

**ECOVE ENVIRONMENT CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2021 AND 2020**

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.



資誠

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, 2021 and 2020, 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\$1,315,795 thousand and NT\$1,253,031 thousand, constituting 12% and 13% of the consolidated total assets, and total liabilities of NT\$474,442 thousand and NT\$414,381 thousand, constituting 9% and 10% of the consolidated total liabilities as at September 30, 2021 and 2020, 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\$96,452 thousand, NT\$121,531 thousand, NT\$251,246 thousand and NT\$264,623 thousand, constituting 30%, 39%, 29% and 34% of the consolidated total comprehensive income for the three months and nine months then ended, respectively.

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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, 2021 and 2020, and of its consolidated financial performance for the three months and nine months then ended and of its consolidated cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.


Weng, Shih-Jung


Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

November 2, 2021

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, 2021 and 2020 are reviewed, not audited)

Assets	Notes	September 30, 2021		December 31, 2020		September 30, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,028,677	9	\$ 533,625	6	\$ 594,795	6
1110	Financial assets at fair value through profit or loss - current	6(2)	1,613,846	15	1,405,767	14	1,067,569	11
1120	Current financial assets at fair value through other comprehensive income	6(3)	153,564	1	129,482	1	124,666	1
1136	Current financial assets at amortised cost	6(4)	103,586	1	108,925	1	83,867	1
1140	Current contract assets	6(25)	600,984	5	512,733	5	555,176	6
1150	Notes receivable, net		30	-	88	-	92	-
1170	Accounts receivable, net	6(5)	856,141	8	840,100	9	870,966	9
1180	Accounts receivable - related parties, net	7	2,065	-	-	-	-	-
1200	Other receivables		8,970	-	908	-	12,658	-
1210	Other receivables - related parties	7	272,344	3	30,084	-	30,683	1
130X	Inventories		76,411	1	74,927	1	75,651	1
1410	Prepayments	6(6)	114,292	1	99,519	1	106,972	1
11XX	Total current assets		<u>4,830,910</u>	<u>44</u>	<u>3,736,158</u>	<u>38</u>	<u>3,523,095</u>	<u>37</u>
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	543	-	543	-	543	-
1550	Investments accounted for using equity method	6(7)	500,743	5	482,853	5	434,153	5
1600	Property, plant and equipment, net	6(8) and 8	3,557,566	32	3,484,650	35	3,238,977	34
1755	Right-of-use assets	6(9)	208,579	2	81,511	1	86,029	1
1780	Intangible assets	6(10)	136,153	1	136,153	1	136,153	1
1840	Deferred income tax assets		29,590	-	27,162	-	27,124	-
1900	Other non-current assets	6(11) and 8	1,817,505	16	1,936,966	20	2,110,019	22
15XX	Total non-current assets		<u>6,250,679</u>	<u>56</u>	<u>6,149,838</u>	<u>62</u>	<u>6,032,998</u>	<u>63</u>
1XXX	Total assets		<u>\$ 11,081,589</u>	<u>100</u>	<u>\$ 9,885,996</u>	<u>100</u>	<u>\$ 9,556,093</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, 2021 and 2020 are reviewed, not audited)

Liabilities and Equity	Notes	September 30, 2021		December 31, 2020		September 30, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 568,000	5	\$ 464,700	5	\$ 356,700	4
2110	Short-term notes and bills payable	6(13)	132,936	1	147,925	2	144,943	2
2130	Current contract liabilities	6(25)	74,051	1	9,729	-	33,614	-
2150	Notes payable		5,111	-	23	-	-	-
2170	Accounts payable	6(14)	903,535	8	694,711	7	703,890	7
2180	Accounts payable - related parties	7	42,186	-	17,021	-	34,274	-
2200	Other payables	6(15)	385,783	4	389,474	4	352,285	4
2220	Other payables - related parties	7	5,598	-	2,577	-	39,871	1
2230	Income tax liabilities		225,839	2	240,350	2	194,232	2
2280	Current lease liabilities	7	30,865	-	16,791	-	16,400	-
2300	Other current liabilities	6(16)(18)	74,932	1	281,644	3	290,396	3
21XX	Total current liabilities		<u>2,448,836</u>	<u>22</u>	<u>2,264,945</u>	<u>23</u>	<u>2,166,605</u>	<u>23</u>
Non-current liabilities								
2530	Bonds payable	6(17)	1,988,206	18	-	-	-	-
2540	Long-term borrowings	6(18)	95,816	1	1,148,610	12	1,195,081	12
2570	Deferred income tax liabilities		162,918	2	196,240	2	200,211	2
2580	Non-current lease liabilities	7	160,003	1	39,849	-	42,929	-
2600	Other non-current liabilities	6(19)	577,747	5	585,909	6	530,150	6
25XX	Total non-current liabilities		<u>2,984,690</u>	<u>27</u>	<u>1,970,608</u>	<u>20</u>	<u>1,968,371</u>	<u>20</u>
2XXX	Total liabilities		<u>5,433,526</u>	<u>49</u>	<u>4,235,553</u>	<u>43</u>	<u>4,134,976</u>	<u>43</u>
Equity attributable to owners of parent								
Share capital								
3110	Common stock	6(22)	691,117	6	689,762	7	671,051	7
3140	Advance receipts for share capital		4,053	-	524	-	2,114	-
Capital surplus								
3200	Capital surplus	6(23)	2,405,125	22	2,310,642	23	2,256,455	24
Retained earnings								
3310	Legal reserve	6(24)	848,366	8	764,812	8	764,812	8
3320	Special reserve		23,272	-	-	-	-	-
3350	Unappropriated retained earnings		1,296,772	12	1,438,777	15	1,264,120	13
Other equity interest								
3400	Other equity interest		(1,001)	-	(23,272)	(1)	(11,668)	-
3500	Treasury shares	6(22)	(57)	-	(57)	-	-	-
31XX	Equity attributable to owners of the parent		<u>5,267,647</u>	<u>48</u>	<u>5,181,188</u>	<u>52</u>	<u>4,946,884</u>	<u>52</u>
36XX	Non-controlling interest	4(3)	380,416	3	469,255	5	474,233	5
3XXX	Total equity		<u>5,648,063</u>	<u>51</u>	<u>5,650,443</u>	<u>57</u>	<u>5,421,117</u>	<u>57</u>
Significant contingent liabilities and unrecognised contract commitments								
Significant events after the balance sheet date								
3X2X	Total liabilities and equity		<u>\$ 11,081,589</u>	<u>100</u>	<u>\$ 9,885,996</u>	<u>100</u>	<u>\$ 9,556,093</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)
(UNAUDITED)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2021		2020		2021		2020	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(25) and 7	\$ 1,599,830	100	\$ 1,538,105	100	\$ 4,419,727	100	\$ 4,186,799	100
5000 Operating costs	6(30)(31) and 7	(1,191,119)	(75)	(1,130,329)	(73)	(3,297,379)	(75)	(3,115,190)	(74)
5900 Gross profit		<u>408,711</u>	<u>25</u>	<u>407,776</u>	<u>27</u>	<u>1,122,348</u>	<u>25</u>	<u>1,071,609</u>	<u>26</u>
Operating expenses	6(30)(31) and 7								
6200 General and administrative expenses		(47,434)	(3)	(40,324)	(3)	(137,778)	(3)	(129,255)	(3)
6000 Total operating expenses		(47,434)	(3)	(40,324)	(3)	(137,778)	(3)	(129,255)	(3)
6900 Operating profit		<u>361,277</u>	<u>22</u>	<u>367,452</u>	<u>24</u>	<u>984,570</u>	<u>22</u>	<u>942,354</u>	<u>23</u>
Non-operating income and expenses									
7100 Interest income	6(26) and 7	929	-	472	-	2,200	-	2,414	-
7010 Other income	6(27) and 7	18,603	1	14,206	1	32,894	1	27,008	1
7020 Other gains and losses	6(28)	1,898	-	1,134	-	2,389	-	5,695	-
7050 Finance costs	6(29) and 7	(6,131)	-	(6,380)	(1)	(18,022)	-	(23,962)	(1)
7060 Share of profit of associates and joint ventures accounted for using equity method	6(7)	<u>27,818</u>	<u>2</u>	<u>12,828</u>	<u>1</u>	<u>56,379</u>	<u>1</u>	<u>40,851</u>	<u>1</u>
7000 Total non-operating income and expenses		<u>43,117</u>	<u>3</u>	<u>22,260</u>	<u>1</u>	<u>75,840</u>	<u>2</u>	<u>52,006</u>	<u>1</u>
7900 Profit before income tax		<u>404,394</u>	<u>25</u>	<u>389,712</u>	<u>25</u>	<u>1,060,410</u>	<u>24</u>	<u>994,360</u>	<u>24</u>
7950 Income tax expense	6(32)	(82,829)	(5)	(73,371)	(5)	(222,856)	(5)	(187,269)	(4)
8200 Profit for the period		<u>\$ 321,565</u>	<u>20</u>	<u>\$ 316,341</u>	<u>20</u>	<u>\$ 837,554</u>	<u>19</u>	<u>\$ 807,091</u>	<u>20</u>
Other comprehensive income									
Components of other comprehensive income that will not be reclassified to profit or loss									
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(\$ 304)	-	\$ 2,352	-	\$ 24,082	-	\$ 634	-
Components of other comprehensive income that will be reclassified to profit or loss									
8361 Cumulative translation differences of foreign operations		(1,812)	-	(6,427)	-	(2,944)	-	(31,174)	(1)
8300 Total other comprehensive income (loss) for the period		(\$ 2,116)	-	(\$ 4,075)	-	\$ 21,138	-	(\$ 30,540)	(1)
8500 Total comprehensive income for the period		<u>\$ 319,449</u>	<u>20</u>	<u>\$ 312,266</u>	<u>20</u>	<u>\$ 858,692</u>	<u>19</u>	<u>\$ 776,551</u>	<u>19</u>
Profit attributable to:									
8610 Owners of the parent		\$ 278,517	17	\$ 253,275	16	\$ 724,303	16	\$ 660,884	17
8620 Non-controlling interest		43,048	3	63,066	4	113,251	3	146,207	3
Total		<u>\$ 321,565</u>	<u>20</u>	<u>\$ 316,341</u>	<u>20</u>	<u>\$ 837,554</u>	<u>19</u>	<u>\$ 807,091</u>	<u>20</u>
Comprehensive income attributable to:									
8710 Owners of the parent		\$ 276,486	17	\$ 251,009	16	\$ 746,574	16	\$ 636,729	16
8720 Non-controlling interest		42,963	3	61,257	4	112,118	3	139,822	3
Total		<u>\$ 319,449</u>	<u>20</u>	<u>\$ 312,266</u>	<u>20</u>	<u>\$ 858,692</u>	<u>19</u>	<u>\$ 776,551</u>	<u>19</u>
Earnings per share (in dollars):	6(33)								
9750 Basic earnings per share		<u>\$ 4.02</u>		<u>\$ 3.77</u>		<u>\$ 10.47</u>		<u>\$ 9.84</u>	
9850 Diluted earnings per share		<u>\$ 3.97</u>		<u>\$ 3.75</u>		<u>\$ 10.35</u>		<u>\$ 9.80</u>	

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

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

	Equity attributable to owners of the parent												
	Capital			Retained Earnings				Other Equity Interest					
	Notes	Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interest	Total equity
<u>Nine months ended September 30, 2020</u>													
Balance at January 1, 2020		\$ 671,051	\$ -	\$ 2,208,031	\$ 684,320	\$ 2,243	\$ 1,408,234	(\$ 12,681)	\$ 25,168	\$ -	\$ 4,986,366	\$ 606,437	\$ 5,592,803
Profit for the period		-	-	-	-	-	660,884	-	-	-	660,884	146,207	807,091
Other comprehensive income (loss)		-	-	-	-	-	-	(24,769)	614	-	(24,155)	(6,385)	(30,540)
Total comprehensive income (loss)		-	-	-	-	-	660,884	(24,769)	614	-	636,729	139,822	776,551
Appropriations of 2019 earnings	6(24)												
Legal reserve		-	-	-	80,492	-	(80,492)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	(2,243)	2,243	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(726,749)	-	-	-	(726,749)	(235,671)	(962,420)
Capital reduction of subsidiary	4(3)											(37,500)	(37,500)
Share-based payment transactions	6(21)	-	-	18,950	-	-	-	-	-	-	18,950	1,113	20,063
Employee stock options exercised	6(22)(23)	-	2,114	29,045	-	-	-	-	-	-	31,159	-	31,159
Adjustments of changes in investments accounted for under equity method	6(7)	-	-	429	-	-	-	-	-	-	429	32	461
Balance at September 30, 2020		<u>\$ 671,051</u>	<u>\$ 2,114</u>	<u>\$ 2,256,455</u>	<u>\$ 764,812</u>	<u>\$ -</u>	<u>\$ 1,264,120</u>	<u>(\$ 37,450)</u>	<u>\$ 25,782</u>	<u>\$ -</u>	<u>\$ 4,946,884</u>	<u>\$ 474,233</u>	<u>\$ 5,421,117</u>
<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(24)												
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(21)	-	-	19,881	-	-	-	-	-	-	19,881	81	19,962
Employee stock options exercised	6(22)(23)	831	4,053	74,283	-	-	-	-	-	-	79,167	-	79,167
Adjustments of changes in investments accounted for using 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>

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	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,060,410	\$ 994,360
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(30)	211,123	196,568
Depreciation - right-of-use assets	6(9)(30)	19,449	23,029
Amortization	6(30)	8,080	7,181
Interest expense	6(29)	17,580	23,509
Interest expense - lease liability	6(9)(29)	442	453
Dividend income	6(27)	(10,159)	(7,172)
Interest income	6(26)	(2,200)	(2,414)
Salary expense - employee stock options	6(21)(31)	19,962	20,063
Gain on valuation of financial assets	6(28)	(3,117)	(4,179)
Loss (gain) from lease modification	6(28)	214	(1,008)
Share of profit of associates and joint ventures accounted for under equity method	6(7)	(56,379)	(40,851)
Gain on disposal of property, plant and equipment	6(28)	(854)	(1,287)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(210,154)	(1,059,232)
Current contract assets		(88,251)	(212,456)
Notes receivable, net		58	389
Accounts receivable, net		(16,041)	(19,510)
Accounts receivable - related parties, net		(2,065)	571
Other receivables		(8,380)	90,546
Other receivables - related parties		(196)	134
Inventories		(1,484)	(3,144)
Prepaid expenses		(14,773)	(14,859)
Other non-current assets		273,138	264,926
Changes in operating liabilities			
Current contract liabilities		64,322	(16,391)
Notes payable		5,088	-
Accounts payable		208,824	51,313
Accounts payable - related parties		25,165	6,382
Other payables		(5,171)	(67,801)
Other payables - related parties		3,021	(994)
Other current liabilities		3,746	17,798
Other non-current liabilities		(7,163)	(10,989)
Cash inflow generated from operations		1,494,235	234,935
Interest received		1,726	2,668
Dividends received		43,684	32,642
Interest paid		(15,218)	(24,916)
Income tax paid		(270,105)	(106,109)
Net cash flows from operating activities		<u>1,254,322</u>	<u>139,220</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	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in financial assets at amortised cost		\$ 5,339	\$ 163,147
Increase in other receivables - related parties		(234,000)	-
Interest received		650	228
Increase in investments accounted for using equity method-non-subsidiaries	6(7)	-	(6,000)
Acquisition of property, plant and equipment	6(8)	(19,146)	(17,532)
Proceeds from disposal of property, plant and equipment		1,920	1,357
Increase in refundable deposits		(3,256)	(6,416)
Increase in other non-current assets		(420,875)	(516,281)
Net cash flows used in investing activities		(669,368)	(381,497)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans		103,300	51,700
(Decrease) increase in short-term notes payable		(14,989)	145,000
Proceeds from issuing bonds		1,987,324	-
Proceeds from long-term loans		69,455	120,025
Repayment of long-term loans		(1,331,209)	(220,877)
Repayment of lease liabilities		(12,719)	(17,295)
(Decrease) increase in deposits received (shown in other non-current liabilities)		(9,711)	10,257
Cash dividends paid		(960,520)	(962,420)
Employee stock options exercised		79,167	31,159
Net cash flows used in financing activities		(89,902)	(842,451)
Net increase (decrease) in cash and cash equivalents		495,052	(1,084,728)
Cash and cash equivalents at beginning of period		533,625	1,679,523
Cash and cash equivalents at end of period		\$ 1,028,677	\$ 594,795

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, 2021 AND 2020

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

(Reviewed, not audited)

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 55.34% equity interest in the Company as of September 30, 2021.

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, 2021.

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 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 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.

(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
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 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.

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, 2020, 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, 2020.

(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 2020 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, 2021	December 31, 2020	September 30, 2020	
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Environmental engineering	100.00	100.00	100.00	
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	74.999	74.999	74.999	Note 2
ECOVE Environment Service Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	0.001	0.001	0.001	Note 2
ECOVE Environment Corp.	ECOVE Environment Service Corp.	Environmental engineering	100.00	100.00	93.15	Note 3
ECOVE Waste Management Corp.	ECOVE Environment Service Corp.	Environmental engineering	-	-	0.01	Note 3
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 4
ECOVE Environment Service Corp.	SINOGAL-Waste Services Co., Ltd.	Environmental engineering	30.00	30.00	30.00	Note 1, 4
ECOVE Environment Service Corp.	ECOVE Environment Consulting Corp.	Environmental engineering	100.00	100.00	100.00	Note 4
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	89.99	89.99	89.99	Note 4
ECOVE Environment Service Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	0.01	0.01	0.01	Note 4
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 4
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 resolution of capital reduction amounting to \$150,000 was proposed by the Board of Directors of the subsidiary, ECOVE Miaoli Energy Corporation, during its meeting in March 2020, and resolved by the shareholders in May 2020.

Note 3: The Board of Directors of the Company during its meeting in October 2020 resolved to issue 1,659,672 ordinary shares on December 31, 2020 to the shareholders of the subsidiary, ECOVE Environment Services Corp., excluding the Company, in order to acquire a 6.85% equity interest in ECOVE Environment Services Corp. (including 1,000 shares held by the subsidiary, ECOVE Waste Management Corp.).

Note 4: The financial statements of the entity as of and for the nine months ended September 30, 2021 and 2020 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, 2021, December 31, 2020 and September 30, 2020, the non-controlling interest amounted to \$380,416, \$469,255 and \$474,233, 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, 2021		December 31, 2020		September 30, 2020	
		Amount	Ownership (%)	Amount	Ownership (%)	Amount	Ownership (%)
ECOVE Miaoli Energy Corp.	Taiwan	\$ 267,479	25.00%	\$ 303,343	25.00%	\$ 295,999	25.00%
SINO GAL-Waste Services Co., Ltd.	Macau	102,400	70.00%	156,910	70.00%	115,056	70.00%

Summarised financial information of the subsidiaries:

Balance sheets

	ECOVE Miaoli Energy Corp.		
	September 30, 2021	December 31, 2020	September 30, 2020
Current assets	\$ 273,030	\$ 285,605	\$ 371,455
Non-current assets	949,136	1,061,757	1,099,472
Current liabilities	(86,803)	(68,765)	(220,320)
Non-current liabilities	(65,446)	(65,223)	(66,610)
Total net assets	\$ 1,069,917	\$ 1,213,374	\$ 1,183,997

SINO GAL-Waste Services Co., Ltd.

	September 30, 2021	December 31, 2020	September 30, 2020
Current assets	\$ 429,282	\$ 477,095	\$ 394,927
Non-current assets	17,553	12,815	12,969
Current liabilities	(217,836)	(194,038)	(170,460)
Non-current liabilities	(82,713)	(71,715)	(73,070)
Total net assets	<u>\$ 146,286</u>	<u>\$ 224,157</u>	<u>\$ 164,366</u>

Statements of comprehensive income

	ECOVE Miaoli Energy Corp.	
	Three months ended September 30	
	2021	2020
Revenue	\$ 88,513	\$ 91,065
Profit before income tax	44,961	44,054
Income tax expense	(8,983)	(8,771)
Profit for the period	<u>35,978</u>	<u>35,283</u>
Total comprehensive income for the period	<u>\$ 35,978</u>	<u>\$ 35,283</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 8,995</u>	<u>\$ 8,820</u>
Dividends paid to non-controlling interest	<u>\$ 59,572</u>	<u>\$ 30,301</u>

	ECOVE Miaoli Energy Corp.	
	Nine months ended September 30	
	2021	2020
Revenue	\$ 244,559	\$ 253,666
Profit before income tax	118,193	121,711
Income tax expense	(23,688)	(24,238)
Profit for the period	<u>94,505</u>	<u>97,473</u>
Total comprehensive income for the period	<u>\$ 94,505</u>	<u>\$ 97,473</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 23,627</u>	<u>\$ 24,368</u>
Dividends paid to non-controlling interest	<u>\$ 59,572</u>	<u>\$ 30,301</u>

	SINO GAL-Waste Services Co., Ltd.	
	Three months ended September 30	
	2021	2020
Revenue	\$ 178,095	\$ 174,715
Profit before income tax	59,657	65,458
Income tax expense	(11,832)	-
Profit for the period	47,825	65,458
Other comprehensive loss, net of tax	(120)	(2,539)
Total comprehensive income for the period	\$ 47,705	\$ 62,919
Comprehensive income attributable to non-controlling interest	\$ 33,394	\$ 44,205
Dividends paid to non-controlling interest	\$ -	\$ -

	SINO GAL-Waste Services Co., Ltd.	
	Nine months ended September 30	
	2021	2020
Revenue	\$ 529,998	\$ 494,610
Profit before income tax	167,165	145,469
Income tax expense	(41,331)	-
Profit for the period	125,834	145,469
Other comprehensive loss, net of tax	(1,613)	(8,637)
Total comprehensive income for the period	\$ 124,221	\$ 136,832
Comprehensive income attributable to non-controlling interest	\$ 86,955	\$ 95,944
Dividends paid to non-controlling interest	\$ 141,465	\$ 184,308

Statements of cash flows

	ECO VE Miaoli Energy Corp.	
	Nine months ended September 30	
	2021	2020
Net cash provided by operating activities	\$ 232,761	\$ 17,085
Net cash provided by investing activities	-	91
Net cash used in financing activities	(239,575)	(122,482)
Decrease in cash and cash equivalents	(6,814)	(105,306)
Cash and cash equivalents, beginning of period	37,290	108,366
Cash and cash equivalents, end of period	\$ 30,476	\$ 3,060

<u>SINOGAL-Waste Services Co., Ltd.</u>			
<u>Nine months ended September 30</u>			
	<u>2021</u>		<u>2020</u>
Net cash provided by operating activities	\$ 202,878	\$	244,197
Net cash provided by investing activities	34,748		118,669
Net cash used in financing activities	(201,410)	(266,105)
Increase in cash and cash equivalents	<u>36,216</u>		<u>96,761</u>
Cash and cash equivalents, beginning of period	<u>113,751</u>		<u>11,516</u>
Cash and cash equivalents, end of period	<u>\$ 149,967</u>	\$	<u>108,277</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, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Cash on hand and revolving funds	\$ 10,745	\$ 10,324	\$ 10,449
Checking accounts and demand deposits	661,732	330,100	491,477
Time deposits	356,200	193,201	92,869
	<u>\$ 1,028,677</u>	<u>\$ 533,625</u>	<u>\$ 594,795</u>

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

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

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

<u>Items</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Current items			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 1,611,586	\$ 1,404,333	\$ 1,066,204
Valuation adjustment	2,260	1,434	1,365
	<u>\$ 1,613,846</u>	<u>\$ 1,405,767</u>	<u>\$ 1,067,569</u>

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

	<u>Three months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	<u>\$ 1,078</u>	<u>\$ 1,436</u>
	<u>Nine months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	<u>\$ 3,117</u>	<u>\$ 4,179</u>

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

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

<u>Items</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Current items:			
Equity instruments			
Listed stocks	\$ 96,118	\$ 96,118	\$ 96,118
Valuation adjustment	<u>57,446</u>	<u>33,364</u>	<u>28,548</u>
	<u>\$ 153,564</u>	<u>\$ 129,482</u>	<u>\$ 124,666</u>
Non-current items:			
Equity instruments			
Unlisted stocks	\$ 2,342	\$ 2,342	\$ 2,342
Valuation adjustment	<u>(1,799)</u>	<u>(1,799)</u>	<u>(1,799)</u>
	<u>\$ 543</u>	<u>\$ 543</u>	<u>\$ 543</u>

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

	<u>Three months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ <u>304</u>)	<u>\$ 2,352</u>
	<u>Nine months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 24,082</u>	<u>\$ 634</u>

(4) Financial assets at amortised cost

<u>Items</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Current items:			
Time deposits with original maturity over 3 months			
	<u>\$ 103,586</u>	<u>\$ 108,925</u>	<u>\$ 83,867</u>

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

B. As at September 30, 2021, December 31, 2020 and September 30, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in

respect of the amount that best represents the financial assets at amortised cost held by the Group was \$103,586, \$108,925 and \$83,867, respectively.

C. Information relating to credit risk of financial assets at financial assets at amortised cost is provided in Note 12(2).

(5) Accounts receivable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Accounts receivable	\$ 544,777	\$ 538,096	\$ 571,946
Long-term accounts receivable - due in one year	311,364	302,004	299,020
	<u>\$ 856,141</u>	<u>\$ 840,100</u>	<u>\$ 870,966</u>

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
1 to 90 days	\$ 544,040	\$ 498,318	\$ 550,179
91 to 120 days	71	26,328	6,623
121 to 180 days	132	12,793	14,660
Over 180 days	564	745	576
	<u>\$ 544,807</u>	<u>\$ 538,184</u>	<u>\$ 572,038</u>

The above ageing analysis was based on invoice date.

B. As of September 30, 2021, December 31, 2020 and September 30, 2020, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to \$851,937.

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

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

(6) Prepayments

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Prepayments for material purchases	\$ 28,122	\$ 7,178	\$ 27,793
Sub-contract costs payable	5,388	31,411	7,643
Prepaid rents	1,071	1,990	196
Prepaid insurance	17,604	7,582	12,965
Others	62,107	51,358	58,375
	<u>\$ 114,292</u>	<u>\$ 99,519</u>	<u>\$ 106,972</u>

(7) Investments accounted for using the equity method

	<u>2021</u>	<u>2020</u>
At January 1	\$ 482,853	\$ 418,868
Addition of investments accounted for using the equity method	-	6,000
Share of profit or loss of investments accounted for using the equity method	56,379	40,851
Earnings distribution of investments accounted for using the equity method	(41,447)	(25,470)
Changes in capital surplus	319	461
Changes in other equity items	2,639	(6,557)
At September 30	<u>\$ 500,743</u>	<u>\$ 434,153</u>

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Associates:			
CTCI Chemicals Corp.	\$ 70,083	\$ 67,975	\$ 63,173
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	348,046	331,214	317,147
Ever Ecove Corporation	76,939	77,826	47,833
Jing Ding Green Energy Technology Co., Ltd.	5,675	5,838	6,000
	<u>\$ 500,743</u>	<u>\$ 482,853</u>	<u>\$ 434,153</u>

A. Associates

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

Company name	Principal place of business	Shareholding ratio			Nature of relationship	Method of measurement
		September 30, 2021	December 31, 2020	September 30, 2020		
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	20.00%	20.00%	20.00%	Strategic Investment	Equity method

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

Balance sheet

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)		
	September 30, 2021	December 31, 2020	September 30, 2020
Current assets	\$ 1,533,723	\$ 1,360,007	\$ 1,348,274
Non-current assets	614,783	525,236	511,430
Current liabilities	(777,721)	(572,660)	(631,899)
Non-current liabilities	(8,082)	(19,656)	(19,596)
Total net assets	<u>\$ 1,362,703</u>	<u>\$ 1,292,927</u>	<u>\$ 1,208,209</u>
Share in associate's net assets	\$ 272,541	\$ 258,586	\$ 241,642
Goodwill	75,505	75,505	75,505
Others	-	(2,877)	-
Carrying amount of the associate	<u>\$ 348,046</u>	<u>\$ 331,214</u>	<u>\$ 317,147</u>

Statement of comprehensive income

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	Three months ended September 30	
	2021	2020
Revenue	\$ 828,703	\$ 563,271
Profit (loss) for the period from continuing operations	112,353	(28,722)
Other comprehensive (loss) income, net of tax	(6,491)	19,529
Total comprehensive income (loss)	<u>\$ 105,862</u>	<u>(\$ 9,193)</u>

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	Nine months ended September 30	
	2021	2020
Revenue	\$ 1,873,277	\$ 1,674,189
Profit for the period from continuing operations	193,632	124,528
Other comprehensive income (loss), net of tax	13,191	(32,786)
Total comprehensive income	<u>\$ 206,823</u>	<u>\$ 91,742</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, 2021, December 31, 2020 and September 30, 2020, the carrying amount of the Group's individually immaterial associates amounted to \$152,697 \$151,639 and \$117,006, respectively.

	Three months ended September 30	
	2021	2020
Profit for the period from continuing operations	\$ 16,452	\$ 7,633
Other comprehensive income (loss)	-	-
Total comprehensive income	<u>\$ 16,452</u>	<u>\$ 7,633</u>

	Nine months ended September 30	
	2021	2020
Profit for the period from continuing operations	\$ 36,298	\$ 23,716
Other comprehensive income (loss)	-	-
Total comprehensive income	<u>\$ 36,298</u>	<u>\$ 23,716</u>

- B. In September 2020, the Board of Directors of the Company's subsidiary, ECOVE Environment Service Corp., resolved to invest an expected aggregate amount of \$650 million in Jing Ding Green Energy Technology Co., Ltd. In 2020, the subsidiary invested \$6 million for a shareholding ratio of 30%.
- C. In July 2018, the Board of Directors of the Company resolved to invest an expected aggregate amount of \$100 million in EVER ECOVE Corporation. As of September 30, 2021, the Company has invested \$80 million for a shareholding ratio of 5%.
- D. The financial statements of the investees accounted for using equity method as of and for the nine months ended September 30, 2021 and 2020 were not reviewed by independent auditors.

(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 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>

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

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

B. The amount of capitalised interest were \$1,582 and \$1,134, respectively, and the interest rates for capitalisation ranged from 0.85%~1.23% and 0.85%~2.04% for the nine months ended September 30, 2021 and 2020, respectively.

(9) Leasing arrangements – lessee

- A. The Group leases various assets including land, buildings, machinery and equipment, and business vehicles. Rental contracts are typically made for periods of 1 to 8 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. 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, 2021 and 2020, payments of lease commitments for short-term leases amounted to \$6,200, \$3,859, \$14,867 and \$9,098, respectively.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 45,055	\$ 50,490	\$ 52,848
Buildings	152,103	20,509	20,322
Transportation equipment	6,685	7,182	9,193
Other equipment	4,736	3,330	3,666
	<u>\$ 208,579</u>	<u>\$ 81,511</u>	<u>\$ 86,029</u>

	<u>Three months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 2,461	\$ 2,428
Buildings	3,586	2,526
Transportation equipment	1,460	1,702
Other equipment	305	356
	<u>\$ 7,812</u>	<u>\$ 7,012</u>

	<u>Nine months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 7,381	\$ 7,244
Buildings	6,656	10,412
Transportation equipment	4,661	4,652
Other equipment	751	721
	<u>\$ 19,449</u>	<u>\$ 23,029</u>

- D. As of September 30, 2021, December 31, 2020 and September 30, 2020, right-of-use assets-land amounting to \$20,889, \$25,371 and \$26,865 pertain to land use right obtained by ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corporation for the refuse incineration plant according to the service concession arrangements, respectively. Please refer to Note 6(11)A for details.

E. For the three months and nine months ended September 30, 2021 and 2020, the additions to right-of-use assets were \$144,029, \$4,645, \$150,425 and \$16,432, respectively.

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

	<u>Three months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 246	\$ 98
Expense on short-term lease contracts	6,200	3,859
Expense on leases of low-value assets	193	260
Expense on variable lease payments	19,950	17,989
	<u>Nine months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 442	\$ 453
Expense on short-term lease contracts	14,867	9,098
Expense on leases of low-value assets	488	546
Expense on variable lease payments	54,016	42,340

G. For the nine months ended September 30, 2021 and 2020, the Group's total cash outflow for leases amounted to \$82,090 and \$69,279, 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, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Goodwill	\$ 136,153	\$ 136,153	\$ 136,153
Accumulated impairment	-	-	-
	<u>\$ 136,153</u>	<u>\$ 136,153</u>	<u>\$ 136,153</u>

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

(11) Other non-current assets

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Long-term accounts receivable	\$ 1,619,707	\$ 1,846,210	\$ 1,918,727
Less: Current portion	(311,364)	(302,004)	(299,020)
	1,308,343	1,544,206	1,619,707
Refundable deposits	34,317	31,061	27,498
Prepayments for business facilities	361,699	211,417	301,668
Restricted bank deposits	40,807	41,300	41,277
Contract fulfillment cost	37,158	74,265	80,532
Others	35,181	34,717	39,337
	<u>\$ 1,817,505</u>	<u>\$ 1,936,966</u>	<u>\$ 2,110,019</u>

A. The Group entered into contracts with certain governments (grantors) for service concession arrangements. The consideration received or receivable from the grantor in respect of the service concession arrangement is recognised at its fair value. Such considerations are recognised as a financial asset based on how the considerations from the grantor to the operator are made as specified in the arrangement. Assets that are expected to be realised within twelve months from the balance sheet date are classified as “accounts receivable” (please refer to Note 6(5)); assets that are expected to be realised over twelve months from the balance sheet date are classified as “long-term accounts receivable”. The other terms of the agreement 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, but not to exceed 50 years. 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, please refer to Note 8.
- C. Contract fulfillment cost refer to the initial reconstruction cost of the refuse incineration plant for the contract that the Company entered into with the owner to operate the plant on its behalf, and it is amortised over the term of the contract. Refer to Note 6(25)C for details.

(12) Short-term borrowings

<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%	Notes 1, 2
<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Secured borrowings	<u>\$ 464,700</u>	1.00% ~ 1.23%	Notes 1, 2
<u>Type of borrowings</u>	<u>September 30, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Secured borrowings	<u>\$ 356,700</u>	1.00% ~ 1.23%	Notes 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, 2021, December 31, 2020 and September 30, 2020 amounting to \$950,000, \$850,000 and \$850,000, respectively.

(13) Short-term notes and bills payable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Commercial paper payable	\$ 133,000	\$ 148,000	\$ 145,000
Discount on commercial papers payable	(64)	(75)	(57)
	<u>\$ 132,936</u>	<u>\$ 147,925</u>	<u>\$ 144,943</u>
Interest rate	<u>0.938%</u>	<u>0.95%</u>	<u>0.95%</u>

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

(14) Accounts payable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Materials payable	\$ 18,060	\$ 7,884	\$ 40,365
Sub-contract costs payable	123,825	109,685	92,146
Incinerator equipment costs payable	78,358	64,357	64,280
Maintenance costs payable	522,436	411,330	377,672
Others	160,856	101,455	129,427
	<u>\$ 903,535</u>	<u>\$ 694,711</u>	<u>\$ 703,890</u>

(15) Other payables

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Accrued payroll	\$ 287,402	\$ 290,800	\$ 254,132
Other payables	98,381	98,674	98,153
	<u>\$ 385,783</u>	<u>\$ 389,474</u>	<u>\$ 352,285</u>

(16) Other current liabilities

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Others current liabilities			
Long-term liabilities-current portion	\$ 36,951	\$ 247,409	\$ 254,808
Others	37,981	34,235	35,588
	<u>\$ 74,932</u>	<u>\$ 281,644</u>	<u>\$ 290,396</u>

(17) Bonds payable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Bonds payable	\$ 2,000,000	\$ -	\$ -
Less: Discount on bonds payable	(11,794)	-	-
	<u>\$ 1,988,206</u>	<u>\$ -</u>	<u>\$ -</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.

(18) Long-term borrowings

<u>Type of borrowings</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Secured borrowings	\$ 132,767	\$ 1,396,019	\$ 1,449,889
Less: Current portion	(36,951)	(247,409)	(254,808)
	<u>\$ 95,816</u>	<u>\$ 1,148,610</u>	<u>\$ 1,195,081</u>
Facility amount	<u>\$ 193,515</u>	<u>\$ 2,855,785</u>	<u>\$ 2,010,327</u>
Interest rate	<u>2.49663%</u>	<u>1.0964%~2.63488%</u>	<u>1.0972%~2.63488%</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, 2021, December 31, 2020 and September 30, 2020 amounting to \$193,515, \$2,855,785 and \$2,010,327, respectively.

(19) Other non-current liabilities

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Net defined benefit liability	\$ 61,698	\$ 60,227	\$ 50,632
Accrued recovery costs	171,669	162,745	106,327
Guarantee deposits received	183,142	192,853	194,665
Deferred revenue	119,835	133,507	141,921
Others	41,403	36,577	36,605
	<u>\$ 577,747</u>	<u>\$ 585,909</u>	<u>\$ 530,150</u>

A. Accrued recovery cost

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

(20) 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 \$1,461, \$1,506, \$4,381 and \$4,485 in the statement of comprehensive income for the three months and nine months ended September 30, 2021 and 2020, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to \$4,743.

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, 2021 and 2020 were \$8,041, \$7,402, \$23,315 and \$21,943, 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, 2021 and 2020 were \$2,445, \$2,414, \$7,235 and \$7,278, respectively.

(21) Share-based payment

A. For the nine months ended September 30, 2021 and 2020, the Company's share-based payment arrangements were as follows:

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

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

(a) Sixth plan of employee stock options:

	Nine months ended September 30			
	2021		2020	
	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	1,102	NT\$ 147.40	1,408	NT\$ 155.00
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(11)	-	(40)	-
Options exercised	(297)	NT\$ 145.84	(211)	NT\$ 147.40
Options revoked	-	-	-	-
Options outstanding at end of period	<u>794</u>	NT\$ 140.60	<u>1,157</u>	NT\$ 147.40
Options exercisable at end of period	<u>457</u>	NT\$ 140.60	<u>301</u>	NT\$ 147.40

(b) Seventh plan of employee stock options:

	Nine months ended September 30			
	2021		2020	
	No. of units (in thousands)	Weighted- average exercise price (in dollars)	No. of units (in thousands)	Weighted- average exercise price (in dollars)
Options outstanding at beginning of period	1,423	NT\$ 191.10	1,466	NT\$ 201.00
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(18)	-	(40)	-
Options exercised	(191)	NT\$ 187.33	-	-
Options revoked	-	-	-	-
Options outstanding at end of period	<u>1,214</u>	NT\$ 182.3	<u>1,426</u>	NT\$ 191.10
Options exercisable at end of period	<u>335</u>	NT\$ 182.3	<u>-</u>	-

(c) Eighth plan of employee stock options:

	Nine months ended September 30			
	2021		2020	
	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	1,473	NT\$ 193.00	-	-
Options granted	-	-	1,500	NT\$ 203.00
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(18)	-	(24)	-
Options exercised	-	-	-	-
Options revoked	-	-	-	-
Options outstanding at end of period	<u>1,455</u>	NT\$ 184.01	<u>1,476</u>	NT\$ 193.00
Options exercisable at end of period	<u>-</u>	-	<u>-</u>	-

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

D. As of September 30, 2021, December 31, 2020 and September 30, 2020, the range of exercise prices of stock options outstanding was NT\$140.60~NT\$191.10, NT\$147.4~NT\$193.0 and NT\$155~NT\$203 (in dollars), respectively; the weighted-average remaining contractual period was as follows:

Type of arrangement	September 30, 2021	December 31, 2020	September 30, 2020
Sixth plan of employee stock options	2.75 years	3.5 years	3.75 years
Seventh plan of employee stock options	3.75 years	4.5 years	4.75 years
Eighth plan of employee stock options	4.5 years	5.25 years	5.5 years

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

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

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

	Three months ended September 30	
	2021	2020
Equity-settled	\$ 6,750	\$ 7,585

	Nine months ended September 30	
	2021	2020
Equity-settled	\$ 19,962	\$ 20,063

(22) Share capital

- A. As of September 30, 2021, the Company's authorised capital was \$800,000, consisting of 80 million shares of ordinary stock (including 6 million shares reserved for employee stock options), and the paid-in capital was \$691,117 with a par value of NT\$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2021	2020
At January 1	69,028,564	67,105,148
Employee stock options exercised	488,426	211,400
At September 30	69,516,990	67,316,548

- B. As of September 30, 2021, December 31, 2020 and September 30, 2020, the associate of the Group held 276 thousand shares.
- C. The Company issued 1,659,672 ordinary shares on December 31, 2020 (2% of the total ordinary share capital issued) to the shareholders of ECOVE Environment Service Corp. as part of the purchase consideration for 6.85% of its ordinary share capital. The ordinary shares issued have the same rights as other shares in issue. The fair value of the shares issued amounted to \$363,468

(NT\$219 per share). The related transaction costs amounting to \$1,185 have been netted off with the deemed proceeds.

- D. 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, 2021, the carrying amount of the shares of the Company held by ECOVE Waste Management Corp. amounted to \$57. The details are as follows:

		<u>September 30, 2021</u>	
		<u>Carrying amount</u>	<u>Market value</u>
<u>Number of shares</u>		<u>(in dollars/share)</u>	<u>(in dollars/share)</u>
ECOVE Waste Management Corp.	1,605	<u>NT\$ 35.34</u>	<u>NT\$ 231</u>
		<u>Decembr 31, 2020</u>	
		<u>Carrying amount</u>	<u>Market value</u>
<u>Number of shares</u>		<u>(in dollars/share)</u>	<u>(in dollars/share)</u>
ECOVE Waste Management Corp.	1,605	<u>NT\$ 35.34</u>	<u>NT\$ 219</u>

(23) 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	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>

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

(24) 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 authorised capital, this shall not apply. Furthermore, in accordance with the provisions of laws and regulations and the rules prescribed by the central competent authority, a special reserve shall be set aside. If there is recovery of the balance of special reserve, the recovered amount shall be included in the distribution of the profit for the current year.

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

In order to meet the requirements of business expansion and industry growth, fulfilling future operating needs and stabilising 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 2020 and 2019 earnings had been resolved at the stockholders' meeting on July 30, 2021 and May 28, 2020, respectively. Details are summarised below:

	2020	2019
Legal reserve	\$ 83,554	\$ 80,492
Provision for (reversal of) special reserve	23,272	(2,243)
Cash dividends	759,482	726,749
	\$ 866,308	\$ 804,998

F. The Company recognised dividends of \$759,482 (NT10.94880262 dollars per share) and \$726,749 (NT\$10.83 dollars per share) in 2020 and 2019, respectively.

G. The Company recognised dividends of \$759,482 (NT11.00 dollars per share) in 2020. In addition, outstanding stocks will be influenced by employees' share rights. Thus, the Board of Directors gave the right to adjust the rate of distributed dividends from NT\$11 per share to NT\$10.94880262 per share.

(25) Operating revenue

	Three months ended September 30	
	2021	2020
Revenue from contracts with customers	<u>\$ 1,599,830</u>	<u>\$ 1,538,105</u>

	Nine months ended September 30	
	2021	2020
Revenue from contracts with customers	<u>\$ 4,419,727</u>	<u>\$ 4,186,799</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, 2021	Domestic	China	Macau	United States	Total
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 time	<u>\$ 1,316,984</u>	<u>\$ 6,773</u>	<u>\$ 257,152</u>	<u>\$ 18,921</u>	<u>\$ 1,599,830</u>

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

Nine months ended					
<u>September 30, 2021</u>	<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 time	<u>\$ 3,664,051</u>	<u>\$ 24,661</u>	<u>\$ 654,853</u>	<u>\$ 76,162</u>	<u>\$ 4,419,727</u>

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

B. Contract assets and liabilities

(a) Contract assets:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Estimated accounts receivable	\$ 600,984	\$ 512,733
Executory contract cost	37,158	74,265
	<u>\$ 638,142</u>	<u>\$ 586,998</u>
	<u>September 30, 2020</u>	<u>January 1, 2020</u>
Estimated accounts receivable	\$ 555,176	\$ 342,720
Executory contract cost	80,532	120,909
	<u>\$ 635,708</u>	<u>\$ 463,629</u>

(b) Contract liabilities:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Receipts in advance	\$ 74,051	\$ 9,729

	<u>September 30, 2020</u>	<u>January 1, 2020</u>
Receipts in advance	\$ 33,614	\$ 50,005

(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>2021</u>	<u>2020</u>
Receipts in advance	\$ 11	\$ 606

	<u>Nine months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Receipts in advance	\$ 5,159	\$ 44,189

C. Assets recognised from costs to fulfill a contract

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

As at September 30, 2021, December 31, 2020 and September 30, 2020, the balance was \$37,158, \$74,265 and \$80,532, respectively, and the amounts amortised to cost were \$1,685, \$19,054, \$37,107 and \$40,377 for the three months and nine months ended September 30, 2021 and 2020, respectively.

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

(26) Interest income

	Three months ended September 30	
	2021	2020
Interest income from bank deposits	\$ 425	\$ 395
Other interest income	504	77
	<u>\$ 929</u>	<u>\$ 472</u>

	Nine months ended September 30	
	2021	2020
Interest income from bank deposits	\$ 1,408	\$ 2,186
Other interest income	792	228
	<u>\$ 2,200</u>	<u>\$ 2,414</u>

(27) Other income

	Three months ended September 30	
	2021	2020
Dividend income	\$ 10,159	\$ 7,172
Income from government grants	3,091	3,258
Income from sale of scraps	4,992	569
Other income	361	3,207
	<u>\$ 18,603</u>	<u>\$ 14,206</u>

	Nine months ended September 30	
	2021	2020
Dividend income	\$ 10,159	\$ 7,172
Income from government grants	10,653	9,920
Income from sale of scraps	10,923	2,217
Other income	1,159	7,699
	<u>\$ 32,894</u>	<u>\$ 27,008</u>

(28) Other gains and losses

	Three months ended September 30	
	2021	2020
Gains (losses) on disposals of property, plant and equipment	\$ 835	(\$ 9)
Gains arising from lease modifications	74	755
Foreign exchange gains (losses)	91	(980)
Gains on financial assets at fair value through profit or loss	1,078	1,436
Miscellaneous disbursements	(180)	(68)
	<u>\$ 1,898</u>	<u>\$ 1,134</u>

	Nine months ended September 30	
	2021	2020
Gains on disposals of property, plant and equipment	\$ 854	\$ 1,287
(Losses) gains arising from lease modifications	(214)	1,008
Foreign exchange losses	(695)	(696)
Gains on financial assets at fair value through profit or loss	3,117	4,179
Miscellaneous disbursements	(673)	(83)
	<u>\$ 2,389</u>	<u>\$ 5,695</u>

(29) Finance cost

	Three months ended September 30	
	2021	2020
Interest expense	\$ 2,223	\$ 6,282
Interest expense arising from corporate bonds	3,662	-
Interest expense arising from lease liabilities	246	98
	<u>\$ 6,131</u>	<u>\$ 6,380</u>

	Nine months ended September 30	
	2021	2020
Interest expense	\$ 12,530	\$ 23,509
Interest expense arising from corporate bonds	5,050	-
Interest expense arising from lease liabilities	442	453
	<u>\$ 18,022</u>	<u>\$ 23,962</u>

(30) Expenses by nature

	Three months ended September 30	
	2021	2020
Employee benefit expense	\$ 293,742	\$ 266,694
Depreciation charges on property, plant and equipment	70,861	65,096
Depreciation charges on right-of-use asset	7,812	7,012
Amortisation	2,937	2,473
Incinerator equipment costs	142,084	144,641
Materials	292,940	202,045
Sub-contract costs	274,970	255,697
Insurance	10,720	11,767
Other expenses	142,487	215,228
	<u>\$ 1,238,553</u>	<u>\$ 1,170,653</u>

	Nine months ended September 30	
	2021	2020
Employee benefit expense	\$ 896,797	\$ 830,472
Depreciation charges on property, plant and equipment	211,123	196,568
Depreciation charges on right-of-use asset	19,449	23,029
Amortisation	8,080	7,181
Incinerator equipment costs	385,647	371,659
Materials	645,134	555,448
Sub-contract costs	757,062	721,591
Insurance	39,814	31,740
Other expenses	472,051	506,757
	<u>\$ 3,435,157</u>	<u>\$ 3,244,445</u>

(31) Employee benefit expense

	Three months ended September 30	
	2021	2020
Salaries	\$ 246,562	\$ 222,581
Employee stock options	6,750	7,585
Labor and health insurance fees	16,424	14,602
Pension costs	11,947	11,322
Other personnel expenses	12,059	10,604
	<u>\$ 293,742</u>	<u>\$ 266,694</u>

	Nine months ended September 30	
	2021	2020
Salaries	\$ 749,691	\$ 692,752
Employee stock options	19,962	20,063
Labor and health insurance fees	51,735	46,336
Pension costs	34,931	33,706
Other personnel expenses	40,478	37,615
	<u>\$ 896,797</u>	<u>\$ 830,472</u>

- A. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group had 1,025, 976 and 981 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, 2021 and 2020, employees' compensation was accrued at \$77, \$58, \$229 and \$261, respectively; directors' and supervisors' remuneration was accrued at \$2,500, \$867, \$7,500 and \$3,900, 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 amounting to \$304 and \$5,200 for the year ended December 31, 2020, respectively. The employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2020 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2020 financial

statements, however, they have not yet been approved by the shareholders.

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.

(32) Income tax

A. Components of income tax expense:

	Three months ended September 30	
	2021	2020
Current tax:		
Current tax on profits for the period	\$ 79,297	\$ 72,505
Prior year income tax underestimation (overestimation)	10,737	(1,410)
Total current tax	90,034	71,095
Deferred tax:		
Origination and reversal of temporary differences	(8,087)	1,299
Effect of exchange rate changes	882	977
Income tax expense	<u>\$ 82,829</u>	<u>\$ 73,371</u>

	Nine months ended September 30	
	2021	2020
Current tax:		
Current tax on profits for the period	\$ 221,023	\$ 197,250
Prior year income tax underestimation (overestimation)	36,479	(34)
Total current tax	257,502	197,216
Deferred tax:		
Origination and reversal of temporary differences	(35,750)	(11,410)
Effect of exchange rate changes	1,104	1,463
Income tax expense	<u>\$ 222,856</u>	<u>\$ 187,269</u>

B. As of September 30, 2021, the income tax returns of the Company through 2019 have been assessed and approved by the Tax Authority.

(33) Earnings per share

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	-	<u>881</u>	
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>

Three months ended September 30, 2020

	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share:</u>			
Profit attributable to owners of the parent	\$ 253,275	67,208	<u>NT\$ 3.77</u>
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	318	
Employees' bonus	-	-	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 253,275</u>	<u>67,526</u>	<u>NT\$ 3.75</u>

Nine months ended September 30, 2020

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

(34) Changes in liabilities from financing activities

The Group's liabilities from financing activities for the nine months ended September 30, 2021 and 2020 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, please refer to the cash flow statement.

	2021	2020
At January 1	\$ 2,065,284	\$ 1,936,337
Changes in cash flow from financing activities	807,353	78,553
Changes in other non-cash items	140,140	(4,029)
At September 30	\$ <u>3,012,777</u>	\$ <u>2,010,861</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 55.34% of the Company's shares. The remaining 44.66% of the shares are widely held by the public.

(2) Names of related parties and relationship

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

(3) Significant transactions and balances with related parties

A. Operating revenue

	<u>Three months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Ultimate parent company	\$ 1,082	\$ 229
Associates	732	-
	<u>\$ 1,814</u>	<u>\$ 229</u>

	<u>Nine months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Ultimate parent company	\$ 1,482	\$ 1,838
Associates	732	-
	<u>\$ 2,214</u>	<u>\$ 1,838</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. Purchases of goods and services

	<u>Three months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Ultimate parent company	\$ 6,311	\$ 1,448
Associates	42,846	32,584
	<u>\$ 49,157</u>	<u>\$ 34,032</u>

	<u>Nine months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Ultimate parent company	\$ 8,784	\$ 3,647
Associates	121,199	122,649
	<u>\$ 129,983</u>	<u>\$ 126,296</u>

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

C. Period-end balances arising from sales of services

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Ultimate parent company	\$ 1,333	\$ -	\$ -
Associates	732	-	-
	<u>\$ 2,065</u>	<u>\$ -</u>	<u>\$ -</u>

D. Period-end balances arising from purchases of services

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Ultimate parent company	\$ 8,721	\$ 5,152	\$ 8,681
Associates	33,465	11,869	25,593
	<u>\$ 42,186</u>	<u>\$ 17,021</u>	<u>\$ 34,274</u>

E. Other receivables - related parties

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Associates (Note)	\$ 8,344	\$ 84	\$ 683

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

F. Loans to related parties

(a) Outstanding balance

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
CTCI Machinery Corp.	\$ 264,000	\$ 30,000	\$ 30,000

(b) Interest income

	<u>Three months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Associates (Note)	\$ 499	\$ 76

	<u>Nine months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Associates (Note)	\$ 787	\$ 227

Note: The terms of lending include interest to be calculated and received monthly, using the annual rate of 0.75%~1.01% and 1.01% for the nine months ended September 30, 2021 and 2020, respectively.

G. Other income

	<u>Three months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Associates	\$ -	\$ -

	<u>Nine months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Associates	\$ -	\$ 590
Other related parties	500	-
	<u>\$ 500</u>	<u>\$ 590</u>

The above other income arose from personnel transfer from related parties and sales of scraps.

H. Operating expenses

	Three months ended September 30	
	2021	2020
Ultimate parent company	\$ 3,082	\$ 2,570
Associates	118	243
	<u>\$ 3,200</u>	<u>\$ 2,813</u>

	Nine months ended September 30	
	2021	2020
Ultimate parent company	\$ 7,198	\$ 6,749
Associates	306	284
	<u>\$ 7,504</u>	<u>\$ 7,033</u>

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

I. Other payables-related parties

	September 30, 2021	December 31, 2020	September 30, 2020
Ultimate parent company	\$ 5,598	\$ 2,577	\$ 2,371
Associates (Note)	-	-	37,500
	<u>\$ 5,598</u>	<u>\$ 2,577</u>	<u>\$ 39,871</u>

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

J. Leasing arrangements - lessee

(a) As of September 30, 2021, the main lease contracts between the Group and related parties are as follows:

Lessor	Lease object	Payment method	Lease term
Ultimate parent company	Buildings and structures	\$27/year	2019.1.1~2022.12.31
Associates	"	\$285/year	2010.7.22~2029.7.21
Associates	"	\$14,927/year	2021.8.1~2031.7.31

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

	Three months ended September 30	
	2021	2020
Associates	<u>\$ 138,519</u>	<u>\$ -</u>

	Nine months ended September 30	
	2021	2020
Associates	<u>\$ 138,519</u>	<u>\$ -</u>

(c) Lease liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
Ultimate parent company	\$ 10	\$ 1,428	\$ 1,808
Associates	<u>138,168</u>	<u>2,358</u>	<u>2,354</u>
	<u>\$ 138,178</u>	<u>\$ 3,786</u>	<u>\$ 4,162</u>

(d) Interest expense on lease liabilities

	Three months ended September 30	
	2021	2020
Ultimate parent company	\$ -	\$ 25
Associates	<u>164</u>	<u>14</u>
	<u>\$ 164</u>	<u>\$ 39</u>

	Nine months ended September 30	
	2021	2020
Ultimate parent company	\$ 7	\$ 31
Associates	<u>171</u>	<u>32</u>
	<u>\$ 178</u>	<u>\$ 63</u>

K. Property transactions – prepayments for business facilities

	Three months ended September 30	
	2021	2020
Associates	<u>\$ -</u>	<u>\$ -</u>

	Nine months ended September 30	
	2021	2020
Associates	<u>\$ -</u>	<u>\$ 17,440</u>

L. Endorsements and guarantees for others

	September 30, 2021	December 31, 2020	September 30, 2020
Associates	<u>\$ 220,500</u>	<u>\$ 220,500</u>	<u>\$ 220,500</u>

(4) Key management compensation

	Three months ended September 30	
	2021	2020
Salaries and other short-term employee benefits	\$ 12,786	\$ 9,739
Post-employment benefits	272	306
	<u>\$ 13,058</u>	<u>\$ 10,045</u>

	Nine months ended September 30	
	2021	2020
Salaries and other short-term employee benefits	\$ 39,210	\$ 31,418
Post-employment benefits	817	915
	<u>\$ 40,027</u>	<u>\$ 32,333</u>

8. PLEDGED ASSETS

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

Assets	Book value			Purposes
	September 30, 2021	December 31, 2020	September 30, 2020	
Property, plant and equipment	\$ 703,426	\$ 732,910	\$ 743,065	Guarantee for long-term and short-term loans
Other non-current assets				
Guarantee deposits paid	34,317	31,061	27,498	Guarantee for bid, rent, performance guarantee, tender bond and staff dormitory
Restricted bank deposits	40,807	41,300	41,277	"
	<u>\$ 778,550</u>	<u>\$ 805,271</u>	<u>\$ 811,840</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, 2021 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, 2021, the total amount of guarantee notes issued amounted to \$6,214,034.
- (2) As of September 30, 2021, for contractual guarantee, performance guarantee, waste collection and other guarantees, the subsidiaries have a performance letter of guarantee issued by the bank

amounting to \$1,151,879.

(3) As of September 30, 2021, the subsidiaries had outstanding commitments for service contracts amounting to \$140,387.

(4) As of September 30, 2021, the subsidiaries had unused letters of credit for importing materials and subcontract amounting to \$10,176.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the subsidiary, ECOVE Environment Services Corp., during its meeting on October 13, 2021, resolved to invest and establish ECOVE Environment Services Gangshan Corporation in total expected amount of \$270,000. As of October 18, 2021, ECOVE Environment Services Corp. invested \$251,000 and established ECOVE Environment Services Gangshan Corporation.

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, 2021, December 31, 2020 and September 30, 2020 were as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Total borrowings	<u>\$ 2,821,909</u>	<u>\$ 2,008,644</u>	<u>\$ 1,951,532</u>
Total equity	<u>\$ 5,648,063</u>	<u>\$ 5,650,443</u>	<u>\$ 5,421,117</u>
Gearing ratio	<u>50%</u>	<u>36%</u>	<u>36%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Financial assets</u>			
Financial assets measured at fair value through profit or loss			
Financial assets	\$ 1,613,846	\$ 1,405,767	\$ 1,067,569
mandatorily measured at fair value through profit or loss			
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	154,107	130,025	125,209
	<u>\$ 1,767,953</u>	<u>\$ 1,535,792</u>	<u>\$ 1,192,778</u>
	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Financial assets</u>			
Financial assets at amortised cost			
Cash and cash equivalents	\$ 1,028,677	\$ 533,625	\$ 594,795
Financial assets at amortised cost	103,586	108,925	83,867
Notes receivable	30	88	92
Accounts receivable	856,141	840,100	870,966
Accounts receivable - related parties	2,065	-	-
Other receivables	8,970	908	12,658
Other receivables - related parties	272,344	30,084	30,683
Guarantee deposits paid	34,317	31,061	27,498
Long-term accounts receivable	1,308,343	1,544,206	1,619,707
Other financial assets	40,807	41,300	41,277
	<u>\$ 3,655,280</u>	<u>\$ 3,130,297</u>	<u>\$ 3,281,543</u>

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 568,000	\$ 464,700	\$ 356,700
Short-term notes and bills payable	132,936	147,925	144,943
Notes payable	5,111	23	-
Accounts payable	903,535	694,711	703,890
Accounts payable - related parties	42,186	17,021	34,274
Other payables	385,783	389,474	352,285
Other payables - related parties	5,598	2,577	39,871
Bonds payable	1,988,206	-	-
Long-term borrowings (including current portion)			
	132,767	1,396,019	1,449,889
Guarantee deposits received	183,142	192,853	194,665
	<u>\$ 4,347,264</u>	<u>\$ 3,305,303</u>	<u>\$ 3,276,517</u>
Lease liability	<u>\$ 190,868</u>	<u>\$ 56,640</u>	<u>\$ 59,329</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 CNY. 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, 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
	December 31, 2020		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 1,162	28.097	\$ 32,649
MOP : NTD	30,697	3.514	107,869
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1,395	3.514	4,902

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

- v. The unrealised 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, 2021 and 2020 amounted to \$47, (\$988), (\$497) and (\$732), respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

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	-

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

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, 2021 and 2020, 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, 2021, December 31, 2020, September 30, 2020, the provision matrix is as follows:

	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	\$ 1,980,071	\$ 184,413	\$ 2,164,484
Loss allowance	\$ -	\$ -	\$ -

	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At December 31, 2020</u>			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	\$ 2,262,264	\$ 122,042	\$ 2,384,306
Loss allowance	\$ -	\$ -	\$ -

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

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

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

(c) Liquidity risk

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

Non-derivative financial liabilitiesSeptember 30, 2021

	<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	-

Non-derivative financial liabilitiesDecember 31, 2020

	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 465,540	\$ -
Short-term notes and bills payable	148,033	-
Notes payable	23	-
Accounts payable		
(including related parties)	711,732	-
Other payables		
(including related parties)	392,051	-
Lease liabilities	17,781	41,242
Long-term borrowings		
(including current portion)	251,466	1,249,155
Other non-current liabilities	192,853	-

Non-derivative financial liabilitiesSeptember 30, 2020

	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 358,105	\$ -
Short-term notes and bills payable	145,079	-
Accounts payable		
(including related parties)	738,164	-
Other payables		
(including related parties)	392,156	-
Lease liabilities	16,527	45,099
Long-term borrowings		
(including current portion)	258,956	1,313,944
Other non-current liabilities	194,665	-

(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, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,613,846	\$ -	\$ -	\$ 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>

December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,405,767	\$ -	\$ -	\$ 1,405,767
Financial assets at fair value through other comprehensive income				
Equity securities	<u>129,482</u>	<u>-</u>	<u>543</u>	<u>130,025</u>
	<u>\$ 1,535,249</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 1,535,792</u>
September 30, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,067,569	\$ -	\$ -	\$ 1,067,569
Financial assets at fair value through other comprehensive income				
Equity securities	<u>124,666</u>	<u>-</u>	<u>543</u>	<u>125,209</u>
	<u>\$ 1,192,235</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 1,192,778</u>

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, 2021 and 2020, there were no transfers between Level 1 and Level 2.

F. For the nine months ended September 30, 2021 and 2020, 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 consolidated financial position of the Group as at September 30, 2021 and 2020, and its consolidated financial performance for the nine-months ended September 30, 2021 and 2020.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

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

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

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.

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

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

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

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

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

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

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

(4) Major shareholders information

Please refer to table 11.

14. OPERATING SEGMENT FINANCIAL INFORMATION

(1) General information

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

(2) Information about segmental income, assets and liabilities

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

	<u>Three months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Revenue from external customers	\$ 1,599,830	\$ 1,538,105
Inter-segment revenue	431,310	484,099
Total segment revenue	<u>\$ 2,031,140</u>	<u>\$ 2,022,204</u>
Segment income	<u>\$ 361,277</u>	<u>\$ 367,452</u>
Depreciation	<u>\$ 78,673</u>	<u>\$ 72,108</u>
Amortisation	<u>\$ 2,937</u>	<u>\$ 2,473</u>

	<u>Nine months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Revenue from external customers	\$ 4,419,727	\$ 4,186,799
Inter-segment revenue	1,261,536	1,355,039
Total segment revenue	<u>\$ 5,681,263</u>	<u>\$ 5,541,838</u>
Segment income	<u>\$ 984,570</u>	<u>\$ 942,354</u>
Depreciation	<u>\$ 230,572</u>	<u>\$ 219,597</u>
Amortisation	<u>\$ 8,080</u>	<u>\$ 7,181</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, 2021 and 2020 is provided as follows:

	Three months ended September 30	
	2021	2020
Adjusted EBITDA for reportable segment	\$ 361,277	\$ 367,452
Financial cost, net	(6,131)	(6,380)
Others	49,248	28,640
Income from continuing operations before income tax	<u>\$ 404,394</u>	<u>\$ 389,712</u>

	Nine months ended September 30	
	2021	2020
Adjusted EBITDA for reportable segment	\$ 984,570	\$ 942,354
Financial cost, net	(18,022)	(23,962)
Others	93,862	75,968
Income from continuing operations before income tax	<u>\$ 1,060,410</u>	<u>\$ 994,360</u>

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Loans to others
 Nine months ended September 30, 2021

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		Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
					September 30, 2021 (Note 3)	September 30, 2021 (Note 8)							Item	Value			
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Other receivables-related parties	Yes	\$ 1,420,731	\$ 1,420,731	\$ 1,108,731	0.75%~0.93%	2	\$ -	For operational needs	\$ -	-	\$ -	\$ 2,107,059	\$ 2,107,059	-
0	"	ECOVE Solar Power Corporation	"	"	534,307	441,952	396,952	0.75%	"	"	"	"	"	"	2,107,059	2,107,059	-
0	"	ECOVE South Corporation	"	"	77,317	77,317	77,317	0.75%	"	"	"	"	"	"	2,107,059	2,107,059	-
1	ECOVE Environment Services Corp.	CTCI Machinery Corp.	"	"	300,000	233,000	233,000	0.75%	"	"	"	"	"	"	326,251	326,251	-
1	"	ECOVE South Corporation	"	"	30,000	30,000	23,000	0.75%	"	"	"	"	"	"	326,251	326,251	-
1	"	ECOVE Solvent Recycling Corporation	"	"	30,000	-	-	-	"	"	"	"	"	"	326,251	326,251	-
1	"	ECOVE E&C Engineering Corp.	"	"	30,000	-	-	-	"	"	"	"	"	"	326,251	326,251	-
2	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	"	"	80,000	80,000	-	-	"	"	"	"	"	"	547,835	547,835	-
2	"	ECOVE South Corporation Ltd.	"	"	80,000	-	-	-	"	"	"	"	"	"	547,835	547,835	-
3	ECOVE Waste Management Corp.	CTCI Machinery Corp.	"	"	45,000	31,000	31,000	0.75%	"	"	"	"	"	"	40,746	40,746	-

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

(1) The Company is '0'.

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

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

Note 3: Fill in the maximum outstanding balance of loans to others during the nine months ended September 30, 2021.

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

(1) The Business association is '1'.

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

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

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

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

(1) The limit on loans granted to a single party shall not exceed 40% of the Company's net assets value.

(2) The ceiling on totals loans shall not exceed 40% of the Company's net assets value.

(3) The limit on loans granted to a single party of ECOVE Solar Energy Corporation shall not exceed 40% of its net assets value.

(4) The ceiling on totals loans of ECOVE Solar Energy Corporation shall not exceed 40% of its net assets value.

(5) The limit on loans granted to a single party of ECOVE Environment Services Corp. shall not exceed 40% of its net assets value.

(6) The ceiling on totals loans of ECOVE Environment Services Corp. shall not exceed 40% of its net assets value.

(7) The limit on loans granted to a single party of ECOVE Waste Management Corporation shall not exceed 40% of its net assets value.

(8) The ceiling on totals loans of ECOVE Waste Management Corporation shall not exceed 40% of its net assets value.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorised 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, 2021

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, 2021 (Note 4)	Outstanding endorsement/ guarantee amount at September 30, 2021 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	ECOVE Environment Corp.	ECOVE South Corporation Ltd.	2	\$ 10,535,294	\$ 300,000	\$ 300,000	\$ -	\$ -	5.70%	\$ 15,802,941	Y	N	N	-
0	"	ECOVE Solar Energy Corporation	2	10,535,294	2,660,630	2,660,630	503,994	-	50.51%	15,802,941	Y	N	N	-
0	"	ECOVE Solar Power Corporation	2	10,535,294	1,087,000	920,000	442,589	-	17.47%	15,802,941	Y	N	N	-
0	"	ECOVE Solvent Recycling Corporation	2	10,535,294	157,600	157,600	66,000	-	2.99%	15,802,941	Y	N	N	-
0	"	EVER ECOVE Corporation	6	10,535,294	220,500	220,500	141,500	-	4.19%	15,802,941	N	N	N	-
1	ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	2	5,478,348	14,000	14,000	-	-	1.02%	8,217,522	N	N	N	-
1	"	ECOVE Solar Power Corporation	2	5,478,348	757,076	292,414	-	-	21.35%	8,217,522	N	N	N	-
2	ECOVE Solar Power Corporation	ECOVE Solar Energy Corporation	3	1,540,339	12,420	12,420	12,420	-	3.23%	2,310,509	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 or reviewed 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 or reviewed 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.

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

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

September 30, 2021

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, 2021				Footnote (Note 4)
	Type	Name			Number of shares/ denominations	Book value (Note 3)	Ownership (%)	Fair value	
ECOVE Environment Corp.	Beneficiary certificates	Prudential Financial Money Market	None	Financial assets at fair value through profit or loss - current	12,483,986	\$ 199,380	-	\$ 199,537	-
				Adjustment		<u>157</u>			
						<u>\$ 199,537</u>			
"	"	FSITC Taiwan Money Market Fund	"	Financial assets at fair value through profit or loss - current	29,257,413	\$ 452,038	-	452,390	-
				Adjustment		<u>352</u>			
						<u>\$ 452,390</u>			
"	"	Franklin Templeton Sinoam Money Market	"	Financial assets at fair value through profit or loss - current	2,682,407	\$ 28,000	-	28,025	-
				Adjustment		<u>25</u>			
						<u>\$ 28,025</u>			
"	"	FSITC Money Market Fund	"	Financial assets at fair value through profit or loss - current	11,717,974	\$ 211,022	-	211,112	-
				Adjustment		<u>90</u>			
						<u>\$ 211,112</u>			
"	Common Stock	Taiwan Cement Corp.	"	Financial assets at fair value through other comprehensive income-current	531,205	\$ 16,671	-	27,092	-
				Adjustment		<u>10,421</u>			
						<u>\$ 27,092</u>			
"	"	Teamwin Opto-Electronics Co., Ltd.	"	Financial assets at fair value through other comprehensive income-non-current	150,000	\$ 2,261	2.46%	\$ 475	-
"	"	Eastern Pacific Energy Sdn. Bhd	The Chairman of the Company is the Board of Director	"	10,000	81	10.00%	<u>68</u>	-
		Less: Accumulated impairment				<u>(1,799)</u>			
						<u>\$ 543</u>		<u>\$ 543</u>	-

Securities held by	Marketable securities (Note 1)		Relationship with the securities issuer (Note 2)	General ledger account	September 30, 2021				Footnote (Note 4)
	Type	Name			Number of shares/ denominations	Book value (Note 3)	Ownership (%)	Fair value	
ECOVE Wujih Energy Corp.	Common Stock	Taiwan Cement Corp.	None	Financial assets at fair value through other comprehensive income-current	534,295	\$ 27,250	-	\$ 27,250	-
"	Beneficiary certificates	FSITC Taiwan Money Market Fund	"	Financial assets at fair value through profit or loss - current	3,881,259	60,014	-	60,014	-
"	"	Taishin 1699 Money Market Fund	"	"	8,588,811	117,416	-	117,416	-
"	"	Franklin Templeton Money Market Fund	"	"	6,423,925	67,116	-	67,116	-
ECOVE Environment Services Corp.	"	Taishin 1699 Money Market Fund	"	"	10,604,315	144,969	-	144,969	-
"	"	Jih Sun Money Market Fund	"	"	5,927,679	88,792	-	88,792	-
"	"	Taishin Ta-Chong Money Market	"	"	2,510,347	36,006	-	36,006	-
"	"	Franklin Templeton Money Market Fund	"	"	1,916,397	20,022	-	20,022	-
"	Common Stock	CTCI Corp.	Ultimate parent company	Financial assets at fair value through other comprehensive income-current	1,028	37	-	37	-
"	"	Taiwan Cement Corp.	None	"	1,406,754	71,745	-	71,745	-
ECOVE Waste Management Corp.	"	Taiwan Cement Corp.	"	"	538,039	27,440	-	27,440	-
"	"	ECOVE Environment Corp.	Parent company	"	1,605	371	-	371	-
"	Beneficiary certificates	Jih Sun Money Market Fund	None	Financial assets at fair value through profit or loss - current	7,249,584	108,593	-	108,593	-
"	"	Taishin 1699 Money Market	"	"	1,597,636	21,841	-	21,841	-
"	"	Franklin Templeton Money Market Fund	"	"	4,021,149	42,012	-	42,012	-
ECOVE Mioali Energy Corporation	"	Taishin 1699 Money Market	"	"	1,170,421	16,001	-	16,001	-

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, 2021

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, 2021		Addition (Note 3)		Disposal (Note 3)			Balance as at September 30, 2021		
					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	-	-	6,475,471	\$ 103,195	16,838,389	\$ 269,000	\$ 10,829,874	\$ 173,003	\$ 172,815	\$ 188	12,483,986	\$ 199,380
"	FSITC Taiwan Money Market Fund	"	-	-	5,186,230	80,000	28,469,944	440,000	4,398,761	68,002	67,962	40	29,257,413	452,038
"	FSITC Money Market Fund	"	-	-	-	-	2,310,376	416,000	1,138,402	205,006	204,978	28	1,171,974	211,022
ECOVE Environmental Services Corp.	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss	-	-	31,167,316	425,070	20,062,825	274,000	40,625,826	555,000	554,292	708	10,604,315	144,778
"	Taishin Ta-Chong Money Market	"	-	-	-	-	33,214,540	476,000	30,704,194	440,112	440,000	112	2,510,346	36,000
ECOVE Wujih Energy Corp.	FSITC Taiwan Money Market Fund	"	-	-	3,694,229	57,000	9,770,493	151,000	9,583,463	148,143	148,000	143	3,881,259	60,000
ECOVE Waste Management Corp.	Taishin 1699 Money Market Fund	"	-	-	-	-	10,466,588	143,000	8,868,952	121,200	121,164	36	1,597,636	21,836

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

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

Nine months ended September 30, 2021

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	
ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	Affiliate	(Waste disposal revenue)	\$ 347,040	57%	30 days quarterly	No significant difference	\$ 80,970	27%	-
"	ECOVE Environment Services Corp.	"	Cost of services	(201,363)	(61%)	"	"	(55,209)	(42%)	-
ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	(Operating revenue)	454,284	16%	"	"	80,890	24%	-
"	ECOVE Wujih Energy Corp.	"	"	201,363	7%	"	"	55,209	16%	-
"	ECOVE Miaoli Energy Corp.	"	"	109,901	45%	"	"	52,480	23%	-
ECOVE Waste Management Corp.	ECOVE Environment Services Corp.	"	Waste disposal cost	(454,284)	(49%)	"	"	(80,890)	(47%)	-
"	ECOVE Wujih Energy Corp.	"	"	(347,040)	(38%)	"	"	(80,970)	(47%)	-
ECOVE Miaoli Energy Corp.	ECOVE Environment Services Corp.	"	Operating cost	(109,901)	(92%)	"	"	(52,480)	(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, 2021

Table 6

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
ECOVE Environment Services Corp.	CTCI Machinery Corp.	Affiliate	\$ 233,144	Note 3	\$ -	Note 3	\$ -	\$ -
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	A subsidiary	1,113,057	"	-	"	-	-
"	ECOVE Solar Power Corporation	"	397,197	"	-	"	-	-

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, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	1	Other accounts receivable	\$ 1,113,057	-	10.04%
0	"	ECOVE Solar Power Corporation	"	"	397,197	-	3.58%
0	"	ECOVE Solar Energy Corporation	"	Endorsements and guarantees	2,660,630	-	N/A
0	"	ECOVE Solar Power Corporation	"	"	920,000	-	N/A
0	"	ECOVE South Corporation Ltd.	"	"	300,000	-	N/A
0	"	ECOVE Solvent Recycling Corporation	"	"	157,600	-	N/A
1	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	3	"	292,414	-	N/A
2	ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	"	Operating revenue	347,040	30 days quarterly	7.85%
3	ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	"	454,284	"	10.28%
3	"	ECOVE Miaoli Energy Corp.	"	"	109,901	"	2.49%
3	"	ECOVE Wujih Energy Corp.	"	"	201,363	"	4.56%
4	ECOVE Waste Management Corp.	ECOVE Solvent Recycling Corporation	"	"	44,493	"	1.01%

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, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2021			Net profit (loss) of the investee for the nine months ended September 30, 2021	Investment income (loss) recognised by the Company for the nine months ended September 30, 2021	Footnote
				Balance as at September 30, 2021	Balance as at December 31, 2020	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%	\$ 739,915	\$ 209,413	\$ 209,413	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%	831,127	285,418	284,068	A subsidiary
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Taiwan	Waste services, equipment and mechanical installation, waste clear, international trade and other environmental services, etc.	20,000	20,000	2,000,000	100.00%	101,493	40,568	40,568	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%	802,424	94,505	70,877	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%	39,391	3	3	A subsidiary
ECOVE Environment Corp.	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	Share holding and investment	309,489	309,489	13,333,333	20.00%	348,046	193,632	41,920	An investee using equity method

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2021			Net profit (loss) of the investee for the nine months ended September 30, 2021	Investment income (loss) recognised by the Company for the nine months ended September 30, 2021	Footnote
				Balance as at September 30, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Taiwan	Energy technology services etc.	\$ 1,312,348	\$ 1,312,348	104,621,082	100.00%	\$ 1,493,277	\$ 83,926	\$ 83,926	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%	76,939 (20,805) (888)	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%	107,310	15,397	13,856	A subsidiary
ECOVE Environment Services Corp.	CTCI Chemicals Corp.	Taiwan	Industrial chemicals' wholesale manufacturing and retail.	24,851	24,851	1,910,241	26.90%	70,083	57,644	15,509	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	1,000	0.001%	14	94,505	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%	43,886	125,834	37,750	A subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2021			Net profit (loss) of the investee for the nine months ended September 30, 2021	Investment income (loss) recognised by the Company for the nine months ended September 30, 2021	Footnote
				Balance as at September 30, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
ECOVE Environment Services Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	\$ 10	\$ 10	1,000	0.01%	\$ 10	\$ 15,397	\$ -	Affiliate
ECOVE Environment Services Corp.	Jing Ding Green Energy Technology Co., Ltd.	Taiwan	Wastewater sludge treatment	6,000	6,000	600,000	30.00%	5,675 (541) (162)	An investee using equity method
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Taiwan	Energy technology services etc.	306,000	306,000	30,600,000	100.00%	385,085	25,875	25,875	A subsidiary
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Taiwan	Energy technology services etc.	30,500	30,500	3,050,000	100.00%	33,809	2,172	2,172	A subsidiary
ECOVE Solar Energy Corporation	G.D. International, LLC.	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	388,484	23,305	23,305	A subsidiary
G.D. International, LLC.	Lumberton Solar W2-090, LLC	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	388,102	23,468	23,468	A subsidiary

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 2021

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated	Amount remitted from Taiwan to		Accumulated	Net income of investee for the nine months ended September 30, 2021	Ownership held by the Company (direct or indirect)	Investment income	Book value of investments in Mainland China as of September 30, 2021	Accumulated	Footnote
				amount of remittance from Taiwan to Mainland China as of January 1, 2021	Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2021		amount of remittance from Taiwan to Mainland China as of September 30, 2021			(loss) recognised by the Company for the nine months ended September 30, 2021 (Note 2)(2)B		amount of investment income remitted back to Taiwan as of September 30, 2021	
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	\$ 3,501	100.00%	\$ 3,501	\$ 16,148	\$ 33,286	-
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2021	Investment amount approved by 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		\$ 3,160,588									

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, 2021' 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 recognised based on the unreviewed financial statements.
 - C. Others.

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

Note 4: Invested by ECOVE Environment Services Corp.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

Nine months ended September 30, 2021

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				Others
	Amount	%	Amount	%	Balance at September 30, 2021	%	Balance at September 30, 2021	Purpose	Maximum balance during the nine months ended September 30, 2021	Balance at September 30, 2021	Interest rate	Interest during the nine months ended September 30, 2021	
ECOVE Environment Consulting Corp.	(\$ 15,743)	0.56%	-	-	(\$ 15,075)	2.1%	\$ -	-	\$ -	\$ -	-	\$ -	-

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Major shareholders information

September 30, 2021

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
CTCI Corp.	38,457,105	55.34%
Fubon Life Assurance Co., Ltd.	4,567,507	6.57%

(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.