

**ECOVE ENVIRONMENT CORPORATION  
AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
MARCH 31, 2024 AND 2023**

---

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.

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 March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of material 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 (including the balance of investments accounted for using equity method) of NT\$2,060,651 thousand and NT\$1,878,417 thousand, constituting 15% and 14% of the consolidated total assets, and total liabilities of NT\$253,535 thousand and NT\$340,372 thousand, constituting 3% and 4% of the consolidated total liabilities as at March 31, 2024 and 2023, respectively,

and total comprehensive income (including share of profit (loss) of associates and joint ventures accounted for using equity method and share of other comprehensive income of associates and joint ventures accounted for using equity method) of NT\$151,870 thousand, and NT\$163,239 thousand, constituting 39% and 41% of the consolidated total comprehensive income for the three months then ended, respectively.

### ***Qualified Conclusion***

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for using equity method been reviewed by independent auditors, 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 March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three 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

May 2, 2024

-----  
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  
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Assets			March 31, 2024		December 31, 2023		March 31, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 2,539,797	19	\$ 1,663,477	13	\$ 3,364,491	24
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		-	-	1,033,535	8	150,026	1
1120	Current financial assets at fair	6(3)						
	value through other							
	comprehensive income		104,513	1	115,601	1	121,395	1
1136	Current financial assets at	6(4) and 8						
	amortised cost		737,493	5	288,496	2	41,212	-
1140	Current contract assets	6(24) and 7	954,419	7	866,155	6	782,659	6
1150	Notes receivable, net		11	-	6	-	-	-
1170	Accounts receivable, net	6(5)	1,018,465	7	942,411	7	981,573	7
1180	Accounts receivable - related	7						
	parties, net		25,964	-	11,773	-	47,756	-
1200	Other receivables		4,518	-	5,777	-	1,586	-
1210	Other receivables - related	7						
	parties		131	-	157	-	125	-
1220	Current tax assets		7,964	-	7,953	-	55,872	1
130X	Inventories		87,326	1	103,512	1	80,081	1
1410	Prepayments	6(6)	125,210	1	91,937	1	137,579	1
11XX	Total current assets		5,605,811	41	5,130,790	39	5,764,355	42
Non-current assets								
1517	Non-current financial assets at	6(3)						
	fair value through other							
	comprehensive income		127,924	1	120,624	1	70,414	-
1550	Investments accounted for	6(7)						
	using equity method		845,586	6	824,288	7	759,024	5
1600	Property, plant and equipment,	6(8) and 8						
	net		4,443,358	32	4,472,310	34	4,360,674	32
1755	Right-of-use assets	6(9)	283,952	2	289,983	2	268,744	2
1780	Intangible assets	6(10)	882,904	7	896,571	7	940,458	7
1840	Deferred income tax assets		40,320	-	39,406	-	36,196	-
1900	Other non-current assets	6(11), 7 and 8	1,518,526	11	1,309,330	10	1,617,593	12
15XX	Total non-current assets		8,142,570	59	7,952,512	61	8,053,103	58
1XXX	Total assets		\$ 13,748,381	100	\$ 13,083,302	100	\$ 13,817,458	100

(Continued)

**ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023**  
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	March 31, 2024		December 31, 2023		March 31, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	<b>Current liabilities</b>							
2100	Short-term borrowings	6(12)	\$ 331,000	2	\$ -	-	\$ 660,000	5
2110	Short-term notes and bills payable	6(13)	-	-	19,983	-	-	-
2130	Current contract liabilities	6(24) and 7	75,911	1	147,541	1	41,778	-
2150	Notes payable		10,327	-	1,643	-	1,955	-
2170	Accounts payable	6(14)	1,572,866	11	1,399,199	11	1,293,176	10
2180	Accounts payable - related parties	7	93,451	1	56,090	1	49,632	-
2200	Other payables	6(15)	761,770	6	492,201	4	734,790	5
2220	Other payables - related parties	7	571,567	4	8,878	-	811,287	6
2230	Income tax liabilities		375,345	3	299,100	2	349,999	3
2280	Current lease liabilities	7	33,972	-	39,614	-	33,928	-
2320	Long-term liabilities, current portion	6(17)	-	-	-	-	41,550	-
2399	Other current liabilities		16,115	-	9,907	-	26,360	-
21XX	<b>Total current liabilities</b>		<u>3,842,324</u>	<u>28</u>	<u>2,474,156</u>	<u>19</u>	<u>4,044,455</u>	<u>29</u>
	<b>Non-current liabilities</b>							
2527	Non-current contract liabilities	6(24)	403,227	3	495,750	4	711,552	5
2530	Bonds payable	6(16)	1,994,541	14	1,993,916	15	1,992,006	15
2570	Deferred income tax liabilities		102,950	1	107,350	1	130,047	1
2580	Non-current lease liabilities	7	237,374	2	241,038	2	220,285	2
2600	Other non-current liabilities	6(18)	959,872	7	954,441	7	860,222	6
25XX	<b>Total non-current liabilities</b>		<u>3,697,964</u>	<u>27</u>	<u>3,792,495</u>	<u>29</u>	<u>3,914,112</u>	<u>29</u>
2XXX	<b>Total liabilities</b>		<u>7,540,288</u>	<u>55</u>	<u>6,266,651</u>	<u>48</u>	<u>7,958,567</u>	<u>58</u>
	<b>Equity attributable to owners of parent</b>							
	Share capital	6(21)						
3110	Common stock		716,179	5	715,590	6	706,913	5
3140	Advance receipts for share capital		2,643	-	589	-	1,417	-
	Capital surplus	6(22)						
3200	Capital surplus		2,828,499	21	2,786,873	21	2,651,598	19
	Retained earnings	6(23)						
3310	Legal reserve		1,045,141	8	1,045,141	8	940,121	7
3320	Special reserve		-	-	-	-	14,895	-
3350	Unappropriated retained earnings		979,998	7	1,727,596	13	946,054	7
	Other equity interest							
3400	Other equity interest		66,352	-	46,943	-	38,756	-
3500	Treasury shares	6(21)	( 57)	-	( 57)	-	( 57)	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>5,638,755</u>	<u>41</u>	<u>6,322,675</u>	<u>48</u>	<u>5,299,697</u>	<u>38</u>
36XX	Non-controlling interest	4(3)	<u>569,338</u>	<u>4</u>	<u>493,976</u>	<u>4</u>	<u>559,194</u>	<u>4</u>
3XXX	<b>Total equity</b>		<u>6,208,093</u>	<u>45</u>	<u>6,816,651</u>	<u>52</u>	<u>5,858,891</u>	<u>42</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 13,748,381</u>	<u>100</u>	<u>\$ 13,083,302</u>	<u>100</u>	<u>\$ 13,817,458</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**  
**THREE MONTHS ENDED MARCH 31, 2024 AND 2023**

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

			Three months ended March 31			
			2024		2023	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(24) and 7		\$ 1,950,255	100	\$ 1,839,593	100
5000 Operating costs	6(29)(30) and 7		( 1,508,865 )	( 77 )	( 1,392,920 )	( 76 )
5900 Gross profit			441,390	23	446,673	24
Operating expenses	6(29)(30) and 7					
6200 General and administrative expenses			( 37,468 )	( 2 )	( 38,840 )	( 2 )
6000 Total operating expenses			( 37,468 )	( 2 )	( 38,840 )	( 2 )
6900 Operating profit			403,922	21	407,833	22
Non-operating income and expenses						
7100 Interest income	6(25) and 7		3,698	-	1,913	-
7010 Other income	6(26) and 7		7,817	-	6,639	1
7020 Other gains and losses	6(27)		5,696	-	5,101	-
7050 Finance costs	6(28) and 7		( 4,704 )	-	( 7,171 )	-
7060 Share of profit of associates and joint ventures accounted for using equity method	6(7)		18,952	1	15,785	1
7000 Total non-operating income and expenses			31,459	1	22,267	2
7900 Profit before income tax			435,381	22	430,100	24
7950 Income tax expense	6(31)		( 71,046 )	( 3 )	( 49,544 )	( 3 )
8200 Profit for the period			\$ 364,335	19	\$ 380,556	21
<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)		( \$ 11,088 )	( 1 )	\$ 28,127	2
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
8361 Cumulative translation differences of foreign operations			39,222	2	( 9,893 )	( 1 )
8300 Total other comprehensive income for the period			\$ 28,134	1	\$ 18,234	1
8500 Total comprehensive income for the period			\$ 392,469	20	\$ 398,790	22
Profit attributable to:						
8610 Owners of the parent			\$ 297,709	15	\$ 283,962	16
8620 Non-controlling interest			66,626	4	96,594	5
Total			\$ 364,335	19	\$ 380,556	21
Comprehensive income attributable to:						
8710 Owners of the parent			\$ 317,118	16	\$ 306,701	17
8720 Non-controlling interest			75,351	4	92,089	5
Total			\$ 392,469	20	\$ 398,790	22
Earnings per share (in dollars):						
9750 Basic earnings per share	6(32)		\$ 4.15		\$ 4.01	
9850 Diluted earnings per share			\$ 4.14		\$ 4.00	

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent										
		Capital		Retained Earnings					Other Equity Interest			Non-controlling interest
		Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total	
												Total equity
<u>Three months ended March 31, 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
Profit for the period		-	-	-	-	-	283,962	-	-	-	283,962	96,594
Other comprehensive income (loss)		-	-	-	-	-	-	( 5,388)	28,127	-	22,739	( 4,505)
Total comprehensive income (loss)		-	-	-	-	-	283,962	( 5,388)	28,127	-	306,701	92,089
Appropriation of 2022 earnings	6(23)											
Cash dividends		-	-	-	-	-	( 960,073)	-	-	-	( 960,073)	( 39,111)
Share-based payment transactions	6(20)(22)	-	-	2,776	-	-	-	-	-	-	2,776	10
Employee stock options exercised	6(21)(22)	-	1,417	20,948	-	-	-	-	-	-	22,365	-
Employee restricted stocks	6(20)(22)	-	-	1,417	-	-	-	-	-	-	1,417	10
Adjustments of changes in investments accounted for using equity method	6(7)	-	-	116	-	-	-	-	-	-	116	-
Advance receipts for share capital transferred to common stock		2,334	( 2,334)	-	-	-	-	-	-	-	-	-
Non-controlling interests		-	-	-	-	-	-	-	-	-	-	3,250
Balance at March 31, 2023		\$ 706,913	\$ 1,417	\$ 2,651,598	\$ 940,121	\$ 14,895	\$ 946,054	(\$ 5,733)	\$ 44,489	(\$ 57)	\$ 5,299,697	\$ 559,194
<u>Three months ended March 31, 2024</u>												
Balance at January 1, 2024		\$ 715,590	\$ 589	\$ 2,786,873	\$ 1,045,141	\$ -	\$ 1,727,596	(\$ 1,941)	\$ 48,884	(\$ 57)	\$ 6,322,675	\$ 493,976
Profit for the period		-	-	-	-	-	297,709	-	-	-	297,709	66,626
Other comprehensive income (loss)		-	-	-	-	-	-	30,497	( 11,088)	-	19,409	8,725
Total comprehensive income (loss)		-	-	-	-	-	297,709	30,497	( 11,088)	-	317,118	75,351
Appropriation of 2023 earnings	6(23)											
Cash dividends		-	-	-	-	-	( 1,045,307)	-	-	-	( 1,045,307)	-
Share-based payment transactions	6(20)(22)	-	-	695	-	-	-	-	-	-	695	3
Employee stock options exercised	6(21)(22)	-	2,643	39,226	-	-	-	-	-	-	41,869	-
Employee restricted stocks	6(20)(22)	-	-	1,443	-	-	-	-	-	-	1,443	8
Adjustments of changes in investments accounted for using equity method	6(7)	-	-	262	-	-	-	-	-	-	262	-
Advance receipts for share capital transferred to common stock		589	( 589)	-	-	-	-	-	-	-	-	-
Balance at March 31, 2024		\$ 716,179	\$ 2,643	\$ 2,828,499	\$ 1,045,141	\$ -	\$ 979,998	\$ 28,556	\$ 37,796	(\$ 57)	\$ 5,638,755	\$ 569,338

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

		Three months ended March 31	
	Notes	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 435,381	\$ 430,100
Adjustments			
Adjustments to reconcile profit (loss)			
Impairment loss determined in accordance with IFRS 9	12(2)	60	-
Depreciation	6(8)(29)	91,052	82,584
Depreciation - right-of-use assets	6(9)(29)	10,898	10,670
Amortization	6(29)	16,436	16,496
Interest expense	6(28)	4,017	6,729
Interest expense - lease liability	6(9)(28)	687	442
Interest income	6(25)	( 3,698 )	( 1,913 )
Salary expense - employee stock options	6(20)(30)	698	2,786
Salary expense - employee restricted stock	6(20)(30)	1,451	1,427
Gain from lease modification	6(27)	( 4 )	-
Gain on valuation of financial assets	6(2)(27)	( 5,014 )	( 4,888 )
Share of profit of associates and joint ventures accounted for under equity method	6(7)	( 18,952 )	( 15,785 )
(Gain) loss on disposal of property, plant and equipment	6(27)	( 350 )	73
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		1,052,935	1,370,971
Current contract assets	(	88,264 )	( 140,453 )
Notes receivable, net	(	5 )	6
Accounts receivable, net	(	76,114 )	( 168,217 )
Accounts receivable - related parties, net	(	14,191 )	( 27,032 )
Other receivables	(	167 )	3,130
Other receivables - related parties		26	( 61 )
Inventories		16,186	20,600
Prepaid expenses	(	33,273 )	( 8,369 )
Other non-current assets		44,696	88,497
Changes in operating liabilities			
Contract liabilities	(	164,153 )	( 58,526 )
Notes payable		8,684	( 2,705 )
Accounts payable		173,667	( 34,668 )
Accounts payable - related parties		37,361	36,983
Other payables	(	210,245 )	( 168,305 )
Other payables - related parties	(	567 )	829
Other current liabilities		6,208	( 15,988 )
Other non-current liabilities		6,150	( 6,484 )
Cash inflow generated from operations		1,291,596	1,418,929
Interest received		5,124	2,125
Interest paid	(	128 )	( 3,173 )
Income tax paid	(	904 )	( 726 )
Net cash flows from operating activities		1,295,688	1,417,155

(Continued)

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	Three months ended March 31	
		2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of non-current financial assets at fair value			
through other comprehensive income		( \$ 7,300 )	\$ -
(Increase) decrease in financial assets at amortised cost		( 448,997 )	97,121
Acquisition of property, plant and equipment	6(8)	( 31,906 )	( 32,335 )
Proceeds from disposal of property, plant and equipment		2,495	-
Decrease in refundable deposits		1,465	7,509
Acquisition of intangible assets	6(10)	( 1,185 )	-
Increase in other non-current assets	6(33)	( 275,739 )	( 36,979 )
Net cash flows (used in) from investing activities		( 761,167 )	35,316
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans		331,000	300,000
Decrease in short-term notes payable		( 19,983 )	-
Repayment of long-term loans		-	( 10,122 )
Repayment of lease liabilities		( 14,868 )	( 13,313 )
Increase (decrease) in deposits received (shown in other non-current liabilities)		3,781	( 1,900 )
Employee stock options exercised		41,869	22,365
Increase in non-controlling interests		-	3,250
Net cash flows from financing activities		341,799	300,280
Net increase in cash and cash equivalents		876,320	1,752,751
Cash and cash equivalents at beginning of period		1,663,477	1,611,740
Cash and cash equivalents at end of period		\$ 2,539,797	\$ 3,364,491

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023

(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 53.50% equity interest in the Company as of March 31, 2024.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on May 2, 2024.

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<sup>®</sup>”) Accounting Standards 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 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
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.

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

None.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards 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
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

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, 2023, 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, 2023.

## (2) Basis of preparation

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

## (3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
  - (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
  - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the 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
			March 31, 2024	December 31, 2023	March 31, 2023	
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Environmental engineering	100.00	100.00	100.00	
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	74.999	74.999	74.999	
ECOVE Environment Service Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	0.001	0.001	0.001	
ECOVE Environment Corp.	ECOVE Environment Service Corp.	Environmental engineering	100.00	100.00	100.00	
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Environmental engineering	100.00	100.00	100.00	
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Environmental engineering	100.00	100.00	100.00	Note 7
ECOVE Environment Service Corp.	SINOGAL-Waste Services Co., Ltd.	Environmental engineering	30.00	30.00	30.00	Note 1 Note 7
ECOVE Environment Service Corp.	ECOVE Environment Consulting Corp.	Environmental engineering	-	-	100.00	Note 3 Note 9
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	95.00	95.00	Note 2 Note 7
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	100.00	100.00	89.99	Note 4 Note 5 Note 7
ECOVE Environment Service Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	-	-	0.01	Note 4 Note 7
ECOVE Environment Corp.	ECOVE Chiayi Energy Corp	Environmental engineering	50.00	50.00	-	Note 6 Note 8
ECOVE Environment Service Corp.	ECOVE Chiayi Energy Corp	Environmental engineering	25.00	25.00	-	Note 6 Note 8
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Energy sector	100.00	100.00	100.00	
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Energy sector	100.00	100.00	100.00	
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Energy sector	100.00	100.00	100.00	Note 7
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 liquidation of the subsidiary, ECOVE Environment Consulting Corp., was completed in April 2023.

Note 4: In September 2023, the Company acquired 0.01% equity interest in ECOVE Solvent Recycling Corporation in cash from the subsidiary, ECOVE Environment Services Corp.

Note 5: The subsidiary, ECOVE Environment Corp., issued 57,330 ordinary shares to the shareholders of ECOVE Solvent Recycling Corp. other than itself on December 29, 2023 and acquired 10% equity interest amounting to \$12,444 in ECOVE Solvent Recycling Corp. as resolved by the Board of Directors in October 2023.

Note 6: The Board of Directors of the Company, the parent company, CTCI Corp., and the subsidiary, ECOVE Environment Service Corp., resolved to establish ECOVE Chiayi Energy Corp amounting to \$200,000 in October 2023.

Note 7: The financial statements of the entity as of and for the three months ended March 31, 2024 and 2023 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 8: The financial statements of the entity as of and for the three months ended March 31, 2024 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 9: The financial statements of the entity as of and for the three months ended March 31, 2023 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of March 31, 2024, December 31, 2023 and March 31, 2023, the non-controlling interest amounted to \$569,338, \$493,976 and \$559,194, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest					
		March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	Ownership (%)	Amount	Ownership (%)	Amount	Ownership (%)
ECOVE Miaoli Energy Corp.	Taiwan	\$ 259,942	25.00%	\$ 254,111	25.00%	\$ 271,069	25.00%
SINO GAL-Waste Services Co., Ltd.	Macau	256,283	70.00%	186,770	70.00%	272,507	70.00%

Summarised financial information of the subsidiaries:

Balance sheets

	ECOVE Miaoli Energy Corp.		
	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 630,734	\$ 573,197	\$ 508,093
Non-current assets	531,113	576,836	706,960
Current liabilities	( 74,675)	( 83,824)	( 74,708)
Non-current liabilities	( 47,404)	( 49,765)	( 56,070)
Total net assets	<u>\$ 1,039,768</u>	<u>\$ 1,016,444</u>	<u>\$ 1,084,275</u>

  

	SINO GAL-Waste Services Co., Ltd.		
	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 612,588	\$ 533,791	\$ 650,431
Non-current assets	12,102	12,324	10,797
Current liabilities	( 153,121)	( 178,935)	( 177,058)
Non-current liabilities	( 105,451)	( 100,366)	( 94,874)
Total net assets	<u>\$ 366,118</u>	<u>\$ 266,814</u>	<u>\$ 389,296</u>

### Statements of comprehensive income

	ECOVE Miaoli Energy Corp.	
	Three months ended March 31	
	2024	2023
Revenue	\$ 69,431	\$ 72,584
Profit before income tax	28,914	28,362
Income tax expense	( 5,637)	( 5,545)
Profit for the period	23,277	22,817
Total comprehensive income for the period	\$ 23,277	\$ 22,817
Comprehensive income attributable to non-controlling interest	\$ 5,819	\$ 5,704

	SINO GAL-Waste Services Co., Ltd.	
	Three months ended March 31	
	2024	2023
Revenue	\$ 225,691	\$ 257,361
Profit before income tax	86,934	104,061
Income tax (expense) benefit	( 95)	24,836
Profit for the period	86,839	128,897
Other comprehensive income (loss), net of tax	12,464	( 6,436)
Total comprehensive income for the period	\$ 99,303	\$ 122,461
Comprehensive income attributable to non-controlling interest	\$ 69,512	\$ 85,723
Dividends paid to non-controlling interest	\$ -	\$ 39,111

### Statements of cash flows

	ECOVE Miaoli Energy Corp.	
	Three months ended March 31	
	2024	2023
Net cash (used in) provided by operating activities	(\$ 8,174)	\$ 201,585
Net cash used in investing activities	( 250,000)	-
Net cash used in financing activities	-	( 869)
(Decrease) increase in cash and cash equivalents	( 258,174)	200,716
Cash and cash equivalents, beginning of period	347,165	50,785
Cash and cash equivalents, end of period	\$ 88,991	\$ 251,501

SINO GAL-Waste Services Co., Ltd.		
Three months ended March 31		
	2024	2023
Net cash provided by (used in) operating activities	\$ 4,905	(\$ 5,851)
Net cash provided by investing activities	214,070	74,817
Increase in cash and cash equivalents	218,975	68,966
Cash and cash equivalents, beginning of period	37,581	194,477
Cash and cash equivalents, end of period	\$ 256,556	\$ 263,443

(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

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand and revolving funds	\$ 10,990	\$ 10,958	\$ 10,646
Checking accounts and demand deposits	2,505,216	1,422,542	3,348,904
Time deposits	23,591	229,977	4,941
Total	\$ 2,539,797	\$ 1,663,477	\$ 3,364,491

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

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

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

Items	March 31, 2024	December 31, 2023	March 31, 2023
Current items			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ -	\$ 1,029,687	\$ 149,338
Valuation adjustment	-	3,848	688
Total	<u>\$ -</u>	<u>\$ 1,033,535</u>	<u>\$ 150,026</u>

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

	Three months ended March 31	
	2024	2023
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	<u>\$ 5,014</u>	<u>\$ 4,888</u>

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

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

Items	March 31, 2024	December 31, 2023	March 31, 2023
Current items:			
Equity instruments			
Listed stocks	\$ 96,118	\$ 96,118	\$ 96,118
Valuation adjustment	8,395	19,483	25,277
Total	<u>\$ 104,513</u>	<u>\$ 115,601</u>	<u>\$ 121,395</u>
Non-current items:			
Equity instruments			
Unlisted stocks	\$ 97,402	\$ 90,102	\$ 50,081
Valuation adjustment	30,522	30,522	20,333
Total	<u>\$ 127,924</u>	<u>\$ 120,624</u>	<u>\$ 70,414</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:

	Three months ended March 31	
	2024	2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive (loss) income	(\$ 11,088)	\$ 28,127

- 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	March 31, 2024	December 31, 2023	March 31, 2023
Current items:			
Restricted time deposits with original maturity less 3 months	\$ 30,000	\$ 30,000	\$ -
Time deposits with original maturity over 3 months	707,493	258,496	41,212
	<u>\$ 737,493</u>	<u>\$ 288,496</u>	<u>\$ 41,212</u>

- A. The Group has no financial assets at amortized cost pledged to others.
- B. As at March 31, 2024, December 31, 2023 and March 31, 2023, 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 \$737,493, \$288,496 and \$41,212, 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

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable	\$ 750,525	\$ 617,924	\$ 650,626
Long-term accounts receivable due in one year	268,046	324,533	330,947
Less: Allowance for uncollectible accounts	( 106)	( 46)	-
	<u>\$ 1,018,465</u>	<u>\$ 942,411</u>	<u>\$ 981,573</u>

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
1 to 90 days	\$ 750,525	\$ 617,924	\$ 650,620
91 to 120 days	-	-	6
	<u>\$ 750,525</u>	<u>\$ 617,924</u>	<u>\$ 650,626</u>

The above ageing analysis was based on invoice date.

B. As of March 31, 2024, December 31, 2023 and March 31, 2023, 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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Prepayments for material purchases	\$ 22,245	\$ 15,065	\$ 32,257
Sub-contract costs payable	3,990	10,527	12,071
Prepaid rents	8,055	3,482	439
Prepaid insurance premiums	41,250	11,856	33,096
Others	49,670	51,007	59,716
	<u>\$ 125,210</u>	<u>\$ 91,937</u>	<u>\$ 137,579</u>

(7) Investments accounted for using the equity method

	<u>2024</u>	<u>2023</u>
At January 1	\$ 824,288	\$ 739,380
Share of profit or loss of investments accounted for using the equity method	18,952	15,785
Changes in capital surplus	262	116
Changes in other equity items	2,084	3,743
At March 31	<u>\$ 845,586</u>	<u>\$ 759,024</u>

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Associates:			
CTCI Chemicals Corp.	\$ 97,398	\$ 88,198	\$ 85,557
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	445,139	435,934	394,222
Ever Ecove Corporation	124,144	119,455	94,117
Jing Ding Green Energy Technology Co., Ltd.	178,905	180,701	185,128
	<u>\$ 845,586</u>	<u>\$ 824,288</u>	<u>\$ 759,024</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
		March 31, 2024	December 31, 2023	March 31, 2023		
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)		
	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 3,312,047	\$ 3,022,360	\$ 2,430,266
Non-current assets	959,431	854,885	801,103
Current liabilities	( 2,156,041)	( 1,873,838)	( 1,482,874)
Non-current liabilities	( 113,768)	( 51,584)	( 22,555)
Total net assets	\$ 2,001,669	\$ 1,951,823	\$ 1,725,940
Share in associate's net assets	\$ 369,634	\$ 360,429	\$ 318,717
Goodwill	75,505	75,505	75,505
Carrying amount of the associate	\$ 445,139	\$ 435,934	\$ 394,222

### Statement of comprehensive income

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	Three months ended March 31	
	2024	2023
Revenue	\$ 981,615	\$ 523,382
Profit for the period from continuing operations	25,854	6,207
Other comprehensive income, net of tax	11,286	20,270
Total comprehensive income	\$ 37,140	\$ 26,477

- (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 March 31, 2024, December 31, 2023 and March 31, 2023, the carrying amount of the Group's individually immaterial associates amounted to \$400,447, \$388,354 and \$364,802, respectively.

	Three months ended March 31	
	2024	2023
Profit for the period from continuing operations	\$ 12,009	\$ 14,639
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 12,009</u>	<u>\$ 14,639</u>

- B. For the first quarter of 2024 and 2023, the amounts of aforementioned investment accounted for using the equity method were based on the investee's financial statements which were not reviewed by independent auditors.
- C. For the year ended December 31, 2023, 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

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Others	Total
<u>At January 1, 2024</u>						
Cost	\$ 171,667	\$ 17,358	\$ 5,644,298	\$ 142,557	\$ 28,247	\$ 6,004,127
Accumulated depreciation	-	( 2,847)	( 1,412,639)	( 99,114)	( 17,217)	( 1,531,817)
	<u>\$ 171,667</u>	<u>\$ 14,511</u>	<u>\$ 4,231,659</u>	<u>\$ 43,443</u>	<u>\$ 11,030</u>	<u>\$ 4,472,310</u>
<u>Three months ended</u>						
<u>March 31, 2024</u>						
Opening net book amount	\$ 171,667	\$ 14,511	\$ 4,231,659	\$ 43,443	\$ 11,030	\$ 4,472,310
Additions	-	-	18,978	12,280	648	31,906
Transfers	-	-	8,820	-	-	8,820
Disposals	-	-	( 2,145)	-	-	( 2,145)
Depreciation charge	-	( 187)	( 85,926)	( 3,715)	( 1,224)	( 91,052)
Net exchange differences	4,711	-	18,509	57	242	23,519
Closing net book amount	<u>\$ 176,378</u>	<u>\$ 14,324</u>	<u>\$ 4,189,895</u>	<u>\$ 52,065</u>	<u>\$ 10,696</u>	<u>\$ 4,443,358</u>
<u>At March 31, 2024</u>						
Cost	\$ 176,378	\$ 17,358	\$ 5,689,861	\$ 152,292	\$ 29,310	\$ 6,065,199
Accumulated depreciation	-	( 3,034)	( 1,499,966)	( 100,227)	( 18,614)	( 1,621,841)
	<u>\$ 176,378</u>	<u>\$ 14,324</u>	<u>\$ 4,189,895</u>	<u>\$ 52,065</u>	<u>\$ 10,696</u>	<u>\$ 4,443,358</u>

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Others	Total
<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>Three months ended</u>						
<u>March 31, 2023</u>						
Opening net book amount	\$ 171,731	\$ 14,653	\$ 4,067,572	\$ 36,210	\$ 13,232	\$ 4,303,398
Additions	-	148	30,272	1,810	105	32,335
Transfers	-	-	114,635	-	-	114,635
Disposals	-	-	-	-	( 73)	( 73)
Depreciation charge	-	( 157)	( 78,045)	( 3,308)	( 1,074)	( 82,584)
Net exchange differences	( 1,306)	-	( 5,617)	( 13)	( 101)	( 7,037)
Closing net book amount	<u>\$ 170,425</u>	<u>\$ 14,644</u>	<u>\$ 4,128,817</u>	<u>\$ 34,699</u>	<u>\$ 12,089</u>	<u>\$ 4,360,674</u>
<u>At March 31, 2023</u>						
Cost	\$ 170,425	\$ 16,940	\$ 5,295,464	\$ 127,060	\$ 25,931	\$ 5,635,820
Accumulated depreciation	-	( 2,296)	( 1,166,647)	( 92,361)	( 13,842)	( 1,275,146)
	<u>\$ 170,425</u>	<u>\$ 14,644</u>	<u>\$ 4,128,817</u>	<u>\$ 34,699</u>	<u>\$ 12,089</u>	<u>\$ 4,360,674</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 \$0 and \$309, and the interest rates for capitalisation ranged from 0% and 0.75%~1.15% for the three months ended March 31, 2024 and 2023, respectively.
- C. Transfers pertain to reclassifications from prepayments for business facilities (shown in other non-current assets).

(9) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings, machinery and equipment, and business vehicles. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise staff dormitory. On March 31, 2024 and 2023, payments of lease commitments for short-term leases amounted to \$4,189 and \$5,102, respectively.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 91,156	\$ 94,576	\$ 85,441
Buildings	182,346	186,934	173,591
Transportation equipment	7,553	5,451	6,093
Other equipment	2,897	3,022	3,619
	<u>\$ 283,952</u>	<u>\$ 289,983</u>	<u>\$ 268,744</u>

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 3,204	\$ 3,462
Buildings	5,653	5,404
Transportation equipment	1,149	1,476
Other equipment	892	328
	<u>\$ 10,898</u>	<u>\$ 10,670</u>

- D. As of March 31, 2024 and 2023, the additions to right-of-use assets were \$5,311 and \$959, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 687	\$ 442
Expense on short-term lease contracts	4,189	5,102
Expense on leases of low-value assets	280	352
Expense on variable lease payments	20,493	13,786
Gain from lease modification	4	-

F. For the three months ended March 31, 2024 and 2023, the Group's total cash outflow for leases amounted to \$39,830 and \$32,553, 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

	2024			
	Franchise	Goodwill	Computer software	Total
At January 1, 2024				
Cost	\$ 888,190	\$ 136,153	\$ 560	\$ 1,024,903
Accumulated amortisation and impairment	( 128,295)	-	( 37)	( 128,332)
	<u>\$ 759,895</u>	<u>\$ 136,153</u>	<u>\$ 523</u>	<u>\$ 896,571</u>
Opening net book amount as at January 1, 2024	\$ 759,895	\$ 136,153	\$ 523	\$ 896,571
Additions	-	-	1,185	1,185
Amortisation charge	( 14,803)	-	( 49)	( 14,852)
Closing net book amount as at March 31, 2024	<u>\$ 745,092</u>	<u>\$ 136,153</u>	<u>\$ 1,659</u>	<u>\$ 882,904</u>
At March 31, 2024				
Cost	\$ 888,190	\$ 136,153	\$ 1,745	\$ 1,026,088
Accumulated amortisation and impairment	( 143,098)	-	( 86)	( 143,184)
	<u>\$ 745,092</u>	<u>\$ 136,153</u>	<u>\$ 1,659</u>	<u>\$ 882,904</u>
2023				
	Franchise	Goodwill	Total	
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	( 14,803)	-	( 14,803)	
Closing net book amount as at March 31, 2023	<u>\$ 804,305</u>	<u>\$ 136,153</u>		<u>\$ 940,458</u>
At March 31, 2023				
Cost	\$ 888,190	\$ 136,153	\$	\$ 1,024,343
Accumulated amortisation and impairment	( 83,885)	-	( 83,885)	
	<u>\$ 804,305</u>	<u>\$ 136,153</u>		<u>\$ 940,458</u>

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

	Three months ended March 31	
	2024	2023
Operating costs	\$ 14,803	\$ 14,803

- 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

	March 31, 2024	December 31, 2023	March 31, 2023
Long-term accounts receivable	\$ 784,619	\$ 885,536	\$ 1,147,838
Less: Current portion	( 268,046)	( 324,533)	( 330,947)
	516,573	561,003	816,891
Refundable deposits	29,372	30,837	27,920
Prepayments for business facilities	188,751	117,360	164,361
Restricted bank deposits	239,609	49,559	50,412
Contract fulfillment cost	31,370	34,429	36,959
Prepayments for land purchases	475,380	475,380	475,380
Others	37,471	40,762	45,670
	<u>\$ 1,518,526</u>	<u>\$ 1,309,330</u>	<u>\$ 1,617,593</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 5, 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

Type of borrowings	March 31, 2024	Interest rate range	Collateral
Secured borrowings	\$ 331,000	1.70% ~ 1.795%	Note 1, 2
Type of borrowings	December 31, 2023	Interest rate range	Collateral
Secured borrowings	\$ -	-	-
Type of borrowings	March 31, 2023	Interest rate range	Collateral
Secured borrowings	\$ 660,000	1.80% ~ 2.20%	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 March 31, 2024, December 31, 2023 and March 31, 2023 amounting to \$200,000, \$0 and \$1,300,000, respectively.

(13) Short-term notes and bills payable

	March 31, 2024	December 31, 2023	March 31, 2023
Commercial paper payable	\$ -	\$ 20,000	\$ -
Discount on commercial papers payable	-	( 17)	-
	\$ -	\$ 19,983	\$ -
Interest rate	-	1.838%	-

The commercial paper payable listed above was guaranteed and issued by Grand Bills Finance Corporation. The commercial paper issued by the Group for guarantee amounted to \$50,000 as of December 31, 2023.

(14) Accounts payable

	March 31, 2024	December 31, 2023	March 31, 2023
Materials payable	\$ 50,520	\$ 75,718	\$ 44,022
Sub-contract costs payable	156,245	237,757	105,225
Incinerator equipment costs payable	222,685	164,825	87,645
Maintenance costs payable	996,690	796,347	840,268
Others	146,726	124,552	216,016
	\$ 1,572,866	\$ 1,399,199	\$ 1,293,176

(15) Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
Accrued payroll	\$ 183,167	\$ 347,859	\$ 167,150
Payables on equipment	1,469	6,947	5,519
Insurance payable	15,833	16,167	16,432
Payables on employees' compensation	20,645	15,164	20,483
Dividend payable	482,027	-	457,432
Other payables	58,629	106,064	67,774
	<u>\$ 761,770</u>	<u>\$ 492,201</u>	<u>\$ 734,790</u>

(16) Bonds payable

	March 31, 2024	December 31, 2023	March 31, 2023
Bonds payable	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Less: Discount on bonds payable	( 5,459)	( 6,084)	( 7,994)
	<u>\$ 1,994,541</u>	<u>\$ 1,993,916</u>	<u>\$ 1,992,006</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 ended March 31, 2024 and 2023 were \$3,650 and \$3,650, respectively.

(17) Long-term borrowings

Type of borrowings	March 31, 2024	December 31, 2023	March 31, 2023
Secured borrowings	\$ -	\$ -	\$ 41,550
Less: Current portion	-	-	( 41,550)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Facility amount	\$ -	\$ -	\$ 55,030
Interest rate	-	-	7.84986%

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 March 31, 2024, December 31, 2023 and March 31, 2023 amounting to \$0, \$0 and \$600,000, respectively.

(18) Other non-current liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Net defined benefit liability	\$ 47,757	\$ 47,465	\$ 48,860
Accrued recovery costs	324,586	327,122	311,997
Guarantee deposits received	429,822	426,041	340,767
Deferred revenue	101,780	101,030	110,556
Others	55,927	52,783	48,042
	<u>\$ 959,872</u>	<u>\$ 954,441</u>	<u>\$ 860,222</u>

A. Accrued recovery cost

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

(19) Pensions

A. Defined benefit pension plan

- (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor 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 \$1,255 and \$1,437 in the statement of comprehensive income for the three months ended March 31, 2024 and 2023, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to \$4,839.

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 ended March 31, 2024 and 2023 were \$9,900 and \$9,357, 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 ended March 31, 2024 and 2023 were \$3,134 and \$2,735, respectively.

(20) Share-based payment

- A. For the three months ended March 31, 2024 and 2023, 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:

Stock options	Three months ended March 31			
	2024		2023	
	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	77	NT\$128.00	263	NT\$133.80
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	-	-	-	-
Options exercised	( 54)	NT\$128.00	( 57)	NT\$133.80
Options revoked	-	-	-	-
Options outstanding at end of period	<u>23</u>	NT\$128.00	<u>206</u>	NT\$133.80
Options exercisable at end of period	<u>23</u>	NT\$128.00	<u>206</u>	NT\$133.80

(b) Seventh plan of employee stock options:

	Three months ended March 31			
	2024		2023	
	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	437	NT\$165.90	819	NT\$173.50
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	-	-	( 6)	-
Options exercised	( 168)	NT\$165.90	( 39)	NT\$173.50
Options revoked	-	-	-	-
Options outstanding at end of period	<u>269</u>	NT\$165.90	<u>774</u>	NT\$173.50
Options exercisable at end of period	<u>269</u>	NT\$165.90	<u>277</u>	NT\$173.50

(c) Eighth plan of employee stock options:

	Three months ended March 31			
	2024		2023	
	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	739	NT\$167.50	1,098	NT\$175.20
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	( 3)	-	( 13)	-
Options exercised	( 42)	NT\$167.50	( 45)	NT\$175.20
Options revoked	-	-	-	-
Options outstanding at end of period	<u>694</u>	NT\$167.50	<u>1,040</u>	NT\$175.20
Options exercisable at end of period	<u>200</u>	NT\$167.50	<u>180</u>	NT\$175.20

- C. The weighted-average stock price of stock options at exercise dates for the three months ended March 31, 2024 and 2023 was NT\$301.73 and NT\$263.14 (in dollars), respectively.
- D. As of March 31, 2024, December 31, 2023 and March 31, 2023, the range of exercise prices of stock options outstanding was \$128.00~\$167.50, \$128.00~\$175.20 and \$133.80~\$175.20 (in dollars), respectively; the weighted-average remaining contractual period was as follows:

Type of arrangement	March 31, 2024	December 31, 2023	March 31, 2023
Sixth plan of employee stock options	0.25 years	0.5 years	1.25 years
Seventh plan of employee stock options	1.25 years	1.5 years	2.25 years
Eighth plan of employee stock options	2 years	2.25 years	3 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 March 31	
	2024	2023
Equity-settled	\$ 698	\$ 2,786

- G. On January 1, 2023 and 2022, the Company's parent company, CTCI Corp., issued restricted stocks to employees, granting 4,150 and 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 three months ended March 31, 2024 and 2023, 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 March 31	
	2024	2023
Equity-settled	\$ 1,451	\$ 1,427

(21) Share capital

A. As of March 31, 2024, 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 \$716,179 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):

	2024	2023
At January 1	71,617,851	70,691,305
Employee stock options exercised	264,313	141,710
At March 31	71,882,164	70,833,015

B. As of March 31, 2024, December 31, 2023 and March 31, 2023, the associate of the Group held 276 thousand shares.

C. On December 29, 2023, the Company issued 57,330 shares of common shares to the shareholders of ECOVE Solvent Recycling Corporation as a consideration for acquiring 10% of common shares. The common shares issued have the same rights as other shares in issue, and the fair value of the shares issued amounted to \$17,686 (NT\$308.5 (in dollars) per share).

D. The shares of the Company held by the subsidiary, ECOVE Waste Management Corp, were the ordinary shares issued by the Company on December 31, 2020 to acquire the shares of ECOVE Environment Services Corp. from ECOVE Waste Management Corp. through the share swap. As of March 31, 2024, December 31, 2023 and March 31, 2023, the carrying amount of the shares of the Company held by ECOVE Waste Management Corp. are as follows:

	March 31, 2024	
	Number of shares	Carrying amount
ECOVE Waste Management Corp.	1,605	\$ 57
	December 31, 2023	
	Number of shares	Carrying amount
ECOVE Waste Management Corp.	1,605	\$ 57
	March 31, 2023	
	Number of shares	Carrying amount
ECOVE Waste Management Corp.	1,605	\$ 57

(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	Expired employee share options	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1, 2024	\$ 2,664,461	\$ 85,252	\$ 9,751	\$ 201	\$ 27,208	\$ 2,786,873
Employee stock options exercised	39,226	-	-	-	-	39,226
Employee restricted stocks	-	-	1,443	-	-	1,443
Share-based payment transaction	-	695	-	-	-	695
Adjustments of changes in investments accounted for using equity method	-	4	80	-	178	262
At March 31, 2024	<u>\$ 2,703,687</u>	<u>\$ 85,951</u>	<u>\$ 11,274</u>	<u>\$ 201</u>	<u>\$ 27,386</u>	<u>\$ 2,828,499</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, 2023	\$ 2,515,472	\$ 80,514	\$ 3,697		\$ 26,658	\$ 2,626,341
Employee stock options exercised	20,948	-		-	-	20,948
Employee restricted stocks	-	-		1,417	-	1,417
Share-based payment transaction	-	2,776		-	-	2,776
Adjustments of changes in investments accounted for using equity method	-	36		80	-	116
At March 31, 2023	<u>\$ 2,536,420</u>	<u>\$ 83,326</u>	<u>\$ 5,194</u>		<u>\$ 26,658</u>	<u>\$ 2,651,598</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	<u>\$ 1,050,198</u>	<u>\$ 918,053</u>

- 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. The appropriations of 2023 earnings had been proposed by the Board of Directors during its meeting on March 4, 2024.

Details are summarised below:

	2023	
	Amount	Dividends per share (in NT dollars)
Set aside as legal reserve	\$ 115,563	
Cash dividends	1,045,307	\$ 14.59
Total	<u>\$ 1,160,870</u>	

The aforementioned appropriations of 2023 earnings, aside from the cash dividends which had been resolved by the Board of Directors and should only be reported to the shareholders, the remaining appropriations have not yet been resolved by the shareholders as of May 2, 2024.

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

(24) Operating revenue

	Three months ended March 31,	
	2024	2023
Revenue from contracts	\$ 1,950,255	\$ 1,839,593

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 March 31, 2024	Domestic	Macau	United States	Total
Total segment revenue	\$ 2,017,615	\$ 269,343	\$ 50,561	\$ 2,337,519
Inter-segment revenue	( 365,253)	( 22,011)	-	( 387,264)
Revenue from external customer contracts	<u>\$ 1,652,362</u>	<u>\$ 247,332</u>	<u>\$ 50,561</u>	<u>\$ 1,950,255</u>
Timing of revenue recognition over a period time	<u>\$ 1,652,362</u>	<u>\$ 247,332</u>	<u>\$ 50,561</u>	<u>\$ 1,950,255</u>

Three months ended March 31, 2023	Domestic	Macau	United States	Total
Total segment revenue	\$ 1,849,018	\$ 321,715	\$ 60,067	\$ 2,230,800
Inter-segment revenue	( 355,757)	( 35,450)	-	( 391,207)
Revenue from external customer contracts	<u>\$ 1,493,261</u>	<u>\$ 286,265</u>	<u>\$ 60,067</u>	<u>\$ 1,839,593</u>
Timing of revenue recognition over a period time	<u>\$ 1,493,261</u>	<u>\$ 286,265</u>	<u>\$ 60,067</u>	<u>\$ 1,839,593</u>

B. Contract assets and liabilities

(a) Contract assets:

	March 31, 2024	December 31, 2023	March 31, 2023
Estimated accounts receivable	<u>\$ 954,419</u>	<u>\$ 866,155</u>	<u>\$ 782,659</u>

(b) Contract liabilities:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Receipts in advance	\$ 75,911	\$ 147,541	\$ 38,490
Construction contract	<u>403,227</u>	<u>495,750</u>	<u>714,840</u>
	<u>\$ 479,138</u>	<u>\$ 643,291</u>	<u>\$ 753,330</u>

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

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Receipts in advance	\$ 102,068	\$ 20,773
Construction contract	<u>92,523</u>	<u>54,798</u>
	<u>\$ 194,591</u>	<u>\$ 75,571</u>

(25) Interest income

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Interest income from bank deposits	\$ 3,660	\$ 1,899
Other interest income	<u>38</u>	<u>14</u>
	<u>\$ 3,698</u>	<u>\$ 1,913</u>

(26) Other income

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Income from government grants	3,491	3,408
Income from sale of scraps	2,356	2,188
Others	<u>1,970</u>	<u>1,043</u>
	<u>\$ 7,817</u>	<u>\$ 6,639</u>

(27) Other gains and losses

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Gains (losses) on disposals of property, plant and equipment	\$ 350	(\$ 73)
Gain from lease modification	4	-
Foreign exchange gains	331	290
Gains on financial assets at fair value through profit or loss	5,014	4,888
Miscellaneous disbursements	( 3)	( 4)
	<u>\$ 5,696</u>	<u>\$ 5,101</u>

(28) Finance cost

	Three months ended March 31	
	2024	2023
Interest expense	\$ 367	\$ 3,388
Interest expense arising from corporate bonds	3,650	3,650
Interest expense arising from lease liabilities	687	442
Less: Capitalised interest payments	-	(309)
	<u>\$ 4,704</u>	<u>\$ 7,171</u>

(29) Expenses by nature

	Three months ended March 31	
	2024	2023
Employee benefit expense	\$ 352,202	\$ 335,879
Depreciation charges on property, plant and equipment	91,052	82,584
Depreciation charges on right-of-use assets	10,898	10,670
Amortisation	16,436	16,496
Incinerator equipment costs	149,026	127,207
Materials	295,266	285,253
Sub-contract costs	333,136	313,487
Insurance	27,510	21,980
Other expenses	270,806	238,204
Operating costs and expenses	<u>\$ 1,546,332</u>	<u>\$ 1,431,760</u>

(30) Employee benefit expense

	Three months ended March 31	
	2024	2023
Salaries	\$ 295,581	\$ 281,741
Employee stock options	698	2,786
Employee restricted stocks	1,451	1,427
Labor and health insurance fees	23,851	22,083
Pension costs	14,289	13,529
Other personnel expenses	16,332	14,313
	<u>\$ 352,202</u>	<u>\$ 335,879</u>

A. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group had 1,109, 1,086 and 1,046 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 ended March 31, 2024 and 2023, employees' compensation was accrued at \$33 and \$91, respectively; directors' and supervisors' remuneration was accrued at \$1,300 and \$1,300, 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, respectively. The employees' compensation and directors' and supervisors' remuneration have been resolved by the Board of Directors, which were accrued at \$287 and \$5,200, respectively. The employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2023 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2023 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 March 31	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 76,660	\$ 79,337
Prior year income tax over estimation	-	( 24,833)
Total current tax	76,660	54,504
Deferred tax:		
Origination and reversal of temporary differences	( 5,314)	( 4,976)
Effect of exchange rate changes	( 300)	16
Income tax expense	<u>\$ 71,046</u>	<u>\$ 49,544</u>

E. As of March 31, 2024, the income tax returns of the Company through 2021 have been assessed and approved by the Tax Authority.

(32) Earnings per share

Three months ended March 31, 2024			
	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	\$ 297,709	71,748	\$ <u>4.15</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	225	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>297,709</u>	<u>71,973</u>	\$ <u>4.14</u>
Three months ended March 31, 2023			
	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	\$ 283,962	70,778	\$ <u>4.01</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	256	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>283,962</u>	<u>71,034</u>	\$ <u>4.00</u>

(33) Supplemental cash flow information

Investing activities with partial cash payments

	Three months ended March 31	
	2024	2023
Changes in other non-current assets	\$ 270,261	\$ 32,739
Add: Beginning balance of payable on equipment	6,947	9,759
Less: Ending balance of payable on equipment	( 1,469)	( 5,519)
Cash paid during the period	<u>\$ 275,739</u>	<u>\$ 36,979</u>

(34) Changes in liabilities from financing activities

The Group's liabilities from financing activities for the three months ended March 31, 2024 and 2023 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.

	2024	2023
	Liabilities from financing activities-gross	Liabilities from financing activities-gross
At January 1	\$ 2,294,551	\$ 2,669,799
Changes in cash flow from financing activities	296,149	276,565
Changes in other equity items	6,187	1,405
At March 31	<u>\$ 2,596,887</u>	<u>\$ 2,947,769</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 53.50% of the Company's shares. The remaining 46.50% of the shares are widely held by the public.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
CTCI Corp.	Ultimate parent company
CTCI Chemical Corp.	Associate
CTCI Machinery Corp.	Associate
Ever Ecove Corporation	Associate
CTCI Resources Engineering Inc.	Associate
CTCI Investment Corp.	Associate
CTCI Development Corp.	Associate
CTCI Advanced Systems Inc.	Associate
CTCI Education Foundation	Other related party
Blue Whale Water Technologies Corporation	Other related party
HDEC-CTCI (Linhai) Corporation	Other related party

(3) Significant transactions and balances with related parties

A. Operating revenue

	Three months ended March 31	
	2024	2023
Operating revenue:		
Ultimate parent company	\$ 15,749	\$ 8,593
Associates	42,066	24,071
Other related party	484	628
	<u>\$ 58,299</u>	<u>\$ 33,292</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 March 31	
	2024	2023
Ultimate parent company	\$ 10,816	\$ 2,361
Associates	73,291	83,233
	<u>\$ 84,107</u>	<u>\$ 85,594</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

	March 31, 2024	December 31, 2023	March 31, 2023
Ultimate parent company	\$ 17,404	\$ 10,768	\$ 29,087
Associates	8,389	68	18,669
Other related party	171	937	-
	<u>\$ 25,964</u>	<u>\$ 11,773</u>	<u>\$ 47,756</u>

D. Contract assets

	March 31, 2024	December 31, 2023	March 31, 2023
Associates	<u>\$ 39,589</u>	<u>\$ 19,588</u>	<u>\$ 36,361</u>

E. Contract liabilities

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Associates	<u>\$ 52</u>	<u>\$ 52</u>	<u>\$ -</u>

F. Accounts payable

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Associates	\$ 77,191	\$ 42,528	\$ 41,540
Ultimate parent company	<u>16,260</u>	<u>13,562</u>	<u>8,092</u>
	<u>\$ 93,451</u>	<u>\$ 56,090</u>	<u>\$ 49,632</u>

G. Other receivables - related parties

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Other receivables:			
Associates (Note)	<u>\$ 131</u>	<u>\$ 157</u>	<u>\$ 125</u>

Note: The above receivables arose from apportioned office expenses.

H. Loans to related parties

(a) Loans from related parties – Outstanding balance

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
CTCI Resources Engineering Inc.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,000</u>

(b) Loans from related parties – Interest expense

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Ultimate parent company (Note)	<u>\$ -</u>	<u>\$ 889</u>

Note: The loans from related party are repayable monthly and carry interest at 1.325%~1.450% per annum for the three months ended March 31, 2023.

I. Other income

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Associates	\$ 750	\$ -
Other related parties	<u>500</u>	<u>500</u>
	<u>\$ 1,250</u>	<u>\$ 500</u>

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

J. Operating expenses

	Three months ended March 31	
	2024	2023
Ultimate parent company	\$ 2,659	\$ 3,424
Associates	430	516
	<u>\$ 3,089</u>	<u>\$ 3,940</u>

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

K. Other payables-related parties

(a) Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
Ultimate parent company	\$ 8,311	\$ 8,865	\$ 9,221
Associates	-	13	314
	<u>\$ 8,311</u>	<u>\$ 8,878</u>	<u>\$ 9,535</u>

(b) Dividends payable

	March 31, 2024	December 31, 2023	March 31, 2023
Ultimate parent company	\$ 559,241	\$ -	\$ 538,010
Associates	4,015	-	3,742
	<u>\$ 563,256</u>	<u>\$ -</u>	<u>\$ 541,752</u>

L. Leasing arrangements - lessee

(a) As of March 31, 2024, 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	\$73/year	2019.1.1~2028.12.7
Associates	Buildings and structures	\$285/year	2010.7.22~2029.7.21
Associates	Buildings and structures	\$14,927/year	2021.8.1~2031.7.31

(b) Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Ultimate parent company	\$ 596	\$ 646	\$ 727
Associates	101,948	105,698	116,518
	<u>\$ 102,544</u>	<u>\$ 106,344</u>	<u>\$ 117,245</u>

(c) Interest expense on lease liabilities

	Three months ended March 31	
	2024	2023
Ultimate parent company	\$ 1	\$ 1
Associates	175	200
	<u>\$ 176</u>	<u>\$ 201</u>

M. Endorsements and guarantees for others

	March 31, 2024	December 31, 2023	March 31, 2023
Associates	\$ 1,925,600	\$ 1,925,600	\$ 1,936,100
Other related parties	293,000	293,000	293,000
	<u>\$ 2,218,600</u>	<u>\$ 2,218,600</u>	<u>\$ 2,229,100</u>

(4) Key management compensation

	Three months ended March 31	
	2024	2023
Salaries and other short-term employee benefits	\$ 12,509	\$ 11,342
Post-employment benefits	314	353
Total	<u>\$ 12,823</u>	<u>\$ 11,695</u>

8. PLEDGED ASSETS

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

Assets	Book value			Purposes
	March 31, 2024	December 31, 2023	March 31, 2023	
Current financial assets at amortised cost	\$ 30,000	\$ 30,000	\$ -	Guarantee for bid
Property, plant and equipment	533,958	543,778	573,032	Guarantee for long-term and short-term loans
Other non-current assets				
Guarantee deposits paid	29,372	30,837	27,920	Guarantee for bid, rent, performance guarantee, tender bond and staff dormitory
Restricted bank	239,609	49,559	50,412	Guarantee for bid
	<u>\$ 832,939</u>	<u>\$ 654,174</u>	<u>\$ 651,364</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 March 31, 2024 are as follows:

- (1) The Group 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 March 31, 2024, the guarantee notes issued amounted to \$8,745,078.
- (2) As of March 31, 2024, for contractual guarantee, performance guarantee, waste collection and other guarantees, the Group has a performance letter of guarantee issued by the bank amounting to \$1,391,366.
- (3) As of March 31, 2024, the Group had outstanding commitments for service contracts amounting to \$2,335,567.

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

## 12. OTHERS

### (1) Capital risk management

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

The gearing ratios at March 31, 2024, December 31, 2023 and March 31, 2023 were as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Total borrowings	<u>\$ 2,325,541</u>	<u>\$ 2,013,899</u>	<u>\$ 2,953,556</u>
Total equity	<u>\$ 6,208,093</u>	<u>\$ 6,816,651</u>	<u>\$ 5,858,891</u>
Gearing ratio	<u>37%</u>	<u>30%</u>	<u>50%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</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	\$ -	\$ 1,033,535	\$ 150,026
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	232,437	236,225	191,809
Financial assets at amortised cost			
Cash and cash equivalents	2,539,797	1,663,477	3,364,491
Financial assets at amortised cost	737,493	288,496	41,212
Notes receivable	11	6	-
Accounts receivable	1,018,465	942,411	981,573
Accounts receivable - related parties	25,964	11,773	47,756
Other receivables	4,518	5,777	1,586
Other receivables - related parties	131	157	125
Guarantee deposits paid	29,372	30,837	27,920
Long-term accounts receivable	516,573	561,003	816,891
Other financial assets	239,609	49,559	50,412
	<u>\$ 5,344,370</u>	<u>\$ 4,823,256</u>	<u>\$ 5,673,801</u>
	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 331,000	\$ -	\$ 660,000
Short-term notes and bills payable	-	19,983	-
Notes payable	10,327	1,643	1,955
Accounts payable	1,572,866	1,399,199	1,293,176
Accounts payable - related parties	93,451	56,090	49,632
Other payables	761,770	492,201	734,790
Other payables - related parties	571,567	8,878	811,287
Bonds payable	1,994,541	1,993,916	1,992,006
Long-term borrowings (including current portion)	-	-	41,550
Guarantee deposits received	429,822	426,041	340,767
	<u>\$ 5,765,344</u>	<u>\$ 4,397,951</u>	<u>\$ 5,925,163</u>
Lease liability	<u>\$ 271,346</u>	<u>\$ 280,652</u>	<u>\$ 254,213</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 MOP. 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:

March 31, 2024			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 315	31.9860	\$ 10,076
MOP : NTD	17,107	3.9637	67,807
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	\$ 1,019	3.9637	\$ 4,039

December 31, 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	\$ 392	30.6800	\$ 12,027
MOP : NTD	29,423	3.8066	112,002
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	\$ 7,327	3.8066	\$ 27,891
March 31, 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	\$ 146	30.3360	\$ 4,429
JPY : NTD	36,358	0.2321	8,439
MOP : NTD	38,037	3.7465	142,506
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	\$ 1,900	3.7465	\$ 7,118

- v. The unrealized exchange gain arising from significant foreign exchange variation on the monetary items held by the Group for three months ended March 31, 2024 and 2023 amounted to \$819 and \$47, respectively.

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

Three months ended March 31, 2024				
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%	\$ 101	\$	-
MOP : NTD	1.00%	678		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
MOP : NTD	1.00%	40		-
Three months ended March 31, 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%	\$ 44	\$	-
JPY : NTD	1.00%	84		-
MOP : NTD	1.00%	1,425		-
<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 three months ended March 31, 2024 and 2023, 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 March 31, 2024, December 31, 2023 and March 31, 2023, the provision matrix is as follows:

	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At March 31, 2024</u>			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	\$ 1,391,721	\$ 169,398	\$ 1,561,119
Loss allowance	\$ -	(\$ 106)	(\$ 106)
	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At December 31, 2023</u>			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	\$ 1,400,268	\$ 114,971	\$ 1,515,239
Loss allowance	\$ -	(\$ 46)	(\$ 46)
	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At March 31, 2023</u>			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	\$ 1,708,400	\$ 137,820	\$ 1,846,220
Loss allowance	\$ -	\$ -	\$ -

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

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

Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2024	2023
	Accounts receivable	Accounts receivable
At January 1	\$ 46	\$ -
Provision for impairment	60	-
At March 31	\$ 106	\$ -

(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>March 31, 2024</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 331,551	\$ -
Notes payable	10,327	-
Accounts payable		
(including related parties)	1,666,317	-
Other payables		
(including related parties)	1,333,337	-
Lease liabilities	37,591	252,392
Bonds payable	12,100	2,001,856
Other non-current liabilities	-	429,822

Non-derivative financial liabilities

<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term notes and bills payable	\$ 19,983	\$ -
Notes payable	1,643	-
Accounts payable (including related parties)	1,455,289	-
Other payables (including related parties)	501,079	-
Lease liabilities	42,866	255,267
Bonds payable	12,100	2,004,840
Other non-current liabilities	-	426,041

Non-derivative financial liabilities

<u>March 31, 2023</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 664,004	\$ -
Notes payable	1,955	-
Accounts payable (including related parties)	1,342,808	-
Other payables (including related parties)	1,548,565	-
Lease liabilities	35,962	228,659
Bonds payable	12,100	2,013,956
Long-term borrowings (including current portion)	42,846	-
Other non-current liabilities	-	340,767

(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:

March 31, 2024	<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 other comprehensive income				
Equity securities	\$ <u>104,513</u>	\$ <u>-</u>	\$ <u>127,924</u>	\$ <u>232,437</u>
December 31, 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	\$ 1,033,535	\$ -	\$ -	\$ 1,033,535
Financial assets at fair value through other comprehensive income				
Equity securities	<u>115,601</u>	<u>-</u>	<u>120,624</u>	<u>236,225</u>
	\$ <u>1,149,136</u>	\$ <u>-</u>	\$ <u>120,624</u>	\$ <u>1,269,760</u>
March 31, 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	\$ 150,026	\$ -	\$ -	\$ 150,026
Financial assets at fair value through other comprehensive income				
Equity securities	<u>121,395</u>	<u>-</u>	<u>70,414</u>	<u>191,809</u>
	\$ <u>271,421</u>	\$ <u>-</u>	\$ <u>70,414</u>	\$ <u>341,835</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 three months ended March 31, 2024 and 2023, there were no transfers between Level 1 and Level 2.
- F. Movements on Level 3 for the three months ended March 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
	Financial assets at fair value through other comprehensive income	Financial assets at fair value through other comprehensive income
At January 1	\$ 120,624	\$ 50,068
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
Acquired during the year	7,300	-
At March 31	<u>\$ 127,924</u>	<u>\$ 70,414</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:

	Fair value at March 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 127,924	Market price method	Price to book ratio multiple, discount for lack of marketability	Median : 1.75 Average : 1.98 Liquidity discount : 30%	The higher the multiple and control premium, the higher the fair value
	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 120,624	Market price method	Price to book ratio multiple, discount for lack of marketability	Median : 1.75 Average : 1.98 Liquidity discount : 30%	The higher the multiple and control premium, the higher the fair value
	Fair value at March 31, 2023	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
Non-derivative equity instrument:					
Unlisted shares	68	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: None.

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 10.

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 March 31	
	2024	2023
Revenue from external customers	\$ 1,950,255	\$ 1,839,593
Inter-segment revenue	387,264	391,207
Total segment revenue	\$ 2,337,519	\$ 2,230,800
Segment income	\$ 403,922	\$ 407,833
Depreciation	\$ 101,950	\$ 93,254
Amortisation	\$ 16,436	\$ 16,496

(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 ended March 31, 2024 and 2023 is provided as follows:

	Three months ended March 31	
	2024	2023
Adjusted EBITDA for reportable segment	\$ 403,922	\$ 407,833
Financial cost, net	( 4,704)	( 7,171)
Others	36,163	29,438
Income from continuing operations before income tax	<u>\$ 435,381</u>	<u>\$ 430,100</u>

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Loans to others  
Three months ended March 31, 2024

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 three months ended	Balance at	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
					March 31, 2024 (Note 3)	March 31, 2024 (Note 8)							Item	Value			
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Other receivables - related parties	Yes	\$ 1,650,000	\$ 1,359,000	\$ 1,334,000	1.575%	2	\$ -	For operational needs	\$ -	-	\$ -	\$ 2,255,502	\$ 2,255,502	-
0	"	ECOVE Solar Power Corporation	"	"	650,000	650,000	650,000	1.575%	"	-	"	-	"	-	2,255,502	2,255,502	-
0	"	ECOVE South Corporation Ltd.	"	"	100,000	100,000	100,000	1.575%	"	-	"	-	"	-	2,255,502	2,255,502	-
1	ECOVE Environment Services Corp.	CTCI Smart Engineering Corp.	"	"	249,000	249,000	-	-	"	-	"	-	"	-	515,656	515,656	-

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 recognized, 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 three months ended March 31, 2024.

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

Three months ended March 31, 2024

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number ( Note 1 )	Endorser/ guarantor	Party being endorsed/guaranteed Relationship with the endorser/ guarantor ( Note 2 )	Company name	Limit on	Maximum	Outstanding	Actual amount drawn down ( Note 6 )	Amount of endorsements/ guarantees secured with collateral	Ratio of	Ceiling on	Provision of	Provision of	Provision of	Footnote
				endorsements/ guarantees provided for a single party ( Note 3 )	outstanding endorsement/ guarantee amount as of March 31, 2024 ( Note 4 )	endorsement/ guarantees amount at March 31, 2024 ( Note 5 )			accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	total amount of endorsements/ guarantees provided ( Note 3 )	endorsements/gu arantees by parent company to subsidiary ( Note 7 )	endorsements/gu arantees by subsidiary to parent company ( Note 7 )	endorsements/gu arantees to the party in Mainland China ( Note 7 )	
0	ECOVE Environment Corp.	ECOVE South Corporation Ltd.	2	\$ 11,277,510	\$ 100,000	\$ 100,000	\$ -	-	1.77%	\$ 16,916,265	Y	N	N	-
0	"	ECOVE Solar Energy Corporation	2	11,277,510	2,670,000	2,370,000	489,227	-	42.03%	16,916,265	Y	N	N	-
0	"	ECOVE Solar Power Corporation	2	11,277,510	1,260,000	1,260,000	66,152	-	22.35%	16,916,265	Y	N	N	-
0	"	ECOVE Solvent Recycling Corporation	2	11,277,510	160,000	110,000	-	-	1.95%	16,916,265	Y	N	N	-
0	"	ECOVE Environment Services Gangshan Corporation	2	11,277,510	900,000	900,000	250,000	-	15.96%	16,916,265	Y	N	N	-
0	"	Ever Ecove Corporation	6	11,277,510	192,500	192,500	146,500	-	3.41%	16,916,265	N	N	N	-
1	ECOVE Solar Power Corporation	ECOVE Solar Energy Corporation	3	1,789,334	31,604	31,604	31,604	-	7.06%	2,684,001	N	N	N	-
2	ECOVE Environment Services Corp.	Jing Ding Green Energy Technology Co., Ltd.	6	7,734,833	1,733,100	1,733,100	346,920	-	134.44%	12,891,389	N	N	N	-
2	"	Bao Ding Reclaimed Water Co., Ltd.	6	7,734,833	293,000	293,000	107,000	-	22.73%	12,891,389	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 600% 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 1,000% 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 chariman 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)

Three months ended March 31, 2024

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	March 31, 2024				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	-	\$ 18,434	-
				Adjustment		<u>1,763</u>			
						<u>\$ 18,434</u>			
ECOVE Wujih Energy Corp.	Common Stock	Taiwan Cement Corp.	None	Financial assets at fair value through other comprehensive income-current	587,686	18,542	-	18,542	-
ECOVE Environment Services Corp.	Common Stock	CTCI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income - current	1,028	47	-	47	-
"	"	Taiwan Cement Corp.	None	"	1,547,328	48,818	-	48,818	-
"	"	Bao Ding Reclaimed Water Co., Ltd.	"	Financial assets at fair value through other comprehensive income - non- current	9,450,000	127,924	10.00%	127,924	-
ECOVE Waste Management Corp.	Common Stock	Taiwan Cement Corp.	"	Financial assets at fair value through other comprehensive income - current	591,804	18,672	-	18,672	-
"	"	ECOVE Environment Corp.	The Company	"	1,605	495	-	495	-

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

Three months ended March 31, 2024

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

					Balance as at January 1, 2024		Addition ( Note 3 )		Disposal ( Note 3 )				Balance as at March 31, 2024	
Investor	Marketable securities ( Note 1 )	General ledger account	Counterparty ( Note 2 )	Relationship with the investor ( Note 2 )	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.	SinoPac TWD Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	\$ -	16,075,866	\$ 230,000	16,075,866	\$ 230,462	\$ 230,000	\$ 462	-	\$ -
ECOVE Environment Services Corp.	Jih Sun Money Market Fund	"	-	-	-	-	18,975,332	290,000	18,975,332	290,248	290,000	248	-	-
ECOVE Wujih Energy Corp.	Taishin 1699 Money Market Fund	"	-	-	21,776,409	300,688	-	-	21,776,409	304,593	300,688	3,905	-	-
"	FSITC Taiwan Money Market Fund	"	-	-	23,511,769	370,000	-	-	23,511,769	371,100	370,000	1,100	-	-
ECOVE Environment Services Gangshan Corp.	SinoPac TWD Money Market Fund	"	-	-	17,521,481	250,000	-	-	17,521,481	251,261	250,000	1,261	-	-
ECOVE Mioali Energy Corp.	FSITC Taiwan Money Market Fund	"	-	-	-	-	18,422,875	290,000	18,422,875	290,719	290,000	719	-	-

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

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

Three months ended March 31, 2024

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:			Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction				
ECOVE Environment Services Corp.	Land	2022/7/19	\$ 2,376,900	\$ 475,380	Industrial Development Bureau, Ministry of Economic Affairs	None	-	-	-	\$ -	Bid price	Acquisition of environmental land	Note 6
ECOVE Resource Recycling Corporation	Buildings and structures	2023/2/1	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 three months ended March 31, 2024, ECOVE Environment Services Corp. and ECOVE Resource Recycling Corporation both paid \$0.

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

Three months ended March 31, 2024

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
ECOVE Environment Services Corp.	ECOVE Environment Services Gangshan Corporation	Affiliate	(Operating and maintaining revenue)	(\$ 183,855)	( 14% )	30 days monthly	No significant difference		\$ 102,202	21%	-
ECOVE Environment Services Gangshan Corporation	ECOVE Environment Services Corp.	"	Operating cost	183,855	69%	"		"	( 102,202)	( 36% )	-

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  
Three months ended March 31, 2024

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2024	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
ECOVE Environment Services Corp.	ECOVE Environment Services Gangshan Corporation	A subsidiary	\$ 102,202	1.80	\$ -	Active collection	\$ -	\$ -
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	"	1,342,964	Note 3	-	Note 3	-	-
"	ECOVE Solar Power Corporation	"	650,869	"	-	"	-	-
"	ECOVE South Corporation Ltd.	"	100,047	"	-	"	-	-

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

Three months ended March 31, 2024

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
				General ledger account	Amount	Transaction terms	
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	1	Other accounts receivable	\$ 1,342,964	-	9.77%
0	"	ECOVE Solar Power Corporation	1	"	650,869	-	4.73%
0	"	ECOVE Solar Energy Corporation	1	Endorsements and guarantees	2,370,000	-	N/A
0	"	ECOVE Solar Power Corporation	1	"	1,260,000	-	N/A
0	"	ECOVE Environment Services Gangshan Corporation	1	"	900,000	-	N/A
1	ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	3	Operating revenue	20,129	30 days monthly	1.03%
2	ECOVE Environment Services Corp.	ECOVE Miaoli Energy Corp.	"	"	35,734	"	1.83%
2	"	ECOVE Wujih Energy Corp.	"	"	69,152	"	3.55%
2	"	ECOVE Environment Services Gangshan Corporation	"	"	183,855	"	9.43%

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)  
Three months ended March 31, 2024

											Expressed in thousands of NTD (Except as otherwise indicated)
				Initial investment amount		Shares held as at March 31, 2024			Net profit (loss) of the investee for the three months ended March 31, 2024	Investment income (loss) recognized by the Company for the three months ended March 31, 2024	Footnote
Investor	Investee	Location	Main business activities	Balance as at March 31, 2024	Balance as at December 31, 2023	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%	\$ 764,470	\$ 67,614	\$ 67,614	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%	1,299,789	155,100	154,390	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%	143,997	10,253	10,253	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%	779,805	23,277	17,451	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%	39,736	93	93	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%	1,994,813	23,761	23,761	A subsidiary
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	104,179	104,179	9,000,000	100.00%	143,773	6,844	6,844	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%	445,139	25,854	6,943	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%	124,144	81,232	4,688	An investee using equity method
ECOVE Environment Corp.	ECOVE Chiayi Energy Corp.	Taiwan	Waste services, waste clean,etc.	100,000	100,000	10,000,000	50.00%	100,052	63	31	A subsidiary
ECOVE Environment Services Corp.	CTCI Chemicals Corp.	Taiwan	Industrial chemicals’ wholesale manufacturing and retail.	24,851	24,851	1,910,241	26.90%	97,398	33,884	9,117	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%	14	23,277	-	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%	109,835	86,839	26,052	A subsidiary
ECOVE Environment Services Corp.	ECOVE Resource Recycling Corporation	Taiwan	Resource recycling and waste disposal industry	61,750	61,750	6,175,000	95.00%	58,660	58	55	A subsidiary
ECOVE Environment Services Corp.	Jing Ding Green Energy Technology Co., Ltd.	Taiwan	Wastewater sludge treatment	186,000	186,000	18,600,000	30.00%	178,895 (	5,987) (	1,796)	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%	259,267	6,260	6,260	A subsidiary
ECOVE Environment Services Corp.	ECOVE Chiayi Energy Corp.	Taiwan	Waste services, waste clean,etc.	50,000	50,000	5,000,000	25.00%	50,026	63	16	Affiliate
ECOVE Waste Management Corp.	Jing Ding Green Energy Technology Co., Ltd.	Taiwan	Wastewater sludge treatment	10	10	1,000	0.002%	10 (	5,987)	-	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%	447,333	4,553	4,553	A subsidiary
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Taiwan	Energy technology services, etc.	30,500	30,500	3,050,000	100.00%	32,373	17	17	A subsidiary
ECOVE Solar Energy Corporation	G.D International,LLC.	U.S.A.	Energy technology services, etc.	189,197	189,197	-	100.00%	521,600	17,516	17,516	A subsidiary
G.D International,LLC.	Lumberton Solar W2-090,LLC	U.S.A.	Energy technology services, etc.	189,197	189,197	-	100.00%	521,654	17,560	17,560	A subsidiary

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Major shareholders information

Three months ended March 31, 2024

Table 10

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
CTCI Corp.	38,457,105	53.50%

- (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.