

**ECOVE ENVIRONMENT CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT AUDITORS
SEPTEMBER 30, 2020 AND 2019**

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of ECOVE Environment Corp. and subsidiaries (the “Group”) as at September 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three months and nine months then ended as well as the consolidated statements of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65, “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


Basis for Qualified Conclusion

As explained in Notes 4(3)B and 6(7), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method were not reviewed by independent auditors. Those statements reflect total assets of NT\$1,253,031 thousand and NT\$1,226,990 thousand, constituting 13% and 13% of the consolidated total assets, and total liabilities of NT\$414,381 thousand and NT\$313,510 thousand, constituting 10% and 8% of the consolidated total liabilities as at September 30, 2020 and 2019, respectively, and total comprehensive income (including share of profit (loss) of associates and joint ventures accounted for using equity method and share of other comprehensive

income of associates and joint ventures accounted for using equity method) of NT\$121,531 thousand, NT\$73,517 thousand, NT\$264,623 thousand and NT\$209,972 thousand, constituting 39%, 24%, 34% and 25% of the consolidated total comprehensive income for the three months and nine months then ended, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for under equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2020 and 2019, and of its consolidated financial performance for the three months and nine months then ended and of its consolidated cash flows for the nine months then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.


Weng, Shih-Jung


Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

October 30, 2020

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2020 and 2019 are reviewed, not audited)

Assets	Notes	September 30, 2020		December 31, 2019		September 30, 2019		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 594,795	6	\$ 1,679,523	18	\$ 621,400	7
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		1,067,569	11	10,933	-	687,059	7
1120	Current financial assets at fair	6(3)						
	value through other comprehensive							
	income		124,666	1	124,032	1	114,433	1
1136	Current financial assets at	6(4)						
	amortised cost		83,867	1	247,014	2	166,121	2
1140	Current contract assets	6(24)	555,176	6	342,720	4	425,652	5
1150	Notes receivable, net		92	-	481	-	187	-
1170	Accounts receivable, net	6(5)	870,966	9	851,456	9	901,091	10
1180	Accounts receivable - related	7						
	parties, net		-	-	571	-	885	-
1200	Other receivables		12,658	-	103,685	1	4,847	-
1210	Other receivables - related parties	7	30,683	1	30,818	-	30,777	-
130X	Inventories		75,651	1	72,507	1	69,905	1
1410	Prepayments	6(6)	106,972	1	92,113	1	160,275	2
11XX	Total current assets		<u>3,523,095</u>	<u>37</u>	<u>3,555,853</u>	<u>37</u>	<u>3,182,632</u>	<u>35</u>
Non-current assets								
1517	Non-current financial assets at fair	6(3)						
	value through other comprehensive							
	income		543	-	543	-	543	-
1550	Investments accounted for under	6(7)						
	equity method		434,153	5	418,868	4	416,433	5
1600	Property, plant and equipment, net	6(8) and 8	3,238,977	34	2,858,835	30	2,850,314	31
1755	Right-of-use assets	6(9)	86,029	1	102,256	1	136,592	1
1780	Intangible assets	6(10)	136,153	1	136,153	2	136,153	1
1840	Deferred income tax assets		27,124	-	26,367	-	23,291	-
1900	Other non-current assets	6(11) and 8	2,110,019	22	2,441,942	26	2,469,287	27
15XX	Total non-current assets		<u>6,032,998</u>	<u>63</u>	<u>5,984,964</u>	<u>63</u>	<u>6,032,613</u>	<u>65</u>
1XXX	Total assets		<u>\$ 9,556,093</u>	<u>100</u>	<u>\$ 9,540,817</u>	<u>100</u>	<u>\$ 9,215,245</u>	<u>100</u>

(Continued)

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2020 and 2019 are reviewed, not audited)

Liabilities and Equity	Notes	September 30, 2020		December 31, 2019		September 30, 2019		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 356,700	4	\$ 305,000	3	\$ 169,000	2
2110	Short-term notes and bills payable	6(13)	144,943	2	-	-	-	-
2130	Current contract liabilities	6(24)	33,614	-	50,005	1	63,390	1
2150	Notes payable		-	-	-	-	257	-
2170	Accounts payable	6(14)	703,890	7	652,577	7	670,112	7
2180	Accounts payable - related parties	7	34,274	-	27,892	-	41,720	-
2200	Other payables	6(15)	352,285	4	421,493	4	360,613	4
2220	Other payables - related parties	7	39,871	1	3,365	-	14,226	-
2230	Current income tax liabilities		194,232	2	96,809	1	61,334	1
2280	Current lease liabilities	7	16,400	-	25,523	-	39,196	-
2300	Other current liabilities	6(16)(17)	290,396	3	151,939	2	153,444	2
21XX	Total current liabilities		<u>2,166,605</u>	<u>23</u>	<u>1,734,603</u>	<u>18</u>	<u>1,573,292</u>	<u>17</u>
Non-current liabilities								
2540	Long-term borrowings	6(17)	1,195,081	12	1,427,563	15	1,485,718	16
2570	Deferred income tax liabilities		200,211	2	210,864	2	204,591	2
2580	Non-current lease liabilities	7	42,929	-	44,102	-	71,760	1
2600	Other non-current liabilities	6(18)	530,150	6	530,882	6	532,901	6
25XX	Total non-current liabilities		<u>1,968,371</u>	<u>20</u>	<u>2,213,411</u>	<u>23</u>	<u>2,294,970</u>	<u>25</u>
2XXX	Total liabilities		<u>4,134,976</u>	<u>43</u>	<u>3,948,014</u>	<u>41</u>	<u>3,868,262</u>	<u>42</u>
Equity attributable to owners of parent								
Share capital								
3110	Common stock	6(21)	671,051	7	671,051	7	671,051	7
3140	Advance receipts for share capital		2,114	-	-	-	-	-
Capital surplus								
3200	Capital surplus	6(22)	2,256,455	24	2,208,031	23	2,203,032	24
Retained earnings								
3310	Legal reserve	6(23)	764,812	8	684,320	7	684,320	7
3320	Special reserve		-	-	2,243	-	2,243	-
3350	Unappropriated retained earnings		1,264,120	13	1,408,234	15	1,249,478	14
Other equity interest								
3400	Other equity interest		(11,668)	-	12,487	-	18,887	-
31XX	Equity attributable to owners of the parent		<u>4,946,884</u>	<u>52</u>	<u>4,986,366</u>	<u>52</u>	<u>4,829,011</u>	<u>52</u>
36XX	Non-controlling interest	4(3)	474,233	5	606,437	7	517,972	6
3XXX	Total equity		<u>5,421,117</u>	<u>57</u>	<u>5,592,803</u>	<u>59</u>	<u>5,346,983</u>	<u>58</u>
Significant contingent liabilities and unrecognised contract commitments								
Significant events after the balance sheet date								
3X2X	Total liabilities and equity		<u>\$ 9,556,093</u>	<u>100</u>	<u>\$ 9,540,817</u>	<u>100</u>	<u>\$ 9,215,245</u>	<u>100</u>

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

Items	Notes	Three months ended September 30				Nine months ended September 30				
		2020		2019		2020		2019		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(24) and 7	\$ 1,538,105	100	\$ 1,464,221	100	\$ 4,186,799	100	\$ 4,003,612	100
5000	Operating costs	6(29)(30) and 7	(1,130,329)	(73)	(1,059,636)	(72)	(3,115,190)	(74)	(2,944,712)	(74)
5900	Gross profit		<u>407,776</u>	<u>27</u>	<u>404,585</u>	<u>28</u>	<u>1,071,609</u>	<u>26</u>	<u>1,058,900</u>	<u>26</u>
	Operating expenses	6(29)(30) and 7								
6200	General and administrative expenses		(40,324)	(3)	(47,623)	(3)	(129,255)	(3)	(128,050)	(3)
6000	Total operating expenses		(40,324)	(3)	(47,623)	(3)	(129,255)	(3)	(128,050)	(3)
6900	Operating profit		<u>367,452</u>	<u>24</u>	<u>356,962</u>	<u>25</u>	<u>942,354</u>	<u>23</u>	<u>930,850</u>	<u>23</u>
	Non-operating income and expenses									
7100	Interest income	6(25)	472	-	2,347	-	2,414	-	10,305	-
7010	Other income	6(26) and 7	14,206	1	16,370	1	27,008	1	31,418	1
7020	Other gains and losses	6(27)	1,134	-	2,584	-	5,695	-	6,963	-
7050	Finance costs	6(28) and 7	(6,380)	(1)	(10,687)	(1)	(23,962)	(1)	(30,351)	(1)
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)								
			<u>12,828</u>	<u>1</u>	<u>7,547</u>	<u>1</u>	<u>40,851</u>	<u>1</u>	<u>30,420</u>	<u>1</u>
7000	Total non-operating income and expenses		<u>22,260</u>	<u>1</u>	<u>18,161</u>	<u>1</u>	<u>52,006</u>	<u>1</u>	<u>48,755</u>	<u>1</u>
7900	Profit before income tax		<u>389,712</u>	<u>25</u>	<u>375,123</u>	<u>26</u>	<u>994,360</u>	<u>24</u>	<u>979,605</u>	<u>24</u>
7950	Income tax expense	6(31)	(73,371)	(5)	(70,847)	(5)	(187,269)	(4)	(174,131)	(4)
8200	Profit for the period		<u>\$ 316,341</u>	<u>20</u>	<u>\$ 304,276</u>	<u>21</u>	<u>\$ 807,091</u>	<u>20</u>	<u>\$ 805,474</u>	<u>20</u>
	Other comprehensive income									
	Components of other comprehensive income that will not be reclassified to profit or loss									
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	\$ 2,352	-	(\$ 7,973)	(1)	\$ 634	-	\$ 21,559	1
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Cumulative translation differences of foreign operations		(6,427)	-	8,499	1	(31,174)	(1)	(570)	-
8300	Total other comprehensive income (loss) for the period		(\$ 4,075)	-	\$ 526	-	(\$ 30,540)	(1)	\$ 20,989	1
8500	Total comprehensive income for the period		<u>\$ 312,266</u>	<u>20</u>	<u>\$ 304,802</u>	<u>21</u>	<u>\$ 776,551</u>	<u>19</u>	<u>\$ 826,463</u>	<u>21</u>
	Profit attributable to:									
8610	Owners of the parent		\$ 253,275	16	\$ 244,430	17	\$ 660,884	17	\$ 647,047	16
8620	Non-controlling interest		63,066	4	59,846	4	146,207	3	158,427	4
	Total		<u>\$ 316,341</u>	<u>20</u>	<u>\$ 304,276</u>	<u>21</u>	<u>\$ 807,091</u>	<u>20</u>	<u>\$ 805,474</u>	<u>20</u>
	Comprehensive income attributable to:									
8710	Owners of the parent		\$ 251,009	16	\$ 245,920	17	\$ 636,729	16	\$ 667,289	17
8720	Non-controlling interest		61,257	4	58,882	4	139,822	3	159,174	4
	Total		<u>\$ 312,266</u>	<u>20</u>	<u>\$ 304,802</u>	<u>21</u>	<u>\$ 776,551</u>	<u>19</u>	<u>\$ 826,463</u>	<u>21</u>
	Earnings per share (in dollars)	6(32)								
9750	Basic earnings per share		<u>\$ 3.77</u>		<u>\$ 3.64</u>		<u>\$ 9.84</u>		<u>\$ 9.64</u>	
9850	Diluted earnings per share		<u>\$ 3.75</u>		<u>\$ 3.63</u>		<u>\$ 9.80</u>		<u>\$ 9.61</u>	

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

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

	Equity attributable to owners of the parent											
	Capital			Retained Earnings				Other equity interest				
	Notes	Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
Nine months ended September 30, 2019												
Balance at January 1, 2019		\$ 671,051	\$ -	\$ 2,193,473	\$ 603,629	\$ 32,284	\$ 1,380,044	\$ 3,626	(\$ 5,869)	\$ 4,878,238	\$ 543,121	\$ 5,421,359
Profit for the period		-	-	-	-	-	647,047	-	-	647,047	158,427	805,474
Other comprehensive income (loss)		-	-	-	-	-	(614)	20,856	20,242	747	20,989	
Total comprehensive income (loss)		-	-	-	-	-	(614)	20,856	667,289	159,174	826,463	
Appropriations of 2018 earnings	6(23)	-	-	-	-	-	-	-	-	-	-	
Legal reserve		-	-	-	80,691	(80,691)	-	-	-	-	-	
Reversal of special reserve		-	-	-	-	30,041	-	-	-	-	-	
Cash dividends		-	-	-	-	(726,078)	-	-	(726,078)	(184,766)	(910,844)	
Share-based payment transactions	6(22)	-	-	9,422	-	-	-	-	9,422	583	10,005	
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	(885)	-	885	-	-	-	
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	-	137	-	-	-	3	140	(140)	-	
Balance at September 30, 2019		<u>\$ 671,051</u>	<u>\$ -</u>	<u>\$ 2,203,032</u>	<u>\$ 684,320</u>	<u>\$ 2,243</u>	<u>\$ 1,249,478</u>	<u>\$ 3,012</u>	<u>\$ 15,875</u>	<u>\$ 4,829,011</u>	<u>\$ 517,972</u>	<u>\$ 5,346,983</u>
Nine months ended September 30, 2020												
Balance at January 1, 2020		\$ 671,051	\$ -	\$ 2,208,031	\$ 684,320	\$ 2,243	\$ 1,408,234	(\$ 12,681)	\$ 25,168	\$ 4,986,366	\$ 606,437	\$ 5,592,803
Profit for the period		-	-	-	-	-	660,884	-	-	660,884	146,207	807,091
Other comprehensive income (loss)		-	-	-	-	-	(24,769)	614	(24,155)	(6,385)	(30,540)	
Total comprehensive income (loss)		-	-	-	-	-	660,884	(24,769)	614	636,729	139,822	776,551
Appropriations of 2019 earnings	6(23)	-	-	-	-	-	-	-	-	-	-	
Legal reserve		-	-	-	80,492	(80,492)	-	-	-	-	-	
Reversal of special reserve		-	-	-	-	2,243	-	-	-	-	-	
Cash dividends		-	-	-	-	(726,749)	-	-	(726,749)	(235,671)	(962,420)	
Capital reduction of subsidiary	4(3)	-	-	-	-	-	-	-	-	(37,500)	(37,500)	
Share-based payment transactions	6(20)(22)	-	-	18,950	-	-	-	-	18,950	1,113	20,063	
Employee stock options exercised	6(21)(22)	-	2,114	29,045	-	-	-	-	31,159	-	31,159	
Adjustments of changes in investments accounted for under equity method	6(7)	-	-	429	-	-	-	-	429	32	461	
Balance at September 30, 2020		<u>\$ 671,051</u>	<u>\$ 2,114</u>	<u>\$ 2,256,455</u>	<u>\$ 764,812</u>	<u>\$ -</u>	<u>\$ 1,264,120</u>	<u>(\$ 37,450)</u>	<u>\$ 25,782</u>	<u>\$ 4,946,884</u>	<u>\$ 474,233</u>	<u>\$ 5,421,117</u>

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

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

	Notes	Nine months ended September 30	
		2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 994,360	\$ 979,605
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(29)	196,568	142,772
Depreciation - right-of-use assets	6(9)(29)	23,029	31,068
Amortization	6(29)	7,181	7,297
Interest expense	6(28)	23,509	29,793
Interest expense - lease liability	6(9)(28)	453	558
Dividend income	6(26)	(7,172)	(8,857)
Interest income	6(25)	(2,414)	(10,305)
Salary expense-employee stock options	6(20)(30)	20,063	9,477
Gain on valuation of financial assets	6(27)	(4,179)	(1,608)
Profit from lease modification	6(27)	(1,008)	-
Share of profit of associates and joint ventures accounted for under equity method	6(7)	(40,851)	(30,420)
(Gain) loss on disposal of property, plant and equipment	6(27)	(1,287)	90
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(1,059,232)	(496,435)
Current contract assets		(212,456)	(425,652)
Notes receivable, net		389	1,134
Accounts receivable, net		(19,510)	140,080
Accounts receivable - related parties, net		571	832
Other receivables		90,546	(469)
Other receivables - related parties		134	16,869
Inventories		(3,144)	(6,051)
Prepaid expense		(14,859)	(18,830)
Other non-current assets		264,926	217,143
Changes in operating liabilities			
Current contract liabilities		(16,391)	(77,190)
Notes payable		-	(775)
Accounts payable		51,313	134,315
Accounts payable - related parties		6,382	18,309
Other payables		(67,801)	(106,688)
Other payables - related parties		(994)	7,745
Other current liabilities		17,798	9,084
Other non-current liabilities		(10,989)	(3,824)
Cash inflow generated from operations		234,935	559,067
Interest received		2,668	10,662
Dividends received		32,642	23,067
Interest paid		(24,916)	(30,429)
Income tax paid		(106,109)	(249,117)
Net cash flows from operating activities		<u>139,220</u>	<u>313,250</u>

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

	Notes	Nine months ended September 30	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Disposal of financial assets measured at fair value		\$ -	\$ 9,326
Decrease in financial assets at amortised cost		163,147	135,117
Increase in other receivables - related parties		-	(23,006)
Interest received		228	12
Increase in investments accounted for under equity method	6(7)	(6,000)	-
Acquisition of property, plant and equipment	6(8)	(17,532)	(95,859)
Proceeds from disposal of property, plant and equipment		1,357	72
Increase in refundable deposits		(6,416)	(1,111)
Increase in Other non-current assets		(16)	(6,686)
Increase in prepayment for business facilities		(516,265)	(501,442)
Net cash flows used in investing activities		(381,497)	(483,577)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term loans		(2,037,600)	(271,300)
Increase in short-term loans		2,089,300	388,300
Increase in short-term notes payable		145,000	-
Proceeds from long-term loans		120,025	185,700
Repayment of long-term loans		(220,877)	(122,044)
Repayment of lease liabilities		(17,295)	(18,840)
Increase (decrease) in deposits received (shown in other non-current liabilities)		10,257	(2,407)
Cash dividends paid		(962,420)	(910,844)
Employee stock options exercised		31,159	-
Net cash flows used in financing activities		(842,451)	(751,435)
Net decrease in cash and cash equivalents		(1,084,728)	(921,762)
Cash and cash equivalents at beginning of period		1,679,523	1,543,162
Cash and cash equivalents at end of period		\$ 594,795	\$ 621,400

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

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

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 57.12% equity interest in the Company as of September 30, 2020.

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

These consolidated financial statements were authorised by the Board of Directors on October 30, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

Note: Earlier application from January 1, 2020 is allowed by the FSC.

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021

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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 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
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform - Phase 2'	January 1, 2021

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2019, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2019.

(2) Basis of preparation

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

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements are consistent with those of the year ended December 31, 2019.

B. Subsidiaries included in the consolidated financial statements:

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%)			Note
			September 30, 2020	December 31, 2019	September 30, 2019	
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Environmental engineering	100.00	100.00	100.00	
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	74.999	74.999	74.999	Note 7
ECOVE Environment Service Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	0.001	0.001	0.001	
ECOVE Environment Corp.	ECOVE Environment Service Corp.	Environmental engineering	93.15	93.15	93.15	
ECOVE Waste Management Corp.	ECOVE Environment Service Corp.	Environmental engineering	0.01	0.01	0.01	
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Environmental engineering	100.00	100.00	100.00	Note 2
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Environmental engineering	100.00	100.00	100.00	Notes 3 and 5
ECOVE Environment Service Corp.	SINOGAL-Waste Services Co., Ltd.	Environmental engineering	30.00	30.00	30.00	Notes 1 and 5
ECOVE Environment Service Corp.	ECOVE Environment Consulting Corp.	Environmental engineering	100.00	100.00	100.00	Note 5
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	89.99	89.99	89.99	Note 5
ECOVE Environment Service Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	0.01	0.01	0.01	Note 5
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Energy sector	100.00	100.00	100.00	
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Energy sector	100.00	100.00	100.00	
ECOVE Solar Energy Corporation	ECOVE Central Corporation Ltd.	Energy sector	-	-	100.00	Notes 4 and 6
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Energy sector	100.00	100.00	100.00	Note 5
ECOVE Solar Energy Corporation	G.D. International, LLC.	Energy sector	100.00	100.00	100.00	Note 5
G.D. International, LLC.	Lumberton Solar W2-090,LLC.	Energy sector	100.00	100.00	100.00	

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

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

Note 3: The Group was restructured in May 2019, whereby ECOVE Waste Management Corp. sold its originally held 40% equity of Yuan Ding Resources Corp. to ECOVE Environment Corp.

Note 4: ECOVE Central Corporation Ltd. conducted a simple merger with ECOVE Solar Energy Corporation and then dissolved under the approval of the Ministry of Economic Affairs due to the restructure of the Group in October 2019.

Note 5: The financial statements of the entity as of and for the nine months ended September 30, 2020 and 2019 were not reviewed by independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 6: The financial statements of the entity as of and for the nine months ended September 30, 2020 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 7: The resolution of capital reduction amounting to \$150,000 was proposed by the Board of Directors of the subsidiary, ECOVE Miaoli Energy Corporation, during its meeting in March 2020, and resolved by the shareholders in May 2020.

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 September 30, 2020, December 31, 2019 and September 30, 2019, the non-controlling interest amounted to \$474,233, \$606,437 and \$517,972, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		September 30, 2020		December 31, 2019	
		Amount	Ownership (%)	Amount	Ownership (%)
ECOVE Miaoli Energy Corp.	Taiwan	\$ 295,999	25.00%	\$ 339,354	25.00%
SINOGAL-Waste Services Co., Ltd.	Macau	115,056	70.00%	203,420	70.00%

Name of subsidiary	Principal place of business	Non-controlling interest September 30, 2019	
		Amount	Ownership (%)
ECOVE Miaoli Energy Corp.	Taiwan	\$ 330,968	25.00%
SINO GAL-Waste Services Co., Ltd.	Macau	130,169	70.00%

Summarised financial information of the subsidiaries:

Balance sheets

	ECOVE Miaoli Energy Corp.		
	September 30, 2020	December 31, 2019	September 30, 2019
Current assets	\$ 371,455	\$ 281,104	\$ 256,205
Non-current assets	1,099,472	1,206,458	1,242,186
Current liabilities	(220,320)	(58,486)	(99,012)
Non-current liabilities	(66,610)	(71,662)	(75,509)
Total net assets	\$ 1,183,997	\$ 1,357,414	\$ 1,323,870

	SINO GAL-Waste Services Co., Ltd.		
	September 30, 2020	December 31, 2019	September 30, 2019
Current assets	\$ 394,927	\$ 512,877	\$ 438,388
Non-current assets	12,969	14,941	11,830
Current liabilities	(170,460)	(165,235)	(191,078)
Non-current liabilities	(73,070)	(71,982)	(73,185)
Total net assets	\$ 164,366	\$ 290,601	\$ 185,955

Statements of comprehensive income

	ECOVE Miaoli Energy Corp.	
	Three months ended September 30	
	2020	2019
Revenue	\$ 91,065	\$ 90,006
Profit before income tax	44,054	45,523
Income tax expense	(8,771)	(9,100)
Profit for the period	35,283	36,423
Other comprehensive income (loss), net of tax	-	-
Total comprehensive income for the period	\$ 35,283	\$ 36,423
Comprehensive income attributable to non-controlling interest	\$ 8,820	\$ 9,106
Dividends paid to non-controlling interest	\$ 30,301	\$ 29,025

ECOVE Miaoli Energy Corp.		
Nine months ended September 30		
	2020	2019
Revenue	\$ 253,666	\$ 255,429
Profit before income tax	121,711	126,520
Income tax expense	(24,238)	(25,317)
Profit for the period	97,473	101,203
Other comprehensive income (loss), net of tax	-	-
Total comprehensive income for the period	<u>\$ 97,473</u>	<u>\$ 101,203</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 24,368</u>	<u>\$ 25,301</u>
Dividends paid to non-controlling interest	<u>\$ 30,301</u>	<u>\$ 29,025</u>

SINOGAL-Waste Services Co, Ltd.		
Three months ended September 30		
	2020	2019
Revenue	\$ 174,715	\$ 211,075
Profit before income tax	65,458	63,048
Income tax expense	-	-
Profit for the period	65,458	63,048
Other comprehensive loss, net of tax	(2,539)	(953)
Total comprehensive income for the period	<u>\$ 62,919</u>	<u>\$ 62,095</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 44,205</u>	<u>\$ 43,467</u>

SINOGAL-Waste Services Co., Ltd.		
Nine months ended September 30		
	2020	2019
Revenue	\$ 494,610	\$ 578,119
Profit before income tax	145,469	163,142
Income tax benefit	-	692
Profit for the period	145,469	163,834
Other comprehensive loss, net of tax	(8,637)	(123)
Total comprehensive income for the period	<u>\$ 136,832</u>	<u>\$ 163,711</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 95,944</u>	<u>\$ 114,598</u>
Dividends paid to non-controlling interest	<u>\$ 184,308</u>	<u>\$ 119,578</u>

Statements of cash flows

	ECOVE Miaoli Energy Corp.	
	Nine months ended September 30	
	2020	2019
Net cash provided by operating activities	\$ 17,085	\$ 154,751
Net cash provided by (used in) investing activities	91	(4,427)
Net cash used in financing activities	(122,482)	(80,102)
(Decrease) increase in cash and cash equivalents	(105,306)	70,222
Cash and cash equivalents, beginning of period	108,366	1,582
Cash and cash equivalents, end of period	\$ 3,060	\$ 71,804

	SINO GAL-Waste Services Co., Ltd.	
	Nine months ended September 30	
	2020	2019
Net cash provided by operating activities	\$ 244,197	\$ 143,867
Net cash provided by investing activities	118,669	94,478
Net cash used in financing activities	(266,105)	(195,613)
Increase in cash and cash equivalents	96,761	42,732
Cash and cash equivalents, beginning of period	11,516	51,961
Cash and cash equivalents, end of period	\$ 108,277	\$ 94,693

(4) Pensions

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(5) Income tax

- A. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- B. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or

loss is recognised in profit or loss.

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

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Cash on hand and revolving funds	\$ 10,449	\$ 10,048	\$ 10,155
Checking accounts and demand deposits	491,477	1,550,737	494,886
Time deposits	92,869	118,738	116,359
Total	<u>\$ 594,795</u>	<u>\$ 1,679,523</u>	<u>\$ 621,400</u>

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

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

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

<u>Items</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Current items			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 1,066,204	\$ 10,393	\$ 686,175
Valuation adjustment	1,365	540	884
Total	<u>\$ 1,067,569</u>	<u>\$ 10,933</u>	<u>\$ 687,059</u>

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

	<u>Three months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ <u>1,436</u>	\$ <u>141</u>
	<u>Nine months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ <u>4,179</u>	\$ <u>1,608</u>

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

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

<u>Items</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Current items:			
Equity instruments			
Listed stocks	\$ 96,118	\$ 96,118	\$ 96,118
Valuation adjustment	<u>28,548</u>	<u>27,914</u>	<u>18,315</u>
Total	<u>\$ 124,666</u>	<u>\$ 124,032</u>	<u>\$ 114,433</u>
Non-current items:			
Equity instruments			
Unlisted stocks	\$ 2,342	\$ 2,342	\$ 2,342
Valuation adjustment	(<u>1,799</u>)	(<u>1,799</u>)	(<u>1,799</u>)
Total	<u>\$ 543</u>	<u>\$ 543</u>	<u>\$ 543</u>

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

	<u>Three months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ <u>2,352</u>	(<u>7,973</u>)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	\$ <u>-</u>	(<u>431</u>)

	Nine months ended September 30	
	2020	2019
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 634	\$ 21,559
Cumulative gains (losses) reclassified to retained earnings due to derecognition	\$ -	(\$ 922)

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

(4) Financial assets at amortised cost

Items	September 30, 2020	December 31, 2019	September 30, 2019
Current items:			
Time deposits with original maturity over 3 months	\$ 83,867	\$ 247,014	\$ 166,121

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

B. As at September 30, 2020, December 31, 2019 and September 30, 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$83,867, \$247,014 and \$166,121, respectively.

(5) Accounts receivable

	September 30, 2020	December 31, 2019	September 30, 2019
Accounts receivable	\$ 571,946	\$ 561,389	\$ 613,880
Long-term accounts receivable - due in one year	299,020	290,067	287,211
	\$ 870,966	\$ 851,456	\$ 901,091

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

	September 30, 2020	December 31, 2019	September 30, 2019
Current	\$ 550,179	\$ 510,075	\$ 614,067
Up to 120 days	6,623	37,734	-
121 to 180 days	14,660	14,054	-
Over 180 days	576	7	-
	\$ 572,038	\$ 561,870	\$ 614,067

The above ageing analysis was based on invoice date.

B. As of September 30, 2020, December 31, 2019 and September 30, 2019, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2019, the balance of receivables from contracts with customers amounted to \$1,044,209.

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

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

(6) Prepayments

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Prepayments for material purchases	\$ 27,793	\$ 23,541	\$ 40,315
Sub-contract costs payable	7,643	5,226	-
Prepaid rents	196	2,652	4,849
Prepaid insurance premiums	12,965	7,890	15,914
Others	58,375	52,804	99,197
	<u>\$ 106,972</u>	<u>\$ 92,113</u>	<u>\$ 160,275</u>

(7) Investments accounted for under the equity method

	<u>2020</u>	<u>2019</u>
At January 1	\$ 418,868	\$ 405,718
Addition of investments accounted for under the equity method	6,000	-
Share of profit or loss of investments accounted for under the equity method	40,851	30,420
Earnings distribution of investments accounted for under equity method	(25,470)	(14,210)
Changes in capital surplus	461	-
Changes in other equity items	(6,557)	(5,495)
At September 30	<u>\$ 434,153</u>	<u>\$ 416,433</u>

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Associates:			
CTCI Chemicals Corp.	\$ 63,173	\$ 65,631	\$ 63,052
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	317,147	304,623	304,623
Ever Ecove Corporation	47,833	48,614	48,758
Jing Ding Green Energy Technology Co., Ltd.	6,000	-	-
	<u>\$ 434,153</u>	<u>\$ 418,868</u>	<u>\$ 416,433</u>

A. Associates

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

Company name	Principal place of business	Shareholding ratio			Nature of relationship	Method of measurement
		September 30, 2020	December 31, 2019	September 30, 2019		
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	20.00%	20.00%	20.00%	Strategic Investment	Equity method

(b) The summarised financial information of the associate that is material to the Group is as follows:

Balance sheet

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)		
	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Current assets	\$ 1,348,274	\$ 294,347	\$ 1,284,225
Non-current assets	511,430	852,027	447,798
Current liabilities	(631,899)	(12,411)	(586,779)
Non-current liabilities	(19,596)	-	(931)
Total net assets	<u>\$ 1,208,209</u>	<u>\$ 1,133,963</u>	<u>\$ 1,144,313</u>
Share in associate's net assets	\$ 241,642	\$ 226,793	\$ 228,863
Land-use right	-	255	255
Goodwill	75,505	75,505	75,505
Others	-	2,070	-
Carrying amount of the associate	<u>\$ 317,147</u>	<u>\$ 304,623</u>	<u>\$ 304,623</u>

Statement of comprehensive income

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	Three months ended September 30	
	2020	2019
Revenue	\$ 563,271	\$ 524,859
(Loss) profit for the period from continuing operations	(28,722)	28,555
Other comprehensive income, net of tax	19,529	52,566
Total comprehensive (loss) income	(\$ 9,193)	\$ 81,121

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	Nine months ended September 30	
	2020	2019
Revenue	\$ 1,674,189	\$ 1,441,825
Profit for the period from continuing operations	124,528	96,146
Other comprehensive loss, net of tax	(32,786)	(30,050)
Total comprehensive income	\$ 91,742	\$ 66,096

- (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 September 30, 2020, December 31, 2019 and September 30, 2019, the carrying amount of the Group's individually immaterial associates amounted to \$117,006, \$114,245 and \$111,810, respectively.

	Three months ended September 30	
	2020	2019
Profit (loss) for the period from continuing operations	\$ 7,633	(\$ 22,125)
Other comprehensive income	-	-
Total comprehensive income (loss)	\$ 7,633	(\$ 22,125)

	Nine months ended September 30	
	2020	2019
Profit for the period from continuing operations	\$ 23,716	\$ 11,956
Other comprehensive income	-	-
Total comprehensive income	\$ 23,716	\$ 11,956

- B. The financial statements of the investees accounted for under equity method as of and for the nine months ended September 30, 2020 and 2019 were not reviewed by independent auditors.
- C. In September 2020, the Board of Directors of the Company's subsidiary, ECOVE Environment Service Corp., resolved to invest an expected aggregate amount of \$650 million in Jing Ding Green Energy Technology Co., Ltd. As of September 30, 2020, the subsidiary has invested \$6,000 for a shareholding ratio of 30%.

(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Transportation</u>	<u>Unfinished construction</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2020</u>							
Cost	\$ 169,755	\$ 516	\$ 2,783,947	\$ 107,005	\$ 153,011	\$ 15,633	\$ 3,229,867
Accumulated depreciation	-	(276)	(287,085)	(75,247)	-	(8,424)	(371,032)
	<u>\$ 169,755</u>	<u>\$ 240</u>	<u>\$ 2,496,862</u>	<u>\$ 31,758</u>	<u>\$ 153,011</u>	<u>\$ 7,209</u>	<u>\$ 2,858,835</u>
<u>Nine months ended</u>							
<u>September 30, 2020</u>							
Opening net book amount	\$ 169,755	\$ 240	\$ 2,496,862	\$ 31,758	\$ 153,011	\$ 7,209	\$ 2,858,835
Additions	-	-	12,997	3,335	-	1,200	17,532
Transfers	-	15,886	711,317	-	(153,011)	8,321	582,513
Disposals	-	-	(8)	(62)	-	-	(70)
Depreciation charge	-	(489)	(185,761)	(7,716)	-	(2,602)	(196,568)
Net exchange differences	(3,608)	-	(19,619)	-	-	(38)	(23,265)
Closing net book amount	<u>\$ 166,147</u>	<u>\$ 15,637</u>	<u>\$ 3,015,788</u>	<u>\$ 27,315</u>	<u>\$ -</u>	<u>\$ 14,090</u>	<u>\$ 3,238,977</u>
<u>At September 30, 2020</u>							
Cost	\$ 166,147	\$ 16,402	\$ 3,483,357	\$ 101,787	\$ -	\$ 22,428	\$ 3,790,121
Accumulated depreciation	-	(765)	(467,569)	(74,472)	-	(8,338)	(551,144)
	<u>\$ 166,147</u>	<u>\$ 15,637</u>	<u>\$ 3,015,788</u>	<u>\$ 27,315</u>	<u>\$ -</u>	<u>\$ 14,090</u>	<u>\$ 3,238,977</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Transportation</u>	<u>Unfinished construction</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2019</u>							
Cost	\$ 171,883	\$ 516	\$ 1,916,471	\$ 103,234	\$ 108,997	\$ 14,560	\$ 2,315,661
Accumulated depreciation	-	(111)	(112,502)	(65,938)	-	(5,877)	(184,428)
	<u>\$ 171,883</u>	<u>\$ 405</u>	<u>\$ 1,803,969</u>	<u>\$ 37,296</u>	<u>\$ 108,997</u>	<u>\$ 8,683</u>	<u>\$ 2,131,233</u>
<u>Nine months ended</u>							
<u>September 30, 2019</u>							
Opening net book amount	\$ 171,883	\$ 405	\$ 1,803,969	\$ 37,296	\$ 108,997	\$ 8,683	\$ 2,131,233
Additions	-	-	64,198	770	30,759	132	95,859
Transfers	-	-	758,763	-	-	-	758,763
Disposals	-	-	(155)	-	-	(7)	(162)
Depreciation charge	-	(124)	(133,131)	(7,424)	-	(2,093)	(142,772)
Net exchange differences	1,035	-	6,351	3	-	4	7,393
Closing net book amount	<u>\$ 172,918</u>	<u>\$ 281</u>	<u>\$ 2,499,995</u>	<u>\$ 30,645</u>	<u>\$ 139,756</u>	<u>\$ 6,719</u>	<u>\$ 2,850,314</u>
<u>At September 30, 2019</u>							
Cost	\$ 172,918	\$ 516	\$ 2,740,182	\$ 103,966	\$ 139,756	\$ 14,616	\$ 3,171,954
Accumulated depreciation	-	(235)	(240,187)	(73,321)	-	(7,897)	(321,640)
	<u>\$ 172,918</u>	<u>\$ 281</u>	<u>\$ 2,499,995</u>	<u>\$ 30,645</u>	<u>\$ 139,756</u>	<u>\$ 6,719</u>	<u>\$ 2,850,314</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 \$1,134 and \$831, respectively, and the interest rates for capitalisation ranged from 0.85%~2.04% and 1.10%~2.036% for the nine months ended September 30, 2020 and 2019, respectively.

(9) Leasing arrangements — lessee

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

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 52,848	\$ 54,969	\$ 57,418
Buildings	20,322	31,387	60,796
Transportation	9,193	11,840	14,013
Other equipment	3,666	4,060	4,365
	<u>\$ 86,029</u>	<u>\$ 102,256</u>	<u>\$ 136,592</u>

	<u>Three months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 2,428	\$ 3,417
Buildings	2,526	5,755
Transportation	1,702	1,950
Other equipment	356	361
	<u>\$ 7,012</u>	<u>\$ 11,483</u>

	<u>Nine months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 7,244	\$ 8,093
Buildings	10,412	16,680
Transportation	4,652	5,224
Other equipment	721	1,071
	<u>\$ 23,029</u>	<u>\$ 31,068</u>

C. As of September 30, 2020, December 31, 2019 and September 30, 2019, right-of-use assets-land amounting to \$26,865, \$31,346 and \$32,841 pertain to land use right obtained by ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corporation for the refuse incineration plant according to the service concession arrangements, respectively. Please refer to Note 6(11) A for details.

D. For the three months and nine months ended September 30, 2020 and 2019, the additions to right-of-use assets were \$4,645, \$5,122, \$16,432 and \$36,909, respectively.

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

	<u>Three months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 98	\$ 196
Expense on short-term lease contracts	3,859	3,040
Expense on leases of low-value assets	260	170
Expense on variable lease payments	17,989	12,992
	<u>Nine months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 453	\$ 558
Expense on short-term lease contracts	9,098	9,083
Expense on leases of low-value assets	546	686
Expense on variable lease payments	42,340	23,260

F. For the nine months ended September 30, 2020 and 2019, the Group's total cash outflow for leases amounted to \$69,279 and \$51,869, 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 recognised as costs in the period in which the event or condition that triggers those payments occurs.
- (b) A 1% increase in electricity production of solar power with such variable lease contracts would increase total lease payments by approximately 1%.

(10) Intangible assets

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Goodwill	\$ 136,153	\$ 136,153	\$ 136,153
Accumulated impairment	-	-	-
	<u>\$ 136,153</u>	<u>\$ 136,153</u>	<u>\$ 136,153</u>

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

(11) Other non-current assets

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Long-term accounts receivable	\$ 1,918,727	\$ 2,136,277	\$ 2,205,938
Less: current portion	(299,020)	(290,067)	(287,211)
	1,619,707	1,846,210	1,918,727
Deferred recovery cost	13,249	18,685	20,639
Refundable deposits	27,498	21,082	21,576
Air pollution fee	-	-	54,267
Prepayments for business facilities	301,668	367,916	257,500
Restricted bank deposits	41,277	44,327	47,293
Executory contract cost	80,532	120,909	125,058
Others	26,088	22,813	24,227
	<u>\$ 2,110,019</u>	<u>\$ 2,441,942</u>	<u>\$ 2,469,287</u>

A. The Group entered into contracts with certain governments (grantors) for service concession arrangements. The consideration received or receivable from the grantor in respect of the service concession arrangement is recognised at its fair value. Such considerations are recognised as a financial asset based on how the considerations from the grantor to the operator are made as specified in the arrangement. Assets that are expected to be realised within twelve months from the balance sheet date are classified as “accounts receivable” (please refer to Note 6(5)); assets that are expected to be realised over twelve months from the balance sheet date are classified as “long-term accounts receivable”. The other terms of the agreement 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 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. Accrued recovery cost pertain to the contracts for the operation and maintenance service of refuse incineration plant between the subsidiaries, ECOVE Environment Service Corp. and SINO GAL -Waste Services Co., Ltd., and the grantors, requiring recovery of refuse incineration plant, related machinery and equipment when the contract expires. The Group has estimated the related recovery cost when the service contracts expire and amortises it over the contract period.
- C. For details of the refundable deposits and restricted bank deposits, please refer to Note 8.
- D. Information on air pollution fee is provided in Note 9(4).
- E. Costs to fulfill a contract refer to the initial reconstruction cost of the refuse incineration plant for the contract that the Company entered into with the owner to operate the plant on its behalf, and it is amortised over the term of the contract.

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>September 30, 2020</u>	<u>Note</u>
Secured borrowings				
	1.23%	ECOVE South Corporation Ltd. issued a promissory note in the amount of \$150 million and the Company acted as guarantor.	\$ 66,700	The borrowing facilities were 100% jointly guaranteed by ECOVE Environment Corp.
	1.00%	ECOVE Solar Energy Corporation issued a promissory note in the amount of \$150 million and the Company acted as guarantor.	30,000	"
	1.23%	ECOVE Solar Energy Corporation issued a promissory note in the amount of \$350 million and the Company acted as guarantor.	118,000	"
	1.00%	ECOVE Solar Power Corporation issued a promissory note in the amount of \$100 million and the Company acted as guarantor.	58,000	"
	1.00%	ECOVE Solvent Recycling Corporation issued a promissory note in the amount of \$100 million and the Company acted as guarantor.	<u>84,000</u>	"
			<u>\$ 356,700</u>	

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

<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>September 30, 2019</u>	<u>Note</u>
Secured borrowings	1.7%	Note	\$ 42,000	The borrowing facilities were 100% jointly guaranteed by ECOVE Environment Corp.
	1.50%	ECOVE Solar Energy Corporation issued a promissory note in the amount of \$350 million and the Company acted as guarantor.	70,000	"
	1.02%	ECOVE Central Corporation Ltd. issued a promissory note in the amount of \$5 million and ECOVE Solar Energy Corporation acted as guarantor.	3,000	"
	1,15%	ECOVE Miaoli Energy Corp. issued a promissory note in the amount of \$120 million.	40,000	"
	1.02%	ECOVE Solvent Recycling Corporation issued a promissory note in the amount of \$100 million and the Company acted as guarantor.	<u>14,000</u>	"
			<u>\$ 169,000</u>	

Note: ECOVE Solvent Recycling Corporation committed that if the construction has finished, ECOVE Solvent Recycling Corporation will complete the registration of ownership on the construction and pledge with the land of construction in first priority to Chang Hwa Bank. The loan was repaid in March 2020.

(13) Short-term notes and bills payable

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Commercial paper payable	\$ 145,000	\$ -	\$ -
Discount on commercial papers payable	(57)	-	-
	<u>\$ 144,943</u>	<u>\$ -</u>	<u>\$ -</u>
Interest rate	<u>0.95%</u>	<u>\$ -</u>	<u>\$ -</u>

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

(14) Accounts payable

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Materials payable	\$ 40,365	\$ 44,954	\$ 103,918
Sub-contract costs payable	92,146	178,377	107,760
Incinerator equipment costs payable	64,280	41,517	89,735
Maintenance costs payable	377,672	310,079	320,658
Others	129,427	77,650	48,041
	<u>\$ 703,890</u>	<u>\$ 652,577</u>	<u>\$ 670,112</u>

(15) Other payables

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Accrued payroll	\$ 254,132	\$ 271,018	\$ 238,274
Other payables	98,153	150,475	122,339
	<u>\$ 352,285</u>	<u>\$ 421,493</u>	<u>\$ 360,613</u>

(16) Other current liabilities

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Other current liabilities			
Long-term liabilities-current portion	\$ 254,808	\$ 134,149	\$ 133,189
Others	35,588	17,790	20,255
	<u>\$ 290,396</u>	<u>\$ 151,939</u>	<u>\$ 153,444</u>

(17) Long-term borrowings

<u>Type of borrowings</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Secured borrowings	\$ 1,449,889	\$ 1,561,712	\$ 1,618,907
Less: Current portion	(254,808)	(134,149)	(133,189)
	<u>\$ 1,195,081</u>	<u>\$ 1,427,563</u>	<u>\$ 1,485,718</u>
Facility amount	<u>\$ 2,010,327</u>	<u>\$ 2,033,525</u>	<u>\$ 2,062,786</u>
Interest rate	<u>1.0972%~2.63488%</u>	<u>1.49%~4.385%</u>	<u>1.5%~5.029%</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 September 30, 2020, December 31, 2019 and September 30, 2019 amounting to \$2,010,327, \$1,664,080 and \$1,680,080, respectively.

(18) Other non-current liabilities

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Net defined benefit liability	\$ 50,632	\$ 49,555	\$ 41,861
Accrued recovery costs	106,327	104,823	102,363
Guaranteed deposits received	194,665	184,408	187,888
Deferred revenue	141,921	157,648	161,240
Others	36,605	34,448	39,549
	<u>\$ 530,150</u>	<u>\$ 530,882</u>	<u>\$ 532,901</u>

A. For details of the accrued recovery costs, please refer to Note 6(11) B.

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 Group recognised pension expenses of \$1,506 and \$1,532, \$4,485 and \$4,638 in the statement of comprehensive income for the three months and nine months ended September 30, 2020 and 2019, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2020 amount to \$5,294.

B. Defined contribution pension plan

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plans of the Group for the three months and nine months ended September 30, 2020 and 2019 were \$7,402, \$7,173, \$21,943 and \$21,480, respectively.
- (c) SINO GAL-Waste Services Co., Ltd. has a funded defined contribution plan, covering all regular employees. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the local government are based on employees’ monthly salaries and wages. The pension costs under the defined contribution pension plan for the three months and nine months ended September 30, 2020 and 2019 were \$2,414, \$2,415, \$7,278 and \$7,039, respectively.

(20) Share-based payment

- A. For the nine months ended September 30, 2020 and 2019, the Company’s share-based payment arrangements were as follows:

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

B. The above employee stock options are as follows:

(a) Details of the sixth plan of employee stock options outstanding as of September 30, 2020 and 2019 are as follows.

	Nine months ended September 30			
	2020		2019	
	No. of units (in thousands)	Weighted- average exercise price (in dollars)	No. of units (in thousands)	Weighted- average exercise price (in dollars)
Stock options				
Options outstanding at beginning of period	1,408	NT\$ 155.00	1,448	NT\$ 173.50
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(40)	-	(39)	-
Options exercised	(211)	NT\$ 147.40	-	-
Options revoked	-	-	-	-
Options outstanding at end of period	<u>1,157</u>	NT\$ 147.40	<u>1,409</u>	NT\$ 163.90
Options exercisable at end of period	<u>301</u>	-	<u>-</u>	-

(b) Details of the seventh plan of employee stock options outstanding as of September 30, 2020 and 2019 are as follows:

	Nine months ended September 30			
	2020		2019	
	No. of units (in thousands)	Weighted- average exercise price (in dollars)	No. of units (in thousands)	Weighted- average exercise price (in dollars)
Stock options				
Options outstanding at beginning of period	1,466	NT\$ 201.00	-	-
Options granted	-	-	1,500	NT\$ 212.50
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(40)	-	-	-
Options exercised	-	-	-	-
Options revoked	-	-	-	-
Options outstanding at end of period	<u>1,426</u>	NT\$ 191.10	<u>1,500</u>	NT\$ 212.50
Options exercisable at end of period	<u>-</u>	-	<u>-</u>	-

(c) Details of the eighth plan of employee stock options outstanding as of September 30, 2020 are as follows.

	Nine months ended September 30, 2020	
	No. of units (in thousands)	Weighted- average exercise price (in dollars)
Stock options		
Options outstanding at beginning of period	-	-
Options granted	1,500	NT\$ 203.00
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-
Options waived	(24)	-
Options exercised	-	-
Options revoked	-	-
Options outstanding at end of period	<u>1,476</u>	NT\$ 193.00
Options exercisable at end of period	<u>-</u>	-

C. The weighted-average stock price of stock options at exercise dates for the nine months ended September 30, 2020 was NT\$212.5 (in dollars).

D. As of September 30, 2020, December 31, 2019 and September 30, 2019, the range of exercise prices of stock options outstanding was \$155~\$203, \$173.5~\$212.5 and \$163.9~\$212.5 (in dollars), respectively; the weighted-average remaining contractual period was as follows:

Type of arrangement	September 30, 2020	December 31, 2019	September 30, 2019
Sixth plan of employee stock options	3.75 years	4.5 years	4.75 years
Seventh plan of employee stock options	4.75 years	5.5 years	5.75 years
Eighth plan of employee stock options	5.5 years	-	-

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

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

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

	Three months ended September 30	
	2020	2019
Equity-settled	\$ 7,585	\$ 4,511

	Nine months ended September 30	
	2020	2019
Equity-settled	\$ 20,063	\$ 9,477

(21) Share capital

A. As of September 30, 2020, the Company's authorized capital was \$800,000, consisting of 80

million shares of ordinary stock (including 6 million shares reserved for employee stock options), and the paid-in capital was \$671,051 with a par value of NT\$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	<u>2020</u>	<u>2019</u>
At January 1	67,105,100	67,105,100
Employee stock options exercised	<u>211,400</u>	<u>-</u>
At September 30	<u><u>67,316,500</u></u>	<u><u>67,105,100</u></u>

B. As of September 30, 2020, December 31, 2019 and September 30, 2019, the associate of the Group held 276 thousand shares.

(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:

	<u>Share premium</u>	<u>Employee stock options</u>	<u>Others</u>	<u>Total</u>
At January 1, 2020	\$ 2,186,678	\$ 19,667	\$ 1,686	\$ 2,208,031
Employee stock options exercised	29,045	-	-	29,045
Share-based payment transaction	-	18,950	-	18,950
Adjustments of changes in investments accounted for under equity method	<u>-</u>	<u>429</u>	<u>-</u>	<u>429</u>
At September 30, 2020	<u><u>\$ 2,215,723</u></u>	<u><u>\$ 39,046</u></u>	<u><u>\$ 1,686</u></u>	<u><u>\$ 2,256,455</u></u>

	<u>Share premium</u>	<u>Employee stock options</u>	<u>Others</u>	<u>Total</u>
At January 1, 2019	\$ 2,188,235	\$ 5,238	\$ -	\$ 2,193,473
Share-based payment transaction	-	9,422	-	9,422
Difference between consideration and carrying amount of subsidiaries acquired or disposed	(1,557)	8	1,686	137
At September 30, 2019	<u>\$ 2,186,678</u>	<u>\$ 14,668</u>	<u>\$ 1,686</u>	<u>\$ 2,203,032</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' remuneration, and distribute no more than 2% of the income before tax as directors' remuneration. The remuneration could be in the form of stock or cash, and the employees' remuneration could be distributed to the employees of subsidiaries of the Company under certain conditions. A report of the distribution of employees' compensation or the directors' remuneration shall be submitted to the shareholders at the shareholders' meeting.
- B. The Company shall, after all taxes and dues have been paid and its losses have been covered and at the time of allocating surplus profits, first set aside 10% of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. Furthermore, in accordance with the provisions of laws and regulations and the rules prescribed by the central competent authority, a special reserve shall be set aside. If there is recovery of the balance of special reserve, the recovered amount shall be included in the distribution of the profit for the current year.

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

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

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

D. Special reserve

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

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

E. The appropriations of 2019 and 2018 earnings had been resolved at the stockholders' meeting on May 28, 2020 and May 30, 2019, respectively. Details are summarised below:

	2019	2018
Legal reserve	\$ 80,492	\$ 80,691
Reversal of special reserve	(2,243)	(30,041)
Cash dividends	726,749	726,078
Total	<u>\$ 804,998</u>	<u>\$ 776,728</u>

(24) Operating revenue

	<u>Three months ended September 30</u>	
	2020	2019
Revenue from contracts with customers	<u>\$ 1,538,105</u>	<u>\$ 1,464,221</u>

	<u>Nine months ended September 30</u>	
	2020	2019
Revenue from contracts with customers	<u>\$ 4,186,799</u>	<u>\$ 4,003,612</u>

A. Disaggregation of revenue from contracts with customers

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

Three months ended					
<u>September 30, 2020</u>	<u>Domestic</u>	<u>China</u>	<u>Macau</u>	<u>United States</u>	<u>Total</u>
Total segment revenue	\$ 1,718,500	\$ 20,120	\$ 261,254	\$ 22,330	\$ 2,022,204
Inter-segment revenue	(442,754)	(5,909)	(35,436)	-	(484,099)
Revenue from external customer contracts	<u>\$ 1,275,746</u>	<u>\$ 14,211</u>	<u>\$ 225,818</u>	<u>\$ 22,330</u>	<u>\$ 1,538,105</u>
Timing of revenue recognition					
Over a period time	<u>\$ 1,275,746</u>	<u>\$ 14,211</u>	<u>\$ 225,818</u>	<u>\$ 22,330</u>	<u>\$ 1,538,105</u>

Three months ended					
<u>September 30, 2019</u>	<u>Domestic</u>	<u>China</u>	<u>Macau</u>	<u>United States</u>	<u>Total</u>
Total segment revenue	\$ 1,602,823	\$ 33,059	\$ 274,853	\$ 24,228	\$ 1,934,963
Inter-segment revenue	(429,687)	(12,244)	(28,811)	-	(470,742)
Revenue from external customer contracts	<u>\$ 1,173,136</u>	<u>\$ 20,815</u>	<u>\$ 246,042</u>	<u>\$ 24,228</u>	<u>\$ 1,464,221</u>
Timing of revenue recognition					
Over a period time	<u>\$ 1,173,136</u>	<u>\$ 20,815</u>	<u>\$ 246,042</u>	<u>\$ 24,228</u>	<u>\$ 1,464,221</u>

Nine months ended					
<u>September 30, 2020</u>	<u>Domestic</u>	<u>China</u>	<u>Macau</u>	<u>United States</u>	<u>Total</u>
Total segment revenue	\$ 4,708,453	\$ 72,919	\$ 691,961	\$ 68,505	\$ 5,541,838
Inter-segment revenue	(1,240,218)	(25,134)	(89,687)	-	(1,355,039)
Revenue from external customer contracts	<u>\$ 3,468,235</u>	<u>\$ 47,785</u>	<u>\$ 602,274</u>	<u>\$ 68,505</u>	<u>\$ 4,186,799</u>
Timing of revenue recognition					
Over a period time	<u>\$ 3,468,235</u>	<u>\$ 47,785</u>	<u>\$ 602,274</u>	<u>\$ 68,505</u>	<u>\$ 4,186,799</u>

Nine months ended					
September 30, 2019	Domestic	China	Macau	United States	Total
Total segment revenue	\$ 4,394,642	\$ 102,929	\$ 739,703	\$ 77,205	\$ 5,314,479
Inter-segment revenue	(1,202,727)	(35,725)	(72,415)	-	(1,310,867)
Revenue from external customer contracts	<u>\$ 3,191,915</u>	<u>\$ 67,204</u>	<u>\$ 667,288</u>	<u>\$ 77,205</u>	<u>\$ 4,003,612</u>
Timing of revenue recognition					
Over a period time	<u>\$ 3,191,915</u>	<u>\$ 67,204</u>	<u>\$ 667,288</u>	<u>\$ 77,205</u>	<u>\$ 4,003,612</u>

B. Contract assets and liabilities

(a) Contract assets:

	September 30, 2020	September 30, 2019	January 1, 2019
Estimated accounts receivable	\$ 555,176	\$ 342,720	\$ 425,652
Executory contract cost	80,532	120,909	125,058
	<u>\$ 635,708</u>	<u>\$ 463,629</u>	<u>\$ 550,710</u>

(b) Contract liabilities:

	September 30, 2020	December 31, 2019
Receipts in advance	<u>\$ 33,614</u>	<u>\$ 50,005</u>
	September 30, 2019	January 1, 2019
Receipts in advance	<u>\$ 63,390</u>	<u>\$ 140,580</u>

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

	Three months ended September 30	
	2020	2019
Receipts in advance	<u>\$ 606</u>	<u>\$ 5,630</u>
	Nine months ended September 30	
	2020	2019
Receipts in advance	<u>\$ 44,189</u>	<u>\$ 95,320</u>

C. Assets recognised from costs to fulfill a contract

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

As at September 30, 2020, December 31, 2019 and September 30, 2019, the balance was \$80,532, \$120,909 and \$125,058, respectively, and the amounts amortised to cost were \$19,054, \$0, \$40,377 and \$0 for the three months and nine months ended September 30, 2020 and 2019, respectively.

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

(25) Interest income

	Three months ended September 30	
	2020	2019
Interest income from bank deposits	\$ 395	\$ 2,347
Other interest income	77	-
	<u>\$ 472</u>	<u>\$ 2,347</u>

	Nine months ended September 30	
	2020	2019
Interest income from bank deposits	\$ 2,186	\$ 10,299
Other interest income	228	6
	<u>\$ 2,414</u>	<u>\$ 10,305</u>

(26) Other income

	Three months ended September 30	
	2020	2019
Dividend income	\$ 7,172	\$ 8,857
Income from government grants	3,258	3,557
Income from sale of scraps	569	1,244
Other income, others	3,207	2,712
	<u>\$ 14,206</u>	<u>\$ 16,370</u>

	Nine months ended September 30	
	2020	2019
Dividend income	\$ 7,172	\$ 8,857
Income from government grants	9,920	10,436
Income from sale of scraps	2,217	2,460
Other income, others	7,699	9,665
	<u>\$ 27,008</u>	<u>\$ 31,418</u>

(27) Other gains and losses

	Three months ended September 30	
	2020	2019
(Losses) gains on disposals of property, plant and equipment	(\$ 9)	\$ 71
Foreign exchange (losses) gains	(980)	2,614
Gains on financial assets at fair value through profit or loss	1,436	141
Gains arising from lease modifications	755	-
Miscellaneous disbursements	(68)	(242)
	<u>\$ 1,134</u>	<u>\$ 2,584</u>

	Nine months ended September 30	
	2020	2019
Gains (losses) on disposals of property, plant and equipment	\$ 1,287	(\$ 90)
Foreign exchange (losses) gains	(696)	5,788
Gains on financial assets at fair value through profit or loss	4,179	1,608
Gains arising from lease modifications	1,008	-
Miscellaneous disbursements	(83)	(343)
	<u>\$ 5,695</u>	<u>\$ 6,963</u>

(28) Finance cost

	Three months ended September 30	
	2020	2019
Interest expense	\$ 6,282	\$ 10,491
Interest expense arising from lease liabilities	98	196
	<u>\$ 6,380</u>	<u>\$ 10,687</u>

	Nine months ended September 30	
	2020	2019
Interest expense	\$ 23,509	\$ 29,793
Interest expense arising from lease liabilities	453	558
	<u>\$ 23,962</u>	<u>\$ 30,351</u>

(29) Expenses by nature

	Three months ended September 30	
	2020	2019
Employee benefit expense	\$ 266,694	\$ 247,318
Depreciation charges on property, plant and equipment	65,096	64,634
Depreciation charges on right-of-use asset	7,012	11,483
Amortisation	2,473	2,423
Incinerator equipment costs	144,641	136,361
Materials	202,045	201,017
Sub-contract costs	255,697	302,847
Insurance	11,767	13,956
Other expenses	215,228	127,220
	<u>\$ 1,170,653</u>	<u>\$ 1,107,259</u>

	Nine months ended September 30	
	2020	2019
Employee benefit expense	\$ 830,472	\$ 822,118
Depreciation charges on property, plant and equipment	196,568	142,772
Depreciation charges on right-of-use asset	23,029	31,068
Amortisation	7,181	7,297
Incinerator equipment costs	371,659	356,101
Materials	555,448	554,511
Sub-contract costs	721,591	690,576
Insurance	31,740	35,660
Other expenses	506,757	432,659
	<u>\$ 3,244,445</u>	<u>\$ 3,072,762</u>

(30) Employee benefit expense

	Three months ended September 30	
	2020	2019
Salaries	\$ 222,581	\$ 200,014
Employee stock options	7,585	4,510
Labor and health insurance fees	14,602	14,852
Pension costs	11,322	11,120
Other personnel expenses	10,604	16,822
	<u>\$ 266,694</u>	<u>\$ 247,318</u>

	Nine months ended September 30	
	2020	2019
Salaries	\$ 692,752	\$ 695,639
Employee stock options	20,063	9,476
Labor and health insurance fees	46,336	46,514
Pension costs	33,706	33,157
Other personnel expenses	37,615	37,332
	<u>\$ 830,472</u>	<u>\$ 822,118</u>

- A. As of September 30, 2020, December 31, 2019 and September 30, 2019, the Group had 981, 973 and 998 employees, respectively.
- B. When net profit occurs in the annual accounts, the Company may, after reserving a sufficient amount of the income before tax to cover the accumulated losses, upon the resolution of the Board of Directors, distribute at least 0.01% of the income before tax as employees' compensation, and distribute no more than 2% of the income before tax as directors' remuneration. The remuneration could be in the form of stock or cash, and the employees' compensation could be distributed to the employees of subsidiaries of the Company under certain conditions. A report of the distribution of employees' compensation or the directors' remuneration shall be submitted to the shareholders at the shareholders' meeting.
- C. For the three months and nine months ended September 30, 2020 and 2019, employees' compensation was accrued at \$58, \$58, \$261 and \$261, respectively; directors' and supervisors' remuneration was accrued at \$867, \$1,300, \$3,900 and \$3,900, respectively. The aforementioned amounts were recognised in salary and other expenses.

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

Employees' compensation and directors' and supervisors' remuneration for 2019 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2019 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. Components of income tax expense:

	<u>Three months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
Current tax:		
Current tax on profits for the period	\$ 72,505	\$ 66,233
Prior year income tax (overestimation) underestimation	(1,410)	1,044
Total current tax	71,095	67,277
Deferred tax:		
Origination and reversal of temporary differences	1,299	3,460
Effect of exchange rate changes	977	110
Income tax expense	<u>\$ 73,371</u>	<u>\$ 70,847</u>

	<u>Nine months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
Current tax:		
Current tax on profits for the period	\$ 197,250	\$ 182,405
Prior year income tax overestimation	(34)	(7,949)
Total current tax	197,216	174,456
Deferred tax:		
Origination and reversal of temporary differences	(11,410)	(705)
Effect of exchange rate changes	1,463	380
Income tax expense	<u>\$ 187,269</u>	<u>\$ 174,131</u>

B. As of September 30, 2020, except for ECOVE Waste Management Corporation's income tax returns through 2017, the Company's and its subsidiaries' income tax returns through 2018 have been assessed and approved by the Tax Authority.

(32) Earnings per share

Three months ended September 30, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share:</u>			
Profit attributable to owners of the parent	\$ 253,275	67,208	NT\$ <u>3.77</u>
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	318	
Employees' bonus	-	-	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	\$ <u>253,275</u>	<u>67,526</u>	NT\$ <u>3.75</u>
Nine months ended September 30, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share:</u>			
Profit attributable to owners of the parent	\$ 660,884	67,142	NT\$ <u>9.84</u>
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	278	
Employees' bonus	-	1	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	\$ <u>660,884</u>	<u>67,421</u>	NT\$ <u>9.80</u>

Three months ended September 30, 2019

	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	\$ 244,430	67,105	<u>NT\$ 3.64</u>
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	266	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 244,430</u>	<u>67,371</u>	<u>NT\$ 3.63</u>

Nine months ended September 30, 2019

	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	\$ 647,047	67,105	<u>NT\$ 9.64</u>
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	203	
Employees' bonus	-	1	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 647,047</u>	<u>67,309</u>	<u>NT\$ 9.61</u>

(33) Supplemental cash flow information

Financing activities with no cash flow effects:

	Nine months ended September 30	
	2020	2019
Capital reduction payments yet to be paid	\$ 37,500	\$ -

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is controlled by CTCI Corporation (incorporated in R.O.C.), which owns 57.12% of the Company's shares. The remaining 42.88% of the shares are widely held by the public.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
CTCI Corp.	Ultimate parent company
CTCI Chemical Corp.	Associate
CTCI Machinery Corp.	Associate
Ever Ecove Corporation	Associate
E&C Engineering Corp.	Associate
Topco Scientific Co., Ltd	Associate
Topco International Investment Co., Ltd	Associate
CTCI Shanghai Co., Ltd.	Associate

(3) Significant transactions and balances with related parties

A. Operating revenue

	Three months ended September 30	
	2020	2019
Operating revenue:		
Ultimate parent company	\$ 229	\$ 623

	Nine months ended September 30	
	2020	2019
Operating revenue:		
Ultimate parent company	\$ 1,838	\$ 8,779
Associates	-	22
	\$ 1,838	\$ 8,801

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

(b) In accordance with Financial-Supervisory-Securities-Firms No. 0990100279 of the GreTai

Securities Market, the Company provides illustrations as follows:

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

B. Purchases of goods and services

	<u>Three months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
Purchases of goods and services:		
Ultimate parent company	\$ 1,448	\$ 1,400
Associates	32,584	45,144
	<u>\$ 34,032</u>	<u>\$ 46,544</u>
	<u>Nine months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
Purchases of goods and services:		
Ultimate parent company	\$ 3,647	\$ 3,771
Associates	122,649	129,261
	<u>\$ 126,296</u>	<u>\$ 133,032</u>

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

C. Period-end balances arising from sales of services

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Accounts receivable:			
Ultimate parent company	\$ -	\$ 571	\$ 885

D. Period-end balances arising from purchases of services

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Accounts payable:			
Ultimate parent company	\$ 8,681	\$ 5,278	\$ 8,062
Associates	25,593	22,614	33,658
	<u>\$ 34,274</u>	<u>\$ 27,892</u>	<u>\$ 41,720</u>

E. Other receivables - related parties

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Other receivables:			
Associates (Note)	<u>\$ 683</u>	<u>\$ 792</u>	<u>\$ 765</u>

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

F. Loans to related parties

(a) Outstanding balance

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
CTCI Machinery Corp.	<u>\$ 30,000</u>	<u>\$ 30,026</u>	<u>\$ 30,012</u>

(b) Interest income

	<u>Three months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
Associates (Note)	<u>\$ 76</u>	<u>\$ 12</u>

	<u>Nine months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
Associates (Note)	<u>\$ 227</u>	<u>\$ 18</u>

Note: The terms of lending include interest to be calculated and received monthly, using the annual rate of 1.01% for the nine months ended September 30, 2020 and 2019.

G. Other income

	<u>Three months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
Associates	<u>\$ -</u>	<u>\$ 536</u>

	<u>Nine months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
Associates	<u>\$ 590</u>	<u>\$ 1,268</u>

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

H. Operating expenses

	Three months ended September 30	
	2020	2019
Ultimate parent company	\$ 2,570	\$ 7,563
Associates	243	-
	<u>\$ 2,813</u>	<u>\$ 7,563</u>

	Nine months ended September 30	
	2020	2019
Ultimate parent company	\$ 6,749	\$ 12,546
Associates	284	26
	<u>\$ 7,033</u>	<u>\$ 12,572</u>

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

I Other payables-related parties

	September 30, 2020	December 31, 2019	September 30, 2019
Ultimate parent company	\$ 2,371	\$ 3,337	\$ 10,087
Associates (Note)	37,500	28	4,139
	<u>\$ 39,871</u>	<u>\$ 3,365</u>	<u>\$ 14,226</u>

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

J. Leasing arrangements - leasee

(a) As of September 30, 2020, the main lease contracts between the Group and related parties are as follows:

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

(b) Lease liabilities

	September 30, 2020	December 31, 2019	September 30, 2019
Ultimate parent company	\$ 1,808	\$ 1,641	\$ 8,445
Associates	2,354	2,621	16,943
	<u>\$ 4,162</u>	<u>\$ 4,262</u>	<u>\$ 25,388</u>

(c) Interest expense on lease liabilities

	Three months ended September 30	
	2020	2019
Ultimate parent company	\$ 25	\$ 21
Associates	14	29
	<u>\$ 39</u>	<u>\$ 50</u>

	Nine months ended September 30	
	2020	2019
Ultimate parent company	\$ 31	\$ 50
Associates	32	89
	<u>\$ 63</u>	<u>\$ 139</u>

K. Property transactions

Acquisition of prepayments for business facilities

	Three months ended September 30	
	2020	2019
Associates	\$ -	\$ 4,656

	Nine months ended September 30	
	2020	2019
Associates	\$ 17,440	\$ 41,907

L. Endorsements and guarantees for others

	September 30, 2020	December 31, 2019	September 30, 2019
Associates	<u>\$ 220,500</u>	<u>\$ 220,500</u>	<u>\$ 220,500</u>

(4) Key management compensation

	Three months ended September 30	
	2020	2019
Salaries and other short-term employee benefits	\$ 9,739	\$ 8,290
Post-employment benefits	306	313
Total	<u>\$ 10,045</u>	<u>\$ 8,603</u>

	Nine months ended September 30	
	2020	2019
Salaries and other short-term employee benefits	\$ 31,418	\$ 25,449
Post-employment benefits	915	971
Total	<u>\$ 32,333</u>	<u>\$ 26,420</u>

8. PLEDGED ASSETS

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

Assets	Book value			Purposes
	September 30, 2020	December 31, 2019	September 30, 2019	
Property, plant and equipment	\$ 743,065	\$ 442,234	\$ 200,756	Guarantee for long-term and short-term loans
Other non-current assets				
Guarantee deposits paid	27,498	21,082	21,576	Guarantee for bid, rent, performance guarantee, tender bond and staff dormitory
Restricted bank deposits	41,277	44,327	47,293	Guarantee for bid, rent, performance guarantee, tender bond and staff dormitory
	<u>\$ 811,840</u>	<u>\$ 507,643</u>	<u>\$ 269,625</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

In addition to those items which have been disclosed in Note 6(11), the significant commitments and contingent liabilities of the Group as of September 30, 2020 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 September 30, 2020, the total amount of guarantee notes issued amounted to \$5,154,106.
- (2) As of September 30, 2020, for contractual guarantee, performance guarantee, waste collection and other guarantees, the subsidiaries have a performance letter of guarantee issued by the bank amounting to \$890,574.
- (3) As of September 30, 2020, the subsidiaries had outstanding commitments for service contracts amounting to \$179,906.
- (4) On October 28, 2014, the Environmental Protection Bureau New Taipei City Government requested the subsidiary, ECOVE Environmental Service Corp. to pay a substantial amount of air pollution control fee of \$54,267 in accordance with the action stated in Bei-Huan-Kong-Zi Letter No. 1031588875 (the original action) and the judgement rendered by an administrative court of New Taipei City Government. ECOVE Environmental Service Corp., disagreed and filed an appeal for revocation of the original action and administrative decision on July 6, 2015, and was dismissed by

Taiwan High Administrative Court. Therefore, ECOVE Environmental Service Corp., filed an appeal to Supreme Administrative Court. On January 31, 2018, the Supreme Administrative Court reversed the Taiwan High Administrative Court's ruling and remanded the case to the Taiwan High Administrative Court. On November 14, 2019, the Taiwan High Court rendered a judgement to revoke both the subsequent decision on the administrative appeal and the original penalty, that is, the Environmental Protection Department of the New Taipei City Government shall "return" \$54,267 to the plaintiff, ECOVE Environment Services Corp., but dismissed the remaining appeals made by the plaintiff. In March 2020, ECOVE Environment Services Corp. received the payment for the air pollution control fee amounting to \$54,267.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On October 30, 2020, the Board of Directors of the Company resolved to acquire all the shares of the subsidiary, ECOVE Environment Service Corp. The Company plans to increase its capital by issuing 1,659,672 new shares in exchange for shares of the subsidiary held by shareholders other than the Company. The exchange ratio is each common share of the subsidiary for 1.605 newly issued common shares of the Company.

12. OTHERS

(1) Capital risk management

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2019.

The gearing ratios at September 30, 2020, December 31, 2019, and September 30, 2019 were as follows:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Total borrowings	\$ 1,951,532	\$ 1,866,712	\$ 1,787,907
Total equity	\$ 5,421,117	\$ 5,592,803	\$ 5,346,983
Gearing ratio	36%	33%	33%

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</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	\$ 1,067,569	\$ 10,933	\$ 687,059
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	125,209	124,575	114,976
	<u>\$ 1,192,778</u>	<u>\$ 135,508</u>	<u>\$ 802,035</u>
	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
<u>Financial assets</u>			
Financial assets at amortised cost			
Cash and cash equivalents	\$ 594,795	\$ 1,679,523	\$ 621,400
Financial assets at amortised cost	83,867	247,014	166,121
Notes receivable	92	481	187
Accounts receivable	870,966	851,456	901,091
Accounts receivable - related parties	-	571	885
Other receivables	12,658	103,685	4,847
Other receivables - related parties	30,683	30,818	30,777
Guarantee deposits paid	27,498	21,082	21,576
Long-term accounts receivable	1,619,707	1,846,210	1,918,727
Other financial assets	41,277	44,327	47,293
	<u>\$ 3,281,543</u>	<u>\$ 4,825,167</u>	<u>\$ 3,712,904</u>

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 356,700	\$ 305,000	\$ 169,000
Short-term notes and bills payable	144,943	-	-
Notes payable	-	-	257
Accounts payable	703,890	652,577	670,112
Accounts payable - related parties	34,274	27,892	41,720
Other payables	352,285	421,493	360,613
Other payables - related parties	39,871	3,365	14,226
Long-term borrowings (including current portion)	1,449,889	1,561,712	1,618,907
Guarantee deposits received	194,665	184,408	187,888
	<u>\$ 3,276,517</u>	<u>\$ 3,156,447</u>	<u>\$ 3,062,723</u>
Lease liability	<u>\$ 59,329</u>	<u>\$ 69,625</u>	<u>\$ 110,956</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 recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.
- iii. The Group has certain investments in foreign operations, therefore, does not hedge the risk.
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: MOP and CNY. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	September 30, 2020		
(Foreign currency : functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 3,706	29.150	\$ 108,030
MOP : NTD	30,697	3.646	111,934
 <u>Financial Liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1,395	3.646	5,087

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

September 30, 2019			
(Foreign currency : functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 474	31.027	\$ 14,707
CNY : NTD	1,421	4.353	6,186
MOP : NTD	50,055	3.836	192,011
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	4,325	3.836	16,591

- v. The unrealised exchange (loss) gain arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2020 and 2019 amounted to (\$988), \$1,139, (\$732) and \$3,187, respectively.

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

Nine months ended September 30, 2020			
Sensitivity analysis			
Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1.00%	\$ 1,080	\$ -
MOP : NTD	1.00%	1,119	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1.00%	51	-
Nine months ended September 30, 2019			
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%	\$ 147	\$ -
CNY : NTD	1.00%	62	-
MOP : NTD	1.00%	1,920	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1.00%	166	-

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 nine months ended September 30, 2020 and 2019, 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 September 30, 2020, December 31, 2019 and September 30, 2019, the provision matrix is as follows:

	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At September 30, 2020</u>			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	\$ 2,323,839	\$ 166,834	\$ 2,490,673
Loss allowance	\$ -	\$ -	\$ -
	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At December 31, 2019</u>			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	\$ 2,584,783	\$ 112,883	\$ 2,697,666
Loss allowance	\$ -	\$ -	\$ -

	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At September 30, 2019</u>			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	\$ 2,644,348	\$ 175,470	\$ 2,819,818
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>September 30, 2020</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 358,105	\$ -
Short-term notes and bills payable	145,079	-
Accounts payable		
(including related parties)	738,164	-
Other payables		
(including related parties)	392,156	-
Lease liabilities	16,527	45,099
Long-term borrowings		
(including current portion)	258,956	1,313,944
Other non-current liabilities	194,665	-

Non-derivative financial liabilities

December 31, 2019

	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 306,595	\$ -
Accounts payable (including related parties)	680,469	-
Other payables (including related parties)	424,858	-
Lease liabilities	29,201	45,899
Long-term borrowings (including current portion)	137,215	1,617,248
Other non-current liabilities	184,408	-

Non-derivative financial liabilities

September 30, 2019

	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 170,627	\$ -
Notes payable	257	-
Accounts payable (including related parties)	711,832	-
Other payables (including related parties)	374,839	-
Lease liabilities	39,773	74,861
Long-term borrowings (including current portion)	136,257	1,704,710
Other non-current liabilities	187,888	-

(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:

September 30, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,067,569	\$ -	\$ -	\$ 1,067,569
Financial assets at fair value through other comprehensive income				
Equity securities	<u>124,666</u>	<u>-</u>	<u>543</u>	<u>125,209</u>
	<u>\$ 1,192,235</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 1,192,778</u>
December 31, 2019	<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	\$ 10,933	\$ -	\$ -	\$ 10,933
Financial assets at fair value through other comprehensive income				
Equity securities	<u>124,032</u>	<u>-</u>	<u>543</u>	<u>124,575</u>
Total	<u>\$ 134,965</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 135,508</u>

September 30, 2019	<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	\$ 687,059	\$ -	\$ -	\$ 687,059
Financial assets at fair value through other comprehensive income				
Equity securities	114,433	-	543	114,976
Total	<u>\$ 801,492</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 802,035</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 nine months ended September 30, 2020 and 2019, there were no transfers between Level 1 and Level 2.

F. For the nine months ended September 30, 2020 and 2019, there were no transfers into or out from Level 3.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

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

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

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or

20% of the Company's paid-in capital: Please refer to table 4.

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

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

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

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

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

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

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

(4) Major shareholders information

Please refer to table 11.

14. OPERATING SEGMENT FINANCIAL INFORMATION

(1) General information

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

(2) Information about segmental income, assets and liabilities

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

	Three months ended September 30	
	2020	2019
Revenue from external customers	\$ 1,538,105	\$ 1,464,221
Inter-segment revenue	484,098	470,742
Total segment revenue	<u>\$ 2,022,203</u>	<u>\$ 1,934,963</u>
Segment income	<u>\$ 367,452</u>	<u>\$ 356,962</u>
Depreciation	<u>\$ 72,108</u>	<u>\$ 76,117</u>
Amortisation	<u>\$ 2,473</u>	<u>\$ 2,423</u>

	Nine months ended September 30	
	2020	2019
Revenue from external customers	\$ 4,186,799	\$ 4,003,612
Inter-segment revenue	1,355,039	1,310,867
Total segment revenue	<u>\$ 5,541,838</u>	<u>\$ 5,314,479</u>
Segment income	<u>\$ 942,354</u>	<u>\$ 930,850</u>
Depreciation	<u>\$ 219,597</u>	<u>\$ 173,840</u>
Amortisation	<u>\$ 7,181</u>	<u>\$ 7,297</u>

(3) Reconciliation information of segmental income

A reconciliation of adjusted EBITDA for reportable segment and income from continuing operations before income tax for the three months and nine months ended September 30, 2020 and 2019 is provided as follows:

	Three months ended September 30	
	2020	2019
Adjusted EBITDA for reportable segment	\$ 367,452	\$ 356,962
Financial cost, net	(6,380)	(10,687)
Others	28,640	28,848
Income from continuing operations before income tax	<u>\$ 389,712</u>	<u>\$ 375,123</u>

	Nine months ended September 30	
	2020	2019
Adjusted EBITDA for reportable segment	\$ 942,354	\$ 930,850
Financial cost, net	(23,962)	(30,351)
Others	75,968	79,106
Income from continuing operations before income tax	<u>\$ 994,360</u>	<u>\$ 979,605</u>

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Loans to others
Nine months ended September 30, 2020

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the nine months ended September 30, 2020 (Note 3)	Balance at September 30, 2020 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote	
												Item	Value				
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Other receivables-related parties	Yes	\$ 200,000	\$ 200,000	\$ 200,000	1.01%	2	\$ -	For operational needs	\$ -	-	\$ -	\$ 494,688	\$ 1,978,754	-
1	ECOVE Environment Services Corp.	ECOVE Solvent Recycling Corporation	"	"	36,000	30,000	-	-	"	"	"	-	-	-	77,939	311,757	-
1	"	E&C Engineering Corp.	"	"	30,000	30,000	-	-	"	"	"	-	-	-	77,939	311,757	-
1	"	CTCI Machinery Corp.	"	"	30,000	30,000	30,000	1.01%	"	"	"	-	-	-	77,939	311,757	-
2	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	"	"	90,000	90,000	-	-	"	"	"	-	-	-	514,631	514,631	-
2	"	ECOVE South Corporation Ltd.	"	"	94,000	80,000	23,000	1.48%	"	"	"	-	-	-	514,631	514,631	-

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

(1) The Company is '0'.

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

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

Note 3: Fill in the maximum outstanding balance of loans to others during the nine months ended September 30, 2020.

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

(1) The Business association is '1'.

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

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

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

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

- (1) The limit on loans granted to a single party shall not exceed 10% of the Company's net assets value.
- (2) The ceiling on totals loans shall not exceed 40% of the Company's net assets value.
- (3) The limit on loans granted to a single party of ECOVE Solar Energy Corporation shall not exceed 40% of its net assets value.
- (4) The ceiling on totals loans of ECOVE Solar Energy Corporation shall not exceed 40% of its net assets value.

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Nine months ended September 30, 2020

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2020 (Note 4)	Outstanding endorsement/ guarantee amount at September 30, 2020 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Relationship with the endorser/ guarantor (Note 2)	Company name											
0	ECOVE Environment Corp.	ECOVE South Corporation Ltd.	2	\$ 9,893,768	\$ 150,000	\$ 150,000	\$ 66,700	\$ -	3.03%	\$ 14,840,652	Y	N	N	-
0	"	ECOVE Solar Power Corporation	2	9,893,768	683,000	683,000	369,503	-	13.81%	14,840,652	Y	N	N	-
0	"	ECOVE Solar Energy Corporation	2	9,893,768	2,196,129	2,161,651	980,563	-	43.70%	14,840,652	Y	N	N	-
0	"	ECOVE Solvent Recycling Corporation	2	9,893,768	213,400	157,600	110,691	-	3.19%	14,840,652	Y	N	N	-
0	"	EVER ECOVE Corporation	6	9,893,768	220,500	220,500	71,345	-	4.46%	14,840,652	N	N	N	-
1	ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	2	5,146,314	14,000	14,000	11,550	-	1.09%	7,719,470	N	N	N	-
1	"	ECOVE Solar Power Corporation	2	5,146,314	757,076	757,076	506,159	-	58.84%	7,719,470	N	N	N	-
2	ECOVE Solar Power Corporation	ECOVE Solar Energy Corporation	3	1,083,255	12,420	12,420	12,420	-	4.59%	1,624,882	N	N	N	-

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

(1) The Company is '0'.

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

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

(1) Having business relationship.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

September 30, 2020

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)		Relationship with the securities issuer (Note 2)	General ledger account	September 30, 2020				Footnote (Note 4)
	Type	Name			Number of shares/ denominations	Book value (Note 3)	Ownership (%)	Fair value	
ECOVE Environment Corp.	Beneficiary certificates	FSITC Taiwan Money Market Fund	None	Financial assets at fair value through profit or loss - current	1,881,421	\$ 29,001	-	\$ 29,010	-
				Adjustment		9			
						<u>\$ 29,010</u>			
"	"	Prudential Financial Money Market	"	Financial assets at fair value through profit or loss - current	5,158,565	82,039	-	82,228	-
				Adjustment		189			
						<u>\$ 82,228</u>			
"	Common Stock	Taiwan Cement Corp.	"	Financial assets at fair value through other comprehensive income-current	531,205	16,671	-	21,992	-
				Adjustment		5,321			
						<u>\$ 21,992</u>			
"	"	Teamwin Opto-Electronics Co., Ltd.	"	Financial assets at fair value through other comprehensive income-non-current	150,000	2,261	2.46%	475	-
	"	Eastern Pacific Energy Sdn. Bhd	The Chairman of the Company is the Board of Director	"	10,000	81	10.00%	68	-
		Less: Accumulated impairment				(1,799)			
						<u>\$ 543</u>		<u>\$ 543</u>	
ECOVE Wujih Energy Corp.	Common Stock	Taiwan Cement Corp.	None	Financial assets at fair value through other comprehensive income- current	534,295	\$ 22,120	-	22,120	-
"	Beneficiary certificates	FSITC Taiwan Money Market Fund	"	Financial assets at fair value through profit or loss - current	13,518,635	208,449	-	208,449	-
ECOVE Environment Services Corp.	Common Stock	CTCI Corp.	Ultimate parent company	Financial assets at fair value through other comprehensive income-current	1,028	40	-	40	-
"	"	Taiwan Cement Corp.	None	"	1,406,754	58,239	-	58,239	-
"	Beneficiary certificates	Taishin 1699 Money Market Fund	"	Financial assets at fair value through profit or loss - current	12,105,302	165,040	-	165,040	-
"	"	Capital Money Market Fund	"	"	1,846,574	30,011	-	30,011	-
"	"	Jih Sun Money Market Fund	"	"	5,927,679	88,529	-	88,529	-

Securities held by	Marketable securities (Note 1)		Relationship with the securities issuer (Note 2)	General ledger account	September 30, 2020				Footnote (Note 4)
	Type	Name			Number of shares/ denominations	Book value (Note 3)	Ownership (%)	Fair value	
ECOVE Waste Management Corp.	Common Stock	Taiwan Cement Corp.	None	Financial assets at fair value through other comprehensive income-current	538,039	\$ 22,275	-	\$ 22,275	-
"	Beneficiary certificates	FSITC Taiwan Money Market Fund	"	Financial assets at fair value through profit or loss - current	4,207,827	64,882	-	64,882	-
"	"	Taishin 1699 Money Market Fund	"	"	3,083,971	42,046	-	42,046	-
"	"	Jih Sun Money Market Fund	"	"	7,249,584	108,272	-	108,272	-
"	"	Franklin Templeton Money Market Fund	"	"	5,470,038	56,989	-	56,989	-
		Prudential Financial Money Market	"	"	376,705	6,005	-	6,005	-
ECOVE Mioali Energy Corporation	"	Taishin 1699 Money Market Fund	"	"	3,209,662	43,760	-	43,760	-
"	"	Franklin Templeton Money Market Fund	"	"	1,345,263	14,015	-	14,015	-
"	"	FSITC Taiwan Money Market Fund	"	"	5,780,496	89,132	-	89,132	-
Yuan Ding Resources Corp.	"	Jih Sun Money Market Fund	"	"	2,624,764	39,201	-	39,201	-

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

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

Nine months ended September 30, 2020

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2020		Addition (Note 3)		Disposal (Note 3)			Balance as at September 30, 2020		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
ECOVE Environment Corp.	Prudential Financial Money Market	Financial assets at fair value through profit or loss	-	-	-	\$ -	13,841,787	\$ 220,000	8,683,222	\$ 138,132	\$ 137,961	\$ 171	5,158,565	\$ 82,039
"	FSITC Taiwan Money Market Fund	"	-	-	-	-	15,073,229	232,000	13,191,808	203,319	202,999	320	1,881,421	29,001
ECOVE Environmental Services Corp.	Taishin 1699 Money Market Fund	"	-	-	-	-	50,700,122	690,000	38,594,819	525,557	525,000	557	12,105,302	165,000
"	Jih Sun Money Market Fund	"	-	-	-	-	22,824,412	340,000	16,896,734	252,050	251,686	364	5,927,679	88,314
"	Capital Money Market Fund	"	-	-	-	-	11,106,577	180,000	9,260,002	150,080	150,000	80	1,846,574	30,000
ECOVE Waste Management Corp.	Jih Sun Money Market Fund	"	-	-	-	-	22,094,025	329,000	14,844,441	221,125	220,991	134	7,249,584	108,009
"	Prudential Financial Money Market	"	-	-	-	-	10,941,138	174,000	10,564,434	168,069	168,000	69	376,704	6,000
"	FSITC Taiwan Money Market Fund	"	-	-	-	-	20,980,966	322,800	16,773,139	258,160	257,980	180	4,207,827	64,820
ECOVE Miaoli Energy Corp.	Taishin 1699 Money Market Fund	"	-	-	-	-	25,509,035	347,000	22,299,372	303,636	303,285	351	3,209,663	43,715
ECOVE Wujih Energy Corp.	FSITC Taiwan Money Market Fund	"	-	-	-	-	25,003,774	385,000	11,485,139	177,000	176,760	240	13,518,635	208,240
"	Taishin 1699 Money Market Fund	"	-	-	-	-	23,751,825	323,000	23,751,825	323,410	323,000	410	-	-

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

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

Nine months ended September 30, 2020

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	
ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	Affiliate	(Waste disposal revenue)	(\$ 351,914)	(58%)	30 days quarterly	No significant difference	\$ 84,197	28%	-
ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	(Operating revenue)	(511,450)	(19%)	"	"	127,355	15%	-
"	ECOVE Wujih Energy Corp.	"	"	(183,998)	(7%)	"	"	49,718	6%	-
"	ECOVE Mioali Energy Corp.	"	"	(122,355)	(5%)	"	"	29,911	4%	-
ECOVE Waste Management Corp.	ECOVE Environment Services Corp.	"	Waste disposal cost	511,450	52%	"	"	(127,355)	(57%)	-
"	ECOVE Wujih Energy Corp.	"	"	351,914	36%	"	"	(84,197)	(38%)	-
ECOVE Wujih Energy Corp.	ECOVE Environment Services Corp.	"	Cost of services	183,998	56%	"	"	(49,718)	(57%)	-
ECOVE Mioali Energy Corp.	ECOVE Environment Services Corp.	"	"	122,355	97%	"	"	(29,911)	(100%)	-

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
 September 30, 2020

Table 6

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2020 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	Affiliate	\$ 127,355	4.49	\$ -	-	\$ -	\$ -
ECOVE Environment Corp.	ECOVE Mioali Energy Corp.	A subsidiary	112,498	Note 3	-	Note 3	-	-
"	ECOVE Solar Energy Corporation	"	202,198	Note 4	-	Note 4	-	-

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

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

Note 3: It pertains to capital reduction receivable.

Note 4: It pertains to other accounts receivable arising from lending capital and directors' remuneration receivable.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

Nine months ended September 30, 2020

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	1	Other accounts receivable	\$ 202,198	-	2.12%
0	"	ECOVE Miaoli Energy Corp.	1	"	112,498	-	1.18%
0	"	ECOVE Solar Energy Corporation	1	Endorsements and guarantees	2,161,651	-	N/A
0	"	ECOVE Solar Power Corporation	1	"	683,000	-	N/A
0	"	ECOVE South Corporation Ltd.	1	"	150,000	-	N/A
0	"	ECOVE Solvent Recycling Corporation	1	"	157,600	-	N/A
1	ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	3	Operating revenue	351,914	30 days quarterly	8.41%
2	ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	"	511,450	"	12.22%
2	"	ECOVE Miaoli Energy Corp.	"	"	122,355	"	2.92%
2	"	ECOVE Wujih Energy Corp.	"	"	183,998	"	4.39%
2	"	SINOGAL-Waste Services Co., Ltd.	"	"	46,355	"	1.11%
2	"	ECOVE Waste Management Corp.	"	Accounts receivable	127,355	"	1.33%
3	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	"	Endorsements and guarantees	757,076	-	N/A
4	SINOGAL-Waste Services Co., Ltd.	ECOVE Environment Services Corp.	2	Operating revenue	43,322	30 days quarterly	1.03%

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
Information on investees (not including investees in Mainland China)
Nine months ended September 30, 2020

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2020			Net profit (loss) of the investee for the nine months ended September 30, 2020	Investment income (loss) recognised by the Company for the nine months ended September 30, 2020	Footnote
				Balance as at September 30, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	\$ 450,435	\$ 450,435	30,000,000	100.00%	\$ 831,637	\$ 207,752	\$ 207,752	A subsidiary
ECOVE Environment Corp.	ECOVE Environment Services Corp.	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance, etc.	339,921	339,921	14,065,936	93.15%	742,023	274,832	254,848	A subsidiary
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Taiwan	Waste services, equipment and mechanical installation, waste clear, international trade and other environmental services, etc.	20,000	20,000	2,000,000	100.00%	95,314	41,375	41,375	A subsidiary
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	899,985	1,012,483	44,999,200	74.999%	887,982	97,473	73,104	A subsidiary
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Taiwan	Waste services, waste clean, other environmental services, and environmental pollution services, etc.	42,696	42,696	4,500,000	100.00%	39,384	49	49	A subsidiary
ECOVE Environment Corp.	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	Share holding and investment	309,489	309,489	13,333,333	20.00%	317,147	124,528	31,048	An investee under equity method

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2020			Net profit (loss) of the investee for the nine months ended September 30, 2020	Investment income (loss) recognised by the Company for the nine months ended September 30, 2020	Footnote
				Balance as at September 30, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Taiwan	Energy technology services etc.	\$ 1,312,348	\$ 1,062,348	104,621,082	100.00%	\$ 1,410,268	\$ 59,298	\$ 59,298	A subsidiary
ECOVE Environment Corp.	EVER ECOVE Corporation	Taiwan	Waste services, waste clean and co-generation	50,000	50,000	5,000,000	5.00%	47,833 (15,625) (781)	An investee under equity method
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	86,480	86,480	8,099,000	89.99%	91,098	11,723	10,549	A subsidiary
ECOVE Environment Services Corp.	CTCI Chemicals Corp.	Taiwan	Industrial chemicals' wholesale manufacturing and retail.	24,851	24,851	1,910,241	26.90%	63,173	39,341	10,585	Associate
ECOVE Environment Services Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	13	13	1,000	0.001%	18	97,408	1	Affiliate
ECOVE Environment Services Corp.	SINOGAL-Waste Services Co., Ltd.	Macau	Management of waste recycling site and maintenance of related mechanical and equipment etc.	4,964	4,964	-	30.00%	49,310	145,469	43,710	A subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2020			Net profit (loss) of the investee for the nine months ended September 30, 2020	Investment income (loss) recognised by the Company for the nine months ended September 30, 2020	Footnote
				Balance as at September 30, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
ECOVE Environment Services Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	\$ 10	\$ 10	1,000	0.01%	\$ 8	\$ 11,723	\$ -	Affiliate
ECOVE Environment Services Corp.	Jing Ding Green Energy Technology Co., Ltd.	Taiwan	Performance of build-operate-transfer (BOT) projects	6,000	-	600,000	30.00%	6,000	-	-	An investee under equity method
ECOVE Waste Management Corp.	ECOVE Environmental Services Corp.	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance, etc.	53	53	1,000	0.01%	34	274,832	-	Affiliate
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Taiwan	Energy technology services etc.	230,000	230,000	23,000,000	100.00%	270,814	31,663	31,663	A subsidiary
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Taiwan	Energy technology services etc.	30,500	30,500	3,050,000	100.00%	33,732	2,413	2,413	A subsidiary
ECOVE Solar Energy Corporation	G.D. International, LLC.	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	385,399	19,090	19,090	A subsidiary
G.D. International, LLC.	Lumberton Solar W2-090, LLC	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	384,797	19,239	19,239	A subsidiary

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 2020

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated	Amount remitted from Taiwan to		Accumulated	Net income of investee for the nine months ended September 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2020 (Note 2)(2)B	Book value of investments in Mainland China as of September 30, 2020	Accumulated	Footnote
				amount of remittance from Taiwan to Mainland China as of January 1, 2020	remitted to Mainland China	remitted back to Taiwan	amount of remittance from Taiwan to Mainland China as of September 30, 2020					amount of investment income remitted back to Taiwan as of September 30, 2020	
ECOVE Environment Consulting Corp.	Technical development, advisory and service in environmental field; environmental pollution control equipment and related parts wholesale, import and export, etc.	\$ 4,147	1	\$ 4,147	-	-	\$ 4,147	\$ 5,014	93.16%	\$ 8,208	\$ 10,980	\$ 33,286	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ECOVE Environment Corp.	\$ 4,147	\$ 4,147	\$ 2,968,130

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: In the 'Investment income (loss) recognised by the Company for the nine months ended September 30, 2020 column:

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

Note 3: The numbers in this table are expressed in New Taiwan dollars.

Note 4: Invested by ECOVE Environment Services Corp.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
 Nine months ended September 30, 2020

Table 10

Expressed in thousands of NTD
 (Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at September 30, 2020	%	Balance at September 30, 2020	Purpose	Maximum balance during the nine months ended September 30, 2020	Balance at September 30, 2020	Interest rate	Interest during the nine months ended September 30, 2020	Others
ECOVE Environment Consulting Corp.	(\$ 25,134)	0.95%	-	-	(\$ 19,250)	3.3%	\$ -	-	\$ -	\$ -	-	\$ -	-

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Major shareholders information

September 30, 2020

Table 11

	Shares	
Name of major shareholders	Number of shares held	Ownership (%)
CTCI Corp.	38,457,105	57.12%
Fubon Life Assurance Co., Ltd.	4,567,507	6.78%

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

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