directors' and supervisors' remuneration (shown in "other income")

	For the years ended December 31,	
	2022	2021
ECOVE Wujih Energy Corp.	\$ 16,803	\$ 16,314
ECOVE Environmental Services Corp.	29,064	25,078
Subsidiaries	9,000	6,818
	<u>\$ 54,867</u>	<u>\$ 48,210</u>

B. Other revenue/receivables from related parties

(a) Receivables from related parties

	December 31, 2022	December 31, 2021
-Loans to related parties		
ECOVE Solar Energy Corporation	\$ 1,347,000	\$ 1,184,731
ECOVE South Co., Ltd.	100,000	77,317
ECOVE Solar Power Corp.	450,000	552,952
-Others (Note)		
ECOVE Solar Energy Corporation	6,365	5,509
ECOVE Environmental Services Corp.	29,289	25,967
ECOVE Wujih Energy Corp.	16,938	16,474
Subsidiaries	4,864	4,208
Associate	-	7,922
	<u>\$ 1,954,456</u>	<u>\$ 1,875,080</u>

Note: It refers to directors' and supervisors' remuneration as well as payments on behalf of others.

(b) Other revenue

	For the years ended December 31,	
	2022	2021
Interest revenue		
ECOVE Solar Energy Corporation (Note)	\$ 12,209	\$ 5,052
Associates (Note)	5,875	2,339
	<u>\$ 18,084</u>	<u>\$ 7,391</u>
Directors' compensation and transportation allowance		
Subsidiaries	\$ 432	\$ 432
Other related parties	500	500
	<u>\$ 932</u>	<u>\$ 932</u>

Note: The terms of lending include interest to be calculated and received monthly, using the annual rate of 0.75%~1.45% and 0.75%~0.93% for the years ended December 31, 2022 and 2021, respectively.

C. Operating expenses/Other payables

(a) Operating expenses

	For the years ended December 31,	
	2022	2021
CTCI Corp. (Notes 1 and 2)	\$ 5,230	\$ 5,655
Subsidiaries (Notes 2 and 3)	206	860
Associates (Note 4)	11	6
	<u>\$ 5,447</u>	<u>\$ 6,521</u>

Note 1: For the years ended December 31, 2022 and 2021, the Company paid directors' and supervisors' remuneration amounting to \$5,200 for both years.

Note 2: Pertains to personnel transfers from related parties and information system service expense.

Note 3: Represents amortisation of rent and administrative expense of the office in Neihu.

Note 4: Represents administrative expense of second headquarters.

(b) As of December 31, 2022 and 2021, the Company has unpaid obligations to related parties as follows (shown in “other payables”):

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
CTCI Corp.	\$ 5,222	\$ 5,260
Subsidiaries	54	64
	<u>\$ 5,276</u>	<u>\$ 5,324</u>

#### D. Lease transactions – lessee

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

<u>Lessor</u>	<u>Lease object</u>	<u>Payment method</u>	<u>Lease term</u>
Associates	Buildings and structures	\$ 77/year	2021/8~2031/7

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

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Associates	\$ -	\$ 744

(c) Lease liabilities

(i) Outstanding balance:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Associates	\$ 641	\$ 706

(ii) Interest expense

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Ultimate parent	\$ -	\$ 2
Associates	4	2
	<u>\$ 4</u>	<u>\$ 4</u>

#### E. Endorsements and guarantees for others

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
ECOVE Solar Energy Corporation	\$ 2,170,000	\$ 2,659,622
Subsidiaries	2,370,000	1,377,600
Associates	203,000	208,000
	<u>\$ 4,743,000</u>	<u>\$ 4,245,222</u>

(4) Key management compensation

	For the years ended December 31,	
	2022	2021
Salaries and other short-term employee benefits	\$ 29,405	\$ 29,678
Termination benefits	789	410
Total	<u>\$ 30,194</u>	<u>\$ 30,088</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2022	December 31, 2021	
Other non-current assets			
Guarantee deposits paid	<u>\$ 17</u>	<u>\$ 17</u>	Rent

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

As of December 31, 2022, the Company had outstanding notes payable for bank financing amounting to \$700,000.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The appropriations of 2022 earnings had been proposed at the Board of Directors' meeting on March 6, 2023. Refer to Note 6(12)G for detailed information.



## 12. OTHERS

### (1) Capital risk management

The Company's objectives when managing capital are to safeguard the Company'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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company 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 balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

### (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	\$ 701,463	\$ 659,517
Financial assets at fair value through other comprehensive income		
Equity instrument	20,109	26,121
Financial assets at amortised cost		
Cash and cash equivalents	58,149	74,365
Financial assets at amortised cost	-	152,000
Other receivables	14	317
Other receivables-related parties	1,954,456	1,875,080
Guarantee deposits paid	17	17
	<u>\$ 2,734,208</u>	<u>\$ 2,787,417</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
Notes payable	\$ 481	\$ -
Other accounts payable	26,289	28,363
Other payables-related parties	5,276	5,324
Bonds payable	<u>1,991,381</u>	<u>1,988,845</u>
	<u>\$ 2,023,427</u>	<u>\$ 2,022,532</u>
Lease liability	<u>\$ 641</u>	<u>\$ 706</u>

#### B. Risk management policies

- (a) The Company'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 (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company'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 Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require the Company to manage its foreign exchange risk against the functional currency. The Company is required to hedge its entire foreign exchange risk exposure with the Company treasury.
- iii. The Company has certain investments in foreign operations, therefore, does not hedge the risk.

###### Price risk

The Company is exposed to equity securities price risk because of investments held by the Company and classified on the non-consolidated balance sheet either as available-for-sale

or at fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company 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, and the contractual cash flow of debt instruments classified as financial assets at fair value through other comprehensive income.
- ii. The Company 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 Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company'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 Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- ii. The table below analyses the Company'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.

<u>Non-derivative financial liabilities</u>		
December 31, 2022	<u>Up to 1 year</u>	<u>Over 1 year</u>
Other payables (including related parties)	\$ 31,565	\$ -
Lease liabilities	77	582
Bonds payable	12,100	2,016,940

<u>Non-derivative financial liabilities</u>			
December 31, 2021	<u>Up to 1 year</u>		<u>Over 1 year</u>
Other payables (including related parties)	\$	33,687	\$ -
Lease liabilities		70	\$ 659
Bonds payable		12,100	2,029,040

(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 Company'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 Company'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	\$ 701,463	\$ -	\$ -	\$ 701,463
Financial assets at fair value through other comprehensive income				
Equity securities	20,041	-	68	20,109
Total	<u>\$ 721,504</u>	<u>\$ -</u>	<u>\$ 68</u>	<u>\$ 721,572</u>

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 659,517	\$ -	\$ -	\$ 659,517
Financial assets at fair value through other comprehensive income				
Equity securities	<u>25,578</u>	<u>-</u>	<u>543</u>	<u>26,121</u>
	<u>\$ 685,095</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 685,638</u>

- C. The instruments the Company 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. The following chart is the movement of Level 3 for the year ended December 31, 2022:

	<u>2022</u>	
	<u>Equity instruments at fair value through other comprehensive income</u>	
At January 1	\$	543
Recorded as unrealised gains on valuation of investments in equity instruments measured at fair value through other comprehensive income		1,786
Sold during the year	(	2,261)
At December 31	<u>\$</u>	<u>68</u>

G. For the year ended December 31, 2021, there was no input and output into Level 3.

### 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 inland 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.

ECOVE Environment Corp.  
STATEMENT OF CASH AND CASH EQUIVALENTS  
DECEMBER 31, 2022

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

Item	Description	Amount
Demand deposits		
– USD	USD\$1 thousand    exchange rate 30.698    \$	44
– NTD		37,213
Checking accounts		964
Time deposits		
– NTD		19,928
		\$            58,149



ECOVE Environment Corp.  
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT  
DECEMBER 31, 2022

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

Name of Financial Instrument	Shares	Face Value (in dollars)	Total Amount	Cost	Fair Value		Note
					Unit Price (in dollars)	Total Amount	
Yuanta De-Li Money Market Fund	39,919	\$ 16.54	\$ 661,378	\$ 660,131	\$ 16.57	\$ 661,378	
Capital Money Market Fund	2,447	16.35	<u>40,085</u>	<u>40,000</u>	16.38	<u>40,085</u>	
			<u>\$ 701,463</u>	<u>\$ 700,131</u>		<u>\$ 701,463</u>	

ECOVE Environment Corp.  
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT  
DECEMBER 31, 2022

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

Financial Commodites	Summary	Number of Shares	Par Value (in dollars)	Amount	Acquisition costs	Fair Value		Notes
						Price (in dollars)	Amount	
Taiwan Cement Corp.	Stocks	584,287	\$ 10.00	\$ 5,843	\$ 16,671	\$ 34.30	<u>\$ 20,041</u>	-
Less: Valuation adjustment					<u>3,370</u>		<u>\$ 20,041</u>	

ECOVE Environment Corp.  
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Name	Beginning of the year		Additions		Reductions		End of the year		Pledged to other as collaterals
	Number of Shares (per share)	Amount	Number of Shares (per share)	Amount	Number of Shares (per share)	Amount	Number of Share (per share)	Amounts	
Teamwin Opto-Electronics Co., Ltd,	150,000	\$ 2,261	-	\$ -	( 150,000)	(\$ 2,261)	-	\$ -	N/A
Eastern Pacific Energy Sdn.Bhd.	10,000	<u>81</u>	-	<u>-</u>	-	<u>-</u>	10,000	<u>81</u>	"
		\$ 2,342		<u>\$ -</u>		<u>(\$ 2,261)</u>		\$ 81	
Less: Accumulated impairment		( 1,799)						( 13)	
		<u>\$ 543</u>						<u>\$ 68</u>	

ECOVE Environment Corp.  
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Name	Beginning of the year		Additions (reductions)		Investment income (loss)	Balance at December 31, 2021				Pledged to others as collateral
	Number of shares (per share)	Amount	Number of shares (per share)	Amount		Number of shares (per share)	% interest held	Amount	Value per share	
ECOVE Wujih Energy Corp.	30,000,000	\$ 790,299	-	(\$ 266,336)	\$ 274,790	30,000,000	100.00	\$ 798,753	\$ 798,753	N/A
ECOVE Environmental Services Corp.	15,100,000	914,952	-	( 316,655)	449,818	15,100,000	100.00	1,048,115	1,034,698	"
ECOVE Waste Management Corp.	2,000,000	108,960	-	( 54,041)	63,500	2,000,000	100.00	118,419	118,815	"
ECOVE Miaoli Energy Corp.	44,999,200	823,780	-	( 110,993)	83,238	44,999,200	74.999	796,025	796,025	"
Yuan Ding Resources Corp.	4,500,000	39,377	-	-	5	4,500,000	100.00	39,382	39,382	"
ECOVE Solar Energy Corporation	104,621,082	1,502,304	13,717,420	243,430	96,442	118,338,502	100.00	1,842,176	1,718,485	"
ECOVE Solvent Recycling Corporation	8,099,000	112,274	-	( 16,908)	22,423	8,099,000	89.99	117,789	105,326	"
Boretech Resource Recovery Engineering Co., Ltd.(Cayman)	12,039,903	349,040	-	( 2,916)	43,209	12,039,903	18.47	389,333	313,828	"
EVER ECOVE Corporation	8,000,000	76,308	-	-	11,425	8,000,000	5.00	87,733	87,733	"
		<u>\$ 4,717,294</u>		<u>(\$ 524,419)</u>	<u>\$ 1,044,850</u>			<u>\$ 5,237,725</u>	<u>\$ 5,013,045</u>	

ECOVE Environment Corp.  
STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

<u>Accounts</u>	<u>Administrative expenses</u>
Salaries	\$ 24,012
Pension costs	1,325
Other expenses	22,590
	<u>\$ 47,927</u>