

**ECOVE ENVIRONMENT CORPORATION  
AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
SEPTEMBER 30, 2023 AND 2022**

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

## INDEPENDENT AUDITORS' 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, 2023 and 2022, 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” that came into effect 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 Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of 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\$ 1,738,102 thousand and NT\$ 1,574,802 thousand, constituting 13% and 12% of the consolidated total assets, and total liabilities of NT\$ 338,537 thousand and NT\$ 406,236 thousand, constituting 5% and 6% of the consolidated total liabilities as at September 30, 2023 and 2022, respectively, and total comprehensive income (including share of profit (loss) of associates and joint ventures accounted for using equity method and share of other

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comprehensive income of associates and joint ventures accounted for using equity method) of NT\$ 107,681 thousand, NT\$ 120,043 thousand, NT\$ 380,222 thousand and NT\$ 308,513 thousand, constituting 28%, 31%, 33% and 30% of the consolidated total comprehensive income for the three months and nine months then ended, respectively.

### ***Qualified Conclusion***

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine months then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.



Liao, Fu-Ming



Lin, Yi-Fan

For and on Behalf of PricewaterhouseCoopers, Taiwan

October 30, 2023

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

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

**ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	September 30, 2023		December 31, 2022		September 30, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 1,022,238	8	\$ 1,611,740	12	\$ 2,243,436	17
1110	Financial assets at fair value through profit or loss - current	6(2)	1,325,520	10	1,522,915	12	102,933	1
1120	Current financial assets at fair value through other comprehensive income	6(3)	109,307	1	113,614	1	115,604	1
1136	Current financial assets at amortised cost	6(4)	466,204	4	138,333	1	157,293	1
1140	Current contract assets	6(24) and 7	1,070,045	8	642,206	5	823,012	7
1150	Notes receivable, net		-	-	6	-	54	-
1170	Accounts receivable, net	6(5)	925,460	7	813,356	6	1,058,573	8
1180	Accounts receivable - related parties, net	7	45,210	-	20,724	-	14,443	-
1200	Other receivables		5,444	-	4,928	-	33,332	-
1210	Other receivables - related parties	7	198	-	64	-	34	-
1220	Current tax assets		-	-	31,598	-	-	-
130X	Inventories		94,894	1	100,681	1	95,472	1
1410	Prepayments	6(6)	178,637	1	129,210	1	151,149	1
11XX	<b>Total current assets</b>		<u>5,243,157</u>	<u>40</u>	<u>5,129,375</u>	<u>39</u>	<u>4,795,335</u>	<u>37</u>
<b>Non-current assets</b>								
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	70,346	-	50,068	-	50,068	1
1550	Investments accounted for using equity method	6(7)	784,241	6	739,380	6	658,213	5
1600	Property, plant and equipment, net	6(8) and 8	4,467,250	34	4,303,398	32	4,038,051	31
1755	Right-of-use assets	6(9)	298,972	2	278,458	2	286,455	2
1780	Intangible assets	6(10)	910,852	7	955,261	7	970,401	8
1840	Deferred income tax assets		38,397	-	35,379	-	39,264	-
1900	Other non-current assets	6(11), 7 and 8	1,454,398	11	1,797,188	14	2,090,164	16
15XX	<b>Total non-current assets</b>		<u>8,024,456</u>	<u>60</u>	<u>8,159,132</u>	<u>61</u>	<u>8,132,616</u>	<u>63</u>
1XXX	<b>Total assets</b>		<u>\$ 13,267,613</u>	<u>100</u>	<u>\$ 13,288,507</u>	<u>100</u>	<u>\$ 12,927,951</u>	<u>100</u>

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**ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	September 30, 2023		December 31, 2022		September 30, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>								
2100	Short-term borrowings	6(12)	\$ 275,000	2	\$ 360,000	3	\$ 512,000	4
2110	Short-term notes and bills payable	6(13)	-	-	-	-	152,858	1
2130	Current contract liabilities	6(24) and 7	184,003	1	100,304	1	156,572	1
2150	Notes payable		4,753	-	4,660	-	247	-
2170	Accounts payable	6(14)	1,463,575	11	1,327,844	10	1,292,818	10
2180	Accounts payable - related parties	7	72,560	1	12,649	-	10,765	-
2200	Other payables	6(15)	383,865	3	447,174	3	411,128	3
2220	Other payables - related parties	7	267,824	2	268,526	2	6,897	-
2230	Income tax liabilities		240,482	2	271,498	2	259,754	2
2280	Current lease liabilities	7	35,524	-	40,913	-	37,116	-
2320	Long-term liabilities, current portion	6(17)	-	-	52,288	1	64,734	1
2399	Other current liabilities		20,556	-	42,348	-	52,089	1
21XX	<b>Total current liabilities</b>		<u>2,948,142</u>	<u>22</u>	<u>2,928,204</u>	<u>22</u>	<u>2,956,978</u>	<u>23</u>
<b>Non-current liabilities</b>								
2527	Non-current contract liabilities	6(24)	512,444	4	711,552	5	711,552	6
2530	Bonds payable	6(16)	1,993,277	15	1,991,381	15	1,990,742	15
2570	Deferred income tax liabilities		108,335	1	134,206	1	130,470	1
2580	Non-current lease liabilities	7	251,875	2	225,217	2	237,342	2
2600	Other non-current liabilities	6(18)	916,955	7	868,606	7	819,059	6
25XX	<b>Total non-current liabilities</b>		<u>3,782,886</u>	<u>29</u>	<u>3,930,962</u>	<u>30</u>	<u>3,889,165</u>	<u>30</u>
2XXX	<b>Total liabilities</b>		<u>6,731,028</u>	<u>51</u>	<u>6,859,166</u>	<u>52</u>	<u>6,846,143</u>	<u>53</u>
<b>Equity attributable to owners of parent</b>								
Share capital								
3110	Common stock	6(21)	710,844	5	704,579	5	698,862	6
3140	Advance receipts for share capital		4,172	-	2,334	-	5,717	-
Capital surplus								
3200	Capital surplus	6(22)	2,761,250	21	2,626,341	20	2,592,802	20
Retained earnings								
3310	Legal reserve	6(23)	1,045,141	8	940,121	7	940,121	7
3320	Special reserve		-	-	14,895	-	14,895	-
3350	Unappropriated retained earnings		1,515,078	12	1,622,165	12	1,368,771	11
Other equity interest								
3400	Other equity interest		71,932	-	16,017	-	42,298	-
3500	Treasury shares	6(21)	( 57)	-	( 57)	-	( 57)	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>6,108,360</u>	<u>46</u>	<u>5,926,395</u>	<u>44</u>	<u>5,663,409</u>	<u>44</u>
36XX	Non-controlling interest	4(3)	428,225	3	502,946	4	418,399	3
3XXX	<b>Total equity</b>		<u>6,536,585</u>	<u>49</u>	<u>6,429,341</u>	<u>48</u>	<u>6,081,808</u>	<u>47</u>
Significant contingent liabilities and unrecognised contract commitments								
3X2X	<b>Total liabilities and equity</b>		<u>\$ 13,267,613</u>	<u>100</u>	<u>\$ 13,288,507</u>	<u>100</u>	<u>\$ 12,927,951</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**  
**NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**

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

Items	Notes	Three months ended September 30				Nine months ended September 30				
		2023		2022		2023		2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(24) and 7	\$ 2,073,854	100	\$ 1,901,946	100	\$ 5,850,126	100	\$ 5,180,612	100
5000	Operating costs	6(29)(30) and 7	( 1,612,410)	( 78)	( 1,458,599)	( 77)	( 4,528,915)	( 78)	( 3,933,644)	( 76)
5900	Gross profit		461,444	22	443,347	23	1,321,211	22	1,246,968	24
	Operating expenses	6(29)(30) and 7								
6200	General and administrative expenses		( 41,418)	( 2)	( 35,672)	( 2)	( 119,736)	( 2)	( 123,370)	( 2)
6000	Total operating expenses		( 41,418)	( 2)	( 35,672)	( 2)	( 119,736)	( 2)	( 123,370)	( 2)
6900	Operating profit		420,026	20	407,675	21	1,201,475	20	1,123,598	22
	Non-operating income and expenses									
7100	Interest income	6(25) and 7	2,846	-	2,788	-	9,427	-	6,541	-
7010	Other income	6(26) and 7	8,921	1	10,520	1	21,386	-	27,127	-
7020	Other gains and losses	6(27)	5,057	-	1,585	-	12,990	-	4,770	-
7050	Finance costs	6(28) and 7	( 8,603)	-	( 6,815)	-	( 23,818)	-	( 19,871)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(7)	22,456	1	20,561	1	84,484	2	36,076	1
7000	Total non-operating income and expenses		30,677	2	28,639	2	104,469	2	54,643	1
7900	<b>Profit before income tax</b>		450,703	22	436,314	23	1,305,944	22	1,178,241	23
7950	Income tax expense	6(31)	( 81,300)	( 4)	( 82,927)	( 4)	( 197,876)	( 3)	( 236,660)	( 5)
8200	<b>Profit for the period</b>		\$ 369,403	18	\$ 353,387	19	\$ 1,108,068	19	\$ 941,581	18
	<b>Other comprehensive income</b>									
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>									
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	( \$ 18,048)	( 1)	( \$ 3,656)	-	\$ 16,024	-	( \$ 27,593)	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>									
8361	Cumulative translation differences of foreign operations		39,762	2	41,127	2	44,710	1	103,167	2
8300	<b>Total other comprehensive income for the period</b>		\$ 21,714	1	\$ 37,471	2	\$ 60,734	1	\$ 75,574	2
8500	<b>Total comprehensive income for the period</b>		\$ 391,117	19	\$ 390,858	21	\$ 1,168,802	20	\$ 1,017,155	20
	Profit attributable to:									
8610	Owners of the parent		\$ 332,024	16	\$ 305,200	16	\$ 943,139	16	\$ 796,804	15
8620	Non-controlling interest		37,379	2	48,187	3	164,929	3	144,777	3
	Total		\$ 369,403	18	\$ 353,387	19	\$ 1,108,068	19	\$ 941,581	18
	Comprehensive income attributable to:									
8710	Owners of the parent		\$ 348,758	17	\$ 333,883	18	\$ 999,026	17	\$ 853,997	17
8720	Non-controlling interest		42,359	2	56,975	3	169,776	3	163,158	3
	Total		\$ 391,117	19	\$ 390,858	21	\$ 1,168,802	20	\$ 1,017,155	20
	Earnings per share (in dollars):	6(32)								
9750	Basic earnings per share		\$ 4.65		\$ 4.34		\$ 13.28		\$ 11.40	
9850	Diluted earnings per share		\$ 4.62		\$ 4.32		\$ 13.20		\$ 11.34	

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent												
	Capital			Retained Earnings				Other Equity Interest			Non-controlling interest	Total equity	
	Notes	Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares			Total
<u>Nine months ended September 30, 2022</u>													
Balance at January 1, 2022		\$ 695,170	\$ 857	\$ 2,421,348	\$ 848,366	\$ 23,272	\$ 1,490,020	(\$ 60,840)	\$ 45,945	(\$ 57)	\$ 5,464,081	\$ 432,281	\$ 5,896,362
Profit for the period		-	-	-	-	-	796,804	-	-	-	796,804	144,777	941,581
Other comprehensive income (loss)		-	-	-	-	-	-	84,786	( 27,593)	-	57,193	18,381	75,574
Total comprehensive income		-	-	-	-	-	796,804	84,786	( 27,593)	-	853,997	163,158	1,017,155
Appropriations of 2021 earnings	6(23)												
Legal reserve		-	-	-	91,755	-	( 91,755)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	( 8,377)	8,377	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	( 834,675)	-	-	-	( 834,675)	( 177,108)	( 1,011,783)
Share-based payment transactions	6(20)(22)	-	-	13,454	-	-	-	-	-	-	13,454	52	13,506
Employee stock options exercised	6(21)(22)	2,835	5,717	128,426	-	-	-	-	-	-	136,978	-	136,978
Employee restricted stock	6(20)(22)	-	-	2,638	-	-	-	-	-	-	2,638	16	2,654
Adjustments of changes in investments accounted for using equity method	6(7)	-	-	26,936	-	-	-	-	-	-	26,936	-	26,936
Advance receipts for share capital transferred to share capital		857	( 857)	-	-	-	-	-	-	-	-	-	-
Balance at September 30, 2022		<u>\$ 698,862</u>	<u>\$ 5,717</u>	<u>\$ 2,592,802</u>	<u>\$ 940,121</u>	<u>\$ 14,895</u>	<u>\$ 1,368,771</u>	<u>\$ 23,946</u>	<u>\$ 18,352</u>	<u>( \$ 57)</u>	<u>\$ 5,663,409</u>	<u>\$ 418,399</u>	<u>\$ 6,081,808</u>
<u>Nine months ended September 30, 2023</u>													
Balance at January 1, 2023		\$ 704,579	\$ 2,334	\$ 2,626,341	\$ 940,121	\$ 14,895	\$ 1,622,165	(\$ 345)	\$ 16,362	(\$ 57)	\$ 5,926,395	\$ 502,946	\$ 6,429,341
Profit for the period		-	-	-	-	-	943,139	-	-	-	943,139	164,929	1,108,068
Other comprehensive income		-	-	-	-	-	-	39,863	16,024	-	55,887	4,847	60,734
Total comprehensive income		-	-	-	-	-	943,139	39,863	16,024	-	999,026	169,776	1,168,802
Appropriations of 2022 earnings	6(23)												
Legal reserve		-	-	-	105,020	-	( 105,020)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	( 14,895)	14,895	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	( 960,073)	-	-	-	( 960,073)	( 247,804)	( 1,207,877)
Share-based payment transactions	6(20)(22)	-	-	6,719	-	-	-	-	-	-	6,719	26	6,745
Employee stock options exercised	6(21)(22)	3,931	4,172	123,083	-	-	-	-	-	-	131,186	-	131,186
Employee restricted stock	6(20)(22)	-	-	4,300	-	-	-	-	-	-	4,300	31	4,331
Adjustments of changes in investments accounted for using equity method	6(7)	-	-	807	-	-	-	-	-	-	807	-	807
Advance receipts for share capital transferred to share capital		2,334	( 2,334)	-	-	-	-	-	-	-	-	-	-
Disposal of investments in equity instruments measured at fair value through other comprehensive income		-	-	-	-	-	( 28)	-	28	-	-	-	-
Non-controlling interests		-	-	-	-	-	-	-	-	-	-	3,250	3,250
Balance at September 30, 2023		<u>\$ 710,844</u>	<u>\$ 4,172</u>	<u>\$ 2,761,250</u>	<u>\$ 1,045,141</u>	<u>\$ -</u>	<u>\$ 1,515,078</u>	<u>\$ 39,518</u>	<u>\$ 32,414</u>	<u>( \$ 57)</u>	<u>\$ 6,108,360</u>	<u>\$ 428,225</u>	<u>\$ 6,536,585</u>

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 1,305,944	\$ 1,178,241
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(29)	256,135	235,915
Depreciation - right-of-use assets	6(9)(29)	32,953	32,948
Amortization	6(29)	49,515	53,847
Interest expense	6(28)	20,226	18,403
Interest expense - lease liability	6(9)(28)	3,592	1,468
Dividend income	6(26)	( 2,348 )	( 3,030 )
Interest income	6(25)	( 9,427 )	( 6,541 )
Salary expense - employee stock options	6(20)(30)	6,745	13,506
Salary expense - employee restricted stocks	6(20)(30)	4,331	2,654
Gain on valuation of financial assets		( 13,654 )	( 2,019 )
Loss from lease modification	6(27)	-	87
Share of profit of associates and joint ventures accounted for under equity method	6(7)	( 84,484 )	( 36,076 )
Gain on disposal of investments	6(27)	-	543
Gain on disposal of property, plant and equipment	6(27)	( 405 )	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		223,920	1,015,226
Current contract assets		( 427,839 )	( 202,350 )
Notes receivable, net		6	613
Accounts receivable, net		( 112,104 )	( 23,798 )
Accounts receivable - related parties, net		( 24,486 )	( 8,095 )
Other receivables		2,056	( 2,579 )
Other receivables - related parties		( 134 )	8,339
Inventories		5,787	( 12,566 )
Prepaid expenses		( 49,427 )	( 56,590 )
Other non-current assets		306,724	229,340
Changes in operating liabilities			
Current contract liabilities		( 115,409 )	( 42,350 )
Notes payable		93	( 7,247 )
Accounts payable		135,731	448,653
Accounts payable - related parties		59,911	( 23,441 )
Other payables		( 51,933 )	( 20,073 )
Other payables - related parties		( 925 )	( 1,235 )
Other current liabilities		( 21,792 )	13,391
Other non-current liabilities		2,619	23,825
Cash inflow generated from operations		1,501,921	2,827,923
Interest received		6,855	5,141
Dividends received		48,963	49,988
Interest paid		( 23,273 )	( 20,166 )
Income tax paid		( 288,281 )	( 304,301 )
Income tax refund		59,633	-
Net cash flows from operating activities		<u>1,305,818</u>	<u>2,558,585</u>

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ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2023	2022
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income		\$ 53	\$ 2,261
Proceeds from acquisition of non-current financial assets at fair value through other comprehensive income		-	( 50,000 )
(Increase) decrease in financial assets at amortized cost		( 327,871 )	264,615
Decrease in other receivables - related parties		-	264,000
Interest received		-	984
Increase in investments accounted for using equity method-non-subsidiaries	6(7)	-	( 135,000 )
Acquisition of property, plant and equipment	6(8)	( 183,584 )	( 166,779 )
Proceeds from disposal of property, plant and equipment		480	-
Decrease in refundable deposits		3,953	21,768
Increase in prepayment for investments (shown in other non-current assets)	6(11)	-	( 45,000 )
Increase in other non-current assets	6(33)	( 186,906 )	( 888,528 )
Net cash flows used in investing activities		( 693,875 )	( 731,679 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
(Decrease) increase in short-term loans		( 85,000 )	14,000
Increase in short-term notes payable		-	112,889
Repayment of long-term loans		( 52,920 )	( 76,484 )
Repayment of lease liabilities		( 35,814 )	( 28,985 )
Increase in deposits received (shown in other non-current liabilities)		45,730	53,809
Cash dividends paid		( 1,207,877 )	( 1,011,783 )
Employee stock options exercised		131,186	136,978
Increase in non-controlling interests		3,250	-
Net cash flows used in financing activities		( 1,201,445 )	( 799,576 )
Net (decrease) increase in cash and cash equivalents		( 589,502 )	1,027,330
Cash and cash equivalents at beginning of period		1,611,740	1,216,106
Cash and cash equivalents at end of period		<u>\$ 1,022,238</u>	<u>\$ 2,243,436</u>

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

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

1. HISTORY AND ORGANISATION

- (1) ECOVE Environment Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on December 13, 1999. The consolidated investee-Chang Ting Corporation was incorporated in December, 2005.
- (2) The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in waste management. The Company’s shares were issued through an initial public offering on December 3, 2007, and have been listed in the Taiwan OTC market since May 27, 2010.
- (3) CTCI Corporation, the Company’s ultimate parent company, holds 53.78% equity interest in the Company as of September 30, 2023.

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

These consolidated financial statements were authorized for by the Board of Directors on October 30, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 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.

(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 and will become effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

(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
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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 MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2022, 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' that came into effect 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, 2022.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs” ) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.

(d) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%)			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Environmental engineering	100.00	100.00	100.00	
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	74.999	74.999	74.999	
ECOVE Environment Service Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	0.001	0.001	0.001	
ECOVE Environment Corp.	ECOVE Environment Service Corp.	Environmental engineering	100.000	100.00	100.00	
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Environmental engineering	100.000	100.00	100.00	
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Environmental engineering	100.000	100.00	100.00	Note 3
ECOVE Environment Service Corp.	SINOGAL-Waste Services Co., Ltd.	Environmental engineering	30.000	30.00	30.00	Note 1、3
ECOVE Environment Service Corp.	ECOVE Environment Consulting Corp.	Environmental engineering	-	100.00	100.00	Note 3、5
ECOVE Environment Service Corp.	ECOVE Environment Services Gangshan Corporation	Environmental engineering	100.00	100.00	100.00	
ECOVE Environment Service Corp.	ECOVE Resource Recycling Corporation	Environmental engineering	95.00	-	-	Note 2、4
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	90.00	89.99	89.99	Note 3、6
ECOVE Environment Service Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	-	0.01	0.01	Note 3、6
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Energy sector	100.00	100.00	100.00	

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%)			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Energy sector	100.00	100.00	100.00	
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Energy sector	100.00	100.00	100.00	Note 3
ECOVE Solar Energy Corporation	G.D. International, LLC.	Energy sector	100.00	100.00	100.00	
G.D. International, LLC.	Lumberton Solar W2-090, LLC.	Energy sector	100.00	100.00	100.00	

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

Note 2: The Board of Directors of the subsidiary, ECOVE Environment Services Corp., during its meeting in January 2023, resolved to invest and establish ECOVE Resource Recycling Corporation in the amount of \$61,750.

Note 3: The financial statements of the entity as of and for the nine months ended September 30, 2023 and 2022 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 4: The financial statements of the entity as of and for the nine months ended September 30, 2023 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 5: The liquidation of the subsidiary, ECOVE Environment Consulting Corp., was completed in April 2023.

Note 6: In September 2023, the Company acquired 0.01% equity interest in ECOVE Solvent Recycling Corporation in cash from the subsidiary, ECOVE Environment Services Corp.

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, 2023, December 31, 2022 and September 30, 2022, the non-controlling interest amounted to \$428,225, \$502,946 and \$418,399, 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, 2023		December 31, 2022		September 30, 2022	
		Amount	Ownership (%)	Amount	Ownership (%)	Amount	Ownership (%)
ECOVE Miaoli Energy Corp.	Taiwan	\$248,038	25.00%	\$265,346	25.00%	\$258,497	25.00%
SINOGAL-Waste Services Co., Ltd.	Macau	165,519	70.00%	225,896	70.00%	148,600	70.00%

Summarised financial information of the subsidiaries:

Balance sheets

	ECOVE Miaoli Energy Corp.		
	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 501,779	\$ 444,202	\$ 363,318
Non-current assets	620,179	750,341	788,395
Current liabilities	( 78,260)	( 75,163)	( 58,199)
Non-current liabilities	( 51,547)	( 57,995)	( 59,528)
Total net assets	<u>\$ 992,151</u>	<u>\$ 1,061,385</u>	<u>\$ 1,033,986</u>

	SINOGAL-Waste Services Co., Ltd.		
	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 532,251	\$ 616,597	\$ 578,381
Non-current assets	11,669	11,836	12,922
Current liabilities	( 203,610)	( 209,012)	( 280,912)
Non-current liabilities	( 103,854)	( 96,713)	( 98,106)
Total net assets	<u>\$ 236,456</u>	<u>\$ 322,708</u>	<u>\$ 212,285</u>

Statements of comprehensive income

	<u>ECOVE Miaoli Energy Corp.</u>	
	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Revenue	\$ 101,866	\$ 83,788
Profit before income tax	33,476	39,509
Income tax expense	( 6,596)	( 7,901)
Profit for the period	26,880	31,608
Other comprehensive income (loss), net of tax	-	-
Total comprehensive income for the period	<u>\$ 26,880</u>	<u>\$ 31,608</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 6,721</u>	<u>\$ 7,902</u>
Dividends paid to non-controlling interest	<u>\$ 36,799</u>	<u>\$ 37,076</u>

	<u>ECOVE Miaoli Energy Corp.</u>	
	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Revenue	\$ 259,179	\$ 234,072
Profit before income tax	96,745	104,552
Income tax expense	( 18,990)	( 20,909)
Profit for the period	77,755	83,643
Other comprehensive income, net of tax	-	-
Total comprehensive income for the period	<u>\$ 77,755</u>	<u>\$ 83,643</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 19,440</u>	<u>\$ 20,911</u>
Dividends paid to non-controlling interest	<u>\$ 36,799</u>	<u>\$ 37,076</u>

	<u>SINOGAL-Waste Services Co., Ltd.</u>	
	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Revenue	\$ 181,110	\$ 205,659
Profit before income tax	42,663	63,854
Income tax expense	314	( 7,243)
Profit for the period	42,977	56,611
Other comprehensive income, net of tax	7,115	12,554
Total comprehensive income for the period	<u>\$ 50,092</u>	<u>\$ 69,165</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 35,065</u>	<u>\$ 48,416</u>



	SINO GAL-Waste Services Co., Ltd.	
	Nine months ended September 30	
	2023	2022
Revenue	\$ 612,713	\$ 621,921
Profit before income tax	179,806	196,262
Income tax benefit (expense)	25,250	( 22,296)
Profit for the period	205,056	173,966
Other comprehensive income, net of tax	6,925	26,259
Total comprehensive income for the period	\$ 211,981	\$ 200,225
Comprehensive income attributable to non-controlling interest	\$ 148,387	\$ 140,158
Dividends paid to non-controlling interest	\$ 208,763	\$ 138,149

Statements of cash flows

	ECOVE Miaoli Energy Corp.	
	Nine months ended September 30	
	2023	2022
Net cash provided by operating activities	\$ 336,512	\$ 144,680
Net cash provided by investing activities	-	29,658
Net cash used in financing activities	( 148,467)	( 149,526)
Increase in cash and cash equivalents	188,045	24,812
Cash and cash equivalents, beginning of period	50,785	71,637
Cash and cash equivalents, end of period	\$ 238,830	\$ 96,449

	SINO GAL-Waste Services Co., Ltd.	
	Nine months ended September 30	
	2023	2022
Net cash provided by operating activities	\$ 336,554	\$ 257,158
Net cash used in investing activities	( 142,242)	( 80,489)
Net cash used in financing activities	( 315,801)	( 215,724)
Decrease in cash and cash equivalents	( 121,489)	( 39,055)
Cash and cash equivalents, beginning of period	194,477	141,268
Cash and cash equivalents, end of period	\$ 72,988	\$ 102,213

(4) Pensions

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

(5) Income tax

A. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the 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, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash on hand and revolving funds	\$ 10,897	\$ 10,660	\$ 10,684
Checking accounts and demand deposits	953,524	1,211,152	790,835
Time deposits	57,817	389,928	1,441,917
Total	<u>\$ 1,022,238</u>	<u>\$ 1,611,740</u>	<u>\$ 2,243,436</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, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 1,319,134	\$ 1,520,031	\$ 102,900
Valuation adjustment	6,386	2,884	33
Total	<u>\$ 1,325,520</u>	<u>\$ 1,522,915</u>	<u>\$ 102,933</u>

A. Amounts recognized 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>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 4,574	\$ 432
	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 13,654	\$ 2,019

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, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Equity instruments			
Listed stocks	\$ 96,118	\$ 96,118	\$ 96,118
Valuation adjustment	13,189	17,496	19,486
Total	<u>\$ 109,307</u>	<u>\$ 113,614</u>	<u>\$ 115,604</u>
Non-current items:			
Equity instruments			
Unlisted stocks	\$ 50,000	\$ 50,081	\$ 50,081
Valuation adjustment	20,346	( 13)	( 13)
Total	<u>\$ 70,346</u>	<u>\$ 50,068</u>	<u>\$ 50,068</u>

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

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive loss	(\$ 18,048)	(\$ 3,656)

	Nine months ended September 30	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income (loss)	\$ 16,024	(\$ 27,593)
Cumulative losses reclassified to retained earnings due to derecognition	(\$ 28)	\$ -

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

(4) Financial assets at amortized cost

Items	September 30, 2023	December 31, 2022	September 30, 2022
Current items:			
Time deposits with original maturity over 3 months	\$ 466,204	\$ 138,333	\$ 157,293

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

B. As at September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was \$466,204, \$138,333 and \$157,293, respectively.

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

(5) Accounts receivable

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable	\$ 544,318	\$ 485,821	\$ 734,301
Long-term accounts receivable			
- due in one year	381,142	327,535	324,272
	\$ 925,460	\$ 813,356	\$ 1,058,573

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

	September 30, 2023	December 31, 2022	September 30, 2022
1 to 90 days	\$ 544,318	\$ 485,821	\$ 734,297
91 to 120 days	-	-	4
	\$ 544,318	\$ 485,821	\$ 734,301

The above ageing analysis was based on invoice date.

B. As of September 30, 2023, December 31, 2022 and September 30, 2022, accounts receivable were all from contracts with customers.

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

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

(6) Prepayments

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Prepayments for material purchases	\$ 47,013	\$ 21,280	\$ 57,418
Sub-contract costs payable	13,980	15,711	8,896
Prepaid rents	16,237	849	1,993
Prepaid insurance premiums	27,635	34,456	21,278
Others	73,772	56,914	61,564
	<u>\$ 178,637</u>	<u>\$ 129,210</u>	<u>\$ 151,149</u>

(7) Investments accounted for using the equity method

	<u>2023</u>	<u>2022</u>
At January 1	\$ 739,380	\$ 504,507
Addition of investments accounted for using the equity method	-	135,000
Share of profit or loss of investments accounted for using the equity method	84,484	36,076
Earnings distribution of investments accounted for using equity method	( 46,615)	( 46,958)
Changes in capital surplus	807	26,936
Changes in other equity items	6,185	2,652
At September 30	<u>\$ 784,241</u>	<u>\$ 658,213</u>

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Associates:			
CTCI Chemicals Corp.	\$ 83,544	\$ 77,134	\$ 71,046
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	406,894	389,333	368,432
Ever Ecove Corporation	111,318	87,733	78,777
Jing Ding Green Energy Technology Co., Ltd.	182,485	185,180	139,958
	<u>\$ 784,241</u>	<u>\$ 739,380</u>	<u>\$ 658,213</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, 2023	December 31, 2022	September 30, 2022		
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	18.47%	18.47%	18.47%	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, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 3,053,410	\$ 2,645,963	\$ 2,692,808
Non-current assets	825,080	760,710	708,506
Current liabilities	( 2,032,183)	( 1,684,537)	( 1,792,361)
Non-current liabilities	( 51,742)	( 22,674)	( 22,671)
Total net assets	<u>\$ 1,794,565</u>	<u>\$ 1,699,462</u>	<u>\$ 1,586,282</u>
Share in associate's net assets	\$ 331,389	\$ 313,828	\$ 292,927
Goodwill	75,505	75,505	75,505
Carrying amount of the associate	<u>\$ 406,894</u>	<u>\$ 389,333</u>	<u>\$ 368,432</u>

### Statement of comprehensive income

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	Three months ended September 30	
	2023	2022
Revenue	\$ 1,128,002	\$ 961,324
Profit for the period from continuing operations	61,102	76,167
Other comprehensive income (loss), net of tax	52,781	( 34,413)
Total comprehensive income	<u>\$ 113,883</u>	<u>\$ 41,754</u>

Boretech Resource Recovery Engineering Co., Ltd. (Cayman)		
Nine months ended September 30		
	2023	2022
Revenue	\$ 3,070,170	\$ 2,120,794
Profit for the period from continuing operations	218,675	103,977
Other comprehensive income, net of tax	33,496	13,256
Total comprehensive income	<u>\$ 252,171</u>	<u>\$ 117,233</u>
Dividends received from associate	<u>\$ 28,367</u>	<u>\$ -</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, 2023, December 31, 2022 and September 30, 2022, the carrying amount of the Group's individually immaterial associates amounted to \$377,347, \$350,047 and \$289,781, respectively.

Three months ended September 30		
	2023	2022
Profit for the period from continuing operations	\$ 11,172	\$ 5,328
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 11,172</u>	<u>\$ 5,328</u>

  

Nine months ended September 30		
	2023	2022
Profit for the period from continuing operations	\$ 45,297	\$ 16,089
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 45,297</u>	<u>\$ 16,089</u>

- B. In September 2020, the Board of Directors of the Company's subsidiary, ECOVE Environment Service Corp., resolved to invest an aggregate amount of \$650,000 in Jing Ding Green Energy Technology Co., Ltd. In 2022, the subsidiary invested \$180,000 in Jing Ding Green. As of September 30, 2023 and 2022, the subsidiary has invested \$186,000 and \$141,000, respectively, for a shareholding ratio of 30%.
- C. On September 1, 2022, the Company's associate, Boretech Resource Recovery Engineering Co., Ltd. (Cayman), issued new shares and the Company did not subscribe or acquire new shares proportionately, which resulted in a change in the Company's ownership percentage of the associate. Accordingly, 'Capital surplus' and 'investments accounted for using the equity method' were adjusted for the increase or decrease of its share in equity interest amounting to \$26,658, and the gain of \$543 which was previously recognized in other comprehensive income was reclassified

to profit or loss proportionately.

- D. In the third quarter of 2023 and 2022, the amount of aforementioned investments accounted for using the equity method was based on the investee's financial statements which were not reviewed by independent auditors during the same period.
- E. For the year ended December 31, 2022, Ever Ecove Corporation and Jing Ding Green Energy Technology Co., Ltd. were accounted for based on the investees' financial statements audited by other independent auditors.



(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2023</u>						
Cost	\$ 171,731	\$ 16,792	\$ 5,158,880	\$ 125,273	\$ 26,098	\$ 5,498,774
Accumulated depreciation	-	( 2,139)	( 1,091,308)	( 89,063)	( 12,866)	( 1,195,376)
	<u>\$ 171,731</u>	<u>\$ 14,653</u>	<u>\$ 4,067,572</u>	<u>\$ 36,210</u>	<u>\$ 13,232</u>	<u>\$ 4,303,398</u>
<u>Nine months ended</u>						
<u>September 30, 2023</u>						
Opening net book amount	\$ 171,731	\$ 14,653	\$ 4,067,572	\$ 36,210	\$ 13,232	\$ 4,303,398
Additions	-	566	167,379	15,228	411	183,584
Transfers	-	-	207,703	-	-	207,703
Disposals	-	-	-	-	( 75)	( 75)
Depreciation charge	-	( 521)	( 242,652)	( 9,699)	( 3,263)	( 256,135)
Net exchange differences	5,710	-	22,834	24	207	28,775
Closing net book amount	<u>\$ 177,441</u>	<u>\$ 14,698</u>	<u>\$ 4,222,836</u>	<u>\$ 41,763</u>	<u>\$ 10,512</u>	<u>\$ 4,467,250</u>
<u>At September 30, 2023</u>						
Cost	\$ 177,441	\$ 17,358	\$ 5,564,868	\$ 137,492	\$ 26,752	\$ 5,923,911
Accumulated depreciation	-	( 2,660)	( 1,342,032)	( 95,729)	( 16,240)	( 1,456,661)
	<u>\$ 177,441</u>	<u>\$ 14,698</u>	<u>\$ 4,222,836</u>	<u>\$ 41,763</u>	<u>\$ 10,512</u>	<u>\$ 4,467,250</u>

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

- 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 \$1,754 and \$604, respectively, and the interest rates for capitalisation ranged from 0.75%~1.85% and 0.75%~0.98% for the nine months ended September 30, 2023 and 2022, respectively.
- C. Transfers pertain to reclassifications from prepayments for business facilities (shown in other non-current assets).

(9) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings, machinery and equipment, and business vehicles. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise staff dormitory. For the three months and nine months ended September 30, 2023 and 2022, payments of lease commitments for short-term leases amounted to \$4,232, \$3,916, \$14,099 and \$11,047, respectively.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 79,751	\$ 87,999	\$ 91,109
Buildings	209,451	178,997	183,016
Transportation equipment	6,490	7,570	8,098
Other equipment	3,280	3,892	4,232
	<u>\$ 298,972</u>	<u>\$ 278,458</u>	<u>\$ 286,455</u>

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 3,470	\$ 3,444
Buildings	5,854	5,830
Transportation equipment	1,640	1,454
Other equipment	370	352
	<u>\$ 11,334</u>	<u>\$ 11,080</u>

	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 10,387	\$ 10,895
Buildings	16,859	16,377
Transportation equipment	4,652	4,561
Other equipment	1,055	1,115
	<u>\$ 32,953</u>	<u>\$ 32,948</u>

- D. For the three months and nine months ended September 30, 2023 and 2022, the additions to right-of-use assets were \$47,438, \$20,313, \$53,141 and \$111,505, respectively.

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

	Three months ended September 30	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 2,696	\$ 525
Expense on short-term lease contracts	4,232	3,916
Expense on leases of low-value assets	450	125
Expense on variable lease payments	21,604	21,698
Losses on lease modification	-	( 167)
	Nine months ended September 30	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 3,592	\$ 1,468
Expense on short-term lease contracts	14,099	11,047
Expense on leases of low-value assets	1,175	754
Expense on variable lease payments	53,438	38,962
Losses on lease modification	-	( 87)

F. For the nine months ended September 30, 2023 and 2022, the Group's total cash outflow for leases amounted to \$104,526 and \$79,748, respectively.

G. Variable lease payments

- (a) Some of the Group's lease contracts contain variable lease payment terms that are linked to electricity production of solar power. Various lease payments that depend on the electricity production of solar power are recognized as costs in the period in which the event or condition that triggers those payments occurs.
- (b) A 1% increase in electricity production of solar power with such variable lease contracts would increase total lease payments by approximately 1%.

(10) Intangible assets

	2023		
	<u>Franchise</u>	<u>Goodwill</u>	<u>Total</u>
At January 1, 2023			
Cost	\$ 888,190	\$ 136,153	\$ 1,024,343
Accumulated amortisation and impairment	( 69,082)	-	( 69,082)
	<u>\$ 819,108</u>	<u>\$ 136,153</u>	<u>\$ 955,261</u>
Opening net book amount as at January 1, 2023	\$ 819,108	\$ 136,153	\$ 955,261
Amortisation charge	( 44,409)	-	( 44,409)
Closing net book amount as at September 30, 2023	<u>\$ 774,699</u>	<u>\$ 136,153</u>	<u>\$ 910,852</u>
At September 30, 2023			
Cost	\$ 888,190	\$ 136,153	\$ 1,024,343
Accumulated amortisation and impairment	( 113,491)	-	( 113,491)
	<u>\$ 774,699</u>	<u>\$ 136,153</u>	<u>\$ 910,852</u>
	2022		
	<u>Franchise</u>	<u>Goodwill</u>	<u>Total</u>
At January 1, 2022			
Cost	\$ 888,190	\$ 136,153	\$ 1,024,343
Accumulated amortisation and impairment	( 9,941)	-	( 9,941)
	<u>\$ 878,249</u>	<u>\$ 136,153</u>	<u>\$ 1,014,402</u>
Opening net book amount as at January 1, 2022	\$ 878,249	\$ 136,153	\$ 1,014,402
Amortisation charge	( 44,001)	-	( 44,001)
Closing net book amount as at September 30, 2022	<u>\$ 834,248</u>	<u>\$ 136,153</u>	<u>\$ 970,401</u>
At September 30, 2022			
Cost	\$ 888,190	\$ 136,153	\$ 1,024,343
Accumulated amortisation and impairment	( 53,942)	-	( 53,942)
	<u>\$ 834,248</u>	<u>\$ 136,153</u>	<u>\$ 970,401</u>

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

	Three months ended September 30	
	2023	2022
Operating costs	\$ 14,803	\$ 15,140

  

	Nine months ended September 30	
	2023	2022
Operating costs	\$ 44,409	\$ 44,001

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

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

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

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

(11) Other non-current assets

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Long-term accounts receivable	\$ 984,071	\$ 1,229,722	\$ 1,308,343
Less: Current portion	( 381,142)	( 327,535)	( 324,272)
	602,929	902,187	984,071
Refundable deposits	31,476	35,429	43,630
Prepayments for business facilities	190,169	246,291	399,883
Restricted bank deposits	79,493	50,378	50,339
Contract fulfillment cost	31,707	39,964	42,970
Prepayments for investment	-	-	45,000
Prepayments for land purchases	475,380	475,380	475,380
Others	43,244	47,559	48,891
	<u>\$ 1,454,398</u>	<u>\$ 1,797,188</u>	<u>\$ 2,090,164</u>

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

- (a) The subsidiary, ECOVE Wujih Energy Corp., obtained the operation for the construction of Wujih Refuse Incineration Plant by build - operate - transfer (BOT) mode since April, 2000. In September, 2000, the “Waste incineration, Taichung City commission contract” between ECOVE Wujih Energy Corp. and Taichung City Government had been signed. The operating period is for 20 years starting from September 6, 2004. However, according to the contract, if it is expired in advance or extended during construction or operation, duration of the operation will be deemed to be matured or extended, but not to exceed 50 years. In order to work the “Waste Incineration Taichung City Commission Contract”, ECOVE Wujih Energy Corp. obtained the land-use right of Wujih Refuse Incineration Plant. Therefore, duration of the land-use right is from May 23, 2000 to September 6, 2024.
- (b) The subsidiary, ECOVE Miaoli Energy Corp., obtained the operation for the construction of Miaoli County Refuse Incineration Plant by build - operate - transfer (BOT) mode since August, 2002. In September, 2002, the “Waste Incineration Commission Contract” between ECOVE Miaoli Energy Corp. and Miaoli County Government had been signed. The operating period is for 20 years starting February 29, 2008. However, according to the contract, if it is expired in advance or extended during construction or operation, duration of the operation will be deemed to be matured or extended. In order to work the “Waste Incineration Miaoli County Commission Contract”, ECOVE Miaoli Energy Corp. obtained

the land-use right of Miaoli Refuse Incineration Plant. Therefore, duration of the land-use right is from September 13, 2002 to February 28, 2028.

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

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

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

C. Contract fulfillment cost refer to the initial reconstruction cost of the refuse incineration plant for the contract that the Company entered into with the owner to operate the plant on its behalf, and it is amortized over the term of the contract.

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

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>September 30, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Secured borrowings	<u>\$ 275,000</u>	1.66% ~ 1.78%	Note 1, 2
<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Secured borrowings	<u>\$ 360,000</u>	1.57% ~ 2.20%	Note 1, 2
<u>Type of borrowings</u>	<u>September 30, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Secured borrowings	<u>\$ 512,000</u>	1.32% ~ 1.445%	Note 1, 2

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, 2023, December 31, 2022 and September 30, 2022 amounting to \$350,000, \$1,200,000 and \$1,200,000, respectively.



(13) Short-term notes and bills payable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Commercial paper payable	\$ -	\$ -	\$ 153,000
Discount on commercial papers payable	-	-	( 142)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,858</u>
Interest rate	<u>-</u>	<u>-</u>	<u>1.368%~1.550%</u>

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

(14) Accounts payable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Materials payable	\$ 65,630	\$ 69,945	\$ 79,076
Sub-contract costs payable	130,208	220,023	168,561
Incinerator equipment costs payable	181,164	190,788	194,398
Maintenance costs payable	945,064	766,860	761,234
Others	141,509	80,228	89,549
	<u>\$ 1,463,575</u>	<u>\$ 1,327,844</u>	<u>\$ 1,292,818</u>

(15) Other payables

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accrued payroll	\$ 266,207	\$ 310,859	\$ 314,073
Payables on equipment	3,549	9,759	2,108
Insurance payable	14,918	15,700	13,679
Payables on employees' compensation	13,188	16,109	11,619
Other payables	86,003	94,747	69,649
	<u>\$ 383,865</u>	<u>\$ 447,174</u>	<u>\$ 411,128</u>

(16) Bonds payable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Bonds payable	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Less: Discount on bonds payable	( 6,723)	( 8,619)	( 9,258)
	<u>\$ 1,993,277</u>	<u>\$ 1,991,381</u>	<u>\$ 1,990,742</u>

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

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

B. Interest expense arising from corporate bonds for the three months and nine months ended September 30, 2023 and 2022 were \$3,664, \$3,664, \$10,971 and \$10,971, respectively.

(17) Long-term borrowings

Type of borrowings	September 30, 2023	December 31, 2022	September 30, 2022
Secured borrowings	\$ -	\$ 52,288	\$ 64,734
Less: Current portion	-	( 52,288)	( 64,734)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Facility amount	<u>\$ -</u>	<u>\$ 55,686</u>	<u>\$ 137,750</u>
Interest rate	<u>-</u>	<u>6.12986%</u>	<u>6.12986%</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, 2023, December 31, 2022 and September 30, 2022 amounting to \$600,000, \$600,000 and \$600,000, respectively.

(18) Other non-current liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Net defined benefit liability	\$ 49,653	\$ 48,490	\$ 54,609
Accrued recovery costs	315,149	312,880	285,811
Guaranteed deposits received	388,397	342,667	305,998
Deferred revenue	109,885	115,571	122,502
Others	53,871	48,998	50,139
	<u>\$ 916,955</u>	<u>\$ 868,606</u>	<u>\$ 819,059</u>

A. Accrued recovery cost

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

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

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

(19) Pensions

A. Defined benefit pension plan

- (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standard Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement next year, the Company and its domestic subsidiaries will make contributions to cover the deficit by next March.
- (b) The Group recognised pension expenses of \$1,406, \$1,361, \$4,267 and \$4,147 in the statement of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to \$5,650.

B. Defined contribution pension plan

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plans of the Group for the three months and nine months ended September 30, 2023 and 2022 were \$9,866, \$8,877, \$28,646 and \$25,386, 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, 2023 and 2022 were \$3,044, \$2,841, \$8,686 and \$8,115, respectively.

(20) Share-based payment

A. For the nine months ended September 30, 2023 and 2022, the Company's share-based payment arrangements were as follows:

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

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

(a) Sixth plan of employee stock options:

	Nine months ended September 30			
	2023		2022	
	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	263	NT\$ 133.80	748	NT\$ 140.60
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	( 2)	-	( 17)	-
Options exercised	( 172)	NT\$ 132.12	( 358)	NT\$ 135.01
Options revoked	-	-	-	-
Options outstanding at end of period	<u>89</u>	NT\$ 128.00	<u>373</u>	NT\$ 133.80
Options exercisable at end of period	<u>89</u>	NT\$ 128.00	<u>373</u>	NT\$ 133.80

(b) Seventh plan of employee stock options:

Stock options	Nine months ended September 30			
	2023		2022	
	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	819	NT\$ 173.50	1,170	NT\$ 182.3
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	( 14)	-	( 32)	-
Options exercised	( 336)	NT\$ 168.01	( 243)	NT\$ 176.67
Options revoked	-	-	-	-
Options outstanding at end of period	<u>469</u>	NT\$ 165.90	<u>895</u>	NT\$ 173.50
Options exercisable at end of period	<u>469</u>	NT\$ 165.90	<u>384</u>	NT\$ 173.50

(c) Eighth plan of employee stock options:

Stock options	Nine months ended September 30			
	2023		2022	
	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	1,098	NT\$ 175.20	1,455	NT\$ 184.01
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	( 35)	-	( 45)	-
Options exercised	( 302)	NT\$ 172.03	( 254)	NT\$ 179.91
Options revoked	-	-	-	-
Options outstanding at end of period	<u>761</u>	NT\$ 167.50	<u>1,156</u>	NT\$ 175.20
Options exercisable at end of period	<u>260</u>	NT\$ 167.50	<u>279</u>	NT\$ 175.20

- C. The weighted-average stock price of stock options at exercise dates for the nine months ended September 30, 2023 and 2022 was NT\$294.90 and NT\$245.49 (in dollars), respectively.
- D. As of September 30, 2023, December 31, 2022 and September 30, 2022, the range of exercise prices of stock options outstanding was \$128.00~\$175.20, \$133.80~\$184.10 and \$133.8~\$184.10 (in dollars), respectively; the weighted-average remaining contractual period was as follows:

Type of arrangement	September 30, 2023	December 31, 2022	September 30, 2022
Sixth plan of employee stock options	0.75 years	1.5 years	1.75 years
Seventh plan of employee stock options	1.75 years	2.5 years	2.75 years
Eighth plan of employee stock options	2.5 years	3.25 years	3.5 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	
	2023	2022
Equity-settled	\$ 1,659	\$ 3,426
	Nine months ended September 30	
	2023	2022
Equity-settled	\$ 6,745	\$ 13,506

G. On January 1, 2022, the Company's parent company, CTCI Corp., issued restricted stocks to employees, granting 5,500 units (1,000 shares per unit) to the parent company and full-time employees of the Company and its domestic subsidiaries. For the nine months ended September 30, 2023 and 2022, relative to the aforementioned plan for employee restricted stocks, the Group recognized the labour costs and corresponding capital surplus - employee restricted stocks as follows:

	Three months ended September 30	
	2023	2022
Equity-settled	\$ 1,444	\$ 885

  

	Nine months ended September 30	
	2023	2022
Equity-settled	\$ 4,331	\$ 2,654

(21) Share capital

A. As of September 30, 2023, the Company's authorised capital was \$1,200,000, consisting of 120 million shares of ordinary stock (including 6 million shares reserved for employee stock options), and the paid-in capital was \$710,844 with a par value of NT\$10 (in dollars) per share.

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

	2023	2022
At January 1	70,691,305	69,602,678
Employee stock options exercised	810,317	855,225
At September 30	71,501,622	70,457,903

B. As of September 30, 2023, December 31, 2022 and September 30, 2022, the associate of the Group held 276 thousand shares.

C. The shares of the Company held by the subsidiary, ECOVE Waste Management Corp, were the ordinary shares issued by the Company on December 31, 2020 to acquire the shares of ECOVE Environment Services Corp. from ECOVE Waste Management Corp. through the share swap. As of September 30, 2023, December 31, 2022 and September 30, 2022, the carrying amount of the shares of the Company held by ECOVE Waste Management Corp. are as follows:

	September 30, 2023	
	Number of shares	Carrying amount
ECOVE Waste Management Corp.	1,605	\$ 57

	December 31, 2022	
	Number of shares	Carrying amount
ECOVE Waste Management Corp.	1,605	\$ <u>57</u>
	September 30, 2022	
	Number of shares	Carrying amount
ECOVE Waste Management Corp.	1,605	\$ <u>57</u>

(22) Capital surplus

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

B. Changes in capital surplus are as follows:

	Share premium	Employee stock options	Employee restricted stocks	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1, 2023	\$ 2,515,472	\$ 80,514	\$ 3,697	\$ 26,658	\$ 2,626,341
Employee stock options exercised	123,083	-	-	-	123,083
Employee restricted stocks	-	-	4,300	-	4,300
Share-based payment transaction	-	6,719	-	-	6,719
Adjustments of changes in investments accounted for using equity method	-	10	240	557	807
At September 30, 2023	<u>\$ 2,638,555</u>	<u>\$ 87,243</u>	<u>\$ 8,237</u>	<u>\$ 27,215</u>	<u>\$ 2,761,250</u>



	Share premium	Employee stock options	Employee restricted stocks	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1, 2022	\$ 2,353,083	\$ 68,265	\$ -	\$ -	\$ 2,421,348
Employee stock options exercised	128,426	-	-	-	128,426
Employee restricted stocks	-	-	2,638	-	2,638
Share-based payment transaction	-	13,454	-	-	13,454
Adjustments of changes in investments accounted for using equity method	-	143	135	26,658	26,936
At September 30, 2022	<u>\$ 2,481,509</u>	<u>\$ 81,862</u>	<u>\$ 2,773</u>	<u>\$ 26,658</u>	<u>\$ 2,592,802</u>

(23) Retained earnings

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

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

The Board of Directors is authorised by the Company to resolve the distribution of dividends and

bonuses, capital reserve or legal reserve in whole or in part in the form of cash by the resolution adopted by the majority vote at its meeting attended by two-thirds of the total number of directors, and reported it to the shareholders.

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

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

D. Special reserve

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

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

E. The appropriations of 2022 and 2021 earnings had been resolved at the stockholders' meeting on May 31, 2023 and May 26, 2022, respectively. Details are summarised below:

	2022	2021
Set aside as legal reserve	\$ 105,020	\$ 91,755
Reversal of special reserve	( 14,895)	( 8,377)
Cash dividends	960,073	834,675
Total	\$ 1,050,198	\$ 918,053

F. The Company recognized dividends of \$960,073 (NT\$13.50609174 per share) and \$834,675 (NT\$11.94333923 per share) in 2022 and 2021, respectively.

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

(24) Operating revenue

	Three months ended September 30	
	2023	2022
Revenue from contracts	<u>\$ 2,073,854</u>	<u>\$ 1,901,946</u>

  

	Nine months ended September 30	
	2023	2022
Revenue from contracts	<u>\$ 5,850,126</u>	<u>\$ 5,180,612</u>

A. Disaggregation of revenue from contracts with customers

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

Three months ended September 30, 2023	Domestic	China	Macau	United States	Total
Total segment revenue	\$ 2,231,709	\$ -	\$ 220,175	\$ 8,216	\$ 2,460,100
Inter-segment revenue	( 369,477)	-	( 16,769)	-	( 386,246)
Revenue from external customer contracts	<u>\$ 1,862,232</u>	<u>\$ -</u>	<u>\$ 203,406</u>	<u>\$ 8,216</u>	<u>\$ 2,073,854</u>
Timing of revenue recognition over a period time	<u>\$ 1,862,232</u>	<u>\$ -</u>	<u>\$ 203,406</u>	<u>\$ 8,216</u>	<u>\$ 2,073,854</u>

  

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

Nine months ended					
September 30, 2023	Domestic	China	Macau	United States	Total
Total segment revenue	\$ 6,132,327	\$ -	\$ 750,913	\$ 92,672	\$ 6,975,912
Inter-segment revenue	( 1,059,087)	-	( 66,699)	-	( 1,125,786)
Revenue from external customer contracts	\$ 5,073,240	\$ -	\$ 684,214	\$ 92,672	\$ 5,850,126
Timing of revenue recognition over a period time	\$ 5,073,240	\$ -	\$ 684,214	\$ 92,672	\$ 5,850,126

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

## B. Contract assets and liabilities

### (a) Contract assets:

	September 30, 2023	December 31, 2022	September 30, 2022
Estimated accounts receivable	\$ 1,070,045	\$ 642,206	\$ 823,012

### (b) Contract liabilities:

	September 30, 2023	December 31, 2022	September 30, 2022
Receipts in advance	\$ 82,312	\$ 42,218	\$ 61,807
Construction contract	614,135	769,638	806,317
	\$ 696,447	\$ 811,856	\$ 868,124

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

	Three months ended September 30	
	2023	2022
Receipts in advance	\$ 393	\$ 27
Construction contract	59,950	49,806
	<u>\$ 60,343</u>	<u>\$ 49,833</u>

	Nine months ended September 30	
	2023	2022
Receipts in advance	\$ 28,184	\$ 22,284
Construction contract	155,503	81,873
	<u>\$ 183,687</u>	<u>\$ 104,157</u>

(25) Interest income

	Three months ended September 30	
	2023	2022
Interest income from bank deposits	\$ 2,821	\$ 2,644
Other interest income	25	144
	<u>\$ 2,846</u>	<u>\$ 2,788</u>

	Nine months ended September 30	
	2023	2022
Interest income from bank deposits	\$ 9,378	\$ 5,725
Other interest income	49	816
	<u>\$ 9,427</u>	<u>\$ 6,541</u>

(26) Other income

	Three months ended September 30	
	2023	2022
Dividend income	\$ 2,348	\$ 3,030
Income from government grants	3,518	3,376
Income from sale of scraps	1,682	3,483
Other income, others	1,373	631
	<u>\$ 8,921</u>	<u>\$ 10,520</u>

	Nine months ended September 30	
	2023	2022
Dividend income	\$ 2,348	\$ 3,030
Income from government grants	10,368	9,854
Income from sale of scraps	6,115	12,625
Other income, others	2,555	1,618
	<u>\$ 21,386</u>	<u>\$ 27,127</u>

(27) Other gains and losses

	Three months ended September 30	
	2023	2022
Gains on disposals of property, plant and equipment	\$ 480	\$ -
Gains on disposals of investments	-	543
Loss from lease modification	-	( 167)
Foreign exchange gains	31	851
Gains on financial assets at fair value through profit or loss	4,574	432
Miscellaneous disbursements	( 28)	( 74)
	<u>\$ 5,057</u>	<u>\$ 1,585</u>

	Nine months ended September 30	
	2023	2022
Gains on disposals of property, plant and equipment	\$ 405	\$ -
Gains on disposals of investments	-	543
Loss from lease modification	-	( 87)
Foreign exchange (loss) gains	( 995)	2,416
Gains on financial assets at fair value through profit or loss	13,654	2,019
Miscellaneous disbursements	( 74)	( 121)
	<u>\$ 12,990</u>	<u>\$ 4,770</u>

(28) Finance cost

	Three months ended September 30	
	2023	2022
Interest expense	\$ 2,948	\$ 2,689
Interest expense arising from corporate bonds	3,664	3,664
Interest expense arising from lease liabilities	2,696	525
Less: Capitalised interest payments	( 705)	( 63)
	<u>\$ 8,603</u>	<u>\$ 6,815</u>

	Nine months ended September 30	
	2023	2022
Interest expense	\$ 11,009	\$ 8,036
Interest expense arising from corporate bonds	10,971	10,971
Interest expense arising from lease liabilities	3,592	1,468
Less: Capitalised interest payments	( 1,754)	( 604)
	<u>\$ 23,818</u>	<u>\$ 19,871</u>

(29) Expenses by nature

	Three months ended September 30	
	2023	2022
Employee benefit expense	\$ 323,074	\$ 315,639
Depreciation charges on property, plant and equipment	88,051	79,647
Depreciation charges on right-of-use assets	11,334	11,080
Amortisation	16,518	18,801
Incinerator equipment costs	164,789	140,324
Materials	253,189	305,918
Sub-contract costs	459,994	360,211
Insurance	32,654	18,982
Other expenses	304,225	243,669
Operating costs and expenses	<u>\$ 1,653,828</u>	<u>\$ 1,494,271</u>

	Nine months ended September 30	
	2023	2022
Employee benefit expense	\$ 985,363	\$ 946,615
Depreciation charges on property, plant and equipment	256,135	235,915
Depreciation charges on right-of-use assets	32,953	32,948
Amortisation	49,515	53,847
Incinerator equipment costs	433,125	359,186
Materials	809,780	771,708
Sub-contract costs	1,270,168	931,802
Insurance	87,256	58,398
Other expenses	724,356	666,595
Operating costs and expenses	<u>\$ 4,648,651</u>	<u>\$ 4,057,014</u>

(30) Employee benefit expense

	Three months ended September 30	
	2023	2022
Salaries	\$ 271,736	\$ 261,897
Employee stock options	1,659	3,426
Employee restricted stocks	1,444	885
Labor and health insurance fees	19,692	17,599
Pension costs	14,316	13,079
Other personnel expenses	14,227	18,753
	<u>\$ 323,074</u>	<u>\$ 315,639</u>

  

	Nine months ended September 30	
	2023	2022
Salaries	\$ 826,117	\$ 794,142
Employee stock options	6,745	13,506
Employee restricted stocks	4,331	2,654
Labor and health insurance fees	60,973	53,705
Pension costs	41,599	37,648
Other personnel expenses	45,598	44,960
	<u>\$ 985,363</u>	<u>\$ 946,615</u>

- A. As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group had 1,086, 1,045 and 1,016 employees, respectively.
- B. When net profit occurs in the annual accounts, the Company may, after setting aside 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, 2023 and 2022, employees' compensation was accrued at \$92, \$107, \$275 and \$319, respectively; directors' and supervisors' remuneration was accrued at \$1,300, \$1,300, \$3,900 and \$3,900, respectively. The aforementioned amounts were recognized in salary and other expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 0.01% and 2% of distributable profit of current year for the year ended December 31, 2023. The employees' compensation and directors' and supervisors' remuneration have been resolved by the Board of Directors, which were accrued at \$367 and \$5,200, respectively. The employees' compensation will be distributed in the form of cash.



Employees' compensation and directors' and supervisors' remuneration for 2022 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2022 financial statements.

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

(31) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	Three months ended September 30	
	2023	2022
Current tax:		
Current tax on profits for the period	\$ 82,380	\$ 84,323
Prior year income tax over estimation	( 1,016)	-
Total current tax	81,364	84,323
Deferred tax:		
Origination and reversal of temporary differences	( 374)	( 1,378)
Effect of exchange rate changes	310	( 18)
Income tax expense	<u>\$ 81,300</u>	<u>\$ 82,927</u>
	Nine months ended September 30	
	2023	2022
Current tax:		
Current tax on profits for the period	\$ 262,188	\$ 268,349
Prior year income tax over estimation	( 35,885)	( 1,680)
Total current tax	226,303	266,669
Deferred tax:		
Origination and reversal of temporary differences	( 28,889)	( 29,211)
Effect of exchange rate changes	462	( 798)
Income tax expense	<u>\$ 197,876</u>	<u>\$ 236,660</u>

B. As of September 30, 2023, the income tax returns of the Company through 2021 have been assessed and approved by the Tax Authority.

(32) Earnings per share

<u>Three months ended September 30, 2023</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 332,024	71,420	\$ <u>4.65</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	458	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>332,024</u>	<u>71,878</u>	\$ <u>4.62</u>
<u>Nine months ended September 30, 2023</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 943,139	71,040	\$ <u>13.28</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	423	
Employees' compensation	-	1	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>943,139</u>	<u>71,464</u>	\$ <u>13.20</u>

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

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

(33) Supplemental cash flow information

Investing activities with partial cash payments

	Nine months ended September 30	
	2023	2022
Changes in other non-current assets	\$ 180,696	\$ 778,867
Add: Beginning balance of payable on equipment	9,759	111,769
Less: Ending balance of payable on equipment	( 3,549)	( 2,108)
Cash paid during the period	<u>\$ 186,906</u>	<u>\$ 888,528</u>

(34) Changes in liabilities from financing activities

The Group's liabilities from financing activities for the nine months ended September 30, 2023 and 2022 included short-term borrowings, short-term notes and bills payable, corporate bonds payable, long-term borrowings, lease liabilities, changes in cash flow from financing, etc. The summary amount is as follows. For the rest of the information, refer to the cash flow statement.

	<u>2023</u>	<u>2022</u>
	Liabilities from financing activities-gross	Liabilities from financing activities-gross
At January 1	\$ 2,669,799	\$ 2,840,436
Changes in cash flow from financing activities	( 173,734)	34,811
Changes in other equity items	59,611	119,545
At September 30	<u>\$ 2,555,676</u>	<u>\$ 2,994,792</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 53.78% of the Company's shares. The remaining 46.22% 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
CTCI Resources Engineering Inc.	Associate
CTCI Investment Corp.	Associate
CTCI Development Corp.	Associate
CTCI Advanced Systems Inc.	Associate
Boretch Resource Recovery Engineering Co., Ltd.	Associate
Jing Ding Green Energy Technology Co., Ltd	Associate
Bao Ding Reclaimed Water Co., Ltd.	Other related party
CTCI Education Foundation	Other related party
CTCI Foundation	Other related party
Blue Whale Water Technologies Corporation	Other related party
HDEC-CTCI (Linhai) Corporation	Other related party
East Pacific Energy and Technologies	Other related party

(3) Significant transactions and balances with related parties

A. Operating revenue

	Three months ended September 30	
	2023	2022
Operating revenue:		
Ultimate parent company	\$ 22,081	\$ 8,116
Associates	21,739	14,240
Other related party	1,051	-
	<u>\$ 44,871</u>	<u>\$ 22,356</u>
	Nine months ended September 30	
	2023	2022
Operating revenue:		
Ultimate parent company	\$ 43,763	\$ 15,813
Associates	76,731	37,350
Other related party	1,679	-
	<u>\$ 122,173</u>	<u>\$ 53,163</u>

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

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

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

B. Purchases of goods and services

	Three months ended September 30	
	2023	2022
Ultimate parent company	\$ 3,637	\$ 1,441
Associates	65,358	21,825
	<u>\$ 68,995</u>	<u>\$ 23,266</u>
	Nine months ended September 30	
	2023	2022
Ultimate parent company	\$ 13,230	\$ 4,294
Associates	217,751	117,676
	<u>\$ 230,981</u>	<u>\$ 121,970</u>

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

C. Accounts receivable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Ultimate parent company	\$ 45,026	\$ 20,724	\$ 14,443
Associates	184	-	-
	<u>\$ 45,210</u>	<u>\$ 20,724</u>	<u>\$ 14,443</u>

D. Contract assets

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Associates	<u>\$ 67,889</u>	<u>\$ 39,757</u>	<u>\$ 41,363</u>

E. Contract liabilities

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Associates	<u>\$ 51</u>	<u>\$ -</u>	<u>\$ -</u>

F. Accounts payable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Associates	\$ 61,103	\$ 6,041	\$ 6,130
Ultimate parent company	11,457	6,608	4,635
	<u>\$ 72,560</u>	<u>\$ 12,649</u>	<u>\$ 10,765</u>

G. Other receivables - related parties

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other receivables:			
Associates (Note)	<u>\$ 198</u>	<u>\$ 64</u>	<u>\$ 34</u>

Note: The above receivables arose from cash dividends, interest income and apportioned office expenses.

H. Loans to related parties

(a) Loans to related parties - Interest income

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Associates (Note)	<u>\$ -</u>	<u>\$ 144</u>
	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Associates (Note)	<u>\$ -</u>	<u>\$ 816</u>

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

(b) Loans from related parties – Outstanding balance

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
CTCI Resources Engineering Inc.	\$ 260,000	\$ 260,000	\$ -

(c) Loans from related parties – Interest expense

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Ultimate parent company (Note)	\$ -	\$ 6
Associates (Note)	1,229	-
	<u>\$ 1,229</u>	<u>\$ 6</u>

  

	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Ultimate parent company (Note)	\$ -	\$ 1,324
Associates (Note)	3,194	-
	<u>\$ 3,194</u>	<u>\$ 1,324</u>

Note: The loans from related party are repayable monthly and carry interest at 1.325%~1.8% and 0.98% per annum for the nine months ended September 30, 2023 and 2022, respectively.

I. Other income

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	<u>\$ 698</u>	<u>\$ -</u>

  

	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Ultimate parent company	\$ 2	\$ -
Associates	400	-
Other related parties	1,235	500
	<u>\$ 1,637</u>	<u>\$ 500</u>

The above other income arose from sponsorship, dividend income and directors' and supervisors' remuneration.

J. Operating expenses

	Three months ended September 30	
	2023	2022
Ultimate parent company	\$ 5,168	\$ 4,462
Associates	663	739
	<u>\$ 5,831</u>	<u>\$ 5,201</u>
	Nine months ended September 30	
	2023	2022
Ultimate parent company	\$ 9,901	\$ 12,528
Associates	1,798	2,637
	<u>\$ 11,699</u>	<u>\$ 15,165</u>

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

K. Other payables-related parties

	September 30, 2023	December 31, 2022	September 30, 2022
Ultimate parent company	\$ 7,187	\$ 8,388	\$ 6,896
Associates	637	138	1
	<u>\$ 7,824</u>	<u>\$ 8,526</u>	<u>\$ 6,897</u>

L. Leasing arrangements - lessee

(a) As of September 30, 2023, 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	\$199/year	2019.1.1~2028.12.7
Associates	Buildings and structures	\$525/year	2010.7.22~2041.12.20
Associates	Buildings and structures	\$14,927/year	2021.8.1~2031.7.31

(b) Acquisition of right-of-use assets

	Nine months ended September 30	
	2023	2022
Ultimate parent company	\$ 366	\$ 66
Associates	3,641	-
	<u>\$ 4,007</u>	<u>\$ 66</u>



(c) Lease liabilities

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Ultimate parent company	\$ 934	\$ 791	\$ 817
Associates	<u>112,834</u>	<u>120,147</u>	<u>123,686</u>
	<u>\$ 113,768</u>	<u>\$ 120,938</u>	<u>\$ 124,503</u>

(d) Interest expense on lease liabilities

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Ultimate parent company	\$ 3	\$ 1
Associates	<u>253</u>	<u>212</u>
	<u>\$ 256</u>	<u>\$ 213</u>
	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Ultimate parent company	\$ 9	\$ 4
Associates	<u>647</u>	<u>655</u>
	<u>\$ 656</u>	<u>\$ 659</u>

M. Property transactions

Prepayments for equipment (shown as other non-current assets)

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Associates	<u>\$ 3,004</u>	<u>\$ -</u>
	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Associates	<u>\$ 18,778</u>	<u>\$ -</u>

N. Endorsements and guarantees for others

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Associates	\$ 1,936,100	\$ 1,936,100	\$ 1,936,100
Other related parties	<u>293,000</u>	<u>333,000</u>	<u>333,000</u>
	<u>\$ 2,229,100</u>	<u>\$ 2,269,100</u>	<u>\$ 2,269,100</u>

(4) Key management compensation

	Three months ended September 30	
	2023	2022
Salaries and other short-term employee benefits	\$ 14,285	\$ 12,993
Post-employment benefits	353	306
Total	<u>\$ 14,638</u>	<u>\$ 13,299</u>

  

	Nine months ended September 30	
	2023	2022
Salaries and other short-term employee benefits	\$ 37,385	\$ 36,526
Post-employment benefits	1,059	1,016
Total	<u>\$ 38,444</u>	<u>\$ 37,542</u>

8. PLEDGED ASSETS

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

Assets	Book value			Purposes
	September 30, 2023	December 31, 2022	September 30, 2022	
Property, plant and equipment	\$ 553,597	\$ 582,848	\$ 667,027	Guarantee for long-term and short-term loans
Other non-current assets				
Guarantee deposits paid	31,476	35,429	43,630	Guarantee for bid, rent, performance guarantee, tender bond and staff dormitory
Restricted bank	79,493	50,378	50,339	Guarantee for bid
	<u>\$ 664,566</u>	<u>\$ 668,655</u>	<u>\$ 760,996</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

In addition to those items which have been disclosed in Note 6(11), the significant commitments and contingent liabilities of the Group as of September 30, 2023 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, 2023, the guarantee notes issued amounted to \$8,037,754.
- (2) As of September 30, 2023, for contractual guarantee, performance guarantee, waste collection and other guarantees, the subsidiaries have a performance letter of guarantee issued by the bank amounting to \$1,313,157.

(3) As of September 30, 2023, the subsidiaries had outstanding commitments for service contracts amounting to \$131,117.

(4) As of September 30, 2023, the subsidiaries had unused letters of credit for importing materials and sub-contract amounting to \$10,048.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company, during its meeting on October 30, 2023, resolved to invest and establish a project entity for “The Green Energy Sustainable Circulation Center BOT Project in Chiayi City” with the parent company, CTCI Corporation, and the subsidiary, ECOVE Environment Services Corp. The aggregate investment amount of the Company and the subsidiary, ECOVE Environment Services Corp., is expected to be \$1,770,000.

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, 2023, December 31, 2022 and September 30, 2022 were as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Total borrowings	<u>\$ 2,528,277</u>	<u>\$ 2,663,669</u>	<u>\$ 2,720,334</u>
Total equity	<u>\$ 6,536,585</u>	<u>\$ 6,429,341</u>	<u>\$ 6,081,808</u>
Gearing ratio	<u>39%</u>	<u>41%</u>	<u>45%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Financial assets</u>			
Financial assets measured at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,325,520	\$ 1,522,915	\$ 102,933
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	179,653	163,682	165,672
Financial assets at amortised cost			
Cash and cash equivalents	1,022,238	1,611,740	2,243,436
Financial assets at amortised cost	466,204	138,333	157,293
Notes receivable	-	6	54
Accounts receivable	925,460	813,356	1,058,573
Accounts receivable - related parties	45,210	20,724	14,443
Other receivables	5,444	4,928	33,332
Other receivables - related parties	198	64	34
Guarantee deposits paid	31,476	35,429	43,630
Long-term accounts receivable	602,929	902,187	984,071
Other financial assets	79,493	50,378	50,339
	<u>\$ 4,683,825</u>	<u>\$ 5,263,742</u>	<u>\$ 4,853,810</u>
	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 275,000	\$ 360,000	\$ 512,000
Short-term notes and bills payable	-	-	152,858
Notes payable	4,753	4,660	247
Accounts payable	1,463,575	1,327,844	1,292,818
Accounts payable - related parties	72,560	12,649	10,765
Other payables	383,865	447,174	411,128
Other payables - related parties	267,824	268,526	6,897
Bonds payable	1,993,277	1,991,381	1,990,742
Long-term borrowings (including current portion)	-	52,288	64,734
Guarantee deposits received	388,397	342,667	305,998
	<u>\$ 4,849,251</u>	<u>\$ 4,807,189</u>	<u>\$ 4,748,187</u>
	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Lease liability	<u>\$ 287,399</u>	<u>\$ 266,130</u>	<u>\$ 274,458</u>

B. Risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.
- iii. The Group has certain investments in foreign operations, therefore, does not hedge the risk.
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: MOP and CNY. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	September 30, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 37	32.2810	\$ 1,194
MOP : NTD	29,302	3.9990	117,179
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	5,473	3.9990	21,887

December 31, 2022			
(Foreign currency : functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 216	30.6980	\$ 6,631
MOP : NTD	27,595	3.8172	105,336
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1,232	3.8172	4,703
September 30, 2022			
(Foreign currency : functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 1,433	31.835	\$ 45,620
MOP : NTD	28,251	3.932	111,083
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1,801	3.932	7,082

- v. The unrealized exchange gain arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2023 and 2022 amounted to \$152, \$781, \$538 and \$3,135, respectively.

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

Nine months ended September 30, 2023			
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%	\$ 12	\$ -
MOP : NTD	1.00%	1,172	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1.00%	219	-
Nine months ended September 30, 2022			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1.00%	\$ 456	\$ -
MOP : NTD	1.00%	1,111	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1.00%	71	-

#### 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, 2023 and 2022, 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, 2023, December 31, 2022 and September 30, 2022, the provision matrix is as follows:

	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At September 30, 2023</u>			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	\$ 1,435,251	\$ 138,348	\$ 1,573,599
Loss allowance	\$ -	\$ -	\$ -
	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At December 31, 2022</u>			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	\$ 1,624,394	\$ 111,879	\$ 1,736,273
Loss allowance	\$ -	\$ -	\$ -
	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At September 30, 2022</u>			
Expected loss rate	0%~0.3%	0%~0.03%	
Total book value	\$ 1,921,363	\$ 135,724	\$ 2,057,087
Loss allowance	\$ -	\$ -	\$ -

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

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



(c) Liquidity risk

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

Non-derivative financial liabilities

<u>September 30, 2023</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 275,282	\$ -
Notes payable	4,753	-
Accounts payable (including related parties)	1,536,135	-
Other payables (including related parties)	651,689	-
Lease liabilities	44,655	252,394
Bonds payable	12,100	2,007,890
Other non-current liabilities	-	388,397

Non-derivative financial liabilities

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

Non-derivative financial liabilities

<u>September 30, 2022</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 512,914	\$ -
Short-term notes and bills payable	153,000	-
Notes payable	247	-
Accounts payable (including related parties)	1,303,583	-
Other payables (including related parties)	418,025	-
Lease liabilities	38,428	242,381
Bonds payable	12,100	2,032,090
Long-term borrowings (including current portion)	69,041	-
Other non-current liabilities	-	305,998

(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, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,325,520	\$ -	\$ -	\$ 1,325,520
Financial assets at fair value through other comprehensive income				
Equity securities	<u>109,307</u>	<u>-</u>	<u>70,346</u>	<u>179,653</u>
	<u>\$ 1,434,827</u>	<u>\$ -</u>	<u>\$ 70,346</u>	<u>\$ 1,505,173</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,522,915	\$ -	\$ -	\$ 1,522,915
Financial assets at fair value through other comprehensive income				
Equity securities	<u>113,614</u>	<u>-</u>	<u>50,068</u>	<u>163,682</u>
	<u>\$ 1,636,529</u>	<u>\$ -</u>	<u>\$ 50,068</u>	<u>\$ 1,686,597</u>

September 30, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 102,933	\$ -	\$ -	\$ 102,933
Financial assets at fair value through other comprehensive income				
Equity securities	<u>115,604</u>	<u>-</u>	<u>50,068</u>	<u>165,672</u>
	<u>\$ 218,537</u>	<u>\$ -</u>	<u>\$ 50,068</u>	<u>\$ 268,605</u>

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, 2023 and 2022, there were no transfers between Level 1 and Level 2.

F. Movements on Level 3 for the nine months ended September 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
	<u>Financial assets at fair value other comprehensive income</u>	<u>Financial assets at fair value other comprehensive income</u>
At January 1	\$ 50,068	\$ 543
Gain recognized in other comprehensive income Recorded as unrealized gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	20,346	1,786
Acquired during the period	-	50,000
Sold during the period	( 68)	( 2,261)
At September 30	<u>\$ 70,346</u>	<u>\$ 50,068</u>

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

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

	<u>Fair value at September 30, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 70,346	Market price method	Price to book ratio multiple, discount for lack of marketability	Median : 1.98 Average : 2.72 Liquidity discount : 30%	The higher the multiple and control premium, the higher the fair value

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 70,346	Market price method	Price to book ratio multiple, discount for lack of marketability	Median : 1.98 Average : 2.72 Liquidity discount : 30%	The higher the multiple and control premium, the higher the fair value
Unlisted shares	68	Net assets value	Not applicable	-	Not applicable
	Fair value at September 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 50,068	Net assets value	Not applicable	-	Not applicable

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Refer to table 4.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Refer to table 5.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 6.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 7.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Refer to table 8.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 10.

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

(4) Major shareholders information

Refer to table 11.

14. OPERATING SEGMENT FINANCIAL INFORMATION

(1) General information

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

(2) Information about segmental income, assets and liabilities

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

	Three months ended September 30	
	2023	2022
Revenue from external customers	\$ 2,073,854	\$ 1,901,946
Inter-segment revenue	386,246	405,270
Total segment revenue	<u>\$ 2,460,100</u>	<u>\$ 2,307,216</u>
Segment income	<u>\$ 420,026</u>	<u>\$ 407,675</u>
Depreciation	<u>\$ 99,385</u>	<u>\$ 90,727</u>
Amortisation	<u>\$ 16,518</u>	<u>\$ 18,801</u>

  

	Nine months ended September 30	
	2023	2022
Revenue from external customers	\$ 5,850,126	\$ 5,180,612
Inter-segment revenue	1,125,786	1,001,262
Total segment revenue	<u>\$ 6,975,912</u>	<u>\$ 6,181,874</u>
Segment income	<u>\$ 1,201,475</u>	<u>\$ 1,123,598</u>
Depreciation	<u>\$ 289,088</u>	<u>\$ 268,863</u>
Amortisation	<u>\$ 49,515</u>	<u>\$ 53,847</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, 2023 and 2022 is provided as follows:

	Three months ended September 30	
	2023	2022
Adjusted EBITDA for reportable segment	\$ 420,026	\$ 407,675
Financial cost, net	( 8,603)	( 6,815)
Others	39,280	35,454
Income from continuing operations before income tax	<u>\$ 450,703</u>	<u>\$ 436,314</u>

  

	Nine months ended September 30	
	2023	2022
Adjusted EBITDA for reportable segment	\$ 1,201,475	\$ 1,123,598
Financial cost, net	( 23,818)	( 19,871)
Others	128,287	74,514
Income from continuing operations before income tax	<u>\$ 1,305,944</u>	<u>\$ 1,178,241</u>



ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Loans to others

For the nine-month period ended September 30, 2023

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the nine-month period ended September 30, 2023	Balance at September 30, 2023 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Other receivables - related parties	Yes	\$ 1,715,000	\$ 1,415,000	\$ 1,415,000	1.45~1.575%	2	\$ -	For operational needs	\$ -	-	\$ -	\$ 2,443,344	\$ 2,443,344	-
0	"	ECOVE Solar Power Corporation	"	"	450,000	450,000	450,000	1.575%	"	-	"	-	"	-	2,443,344	2,443,344	-
0	"	ECOVE South Corporation Ltd.	"	"	100,000	100,000	100,000	1.575%	"	-	"	-	"	-	2,443,344	2,443,344	-
1	ECOVE Environment Services Corp.	CTCI Smart Engineering Corp.	"	"	249,000	249,000	-	-	"	-	"	-	"	-	415,915	415,915	-

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

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

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

Note 3: Fill in the maximum outstanding balance of loans to others for the nine-month period ended September 30, 2023.

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

- (1) The Business association is '1'.
- (2) The Short-term financing are numbered in order starting from '2'

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

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

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Provision of endorsements and guarantees to others  
For the nine-month period ended September 30, 2023

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2023 (Note 4)	Outstanding endorsement/ guarantees amount at September 30, 2023 (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/gu arantees by parent company to subsidiary (Note 7)	Provision of endorsements/gu arantees by subsidiary to parent company (Note 7)	Provision of endorsements/gu arantees to the party in Mainland China (Note 7)	Footnote
0	ECOVE Environment Corp.	ECOVE South Corporation Ltd.	2	\$ 12,216,720	\$ 200,000	\$ 100,000	\$ -	-	1.64%	\$ 18,325,080	Y	N	N	-
0	"	ECOVE Solar Energy Corporation	2	12,216,720	2,370,000	2,370,000	420,227	-	38.80%	18,325,080	Y	N	N	-
0	"	ECOVE Solar Power Corporation	2	12,216,720	1,210,000	1,210,000	72,351	-	19.81%	18,325,080	Y	N	N	-
0	"	ECOVE Environment Services Gangshan Corporation	2	12,216,720	900,000	900,000	250,000	-	14.73%	18,325,080	Y	N	N	-
0	"	ECOVE Solvent Recycling Corporation	2	12,216,720	160,000	160,000	15,000	-	2.62%	18,325,080	Y	N	N	-
0	"	Ever Ecove Corporation	6	12,216,720	203,000	203,000	159,000	-	3.32%	18,325,080	N	N	N	-
1	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	2	7,394,401	100,000	-	-	-	0.00%	11,091,602	N	N	N	-
2	ECOVE Solar Power Corporation	ECOVE Solar Energy Corporation	3	1,753,816	30,006	30,006	30,006	-	6.84%	2,630,723	N	N	N	-
3	ECOVE Environment Services Corp.	Jing Ding Green Energy Technology Co., Ltd.	6	4,159,155	1,733,100	1,733,100	346,920	-	166.68%	6,238,732	N	N	N	-
3	"	Bao Ding Reclaimed Water Co., Ltd.	6	4,159,155	333,000	293,000	74,700	-	28.18%	6,238,732	N	N	N	-

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

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

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

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

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

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

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

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

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

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

**ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES**

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

For the nine-month period ended September 30, 2023

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, 2023			Footnote (Note 4)	
	Type	Name			Number of shares/denominations	Book value (Note 3)	Ownership (%)		Fair value
ECOVE Environment Corp.	Common Stock	Taiwan Cement Corp.	None	Financial assets at fair value through other comprehensive income-current	584,287	\$ 16,671	-	\$ 19,281	-
				Adjustment		2,610		19,281	
"	Beneficiary certificates	SinoPac TWD Money Market Fund	"	Financial assets at fair value through profit or loss - current	3,511,779	50,056	-	50,056	-
"	Beneficiary certificates	Capital Money Market Fund	"	Financial assets at fair value through profit or loss - current	44,395,830	733,979	-	733,979	-
ECOVE Wujih Energy Corp.	Common Stock	Taiwan Cement Corp.	None	Financial assets at fair value through other comprehensive income - current	587,686	19,393	-	19,393	-
"	Beneficiary certificates	Taishin 1699 Money Market Fund	"	Financial assets at fair value through profit or loss - current	28,952,327	402,321	-	402,321	-
"	Beneficiary certificates	Capital Money Market Fund	"	Financial assets at fair value through profit or loss - current	6,049,497	100,014	-	100,014	-
ECOVE Environment Services Corp.	Common Stock	CTCI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income - current	1,028	40	-	40	-
"	"	Taiwan Cement Corp.	None	"	1,547,328	51,062	-	51,062	-
"	"	Bao Ding Reclaimed Water Co., Ltd.	"	Financial assets at fair value through other comprehensive income - non-current	5,000,000	70,346	10.00%	70,346	-
ECOVE Waste Management Corp.	Common Stock	Taiwan Cement Corp.	"	Financial assets at fair value through other comprehensive income - current	591,804	19,528	-	19,528	-
"	"	ECOVE Environment Corp.	The Company	"	1,605	510	-	510	-
Yuan Ding Resources Corp.	Beneficiary certificates	Jih Sun Money Market Fund	None	Financial assets at fair value through profit or loss - current	2,574,886	39,150	-	39,150	-

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

For the nine-month period ended September 30, 2023

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, 2023		Addition (Note 3)		Disposal (Note 3)			Balance as at September 30, 2023		
					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.	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss	-	-	39,919,485	\$ 660,131	-	\$ -	39,919,485	\$ 663,178	\$ 660,131	\$ 3,047	-	\$ -
"	Capital Money Market Fund	"	-	-	2,446,648	40,000	68,696,770	1,130,000	26,747,588	440,194	439,638	556	44,395,830	730,362
ECOVE Environment Services Corp.	Yuanta Wan Tai Money Market Fund	"	-	-	-	-	9,747,665	150,000	9,747,665	150,150	150,000	150	-	-
ECOVE Wujih Energy Corp.	Taishin 1699 Money Market Fund	"	-	-	39,166,638	538,000	34,737,951	480,000	44,952,262	621,000	618,228	2,772	28,952,327	399,772
"	Capital Money Market Fund	"	-	-	-	-	24,291,902	400,000	18,242,405	300,810	300,000	810	6,049,497	100,000
ECOVE Environment Services Gangshan Corp.	SinoPac TWD Money Market Fund	"	-	-	-	-	15,484,125	220,000	15,484,125	220,164	220,000	164	-	-
ECOVE Mioali Energy Corp.	Taishin 1699 Money Market Fund	"	-	-	14,697,836	202,000	20,111,423	278,000	34,809,260	481,831	480,000	1,831	-	-

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 NTS300 million or 20% of paid-in capital or more.

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

For the nine-month period ended September 30, 2023

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:			Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments	
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction				
ECOVE Environment Services Corp.	Land	2022/7/19	\$ 2,376,900	\$475,380	Industrial Development Bureau, Ministry of Economic Affairs	None	-	-	-	\$ -	Bid price	Acquisition of environmental land	Note 6
ECOVE Resource Recycling Corporation	Buildings and structures	2022/10/17	\$ 339,499	\$18,778	CTCI Resources Engineering Inc.	Affiliate	-	-	-	\$ -	Price negotiation by both parties	Operations	-

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

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

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

Note 4: It pertained to the price excluding tax.

Note 5: For the year ended December 31, 2023, ECOVE Environment Services Corp. and ECOVE Resource Recycling Corporation paid \$0 and \$18,778, respectively.

Note 6: If ECOVE Environment Services Corp. doesn't obtain the approval documents for waste collection and complete the land use based on the approved plan within 3 years after the approval of the environmental impact statements or the assessment reports, the completion deposits would not be refunded and shall be turned over to the industrial park development and management fund, Ministry of Economic Affairs. In addition, the Industrial Development Bureau shall repurchase the land mandatorily at the original price with no interest bearing. ECOVE Environment Services Corp. assumes the consideration for land used from the turn over completion day of the bid land to the day before the return of the land to the Industrial Development Bureau (calculated by multiplying the total area of the bid land by 12% of the present value of land).

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

For the nine-month period ended September 30, 2023

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term		Balance
ECOVE Environment Services Corp.	ECOVE Environment Services Gangshan Corporation	Affiliate	(Operating and maintaining revenue)	(\$ 429,189)	( 12% )	30 days monthly	No significant difference	\$ 38,689	14%	-
"	ECOVE Wujih Energy Corp.	"	(Operating and maintaining revenue)	( 220,084)	( 6% )	"	"	47,064	17%	-
"	ECOVE Mioali Energy Corporation	"	(Operating and maintaining revenue)	( 146,400)	( 4% )	"	"	45,346	16%	-
ECOVE Environment Services Gangshan Corporation	ECOVE Environment Services Corp.	"	Operating cost	429,189	64%	"	"	( 38,689)	( 22% )	-
ECOVE Wujih Energy Corp.	ECOVE Environment Services Corp.	"	Operating cost	220,084	59%	"	"	( 47,064)	( 67% )	-
ECOVE Mioali Energy Corporation	ECOVE Environment Services Corp.	"	Operating cost	146,400	91%	"	"	( 45,346)	( 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  
For the nine-month period ended September 30, 2023

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	A subsidiary	\$ 1,421,112	Note 3	\$ -	Note 3	\$ -	\$ -
"	ECOVE Solar Power Corporation	"	450,583	"	-	"	-	-
"	ECOVE South Corporation Ltd.	"	100,129	"	-	"	-	-

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

For the nine-month period ended September 30, 2023

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	1	Other accounts receivable	\$ 1,421,112	-	10.71%
0	"	ECOVE Solar Power Corporation	1	"	450,583	-	3.40%
0	"	ECOVE Solar Energy Corporation	1	Endorsements and guarantees	2,370,000	-	N/A
0	"	ECOVE Solar Power Corporation	1	"	1,210,000	-	N/A
0	"	ECOVE Environment Services Gangshan Corporation	1	"	900,000	-	N/A
0	"	ECOVE Solvent Recycling Corporation	1	"	160,000	-	N/A
1	ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	3	Operating revenue	64,303	30 days monthly	1.10%
2	ECOVE Environment Services Corp.	ECOVE Miaoli Energy Corp.	"	"	146,400	"	2.50%
2	"	ECOVE Wujih Energy Corp.	"	"	220,084	"	3.76%
2	"	ECOVE Environment Services Gangshan Corporation	"	"	429,189	"	7.34%
3	ECOVE Waste Management Corp.	ECOVE Solvent Recycling Corporation	"	"	71,460	"	1.22%

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)  
For the nine-month period ended September 30, 2023

Table 9

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Net profit (loss) of the investee for the nine-month period ended September 30, 2023	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2023	Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	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%	\$ 651,544	\$ 240,832	\$ 240,832	A subsidiary
ECOVE Environment Corp.	ECOVE Environment Services Corp.	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance, etc.	356,518	356,518	15,100,000	100.00%	1,051,859	381,693	380,346	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%	119,591	63,451	63,451	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%	744,100	77,755	58,315	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%	39,572	190	190	A subsidiary
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Taiwan	Energy technology services, etc.	1,512,347	1,512,347	118,338,502	100.00%	1,972,290	104,903	104,903	A subsidiary
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	86,493	86,480	8,100,000	90.00%	116,704	21,154	19,037	A subsidiary
ECOVE Environment Corp.	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	Share holding and investment	309,489	309,489	12,039,903	18.47%	406,894	218,675	39,187	An investee using equity method
ECOVE Environment Corp.	EVER ECOVE Corporation	Taiwan	Waste services, waste clean and cogeneration	80,000	80,000	8,000,000	5.00%	111,318	417,167	23,585	An investee using equity method

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Net profit (loss) of the investee for the nine-month period ended September 30, 2023	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2023	Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
ECOVE Environment Services Corp.	CTCI Chemicals Corp.	Taiwan	Industrial chemicals' wholesale manufacturing and retail.	24,851	24,851	1,910,241	26.90%	83,544	90,718	24,407	Associate
ECOVE Environment Services Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	11	11	800	0.001%	13	77,755	1	Affiliate
ECOVE Environment Services Corp.	SINO GAL-Waste Services Co., Ltd.	Macau	Management of waste recycling site and maintenance of related mechanical and equipment, etc.	4,964	4,964	-	30.00%	70,937	205,056	61,517	A subsidiary
ECOVE Environment Services Corp.	ECOVE Resource Recycling Corporation	Taiwan	Resource recycling and waste disposal industry	61,750	-	6,175,000	95.00%	58,616 (	3,299) (	3,134)	A subsidiary
ECOVE Environment Services Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	-	-	-	-	-	21,154	2	Affiliate
ECOVE Environment Services Corp.	Jing Ding Green Energy Technology Co., Ltd.	Taiwan	Wastewater sludge treatment	186,000	186,000	18,600,000	30.00%	182,475 (	8,984) (	2,695)	An investee using equity method
ECOVE Environment Services Corp.	ECOVE Environment Services Gangshan Corporation	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance, etc.	251,000	251,000	25,100,000	100.00%	282,763	25,470	25,470	A subsidiary
ECOVE Waste Management Corp.	Jing Ding Green Energy Technology Co., Ltd.	Taiwan	Wastewater sludge treatment	10	-	1,000	0.002%	10 (	8,984)	-	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%	438,454	33,212	33,212	A subsidiary
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Taiwan	Energy technology services, etc.	30,500	30,500	3,050,000	100.00%	32,083	38	38	A subsidiary
ECOVE Solar Energy Corporation	G.D International, LLC.	U.S.A.	Energy technology services, etc.	189,197	189,197	-	100.00%	511,106	24,739	24,739	A subsidiary
G.D International, LLC.	Lumberton Solar W2-090, LLC	U.S.A.	Energy technology services, etc.	189,197	189,197	-	100.00%	511,043	24,866	24,866	A subsidiary

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Information on investments in Mainland China

For the nine-month period ended September 30, 2023

Table 10

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of	Amount remitted from		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Net income of investee for the nine-month period ended September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2023	Footnote
				remittance from Taiwan to Mainland China as of January 1, 2023	Remitted to Mainland China	Remitted back to Taiwan				(loss) recognised by the Company for the nine-month period ended September 30, 2023 (Note 2)(2)B			
ECOVE Environment Consulting Corp.	Technical development, advisory and service in environmental field; environmental pollution control equipment and related parts wholesale, import and export, etc.	\$ -	1	\$ 4,147	-	3,692	\$ -	(\$ 32)	-	(\$ 32)	\$ -	\$ 45,516	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Investment amount	
		approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ECOVE Environment Corp.	\$ -	\$ -	\$ 3,665,016

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-month period ended September 30, 2023 column:

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

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

Note 4: Invested by ECOVE Environment Services Corp.

Note 5: The liquidation completed in April 2023.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Major shareholders information

For the nine-month period ended September 30, 2023

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
CTCI Corp.	38,457,105	53.78%

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