

**ECOVE ENVIRONMENT CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2022 AND 2021**

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

INDEPENDENT AUDITORS' 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, 2022 and 2021, 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\$1,574,802 thousand and NT\$1,315,795 thousand, both constituting 12% of the consolidated total assets, and total liabilities of NT\$406,236 thousand and NT\$474,442 thousand, constituting 6% and 9% of the consolidated total liabilities as at September 30, 2022 and 2021, 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\$120,043 thousand, NT\$96,452 thousand, NT\$308,513 thousand and NT\$251,246 thousand, constituting 31%, 30%, 30%

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and 29% 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 using equity method been reviewed by independent auditors as described in the Basis for qualified conclusion section above, 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, 2022 and 2021, and of its consolidated financial performance for the three months and nine months then ended and 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.



Liao, Fu-Ming



Lin, Yi-Fan

For and on Behalf of PricewaterhouseCoopers, Taiwan

November 2, 2022

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

Assets	Notes	September 30, 2022		December 31, 2021		September 30, 2021		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 2,243,436	17	\$ 1,216,106	10	\$ 1,028,677	9
1110	Financial assets at fair value through profit or loss - current	6(2)	102,933	1	1,072,745	9	1,613,846	15
1120	Current financial assets at fair value through other comprehensive income	6(3)	115,604	1	144,983	1	153,564	1
1136	Current financial assets at amortised cost	6(4)	157,293	1	421,908	3	103,586	1
1140	Current contract assets	6(24) and 7	823,012	7	620,662	5	600,984	5
1150	Notes receivable, net		54	-	667	-	30	-
1170	Accounts receivable, net	6(5)	1,058,573	8	1,034,775	8	856,141	8
1180	Accounts receivable - related parties, net	7	14,443	-	6,348	-	2,065	-
1200	Other receivables		33,332	-	2,516	-	8,970	-
1210	Other receivables - related parties	7	34	-	272,541	2	272,344	3
130X	Inventories		95,472	1	82,906	1	76,411	1
1410	Prepayments	6(6)	151,149	1	94,559	1	114,292	1
11XX	Total current assets		<u>4,795,335</u>	<u>37</u>	<u>4,970,716</u>	<u>40</u>	<u>4,830,910</u>	<u>44</u>
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	50,068	1	543	-	543	-
1550	Investments accounted for using equity method	6(7)	658,213	5	504,507	4	500,743	5
1600	Property, plant and equipment, net	6(8) and 8	4,038,051	31	3,896,431	32	3,557,566	32
1755	Right-of-use assets	6(9)	286,455	2	208,430	2	208,579	2
1780	Intangible assets	6(10)	970,401	8	1,014,402	8	136,153	1
1840	Deferred income tax assets		39,264	-	31,442	-	29,590	-
1900	Other non-current assets	6(11) and 8	2,090,164	16	1,658,388	14	1,817,505	16
15XX	Total non-current assets		<u>8,132,616</u>	<u>63</u>	<u>7,314,143</u>	<u>60</u>	<u>6,250,679</u>	<u>56</u>
1XXX	Total assets		<u>\$ 12,927,951</u>	<u>100</u>	<u>\$ 12,284,859</u>	<u>100</u>	<u>\$ 11,081,589</u>	<u>100</u>

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ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

Liabilities and Equity	Notes	September 30, 2022		December 31, 2021		September 30, 2021		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 512,000	4	\$ 498,000	4	\$ 568,000	5
2110	Short-term notes and bills payable	6(13)	152,858	1	39,969	1	132,936	1
2130	Current contract liabilities	6(24)	156,572	1	22,284	-	74,051	1
2150	Notes payable		247	-	7,494	-	5,111	-
2170	Accounts payable	6(14)	1,292,818	10	844,165	7	903,535	8
2180	Accounts payable - related parties	7	10,765	-	34,206	-	42,186	1
2200	Other payables	6(15)	411,128	3	544,480	5	385,783	4
2220	Other payables - related parties	7	6,897	-	8,174	-	5,598	-
2230	Income tax liabilities		259,754	2	290,614	3	225,839	2
2280	Current lease liabilities	7	37,116	-	35,181	-	30,865	-
2320	Long-term liabilities, current portion	6(17)	64,734	1	36,936	-	36,951	-
2399	Other current liabilities		52,089	1	38,698	-	37,981	-
21XX	Total current liabilities		<u>2,956,978</u>	<u>23</u>	<u>2,400,201</u>	<u>20</u>	<u>2,448,836</u>	<u>22</u>
Non-current liabilities								
2527	Non-current contract liabilities	6(24)	711,552	6	888,190	7	-	-
2530	Bonds payable	6(16)	1,990,742	15	1,988,845	16	1,988,206	18
2540	Long-term borrowings	6(17)	-	-	85,824	1	95,816	1
2570	Deferred income tax liabilities		130,470	1	151,859	1	162,918	2
2580	Non-current lease liabilities	7	237,342	2	155,681	1	160,003	1
2600	Other non-current liabilities	6(18)	819,059	6	717,897	6	577,747	5
25XX	Total non-current liabilities		<u>3,889,165</u>	<u>30</u>	<u>3,988,296</u>	<u>32</u>	<u>2,984,690</u>	<u>27</u>
2XXX	Total liabilities		<u>6,846,143</u>	<u>53</u>	<u>6,388,497</u>	<u>52</u>	<u>5,433,526</u>	<u>49</u>
Equity attributable to owners of parent								
Share capital								
3110	Common stock	6(21)	698,862	6	695,170	6	691,117	6
3140	Advance receipts for share capital		5,717	-	857	-	4,053	-
Capital surplus								
3200	Capital surplus	6(22)	2,592,802	20	2,421,348	20	2,405,125	22
Retained earnings								
3310	Legal reserve	6(23)	940,121	7	848,366	7	848,366	8
3320	Special reserve		14,895	-	23,272	-	23,272	-
3350	Unappropriated retained earnings		1,368,771	11	1,490,020	12	1,296,772	12
Other equity interest								
3400	Other equity interest		42,298	-	(14,895)	(1)	(1,001)	-
3500	Treasury shares	6(21)	(57)	-	(57)	-	(57)	-
31XX	Equity attributable to owners of the parent		<u>5,663,409</u>	<u>44</u>	<u>5,464,081</u>	<u>44</u>	<u>5,267,647</u>	<u>48</u>
36XX	Non-controlling interest	4(3)	418,399	3	432,281	4	380,416	3
3XXX	Total equity		<u>6,081,808</u>	<u>47</u>	<u>5,896,362</u>	<u>48</u>	<u>5,648,063</u>	<u>51</u>
Significant contingent liabilities and unrecognised contract commitments								
3X2X	Total liabilities and equity		<u>\$ 12,927,951</u>	<u>100</u>	<u>\$ 12,284,859</u>	<u>100</u>	<u>\$ 11,081,589</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 for earnings per share amounts)
(UNAUDITED)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2022		2021		2022		2021	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(24) and 7	\$ 1,901,946	100	\$ 1,599,830	100	\$ 5,180,612	100	\$ 4,419,727	100
5000 Operating costs	6(29)(30) and 7	(1,458,599)	(77)	(1,191,119)	(75)	(3,933,644)	(76)	(3,297,379)	(75)
5900 Gross profit		<u>443,347</u>	<u>23</u>	<u>408,711</u>	<u>25</u>	<u>1,246,968</u>	<u>24</u>	<u>1,122,348</u>	<u>25</u>
Operating expenses	6(29)(30) and 7								
6200 General and administrative expenses		(35,672)	(2)	(47,434)	(3)	(123,370)	(2)	(137,778)	(3)
6000 Total operating expenses		(35,672)	(2)	(47,434)	(3)	(123,370)	(2)	(137,778)	(3)
6900 Operating profit		<u>407,675</u>	<u>21</u>	<u>361,277</u>	<u>22</u>	<u>1,123,598</u>	<u>22</u>	<u>984,570</u>	<u>22</u>
Non-operating income and expenses									
7100 Interest income	6(25) and 7	2,788	-	929	-	6,541	-	2,200	-
7010 Other income	6(26) and 7	10,520	1	18,603	1	27,127	-	32,894	1
7020 Other gains and losses	6(27)	1,585	-	1,898	-	4,770	-	2,389	-
7050 Finance costs	6(28) and 7	(6,815)	-	(6,131)	-	(19,871)	-	(18,022)	-
7060 Share of profit of associates and joint ventures accounted for using equity method	6(7)								
		<u>20,561</u>	<u>1</u>	<u>27,818</u>	<u>2</u>	<u>36,076</u>	<u>1</u>	<u>56,379</u>	<u>1</u>
7000 Total non-operating income and expenses		<u>28,639</u>	<u>2</u>	<u>43,117</u>	<u>3</u>	<u>54,643</u>	<u>1</u>	<u>75,840</u>	<u>2</u>
7900 Profit before income tax		<u>436,314</u>	<u>23</u>	<u>404,394</u>	<u>25</u>	<u>1,178,241</u>	<u>23</u>	<u>1,060,410</u>	<u>24</u>
7950 Income tax expense	6(31)	(82,927)	(4)	(82,829)	(5)	(236,660)	(5)	(222,856)	(5)
8200 Profit for the period		<u>\$ 353,387</u>	<u>19</u>	<u>\$ 321,565</u>	<u>20</u>	<u>\$ 941,581</u>	<u>18</u>	<u>\$ 837,554</u>	<u>19</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)	(\$ 3,656)	-	(\$ 304)	-	(\$ 27,593)	-	\$ 24,082	-
Components of other comprehensive income that will be reclassified to profit or loss									
8361 Cumulative translation differences of foreign operations		<u>41,127</u>	<u>2</u>	(1,812)	-	<u>103,167</u>	<u>2</u>	(2,944)	-
8300 Total other comprehensive income (loss) for the period		<u>\$ 37,471</u>	<u>2</u>	(2,116)	-	<u>\$ 75,574</u>	<u>2</u>	<u>\$ 21,138</u>	-
8500 Total comprehensive income for the period		<u>\$ 390,858</u>	<u>21</u>	<u>\$ 319,449</u>	<u>20</u>	<u>\$ 1,017,155</u>	<u>20</u>	<u>\$ 858,692</u>	<u>19</u>
Profit attributable to:									
8610 Owners of the parent		\$ 305,200	16	\$ 278,517	17	\$ 796,804	15	\$ 724,303	16
8620 Non-controlling interest		48,187	3	43,048	3	144,777	3	113,251	3
Total		<u>\$ 353,387</u>	<u>19</u>	<u>\$ 321,565</u>	<u>20</u>	<u>\$ 941,581</u>	<u>18</u>	<u>\$ 837,554</u>	<u>19</u>
Comprehensive income attributable to:									
8710 Owners of the parent		\$ 333,883	18	\$ 276,486	17	\$ 853,997	17	\$ 746,574	16
8720 Non-controlling interest		56,975	3	42,963	3	163,158	3	112,118	3
Total		<u>\$ 390,858</u>	<u>21</u>	<u>\$ 319,449</u>	<u>20</u>	<u>\$ 1,017,155</u>	<u>20</u>	<u>\$ 858,692</u>	<u>19</u>
Earnings per share (in dollars): 6(32)									
9750 Basic earnings per share		<u>\$ 4.34</u>		<u>\$ 4.02</u>		<u>\$ 11.40</u>		<u>\$ 10.47</u>	
9850 Diluted earnings per share		<u>\$ 4.32</u>		<u>\$ 3.97</u>		<u>\$ 11.34</u>		<u>\$ 10.35</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)

	Notes	Equity attributable to owners of the parent											
		Capital	Retained Earnings					Other Equity Interest					
		Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interest	Total equity
<u>Nine months ended September 30, 2021</u>													
Balance at January 1, 2021		\$ 689,762	\$ 524	\$ 2,310,642	\$ 764,812	\$ -	\$ 1,438,777	(\$ 53,716)	\$ 30,444	(\$ 57)	\$ 5,181,188	\$ 469,255	\$ 5,650,443
Profit for the period		-	-	-	-	-	724,303	-	-	-	724,303	113,251	837,554
Other comprehensive income (loss)		-	-	-	-	-	-	(1,811)	24,082	-	22,271	(1,133)	21,138
Total comprehensive income (loss)		-	-	-	-	-	724,303	(1,811)	24,082	-	746,574	112,118	858,692
Appropriations of 2020 earnings	6(23)												
Legal reserve		-	-	-	83,554	-	(83,554)	-	-	-	-	-	-
Special reserve		-	-	-	-	23,272	(23,272)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(759,482)	-	-	-	(759,482)	(201,038)	(960,520)
Share-based payment transactions	6(20)(30)	-	-	19,881	-	-	-	-	-	-	19,881	81	19,962
Employee stock options exercised	6(21)(22)	831	4,053	74,283	-	-	-	-	-	-	79,167	-	79,167
Adjustments of changes in investments accounted for under equity method	6(7)	-	-	319	-	-	-	-	-	-	319	-	319
Advance receipts for share capital transferred to share capital		524	(524)	-	-	-	-	-	-	-	-	-	-
Balance at September 30, 2021		<u>\$ 691,117</u>	<u>\$ 4,053</u>	<u>\$ 2,405,125</u>	<u>\$ 848,366</u>	<u>\$ 23,272</u>	<u>\$ 1,296,772</u>	<u>(\$ 55,527)</u>	<u>\$ 54,526</u>	<u>(\$ 57)</u>	<u>\$ 5,267,647</u>	<u>\$ 380,416</u>	<u>\$ 5,648,063</u>
<u>Nine months ended September 30, 2022</u>													
Balance at January 1, 2022		\$ 695,170	\$ 857	\$ 2,421,348	\$ 848,366	\$ 23,272	\$ 1,490,020	(\$ 60,840)	\$ 45,945	(\$ 57)	\$ 5,464,081	\$ 432,281	\$ 5,896,362
Profit for the period		-	-	-	-	-	796,804	-	-	-	796,804	144,777	941,581
Other comprehensive income (loss)		-	-	-	-	-	-	84,786	(27,593)	-	57,193	18,381	75,574
Total comprehensive income (loss)		-	-	-	-	-	796,804	84,786	(27,593)	-	853,997	163,158	1,017,155
Appropriations of 2021 earnings	6(23)												
Legal reserve		-	-	-	91,755	-	(91,755)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	(8,377)	8,377	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(834,675)	-	-	-	(834,675)	(177,108)	(1,011,783)
Share-based payment transactions	6(20)(30)	-	-	13,454	-	-	-	-	-	-	13,454	52	13,506
Employee stock options exercised	6(21)(22)	2,835	5,717	128,426	-	-	-	-	-	-	136,978	-	136,978
Employee restricted stocks	6(30)	-	-	2,638	-	-	-	-	-	-	2,638	16	2,654
Adjustments of changes in investments accounted for under equity method	6(7)	-	-	26,936	-	-	-	-	-	-	26,936	-	26,936
Advance receipts for share capital transferred to share capital		857	(857)	-	-	-	-	-	-	-	-	-	-
Balance at September 30, 2022		<u>\$ 698,862</u>	<u>\$ 5,717</u>	<u>\$ 2,592,802</u>	<u>\$ 940,121</u>	<u>\$ 14,895</u>	<u>\$ 1,368,771</u>	<u>\$ 23,946</u>	<u>\$ 18,352</u>	<u>(\$ 57)</u>	<u>\$ 5,663,409</u>	<u>\$ 418,399</u>	<u>\$ 6,081,808</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	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,178,241	\$ 1,060,410
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(29)	235,915	211,123
Depreciation - right-of-use assets	6(9)(29)	32,948	19,449
Amortization	6(29)	53,847	8,080
Interest expense	6(28)	18,403	17,580
Interest expense - lease liability	6(9)(28)	1,468	442
Dividend income	6(26)	(3,030)	(10,159)
Interest income	6(25)	(6,541)	(2,200)
Salary expense - employee stock options	6(20)(30)	13,506	19,962
Gain on valuation of financial assets	6(27)	(2,019)	(3,117)
Salary expense - employee restricted stocks	6(30)	2,654	-
Gain from lease modification	6(27)	87	214
Share of profit of associates and joint ventures accounted for under equity method	6(7)	(36,076)	(56,379)
Gain on disposal of investments	6(27)	(543)	-
Gain on disposal of property, plant and equipment	6(27)	-	(854)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		1,015,226	(210,154)
Current contract assets		(202,350)	(88,251)
Notes receivable, net		613	58
Accounts receivable, net		(23,798)	(16,041)
Accounts receivable - related parties, net		(8,095)	(2,065)
Other receivables		(2,579)	(8,380)
Other receivables - related parties		8,339	(196)
Inventories		(12,566)	(1,484)
Prepaid expenses		(56,590)	(14,773)
Other non-current assets		229,340	273,138
Changes in operating liabilities			
Current contract liabilities		(42,350)	64,322
Notes payable		(7,247)	5,088
Accounts payable		448,653	208,824
Accounts payable - related parties		(23,441)	25,165
Other payables		(20,073)	(5,171)
Other payables - related parties		(1,235)	3,021
Other current liabilities		13,391	3,746
Other non-current liabilities		23,825	(7,163)
Cash inflow generated from operations		2,827,923	1,494,235
Interest received		5,141	1,726
Dividends received		49,988	43,684
Interest paid		(20,166)	(15,218)
Income tax paid		(304,301)	(270,105)
Net cash flows from operating activities		<u>2,558,585</u>	<u>1,254,322</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	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of current financial assets at fair value through other comprehensive income		\$ 2,261	\$ -
Acquisition of non-current financial assets at fair value through other comprehensive income		(50,000)	-
Decrease in financial assets at amortised cost		264,615	5,339
Decrease (increase) in other receivables - related parties		264,000	(234,000)
Interest received		984	650
Increase in investments accounted for using equity method-non-subsidiaries	6(7)	(135,000)	-
Acquisition of property, plant and equipment	6(8)	(166,779)	(19,146)
Proceeds from disposal of property, plant and equipment		-	1,920
Decrease (increase) in refundable deposits		21,768	(3,256)
Increase in prepayment for investments (shown in other non-current assets)	6(11)	(45,000)	-
Increase in other non-current assets	6(33)	(888,528)	(420,875)
Net cash flows used in investing activities		(731,679)	(669,368)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans		14,000	103,300
Increase (decrease) in short-term notes payable		112,889	(14,989)
Proceeds from issuing bonds		-	1,987,324
Proceeds from long-term loans		-	69,455
Repayment of long-term loans		(76,484)	(1,331,209)
Repayment of lease liabilities		(28,985)	(12,719)
Increase (decrease) in deposits received (shown in other non-current liabilities)		53,809	(9,711)
Cash dividends paid		(1,011,783)	(960,520)
Employee stock options exercised		136,978	79,167
Net cash flows used in financing activities		(799,576)	(89,902)
Net increase in cash and cash equivalents		1,027,330	495,052
Cash and cash equivalents at beginning of period		1,216,106	533,625
Cash and cash equivalents at end of period		<u>\$ 2,243,436</u>	<u>\$ 1,028,677</u>

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, 2022 AND 2021

(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 54.59% equity interest in the Company as of September 30, 2022.

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

These consolidated financial statements were authorised by the Board of Directors on November 2, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

The above standards and interpretations have no significant impact to the 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 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2021, 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, 2021.

(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:

Basis for preparation for the current period financial statements and the 2021 consolidated financial statements is the same.

- B. Subsidiaries included in the consolidated financial statements:

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%)			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
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	
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	100.00	100.00	100.00	

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%)			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Environmental engineering	100.00	100.00	100.00	
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Environmental engineering	100.00	100.00	100.00	Note 3
ECOVE Environment Service Corp.	SINOGAL-Waste Services Co., Ltd.	Environmental engineering	30.00	30.00	30.00	Note 1 and 3
ECOVE Environment Service Corp.	ECOVE Environment Consulting Corp.	Environmental engineering	100.00	100.00	100.00	Note 3
ECOVE Environment Service Corp.	ECOVE Environment Services Gangshan Corporation	Environmental engineering	100.00	100.00	-	Note 2
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	89.99	89.99	89.99	Note 3
ECOVE Environment Service Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	0.01	0.01	0.01	Note 3
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 South Corporation Ltd.	Energy sector	100.00	100.00	100.00	Note 3
ECOVE Solar Energy Corporation	G.D. International, LLC.	Energy sector	100.00	100.00	100.00	
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 Board of Directors of the Company's subsidiary, ECOVE Environment Service Corp., approved a resolution to invest and establish ECOVE Environment Services Gangshan Corporation, with the amount of \$251,000 in October 2021.

Note 3: The financial statements of the entity as of and for the nine months ended September 30, 2022 and 2021 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

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, 2022, December 31, 2021 and September 30, 2021, the non-controlling interest amounted to \$418,399, \$432,281 and \$380,416, 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, 2022		December 31, 2021		September 30, 2021	
		Amount	Ownership (%)	Amount	Ownership (%)	Amount	Ownership (%)
ECOVE Miaoli Energy Corp.	Taiwan	\$ 258,497	25.00%	\$ 274,598	25.00%	\$ 267,479	25.00%
SINO GAL-Waste Services Co., Ltd.	Macau	148,600	70.00%	146,591	70.00%	102,400	70.00%

Summarised financial information of the subsidiaries:

Balance sheets

	ECOVE Miaoli Energy Corp.		
	September 30, 2022	December 31, 2021	September 30, 2021
Current assets	\$ 363,318	\$ 325,250	\$ 273,030
Non-current assets	788,395	910,566	949,136
Current liabilities	(58,199)	(72,961)	(86,803)
Non-current liabilities	(59,528)	(64,462)	(65,446)
Total net assets	<u>\$ 1,033,986</u>	<u>\$ 1,098,393</u>	<u>\$ 1,069,917</u>

	SINO GAL-Waste Services Co., Ltd.		
	September 30, 2022	December 31, 2021	September 30, 2021
Current assets	\$ 578,381	\$ 538,096	\$ 429,282
Non-current assets	12,922	16,950	17,553
Current liabilities	(280,912)	(263,714)	(217,836)
Non-current liabilities	(98,106)	(81,916)	(82,713)
Total net assets	<u>\$ 212,285</u>	<u>\$ 209,416</u>	<u>\$ 146,286</u>

Statements of comprehensive income

	<u>ECOVE Miaoli Energy Corp.</u>	
	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Revenue	\$ 83,788	\$ 88,513
Profit before income tax	39,509	44,961
Income tax expense	(7,901)	(8,983)
Profit for the period	31,608	35,978
Other comprehensive income, net of tax	-	-
Total comprehensive income for the period	<u>\$ 31,608</u>	<u>\$ 35,978</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 7,902</u>	<u>\$ 8,995</u>
Dividends paid to non-controlling interest	<u>\$ 37,076</u>	<u>\$ 59,572</u>

	<u>ECOVE Miaoli Energy Corp.</u>	
	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Revenue	\$ 234,072	\$ 244,559
Profit before income tax	104,552	118,193
Income tax expense	(20,909)	(23,688)
Profit for the period	83,643	94,505
Other comprehensive income, net of tax	-	-
Total comprehensive income for the period	<u>\$ 83,643</u>	<u>\$ 94,505</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 20,911</u>	<u>\$ 23,627</u>
Dividends paid to non-controlling interest	<u>\$ 37,076</u>	<u>\$ 59,572</u>

	<u>SINOGAL-Waste Services Co., Ltd.</u>	
	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Revenue	\$ 205,659	\$ 178,095
Profit before income tax	63,854	59,657
Income tax expense	(7,243)	(11,832)
Profit for the period	56,611	47,825
Other comprehensive income (loss), net of tax	12,554	(120)
Total comprehensive income for the period	<u>\$ 69,165</u>	<u>\$ 47,705</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 48,416</u>	<u>\$ 33,394</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

SINO GAL-Waste Services Co., Ltd.		
Nine months ended September 30		
	2022	2021
Revenue	\$ 621,921	\$ 529,998
Profit before income tax	196,262	167,165
Income tax expense	(22,296)	(41,331)
Profit for the period	173,966	125,834
Other comprehensive income (loss), net of tax	26,259	(1,613)
Total comprehensive income for the period	<u>\$ 200,225</u>	<u>\$ 124,221</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 140,158</u>	<u>\$ 86,955</u>
Dividends paid to non-controlling interest	<u>\$ 138,149</u>	<u>\$ 141,465</u>

Statements of cash flows

ECOVE Miaoli Energy Corp.		
Nine months ended September 30		
	2022	2021
Net cash provided by operating activities	\$ 144,680	\$ 232,761
Net cash provided by investing activities	29,658	-
Net cash used in financing activities	(149,526)	(239,575)
Increase (decrease) in cash and cash equivalents	<u>24,812</u>	<u>(6,814)</u>
Cash and cash equivalents, beginning of period	<u>71,637</u>	<u>37,290</u>
Cash and cash equivalents, end of period	<u>\$ 96,449</u>	<u>\$ 30,476</u>

SINO GAL-Waste Services Co., Ltd.		
Nine months ended September 30		
	2022	2021
Net cash provided by operating activities	\$ 257,158	\$ 202,878
Net cash (used in) provided by investing activities	(80,489)	34,748
Net cash used in financing activities	(215,724)	(201,410)
(Decrease) increase in cash and cash equivalents	<u>(39,055)</u>	<u>36,216</u>
Cash and cash equivalents, beginning of period	<u>141,268</u>	<u>113,751</u>
Cash and cash equivalents, end of period	<u>\$ 102,213</u>	<u>\$ 149,967</u>

(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 taxes

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 pre-tax 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, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand and revolving funds	\$ 10,684	\$ 26,453	\$ 10,745
Checking accounts and demand deposits	790,835	725,454	661,732
Time deposits	1,441,917	464,199	356,200
Total	<u>\$ 2,243,436</u>	<u>\$ 1,216,106</u>	<u>\$ 1,028,677</u>

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

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

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

Items	September 30, 2022	December 31, 2021	September 30, 2021
Current items			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 102,900	\$ 1,070,969	\$ 1,611,586
Valuation adjustment	<u>33</u>	<u>1,776</u>	<u>2,260</u>
Total	<u>\$ 102,933</u>	<u>\$ 1,072,745</u>	<u>\$ 1,613,846</u>

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

	Three months ended September 30	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	<u>\$ 432</u>	<u>\$ 1,078</u>
	Nine months ended September 30	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	<u>\$ 2,019</u>	<u>\$ 3,117</u>

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

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

Items	September 30, 2022	December 31, 2021	September 30, 2021
Current items:			
Equity instruments			
Listed stocks	\$ 96,118	\$ 96,118	\$ 96,118
Valuation adjustment	<u>19,486</u>	<u>48,865</u>	<u>57,446</u>
Total	<u>\$ 115,604</u>	<u>\$ 144,983</u>	<u>\$ 153,564</u>
Non-current items:			
Equity instruments			
Unlisted stocks	\$ 50,081	\$ 2,342	\$ 2,342
Valuation adjustment	<u>(13)</u>	<u>(1,799)</u>	<u>(1,799)</u>
Total	<u>\$ 50,068</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>2022</u>	<u>2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive loss	(\$ 3,656)	(\$ 304)
	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive (loss) income	(\$ 27,593)	\$ 24,082

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

(4) Financial assets at amortized cost

<u>Items</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current items:			
Time deposits with original maturity over 3 months	\$ 157,293	\$ 421,908	\$ 103,586

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

B. As at September 30, 2022, December 31, 2021 and September 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was \$157,293, \$421,908 and \$103,586, respectively.

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

(5) Accounts receivable

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts receivable	\$ 734,301	\$ 720,291	\$ 544,777
Long-term accounts receivable - due in one year	324,272	314,484	311,364
	<u>\$ 1,058,573</u>	<u>\$ 1,034,775</u>	<u>\$ 856,141</u>

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
1 to 90 days	\$ 734,297	\$ 720,291	\$ 544,010
91 to 120 days	4	-	71
121 to 180 days	-	-	132
Over 181 days	-	-	564
	<u>\$ 734,301</u>	<u>\$ 720,291</u>	<u>\$ 544,777</u>

The above ageing analysis was based on invoice date.

B. As of September 30, 2022, December 31, 2021 and September 30, 2021, accounts receivable were all from contracts with customers.

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

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

(6) Prepayments

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Prepayments for materials purchases	\$ 57,418	\$ 30,605	\$ 28,122
Sub-contract costs payable	8,896	-	5,388
Prepaid rents	1,993	2,312	1,071
Prepaid insurance premiums	21,278	7,814	17,604
Others	61,564	53,828	62,107
	<u>\$ 151,149</u>	<u>\$ 94,559</u>	<u>\$ 114,292</u>

(7) Investments accounted for using the equity method

	<u>2022</u>	<u>2021</u>
At January 1	\$ 504,507	\$ 482,853
Addition of investments accounted for using equity method	135,000	-
Share of profit or loss of investments accounted for using equity method	36,076	56,379
Earnings distribution of investments accounted for using equity method	(46,958)	(41,447)
Changes in capital surplus	26,936	319
Changes in other equity items	<u>2,652</u>	<u>2,639</u>
At September 30	<u>\$ 658,213</u>	<u>\$ 500,743</u>

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Associates:			
CTCI Chemicals Corp.	\$ 71,046	\$ 73,588	\$ 70,083
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	368,432	349,040	348,046
Ever Ecove Corporation	78,777	76,308	76,939
Jing Ding Green Energy Technology Co., Ltd.	<u>139,958</u>	<u>5,571</u>	<u>5,675</u>
	<u>\$ 658,213</u>	<u>\$ 504,507</u>	<u>\$ 500,743</u>

A. Associates

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

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding ratio</u>			<u>Nature of relationship</u>	<u>Method of measurement</u>
		<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>		
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	18.47%	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, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current assets	\$ 2,692,808	\$ 1,357,373	\$ 1,533,723
Non-current assets	708,506	664,766	614,783
Current liabilities	(1,792,361)	(649,026)	(777,721)
Non-current liabilities	(22,671)	(5,442)	(8,082)
Total net assets	<u>\$ 1,586,282</u>	<u>\$ 1,367,671</u>	<u>\$ 1,362,703</u>
Share in associate's net assets	\$ 292,927	\$ 273,535	\$ 272,541
Goodwill	<u>75,505</u>	<u>75,505</u>	<u>75,505</u>
Carrying amount of the associate	<u>\$ 368,432</u>	<u>\$ 349,040</u>	<u>\$ 348,046</u>

Statement of comprehensive income

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Revenue	\$ 961,324	\$ 828,703
Profit for the period from continuing operations	76,167	112,353
Other comprehensive loss, net of tax	(34,413)	(6,491)
Total comprehensive income	<u>\$ 41,754</u>	<u>\$ 105,862</u>

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Revenue	\$ 2,120,794	\$ 1,873,277
Profit for the period from continuing operations	103,977	193,632
Other comprehensive income, net of tax	<u>13,256</u>	<u>13,191</u>
Total comprehensive income	<u>\$ 117,233</u>	<u>\$ 206,823</u>

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

As of September 30, 2022, December 31, 2021 and September 30, 2021, the carrying amount of the Group's individually immaterial associates amounted to \$289,781, \$155,467 and \$152,697, respectively.

	Three months ended September 30	
	2022	2021
Profit for the period from continuing operations	\$ 58,584	\$ 16,452
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 58,584</u>	<u>\$ 16,452</u>

	Nine months ended September 30	
	2022	2021
Profit for the period from continuing operations	\$ 100,373	\$ 36,298
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 100,373</u>	<u>\$ 36,298</u>

- B. The financial statements of the investees accounted for using equity method as of and for the nine months ended September 30, 2022 and 2021 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 \$650,000 in Jing Ding Green Energy Technology Co., Ltd. As of September 30, 2022, the subsidiary invested \$141,000 for a shareholding ratio of 30%.

(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2022</u>						
Cost	\$ 160,823	\$ 16,502	\$ 4,453,120	\$ 112,598	\$ 22,741	\$ 4,765,784
Accumulated depreciation	-	(1,528)	(781,089)	(77,399)	(9,337)	(869,353)
	<u>\$ 160,823</u>	<u>\$ 14,974</u>	<u>\$ 3,672,031</u>	<u>\$ 35,199</u>	<u>\$ 13,404</u>	<u>\$ 3,896,431</u>
<u>Nine months ended September 30, 2022</u>						
Opening net book amount	\$ 160,823	\$ 14,974	\$ 3,672,031	\$ 35,199	\$ 13,404	\$ 3,896,431
Additions	-	-	158,139	7,350	1,290	166,779
Transfers	-	-	127,012			127,012
Depreciation charge	-	(458)	(223,505)	(9,173)	(2,779)	(235,915)
Net exchange differences	15,009	-	68,264	108	363	83,744
Closing net book amount	<u>\$ 175,832</u>	<u>\$ 14,516</u>	<u>\$ 3,801,941</u>	<u>\$ 33,484</u>	<u>\$ 12,278</u>	<u>\$ 4,038,051</u>
<u>At September 30, 2022</u>						
Cost	\$ 175,832	\$ 16,502	\$ 4,826,448	\$ 120,091	\$ 24,440	\$ 5,163,313
Accumulated depreciation	-	(1,986)	(1,024,507)	(86,607)	(12,162)	(1,125,262)
	<u>\$ 175,832</u>	<u>\$ 14,516</u>	<u>\$ 3,801,941</u>	<u>\$ 33,484</u>	<u>\$ 12,278</u>	<u>\$ 4,038,051</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipments</u>	<u>Transportation equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2021</u>						
Cost	\$ 162,349	\$ 16,402	\$ 3,783,530	\$ 110,146	\$ 20,273	\$ 4,092,700
Accumulated depreciation	-	(918)	(523,502)	(76,892)	(6,738)	(608,050)
	<u>\$ 162,349</u>	<u>\$ 15,484</u>	<u>\$ 3,260,028</u>	<u>\$ 33,254</u>	<u>\$ 13,535</u>	<u>\$ 3,484,650</u>
<u>Nine months ended</u>						
<u>September 30, 2021</u>						
Opening net book amount	\$ 162,349	\$ 15,484	\$ 3,260,028	\$ 33,254	\$ 13,535	\$ 3,484,650
Additions	-	100	10,927	5,050	3,069	19,146
Transfers	-	-	271,086	-	-	271,086
Disposals	-	-	-	(1,065)	(1)	(1,066)
Depreciation charge	-	(457)	(200,236)	(8,096)	(2,334)	(211,123)
Net exchange differences	(840)	-	(4,264)	(9)	(14)	(5,127)
Closing net book amount	<u>\$ 161,509</u>	<u>\$ 15,127</u>	<u>\$ 3,337,541</u>	<u>\$ 29,134</u>	<u>\$ 14,255</u>	<u>\$ 3,557,566</u>
<u>At September 30, 2021</u>						
Cost	\$ 161,509	\$ 16,502	\$ 4,048,011	\$ 103,627	\$ 22,744	\$ 4,352,393
Accumulated depreciation	-	(1,375)	(710,470)	(74,493)	(8,489)	(794,827)
	<u>\$ 161,509</u>	<u>\$ 15,127</u>	<u>\$ 3,337,541</u>	<u>\$ 29,134</u>	<u>\$ 14,255</u>	<u>\$ 3,557,566</u>

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

B. The capitalised interest were \$604 and \$1,582, and the interest rates for capitalisation ranged from 0.75%~0.98% and 0.85%~1.23% for the nine months ended September 30, 2022 and 2021, respectively.

(9) Leasing arrangements – lessee

- A. The Group leases various assets including land, buildings, machinery and equipment, and business vehicles. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise staff dormitory. For the three months and nine months ended September 30, 2022 and 2021, payments of lease commitments for short-term leases amounted to \$3,231, \$6,200, \$11,047 and \$14,867, respectively.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 91,109	\$ 46,467	\$ 45,055
Buildings	183,016	148,806	152,103
Transportation equipment	8,098	8,048	6,685
Other equipment	4,232	5,109	4,736
	<u>\$ 286,455</u>	<u>\$ 208,430</u>	<u>\$ 208,579</u>

	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 3,444	\$ 2,461
Buildings	5,830	3,586
Transportation equipment	1,454	1,460
Other equipment	352	305
	<u>\$ 11,080</u>	<u>\$ 7,812</u>

	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 10,895	\$ 7,381
Buildings	16,377	6,656
Transportation equipment	4,561	4,661
Other equipment	1,115	751
	<u>\$ 32,948</u>	<u>\$ 19,449</u>

- D. As of September 30, 2022, December 31, 2021 and September 30, 2021, right-of-use assets-land amounting to \$14,913, \$19,395 and \$20,889 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. Refer to Note 6(11)A for details.

E. For the three months and nine months ended September 30, 2022 and 2021, the additions to right-of-use assets were \$20,313, \$144,029, \$111,505 and \$150,425, respectively.

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

	Three months ended September 30	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 525	\$ 246
Expense on short-term lease contracts	3,916	6,200
Expense on leases of low-value assets	125	193
Expense on variable lease payments	21,698	19,950
(Losses) gains on lease modification	(167)	74
	Nine months ended September 30	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,468	\$ 442
Expense on short-term lease contracts	11,047	14,867
Expense on leases of low-value assets	754	488
Expense on variable lease payments	38,962	54,016
Losses on lease modification	(87)	(214)

G. For the nine months ended September 30, 2022 and 2021, the Group's total cash outflow for leases amounted to \$79,748 and \$82,090, respectively.

H. Variable lease payments

- (a) Some of the Group's lease contracts contain variable lease payment terms that are linked to electricity production of solar power. Various lease payments that depend on the electricity production of solar power are 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, 2022</u>		
	<u>Franchise</u>	<u>Goodwill</u>	<u>Total</u>
At January 1, 2022			
Cost	\$ 888,190	\$ 136,153	\$ 1,024,343
Accumulated amortisation and impairment	(9,941)	-	(9,941)
	<u>\$ 878,249</u>	<u>\$ 136,153</u>	<u>\$ 1,014,402</u>
Opening net book amount as at January 1, 2022	\$ 878,249	\$ 136,153	\$ 1,014,402
Amortisation charge	(44,001)	-	(44,001)
Closing net book amount as at September 30, 2022	<u>\$ 834,248</u>	<u>\$ 136,153</u>	<u>\$ 970,401</u>
At September 30, 2022			
Cost	\$ 888,190	\$ 136,153	\$ 1,024,343
Accumulated amortisation and impairment	(53,942)	-	(53,942)
	<u>\$ 834,248</u>	<u>\$ 136,153</u>	<u>\$ 970,401</u>
			<u>September 30, 2021</u>
			<u>Goodwill</u>
At January 1, 2021			
Cost			\$ 136,153
Accumulated amortisation and impairment			-
			<u>\$ 136,153</u>
Opening net book amount as at January 1			\$ 136,153
Amortisation charge			-
Closing net book amount as at September 30, 2021			<u>\$ 136,153</u>
At September 30, 2021			
Cost			\$ 136,153
Accumulated amortisation and impairment			-
			<u>\$ 136,153</u>

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

	Three months ended September 30,	
	2022	2021
Operating costs	\$ 15,140	\$ -

	Nine months ended September 30,	
	2022	2021
Operating costs	\$ 44,001	\$ -

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

C. The subsidiary, ECOVE Environment Services Gangshan Corporation, entered into an investment contract for the Rehabilitate-Operate-Transfer (ROT) with the Kaohsiung City Government on October 28, 2021. The subsidiary participated in the rehabilitation and operation of the refuse incineration plant in Gangshan Dist., Kaohsiung City according to the Act for Promotion of Private Participation in Infrastructure Projects and will return the operating right, rehabilitated operating assets and land of the refuse incineration plant in Gangshan Dist., Kaohsiung City to the Kaohsiung City Government after the term of the contract period expires. The duration of the contract is 15 years after the plant began operation.

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

In accordance with the investment contract, the scope of rehabilitation and construction works stipulated in the contract must be completed during the period from the date of operation to December 31, 2025. In addition, at least \$600,000 should be invested in to complete the scope of rehabilitation stipulated in the contract. The total cost of rehabilitation was \$888,190. In accordance with IFRIC 12, 'Service Concession Arrangements', the right to sell electricity and self-collected waste in exchange for provision of construction or performance upgrade services and the rehabilitation cost to be invested in the future were recognised as intangible assets and non-current contract liabilities, respectively. Licences of the Company are amortised on a straight-line basis over the estimated useful life of 15 years.

(11) Other non-current assets

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Long-term accounts receivable	\$ 1,308,343	\$ 1,544,206	\$ 1,619,707
Less: Current portion	(324,272)	(314,484)	(311,364)
	984,071	1,229,722	1,308,343
Refundable deposits	43,630	65,398	34,317
Prepayments for business facilities	399,883	251,426	361,699
Restricted bank deposits	50,339	49,974	40,807
Contract fulfillment cost	42,970	28,414	37,158
Prepayments for investment	45,000	-	-
Prepayments for land purchases	475,380	-	-
Others	48,891	33,454	35,181
	<u>\$ 2,090,164</u>	<u>\$ 1,658,388</u>	<u>\$ 1,817,505</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 realized within twelve months from the balance sheet date are classified as “accounts receivable” (refer to Note 6(5)); assets that are expected to be realized over twelve months from the balance sheet date are classified as “long-term accounts receivable”. The other terms of the agreement are as follows:

- (a) The subsidiary, ECOVE Wujih Energy Corp., obtained the operation for the construction of Wujih Refuse Incineration Plant by build - operate - transfer (BOT) mode since April, 2000. In September, 2000, the “Waste incineration, Taichung City commission contract” between ECOVE Wujih Energy Corp. and Taichung City Government had been signed. The operating period is for 20 years starting from September 6, 2004. However, according to the contract, if it is expired in advance or extended during construction or operation, duration of the operation will be deemed to be matured or extended, but not to exceed 50 years. In order to work the “Waste Incineration Taichung City Commission Contract”, ECOVE Wujih Energy Corp. obtained the land-use right of Wujih Refuse Incineration Plant. Therefore, duration of the land-use right has continued for 20 years since the plant began operating.
- (b) The subsidiary, ECOVE Miaoli Energy Corp., obtained the operation for the construction of Miaoli County Refuse Incineration Plant by build - operate - transfer (BOT) mode since August, 2002. In September, 2002, the “Waste Incineration Commission Contract”

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

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

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

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

C. The cost to fulfill a contract refer to the initial maintenance cost related to the operation and maintenance contract of incinerator that the Company entered into with the owner, and was recognised as assets in accordance with IFRS 15. Additionally, the reconstruction cost was amortised on a straight-line basis over the term of the contract.

D. The prepayment for land purchases arose from the purchase of the land located at Lun Hai Section no. 60-21, Lukang Township, Changhua County, amounting to \$2,376,900 through Industrial Development Bureau, Ministry of Economic Affairs, as resolved by the Board of Directors of the Company’s subsidiary, ECOVE Environment Services Corp on July 19, 2022. The first installment of the land amounting to \$475,380 had been paid on September 6, 2022.

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>September 30, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Secured borrowings	<u>\$ 512,000</u>	1.32% ~ 1.445%	Note 1, 2
<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Secured borrowings	<u>\$ 498,000</u>	1.00%	Note 1, 2
<u>Type of borrowings</u>	<u>September 30, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Secured borrowings	<u>\$ 568,000</u>	0.82% ~ 1.00%	Note 1, 2

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

Note 2: The Group has pledged promissory notes as of September 30, 2022, December 31,

2021 and September 30, 2021 amounting to \$1,200,000, \$1,100,000 and \$950,000, respectively.

(13) Short-term notes and bills payable

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Commercial paper payable	\$ 153,000	\$ 40,000	\$ 133,000
Discount on commercial papers payable	(142)	(31)	(64)
	<u>\$ 152,858</u>	<u>\$ 39,969</u>	<u>\$ 132,936</u>
Interest rate	<u>1.368%~1.550%</u>	<u>0.938%</u>	<u>0.938%</u>

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

(14) Accounts payable

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Materials payable	\$ 79,076	\$ 19,707	\$ 18,060
Sub-contract costs payable	168,561	135,579	196,489
Incinerator equipment costs payable	194,398	52,817	78,358
Maintenance costs payable	761,234	552,400	522,436
Others	89,549	83,662	88,192
	<u>\$ 1,292,818</u>	<u>\$ 844,165</u>	<u>\$ 903,535</u>

(15) Other payables

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accrued payroll	\$ 314,073	\$ 315,237	\$ 287,402
Payables on equipment	2,108	111,769	-
Insurance payable	13,679	13,616	6,102
Payables on employees' compensation	11,619	13,789	10,253
Other payables	69,649	90,069	82,026
	<u>\$ 411,128</u>	<u>\$ 544,480</u>	<u>\$ 385,783</u>

(16) Bonds payable

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Bonds payable	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Less: Discount on bonds payable	(9,258)	(11,155)	(11,794)
	<u>\$ 1,990,742</u>	<u>\$ 1,988,845</u>	<u>\$ 1,988,206</u>

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

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

(17) Long-term borrowings

<u>Type of borrowings</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Secured borrowings	\$ 64,734	\$ 122,760	\$ 132,767
Less: Current portion	(64,734)	(36,936)	(36,951)
	<u>\$ -</u>	<u>\$ 85,824</u>	<u>\$ 95,816</u>
Facility amount	<u>\$ 137,750</u>	<u>\$ 146,866</u>	<u>\$ 193,515</u>
Interest rate	<u>6.12986%</u>	<u>2.49663%</u>	<u>2.49663%</u>

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

B. The Group has pledged promissory notes and IOU as of September 30, 2022, December 31, 2021 and September 30, 2021 amounting to \$600,000, 146,866 and \$193,515, respectively.

(18) Other non-current liabilities

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Net defined benefit liability	\$ 54,609	\$ 53,667	\$ 61,698
Accrued recovery costs	285,811	255,262	171,669
Guarantee deposits received	305,998	252,189	183,142
Deferred revenue	122,502	115,706	119,835
Others	50,139	41,073	41,403
	<u>\$ 819,059</u>	<u>\$ 717,897</u>	<u>\$ 577,747</u>

A. Accrued recovery cost

- (a) It pertains to the contracts for the operation and maintenance service of refuse incineration plant between the subsidiaries, ECOVE Environment Service Corp. and 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 amortizes it over the contract period.
 - (b) It pertains to the land lease contracts among ECOVE Solar Energy Corporation, ECOVE Solar Power Corporation, ECOVE South Corporation Ltd., and the landowners, requiring demolition of solar power models and recovery of land when the contract expires. The Group has estimated the related recovery cost when the service contracts expire and amortizes it over the contract period.
- B. The deferred revenue represents cash grants received from the state government of New Jersey for the construction and operation of the Lumberton solar power plant in 2017. The construction period for the solar power plant is 15 years.

(19) Pensions

A. Defined benefit pension plan

- (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company 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 \$1,361 and \$1,461, \$4,147 and \$4,381 in the statement of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to \$5,282.

B. Defined contribution pension plan

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plans of the Group for the three months and nine months ended September 30, 2022 and 2021 were \$8,877, \$8,041, \$25,386 and \$23,315, 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, 2022 and 2021 were \$2,841, \$2,445, \$8,115 and \$7,235, respectively.

(20) Share-based payment

- A. For the nine months ended September 30, 2022 and 2021, the Company’s share-based payment arrangements were as follows:

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

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

- (a) Sixth plan of employee stock options:

	Nine months ended September 30			
	2022		2021	
	No. of units (in thousands)	Weighted- average exercise price (in dollars)	No. of units (in thousands)	Weighted- average exercise price (in dollars)
<u>Stock options</u>				
Options outstanding at beginning of period	748	NT\$ 140.60	1,102	NT\$ 147.40
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(17)	-	(11)	-
Options exercised	(358)	NT\$ 135.01	(297)	NT\$ 145.84
Options revoked	-	-	-	-
Options outstanding at end of period	<u>373</u>	NT\$ 133.80	<u>794</u>	NT\$ 140.60
Options exercisable at end of period	<u>373</u>	NT\$ 133.80	<u>457</u>	NT\$ 140.60

(b) Seventh plan of employee stock options:

	Nine months ended September 30			
	2022		2021	
	No. of units (in thousands)	Weighted- average exercise price (in dollars)	No. of units (in thousands)	Weighted- average exercise price (in dollars)
<u>Stock options</u>				
Options outstanding at beginning of period	1,170	NT\$ 182.3	1,423	NT\$ 191.10
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(32)	-	(18)	-
Options exercised	(243)	NT\$ 176.67	(191)	NT\$ 187.33
Options revoked	-	-	-	-
Options outstanding at end of period	<u>895</u>	NT\$ 173.50	<u>1,214</u>	NT\$ 182.30
Options exercisable at end of period	<u>384</u>	NT\$ 173.50	<u>335</u>	NT\$ 182.30

(c) Eighth plan of employee stock options:

	Nine months ended September 30			
	2022		2021	
	No. of units (in thousands)	Weighted- average exercise price (in dollars)	No. of units (in thousands)	Weighted- average exercise price (in dollars)
Stock options				
Options outstanding at beginning of period	1,455	NT\$ 184.01	1,473	NT\$ 193.00
Options granted	-	-	-	-
Distribution of stock dividends /adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(45)	-	(18)	-
Options exercised	(254)	NT\$ 179.91	-	-
Options revoked	-	-	-	-
Options outstanding at end of period	<u>1,156</u>	NT\$ 175.20	<u>1,455</u>	NT\$ 184.01
Options exercisable at end of period	<u>279.00</u>	NT\$ 175.20	<u>-</u>	-

C. The weighted-average stock price of stock options at exercise dates for the nine months ended September 30, 2022 and 2021 was NT\$245.49 and NT\$225.07 (in dollars), respectively.

D. As of September 30, 2022, December 31, 2021 and September 30, 2021, the range of exercise prices of stock options outstanding was \$133.8~\$184.1, \$140.6~191.1 and \$140.60~191.10 (in dollars), respectively; the weighted-average remaining contractual period was as follows:

Type of arrangement	September 30, 2022	December 31, 2021	September 30, 2021
Sixth plan of employee stock options	1.75 years	2.5 years	2.75 years
Seventh plan of employee stock options	2.75 years	3.5 years	3.75 years
Eighth plan of employee stock options	3.5 years	4.25 years	4.5 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	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	
	2022	2021
Equity-settled	\$ 3,426	\$ 6,750

	Nine months ended September 30	
	2022	2021
Equity-settled	\$ 13,506	\$ 19,962

G. On January 1, 2022, the Company's parent company, CTCI Corp, resolved to issue restricted stocks to employees of the parent company and full-time employees of its domestic subsidiary, totaling 5,500 units (1,000 shares per unit). For the nine months ended September 30, 2022 and 2021, due to the aforementioned plan for employee restricted stocks, the Group recognised the labour costs and the corresponding capital surplus - employee restricted stocks are as follows:

	Three months ended September 30	
	2022	2021
Equity-settled	\$ 885	\$ -

	Nine months ended September 30	
	2022	2021
Equity-settled	\$ 2,654	\$ -

(21) Share capital

A. As of September 30, 2022, the Company's authorised capital was \$1,200,000, consisting of 120 million shares of ordinary stock (including 6 million shares reserved for employee stock options), and the paid-in capital was \$698,862 with a par value of NT\$10 (in dollars) per share.

Movements in the number of the Company's ordinary shares outstanding are as follows (including advance receipts for share capital):

	<u>2022</u>	<u>2021</u>
At January 1	69,602,678	69,028,564
Employee stock options exercised	<u>855,225</u>	<u>488,426</u>
At September 30	<u>70,457,903</u>	<u>69,516,990</u>

B. As of September 30, 2022, December 31, 2021 and September 30, 2021, the associate of the Group held 276 thousand shares.

C. The shares of the Company held by the subsidiary, ECOVE Waste Management Corp, were the ordinary shares issued by the Company on December 31, 2020 to acquire the shares of ECOVE Environment Services Corp. from ECOVE Waste Management Corp. through the share swap. As of September 30, 2022, the carrying amount of the shares of the Company held by ECOVE Waste Management Corp. amounted to \$57. The details are as follows:

	<u>September 30, 2022</u>		
	<u>Number of shares</u>	<u>Carrying amount (in dollars/share)</u>	<u>Market value (in dollars/share)</u>
ECOVE Waste Management Corp.	1,605	\$ 35.34	\$ 258.5

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

	<u>September 30, 2021</u>		
	<u>Number of shares</u>	<u>Carrying amount (in dollars/share)</u>	<u>Market value (in dollars/share)</u>
ECOVE Waste Management Corp.	1,605	\$ 35.34	\$ 231

(22) Capital surplus

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

B. Changes in capital surplus are as follows:

	Share premium	Employee stock options	Employee restricted stocks	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1, 2022	\$ 2,353,083	\$ 68,265	\$ -	\$ -	\$ 2,421,348
Employee stock options exercised	128,426	-	-	-	128,426
Employee restricted stocks	-	-	2,638	-	2,638
Share-based payment transaction	-	13,454	-	-	13,454
Adjustments of changes in investments accounted for using equity method	-	143	135	26,658	26,936
At September 30, 2022	<u>\$ 2,481,509</u>	<u>\$ 81,862</u>	<u>\$ 2,773</u>	<u>\$ 26,658</u>	<u>\$ 2,592,802</u>
			Share premium	Employee stock options	Total
At January 1, 2021			\$ 2,265,828	\$ 44,814	\$ 2,310,642
Employee stock options exercised			74,283	-	74,283
Share-based payment transaction			-	19,881	19,881
Adjustments of changes in investments accounted for using equity method			-	319	319
At September 30, 2021			<u>\$ 2,340,111</u>	<u>\$ 65,014</u>	<u>\$ 2,405,125</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.

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

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

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

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

F. The Company recognised dividends of \$834,675 (NT\$11.94333923 per share) and \$759,482 (NT\$10.94880262 per share) in 2021 and 2020, respectively.

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

(24) Operating revenue

	Three months ended September 30	
	2022	2021
Revenue from contracts with customers	<u>\$ 1,901,946</u>	<u>\$ 1,599,830</u>
	Nine months ended September 30	
	2022	2021
Revenue from contracts with customers	<u>\$ 5,180,612</u>	<u>\$ 4,419,727</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 September 30, 2022	Domestic	China	Macau	United States	Total
Total segment revenue	\$ 2,042,350	\$ -	\$ 244,856	\$ 20,010	\$ 2,307,216
Inter-segment revenue	(356,929)	-	(48,341)	-	(405,270)
Revenue from external customer contracts	<u>\$ 1,685,421</u>	<u>\$ -</u>	<u>\$ 196,515</u>	<u>\$ 20,010</u>	<u>\$ 1,901,946</u>
Timing of revenue recognition Over a period of time	<u>\$ 1,685,421</u>	<u>\$ -</u>	<u>\$ 196,515</u>	<u>\$ 20,010</u>	<u>\$ 1,901,946</u>

Three months ended September 30, 2021	<u>Domestic</u>	<u>China</u>	<u>Macau</u>	<u>United States</u>	<u>Total</u>
Total segment revenue	\$ 1,726,257	\$ 11,532	\$ 274,430	\$ 18,921	\$ 2,031,140
Inter-segment revenue	(409,273)	(4,759)	(17,278)	-	(431,310)
Revenue from external customer contracts	<u>\$ 1,316,984</u>	<u>\$ 6,773</u>	<u>\$ 257,152</u>	<u>\$ 18,921</u>	<u>\$ 1,599,830</u>
Timing of revenue recognition Over a period of time	<u>\$ 1,316,984</u>	<u>\$ 6,773</u>	<u>\$ 257,152</u>	<u>\$ 18,921</u>	<u>\$ 1,599,830</u>

Nine months ended September 30, 2022	<u>Domestic</u>	<u>China</u>	<u>Macau</u>	<u>United States</u>	<u>Total</u>
Total segment revenue	\$ 5,321,641	\$ 277	\$ 764,426	\$ 95,530	\$ 6,181,874
Inter-segment revenue	(927,012)	(277)	(73,973)	-	(1,001,262)
Revenue from external customer contracts	<u>\$ 4,394,629</u>	<u>\$ -</u>	<u>\$ 690,453</u>	<u>\$ 95,530</u>	<u>\$ 5,180,612</u>
Timing of revenue recognition Over a period of time	<u>\$ 4,394,629</u>	<u>\$ -</u>	<u>\$ 690,453</u>	<u>\$ 95,530</u>	<u>\$ 5,180,612</u>

Nine months ended September 30, 2021	<u>Domestic</u>	<u>China</u>	<u>Macau</u>	<u>United States</u>	<u>Total</u>
Total segment revenue	\$ 4,853,054	\$ 40,404	\$ 711,643	\$ 76,162	\$ 5,681,263
Inter-segment revenue	(1,189,003)	(15,743)	(56,790)	-	(1,261,536)
Revenue from external customer contracts	<u>\$ 3,664,051</u>	<u>\$ 24,661</u>	<u>\$ 654,853</u>	<u>\$ 76,162</u>	<u>\$ 4,419,727</u>
Timing of revenue recognition Over a period of time	<u>\$ 3,664,051</u>	<u>\$ 24,661</u>	<u>\$ 654,853</u>	<u>\$ 76,162</u>	<u>\$ 4,419,727</u>

B. Contract assets and liabilities

(a) Contract assets:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Estimated accounts receivable	\$ 823,012	\$ 620,662	\$ 600,984

(b) Contract liabilities:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Receipts in advance	\$ 61,807	\$ 22,284	\$ 74,051
construction contract	<u>806,317</u>	<u>888,190</u>	<u>-</u>
	<u>\$ 868,124</u>	<u>\$ 910,474</u>	<u>\$ 74,051</u>

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

	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Receipts in advance	\$ 49,833	\$ 11

	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Receipts in advance	\$ 104,157	\$ 5,159

(25) Interest income

	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 2,644	\$ 425
Other interest income	<u>144</u>	<u>504</u>
	<u>\$ 2,788</u>	<u>\$ 929</u>

	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 5,725	\$ 1,408
Other interest income	<u>816</u>	<u>792</u>
	<u>\$ 6,541</u>	<u>\$ 2,200</u>

(26) Other income

	Three months ended September 30	
	2022	2021
Dividend income	\$ 3,030	\$ 10,159
Income from government grants	3,376	3,090
Income from sale of scraps	3,483	4,993
Other income, others	631	361
	<u>\$ 10,520</u>	<u>\$ 18,603</u>

	Nine months ended September 30	
	2022	2021
Dividend income	\$ 3,030	\$ 10,159
Income from government grants	9,854	10,653
Income from sale of scraps	12,625	10,923
Other income, others	1,618	1,159
	<u>\$ 27,127</u>	<u>\$ 32,894</u>

(27) Other gains and losses

	Three months ended September 30	
	2022	2021
Gains on disposals of property, plant and equipment	\$ -	\$ 835
Gains on disposals of investments	543	-
(Losses) gains arising from lease modifications	(167)	74
Foreign exchange gains	851	91
Gains on financial assets at fair value through profit or loss	432	1,078
Miscellaneous disbursements	(74)	(180)
	<u>\$ 1,585</u>	<u>\$ 1,898</u>

	Nine months ended September 30	
	2022	2021
Gains on disposals of property, plant and equipment	\$ -	\$ 854
Gains on disposals of investments	543	-
(Losses) arising from lease modifications	(87)	(214)
Foreign exchange gains (losses)	2,416	(695)
Gains on financial assets at fair value through profit or loss	2,019	3,117
Miscellaneous disbursements	(121)	(673)
	<u>\$ 4,770</u>	<u>\$ 2,389</u>

(28) Finance cost

	Three months ended September 30	
	2022	2021
Interest expense	\$ 2,689	\$ 1,478
Interest expense arising from corporate bonds	3,664	4,804
Interest expense arising from lease liabilities	525	246
Less: Capitalised interest payments	(63)	(397)
	<u>\$ 6,815</u>	<u>\$ 6,131</u>

	Nine months ended September 30	
	2022	2021
Interest expense	\$ 8,036	\$ 14,112
Interest expense arising from corporate bonds	10,971	5,050
Interest expense arising from lease liabilities	1,468	442
Less: Capitalised interest payments	(604)	(1,582)
	<u>\$ 19,871</u>	<u>\$ 18,022</u>

(29) Expenses by nature

	Three months ended September 30	
	2022	2021
Employee benefit expense	\$ 315,639	\$ 293,742
Depreciation charges on property, plant and equipment	79,647	70,861
Depreciation charges on right-of-use assets	11,080	7,812
Amortisation	18,801	2,937
Incinerator equipment costs	140,324	142,084
Materials	305,918	292,940
Sub-contract costs	360,211	274,970
Insurance	18,982	10,720
Other expenses	243,669	142,487
	<u>\$ 1,494,271</u>	<u>\$ 1,238,553</u>

	Nine months ended September 30	
	2022	2021
Employee benefit expense	\$ 946,615	\$ 896,797
Depreciation charges on property, plant and equipment	235,915	211,123
Depreciation charges on right-of-use assets	32,948	19,449
Amortisation	53,847	8,080
Incinerator equipment costs	359,186	385,647
Materials	771,708	645,134
Sub-contract costs	931,802	757,062
Insurance	58,398	39,814
Other expenses	666,595	472,051
	<u>\$ 4,057,014</u>	<u>\$ 3,435,157</u>

(30) Employee benefit expense

	Three months ended September 30	
	2022	2021
Salaries	\$ 261,897	\$ 246,562
Employee stock options	3,426	6,750
Employee restricted stocks	885	-
Labor and health insurance fees	17,599	16,424
Pension costs	13,079	11,947
Other personnel expenses	18,753	12,059
	<u>\$ 315,639</u>	<u>\$ 293,742</u>

	Nine months ended September 30	
	2022	2021
Salaries	\$ 794,142	\$ 749,691
Employee stock options	13,506	19,962
Employee restricted stocks	2,654	-
Labor and health insurance fees	53,705	51,735
Pension costs	37,648	34,931
Other personnel expenses	44,960	40,478
	<u>\$ 946,615</u>	<u>\$ 896,797</u>

- A. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group had 1,016, 1,040 and 1,025 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, 2022 and 2021, employees' compensation was accrued at \$107, \$77, \$319 and \$229, respectively; directors' remuneration was accrued at \$1,300, \$2,500, \$3,900 and \$7,500, respectively. The aforementioned amounts were recognised in salary and other expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 0.01% and 2% of distributable profit of current year for the year ended December 31, 2022, respectively. The employees' compensation and directors' remuneration have not yet been resolved by the Board of Directors. The employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' remuneration for 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.

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

(31) Income tax

A. Income tax expense:

Components of income tax expense:

	Three months ended September 30	
	2022	2021
Current tax:		
Current tax on profits for the period	\$ 84,323	\$ 79,297
Prior year income tax underestimation	-	10,737
Total current tax	84,323	90,034
Deferred tax:		
Origination and reversal of temporary differences	(1,378)	(8,087)
Effect of exchange rate changes	(18)	882
Income tax expense	<u>\$ 82,927</u>	<u>\$ 82,829</u>

	Nine months ended September 30	
	2022	2021
Current tax:		
Current tax on profits for the period	\$ 268,349	\$ 221,023
Prior year income tax (over) underestimation	(1,680)	36,479
Total current tax	266,669	257,502
Deferred tax:		
Origination and reversal of temporary differences	(29,211)	(35,750)
Effect of exchange rate changes	(798)	1,104
Income tax expense	<u>\$ 236,660</u>	<u>\$ 222,856</u>

B. As of September 30, 2022, the income tax returns of the Company through 2020 have been assessed and approved by the Tax Authority.

(32) Earnings per share

<u>Three months ended September 30, 2022</u>			
	<u>Amount</u>	<u>Weighted average</u>	<u>Earnings</u>
	<u>after tax</u>	<u>number of</u>	<u>per share</u>
		<u>ordinary shares</u>	<u>(in dollars)</u>
		<u>(shares in thousands)</u>	
<u>Basic earnings per share:</u>			
Profit attributable to owners of the parent	\$ 305,200	70,320	<u>NT\$ 4.34</u>
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	<u>-</u>	<u>351</u>	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 305,200</u>	<u>70,671</u>	<u>NT\$ 4.32</u>

<u>Nine months ended September 30, 2022</u>			
	<u>Amount</u>	<u>Weighted average</u>	<u>Earnings</u>
	<u>after tax</u>	<u>number of</u>	<u>per share</u>
		<u>ordinary shares</u>	<u>(in dollars)</u>
		<u>(shares in thousands)</u>	
<u>Basic earnings per share:</u>			
Profit attributable to owners of the parent	\$ 796,804	69,923	<u>NT\$ 11.40</u>
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	<u>-</u>	<u>328</u>	
Employees' bonus	<u>-</u>	<u>1</u>	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 796,804</u>	<u>70,252</u>	<u>NT\$ 11.34</u>

Three months ended September 30, 2021

	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share:</u>			
Profit attributable to owners of the parent	\$ 278,517	69,334	<u>NT\$ 4.02</u>
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	881	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 278,517</u>	<u>70,215</u>	<u>NT\$ 3.97</u>

Nine months ended September 30, 2021

	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share:</u>			
Profit attributable to owners of the parent	\$ 724,303	69,159	<u>NT\$ 10.47</u>
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	794	
Employees' bonus	-	1	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 724,303</u>	<u>69,954</u>	<u>NT\$ 10.35</u>

(33) Supplemental cash flow information

Investing activities with partial cash payments

	Nine months ended September 30	
	2022	2021
Changes in other non-current assets	\$ 778,867	\$ 420,875
Add: Beginning balance of payable on equipment	111,769	-
Less: Ending balance of payable on equipment	(2,108)	-
Cash paid during the period	<u>\$ 888,528</u>	<u>\$ 420,875</u>

(34) Changes in liabilities from financing activities

The Group's liabilities from financing activities for the nine months ended September 30, 2022 and 2021 included short-term borrowings, short-term notes and bills payable, corporate bonds payable, long-term borrowings, lease liabilities, changes in cash flow from financing, etc. The summary amount is as follows. For the rest of the information, refer to the cash flow statement.

	2022	2021
	Liabilities from financing activities-gross	Liabilities from financing activities-gross
At January 1	\$ 2,840,436	\$ 2,065,284
Changes in cash flow from financing activities	34,811	801,162
Changes in other non-cash items	119,545	146,331
At September 30	<u>\$ 2,994,792</u>	<u>\$ 3,012,777</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is controlled by CTCI Corporation (incorporated in R.O.C.), which owns 54.59% of the Company's shares. The remaining 45.41% 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
CTCI Development Corp.	Associate
Jing Ding Green Energy Technology Co., Ltd.	Associate
Bao Ding Reclaimed Water Co., Ltd.	Other related party
CTCI Education Foundation	Other related party

(3) Significant transactions and balances with related parties

A. Operating revenue

	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Sales of goods:		
Ultimate parent company	\$ 8,116	\$ 1,082
Associates	14,240	732
	<u>\$ 22,356</u>	<u>\$ 1,814</u>
	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Sales of goods:		
Ultimate parent company	\$ 15,813	\$ 1,482
Associates	37,350	732
	<u>\$ 53,163</u>	<u>\$ 2,214</u>

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

	Three months ended September 30	
	2022	2021
Ultimate parent company	\$ 1,441	\$ 6,311
Associates	21,825	42,846
	<u>\$ 23,266</u>	<u>\$ 49,157</u>

	Nine months ended September 30	
	2022	2021
Ultimate parent company	\$ 4,294	\$ 8,784
Associates	117,676	121,199
	<u>\$ 121,970</u>	<u>\$ 129,983</u>

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

C. Accounts receivable

	September 30, 2022	December 31, 2021	September 30, 2021
Ultimate parent company	\$ 14,443	\$ 2,336	\$ 1,333
Associates	-	4,012	732
	<u>\$ 14,443</u>	<u>\$ 6,348</u>	<u>\$ 2,065</u>

D. Contract assets

	September 30, 2022	December 31, 2021	September 30, 2021
Associates	<u>\$ 41,363</u>	<u>\$ -</u>	<u>\$ -</u>

E. Accounts payable

	September 30, 2022	December 31, 2021	September 30, 2021
Accounts payable:			
Associates	\$ 6,130	\$ 28,060	\$ 33,465
Ultimate parent company	4,635	6,146	8,721
	<u>\$ 10,765</u>	<u>\$ 34,206</u>	<u>\$ 42,186</u>

F. Other receivables - related parties

	September 30, 2022	December 31, 2021	September 30, 2021
Other receivables:			
Associates (Note)	<u>\$ 34</u>	<u>\$ 8,541</u>	<u>\$ 8,344</u>

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

G. Loans to related parties

(a) Loans to related parties - Outstanding balance

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
CTCI Machinery Corp.	<u>\$ -</u>	<u>\$ 264,000</u>	<u>\$ 264,000</u>

(b) Loans to related parties - Interest income

	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Associates (Note)	<u>\$ 144</u>	<u>\$ 499</u>
	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Associates (Note)	<u>\$ 816</u>	<u>\$ 787</u>

Note: The terms of lending include interest to be calculated and received monthly, using the annual rate of 0.75% and 0.75%~1.01% for the nine months ended September 30, 2022 and 2021, respectively.

(c) Loans from related parties – Interest expense

	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Ultimate parent company (Note)	<u>\$ 6</u>	<u>\$ -</u>
	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Ultimate parent company (Note)	<u>\$ 1,324</u>	<u>\$ -</u>

Note: The loans from ultimate parent company are repayable monthly and carry interest at 0.98% per annum for the nine months ended September 30, 2022.

H. Other income

	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Other related parties	<u>\$ -</u>	<u>\$ -</u>

	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Other related parties	<u>\$ 500</u>	<u>\$ 500</u>

The above other income arose from sponsorship.

I. Operating expenses

	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Ultimate parent company	\$ 4,462	\$ 3,082
Associates	739	118
	<u>\$ 5,201</u>	<u>\$ 3,200</u>

	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Ultimate parent company	\$ 12,528	\$ 7,198
Associates	2,637	306
	<u>\$ 15,165</u>	<u>\$ 7,504</u>

This is mainly from personnel transfers from related parties, accrued directors' and supervisors' remuneration and the expense related to the office.

J. Other payables-related parties

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Ultimate parent company	\$ 6,896	\$ 8,041	\$ 5,598
Associates	1	133	-
	<u>\$ 6,897</u>	<u>\$ 8,174</u>	<u>\$ 5,598</u>

K. Leasing arrangements - lessee

- (a) As of September 30, 2022, the main lease contracts between the Group and related parties are as follows:

<u>Lessor</u>	<u>Lease object</u>	<u>Payment method</u>	<u>Lease term</u>
Ultimate parent company	Buildings and structures	\$73/year	2019.1.1~2028.12.7
Associates	Buildings and structures	\$285/year	2010.7.22~2029.7.21
Associates	Buildings and structures	\$14,927/year	2021.8.1~2031.7.31

(b) Acquisition of right-of-use assets

	<u>Nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Ultimate parent company	\$ 66	\$ -
Associates	-	138,519
	<u>\$ 66</u>	<u>\$ 138,519</u>

(c) Lease liabilities

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Ultimate parent company	\$ 817	\$ 821	\$ 10
Associates	123,686	134,815	138,168
	<u>\$ 124,503</u>	<u>\$ 135,636</u>	<u>\$ 138,178</u>

(d) Interest expense on lease liabilities

	<u>Three months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Ultimate parent company	\$ 1	\$ -
Associates	212	164
	<u>\$ 213</u>	<u>\$ 164</u>

	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Ultimate parent company	\$ 4	\$ 7
Associates	655	171
	<u>\$ 659</u>	<u>\$ 178</u>

L. Endorsements and guarantees for others

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Associates	\$ 1,936,100	\$ 208,000	\$ 220,500
Other related parties	333,000	-	-
	<u>\$ 2,269,100</u>	<u>\$ 208,000</u>	<u>\$ 220,500</u>

(4) Key management compensation

	<u>Three months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	\$ 12,993	\$ 12,786
Post-employment benefits	306	272
	<u>\$ 13,299</u>	<u>\$ 13,058</u>

	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	\$ 36,526	\$ 39,210
Post-employment benefits	1,016	817
	<u>\$ 37,542</u>	<u>\$ 40,027</u>

8. PLEDGED ASSETS

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

<u>Assets</u>	<u>Book value</u>			<u>Purposes</u>
	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>	
Property, plant and equipment	\$ 667,027	\$ 696,027	\$ 703,426	Guarantee for long-term and short-term loans
Other non-current assets				
Guarantee deposits paid	43,630	65,398	34,317	Guarantee for bid, rent, performance guarantee, tender bond and staff dormitory
Restricted bank deposits	50,339	49,974	40,807	Guarantee for bid
	<u>\$ 760,996</u>	<u>\$ 811,399</u>	<u>\$ 778,550</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, 2022 are as follows:

- (1) The subsidiaries had entered into lines of credit agreements with several banks for guarantee payments under various service contracts. The subsidiaries had either issued guarantee notes or promissory notes for amounts drawn down under the line of credit agreements. As of September 30, 2022, the total amount of guarantee notes issued amounted to \$7,564,272.
- (2) As of September 30, 2022, for contractual guarantee, performance guarantee, waste collection and other guarantees, the subsidiaries have a performance letter of guarantee issued by the bank amounting to \$1,475,984.
- (3) As of September 30, 2022, the subsidiaries had outstanding commitments for service contracts amounting to \$69,635.
- (4) As of September 30, 2022, the subsidiaries had unused letters of credit for importing materials and sub-contract amounting to \$417.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

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

The gearing ratios at September 30, 2022, December 31, 2021 and September 30, 2021 were as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Total borrowings	\$ 2,720,334	\$ 2,649,574	\$ 2,821,909
Total equity	\$ 6,081,808	\$ 5,896,362	\$ 5,648,063
Gearing ratio	45%	45%	50%

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial assets</u>			
Financial assets measured at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 102,933	\$ 1,072,745	\$ 1,613,846
Financial assets at fair value through other comprehensive income			
Designation of equity instruments	165,672	145,526	154,107
	<u>\$ 268,605</u>	<u>\$ 1,218,271</u>	<u>\$ 1,767,953</u>
	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial assets</u>			
Financial assets at amortised cost			
Cash and cash equivalents	\$ 2,243,436	\$ 1,216,106	\$ 1,028,677
Financial assets at amortised cost	157,293	421,908	103,586
Notes receivable	54	667	30
Accounts receivable	1,058,573	1,034,775	856,141
Accounts receivable - related parties	14,443	6,348	2,065
Other receivables	33,332	2,516	8,970
Other receivables - related parties	34	272,541	272,344
Guarantee deposits paid	43,630	65,398	34,317
Long-term accounts receivable	984,071	1,229,722	1,308,343
Other financial assets	50,339	49,974	40,807
	<u>\$ 4,585,205</u>	<u>\$ 4,299,955</u>	<u>\$ 3,655,280</u>

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 512,000	\$ 498,000	\$ 568,000
Short-term notes and bills payable	152,858	39,969	132,936
Notes payable	247	7,494	5,111
Accounts payable	1,292,818	844,165	903,535
Accounts payable - related parties	10,765	34,206	42,186
Other payables	411,128	544,480	385,783
Other payables - related parties	6,897	8,174	5,598
Bonds payable	1,990,742	1,988,845	1,988,206
Long-term borrowings (including current portion)	64,734	122,760	132,767
Guarantee deposits received	305,998	252,189	183,142
	<u>\$ 4,748,187</u>	<u>\$ 4,340,282</u>	<u>\$ 4,347,264</u>
Lease liability	<u>\$ 274,458</u>	<u>\$ 190,862</u>	<u>\$ 190,868</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, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 1,433	31.835	\$ 45,620
MOP : NTD	28,251	3.932	111,083
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1,801	3.932	7,082
	December 31, 2021		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 423	27.674	\$ 11,706
CNY : NTD	1,673	4.345	7,269
MOP : NTD	13,618	3.441	46,853
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1,835	3.441	6,313

	September 30, 2021		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 235	27.864	\$ 6,548
CNY : NTD	74	4.305	319
MOP : NTD	27,091	3.485	94,409
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	5,180	3.485	18,052

v. The unrealized exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2022 and 2021 amounted to \$781, \$47, \$3,135 and (\$497), respectively.

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

	Nine months ended September 30, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1.00%	\$ 456	\$ -
MOP : NTD	1.00%	1,111	-
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1.00%	71	-

Nine months ended September 30, 2021			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1.00%	\$ 65	\$ -
CNY : NTD	1.00%	3	-
MOP : NTD	1.00%	944	-
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1.00%	181	-

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

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition.
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of notes and accounts receivable. On September 30, 2022, December 31, 2021

and September 30, 2021, the provision matrix is as follows:

	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At September 30, 2022</u>			
Expected loss rate	0%~0.3%	0%~0.03%	
Total book value	\$ 1,921,363	\$ 135,724	\$ 2,057,087
Loss allowance	\$ -	\$ -	\$ -

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

	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At September 30, 2021</u>			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	\$ 1,982,136	\$ 184,413	\$ 2,166,549
Loss allowance	\$ -	\$ -	\$ -

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

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

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

September 30, 2022

	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 512,914	\$ -
Short-term notes and bills payable	153,000	-
Notes payable	247	-
Accounts payable (including related parties)	1,303,583	-
Other payables (including related parties)	418,025	-
Lease liabilities	38,428	242,381
Bonds payable	12,100	2,032,090
Long-term borrowings (including current portion)	69,041	-
Other non-current liabilities	-	305,998

Non-derivative financial liabilities

December 31, 2021

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

Non-derivative financial liabilities

<u>September 30, 2021</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 568,073	\$ -
Short-term notes and bills payable	133,028	-
Notes payable	5,111	\$ -
Accounts payable (including related parties)	945,721	-
Other payables (including related parties)	391,381	-
Lease liabilities	32,083	165,234
Bonds payable	12,100	2,044,190
Long-term borrowings (including current portion)	37,891	100,436
Other non-current liabilities	183,142	-

(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, 2022	<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	\$ 102,933	\$ -	\$ -	\$ 102,933
Financial assets at fair value through other comprehensive income				
Equity securities	<u>115,604</u>	<u>-</u>	<u>50,068</u>	<u>165,672</u>
	<u>\$ 218,537</u>	<u>\$ -</u>	<u>\$ 50,068</u>	<u>\$ 268,605</u>
December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,072,745	\$ -	\$ -	\$ 1,072,745
Financial assets at fair value through other comprehensive income				
Equity securities	<u>144,983</u>	<u>-</u>	<u>543</u>	<u>145,526</u>
	<u>\$ 1,217,728</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 1,218,271</u>
September 30, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,613,846	\$ -	\$ -	\$ 1,613,846
Financial assets at fair value through other comprehensive income				
Equity securities	<u>153,564</u>	<u>-</u>	<u>543</u>	<u>154,107</u>
	<u>\$ 1,767,410</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 1,767,953</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, 2022 and 2021, there were no transfers between Level 1 and Level 2.
- F. For the nine months ended September 30, 2022 and 2021, there were no transfers into or out from Level 3.

(4) Other matter

Based on the Group's assessment, the COVID-19 pandemic had no significant impact on the Group's consolidated financial performance for the nine months ended September 30, 2022 and 2021.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Refer to table 4.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Refer to table 5.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 6.

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

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

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 10.

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

(4) Major shareholders information

Refer to table 11.

14. OPERATING SEGMENT FINANCIAL INFORMATION

(1) General information

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

(2) Information about segmental income, assets and liabilities

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

	Three months ended September 30	
	2022	2021
Revenue from external customers	\$ 1,901,946	\$ 1,599,830
Inter-segment revenue	405,270	431,310
Total segment revenue	<u>\$ 2,307,216</u>	<u>\$ 2,031,140</u>
Segment income	<u>\$ 407,675</u>	<u>\$ 361,277</u>
Depreciation	<u>\$ 90,727</u>	<u>\$ 78,673</u>
Amortisation	<u>\$ 18,801</u>	<u>\$ 2,937</u>

	Nine months ended September 30	
	2022	2021
Revenue from external customers	\$ 5,180,612	\$ 4,419,727
Inter-segment revenue	1,001,262	1,261,536
Total segment revenue	<u>\$ 6,181,874</u>	<u>\$ 5,681,263</u>
Segment income	<u>\$ 1,123,598</u>	<u>\$ 984,570</u>
Depreciation	<u>\$ 268,863</u>	<u>\$ 230,572</u>
Amortisation	<u>\$ 53,847</u>	<u>\$ 8,080</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, 2022 and 2021 is provided as follows:

	Three months ended September 30	
	2022	2021
Adjusted EBITDA for reportable segment	\$ 407,675	\$ 361,277
Financial cost, net	(6,815)	(6,131)
Others	35,454	49,248
Income from continuing operations before income tax	<u>\$ 436,314</u>	<u>\$ 404,394</u>

	Nine months ended September 30	
	2022	2021
Adjusted EBITDA for reportable segment	\$ 1,123,598	\$ 984,570
Financial cost, net	(19,871)	(18,022)
Others	74,514	93,862
Income from continuing operations before income tax	<u>\$ 1,178,241</u>	<u>\$ 1,060,410</u>

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Loans to others

Nine months ended September 30, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the nine months ended September 30, 2022 (Note 3)	Balance at September 30, 2022 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote	
												Allowance for doubtful accounts	Item Value				
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Other receivables - related parties	Yes	\$ 1,447,731	\$ 1,387,000	\$ 1,387,000	0.75~1.08%	2	\$ -	For operational needs	\$ -	-	\$ -	\$ 2,265,364	\$ 2,265,364	-
0	"	ECOVE Solar Power Corporation	"	"	583,000	583,000	583,000	0.75~1.08%	"	-	"	-	"	-	2,265,364	2,265,364	-
0	"	ECOVE South Corporation Ltd	"	"	100,000	100,000	100,000	1.08%	"	-	"	-	"	-	2,265,364	2,265,364	-
1	ECOVE Environment Services Corp.	CTCI Machinery Corp.	"	"	233,000	-	-	-	"	-	"	-	"	-	367,632	367,632	-
1	"	ECOVE South Corporation Ltd	"	"	30,000	-	-	-	"	-	"	-	"	-	367,632	367,632	-
1	"	CTCI Development Corp.	"	"	210,000	-	-	-	"	-	"	-	"	-	367,632	367,632	-
2	ECOVE Waste Management Corp.	CTCI Machinery Corp.	"	"	31,000	-	-	-	"	-	"	-	"	-	43,510	43,510	-

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

(1)The Company is '0'.

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

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

Note 3: Fill in the maximum outstanding balance of loans to others for the nine months ended September 30, 2022.

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

(1)The Business association is '1'.

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

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

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

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

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Provision of endorsements and guarantees to others

September 30, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2022 (Note 4)	Outstanding endorsement/ guarantee amount at September 30, 2022 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/g uarantees by parent company to subsidiary (Note 7)	Provision of endorsements/g uarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Relationship with the endorser/ guarantor (Note 2)	Company name											
0	ECOVE Environment Corp.	ECOVE South Corporation Ltd.	2	\$ 11,326,818	\$ 300,000	\$ 150,000	\$ -	-	2.65%	\$ 16,990,227	Y	N	N	-
0	"	ECOVE Solar Energy Corporation	2	11,326,818	2,659,622	1,970,000	574,694	-	34.78%	16,990,227	Y	N	N	-
0	"	ECOVE Solar Power Corporation	2	11,326,818	920,000	920,000	380,351	-	16.24%	16,990,227	Y	N	N	-
0	"	ECOVE Environment Services Gangshan Corporation	2	11,326,818	900,000	900,000	250,000	-	15.89%	16,990,227	Y	N	N	-
0	"	ECOVE Solvent Recycling Corporation	2	11,326,818	207,600	150,000	29,000	-	2.65%	16,990,227	Y	N	N	-
0	"	Ever Ecove Corporation	6	11,326,818	208,000	203,000	159,000	-	3.58%	16,990,227	N	N	N	-
1	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	2	6,102,700	181,760	100,000	-	-	6.55%	9,154,050	N	N	N	-
2	ECOVE Solar Power	ECOVE Solar Energy Corporation	3	1,607,092	12,420	12,420	12,420	-	3.09%	2,410,638	N	N	N	-
3	ECOVE Environment Services Corp.	Jing Ding Green Energy Technology Co., Ltd.	6	3,676,320	1,733,100	1,733,100	268,200	-	188.57%	5,514,480	N	N	N	-
3	"	Bao Ding Reclaimed Water Co., Ltd.	6	3,676,320	333,000	333,000	40,000	-	36.23%	5,514,480	N	N	N	-

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

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

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

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

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

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

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

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

September 30, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)		Relationship with the securities issuer (Note 2)	General ledger account	September 30, 2022			Footnote (Note 4)	
	Type	Name			Number of shares/denominations	Book value (Note 3)	Ownership (%)		Fair value
ECOVE Environment Corp.	Common Stock	Taiwan Cement Corp.	None	Financial assets at fair value through other comprehensive income-current	584,287	\$ 16,671	-	\$ 20,392	-
				Adjustment		3,721		20,392	
						\$			
"	"	Eastern Pacific Energy Sdn. Bhd.	The Chairman of the Company is the Board of director	Financial assets at fair value through other comprehensive income - non-current	10,000	\$ 81	10.00%	68	-
		Less: Accumulated impairment				(13)		68	-
						\$			
ECOVE Wujih Energy Corp.	Common Stock	Taiwan Cement Corp.	None	Financial assets at fair value through other comprehensive income-current	587,686	\$ 20,510	-	\$ 20,510	-
"	Beneficiary certificates	Taishin 1699 Money Market Fund	"	Financial assets at fair value through profit or loss - current	2,914,793	40,008	-	40,008	-
ECOVE Environment Services Corp.	Common Stock	CTCI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income - current	1,028	\$ 47	-	\$ 47	-
"	"	Taiwan Cement Corp.	None	"	1,547,328	54,001	-	54,001	-
"	"	Bao Ding Reclaimed Water Co., Ltd.	"	Financial assets at fair value through other comprehensive income - non-current	5,000,000	50,000	10.00%	50,000	-
"	Beneficiary certificates	Taishin 1699 Money Market	"	Financial assets at fair value through profit or loss - current	2,914,305	40,002	-	40,002	-
ECOVE Waste Management Corp.	Common Stock	Taiwan Cement Corp.	"	Financial assets at fair value through other comprehensive income - current	591,804	20,654	-	20,654	-
"	"	ECOVE Environment Corp.	Parent company	"	1,605	415	-	415	-
"	Beneficiary certificates	Taishin 1699 Money Market	None	Financial assets at fair value through profit or loss - current	1,670,001	22,923	-	22,923	-

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, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2022		Addition (Note 3)		Disposal (Note 3)			Balance as at September 30, 2022		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
ECOVE Environment Corp.	Prudential Financial Money Market	Financial assets at fair value through profit or loss	-	-	9,742,320	\$ 155,593	-	\$ -	9,742,320	\$ 156,024	\$ 155,593	\$ 431	-	\$ -
"	FSITC Taiwan Money Market Fund	"	-	-	30,746,577	475,204	-	-	30,746,577	476,098	475,204	894	-	-
ECOVE Environment Services Corp.	Taishin 1699 Money Market Fund	"	-	-	-	-	10,222,804	140,000	7,308,499	100,198	100,000	198	2,914,305	40,000
"	Yuanta De-Li Money Market Fund	"	-	-	-	-	14,295,299	200,000	14,295,299	200,099	200,000	99	-	-

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

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
Nine months ended September 30, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

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, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term		Balance
ECOVE Environment Services Corp.	ECOVE Environment Services Gangshan Corporation	Affiliate	(Operating and maintaining revenue)	(\$ 382,121)	(12%)	30 days monthly	No significant difference	\$ 65,692	18%	-
"	ECOVE Wujih Energy Corp.	"	(Operating and maintaining revenue)	(191,809)	(6%)	"	"	50,792	14%	-
"	ECOVE Mioali Energy Corporation	"	"	(114,059)	(4%)	"	"	26,569	7%	-
ECOVE Environment Services Gangshan Corporation	ECOVE Environment Services Corp.	"	Operating cost	382,121	62%	"	"	(65,692)	(42%)	-
ECOVE Wujih Energy Corp.	ECOVE Environment Services Corp.	"	Service cost	191,809	58%	"	"	(50,792)	(56%)	-
ECOVE Mioali Energy	ECOVE Environment Services Corp.	"	Operating cost	114,059	92%	"	"	(26,569)	(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, 2022

Table 7

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	A subsidiary	\$ 1,392,054	Note 3	\$ -	Note 3	\$ -	\$ -
"	ECOVE Solar Power Corporation	"	583,481	"	-	"	-	-
"	ECOVE South Corporation Ltd.	"	100,089	"	-	"	-	-

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
Nine months ended September 30, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	1	Other accounts receivable	\$ 1,392,054	-	10.77%
0	"	ECOVE Solar Power Corporation	1	"	583,481	-	4.51%
0	"	ECOVE South Corporation Ltd.	1	Endorsements and guarantees	150,000	-	N/A
0	"	ECOVE Solar Energy Corporation	1	"	1,970,000	-	N/A
0	"	ECOVE Solar Power Corporation	1	"	920,000	-	N/A
0	"	ECOVE Environment Services Gangshan Corporation	1	"	900,000	-	N/A
0	"	ECOVE Solvent Recycling Corporation	1	"	150,000	-	N/A
1	ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	3	Operating revenue	59,382	30 days monthly	1.15%
2	ECOVE Environment Services Corp.	ECOVE Miaoli Energy Corp.	"	"	114,059	"	2.20%
2	"	ECOVE Wujih Energy Corp.	"	"	191,809	"	3.70%
2	"	ECOVE Environment Services Gangshan Corporation	"	"	382,121	"	7.38%
3	ECOVE Waste Management Corp.	ECOVE Solvent Recycling Corporation	"	"	64,064	"	1.24%

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, 2022

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2022			Net profit (loss) of the investee for the nine months ended September 30, 2022	Investment income (loss) recognised by the Company for the nine months ended September 30, 2022	Footnote
				Balance as at September 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	\$ 450,435	\$ 450,435	30,000,000	100.00%	\$ 750,481	\$ 226,198	\$ 226,198	A subsidiary
ECOVE Environment Corp.	ECOVE Environment Services Corp.	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance, etc.	356,518	356,518	15,100,000	100.00%	932,914	335,449	334,199	A subsidiary
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Taiwan	Waste services, equipment and mechanical installation, waste clear, international trade and other environmental services, etc.	20,000	20,000	2,000,000	100.00%	108,361	53,364	53,364	A subsidiary
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	899,985	899,985	44,999,200	74.999%	775,476	83,643	62,731	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%	39,381	4	4	A subsidiary
ECOVE Environment Corp.	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	Share holding and investment holding	309,489	309,489	12,039,903	18.47%	368,432	103,977	19,987	An investee using equity method
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Taiwan	Energy technology services etc.	1,312,348	1,312,348	104,621,082	100.00%	1,649,365	85,805	85,805	A subsidiary
ECOVE Environment Corp.	EVER ECOVE Corporation	Taiwan	Waste services, waste clean and co-generation	80,000	80,000	8,000,000	5.00%	78,777	49,514	2,469	An investee using equity method
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	86,480	86,480	8,099,000	89.99%	114,174	20,907	18,814	A subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2022			Net profit (loss) of the investee for the nine months ended September 30, 2022	Investment income (loss) recognised by the Company for the nine months ended September 30, 2022	Footnote
				Balance as at September 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
ECOVE Environment Services Corp.	CTCI Chemicals Corp.	Taiwan	Industrial chemicals' wholesale manufacturing and retail.	24,851	24,851	1,910,241	26.90%	71,046	52,904	14,234	Associate
ECOVE Environment Services Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	11	11	800	0.001%	13	83,643	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%	63,685	173,966	52,190	A subsidiary
ECOVE Environment Services Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	10	10	1,000	0.01%	10	20,907	-	Affiliate
ECOVE Environment Services Corp.	Jing Ding Green Energy Technology Co., Ltd.	Taiwan	Wastewater sludge treatment	141,000	6,000	14,100,000	30.00%	139,958 (2,045) (614)	An investee using equity method
ECOVE Environment Services Corp.	ECOVE Environment Services Gangshan Corporation	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance, etc.	251,000	251,000	25,100,000	100.00%	304,762	53,645	54,076	A subsidiary
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Taiwan	Energy technology services etc.	306,000	306,000	30,600,000	100.00%	401,773	15,490	15,490	A subsidiary
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Taiwan	Energy technology services etc.	30,500	30,500	3,050,000	100.00%	33,081	1,159	1,159	A subsidiary
ECOVE Solar Energy Corporation	G.D International, LLC.	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	481,030	36,551	36,551	A subsidiary
G.D International, LLC.	Lumberton Solar W2-090, LLC	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	480,840	36,743	36,743	A subsidiary

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 2022

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Taiwan to Mainland China/ Amount		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2022	Net income of investee for the nine months ended September 30, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2022 (Note 2)(2)B	Book value of investments in Mainland China as of September 30, 2022	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
ECOVE Environment Consulting Corp.	Technical development, advisory and service in environmental field; environmental pollution control equipment and related parts wholesale, import and export, etc.	\$ 4,147	1	\$ 4,147	-	-	\$ 4,147	(\$ 10)	100.00%	\$ 97	\$ 5,694	\$ 43,900	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2022	Investment amount	
		approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ECOVE Environment Corp.	\$ 4,147	\$ 4,147	\$ 3,398,045

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, 2022' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A. The financial statements were 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

Major shareholders information

September 30, 2022

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
CTCI Corp.	38,457,105	54.59%
Fubon Life Assurance Co., Ltd.	4,567,507	6.48%

- (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.