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2021 Annual Report



Printed on March 31, 2022

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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I. LETTER TO SHAREHOLDERS

Dear Shareholders,

Thank you for taking the time to attend the Company's 2022 regular shareholder meeting. Although being under the impact of the epidemic, the Company's performance, revenue, and profits in the past year were all higher than 2021 due to the teamwork and diligence of all colleagues. Our net profit after tax and earnings per share also maintained at a certain level. The Company's 2021 business overview and overview of the 2022 Business Plan and future development strategies are stated below.

1. 2021 Business Overview

(1) Operating Results

The consolidated operating revenue in 2021 was NT\$5,955,250,000 (values with unspecified currency hereafter are also NTD), which was a \$317,660,000 increase from the consolidated operating revenue in 2020. The consolidated operating expense was \$174,178,000, non-operating income and expenditure was \$82,785,000 and consolidated net profit after tax was \$910,816,000, an increase of \$68,562,000 from the consolidated net profit after tax in 2020. The Company's earnings per share was \$13.15, an increase of \$0.62 from the earnings per share in 2020.

(2) Business Performance

Looking back on 2021, we are devoted to bolstering our foundation and facilitating the development in the promotion and execution of our businesses. Despite the impact of the pandemic, we still maintain stable operations through appropriate internal management and supply chain support. We have always been giving our best efforts in the expansion of our businesses in various areas and have made remarkable achievements. For example, In terms of incineration and electromechanical maintenance, the Group has obtained the operation and equipment rectification contract for Changhua Hsi-Chou Incineration Plant and the ROT of Kaohsiung Kong-san Incineration Plant. In addition, we have also won the factory system maintenance contract with world-class critical semiconductor equipment suppliers and thus successfully entered into high-tech plant electromechanical maintenance industry. In the recycling business, in addition to expanding our waste solvent recycling business to more high-tech customers, our operating factories are also committed to carbon reduction and have obtained carbon neutral certification, making us the first facility in Taiwan to have both carbon neutral and circular economy certification. In the renewable energy business, with our continuous efforts in public and private sectors, the developed capacity of roof-type case, ground-based case and water-surface field has increased, and maintenance business has also been extended to external customers.

2. Overview of the 2022 Business Plan

Replacing linear economy with circular economy has become a global trend. Protecting the Earth is our mission and we shall intensify industrial distribution in the three core areas to make ECOVE the leading role of resource cycling in Taiwan. Looking forward, ECOVE will strive for the three businesses toward below directions so as to achieve the sustainable development and expand internationally.

(1) Waste Management and EfW

In terms of domestic development, besides strengthening the existing businesses, we have taken on projects including the post-construction support and O&M work for the Taoyuan City biomass energy center. Moreover, we have cooperated with local governments for the extension of EfW plants and the diversified waste treatment plan. With reference to the Taoyuan Biomass Circular Economy Integration Model, matured techniques and technologies overseas have been introduced to provide the government with Total Solution. In addition, under the trend of net zero carbon emission, we will also introduce innovative technology to strive for carbon reduction. The Group will make use of in-house execution experience and transform it into the basis for external business

acquisition. The electromechanical maintenance services will also follow the trend of new railway traffic infrastructure construction and high-tech plant expansion to secure more business. For overseas development, we have expanded our business to ASEAN, China, and India, proactively expressing our willingness to collaborate with the local governments and other complementary companies. For echoing the government's New Southbound Policy, we have also actively engaged in forums (taking into account the situation of the pandemic) of related fields and promoted the successful model of EfW plants in PPP (BOT) approach as well as matured O&M (including ROT) ability overseas.

(2) Recycling

While the waste solvent recycling and reuse business continues to operate steadily, the Group will also apply for general re-use upon the industrial bureau re-use project operation expire date to expand its sources of supply. The Group will continue its successful experience in waste solvent recycling and reuse, continue to evaluate competitive technologies, develop more recoverable items for high-tech industries, and further follow their overseas plant construction to seek extended opportunities. For water recycling businesses, we introduced our experience in O&M work from the Lin Kou Water Resources Recycling Center into the operation of the Group's upcoming water recycling project, for further integrate the Group's resources to pursue the investments and O&M contracts of various bids from the government's water reclamation and seawater desalination projects. For other recycling projects, we will continue to investigate various industrial markets and integrate domestic and foreign technical resources to find feasible business models and projects, including the recycling of valuable raw materials from waste or wastewater of industrial processes, and waste products of people's livelihood. In addition to self-development of the business, the appropriate M&A targets will also be evaluated.

(3) Renewable Energy

While we continue to stabilize our operations of waste solvent recycling, we also expand our feedstock sources with our newly acquired special and general qualifications to enhance overall operational efficiency. In terms of business expansion, the Group will continue to follow the government's solar power energy policy and actively expand its development capacity, including roof, ground, water surface, agriculture or fishery and electricity symbiosis, in the public and private sectors. The Group will also coordinate outside suppliers' resources to prudently evaluate and strive for large-scale project development. In the aspect of solar power energy facilities maintenance, the Group will also leverage its experience accumulated over a long period of time to optimize work efficacy and enhance the performance of its own fields to acquire more external customers. In addition, the Group will also actively develop the market and explore the possibility of diversified and innovative new business models based on the business opportunities arising from the electricity industry liberalization, loosening of laws and regulations and the demand for green electricity from low-carbon enterprises. In overseas market, in addition to maintaining stable operations at the U.S. solar power energy fields, the Group will also continue to develop suitable targets in mature and emerging markets, in line with the completeness of green energy regulations and policies across countries.

Looking forward, we believe that with the advantages of ECOVE in technology integration application, resource cycling efficiency optimization, intelligent application, and customer trust, we will be an indispensable leader in this wave of the circular economy. More importantly, we are well-positioned to continue generating profitable business growth and shareholder returns in the future!

Finally, I wish you all health and prosperity.
Chairman

J. J. Liao

II. Company Profile

2.1 Date of Incorporation: Dec. 13, 1999

2.2 Company History

1999	<ul style="list-style-type: none">• CTCI Corp. and CTCI Investment Corp. co-founded ECOVE Environment Corp.
2001	<ul style="list-style-type: none">• In order to deal with waste business, ECOVE Environment Corp. wholly-owned to establish ECOVE Waste Management Corp.
2007	<ul style="list-style-type: none">• ECOVE Environment Corp. acquired 98% equity of ECOVE Wujih Energy Corp. and 93.16% equity of ECOVE Environment Services Corp.
2009	<ul style="list-style-type: none">• ECOVE Environment Services Corp. acquired the operation and maintenance of the Macao Waste Incineration Center and established a joint venture company, "SINOGAL - Waste Services Co., Ltd." in Macau under the joint contract agreement.
2010	<ul style="list-style-type: none">• ECOVE Environment Corp. shares were listed on the Taipei Stock on May 27, 2010.• ECOVE Environment Corp. issued the first domestic unsecured conversion of corporate bonds.• ECOVE Environment Corp. acquired 36% equity of ECOVE Miaoli Energy Corp.
2011	<ul style="list-style-type: none">• ECOVE Environment Corp. continued to acquire 39% equity of ECOVE Miaoli Energy Corp., holding a total of 75% equity of ECOVE Miaoli Energy Corp.• ECOVE Environment Corp. and Gintech Energy Corp. each invested 50% to establish "ECOVE Solar Energy Corp."• ECOVE Environment Corp. set up salary and compensation committee.
2013	<ul style="list-style-type: none">• ECOVE Environment Services Corp. wholly-owned to establish "ECOVE Environment Consulting Corp."
2014	<ul style="list-style-type: none">• ECOVE Environment Corp. set up audit committee.• ECOVE Environment Corp. invested BORETECH Resource Recovery Engineering Co., Ltd. (Cayman), participate in the Recycle Polyethylene Terephthalate.
2016	<ul style="list-style-type: none">• The voting power at the 2016 Annual General Shareholders' Meeting can be exercised by way of electronic transmission and adopt nominations for candidates through election of directors.• ECOVE Environment Service Corp. won "2016 National Standardization - Corporate Standardization Award" from Ministry of Economic Affairs• ECOVE Environment Service Corp. won "2016 National Occupational Safety & Health Award" from Ministry of Labor
2017	<ul style="list-style-type: none">• New Brand 「ECOVE」• ECOVE Environment Corp. received the world's first BSI 8001 circular economy certification from BSI.• ECOVE Environment Corp. received "Circular Economy Sustainability Award" from BSI.

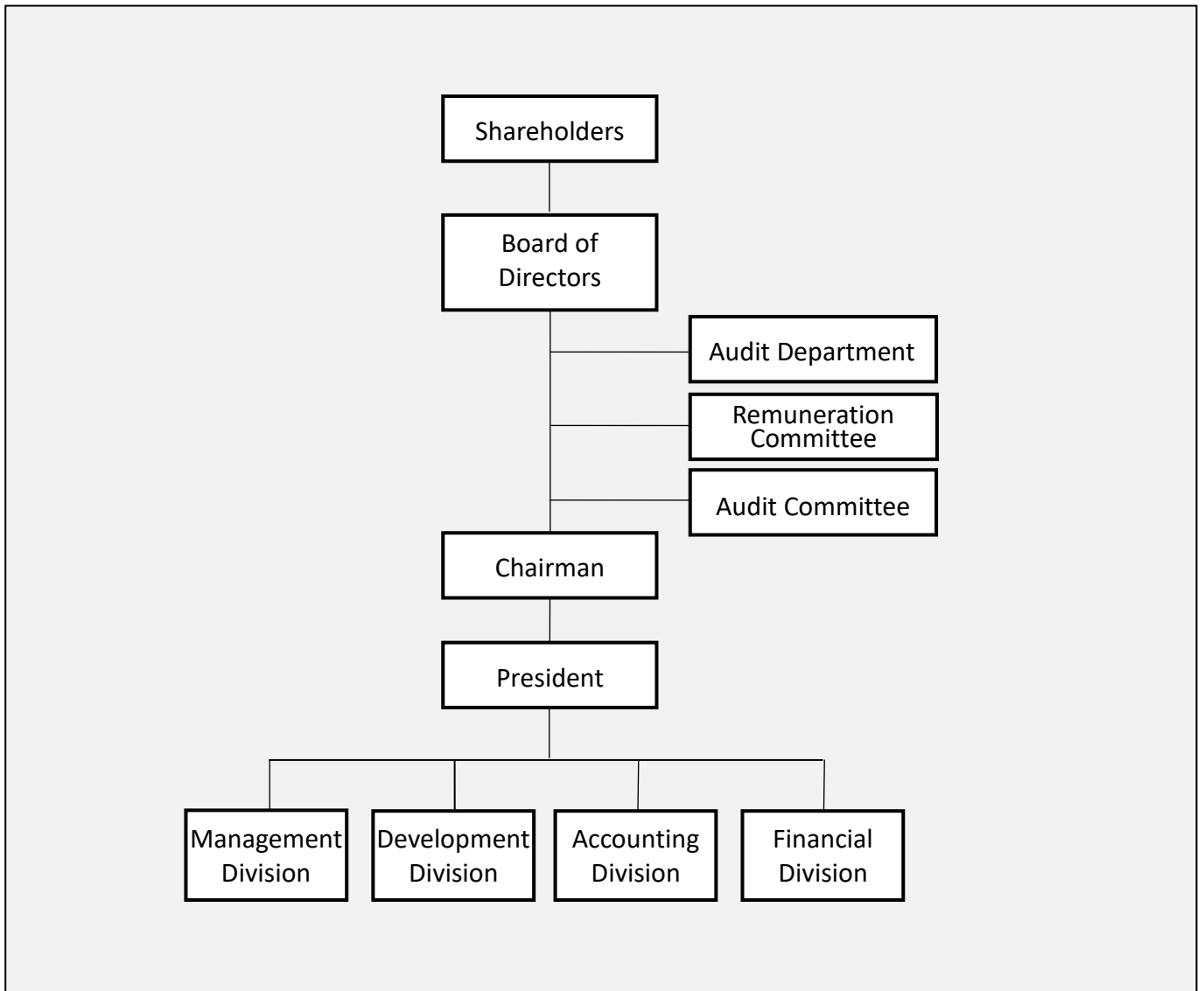
2018	<ul style="list-style-type: none"> • ECOVE Environment Corp. invested ECOVE Solvent Recycling Corp. to develop W-IPA recycling business. • Miaoli Plant won 2017 EfW Premium Performance Award EPA • ECOVE Environment Corp. won Taoyuan Biomass-energy Center BOT project and invested EVER ECOVE Corp. • For the third consecutive year, ECOVE Environment Corp. ranked 3rd in the world magazine "Excellence in CSR medium-size enterprise sector. • ECOVE Environment Corp. acquired 100% equity of ECOVE Solar Energy Corp. • ECOVE Environment Corp. awarded the "2018 National Sustainable Development Award" from Executive Yuan.
2019	<ul style="list-style-type: none"> • ECOVE Environment Corp. awarded the fifth "Top 5% of Corporate Governance Evaluation" in TPEX-listed group and "Top 10% of non-financial electronics category with a market value of over 10 billion NT dollars" in TPEX & TWSE-listed group, and is the only TPEX-listed company. • ECOVE Environment Corp. acquired 100% equity of Wujih Energy Corp. • ECOVE Environment Corp. acquired 100% equity of Yuan Ding Resources Management Corp. • Keelung Plant received "2018 EfW Premium Performance/Regional Cooperation Award" from EPA • Taoyuan Plant received "2018 EfW Excellent Performance/Overall Planning Award" from EPA • ECOVE Environment Corp. ranked 1st in the World Magazine "Excellence in CSR medium-size enterprise sector • Tainan Science Park Resource Recycling Center awarded Mogul Award in "EPB 1st Annual Enterprise Environment Protection Award" from Executive Yuan • Keelung & Miaoli Resource Recycling Center won Golden Award in "EPB 1st Annual Enterprise Environment Protection Award" from Executive Yuan
2020	<ul style="list-style-type: none"> • On May 28, 2020, ECOVE Environment Corp. held a general meeting of shareholders to elect 9 directors (3 independent directors included) of the 8th term. On the same day, the board of directors was held. Mr. J.J. Liao continued to serve as the chairman, and Mr. Y.P. Shih as the general manager (the spokesman also). • ECOVE Environment Corp. awarded the sixth "Top 5% of Corporate Governance Evaluation" in TPEX-listed group and "Top 10% of non-financial electronics category with a market value of over 10 billion NT dollars" in TPEX & TWSE-listed group, and is the only TPEX-listed company for 2 consecutive years. • ECOVE Environment Corp. ranked 3rd in the World Magazine "Excellence in CSR medium-size enterprise sector" • ECOVE ESC holds 30% shares of the "Radium ECOVE Corporation", carry out "Changhua Coastal Industrial Park Resource Treatment Center BOT Project" • Keelung Resource Recycling Center won the High Distinction Award, and Taoyuan South Region Plant and Houli Plant won the Excellence Award in 2019 EfW Plant Performance Annual Evaluation from Environmental Protection Administration • ECOVE Environment Corp. awarded TOP50 Corporate Sustainability Award, Corporate Sustainability Report Platinum Award and Transparency and Integrity Award of TCSA from TAISE • Keelung Resource Recycling Center won Honorary Environmental Protection

	<p>Enterprise Trophy, Golden Award and Green Action Award in "EPB 2nd Annual Enterprise Environment Protection Award" from Environmental Protection Administration, Executive Yuan</p> <ul style="list-style-type: none"> • ECOVE Environment Corp. acquired 100% equity of ECOVE Environment Services Corporation.
2021	<ul style="list-style-type: none"> • ECOVE Environment Corp. issued unsecured ordinary corporate bonds (green bonds included) with a total amount of NT\$2 billion. • ECOVE Environment Corp. awarded the seventh "Top 5% of Corporate Governance Evaluation" in TPEX-listed group and "Top 10% of non-financial electronics category with a market value of over 10 billion NT dollars" in TPEX & TWSE-listed group, and is the only TPEX-listed company for 3 consecutive years. • ECOVE Environment Corp. and its subsidiary company working area have moved to No.16, Fushan Rd., Beitou Dist., Taipei City "The Second Headquarter of CTCL Group" • ECOVE Solvent Recycling Corporation has obtained dual certification of carbon neutrality and circular economy. • ECOVE Miaoli Energy Corporation won Environmental Protection Enterprise Trophy, Golden Award in "EPB 3rd Annual Enterprise Environment Protection Award" from Environmental Protection Administration, Executive Yuan. • Keelung Resource Recycling Center which is operated by ECOVE Environment Services Corporation won the High Distinction Award in Efw Plant Performance Annual Evaluation from Environmental Protection Administration for 3 consecutive years. • ECOVE Environment Services Corporation earned Changhua Xizhou Efw Plant operation and rectification project. • ECOVE Environment Services Corporation earned The Gangshan Efw Plant ROT Project in Kaohsiung City. A wholly-owned subsidiary "ECOVE Ganshan Energy Corporation" has established with carrying out Efw Plant business.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.1.2 Operations and functions of the various departments

Department		Operations & Functions
Immediate Board of Directors	Audit Department	<ul style="list-style-type: none"> ● Responsible for inspecting and reviewing defects in the internal control systems for the Company and its subsidiaries' business continuity, providing timely recommendations for improvements to reasonably ensure the sustained operating effectiveness of the systems
Immediate President	Executive Management Operations (EMO)	<ul style="list-style-type: none"> ● Provides general administration and management. ● Supervises and manages operations and business of subsidiary companies. ● Integrates and coordinates application of resources of subsidiary companies. ● Supports the investment development businesses.
	Marketing Development Dept.	<ul style="list-style-type: none"> ● Produces investment and development plans. ● Conducts investment risk assessments.
	Finance Dept.	<ul style="list-style-type: none"> ● Oversees regular payment, fund collection, and capital management. ● Makes transactions with financial institutions. ● Provides interest rate analysis and hedging plans. ● Conducts long-term fundraising and obtains short-term financing. ● Supports project financial analyses and financial risk assessments. ● Conducts investment risk assessments.
	Accounting Dept.	<ul style="list-style-type: none"> ● Provides regular reimbursement for accounts receivable and payable. ● Prepares accounting and budgetary statements. ● Prepares routine taxation filing and deduction operations. ● Submits applications for investment tax credits. ● Establishes and improves accounting system.

3.2 Directors and Management Team

3.2.1 Directors

Title	Nationality	Name	Male/ Female Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding (Rep. of juridical person)		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	R.O.C.	J. J. Liao (Rep. of CTCI Corporation)	Male 51-60	Dec. 08, 1999 (Jun. 26, 2017)	3	Jun. 26, 2017 (Dec. 08, 1999)	38,457,105	55.67	38,457,105 (978)	55.67 (0.0014)	250	0.0004	0	0	-MBA, EMBA Program in Finance, National Taiwan University -M.S., Civil Engineering, National Central University -B.S., Environmental Engineering and Science, Feng-Chia University -President, ECOVE Environment Corp. -Chairman, ECOVE Environmental Services Corp. -Chairman, ECOVE Wujih Energy Corp. -Chairman, ECOVE Miaoli Energy Corp. -Chairman, ECOVE Waste Management Corp. -Managing Director, ECOVE Environment Consulting Corp. -Director, SINO GAL Waste Services Co., Ltd. -Chairman, ECOVE Solar Energy Corp. - Director, CTCI Foundation	-Director, ECOVE Environmental Services Corp. -Director, ECOVE Wujih Energy Corp. -Director, ECOVE Miaoli Energy Corp. -Director, ECOVE Waste Management Corp. -Director, ECOVE Solar Energy Corp. -Vice Chairman, BORETECH Resource Recovery Engineering Co., Ltd. (Cayman) -Director, ECOVE Solvent Recycling Corp. -Director, EVER ECOVE Corp	-	-	-
Director	R.O.C.	Y. P. Shih (Rep. of CTCI Corporation)	Male 61-70	Dec. 08, 1999 (Jun. 26, 2017)	3	Jun. 26, 2017 (Dec. 08, 1999)	38,457,105	55.67	38,457,105 (16,444)	55.67 (0.0238)	0	0	0	0	-M.S., Civil Engineering, University of Washington -B.S., Environmental Engineering, National Chung Hsing University -Leader, Environmental Protection	-President, ECOVE Environment Corp. -Chairman, ECOVE Environmental Services Corp. -Chairman, ECOVE Wujih Energy Corp. -Chairman, ECOVE	-	-	-

															Administration, Executive Yuan -Technical Specialist, Environmental Protection Administration, Executive Yuan -President, ECOVE Waste Management Corp. -Vice President, ECOVE Environment Corp.	Miaoli Energy Corp. -Chairman, ECOVE Waste Management Corp. -Managing Director, ECOVE Environment Consulting Corp. -Director, SINO GAL-Waste Services Co., Ltd. -Director, BORETECH Resource Recovery Engineering Co., Ltd. (Cayman) -Chairman & President, Yuan Ding Resources Management Corp. -Chairman, ECOVE Solvent Recycling Corp. -Chairman, ECOVE Solar Energy Corp. -Chairman, ECOVE Solar Power Corp. -Director, ECOVE South Corp. Ltd.			
Director	R.O.C.	Kuan Shen Wang	Male 51-60	May 28, 2020	3	Jun. 23, 2014	0	0	0	0	0	0	0	0	-Master in Management, S.M. of MIT Sloan School -Supervisor, Chime Ball Technology Co., Ltd.	-Managing Director, United Capital Management -Independent Director, Quanta Storage Inc.	-	-	-
Director	R.O.C.	Ping Shen	Male 71-80	May 28, 2020	3	Mar. 26, 1999	0	0	0	0	0	0	0	0	-MBA, Harvard Business School -Executive Director, Morgan Stanley Group -Executive Vice President, China Development Industrial Bank -President, CDIB & Partners Investment Holding Corp. -Independent Director, Far Eastern International Bank -Independent Director, Far Eastern New Century Corporation	-Independent Director, ELITE Material Co., Ltd.			
Director	R.O.C.	Yangming Liu	Male 51-60	Sep. 30, 2009	3	Sep. 30, 2009	0	0	0	0	0	0	0	0	-Attorney at-law in Taiwan -Attorney at-law in	-Senior Partner, LIU & Co. Law Offices -Director, Sunshine	-	-	-

															China -EMBA National Taiwan University -L.L.B. Fujen Catholic University -Arbitrator of CAAI -Arbitrator of SHIAC	Social Welfare Foundation -Director, Association of Cross-Strait Legal Exchange			
Director	R.O.C.	Eugene Chien	Male 71-80	Jun. 22, 2015	3	Jun. 22, 2015	0	0	0	0	0	0	0	0	-Ph. D. Aeronautics and Astronautics, New York University, USA -Minister of Foreign Affairs/Minister of Transportation and Communications -Minister of the Environmental Protection Administration -Representative, Taipei Representative Office in the U.K./Legislator, Legislative Yuan (Parliament) -Professor and Dean, College of Engineering, Tamkang University	-Chairman, Taiwan Institute for Sustainable Energy(TAISE) -Chairman, CTCL Education Foundation -Independent Director of EVA Airways Corp. -Independent Director of Far Eastern Department Stores Ltd.	-	-	-
Independent Director	R.O.C.	Shuh Woei Yu	Male 71-80	Jun. 26, 2017	3	Jun. 26, 2017	0	0	0	0	0	0	0	0	-Doctor of Engineering, Tulane University -Bachelor of Science, Department of Chemical Engineering, National Taiwan University -General Director, Center for Environmental Safety and Health Technology Development, Industrial Technology Research Institute -General Director, Center for Industrial Safety and Health Technology Development, Industrial Technology Research Institute -Professor, Graduate Institute of Environmental Engineering, National	-Chairman, Safety and Health Technology Center	-	-	-

																Central University -Professor, Department of Chemical Engineering, National Central University				
Independent Director	R.O.C.	James Tsai	Male 61-70	May 28, 2020	3	Jun. 26, 2017	0	0	0	0	0	0	0	0	0	-Master in Accounting, Graduate Institute of Accounting, National Chengchi University -Master in Law, College of Law, National Chengchi University -Vice CEO, CEO, Deputy Chairman, PricewaterhouseCoopers, Taiwan -President, PricewaterhouseCoopers Management Consulting Company Ltd. -Vice Chairman, Fuh Hwa Securities Investment Trust Co., Ltd. -Managing Director, Accounting Research and Development Foundation, and Chairman, Auditing Standards Committee -Director and Managing Director, Taiwan Corporate Governance Association -Consultant, Public Service Pension Fund Supervisory Board	-Associate Professor, Department of Accounting, National Chengchi University -Board Director, Trans Globe Life Insurance Inc. -Chairman, Jia Guang Enterprise Co., Ltd. -Chairman, Wan Shi Da Enterprise Co., Ltd. Board Director, Orient Recreation and Development Corp. -Board Director, FCB Leasing Co., Ltd. -Board Director, FCB International Leasing Co., Ltd. -Board Director, Tuntex Incorporation -Independent Director of the Board, Tanvex BioPharma, Inc. -Independent Director of the Board, Sunny Friend Environmental Technology Co., Ltd. -Independent Director of the Board, Chien Kuo Construction Co., Ltd.	-	-	-
Independent Director	R.O.C.	Shan-Shan Chou	Female 51-60	May 28, 2020	3	May 28, 2020	0	0	0	0	0	0	0	0	0	-Doctor, Institute of Environmental Engineering, National Chiao Tung University -Chairman, WaterPark Environment Corporation -Director, Industrial Technology Research Institute Adjunct Associate -Associate Professor, College of Engineering,	-Independent Director, GSD Technologies Co., Ltd. -Executive Director, Environmental Technology & Smart System Research Center, National Yang Ming Chiao Tung University -General Secretary, Water Affairs Organization, Taiwan	-	-	-

														National Chiao Tung University Chairman, KuanShan WaterPark Environmental Protection Technology Co., Ltd.			
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Major shareholders of the institutional shareholders

March 31, 2022

Name of institutional shareholders	Major shareholders of the institutional shareholders
CTCI Corporation	CTCI Foundation(7.78%)、Fubon Life Insurance Co., Ltd.(7.68%)、CTBC BANK CO., LTD. (CTCI Corporation Employee Stock Ownership Trust) (6.28%)、CTBC BANK CO., LTD. (Sustainability Employee Stock Ownership Trust)(5.44%)、BANK SINOPAC CO. LTD.(Reliable Employee Stock Ownership Trust)(2.64%)、USI Corporation(1.93%)、Asia Polymer Corporation(1.85%)、Union Cement Traders Inc.(1.71%)、Norges Bank(1.52%)、Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds(1.27%)

Major shareholders of the major shareholders that are juridical persons

March 31, 2022

Name of juridical persons	Major shareholders of the juridical persons
CTCI Foundation (7.97%)	CPC CORPORATION, TAIWAN(4.44%)、TAIWAN SUGAR CORPORATION(4.44%)、TAIWAN POWER COMPANY(4.44%)、TAIWAN FERTILIZER CO., LTD.(4.44%)、BES ENGINEERING CORPORATION(4.44%)、TAIWAN INDUSTRIAL DEVELOPMENT CORPORATION(4.44%)、TATUNG CO.(4.44%)、TAIWAN CEMENT CORPORATION(4.44%)、YULON MOTOR CO., LTD.(4.44%)、CHINA MAN-MADE FIBER CORPORATION(4.44%)、FORMOSA PLASTICS CORPORATION(4.44%)、ASIA CEMENT CORPORATION(4.44%)、SESODA CORPORATION(4.44%)、Pioneer Chemical Corp.(4.44%)
Fubon Life Insurance Co., Ltd. (7.68%)	Fubon Financial Holding Co., Ltd. (100%)
CTBC BANK CO., LTD. (CTCI Corporation Employee Stock Ownership Trust) (6.28%)	N/A
CTBC BANK CO., LTD. (Sustainability Employee Stock Ownership Trust) (5.44%)	N/A
BANK SINOPAC CO. LTD. (Reliable Employee Stock Ownership Trust) (2.64%)	N/A
USI Corporation (1.93%)	Shing Lee Enterprise (Hong Kong) Limited(14.62%)、Wholegainer Company Limited(9.25%)、Asia Polymer Corporation(8.53%)、Fubon Life Insurance Co., Ltd. (4%)、Yueh Hsing Hua Investment Co., Ltd.(1.73%)、Lin Su Shan Shan(1.67%)、Taishing Investment Co., Ltd.(1.5%)、Yu Wen-Hsuan(1.41%)、Yu Wen-Tsung(1.41%)、Yu Wen-Yu(1.41%)
Asia Polymer Corporation (1.85%)	Union Polymer Int'l Investment Corp.(36.08%)、Chunghwa Post Co., Ltd(2.58%)、Yuanta Taiwan High-yield Leading Company Fund(2.04%)、Tai Lien International Investment Co., Ltd.(1.99%)、UBS Europe SE(1.25%)、

	Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds(0.93%) 、 Prudential Life Insurance Company of Taiwan Inc.(0.89%) 、 China General Terminal & Distribution Corporation (0.89%) 、 JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds(0.87%) 、 Taiwan Life Insurance Co., Ltd.(0.42%)
Union Cement Traders Inc. (1.71%)	TCC Investment Co., Ltd. (100%)
Investment account of Norges Bank managed by Citibank Taiwan (1.52%)	N/A
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds (1.27%)	N/A

A. Professional Qualifications of Directors and Independence Analysis of Independent Directors:

Professional Qualifications of Directors

Criteria Name/Gender	Professional qualifications and experience		Num Other Comp Whi Indiv Concu Servic Indep Dire
J. J. Liao/Male	<p>1. MBA, EMBA Program in Finance, National Taiwan University. M.S., Civil Engineering, National Central University and B.S., Environmental Engineering and Science, Feng-Chia University, Environmental Engineering Technician. Had worked for CTCI for many years and been the general manager of ECOVE and the chairman of subsidiaries, etc. Now serves as ECOVE chairman. (Since May 2017) and the director of subsidiaries. Has acquired professional qualifications and experience in civil engineering, environmental engineering, engineering, finance and corporate governance, etc.</p> <p>2. Not been a person of any conditions defined in Article 30 of the Company Law</p>		
Y. P. Shih/Male	<p>1. M.S., Civil Engineering, University of Washington, B.S., Environmental Engineering, National Chung Hsing University, Leader, Environmental Protection Administration, Executive Yuan. Had been the deputy general manager of ECOVE and the general manager of subsidiary ECOVE Waste Management Corp. Now serves as the general manager of ECOVE (since May 2017) and the chairman of the subsidiaries, etc. In addition to professional qualifications in the field of engineering and rich experience in Efw plant construction, he also has management capabilities such as business operation and risk control.</p> <p>2. Not been a person of any conditions defined in Article 30 of the Company Law</p>		
Kuan Shen Wang /Male	<p>1. Master in Management, S.M. of MIT Sloan School, Director of Goldman Sachs Group, Inc. Supervisor, Chime Ball Technology Co., Ltd. Has also served as the chairman of UGUS Consulting Ltd. and the independent director of Quanta Storage Inc. for many years. Has professional qualifications and experience in investment, management consultancy and business operations.</p> <p>2. Not been a person of any conditions defined in Article 30 of the Company Law</p>		
Ping Shen/Male	<p>1. MBA, Harvard Business School, Executive Director, Morgan Stanley Group, Executive Vice President, China Development Industrial Bank, President, CDIB & Partners Investment Holding Corp. Director of CTCI, Independent Director, Far Eastern International Bank. Independent Director, Far Eastern New Century Corporation. Now serves as Independent Director, ELITE Material Co., Ltd. and Director, Oriental Union Chemical Corp. Based on his education and experience, in addition to professional qualifications in finance, also has extensive experience in the field of corporate governance</p> <p>2. Not been a person of any conditions defined in Article 30 of the Company Law</p>		
Yangming Liu/Male	<p>1. EMBA National Taiwan University, L.L.B. Fujen Catholic University, Attorney at-law both in Taiwan and China. Arbitrator of CAAI and SHIAC. Now serves as attorney-at-law, LIU & Co. Law Offices, Managing Director, Sunshine Social Welfare Foundation and Director of the Association for Legal Exchanges across the Taiwan Strait. Provides legal professional advice for ECOVE's board of directors to avoid legal risks</p> <p>2. Not been a person of any conditions defined in Article 30 of the Company Law</p>		

Eugene Chien/Male	<p>1. Ph. D. Aeronautics and Astronautics, New York University, USA, Minister of Foreign Affairs/Minister of Transportation and Communications, Minister of the Environmental Protection Administration, Representative, Taipei Representative Office in the U.K./Legislator, Legislative Yuan (Parliament), Professor and Dean, College of Engineering, Tamkang University. Now serves as Taiwan Ambassador-at-large, Chairman, Taiwan Institute for Sustainable Energy(TAISE), Chairman, CTCI Education Foundation, Independent Director of EVA Airways Corp., Independent Director of Far Eastern Department Stores Ltd. With long-term and cross-disciplinary experience in the public sector and private enterprises, he has a broad international vision and forward-looking innovation & planning capabilities. In recent years, he has been committed to promoting Taiwan's sustainable work being geared to international standards, focusing on issues such as climate change, sustainable energy and low-carbon society, which is in line with ECOVE's philosophy.</p> <p>2. Not been a person of any conditions defined in Article 30 of the Company Law</p>	
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Professional Qualifications and Independence Analysis of Independent Directors

Criteria Name/Gender	Professional qualifications and experience	Status of independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Shuh Woei Yu/Male	<p>1. Doctor of Engineering, Tulane University, General Director, Center for Environmental Safety and Health Technology Development, Industrial Technology Research Institute, General Director, Center for Industrial Safety and Health Technology Development, Industrial Technology Research Institute, Professor, Graduate Institute of Environmental Engineering, National Central University, Professor, Department of Chemical Engineering, National Central University. Has been involved in the field of industrial safety research for more than 30 years, and was awarded the "National Industrial Safety Award - Individual Special Contribution Award" by the Labor Committee of the Executive Yuan in 2007 for his outstanding performance. So far, the chairman's professional experience in the field of industrial safety has greatly benefited ECOVE's existing business or new investment business.</p> <p>2. Not been a person of any conditions defined in Article 30 of the Company Law</p>	<ol style="list-style-type: none"> 1. Including but not limited to a natural-person who is not a director, supervisor or an employee of ECOVE or any of its affiliates, together with the person's spouse and a relative within the second degree of kinship. 2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, a relative within the second degree of kinship, or held by the person under others' names. 3. Not a director, supervisor or an employee of ECOVE or any of its affiliates (reference has been made to Article 3, Item 1, Subparagraphs 5 to 8 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). Not provided ECOVE or any of its affiliates any business, legal, financial, accounting and other services with remuneration in the last two years. 	0

James Tsai/Male	<p>1. Master in Accounting, Graduate Institute of Accounting, National Chengchi University, certified accountant with over 40 years of experience in accounting area. Vice CEO, PricewaterhouseCoopers, Taiwan, Managing Director, Accounting Research and Development Foundation, and Chairman, Auditing Standards Committee, Director and Managing Director, Taiwan Corporate Governance Association, etc. Since 1981, he has been an adjunct associate professor in the Accounting Department of Chengchi University. His professional qualifications in the accounting field are beyond doubt, and he has provided valuable advice in improving ECOVE's financial statements etc.</p> <p>2. Not been a person of any conditions defined in Article 30 of the Company Law</p>	Ditto	3
Shan-Shan Chou/Female	<p>1. Doctor, Institute of Environmental Engineering, National Chiao Tung University, Director, Industrial Technology Research Institute Adjunct Associate, Chairman, WaterPark Environment Corporation, Chairman, KuanShan WaterPark Environmental Protection Technology Co., Ltd., CEO, Environmental Technology & Smart System Research ETSS (Since 2010), Secretary General, Water Affairs Organization, Taiwan (Since 2010). Engaged in water treatment practice and research for more than 20 years, with professional qualifications and experience in the field of water resources and environmental engineering. Provides experience and advice on the water resources business that ECOVE intends to develop</p> <p>2. Not been a person of any conditions defined in Article 30 of the Company Law</p>	Ditto	1

B. Board diversity and status of independence of the board

1. Board diversity:

Article 20 of the Company's "Corporate Governance Practice Principles" explicitly stated that the composition of the Board of Directors should take into consideration the policy of diversity. Directors who serve concurrently as the Company's managers should not exceed one third of all Directors and appropriate diversification guidelines have been established based on company operations, business model, and development requirements. These guidelines stipulate that Directors should be assessed by standards including but not limited to the following two aspects: (1) basic qualifications and value and (2) professional knowledge and skills.

In order to achieve the ideal goal of corporate governance, the board should have the following capabilities:

(1)Operational judgment. (2) Accounting and financial analysis capabilities. (3) Management capabilities. (4) Crisis management capability. (5) Industry knowledge. (6) International market outlook. (7) Leadership. (8) Decision-making capacity.

The specific management objectives of the diversity of the Board of Directors are: (1) Directors who concurrently serve as company managers should not exceed one third of the number of directors. (2) At least one female director. (3) All independent directors have a tenure of no more than 9 years.

To implement diversification of the members of the Board of Directors, the following measures have been taken: (1) 2 of the company's directors are concurrently company managers, and they do not exceed one third of the number of directors. (2) 3 independent directors of the company, accounting for 33%, of which all independent directors have a tenure of no more than 9 years. (3) The company elected a female independent director.

The company is an investment holding company. In accordance with the requirements of a single business "general investment" project, the board members have diversified professional backgrounds, including financial investment, accountants, practicing lawyers, sustainable energy, engineering, environmental protection and water resources. For relevant information on

the educational experience, gender, professional qualifications, work experience and diversity of each director, please refer to 3.2.1 director Information and "Disclosure of Information on Directors' Professional Qualifications and Independent Directors' Independence".

Core Item Name of Director	Nationality	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8	Note 9	Note 10	Note 11	Note 12	Note 13
J. J. Liao	R.O.C	Male	v		51 to 60	Engineering and Environmental Protection	v	v	v	v	v	v	v	
Y. P. Shih	R.O.C	Male	v		61 to 70	Engineering and Environmental Protection	v	v	v	v	v	v	v	
Eugene Chien	R.O.C	Male			71 to 75	Environmental Sustainability	v	v	v	v	v	v	v	
Kuan-Sheng Wang	R.O.C	Male			51 to 60	Investment	v	v	v	v	v	v	v	
Ping Shen	R.O.C	Male			71 to 75	Finance	v	v	v	v	v	v	v	
Yang-Ming Liu	R.O.C	Male			51 to 60	Lawyer	v	v	v	v		v	v	v
Shuh Woei Yu Independent Director	R.O.C	Male		Within 5 years	71 to 75	Industrial Safety	v	v	v	v	v	v	v	
James Tsai Independent Director	R.O.C	Male		Within 5 years	61 to 70	Accountant	v	v	v	v	v	v	v	
Shan-Shan Chou Independent Director	R.O.C	Female		Within 2 years	51 To 60	Water resources	v	v	v	v	v	v	v	

Note 1: Male/Female

Note 2: Also serves as an employee of the company

Note 3: Serving as an independent director of the company

Note 4: Age

Note 5: Industry experience

Note 6: Operational judgment

Note 7: Accounting and financial analysis capabilities

Note 8: Management capabilities

Note 9: Crisis management capability

Note 10: International market outlook

Note 11: Leadership

Note 12: Decision-making capacity

Note 13: Legal capacity

2. Status of independence of the board:

ECOVE has 3 independent directors (33.3% of the total members). They all meet the qualification requirements stipulated in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” issued by Financial Supervisory Commission R.O.C (Taiwan) before and after taking the position.

There are 9 directors in ECOVE’s board of directors. 3 independent directors, 4 natural-person directors and only 2 legal person directors are included. The board of directors is highly independent. None of the 9 directors of the company has any of the conditions specified in Items 3 and 4 of Article 26-3 of Securities and Exchange Act. There is no relationship between spouses or relatives within the second degree of kinship among the 9 directors.

3.2.2 Management Team

March 31, 2022

Title	Nationality	Name	Male/Female	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	R.O.C.	Y. P. Shih	Male	May 28, 2020	47,913	0.0687	0	0	0	0	-M.S., Civil Engineering, University of Washington -B.S., Environmental Engineering, National Chung Hsing University -Leader, Environmental Protection Administration, Executive Yuan -Technical Specialist, Environmental Protection Administration, Executive Yuan -President, ECOVE Waste Management Corp. -Vice President, ECOVE Environment Corp.	-Chairman, ECOVE Environmental Services Corp. -Chairman, ECOVE Wujih Energy Corp. -Chairman, ECOVE Miaoli Energy Corp. -Chairman, ECOVE Waste Management Corp. -Managing Director, ECOVE Environment Consulting Corp. -Director, SINOGAL-Waste Services Co., Ltd. -Director, BORETECH Resource Recovery Engineering Co., Ltd. (Cayman) -Chairman & President, Yuan Ding Resources Management Corp. -Chairman, ECOVE Solvent Recycling Corp. -Chairman, ECOVE Solar Energy Corp. -Chairman, ECOVE Solar Power Corp. -Director, ECOVE South Corp. Ltd.	-	-	-
Financial Officer	R.O.C.	Catherine Huang	Female	Aug. 15, 2017	43,471	0.0624	0	0	0	0	-Bachelor of International Trade, Tunghai University -Master of Library and Information Study, McGill University -Financial & Accounting Manager, Sinogal Waste Services Co., Ltd. -Section Manager of Finance Dept., CTCI Corp.	-	-	-	
Accounting Officer	R.O.C.	Tanching Yao	Female	Nov. 3, 2015	0	0	0	0	0	0	-LYIT Department of International Trade -Section manager of Accounting Dept., CTCI Corp. -Accounting Officer of BoReTech Co., Ltd. -Accounting Officer of ECOVE Miaoli Energy Corp. -Accounting Officer of ECOVE Solar Energy Corp. -Accounting Officer of Yuan Ding Resources Management Corp. -Accounting Officer of ECOVE Solvent Recycling Corp.	-	-	-	

3.3 Remuneration of Directors, President, and Vice President

3.3.1 Remuneration of Directors (Independent Directors Included)

December 31st, 2021; Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of total remuneration (A+B+C+D) to net income(%)		Relevant remuneration received by directors who are also employees						Ratio of total compensation (A+B+C+D+E+F+G) to net income(%)		Compensation paid to directors from an invested company other than the company's subsidiary				
		Base Compensation (A)		Pension Fund(B)		Compensation of directors (C)		Allowances(D)				Salary, Bonuses, and Allowances (E)		Pension Fund (F)		Compensation of employees (G)								
		ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	Cash	Stock	Cash	Stock		ECOVE	All Consolidated Entities		
Chairman	J. J. Liao [Note 1]																							
Director	Institutional Director	CTCI Corporation																						
	Director	Y. P. Shih [Note 1]																						
	Director	Eugene Chien																						
	Director	Yangming Liu																						
	Director	Wen-Whe Pan		6,000	6,000	0	0	5,200	5,200	702	1,290	1.31	1.37	15,810	15,810	518	518	153	0	153	0	3.12	3.18	None
	Director	Kuan Shen Wang																						
	Director	Ping Shen																						
Independent director	Shuh Woei Yu																							
Independent director	James Tsai																							
Independent director	Shan-Shan Chou																							

1. Please state the policy, system, standard and structure of the remuneration payment for independent directors, and state the relevance to the amount of remuneration based on the responsibilities, risks, investment time and other factors: The remuneration committee of independent directors is agreed upon according to ECOVE's "Guidelines for Performance Evaluation and Remuneration System for Directors and Managers", and the remuneration of the committee is paid according to the convener or member seat of the functional committee.
2. In addition to the disclosure in the above table, the remuneration received by the company's directors for providing services to all companies in the financial report (such as serving as a non-employee consultant) in the most recent year: 0

[Note 1] Mr. J. J. Liao and Mr. Y. P. Shih are representatives of juridical persons of CTCL Corp.

Remuneration class

Bracket	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities
Under NT\$ 1,000,000	-	-	-	-
NT\$1,000,000 ~ NT\$2,000,000	J. J. Liao, Y. P. Shih, Eugene Chien, Yangming Liu, Kuan Shen Wang, Ping Shen, Shuh Woei Yu, James Tsai Shan-shan Chou	J. J. Liao, Y. P. Shih, Eugene Chien, Yangming Liu, Kuan Shen Wang, Ping Shen, Shuh Woei Yu, James Tsai Shan-shan Chou	Eugene Chien, Yangming Liu, Kuan Shen Wang, Ping Shen, Shuh Woei Yu, James Tsai Shan-shan Chou	Eugene Chien, Yangming Liu, Kuan Shen Wang, Ping Shen, Shuh Woei Yu, James Tsai Shan-shan Chou
NT\$2,000,000 ~ NT\$3,500,000	-	-	-	-
NT\$3,500,000 ~ NT\$5,000,000	-	-	-	-
NT\$5,000,000 ~ NT\$10,000,000	CTCI Corporation	CTCI Corporation	CTCI Corporation Y. P. Shih J. J. Liao	CTCI Corporation Y. P. Shih J. J. Liao
NT\$10,000,000 ~ NT\$15,000,000	-	-	-	-
NT\$30,000,000 ~ NT\$50,000,000	-	-	-	-
NT\$50,000,000 ~ NT\$100,000,000	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	-	-	-	-

3.3.2 Compensation of President and Executive Vice President

December 31st, 2021; Unit: NT\$ thousands; thousand shares

Title	Name	Salary(A)		Pension Fund (B) [Note 1]		Bonuses and Allowances (C)		Compensation of employees (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation paid to the president and executive vice president from an invested company other than the company's subsidiary
		ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE		All Consolidated Entities		ECOVE	All Consolidated Entities	
								Cash	Stock	Cash	Stock			
Chairman of Strategic Planning Committee	J.J Liao	8,738	8,738	518	518	7,072	7,072	153	-	153	-	16,481 1.81%	16,481 1.81%	None
President	Yun-Peng Shih													

Note 1: The pension cost depends on the actuarial report and the Board of Directors.

Remuneration class

Bracket	Name of President and Executive Vice President	
	ECOVE	All Consolidated Entities
Under NT\$ 1,000,000	-	-
NT\$1,000,000 ~ NT\$2,000,000	-	-
NT\$2,000,000 ~ NT\$3,500,000	-	-
NT\$3,500,000 ~ NT\$5,000,000	-	-
NT\$5,000,000 ~ NT\$10,000,000	J.J Liao Yun-Peng Shih	J.J Liao Yun-Peng Shih
NT\$10,000,000 ~ NT\$15,000,000	-	-
NT\$15,000,000 ~ NT\$30,000,000	-	-
NT\$30,000,000 ~ NT\$50,000,000	-	-
NT\$50,000,000 ~ NT\$100,000,000	-	-
Over NT\$100,000,000	-	-
Total	-	-

Compensation of employees to Management Team

Unit: NT\$ thousands

	Title	Name	Compensation of employees - in Stock (Fair Market Value)	Compensation of employees - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	Chairman	J.J Liao	0	212	212	0.02
	President	Yun-Peng Shih				
	Finance Manager	Chung-Lei Huang				
	Accounting Manager	Tan-Ching Yao				

Note: The distributed amount is based on the total amount approved by Board of Directors on March 8, 2022 and calculated accordingly to each executive officers' on-job days in the previous year.

3.3.3 Compare and Describe Total Remuneration as A Percentage of Net Income Paid by ECOVE, and by Each Other Company Included in the Consolidated Financial Statements, During the Past Two Fiscal Years to Its Directors, President, and Vice Presidents, and Describe the Remuneration Policies, Standards, and Packages, the Procedure for Determining Remuneration, and Its Linkage to Operating Performance and Future Risk Exposure.

A. Analysis of Remuneration as A Percentage of Net Income Paid by ECOVE, and by Each Other Company Included in the Consolidated Financial Statements, During the Past Two Fiscal Years to Its Directors, President, and Vice Presidents.

Unit: NT\$ thousands

YEAR	ECOVE		All Consolidated Entities	
	Total Remuneration	Ratio to net income (%)	Total Remuneration	Ratio to net income (%)
2020	30,858	3.66	31,386	3.73
2021	33,143	3.64	33,731	3.70

B. ECOVE Remuneration Policies, Standards, and Packages, the Procedure for Determining Remuneration, and Its Linkage to Operating Performance and Future Risk Exposure.

1. Compensations to the Company's directors include remunerations, bonuses and allowances.

Remunerations to directors: Article 23 of the Company's Articles of Incorporation provides that the Board of Directors shall be authorized to decide the compensations to directors and the chairperson based on the contributions of each director to the Company and with reference to the remuneration standards within the industry.

Bonuses to directors: Article 29 of the Company's Articles of Incorporation provides that when the Company makes a profit in the current year, the profit shall be allocated with priority for settlement of the cumulative losses and a portion no more than 2 percent shall be allocated for directors' remunerations through a resolution of the Board.

Allowances to directors: This allowance is mainly allocated with reference to the allowances standards within the industry and the standards of listed companies to pay for the commuting expenses and compensations for attendance. All directors and members of the supervisory board listed in the financial report are paid with the same standards.

2. Structure of compensations to the manager is formed by two parts: fixed salary and variable pay. The fixed salary is a monthly recurring pay, and variable pay includes employee bonuses, annual bonus and employee stock options, which are determined based on the personal annual performance evaluation. The annual performance evaluation includes qualitative indicators (e.g., work-related core competencies, potential for future development, etc.) and quantitative indicators (e.g., personal achievement of the goals, rate of achievement, expected targets, etc.).

Employee bonuses are determined based on the Company's Article 29 of Incorporation- If the company makes a profit in the year, it should first retain

the amount of the accumulated losses. The board of directors resulted to allocate 0.1% or above profit to be employees' compensation and 2% limited for the director's. The employees' compensation can be cash or stock. The object of distribution must include employees of subordinate companies that meet certain conditions. Employee compensation and director compensation distribution should be reported to the shareholders' meeting; The annual bonus is determined based on the operating performance of the year with agreement of the Company's Remuneration Committee through a resolution of the Board. Employees' stock options include general and bonus stock options. The general stock options, given to outstanding individuals with direct contributions to the Company, are calculated by rank, seniority and annual performance evaluation, decided by the Chairperson and approved by the Remuneration Committee and the Board of Directors.

3. The relationship between the procedure for determining remuneration, operating performance and future risks:

The procedure for determining the compensations was carried out in accordance with the Standards for Performance Evaluation of Directors and Managers and Compensations System approved by the Board of Directors. Reasonable compensations are determined based on the Company's operating performance, personal performance and each individual's contributions to the Company with reference to the industrial standards. The Remuneration Committee and Board of Directors check the reasonableness of remuneration regularly and review the compensation system whenever necessary to meet the requirements of the actual operations and relevant laws and regulations. The directors and President shall not be led to engage in activities that exceed the Company's risk appetite in pursuit of remuneration to prevent the Company from losses after paying the remuneration.

3.4 Implementation of Corporate Governance

3.4.1 Board of Directors

A. Total of 8 meetings of the board of directors were held in the previous period, Directors' attendance was as follows: (Disclosure period: January 1, 2021 ~ March 31, 2022)

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Chairman	J. J. Liao (Rep. of CTCL Corporation)	8	0	100	None
Director	Y. P. Shih (Rep. of CTCL Corporation)	8	0	100	None
Director	Eugene Chien	8	0	100	None
Director	Ping Shen	7	1	87.5	None
Director	Yangming Liu	8	0	100	None
Director	Kuan Shen Wang	6	1	75	None
Independent Director	Shuh Woei Yu	8	0	100	None
Independent Director	James Tsai	8	0	100	None
Independent Director	Shan-Shan Chou	8	0	100	None

B. Other mentionable items:

1. If there are the following matters, the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion should be specified:

(1) Article 14-3 of Securities and Exchange Act. : ECOVE Environment Corp. already set up the Audit Committee, please refer to the section 3.4.2 "The state of operations of the Audit Committee: for the matters referred to in Article 14-5 of Securities and Exchange Act".

(2) In addition to the opening of the matter, the resolutions of the directors' meetings objected to by Independent Directors or subject to qualified opinion and recorded or declared in writing : None.

2. If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified:

(1) Directors' Names: J. J. Liao and Y. P. Shih

Contents of motion: The 6th meeting of the 8th term Board of Directors (2021.03.08): Admit of the endorsement of external guarantees.

Causes for avoidance and voting should be specified: Director J. J. Liao and Y. P. Shih, as a director of ECOVE Solvent Recycling Corp., has an interest in the case, so they avoided the discussion and did not participate in the voting.

(2) Directors' Names: J. J. Liao and Y. P. Shih

Contents of motion: The 5th meeting of the 8th term Board of Directors (2021.03.08): Approval of the revision average salary increase rate of 2021.

Causes for avoidance and voting should be specified: Directors J. J. Liao and Y. P. Shih, as an employee of the company, has an interest in the case, so they avoided the discussion and did not participate in the voting.

(3) Directors' Names : J. J. Liao and Y. P. Shih

Contents of motion: The 11th meeting of the 8th term Board of Directors (2021.11.02): Proposed Restricted Stock Awards related issues.

Causes for avoidance and voting should be specified: Directors J. J. Liao and Y. P. Shih, as an employee of the company, has an interest in the case, so they avoided the discussion and did not participate in

the voting.

(4) Directors' Names : J. J. Liao and Y. P. Shih

Contents of motion: The 12th meeting of the 8th term Board of Directors (2021.12.14): Approval of the average salary increase rate for employees of 2022.

Causes for avoidance and voting should be specified: Directors J. J. Liao and Y. P. Shih, as an employee of the company, has an interest in the case, so they avoided the discussion and did not participate in the voting.

(5) Directors' Names : J. J. Liao and Y. P. Shih

Contents of motion: The 12th meeting of the 8th term Board of Directors (2021.12.14): The remuneration of the management officers of the Company.

Causes for avoidance and voting should be specified: Directors J. J. Liao and Y. P. Shih, as an management officer of the company, has an interest in the case, so they avoided the discussion and did not participate in the voting.

(6) Director's Names : J. J. Liao

Contents of motion: The 13th meeting of the 8th term Board of Directors (2022.03.07): ECOVE's external endorsement guarantee processing situation. °

Causes for avoidance and voting should be specified: J.J. Liao, the Chairman, as a director of Ever ECOVE Corp. avoided the discussion and did not participate in the voting due to self-interests in this case.

3. Disclose information on the evaluation cycle and period, evaluation scope, methods, and evaluation contents of the board's self (or peer) evaluation, and fill out the attached table (2) The implementation of the BOD evaluation

"Evaluation of the implementation of the board of directors" is as follows.

4. Measures taken to strengthen the functionality of the Board:

(1) The company has formed an audit committee by all three independent directors on June 23, 2014. Please refer to the section 3.4.2 "The State of Operations of the Audit Committee".

(2) The company established the "Board Performance Evaluation Method" on December 13, 2016 by the resolution of the Board of Directors, which was revised in 2019, and expanded the scope of evaluation from the overall board of directors to individual directors and functional committees (Salary and Remuneration Committee and audit committee). The company has been executed by the general management office in January 2022 and completed the "2021 Annual Board Performance Evaluation Operation". The evaluation scope includes the performance evaluation of the overall board of directors and individual director members and functional committees. The evaluation method includes the board of directors and functional committees. Internal self-evaluation, self-evaluation of directors. At the end of 2021, ECOVE has appointed an external organization (Taiwan Corporate Governance Association) to carry out "Board of Directors' Performance Evaluation". The assessment results were reported to the 13th BOD of the 8th term on March 7, 2022, and revealed the corporate governance operations in the annual report and the company's website (<http://www.ecove.com>).

(3) The Company continuously insures our directors with Directors Liability Insurance, which is expected to minimize the impact to the Company and shareholders.

Evaluation of the implementation of the board of directors

Internal evaluation of board of directors

Evaluation cycle	During evaluation	Assessment scope	Evaluation method	Evaluation content
The internal performance evaluation of the board of directors shall be implemented every year and completed before the	January 1, 2021 to December 31, 2021	Includes performance evaluation of the overall board of directors, individual board members and functional committees (salary and compensation	Includes internal self-evaluation of board of directors and functional committees, self-evaluation of directors or other appropriate methods to conduct performance evaluation. ECOVE's	Performance evaluation of the board of directors: divided into 5 aspects ("degree of participation in company operations", "quality of board decisions", "composition and structure of the board of directors," "election of directors and continuous improvement" and "internal control"), 26 indicators. Board member assessment self-assessment: divided into 6 aspects ("mastery of company goals and tasks",

end of the first quarter of the following year.		committee and audit committee)	annual board performance evaluation (including results and responses) has been detailed in the corporate governance operations of this annual report and the company's website, please refer to it. (http://www.ecove.com)	"cognition of directors' responsibilities", "degree of participation in company operations", "internal relationship management and communication", "director professional and continuous training "And" Internal Control "), 19 indicators. Salary and Remuneration Committee performance evaluation self-assessment: divided into 4 aspects ("degree of participation in company operations", "cognition of committee responsibilities", "improving the quality of committee decision-making" and "committee composition and member selection"), 15 indicators. Self-assessment of audit committee performance assessment: divided into 5 aspects ("participation in company operations", "cognition of committee responsibilities", "improving the quality of committee decision-making", "committee composition and selection of members" and "internal control"), 19 indicators.
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External evaluation of board of directors

Evaluation cycle	During evaluation	Assessment scope	Evaluation method	Evaluation content
At least once every three years by external professional independent institution or experts and scholars team.	January 1, 2021 to December 31, 2021	Includes performance evaluation of the overall board of directors	Appointing external professional organizations and experts to conduct performance evaluation. The most recent appointment of an external professional agency to perform ECOVE's board performance evaluation (including results and responses) has been detailed in the corporate governance operations of this annual report and the company's website, please refer to it. (http://www.ecove.com)	The board performance is evaluated by appointed external professional and independent agency through company self-assessment and field visit. The evaluation aspects are divided into 8 aspects: the composition of the board of directors, the guidance of the board of directors, the authorization of the board of directors, the supervision of the board of directors, the communication of the board of directors, the internal control and risk management, the self-discipline of the board of directors, and other aspects such as board meetings and support systems.

The status of independent directors attending the board of directors in the most recent year (Disclosure period: January 1, 2021 ~ March 31, 2022)

◎ : Attend in person ; ☆ Delegate to attend ; ● : Not present

Name of Independent Director	The 6th Meeting of the 8 th term BOD 2021.03.08	The 7th Meeting of the 8 th term BOD 2021.05.04	The 8th Meeting of the 8 th term BOD 2021.05.28	The 9th Meeting of the 8 th term BOD 2021.07.08	The 10th Meeting of the 8 th term BOD 2021.07.30	The 11th Meeting of the 8 th term BOD 2021.11.02	The 12th Meeting of the 8 th term BOD 2021.12.14	The 13th Meeting of the 8 th term BOD 2021.03.07
Shuh Woei Yu	◎	◎	◎	◎	◎	◎	◎	◎
James Tsai	◎	◎	◎	◎	◎	◎	◎	◎
Shan-Shan Chou	◎	◎	◎	◎	◎	◎	◎	◎

3.4.2 The State of operations of the Audit Committee or the State of participation in board meetings by the supervisors

(1) The Audit Committee Operations

A total of 8 meetings of the Audit Committee were held in the previous period. Independent Directors' attendance was as follows: (Disclosure period: January 1, 2021 ~ March 31, 2022)

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Independent Director	Shuh Woei Yu	8	0	100	None
Independent Director	James Tsai	8	0	100	None
Independent Director	Shan-Shan Chou	8	0	100	None

The most recent deliberations of the Audit Committee include:

- (1) Deliberate/Review financial reports.
- (2) Adoption or amendment of an internal control system.
- (3) Assessment of the effectiveness of the internal control system.
- (4) Adoption or amendment, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- (5) Deliberate matters bearing on the personal interest of a director.
- (6) Deliberate material asset or derivatives transaction.
- (7) Deliberate material monetary loan, endorsement, or provision of guarantee.
- (8) Deliberate the offering, issuance, or private placement of any equity-type securities.
- (9) Review the appointment, dismissal or remuneration of certified accountants.

◆ Deliberations of the annual financial report

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements (both consolidated and individual), and proposal for allocation of profits, with the financial statements having been audited and certified by Mr. Shyu-Rong Ueng and Mr. Yi-Fan Lin, the CPA of the PricewaterhouseCoopers. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members.

◆ Assessment of the effectiveness of the internal control system

The Audit Committee assessed the effectiveness of the company's internal control system policies and procedures (including finance, operation, risk management, information security, compliance, etc.) and reviewed periodic reports from the company's Internal Audit Department, independent accountants and management. The Audit Committee believes that the company's internal control system is effective and that the company has adopted the necessary control mechanisms to monitor and correct violations.

◆ Hire or evaluate an attesting CPA

Due to the internal job adjustment within PricewaterhouseCoopers, it changes the independent auditors of the Company to Fu-Ming Liao Yi-Fan Lin, that being effective from the 1st quarter of 2022. This issue has been approved by the 12th meeting of the 3rd term Audit Committee and the 13th meeting of the 8th term Board of Directors on Mar. 7 2022. In order to ensure the independence of the accounting firm, the Audit Committee has established an independent evaluation form to Assess the independence, professionalism and competence of accountants with reference to Article 47 of the Accountant law and Accountant's Code of Ethics Code No. 10.

Other mentionable items:

1. If there are the following matters, the dates of Audit Committee' meetings, sessions, contents of motions, contents of independent directors' objections, reservations or major proposals, the Audit Committee' resolutions and the Company's response to the Audit Committee's opinion should be specified:

- (1) The matter referred to in Article 14-5 of Securities and Exchange Act.
- (2) The resolution that was not approved by the Audit Committee but be undertaken upon the consent of two-thirds or more of all directors.

As at the date of publication of the annual report, the Company did not have any of the above. The matters listed in Article 14.5 of the Securities and Futures Act are as follows:

Audit Committee's Meetings	Contents of proposals and follow-up processing	The matter referred to in Article 14-5 of Securities and Exchange Act	The resolution that was not approved by the Audit Committee but be undertaken upon the consent of two-thirds or more of all directors
The 6 th meeting of the 8 th term 2021.03.08	1. Approval of the endorsement of external guarantees.	V	N/A
	2. Approval of the Changes in credit amount.	V	N/A
	3. Approval of the distribution plan of the 2020 directors' and employees' remuneration.	V	N/A
	4. Approval of the Fiscal 2020 business report, financial reports and consolidated statements.	V	N/A
	5. Approval of the distribution plan of Fiscal 2020 earnings.	V	N/A
	6. Approval of "Statement of Internal Control System" for the Year 2020".	V	N/A
	7. Approval of the amendment to the Company's "Internal Control Systems".	V	N/A
	8. Approval of the update of the company's paid-in capital registration.	V	N/A
	9. Approval of the "Procedure for Acquisition and Disposition of Assets", of the ECOVE Waste Management Corp., ECOVE Environment Services Corp., ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corp., and Approval of the "Procedure for Loans to Others" of the ECOVE Waste Management Corp., ECOVE Environment Services Corp..	V	N/A
	10. Approval of issuing the year 2011 unsecured ordinary corporate bonds (green bonds included) with a total amount not exceed NT\$2 billion	V	N/A
On Mar. 8, 2021, resolution results of the 5 th Audit Committee meeting of the 3 rd term: The above 1. to 10. have been approved by all present members of the Audit Committee, and there are no objections, reservations or major suggestions.			
The Company's managing with the opinion of the Audit Committee: 1. The above 1. was approved by the resolutions of present directors except for benefit-avoiding directors. (Benefit-avoiding directors: Chairman J.J.Liao. Director Y.P. Shi) 2. The above 2. to 10. Were approved by the resolution of all present directors.			
The 7 th meeting of the 8 th term 2021.05.04	1. Approval of the year 2021 season 1 report of consolidated statements.	V	N/A
	2. Approval of the endorsement of external guarantees.	V	N/A
	3. Approval of the update of the company's paid-in capital registration.	V	N/A

	On May. 4, 2021, resolution results of the 6 th Audit Committee meeting of the 3 rd term: The above 1. to 3. have been approved by all present members of the Audit Committee, and there are no objections, reservations or major suggestions.		
	The Company's managing with the opinion of the Audit Committee: approved by the resolution of all present directors.		
The 8 th meeting of the 8 th term 2021.05.28	1. Approval of the adjustment and application of the company's loans to others.	V	N/A
	On Mar. 28, 2021, resolution results of the 7 th Audit Committee meeting of the 3 rd term: The above 1. has been approved by all present members of the Audit Committee, and there are no objections, reservations or major suggestions.		
	The Company's managing with the opinion of the Audit Committee: approved by the resolution of all present directors.		
The 9 th meeting of the 8 th term 2021.07.08	1. Admit of the endorsement of external guarantees.	V	N/A
	On Jul. 08, 2021, resolution results of the 8 th Audit Committee meeting of the 3 rd term: The above 1. has been approved by all present members of the Audit Committee, and there are no objections, reservations or major suggestions.		
	The Company's managing with the opinion of the Audit Committee: approved by the resolution of all present directors.		
The 10 th meeting of the 8 th term 2021.07.30	1. Approval of the year 2021 season 2 report of consolidated statements.	V	N/A
	2. Approval of the update of the company's paid-in capital registration.	V	N/A
	3. Approval of the application of the company's loans to others.	V	N/A
	4. Approval of renting workplace from related person-GRQ Investment Corp.'s real estate assets.	V	N/A
	5. Approval of company's address change.	V	N/A
	6. Approval of early termination of lease agreement with CTCI Corp.	V	N/A
	On Jul. 30, 2021, resolution results of the 9 th Audit Committee meeting of the 3 rd term: The above 1. to 6. have been approved by all present members of the Audit Committee, and there are no objections, reservations or major suggestions.		
The Company's managing with the opinion of the Audit Committee: approved by the resolution of all present directors.			
The 11 th meeting of the 8 th term 2021.11.02	1. Approval of the year 2021 season 3 report of consolidated statements.	V	N/A
	2. Admit of the endorsement of external guarantees.	V	N/A
	3. Approval of the application of the company's loans to others.	V	N/A
	4. Approval of the update of the company's paid-in capital registration.	V	N/A
	5. Approval of issues related Restricted Stock Awards	V	N/A
	On Nov. 2, 2021, resolution results of the 10 th Audit Committee meeting of the 3 rd term: The above 1. to 5. have been approved by all present members of the Audit Committee, and there are no objections, reservations or major suggestions.		
The Company's managing with the opinion of the Audit Committee: 1.The above 5. was approved by the resolutions of present directors except for benefit-avoiding directors. (Benefit-avoiding directors: Chairman J.J.Liao. Director Y.P. Shi) 2. The above 2. to 4. Were approved by the resolution of all present directors.			
The 12 th meeting of the 8 th term 2021.12.14	1. Approval of the budget of 2022.	V	N/A
	2. Approval of the Audit Plan of 2022.	V	N/A
	3. Approval to the application of the company's loans to others.	V	N/A

	On Dec. 14, 2021, resolution results of the 11 th Audit Committee meeting of the 3 rd term: The above 1. to 3. have been approved by all present members of the Audit Committee, and there are no objections, reservations or major suggestions.		
	The Company's managing with the opinion of the Audit Committee: approved by the resolution of all present directors.		
The 13 th meeting of the 8 th term 2022.03.07	1. Admit of the endorsement of external guarantees.	V	N/A
	2. Admit of the Changes in credit amount.	V	N/A
	3. Approval of the distribution plan of the 2021 directors' and employees' remuneration.	V	N/A
	4. Approval of the Fiscal 2021 business report, financial reports and consolidated reports.	V	N/A
	5. Approval of the distribution plan of Fiscal 2021 earnings.	V	N/A
	6. Approval of "Statement of Internal Control System for the Year 2021".	V	N/A
	7. Approval of the "Procedure for Acquisition and Disposition of Assets".	V	N/A
	8. Approval of the "Procedure for Acquisition and Disposition of Assets", of the ECOVE Environment Services Corp., ECOVE Waste Management Corp., ECOVE Miaoli Energy Corp..	V	N/A
	9. Approval of the update of the company's paid-in capital registration.	V	N/A
	10. Approval of financial statement attestation accountant changed by PricewaterhouseCoopers Taiwan °	V	N/A
	11. Approval of the equity of Teamwin Opto-Electronics Co.,Ltd LED.(hereinafter referred to as Teamwin) disposal	V	N/A
	On Mar. 7, 2022, resolution results of the 10 th Audit Committee meeting of the 3 rd term: The above 1. to 11. have been approved by all present members of the Audit Committee, and there are no objections, reservations or major suggestions.		
	The Company's managing with the opinion of the Audit Committee: 1.The above 1. was approved by the resolutions of present directors except for benefit-avoiding directors. (Benefit-avoiding directors: Chairman J.J.Liao. Director Y.P. Shi) 2. The above 2. to 11. Were approved by the resolution of all present directors.		

2. If there is Independent Directors' avoidance of motions in benefit avoiding, the Independent Directors' names, contents of motions, causes for avoidance and voting should be specified:
None

3. Communication between independent directors, internal audit supervisors and accountants (significant matters, methods and results etc. on the company's financial and business conditions should be included).

(1) After the approval of audit and follow-up report by Chairman, the audit supervisor will send it to the independent directors by e-mail every month for review. At least quarterly face-to-face communication on internal control and audit-related matters and reply to inquiries from independent directors. No opinion after communication.

(2) The audit supervisor attends the audit committee and the board of directors with audit business reports. All independent directors have good knowledge of the company's internal audit status. The independent directors of the company have good communication with the audit supervisor.

(2) The State of participation in board meetings by the supervisors: None (Replacing supervisors with audit committee)

3.4.3 Corporate Governance and Operation, Differences from the Corporate Governance Best Practice Principles for the TWSE/TPEX Listed Companies and Reasons

Evaluation Item	Operation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary Statement	
1. Does the Company establish and disclose the Corporate Governance Practice Principals in accordance with the Corporate Governance Best Practice Principles for the TWSE/GTSM Listed Companies?	V		The Company has established "Corporate Governance Practice Principles" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and disclosed them on the Market Observation Post System (MOPS) and company website (http://www.ecove.com). Last revision at the 17th meeting of the 6th term Board of Directors of the Nov. 02, 2016.	None
2. Ownership structure and shareholder's equity (1) Does the Company set up the internal standard operation procedure to handle issues such as shareholder's advices, questions, disputes and accusations for implementation accordingly? (2) Does the Company have control over the major shareholders, who control the Company and have the name list of the major shareholders who have the ultimate control over the Company?	V		(1) The Company has the procedures for processing shareholder suggestions, questions, disputes, and litigation and processes related matters accordingly. (2) The Company requires its internal personnel (such as directors, managers, and shareholders holding more than 10% of the shares of the Company's capital, etc.) to report changes in their shares every month and disclose these changes on MOPS in accordance with Article 25 of the Securities and Exchange Act. In the event that the Company has acquired a list of shareholders due to regulations for the cessation of stock transactions, it shall also investigate the main shareholders of the Company and the ultimate owners of those major shareholders and disclose them in the annual	None None

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
(3) Does the Company set up and implement the risk control and firewall mechanism with the subsidiaries and affiliates?			report or on the Company's website. (3) The Company has established "Subsidiary Supervision and Management Procedures" in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" established by the Financial Supervisory Commission and the "Procedures Governing Transactions with Group Enterprises, Specific Companies, and Related Parties" as the basis for auditing. Additionally, the Company organizes periodic meetings with related enterprises and takes part in Board of Directors meetings and shareholder meetings of subsidiaries in order to promptly learn about decisions and changes of related enterprises for the purpose of establishing corporate risk management and firewall mechanisms.	None
(4) Does the Company stipulate internal regulation, prohibiting the insiders of the company to make use of the unpublished information for the trading of securities?			(4) The Company has established "Procedures for the Prevention of Insider Trading" to prevent the Company's insiders from using information that has not been disclosed on the market to purchase and sell securities.	None
3. Composition and Responsibilities of the Board of Directors				
(1) Is there establishment of the diversification with specific management targets and implementation?	V		(1) Please refer to “B. Diversity and Independence of the Board of Directors/(1) Diversity of the Board of Directors” in 3.2.1 Information on Directors of this annual report, or the relevant information disclosed on the Company’s website.	None
(2) In addition to the establishment of the Remuneration Committee and	V		(2) The Company has established the Remuneration Committee and Audit Committee, but no other functional committees.	None

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
<p>Audit Committee, does the Company have other functional committees?</p> <p>(3)Has the company formulated the board performance evaluation method and its evaluation method, and conduct performance evaluation annually and regularly, and report the results of the performance evaluation to the board of directors, and apply it to individual directors' remuneration and nomination renewal reference?</p>	V		<p>(3) The company established the "Board Performance Evaluation Method" on December 13, 2016, and revised the aforementioned method in 2019 to expand the scope of evaluation from the overall board of directors to individual directors and functional committees (salary and compensation committee and audit committee) According to the above regulations, "the internal performance evaluation of the previous year is carried out in the first quarter of the next year" and “at least once every three years by external professional independent institution or experts and scholars team”, the Company has executed and completed the "2021 annual performance evaluation of the board of directors" by the General Management Office in January 2022. In addition, the external performance evaluation of the board of directors was carried out in January 2022, and the external agency issued an evaluation report in February 2022. ◦</p> <p>The period of "2021 Annual Internal Board Performance Evaluation" is from January 1, 2021 to December 31, 2021. The scope of the evaluation includes the performance evaluation of the entire board of directors and individual directors and functional committees. The evaluation method includes the board and functionality. Self-evaluation within the committee and self-evaluation of directors. In addition, the period of "External Performance Evaluation of the Board of Directors" is from January 1, 2011 to December 31, 2011. The evaluation aspects are divided into 8 aspects: the composition of</p>	None

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
(4) Is there regular assessment of the independence of the certified public accountant?	V		<p>the board of directors, the guidance of the board of directors, the authorization of the board of directors, the supervision of the board of directors, the communication of the board of directors, internal control and risk management, the self-discipline of the board of directors, and other aspects such as board meetings and support systems. There are 10 indicators in total. Detailed assessment aspects, assessment grades and assessment results, etc., have been reported to the 13th board of directors of the 8th term on March 8, 2021, and will be used as reference for individual directors' remuneration and nomination renewal.</p> <p>The company's "2021 Annual Board Performance (including internal and external assessments) Evaluation Report" was also disclosed on the company's website.</p> <p>(4) To fulfill Corporate Governance, the Company has established “Evaluation of engaged Certified Public Accountant Regulation” in the 8th meeting of the 5th board of director on December 18, 2012. According to this regulation, the Company exams and evaluates CPA’s independence and capability annually, and submit a report to the Audit Committee and Board of Directors. The report was approved by the Audit Committee in the 12th meeting of the 3rd on March 7, 2022 and by the Board of Directors in the 13th meeting of the 8th on March 7, 2022, the evaluation items please refer to the [Note 1].</p> <p>After assessed, CPAs Fu-Ming Liao and Yi-Fan Lin from PricewaterhouseCoopers were qualified. Both CPAs do not have any direct interest relationship with either the Board of Directors or the Company, and believed to have more than sufficient capabilities on auditing, taxation and time cost efficiency.</p>	None

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
4. Has the TWSE-listed or TPEX-listed company established qualified and appropriate personnel and appoint the Company Secretary responsible for corporate governance affairs (including but not limited to providing information required for Directors and Supervisors to carry out their tasks, assist directors and supervisors to follow laws and regulations, organize meetings of the Board of Directors and shareholder meetings, implement company registration and changes, compile meeting minutes for the Board of Directors meetings and shareholder meetings, etc.)?	V		<p>The company has designated the financial director Ms. Huang Zhonglei also serves as the "Company secretary" and is responsible for corporate governance related matters on the 12th meeting of the 7th term BOD on March 8, 2019. The new company secretary has more than three years of experience as a financial manager in a public offering company. The company's management division also designates a full-time colleague to assist in corporate governance practice. This full-time colleague has more than three years of experience in the board of directors of a public offering company. The "company secretary" authority shall include at least the following contents :</p> <ol style="list-style-type: none"> (1) Handling matters relating to board meetings and shareholders meetings according to laws. (2) Producing minutes of board meetings and shareholders meetings. (3) Assisting in onboarding and continuous development of directors and supervisors. (4) Furnishing information required for business execution by directors and supervisors. (5) Assisting directors and supervisors with legal compliance. (6) Other matters set out in the articles or corporation or contracts. <p>The company's "Company Secretary" completed the 12-hour training in 2021 years, and the detailed training content has been declared to the public information observatory. Its 2021 business execution focuses are as follows:</p> <ol style="list-style-type: none"> (1) All 9 directors will have at least 6 hours of training. (2) Hold annual general shareholders meeting at the end of May. Due to the impact of the covid-19 epidemic, the meeting was postponed to July 30, 2011 in line with the policies of the competent authorities. ° 	None

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
			<p>(3) 3 meetings of the salary and compensation committees, 7 meetings of audit committees and 7 meetings of the board of directors in 2021.</p> <p>(4) The self-evaluation of the performance of the board of directors was carried out, and the evaluation results showed that all directors believed that the board of directors of the company was in good working order.</p> <p>(5) Responsible for corporate governance evaluation, and obtained the top 5% companies from the 1st to the 7th “Corporation Governance Evaluation”.</p> <p>(6) Responsible for checking the important information that should be issued after the board of directors and shareholders' meeting to ensure the legality and correctness of the important information.</p> <p>(7) Provide the company information required by the directors, and maintain communication between the directors and the heads of departments.</p> <p>(8) Provide board members with information on stipulation & revision of laws, regulations, etc. in the field of company operations and corporate governance.</p>	

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
5. Does the Company establish communication channel for stakeholders (Including but not limited to shareholders, employees, customers and suppliers), set up a dedicated section in its corporate website for stakeholders, and properly respond to CSR-related issues concerned by stakeholders?	V		The Company endeavors to understand the stakeholders' expectations and concerns by communicating with them. The results are the references for measures and solutions to relevant issues. Based on the five major principles of AA1000 SES-2015 Stakeholder Engagement Standard (SES), including dependency, responsibility, influence, diverse perspectives and tension, the Company assesses the level of impact which each stakeholder brings to the operation of ECOVE. Members from the CSR team have identified six major stakeholders, including employees, government, clients, shareholders, suppliers and communities. ECOVE has set up sections for Corporate Social Responsibility and Stakeholders on the Company’s website, and the actions regarding corporate social responsibility taken by the Company are specifically disclosed on the site. Questions, including but not limited to important issues relevant to corporate social responsibility, from stakeholders are responded in discreet. Please refer to the CSR Report of the Company for related issues and means of response.	None
6. Does the Company entrust the professional stock affair agency for the shareholder affairs?	V		The Company has appointed the Stock Transfer Agency Department of KGI Securities to process affairs related to shareholder meetings.	None
7. Information Disclosure (1) Does the Company set up a website to disclose information regarding the Company’s finance, business and corporate governance status? (2) Is there any other information	V		(1) The company has established a website to disclose information regarding the company's financial, business, and corporate governance status. The Company's website: www.ecove.com (2) The Company has established a Chinese and English website and	None

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
<p>disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, appointing spokespersons, webcasting investors conference)?</p> <p>(3) Does the company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation within the prescribed time limit?</p>			<p>assigned dedicated personnel for the collection and disclosure of company information. The Company also established a spokespersons mailbox on the company website to implement the spokesperson system, and published Chinese and English presentation materials and recordings of investor conferences, shareholder meeting information in Chinese and English, annual reports, etc.</p> <p>(3) The company's 2021 annual financial report was declared and completed on March 7, 2022. The first, second and third quarters of the 2021 annual financial report and the operating conditions of each month were completed within the stipulated period, and no announcement was made in advance.</p>	
<p>8. Is there other important information, which helps to understand the governance and operation of the company, which includes but not limited to the rights and interest of the staff, cares for the employees, investor relations, relation with the suppliers, rights of the stakeholders, trainings received by the directors and supervisors, the implementation of the risk management policy and risk assessment criteria, the liability</p>	V		<p>(1) The Company does not discriminate between gender, race, nationality, etc. in the recruitment and appointment of employees. Each employee shall enjoy labor insurance, national health insurance, appropriation of statutory pension fund, and the subsidiaries set up a common employee welfare committee.</p> <p>(2) The Company has provided the directors with information on related advanced study courses and appointed external professional institutions to open courses.</p> <p>(3) In accordance with the "Risk Management Standards", the company regulates the risk management process of each department and defines risk measurement standards, and implements risk management accordingly. All risk management units regularly carry</p>	None

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
insurance policies taken out for the directors and supervisors...etc?			<p>out risk identification and assessment and propose improvement measures, then report to the risk management executive committee. The risk management executive committee shall submit a risk management report to the board of directors every year. In case of major risks that endanger the company’s operations or compliance with laws and regulations, they shall take immediate and appropriate actions</p> <p>(4) The Company has purchased liability insurance policies for the directors and managers for the purpose of compensation in the event that a director or important employee causes damage to the Company or any third parties during the performance of duties.</p> <p>(5) The Company complies with laws and regulations in all contracts signed with customers to safeguard the rights and obligations of both parties.</p>	
9. Please describe the improvement status and provide the items and measures that should be prioritized for improvement with regard to the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year.	V		<p>According to the results of the 8th(2021) corporate governance evaluation recently released by the Corporate Governance Center, the company has met the requirements of the indicator 3.6, the English interim financial report was disclosed within two months after the Chinese one. The company’s priority intends to strengthen: Regarding the practical operation of the company, discuss the necessity of indicator 2.14 (establishing a functional committee other than statutory).</p>	None

[Note 1] Assessments on the Independence of CPA

Independence		Independence Criteria		Remark
Item	Description	Yes	No	
1	The CPA is required to recuse him/herself if his/her service or he/she has a direct or material indirect relationship with or interest in the matter concerned that may affect his/her fairness and independence and may not take part in the process.	V		
2	The purpose of the audit or review of the financial statements is to provide a medium to high probability but not absolute verification for the potential users of the statements. In addition to maintaining independence in form, the CPA's actual independence is even more significant. Therefore, members of the audit service team, other CPAs, the firm, and the affiliate enterprises of the firm are required to remain independent from the Company.	V		
3	The CPAs appointed by the Company maintain the following conditions:			
	(1) Integrity: The CPAs shall provide professional services in an honest and solemn manner.	V		
	(2) Fair and objective: The CPAs maintain a fair and objective attitude when providing professional services and prevent conflicts of interest from affecting their independence.	V		
	(3) Independence: The CPAs remain independent in form and in substance when auditing or reviewing financial statements and express their opinions in a fair manner.	V		
4	The independence, honesty, fairness, and objectivity of the CPAs are closely related. The CPAs do not lack or lose the independence that may affect the integrity, fairness, and objectivity that they had when they were appointed.	V		
5	The independence of the CPAs has not been influenced by self-interest, self-evaluation, defense in court, familiarity, or coercion.	V		
6	The influence of self-interest on the independence of the CPAs refers to the financial benefits obtained from the Company or other relations that may cause conflicts of interest with the Company. The following conditions have not occurred:			
	(1) Direct or indirect material financial interests with the Company.	V		
	(2) Financing or endorsements with the Company or its Directors or Supervisors.	V		
	(3) Intensive business relations with the Company.	V		
	(4) The possibility of losing the Company as a client.	V		
	(5) Potential employment relations with the Company.	V		
	(6) All official expenses in relations with the audit of the Company.	V		
7	The influence of self-evaluation on the independence of the CPAs refers to reports or judgments submitted by the CPAs for non-auditing services which constitute an important basis in the audit or review process of financial information; or if a member of the audit service team had once served as the Company's Director, Supervisor, or a position in the Company with significant influence over the audited case. The following			

	conditions have not occurred:			
	(1) A member of the audit service team currently serves or had served as the Company's Director, Supervisor, or other position that could seriously impact the audit in the most recent two years.	V		
	(2) Non-auditing services provided to the Company directly impact critical items in the audit.	V		
8	The influence of defense in court on the independence of the CPAs refers to the defense provided by a member of the audit service team to the Company's stature or opinion that causes its objectivity to be questioned. The following conditions have not occurred:			
	(1) Promotion or intermediary for the stocks or other securities issued by the Company.	V		
	(2) A member of the audit service team served as the Company's defense counsel or represents the Company in mediating conflicts with third parties.	V		
9	The influence of familiarity on the independence of the CPAs refers to the close relations with the Company's Directors, Supervisors, or managers that would cause the CPAs or members of the audit service team to pay overt attention to or sympathize with the Company's interests. The following conditions have not occurred:			
	(1) A member of the audit service team is a family member or relative of the Company's Director, Supervisor, or other individuals in positions that could seriously impact the audit.	V		
	(2) A member of the audit service team is a family member or relative of the Company's Director, Supervisor, or other individuals in positions that could seriously impact the audit.	V		
	(3) A member of the audit service team has accepted valuable gifts or presents from the Company or its Director or Supervisor.	V		
10	The influence of coercion on the independence of the CPAs refers to the threat from the Company suffered or felt by a member of the audit service team that causes the member to be unable to maintain objectivity and clarify professional doubts. The following conditions have not occurred:			
	(1) The Company requested the CPAs to accept inappropriate choices requested by the management or provide inappropriate disclosure in financial statements.	V		
	(2) The Company exerted pressure on the CPAs to inappropriately reduce mandatory auditing tasks to lower expenses.	V		
11	The firm and the members of the audit team shall be responsible for maintaining their independence, at the same time, considering whether the executed works will impact their independence. If so, measures shall be taken to remove such impact or eliminate it to an acceptable level.	V		
12	When the impact on independence is confirmed to be material, whether the Company, the firm and the audit team have adopted proper measures to eliminate such impact or reduce it to an acceptable level. The result shall be recorded.			N/A

13	If the Company, the firm and the audit team do not adopt proper measures to eliminate such impact or reduce it to an acceptable level, consideration shall be taken in regards to replacing the accountants to maintain the independence.			N/A
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3.4.4 The Remunerate committee’s composition, responsibilities and operation:

1. Remuneration Committee members’ information

Identity (Note1)	Criteria	Professional qualifications and experience	status of independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as a member of Remuneration Committee
	Name			
Independent Director	Shuh Woei Yu	Please refer to 3.2.1 Information of Directors and the section “A. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors”	Please refer to "A. Information Disclosure of Directors' Professional Qualifications and Independent Directors' Independence" in 3.2.1 Information of Directors	0
Independent Director	James Tsai	Ditto.	Ditto.	3
Independent Director	Shan-shan Chou	Ditto.	Ditto.	1

Scope of Duties of Remuneration Committee

The Committee shall exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the board of directors for discussion:

- (1) Periodically reviewing this Charter and making recommendations for amendments.
- (2) Establishing and periodically reviewing the performance assessment standards, and the policies, systems, standards, and structure for the compensation of the directors and managerial officers of this Corporation.

- (3) Periodically assessing the degree to which performance goals for the directors and managerial officers of this Corporation have been achieved, setting the types and amounts of their individual compensation
- (4) Other matters to be considered by the board of directors.

2. The state of operations of the Remuneration Committee

a. This committee is comprised of 3 members.

b. The term of current committee members is from May 28, 2020 to May 27, 2023:

A total of 4 meetings of the Remuneration Committee were held in the previous period: (Jan. 01, 2021~March 31, 2022)

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Convener /Member	Shuh Woei Yu	4	0	100	None
Member	James Tsai	4	0	100	None
Member	Shan-shan Chou	4	0	100	None

Other mentionable items:

1. If the board of directors declined to adopt, or modified, a recommendation of the remuneration committee, the dates of meetings, sessions, contents of motions, resolutions of the Board Meeting and the Company's response to remuneration committee' opinion should be specified (If the remuneration passed by the board of directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. If there are objections or reservations to any discussion matters or extraordinary motions expressed by any member of the Committee, recorded or provided in written forms, the dates of meetings, sessions, contents of motions, all members' opinion and the Company's response to members' opinion should be specified: None.

3. The operation of the company's remuneration committee in the most recent year:

Remuneration Committee Meetings	Contents of motion	Resolution	The company's handling of the opinions of the Remuneration Committee
The 3 rd meeting of the 4 th term 2021.03.08	1. The distribution plan of the 2020 directors' and employees' remuneration.	All members of the committee agreed	Submitted to the BOD, approved by all attend directors
	2.Revised the "Guidelines for Directors and Managers' Performance Evaluation and Salary and Remuneration System"	All members of the committee agreed	Submitted to the BOD, approved by all attend directors
	3. Revised the employees & management officers' average salary increase rate of 2021.	All members of the committee agreed	Submitted to the BOD, approved by all attend directors, except for the director who avoided the conflict of interest
The 4 th meeting of the 4 th term 2021.11.02	1. Proposed Restricted Stock Awards related issues.	All members of the committee agreed	Submitted to the BOD, approved by all attend directors, except for the director who avoided the conflict of interest
The 5 th meeting of the 4 th term 2021.12.14	1. Revised the employees' average salary increase rate of 2022.	All members of the committee agreed	Submitted to the BOD, approved by all attend directors
	2. The remuneration of the management officers of the Company.	All members of the committee agreed	Submitted to the BOD, approved by all attend directors, except for the director who avoided the conflict of interest
The 6 th meeting of the 4 th term 2022.03.07	1. The distribution plan of the 2021 directors' and employees' remuneration.	All members of the committee agreed	Submitted to the BOD, approved by all attend directors

3.4.5 Corporate Social Responsibility (Systems, steps and performance taken by the company for environmental protection, community participation, social contributions/services/welfare, consumer/human rights, safety and health and other social responsibility activities.)

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Statement	
1. Does the Company conduct risk assessments on environmental, social, and corporate governance issues related to its operations and set up relevant risk management policies or strategies in accordance with the materiality principle?	V		The Company follows GRI Standards and AA 1000SES to analyze the materiality by participating Sustainable Development Committee, identifying relevant environmental, social and corporate governance issues. The Company announced Risk Management Standards and established the Risk Management Executive Committee. The Committee is composed of department heads of ECOVE, chairmen, general managers and officers who are one level lower than general managers of all companies within the group. The Committee is responsible for controlling each operation risk, and effective actions shall be taken to control risks or grab potential opportunities. Risk Management Committee meeting is held on a yearly basis. Risk topics are prioritized and ranked after discussion from the Committee, and control measures will be proposed. ECOVE will continue to stay current on the implementation of control measures by reviewing audit to help the Board of Directors and managers to ensure that risks are effectively controlled. Please refer to our CSR report "Materiality Analysis" and "Risk Management."	None
2. Has the Company established a dedicated unit or appointed a unit for promoting CSR? Is the unit authorized by the Board of Directors to implement CSR activities at upper management levels? Does the unit report the	V		The Company attaches great importance to the implementation of corporate social responsibility and our contributions to society and the environment. Therefore, we set up the CSR Committee in 2014. Three work groups were set up under the Committee for Business Management, Social Engagement and Environmental Protection and formed by personnel from departments relevant to the issues. The General Management Office takes the responsibility to coordinate and communicate among the various work groups and holds meetings with each work group to track the results. This system enables the Company to achieve effective implementation of corporate	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Statement	
progress of such activities to the Board of Directors?			<p>social responsibility activities.</p> <p>In 2019, in order to integrate resources and coordinate the planning and implementation of various issues, the CSR committee was renamed as Sustainable Development Committee which included the functions of environment protection, social responsibility and corporate governance to ensure the company develop continuously. The Committee is composed of department heads of ECOVE, chairmen and general managers. The regular meeting is held once of half year and reports to the board of directors regularly once a year to review the CSR results of the current year and discuss the main the issues for the next year. The board reviews the plan’s success possibility and the progress. If needed, the board will urge the management team to make adjustments.</p> <p>Operation and Execution Process:</p> <p>2021 Report Topics: Talent retention and recruitment, occupational safety and health, social participation, power generation efficiency, renewable energy development, recycling and reuse development, waste reduction, air pollution prevention and control, water resource management and corporate governance.</p> <p>2022 Planned Topics: Talent retention and recruitment, occupational safety and health, social participation, renewable energy development, rectification effect of Efw plant, office greenhouse gas check, recycling and reuse development, waste reduction, air pollution prevention and control, water resource management and corporate governance.</p>	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Statement	
<p>3. Environment Issue</p> <p>(1) Does the company establish proper environmental management systems based on the characteristics of their industries?</p> <p>(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</p>	V		<p>(1) As a member of the society, ECOVE is committed to energy-saving and carbon reduction. From the view of the entire resource recycling industry, the Company is constantly pursuing the development and application of new technologies to reduce energy consumption and prevent pollution. In daily operations, the Company advocates the importance of reducing waste, electricity, water and energy.</p> <p>After Ecove obtained the world's first "BS 8001 Circular Economy Standard" certificate in 2017, it took "resource recycling service integration innovation and efficiency improvement" as the inspection target in 2021, and achieved the certification of circular economy standards in all business fields. It shows that Ecove enhances economic, environmental and social benefits to improve recycling rate and efficiency of every resource through effective resource management.</p> <p>Please refer to the last column of this form for international verification.</p> <p>(2) For pollution prevention, the EfW plants operated by the Company have established quality and environmental management systems (ISO 9001 and ISO 14001). For resource recycling, 2021 statistics show that the plants have sold a total of 1,240,737 MWh of electricity back to Taiwan Power Company, which every additional kilowatt-hour of electricity can reduce carbon dioxide emissions for the environment. According to the calculation of the electricity emission coefficient, it can reduce about 620,000 metric tons of CO2 in 2021. In 2021, the Company processed a total of 2,023,527 metric tons of waste at the contracted EfW plants. According to the statistics of the Environmental Protection Agency of the Executive Yuan in 2021, Taiwan</p>	None

Evaluation Item	Implementation Status		Summary Statement	Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
(3) Does the company evaluate the potential risks and opportunities of climate change on its now and future operations and respond to the climate-related issues with any initiatives?			<p>produces approximately 1.16 kilograms of garbage per person a day. ECOVE ESC processed a volume of general waste generated by approximately 4.78 million people in a year.</p> <p>(3) Among the top-five risks indicated in the Global Risks Report 2020 issued by the World Economic Forum (“WEF”), three of them are related to climate change. The impact of climate change on businesses has been growing. Therefore, we have set up Risk Management Standard in 2017. By continuously identifying relevant risk issues, such as information safety, occupational safety and health circle, projects (including climate change issue), organization and quality management, we have established a comprehensive governance procedure to manage risks or seize opportunities. In addition, inspection has been carried out according to the industry features to monitor parties that may be impacted by climate change. Risk management and mitigation plans have been conducted accordingly.</p> <p>Response measures: In response to the impact of global climate change, ECOVE assess climate change risk and opportunity for its three major business areas: waste management & incineration, renewable energy and recycling & reuse. ECOVE regularly identify risk sources and scope of impact and formulate various contingency operating standards to reduce impacts on operation caused by risks. We imported a management framework which is recommended by TCFD (Task Force on Climate-related Financial Disclosures) in 2021 to fully assess all climate change risks related to operations and improve organizational resilience under high uncertainty in the future. ECOVE also encourages green procurement policies. The amount of green procurement in 2021 was about 61.82 million. Please refer to the CSR report of the Company for further details.</p>	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons												
	Yes	No	Summary Statement													
(4) Does the company record the greenhouse gas emissions, water consumption and total weight of waste, as well as establish company strategies for energy efficiency, carbon, GHG reduction, conserving water and other waste management?			<p>(4) With regard to greenhouse gases, according to the 2021 self-inspection, the EfW plants operated by the Company emitted a total of 848,583 metric tons of carbon dioxide. The amount was more around 161,088 metric tons of carbon dioxide than 2020, that's because the ECOVE took over the operation management of Xizhou and Gangshan incineration plant in June and November respectively. ECOVE still achieved a similar level of unit GHG emission with 2020. ECOVE Keelung Plant has obtained the ISO 14064-1 verification of greenhouse gas emissions. Miaoli Plant and Tainan Plant have obtained the PAS 2050 certification and submitted carbon emission reduction plans for main sources of emissions in order to effectively reduce greenhouse gas emissions. With 2014 set as the base year, the goal is to cut down the total annual carbon emission by 1 percent.</p> <p>In terms of water consumption, statistics for 2020 and 2021 are as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Water consumption</td> <td>1,373,958</td> <td>1,223,433</td> </tr> </tbody> </table> <p>With regard to water resource management, the waste water of incineration plants under the Company's management including waste water from the boiler, production process, cleaning, general waste water, or vehicle-washing waste water is 100% recycled and reused through the waste water recycling system in the Plants to achieve the goal of "zero waste water discharge".</p> <p>In the terms of total weight of waste, statistics for 2020 and 2021 are as follows:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Year	2020	2021	Water consumption	1,373,958	1,223,433	Item	2020	2021				
Year	2020	2021														
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Evaluation Item	Implementation Status				Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons														
	Yes	No	Summary Statement																
			<table border="1"> <tr> <td>General waste</td> <td>Entered quantity(tons)</td> <td>1,506,140</td> <td>1,642,422</td> </tr> <tr> <td>General industrial waste</td> <td>Entered quantity(tons)</td> <td>389,112</td> <td>386,249</td> </tr> <tr> <td rowspan="2">Subtotal</td> <td>Total entered quantity(tons)</td> <td>1,895,252</td> <td>2,028,671</td> </tr> <tr> <td>Total processed quantity(tons)</td> <td>1,894,816</td> <td>2,023,527</td> </tr> </table>	General waste	Entered quantity(tons)	1,506,140	1,642,422	General industrial waste	Entered quantity(tons)	389,112	386,249	Subtotal	Total entered quantity(tons)	1,895,252	2,028,671	Total processed quantity(tons)	1,894,816	2,023,527	
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	Total processed quantity(tons)	1,894,816	2,023,527																
			<p>Note: The difference between entered and processed quantity is mainly from water evaporation or adjustment of storage pits.</p>																
			<p>Management policy for energy saving, carbon reduction and greenhouse gas reduction: Since 2019, several energy-saving topics have been formulated, including lighting system, abnormality correction of process, improvement of energy efficiency, application of frequency converter, etc. Each factory set up suitable projects related to the topics based on its own operation. The outcomes of these energy-saving efforts are reviewed and shared at the end of the year to set up indicators of energy-saving projects next year.</p> <p>Policy for wastes management: With the government's policy of sustainable development, we are actively reaching the goal of resource reuse. At the same time, considering the international issues such as the conversion and sustainable use of earth energy resources, greenhouse gases,</p>																

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Statement	
			and so on, we strongly promote the recycling economy. Those whom we have achieved are recycling and reuse of waste solvents, food waste, etc. In addition, we also take action to implement our own waste 6R management in response to the concept and actions of environmental protection 6R in daily life.	

<p>4. Social issue</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> <p>(2) Does the Company establish and deliver reasonable employee welfare programs (including salary, compensated absences, and other benefits) and adjust employee compensation in relation to business performance?</p> <p>(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?</p>	<p>V</p>	<p>(1) In compliance on human rights, labor standards, environment, anti-corruption and other normative spirits with UN Global Compact, Universal Declaration of Human Rights and UN Framework and Guiding Principles on Business and Human Right, and in order to ensure that daily operations are in line with corporate ethics, ECOVE sets basic standards of conduct to be observed for directors, managers, general employees and procurement personnel separately which include “Corporate Governance Code”, “Integrity Management Code”, “Directors and managers’ business ethical code of Conduct” and “Employee Ethical Code of Conduct”. Since 2020, "Employee Ethical Commitment" has been listed as a compulsory on-the-job training. Both new and in-service colleagues must study a total of 2 credits of online courses and in-class tests throughout the year. A total of 1,606 people in 2021 have completed the online course and passed the quiz.</p> <p>(2) Under a competitive compensations and benefits structure, standards of salary adjustments and bonus payments do not differ based on the type of employment, gender, or age. Ecove conducts both internal and external review structure to link compensation, bonuses and performance through a comprehensive performance appraisal system. The Company conducts annual performance evaluation for all employees. Individual work performance, responsibility commitment, and future development potential are considered. Objective and valid evaluations are used as the basis for salary adjustments and bonuses through various indicators such as corporate culture and CSR participation to achieve the effect of incentives. For the company's various employee welfare measures, further education, training, and retirement systems and their implementation details, please refer to 5.5 Labor Relations.</p> <p>(3) The company passed ISO 45001 and CNS 45001. Every year, the company has a safety and health education and training plan and implements it in accordance with its plan. It also has Safety and Health Ring series activities, through which all employees participate to establish a safety culture. In response to the COVID-19 epidemic, the company immediately established an emergency response center to cooperate with the central disease control and rolling wave health managing to respond to the health risks brought by COVID-19. A total of 1 occupational accident in the year, accounting for 0.1% of the total number of people. The company has improvements such as strengthening the SOP education & training/toolbox meeting, implementing the on-site inspection by supervisors, requiring safe and correct operation method, and implementing management to prevent occupational disasters.</p>	<p>None</p>
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<p>(4) Does the company provide its employees with career development and training sessions?</p>		<p>Please refer to 5.3.2 Work Environment and Employee Personal Safety for details of employee personal safety and work environmental protection measures and implementation.</p> <p>(4) ECOVE actively invests resources in talent cultivation, hoping to attract like-minded professionals, and make comprehensive education plan and training for new talents. At the same time, it provides professional training for different occupations. In addition to formulating Individual Development Plan (IDP) for each colleague, we continue to invest resources in the development of management capabilities, the mentor system, and the online learning courses of CTCI Academy. So that colleagues can learn and grow continuously, and can more agree with ECOVE's corporate culture and heritage.</p> <p>In order to tailor the most suitable course content for each colleague, ECOVE and CTCI initiated job descriptions in 2020 to thoroughly analyze the abilities of each job. In addition, the Individual Development Plan (IDP) has been gradually expanded from the original key and elite talents to all employees of the company. From suitability assessment, career planning, elective credits, to future job rotation plans, ECOVE completely plan for the resources and diversified development possibilities of colleagues at each stage of the career.</p> <p>Since its inception, 57 Key Positions, 12 High-Potential talents and 11 Young-Potential talents have been selected. The elite talent training mechanism is planned to properly configure the division of labor layout of each business territory. A rotation plan can be individually tailored for each talent to carry out a successor training plan to cope with possible future risks.</p>	
<p>(5) Does the company advertise and label its goods and services according to relevant regulations and international standards and also establish any consumer protection mechanisms and grievance procedures?</p>		<p>(5) The Company ensures product and service quality in accordance with related government and industry regulations. The Company adheres to related regulations and international standards for product and service marketing and labeling. The Company does not engage in any activities involving deceptive or misleading behaviors, frauds, or other actions which may diminish the trust of consumers or damage consumer interest. The Company regularly conducts customer satisfaction surveys, which are delivered by Sales Department to customers, for on-going projects every year. We analyze the problems and provide suggestions for improvement based on the result of survey. In order to make sure the quality of our services meets the expectations of customers, the analysis and suggestions are delivered to the relevant department for implementation after the approval of managers.</p>	
<p>(6) Does the Company formulate supplier management policies that require suppliers to comply</p>		<p>(6) The Company requires all its suppliers to fully comply with local laws and regulations when performing services for the company. In addition, the Company has established a set of supplier/contractor social responsibility principles and requests them to bear related social</p>	

<p>with relevant regulations on environmental protection, occupational safety and health, and labor rights and request their reporting on the implementation of such issues?</p>			<p>responsibilities. The Company has consistently promoted concepts such as the prohibition of child labor, protection of human rights, non-discrimination, fair treatment, legal working hours and wages, and environmental friendly management. As for the requirement for labor rights, environmental protection, safety and health risk control on our supply chain, we adopt various measures to facilitate the suppliers and contractors to improve and to enhance service quality and management standards. This helps to reduce the management risks and operating costs, suppliers, and contractors, and thereby forging solid, reliable partnerships that promote sustainable growth. The contract between the company and its major suppliers already includes that if the supplier involves a violation of its corporate social responsibility policy and has a significant impact on the environment and society, the company may terminate or release the terms of the contract at any time.</p>	
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Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Statement	
5. Does the Company follow internationally recognized guidelines to prepare and disclose non-financial information of the company, such as the Corporate Social Responsibility report? Is such report assured or verified by a neutral third party? Is this report assured or verified by a neutral third party?	V		The Company follows the internationally recognized GRI Standard to disclose relevant information, and CSR report is prepared on a yearly basis. In addition, the Company appointed SGS, a third-party verification unit, to conduct verification of high-level assurance and obtained the certification.	None
6. If the Company has established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies," please describe any discrepancy between the principles and their implementation: The Company has established Corporate Social Responsibility Implementation Principles in accordance with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies for all employees, managers, and members of the board to follow. Its operation has no difference between "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies."				
7. Other important information for better understanding of the Company's sustainable development practices: (1) Embrace challenge and triumph through innovation: The Company and its subsidiaries have actively pursued international markets in recent years. In terms of talent cultivation, it has enhanced its expertise and international exposure and encouraged employees to advance their studies in internal or external training to increase their capabilities. In 2021, the total number of employee training hours was approximately 24,988 hours with a total investment of 3.5 million. The Company's emphasis on education and training is visible. In addition, since 2020 the Company integrates the existing GTS system (online internal training system), knowledge database and external resources to set up a new platform for internal training –CTCI University. ECOVE expands the field of knowledge to 6 colleges as university system—College of QHSE, Engineering, Integration, Management, Leadership and General Education to help				

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Statement	
<p>colleagues plan required and elective courses. The content is combined with the original knowledge base system and external resources (such as MOOC, TED, YouTube... etc.) mainly through the digital platform. ECOVE records knowledge and experience into online courses and keeps them in the cloud forever. All original training courses of each unit will also be included. To expand the vision and encourage learning, except for online learning, physical courses will be arranged and experts will be invited to deliver speeches or lectures. With complete, professional and comprehensive career training, we hope to assist and encourage employees to become global talents with diversified opportunities through continuous learning and establishment of international perspectives. Since 2021, Ecove has continued to promote industry-university cooperation, and has signed internship cooperation plans with 7 schools including Ming Chi University of Technology, National Chin-Yi University of Technology, Feng Chia University, Chia Nan University of Pharmacy & Science, Tamkang University, National Central University and Chaoyang University of Technology, aiming to cultivate young talents and cultivate high-quality manpower. Since the plan started, due to the impact of the epidemic, a total of 1 student has been intern in the Linkou Water Resource Project of PJ2 department. At the same time, he can obtain credits from the school. With effectively using the resources of both parties, a cooperative relationship between the industry and academic institutions can be established.</p> <p>(2)Implement Safety and Health: ECOVE adheres to the spirit of safety and health, and has formulated 7 major safety and security policies: “Safety First”, “Improve Employee’s Health and Well-being”, “Environmental Protection and Sustainable Development”, and “Implement Risk Management Mechanism”, "Fulfilling Regulations and Contract Requirements", "Promoting Full Participation and Training", "Continuous Improvement of the Safety and Health Environment System".</p> <p>(3)Responding to international initiatives: ECOVE actively connects with external initiatives and combines talent training. Outstanding new-generation colleagues serve as initiative ambassadors to raise colleagues’ attention to issues such as climate change and ecological environment. Through participating in activities, environmental issues are integrated into daily life. Under the global climate change, everyone has the ability and responsibility to change the world. As long as we care about the land where we live with our heart and action, we can support our planet.</p> <p>(4)One Plant One Step: Environmental Education for Sustainability: In order to let our next generation understand the relationship between human and natural environment and human-made environment (including society, economy, etc.) Meanwhile, we will cultivate basic concepts, values and a sustainable lifestyle for the environment. Since 2018, ECOVE has cooperated with CTCI Education Foundation and implements the three-year plan of “One Plant One Step: Environmental Education for Sustainability”, proactively promote environmental education from schools started from elementary around Taiwan.</p>				

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Statement	
			<p>The life style of sustainability can be taught to children. In 2021, Ecove cooperates again with CTCI Education Foundation again to implement the five-year plan of "One Plant One Step: Environmental Education for Sustainability", more than 48% invitations were from the former schools. Hope that the seeds of environmental education can be planted continuously in these little masters of the future.</p> <p>(5) Environmental education facilities and places, helping to develop a green future: ECOVE actively participates in getting the certification of environmental education facilities and places. Based on the local characteristics of culture, geography and ecologic, combined with energy-saving, water-saving and carbon-reducing design, it has been designed into a diversified curriculum. At present, ECOVE has obtained 5 certificated places, of which Miaoli EfW and STSP EfW Plants have been awarded the highest five stars. ECOVE's environmental education facilities, in addition to train colleagues who are certified as lecturers, also have rich interactive experience content. In 2021, due to the impact of COVID-19 epidemic, guided tours are not open for some periods. However, 53 sessions of environmental education services are still provided with 1,611 participants.</p>	
I.			<p>Inspection standards for passage of CSR reports:</p> <p>The "ECOVE 2020 CSR Report" was completed in 2021 to disclose the Company's implementation of corporate social responsibility policies. An external entity, the BSI Group, was appointed to independently certify the CSR Report in accordance with AA 1000 standards.</p> <p>ECOVE and its subsidiaries have acquired the following certifications for quality, safety, health, and environmental management in 2021 and by the published date of the Annual Report:</p> <ul style="list-style-type: none"> • ECOVE Environment Corp. has acquired BS 8001:2017 certification for circular economy (2020.12.21 ~ 2022.12.20) • All O&M EfW plants operated by ECOVE Environment Services Corp. have acquired ISO 9001:2015 quality management system certificate (Keelung EfW Plant 2019.11.21 ~ 2022.11.21, Southern Taoyuan EfW Plant 2020.03.21 ~ 2023.03.21, Miaoli EfW Plant 2021.10.02 ~ 2024.10.02, Houli EfW Plant 2020.06.17 ~ 2023.06.17, Wujih EfW Plant 2021.11.01 ~ 2024.03.16, Tainan EfW Plant 2021.04.21 ~ 2024.04.24, STSP EfW Plant 2020.09.29 ~ 2023.09.29) • All O&M EfW plants operated by ECOVE Environment Services Corp. have acquired ISO 14001:2015 environmental management system certificate (Keelung EfW Plant 2019.11.21 ~ 2022.11.21, Southern Taoyuan EfW Plant 2020.03.21 ~ 2023.03.21, Miaoli EfW Plant 2021.10.02 ~ 2024.10.02, Houli EfW Plant 2020.06.19 ~ 2023.06.19, Wujih EfW Plant 2021.11.01 ~ 2024.03.16, Tainan EfW Plant 2021.04.21 ~ 2024.04.24, STSP EfW Plant 2020.09.29 ~ 2023.09.29) 	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Statement	
			<ul style="list-style-type: none"> Keelung & Miaoli EfW Plant, operated by ECOVE Environment Services Corp., has acquired the Environmental Protection Administration (EPA) product carbon footprint certificate (Keelung 2020.09.30 ~ 2025.09.29, Miaoli 2020.1.11 ~ 2023.01.10) Miaoli EfW Plant, operated by ECOVE Environment Services Corp., has acquired the ITRI product carbon footprint reduction critical review statement certificate (2020.9.15 ~ 2022.09.15) Keelung, Miaoli, Houli EfW Plant, Tainan Science Park Resource Recycling Center and Tainan EfW Plant operated by ECOVE Environment Services Corp., has acquired the Environmental Protection Agency Environmental Education Facilities Site Certificate (Keelung EfW Plant 2019/12/29 ~ 2024/12/28 、 Miaoli EfW Plant 2019/12/29 ~ 2024/12/28 、 Houli EfW Plant 2017/12/1 ~ 2022/11/30 、 Tainan Science Park Resource Recycling Center 2020/12/21 ~ 2025/12/20 、 Tainan EfW Plant 2017/11/13 ~ 2022/11/12) Keelung, Southern Taoyuan, Miaoli, Houli and Tainan EfW Plant and Tainan Science Park Resource Recycling Center operated by ECOVE Environment Services Corp., has acquired the Badge of Accredited Healthy Workplace Certificate (Keelung Plant 2020/01/01 ~ 2022/12/31 、 Southern Taoyuan EfW Plant 2020/01/01 ~ 2022/12/31 、 Miaoli EfW Plant 2021/01/01 ~ 2023/12/31 、 Houli EfW Plant 2020/01/01 ~ 2022/12/31 、 Tainan EfW Plant 2021/01/01 ~ 2023/12/31 、 Tainan Science Park Resource Recycling Center 2022/01/01 ~ 2024/12/31) ECOVE Waste Management Corp. has acquired ISO 9001:2015 quality management system certificate (2019.10.12 ~ 2022.10.12) ECOVE Waste Management Corp. has acquired ISO 14001:2015 environmental management system certificate (2019.10.02 ~ 2022.10.02) ECOVE Waste Management Corp. has acquired ISO 45001:2015 occupational health and safety management system certificate (2019.08.29 ~ 2022.08.29) ECOVE Waste Management Corp. has acquired Taiwan Occupational Safety and Health Management System Certificate (2020/09/03 ~ 2023/09/02) ECOVE Solar Energy Corp. has acquired ISO 9001:2015 quality management system certificate (2021/09/14 ~ 2024/09/14) ECOVE Solar Energy Corp. has acquired ISO 14001:2015 environmental management system certificate (2021/09/02 ~ 2024/09/02) ECOVE Solar Energy Corp. has acquired ISO 45001:2015 occupational health and safety management system certificate (2021/09/02 ~ 2024/09/02) ECOVE Solar Energy Corp. has acquired Taiwan Occupational Safety and Health Management System Certificate (2021/09/02 ~ 2024/09/01) 	

3.4.6 The Ethical Corporate Management

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies" and reasons
	Yes	No	Summary Statement	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Has the company formulated the "Ethical Corporate Management Best Practice Principles" approved by the board of directors, and stated in the regulations and external documents the policies and practices of "Ethical Corporate Management Best Practice Principles", and the board and senior management's commitment to actively implement the management policy?</p> <p>(2) Whether the company has established an assessment mechanism for the risk of dishonesty, regularly analyzes and evaluates business</p>	V		<p>(1) The Company adopted the "Ethical Corporate Management Best Practice Principles" on the 14th meeting of the 5th term BOD on December 17, 2013. The latest revision was approved by the 17th meeting of the 7th term BOD on December 9, 2019.</p> <p>The company's "Ethical Corporate Management Best Practice Principles" has updated the assessment mechanism and prevention plan for the risk of dishonesty behavior, the employment contract requires employees to abide by the company's integrity management policy, the company's website expresses the integrity management policy, and the directors and senior management issued a policy that follows the integrity management policy Declare, and properly keep the relevant documents, the audit unit based on the assessment results of the risk of dishonesty, and formulate the relevant audit plan, and examine the compliance play accordingly.</p> <p>After the investigation of the whistleblower case is completed, appropriate follow-up actions, anonymous reporting and other provisions should be implemented, and the policies and practices of honest operation should be clearly stated, as well as the commitment of the board of directors and senior management to actively implement the operation policy.</p> <p>(2) The company has established an effective accounting system and internal control system for business activities with a high risk of dishonest conduct to prevent it, and reviews it at any time to ensure that the design and</p>	None

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies" and reasons
	Yes	No	Summary Statement	
activities with a high risk of dishonesty in the business scope, and accordingly formulates a plan to prevent dishonesty to the board of directors (at least once a year)?			<p>implementation of the system continue to be effective. The internal auditors of the company regularly examine the compliance plan. On Dec. 14, 2020, the 5th term of the 8th session of the board of directors of the company submitted the "2020 Promotion of Corporate Integrity Management Policy Report". The summary of the implementation is as follows:</p> <ol style="list-style-type: none"> 1. Smooth reporting channels and express the determination to expose the fraud. (For example, set up a. Third-party reporting platform b. Employee opinion platform c. Organize a symposium on communication between senior executives and grassroots employees.) 2. Deepen the connection between integrity and ethics. (For example, a. Continue to promote the "Ethical Behavior Rules", "Employee Reporting Channels" and "Receiving Rules" b. All employees re-signed the "Employee Ethics Commitment Letter" c. All employees are required to participate in online courses and test the "Employee Ethics Commitment Letter" every 6 months d. " incorporate the corporate culture of integrity into the annual employee self-assessment performance, accounting for 20%".) 3. Strengthen honest business behavior with suppliers. (For example, a. With reference to international norms of human rights, labor standards, environment and anti-corruption, formulate "Supplier Code of Conduct" b. When the supplier participates in the quotation and decides to open the bid, shall not allow any type of improper benefits such as commission payment to the relevant personnel to facilitate the conclusion of the contract c. When making a factory visit to the factory, it is also checked whether it is implemented and complied with the 	

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies" and reasons
	Yes	No	Summary Statement	
(3) Does the company clearly specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?			<p>Supplier Code of Conduct.) The company will continue to promote annual integrity management issues in 2021.</p> <p>(3) The company's "Ethical Corporate Management Best Practice Principles" has set up a plan to prevent dishonesty, and regularly review the laws and practical operations to cooperate with the revision; in addition, cooperate with the revision of the "Guidelines for Ethical Conduct", "Accusation Management Regulations" and "Employees "Rewards and punishment measures", etc., as the basis for implementing the "prevention of dishonesty" violations and punishment and appeals.</p>	
<p>2. Fulfill operations integrity policy</p> <p>(1) Has the company assessed the ethical record of the counterparty and specified the terms of integrity in its contract with the counterparty?</p> <p>(2) Whether the company has set up a special unit under the board of directors to promote enterprise ethical management, and regularly (at least once a year) report to the board of directors on its ethical management policy and prevention of dishonesty behavior plans and supervision and implementation?</p>	V		<p>(1) In addition to prudently assessing the integrity records of the transaction partners, the company also signed a consent form when signing the contract with the supplier (or contractor), which includes agreeing to "abide by the relevant laws of the country and transaction-related countries"</p> <p>(2) The company's general management office (non-affiliated with the BOD) is responsible for the preparation and promotion of corporate ethical management plans and subsequent implementation matters. The general manager of the top decision-making director of the company's general management office determines and supervises the ethical management plan and implementation situation, and submits to the board of directors the "Promotion of corporate ethical management policy" at least annually.</p>	None

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies" and reasons
	Yes	No	Summary Statement	
			<p>On Dec. 14, 2021, the implementation of The 12th Meeting of the 8th term BOD of the company's "2021 annual promotion of corporate ethical management policy" is as follows:</p> <ol style="list-style-type: none"> 1. Smooth reporting channels and determination to expose fraud: <ol style="list-style-type: none"> (1) continue to set up "third-party reporting platform." No reported cases were received this year. (2) Continue "employee opinion platform", which is divided into ①facility management, ②system suggestion, ③improvement proposal, ④workplace violence complaint and ⑤report etc. A special person is responsible for handling. If it is a complaint, it will be handled as a confidential document to protect the rights of the complainant. No complaints or reported cases were received this year. (3) A communication symposium between senior executives and grassroots employees is organized to understand and listen to employees' ideas and suggestions which can promote communication and interaction. There were 6 sessions with 147 people participated 2. Implement advocacy and deepen employee beliefs in integrity: <ol style="list-style-type: none"> (1) Continue to promote the "Ethical Behavior Rules", "Employee Reporting Channels" and "Receiving courtesies Rules". (2) All employees re-signed the "Employee Ethics Commitment Letter". (3) The company's corporate integrity management policy was explained in the education and training of new recruits. There were 105 people participated with 105 hours. (4) All employees are required to participate in online courses every six 	

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies" and reasons
	Yes	No	Summary Statement	
			<p>months and have the "Employee Ethics Commitment" tested. In the first half of the year, 747 people participated in the course with 747 hours. In the second half of the year, 804 people participated in Dec. with 804 hours.</p> <p>(5) Incorporate the corporate culture of integrity into the annual employee self-assessment performance to deepen the link between integrity ethics and positive employee behavior.</p> <p>3. Strengthen the integrity of business operations with manufacturers:</p> <p>(1) refer to the international relevant human rights, labor standards, environment and anti-corruption and other normative spirits and formulate a "supplier code of conduct". Have the suppliers sign a pledge to abide by the relevant code of conduct when the quotations are given.</p> <p>(2) At the time of bid opening and deciding, have suppliers not to make any type of improper benefits such as commissions to the relevant person to complete the contract. If the aforesaid situation is verified to be true, stop suppliers from continuing to participate in the bidding of this case. If the contract has been signed, it will also be terminated and we will be compensated for our losses.</p> <p>(3) While visiting the factory, check if it's implemented and abided by the "Supplier Code of Conduct."</p> <p>In 2022, the company will continue to promote the integrity of business operations in the previous year.</p>	

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies" and reasons
	Yes	No	Summary Statement	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?			(3) The company has formulated a policy to prevent conflicts of interest, provided appropriate presentation channels, and implemented them. Relevant regulations are stipulated in the "5.2 Preventing conflicts of interest", "5.5 Steps to determine the ethicalness of behavior" and "5.6 Reporting and disciplinary procedures for violation " in the "Code of Ethics and Conduct" of the Company. In addition, the company's "Code of Ethics and Conduct" have been published in the annual report.	
(4) Has the Company established effective systems for both accounting and internal control to facilitate ethical corporate management? Has the internal audit unit formulated relevant audit plans based on the results of the assessment of the risk of unethical behavior and audited the compliance of ethical corporate management accordingly? Or the Company entrusts CPAs to perform the audit?			(4) The Company has established effective and complete accounting system and internal control mechanism to perform exception management. The internal audit unit draws up an annual audit plan based on the results of the risk assessment, executes yearly audit plans, and reports the audit results related to ethical corporate management to the ethical management dedicated unit on a quarterly basis, so as to facilitate the effectiveness of ethical.	
(5) Does the company regularly hold internal and external educational trainings on operational integrity?			(5) The Company educates new employees on the ideals of "ethical governance" and organizes legal courses from time to time to enhance the promotion of ethical corporate management. In 2021, the Company and its important subsidiaries held internal and external training related to ethical corporate management, including promotion programs for communication among employees, workshops that promote corporate culture, online courses regarding code of ethics and	

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies" and reasons
	Yes	No	Summary Statement	
			business conduct, etc. In addition to continuing to provide related training to newly recruited employees, the Company also made "Employee Ethical Commitment" a compulsory on-the-job training. Both new and in-service colleagues must study a total of 2 credits of online courses and in-class quizzes throughout the year. In 2021, 1551 employees were participated in the course and passed.	
<p>3. Operation of the integrity channel</p> <p>(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Whether the company has set the standard operating procedures for the investigation of the complaint, the follow-up measures to be taken after the investigation is completed, and the relevant confidentiality mechanism</p> <p>(3) Does the company provide proper whistleblower protection?</p>	V		<p>(1) The Company has established "Accusation Management Regulations" to be implemented along with the "Employee Reward and Punishment Regulations". The "Accusation Management Regulations" have established clear reporting channels and assigned dedicated personnel to investigate the reported misconducts. There are two types of prosecution channels that can be reported to the company. One is the "Third Party Reporting Platform" and the other is the "Employee Opinion Platform" built on the company's website.</p> <p>(2) The Company has established investigation procedures for reported cases and related confidentiality mechanisms in the "Accusation Management Regulations" (published in the annual report). E.g. the provision of a third-party report platform to provide employees and external parties a channel to report unethical conduct under their names or anonymously.</p> <p>(3) The Company requires "all related personnel who have knowledge of the reported case shall be obligated to maintain the confidentiality of the reporter."</p>	None
<p>4. Strengthening information disclosure</p> <p>(1) Does the company disclose its Ethical Corporate</p>	V		(1)The Company has disclosed "Ethical Corporate Management Best Practice	None

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies" and reasons
	Yes	No	Summary Statement	
Management Best Practice Principles and the results of its implementation on the Company's website and MOPS?			Principles" and "Annual policy report on promoting corporate Ethical management" on the company's website, and has disclosed "Ethical Corporate Management Best Practice Principles" on MOPS.	
<p>5. If the company has established its own ethical corporate principles based on "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies", please describe the difference between operation practice and the ethical corporate principles: According to the "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX--Listed Companies", the Company has obtained the approval of the "Ethical Corporate Management Best Practice Principles" (the "Principle") in the 17th meeting of the 7th term Board of Directors in December 9th, 2019. The all employees, officers and board members should comply with the Principle.</p>				
<p>6. Other important information to facilitate understanding of the company's good faith management implementation.(e.g. To announce the company's determination to implement good faith management to business vendors, to invite vendors to participate in related education, and to review and revise the company's ethical corporate management best practice principles): The Company strictly observed "Company Act"," Securities and Exchange Act", related rules for TWSE/ TPEX -Listed Companies and other commerce ordinances to implement the good faith management. Review and revise the Company's internal management principles including "Corporate Governance Principles", "Ethical Corporate Management Best Practice Principles", "Code of Ethics for Directors and Managers", "Employee Code of Ethics and Conduct", and based on the development of ethical corporate management principles.</p>				

3.4.7 Corporate Governance Guidelines and Regulations

Please refer to the MOPS website at <http://mops.twse.com.tw> or ECOVE's website at www.ecove.com.

3.4.8 Other Important Information Regarding Corporate Governance

(1) Training program for directors

Title	Name	Study Period		Sponsoring Organizaion	Course	Training Hours
Chairman	J. J. Liao	2021/09/01	2021/09/01	Financial Supervisory Commission	The 13 th Taipei Corporate Governance Forum	3.0
		2021/07/29	2021/07/29	Taiwan Institute for Sustainable Energy(TAISE)	The 25th CEO lecture and special speech	2.0
		2021/05/05	2021/05/05	Taiwan Institute for Sustainable Energy(TAISE)	The Corporate Sustainability Training Course	3.0
Director	Y. P. Shih	2021/08/20	2021/08/20	Taiwan Corporate Governance Association	A Course Directors and Supervisors Should Know: Global Risk Cognition	3.0
		2021/05/05	2021/05/05	Taiwan Institute for Sustainable Energy(TAISE)	The Corporate Sustainability Training Course	3.0
Director	Kuan Shen Wang	2021/08/20	2021/08/20	Taiwan Corporate Governance Association	A Course Directors and Supervisors Should Know: Global Risk Cognition	3.0
		2021/08/03	2021/08/03	Taiwan Corporate Governance Association	Fully activate enterprise digital resilience - from ransomware on emergency response and restore	3.0
Director	Ping Shen	2021/08/03	2021/08/03	Taiwan Corporate Governance Association	Fully activate enterprise digital resilience - from ransomware on emergency response and restore	3.0
		2021/05/05	2021/05/05	Taiwan Institute for Sustainable Energy(TAISE)	The Corporate Sustainability Training Course	3.0
Director	Minyang Liu	2021/08/03	2021/08/03	Taiwan Corporate Governance Association	Fully activate enterprise digital resilience - from ransomware on emergency response and restore	3.0
		2021/05/05	2021/05/05	Taiwan Institute for Sustainable Energy(TAISE)	The Corporate Sustainability Training Course	3.0
Director	Eugene Chien	2021/07/29	2021/07/29	Taiwan Institute for Sustainable Energy(TAISE)	The 25th CEO lecture and special speech	2.0
		2021/04/29	2021/04/29	Taiwan Institute for Sustainable Energy(TAISE)	The 24th CEO lecture and special speech	2.0
		2021/01/28	2021/01/28	Taiwan Institute for Sustainable Energy(TAISE)	The 23th CEO lecture and special speech	2.0
Independent Director	Shuh Woei Yu	2021/08/03	2021/08/03	Taiwan Corporate Governance Association	Fully activate enterprise digital resilience - from ransomware on emergency response and restore	3.0
		2021/05/05	2021/05/05	Taiwan Institute for Sustainable	The Corporate Sustainability Training Course	3.0

				Energy(TAISE)		
Independent Director	James Tsai	2021/12/15	2021/12/15	Taiwan Corporate Governance Association	How companies and directors and supervisors can avoid mistakenly stepping on insider trading	3.0
		2021/12/15	2021/12/15	Taiwan Corporate Governance Association	Practical issues of unconventional transactions that directors and supervisors should pay attention to	3.0
		2021/10/07	2021/10/07	Taiwan Corporate Governance Association	Promotion and implementation of Taiwan's sustainable finance	3.0
		2021/09/08	2021/09/08	Taiwan Academy of Banking and Finance	Corporate Governance Forum- International trends in anti-money laundering and combating the financing of terrorism	3.0
		2021/08/03	2021/08/03	Taiwan Corporate Governance Association	Fully activate enterprise digital resilience - from ransomware on emergency response and restore	3.0
		2021/05/05	2021/05/05	Taiwan Institute for Sustainable Energy(TAISE)	The Corporate Sustainability Training Course	3.0
		2021/01/27	2021/01/27	Taiwan Insurance Institute	Introduction and impact of ICS insurance capital standards-Also on the challenges of integrating IFRS17 and ICS	3.0
Independent Director	Shan-Shan Chou	2021/08/03	2021/08/03	Taiwan Corporate Governance Association	Fully activate enterprise digital resilience - from ransomware on emergency response and restore	3.0
		2021/05/05	2021/05/05	Taiwan Institute for Sustainable Energy(TAISE)	The Corporate Sustainability Training Course	3.0

(2) Training program for managers of corporate governance

Sponsoring Organizaion	Course	Study Period		Training Hours
Taiwan Institute for Sustainable Energy(TAISE)	The Corporate Sustainability Training Course	2021/05/05	2021/05/05	3.0
Taiwan Corporate Governance Association	Fully activate enterprise digital resilience - from ransomware on emergency response and restore	2021/08/03	2021/08/03	3.0
Digital Governance Association	Directors and Supervisors Responsibility and Risk Management Seminar	2021/09/15	2021/09/15	3.0
Financial Supervisory Commission	The 13 th Taipei Corporate Governance Forum	2021/09/01	2021/09/01	3.0

(3) Internal Material Information Disclosure Procedure

According to the letter of Financial Supervisory Commission dated March 16th, 2009 and consulting with “Internal Material Information Disclosure Procedure”

which is announced by Taiwan Stock Exchange Corporation (TWSE), the Company has formulated the “Regulations Governing Prevention of Insider Trading” (the “Regulation”). The Regulation is the code of conduct for Directors, Supervisors, Managerial personnel, and the persons regulated under the Regulation and it includes the scope of Internal Material Information, and the laws, regulations, orders that people forenamed should comply with. The Company has provided the Regulation to all Directors and Supervisors, and also disseminates all employees.

(4) Code of Corporate Social Responsibility Best Practice Principles

ECOVE Environment Corporation
Corporate Social Responsibility Best Practice Principles

Amended on Dec. 14, 2020

Amended on Dec. 16, 2014

- Article 1 To fulfill corporate social responsibility (“CSR”) initiatives and to promote economic, social and environmental balance and sustainable development, ECOVE Environment Corp. (“The Company”) draws up “Corporate Social Responsibility Best Practice Principles” in accordance with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies” by Gre Tai Securities Market based on the business scope and the entire operations of the Company.
- Article 2 Fulfilling CSR has been a vital scheme of the Company; with continuous concern of relevant issues, the Company monitors at all times the development of domestic and international CSR framework and the change of business environment so as to examine and improve its established CSR framework and to obtain better results from the implementation of the CSR policy. In fulfilling CSR initiatives, the Company gives due consideration to the social mores and the rights and interests of the interested parties and, while pursuing sustainable operations and profits, also gives due consideration to the environment, society and corporate governance for its materializations in operation strategies and daily activities.
- Article 3 To implement CSR initiatives, the Company follows the principles below:
1. Exercise corporate governance.
 2. Foster a sustainable environment.
 3. Preserve public welfare.
 4. Enhance disclosure of CSR information.
- Article 4 The board of directors of the Company exercises the due care of good administrators to urge the company to perform its CSR initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its CSR policies and the disclosure of relevant information.
- Article 5 For the purpose of managing CSR initiatives, the Company establishes a Sustainable Development Committee to be in charge of proposing and enforcing the CSR policies or systems of the company and to report the same to the board of directors on a periodic basis.
- Article 6 The Company respects the rights and interests of the interested parties, identifies and understands the reasonable expectations and demands of such parties through proper communication and allowing their participation, and adequately responds to the important CSR issues which such parties are concerned about.

- Article 7 The Company establishes effective corporate governance framework and relevant ethical standards so as to enhance corporate governance.
- Article 8 The Company follows relevant environmental laws and regulations and international standards to properly protect the environment and endeavors to promote a sustainable environment when engaging in business activities.
- Article 9 To utilize water resources more efficiently, the Company properly and sustainably utilizes water resource, and adopts relevant management measures.
- Article 10 The Company complies with relevant labor laws and regulations, protects the legal rights and interests of employees, and respects internationally recognized principles of the labor force's human rights. The human resources policies of the Company are founded on the principles of the labor force's human rights and contain appropriate management methods and procedures.
The Company ensures that its employment policies do not contain differential treatments based on gender, race, age, marital and family status, and achieves equality in terms of compensation, employment conditions, and training and promotion opportunities.
- Article 11 The Company provides information for its employees so that the employees have knowledge of their rights under the labor laws of the countries where the company has business operations.
- Article 12 The Company provides safe and healthful work environments for its employees, including necessary health and first-aid facilities and endeavors to curb dangers to employees for safety and health and to prevent occupational accidents. Also, the Company organizes training on safety and health for its employees on a regular basis.
- Article 13 The Company creates an environment conducive to the development of its employees' careers and establishes effective training programs to foster career skills.
- Article 14 The Company establishes a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information and express their opinions on the Company's operations, management and decisions. The Company respects the employee representatives' rights to bargain for the working conditions, and provides the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.
The Company, by reasonable means, informs employees of operation changes that might have material impacts.
- Article 15 The Company provides a clear and effective procedure for accepting client complaints and handles the complaints fairly and timely, complies with relevant laws and regulations for protecting information provided by clients.
- Article 16 The Company assesses the impact its suppliers have on society as well as the environment in terms of production and manufacturing process, and, if necessary,

cooperates with its suppliers to jointly foster a stronger sense of CSR.

Article 17 The Company discloses information according to relevant laws and regulations and the Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies and fully disclose relevant and reliable information relating to its CSR initiatives to improve information transparency.

Relevant information relating to CSR which it discloses includes:

1. The management scheme, strategy, policy and management guidelines for CSR initiatives resolved by the board of directors.
2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for realizing the CSR initiatives established by the Company.
4. Result of implementing CSR initiatives.
5. Other information relating to CSR initiatives.

Article 18 The Company produces CSR reports disclosing the status of its implementation of the CSR policy. The reports include:

1. The framework, policy and proposal of implementing CSR initiatives.
2. Major interested parties and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment and preservation of public welfare.
4. Future improvements and goals.

Article 19 The Company monitors at all times the development of domestic and international CSR framework and the change of business environment so as to examine and improve its established CSR framework and to obtain better results from the implementation of the CSR policy.

Article 20 The Principles shall be implemented after the board of directors grants the approval. The same procedure shall be followed when the Principles have been amended.

(5) Code of Ethics and Conduct

ECOVE Environment Corporation Code of Ethics and Conduct

1.0 Purpose

Guidelines for ethical conduct (“the Guidelines”) are adopted to assist ECOVE Environment Corp. to foster a corporate culture of ethical management, preventing employees taking advantage of their positions in exchange for improper benefits.

2.0 Scope

These Guidelines are applicable to ECOVE Environment Corp. employees, subsidiaries, and other institutions or juridical persons which are substantially controlled by ECOVE Environment Corp. (“business group”).

3.0 Definition

3.1 Vendor: Including suppliers, third parties and subcontractors.

3.2 Family: Employee and their spouse and relatives within three degrees of consanguinity.

3.3 Confidential information: Including all ECOVE Environment Corp. methods, techniques, processes, programs, or other information that can be used for production, sale or business operation.

3.4 Intellectual property: Including all ECOVE Environment Corp. patents, trademarks, copyrights and trade secrets.

4.0 Responsibility

4.1 Human Resource Department: Establish guidelines of ethical conduct and accept accusations.

5.0 Operation Procedure

5.1 Prohibition of bribes offering and acceptance, and blackmailing

5.1.1 ECOVE employees shall not take advantage of their positions or influence in the companies to directly or indirectly request, obtain or accept any gifts, fees, rewards or other improper benefits for themselves, their families or colleagues.

5.1.2 The term “indirectly” stated in 5.1.1 refers to improper activities conducted through a third party.

5.2 Preventing conflicts of interest

ECOVE employees are allowed to conduct personal investments and other business activities under the limitation of following requirements, in order to avoid conflicts of interest between employee and ECOVE, which may further affects the loyalty of such employee :

5.2.1 Avoid personal gain during business operations :

- ECOVE employees shall not participate in business operations if business relationship appears between ECOVE and their family.
- ECOVE employees shall not directly or indirectly accept any improper benefits when conducting business operation.

- 5.2.2 Avoid part-time job and/or competing with ECOVE Environment Corp. :
- ECOVE employees shall not accept other company's employment during tenure.
 - Direct or indirect relationship with competitors shall be avoid, including part-time/full-time employment and contractor of companies in the same business, ECOVE's clients or vendors, ECOVE's competitors and its supplier.
 - Effects on ECOVE clients and/or vendors lead to disadvantage of ECOVE Environment Corp. shall not occur.
- 5.2.3 The measures of relatives' employment of related industries :
- To avoid disadvantaging ECOVE and conflicting with interests of ECOVE, ECOVE employees shall not sharing confidential information with their relatives who is employed by a company in the related industries, and their companies as well.
 - ECOVE employees shall proactively submit to Human Resource Department in written form if his/her relatives hold a business relationship with ECOVE.
- 5.2.4 ECOVE employees shall submit to Executive Management Office in advance if he/she is a director of the board, supervisor or consultant of a company in the related industries, excluding those of ECOVE affiliates.
- 5.3 Protection of business confidentiality and intellectual property rights
- 5.3.1 All types of documents and information shall not be altered or modified by ECOVE employees.
- 5.3.2 ECOVE employees shall not discuss their work with non- ECOVE employees and leak confidential information which has not been revealed by ECOVE to others. The article above is still valid after resigning or retiring.
- 5.3.3 Before ECOVE patent or confidential information is revealed, ECOVE employees shall not disclose it in any ways, including disclosing it in ECOVE. The disclosure in ECOVE should be authorized or assigned, and the disclosure out of ECOVE should be done after subscribing the contract of confidentiality.
- 5.4 Fair trade with vendors
- 5.4.1 Vendor selection
- Vendors shall be fairly selected based on the technical specification, quality, duration and business requirements with the most competitive price. ECOVE employees shall not choose vendors with preference and ignore ECOVE's interests.
 - Employees participating in vendor selection shall avoid doing any activity that might be seen as the cause for vendor selection result.
 - Employees participating in vendor selection shall not provide any information relating to the contract or proposal to irrelevant third parties.
 - ECOVE's goals in procurement are "Best price, suitable quality, and prompt delivery". ECOVE employees should assist our vendors to accomplish the quality and quantity of their products or services.
- 5.4.2 Dealing with vendors
- ECOVE employees should treat all vendors in positivity, fairness, and politeness.
 - ECOVE employees shall not disclose confidential information to vendors.
 - ECOVE employees should avoid contacting vendors due to non-business-related affairs.
- 5.5 Steps to determine the ethicalness of behavior

5.5.1 Ethical Decision Making

When ECOVE employees have concerns about their own acts, or find anyone has suspected unethical behavior within ECOVE, employees should take the following steps :

- Assess that if there is any adverse effect to ECOVE, other people, and yourself, due to the behaviors, according to the section 5.5.2 in Guideline.
- Taking action after assessing the above statement ,and should be noted the following principles :
 - The action plan shall comply with laws and regulations.
 - The action plan shall meet ECOVE's policies.
 - ECOVE's employees may consult ethic-responsible department before deciding to take the action.

5.5.2 Questions to consider)

When ECOVE employees are faced with a situation not stated in this Guideline, the following questions may help them decide the right course of action:

- Am I personally uncomfortable about the course of action?
- Would I be unwilling or embarrassed to tell my family, friends, or coworkers?
- Could someone's life, health, safety, or reputation be endangered by my action?
- Would such action damage ECOVE's reputation if it appears on the news?
- Would I be regret of such action?

5.6 Reporting and disciplinary procedures for violation

5.6.1 Disciplinary system

- ECOVE employees shall acknowledge the rules and their obligations. Employee violates the Codes of Ethical Conduct shall be reviewed by the Rewards and Punishment Committee, and penalized according to "ECOVE Employees Reward and Punishment Regulations". Employees who are in significant violation of this Conduct may be subject to disciplinary action up to and including termination of the labor contract.
- Apart from being penalized according to the ECOVE internal rewards and punishment related policies, ECOVE may conduct civil or criminal lawsuit based on the severity of violation.

5.6.2 Reporting system

- ECOVE employees who discover any violation of this Conduct or other unethical activities shall report under their real name or anonymously according to "Accusation Management Regulations".
- Reporter shall provide specific descriptions and relevant evidences on the concerned person, matter, time, place and object for further investigation. Reporting channels including: Online reporting (<https://www.reportnow.com.tw/ctci>) and email (ctci@reportnow.com.tw).
- The reporting channel stated above is run by an independent third-party service provider to ensure the unethical activities being reported is conveyed truthfully. ECOVE promise to keep the confidentiality of reporters' identity, protecting reporters from inappropriate disciplinary actions due to their whistle-blowing.
- ECOVE may not conduct investigation or further action if reporters could not provide descriptions and relevant evidences on the concerned person involved. Such reporters may be penalized for malicious complaints.

6.0 Reference Document

KCP-174 ECOVE Employees Reward and Punishment Regulations

KCP-173 Accusation Management Regulations

(6) Code of Accusation Management Regulations

ECOVE Environment Corporation Accusation Management Regulations

1.0 Purpose

This regulation is specially formulated in order to effectively control the accusation case of the company and establish smooth accusation channel and fair investigation procedure, so as to prevent blackmail and correct possible undue behavior.

2.0 Scope

2.1 Accuser

Including official, contracted and dispatched in-service employee of the company, however, if external personnel of the company finds any significant malpractice, such personnel can be included as accuser.

2.2 Scope of accusation

Accusation may be proposed if the accused object violates laws and decrees, rules and regulations of the company, or has other undue behaviors affecting the rights and interests of the company.

3.0 Definition

3.1 Individual accusation

An employee proposes real-name accusation independently in his/her own name.

3.2 Joint accusation

Two (inclusive) or more employees propose real-name accusation jointly.

3.3 Blackmail

The accusation letter proposed anonymously.

4.0 Responsibility

4.1 Human Resources Unit

Responsible for accepting accusation case and proposing suggestion on preliminary examination, sending the case for Management Division for hearing, and handing subsequent matters thereof according to hearing result.

4.2 Investigation Group

The trans-department group formed by the members as approved by Management Division, which will be responsible for investigating whether the accusation contents are true and proposing investigation report.

4.3 Management Division

Responsible for hearing the accusation case preliminary examination proposal and accusation case investigation report, and proposing suggestions on punishment.

4.4 Each Division

Relevant personnel of each division shall coordinate to assist investigation group to execute relevant investigation works.

5.0 Operation context

5.1 Operation procedure

Subject to Attachment 1 - Flow Chart of this Regulation.

5.2 Accusation

The accuser shall provide specific descriptions and relevant evidences on the concerned person, matter, time, place and object etc, (the accusation matter must conform to the scope as prescribed in Article 2.2 hereof), on accusation website (<https://www.reportnow.com.tw/ctci>) or submit such information to the special accusation e-mail box (ctci@reportnow.com.tw). When accepting joint accusation, it will be handled as single case, and representative shall be elected upon accusation for the convenience of contact.

When the accusation case comes from outside the company, the unit or employee that receiving the accusation materials shall submit the complete accusation materials to Human Resources at first time for subsequent handling, if the affiliated department of accused object has any concealment or delay that causing impact on the handling time and affecting the rights and interests of the company, it shall be punished according to relevant regulations of the company.

5.3 Case acceptance

After Human Resources Unit has accepted the accusation case, if necessary, it may ask the accuser to supplement relevant descriptions or evidences, conduct preliminary examination according to relevant contents of accusation materials, propose suggestions on whether or not to establish trans-department investigation group for investigation, fill in "Accusation Preliminary Examination Proposal" (Attachment 2) and submit it to Management Division together with other case materials for review and approve whether or not to open a case for investigation. If it is not belong to the scope of accusation or the evidences proposed by accuser are not detailed and true, Human Resources Department shall ask the accuser for supplement. If the accusation case is blackmail, Human Resources Department may not handle it.

5.4 Investigation

If the Management Division decides to open a case for investigation, it shall designate relevant unit representatives to form investigation group and assign group convener to start investigation according to the situation of accusation case. In the course of investigation, Human Resources Unit shall inform relevant units that shall cooperate to assist in investigation according to the investigation plan of the investigation group. When necessary, investigation group may interview relevant personnel or ask relevant personnel to provide relevant materials to assist in investigation. After the completion of investigation, investigation group shall submit investigation report to Human Resources Unit.

5.5 Punishment

After Human Resources Unit has received the investigation report, it shall convene the meeting pursuant to "ECOVE Employees Reward and Punishment Regulations" to hear the accusation case, and propose punishment suggestions according to the preceding Regulation. Then Human Resources Unit will submit the complete report contents to the Chairman for review and decision.

5.6 Response

For any accusation case, Human Resources Unit shall respond to the accuser in writing on the handling result thereof. For false accusation or fling abuses, the responding

content shall include the reminder on relevant legal responsibility.

5.7 Confidentiality obligation

Responsible employee of Human Resources Unit and all members of Management Division and investigation group shall bear confidentiality obligation for the materials of accuser.

6.0 Reference document

KCP-174 Employees Reward and Punishment Regulations

7.0 Attachment

Attachment 1 Work Flow

Attachment 2 Accusation Preliminary Examination Proposal

3.4.9 Internal Control System

(1) Statement of Internal Control System

ECOVE Environment Corporation Statement of Internal Control System



Date: March 7, 2022

ECOVE Environment Corporation (ECOVE) states the following with regard to its internal control system during fiscal year 2021, based on the findings of a self-assessment:

1. ECOVE is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. ECOVE has established such a system aimed at providing reasonable assurance of the achievement of the following objectives :
 - (1) Effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security).
 - (2) Reliability, timeliness, transparency, and regulatory compliance of reporting.
 - (3) Compliance with applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may be subject to changes in environment or circumstances. The internal control system of ECOVE contains self-monitoring mechanisms, however, and ECOVE takes immediate remedial actions in response to any identified deficiencies.
3. ECOVE judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations divide internal control into five elements based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each element further contains several items. Please refer to the Regulations for details.
4. ECOVE has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, ECOVE believes that, as of December 31, 2021, its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for (1) knowing about the achievement degree of operational effectiveness and efficiency, (2) reliability timeliness, transparency, and regulatory compliance of reporting, and (3) compliance with applicable laws, regulations, and bylaws, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
6. This Statement will be a major part of ECOVE's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors Meeting of ECOVE held on March 7, 2022, the nine attending directors all affirmed the content of this Statement.

ECOVE Environment Corporation

Chairman (J.J.Liao) : *Liao, Jun-Jer* (signature)

President (Y. P. Shih) : *Yuan Peng-shih* (signature)

(2) Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None

3.4.10 In Recent Years until the Annual Report being Published, Violation of Internal Control Policies by Employees : None

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings

1. Major resolutions of Shareholders' Meeting of Year 2021 (Jul 30, 2021)

Shareholders' Meeting	Major Resolutions of Shareholders' Meeting	Action Arisen
2021.07.30	1.Approval of the Company's 2020 Business Report, Financial Statements and Consolidated Financial Statements.	The resolution has been made and implemented.
	2. Approval of the Company's distribution plan of 2020 earnings. (In accordance with the total amount of common. shares outstanding, the cash dividend per share was NT\$11)	In accordance with the resolution of the 10th meeting of the 8th term of the board of directors on July 30, 2021, the company has taken Aug. 29, 2021 as the ex-dividend date. The chairman of the board adjusted the cash dividend per share according to the actual number of outstanding shares on the ex-dividend date. The adjusted cash dividend per share was approximately NT\$10.94880262, and cash dividend was distributed on September 15, 2021.
	3. The company revised some provisions of the "Articles of Association"	After approval of change registration by the Ministry of Economic Affairs, will be announced on the company's website.
	4. The company revised some provisions of the "Articles of Procedure for Acquisition and Disposition of Assets "	Revised and uploaded to Public Information Observatory in accordance with the resolution.
	5. The company revised some provisions of the "Articles of Procedure for Loans to Others "	Revised and uploaded to Public Information Observatory in accordance with the resolution.

2. Major resolutions of the Board Meeting in recent years until the annual report being published:

Audit Committee's Meetings	Contents of proposals and follow-up processing
The 6 th meeting of the 8 th term 2021.03.08	1. Approval of the endorsement of external guarantees.
	2. Approval of the Changes in credit amount.
	3. Approval of the distribution plan of the 2020 directors' and employees' remuneration.
	4. Approval of the Fiscal 2020 business report, financial reports and consolidated statements.
	5. Approval of the distribution plan of Fiscal 2020 earnings.
	6. Approval of "Statement of Internal Control System" for the Year 2020".
	7. Approval of amendment of the "Articles of Association" of the company.
	8. Approval of the amendment to the Company's "Internal Control Systems".
	9. Approval of 2021 general meeting of shareholder's date, place and agenda.
	10. Approval of accepting shareholders' proposal of 2021 general meeting of shareholder's period and place.
	11. Approval of the update of the company's paid-in capital registration.
	12. Approval of the company's "Directors and Managers Performance Evaluation and Compensation System Guidelines"
	13. Approval of 2021 average salary increase for employees

	14. Approval of the "Procedure for Acquisition and Disposition of Assets", of the ECOVE Waste Management Corp., ECOVE Environment Services Corp., ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corp., and Approval of the "Procedure for Loans to Others" of the ECOVE Waste Management Corp., ECOVE Environment Services Corp..
	15. Approval of issuing the year 2011 unsecured ordinary corporate bonds (green bonds included) with a total amount not exceed NT\$2 billion
The 7 th meeting of the 8 th term 2021.05.04	1. Approval of the endorsement of external guarantees. 2. Approval of the update of the company's paid-in capital registration.
The 8 th meeting of the 8 th term 2021.05.28	1. Approval of the adjustment and application of the company's loans to others.
The 9 th meeting of the 8 th term 2021.07.08	1. Admit of the endorsement of external guarantees. 2. Approval of amendment of 2021 general meeting of shareholder's date.
The 10 th meeting of the 8 th term 2021.07.30	1. Approval of the update of the company's paid-in capital registration 2. Approval of the application of the company's loans to others. 3. Approval of renting workplace from related person-GRQ Investment Corp.'s real estate assets. 4. Approval of company's address change. 5. Approval of early termination of lease agreement with CTCI Corp. 6. Approval of setting the company's 2021 ex-dividend related matters.
The 11 th meeting of the 8 th term 2021.11.02	1. Admit of the endorsement of external guarantees. 2. Approval of the application of the company's loans to others. 3. Approval of the update of the company's paid-in capital registration. 4. Approval of issues related Restricted Stock Awards
The 12 th meeting of the 8 th term 2021.12.14	1. Approval of the budget of 2022. 2. Approval of the Audit Plan of 2022. 3. Approval to the application of the company's loans to others. 4. Approval of 2021 average salary increase for employees 5. Approval of executive level compensation (salary adjustment and bonus).
The 13 th meeting of the 8 th term 2022.03.07	1. Admit of the endorsement of external guarantees. 2. Admit of the Changes in credit amount. 3. Approval of the distribution plan of the 2021 directors' and employees' remuneration. 4. Approval of the Fiscal 2021 business report, financial reports and consolidated reports. 5. Approval of the distribution plan of Fiscal 2021 earnings. 6. Approval of "Statement of Internal Control System for the Year 2021". 7. Approval of the "Procedure for Acquisition and Disposition of Assets". 8. Approval of the "Procedure for Acquisition and Disposition of Assets", of the ECOVE Environment Services Corp., ECOVE Waste Management Corp., ECOVE Miaoli Energy Corp.. 9. Approval of amendment to some provisions of the "Articles of Association" of the company. 10. Approval of 2021 general meeting of shareholder's date, place and agenda. 11. Approval of accepting shareholders' proposal of 2021 general meeting of shareholder's period and place. 12. Approval of the update of the company's paid-in capital registration. 13. Approval of financial statement attestation accountant changed by PricewaterhouseCoopers Taiwan ◦ 14. Approval of the equity of Teamwin Opto-Electronics Co.,Ltd LED.(hereinafter referred to as Teamwin) disposal

- 3.4.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None
- 3.4.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, President, and Heads of Accounting, Finance, Internal Audit and R&D: None (Note: The board of directors of the company was fully re-elected at the 2020 shareholders' meeting, but the chairman and general manager were re-appointed.)

3.5 Professional fee of CPA

3.5.1 Information of CPA

Accounting Firm	Name of CPA		Audit Period	Note
PriceWaterHouseCoopers	Shyu-Rong Ueng	Yi-Fan Lin	2021.01.01-2021.12.31	

3.5.2 Public Expenses of CPA

Unit: NT\$ thousands

	Item	Audit Fee	Non-audit Fee	Total
1	Amount (NTD) Less than 2,000,000			
2	2,000,000 ~ 4,000,000 (inclusive of 2,000,000)	1,220	2,065	3,285
3	4,000,000 ~ 6,000,000 (inclusive of 4,000,000)			
4	6,000,000 ~ 8,000,000 (inclusive of 6,000,000)			
5	8,000,000 ~ 10,000,000 (inclusive of 8,000,000)			
6	More than 10,000,000 (inclusive of 10,000,000)			

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Audit Period	Note
			System Design	Registration	Human Resource	Other	Total		
PriceWaterHouseCoopers	Shyu-Rong Ueng	1,220	0	180	0	1,885	2,065	2021.01.01-2021.12.31	Note1
	Yi-Fan Lin							2021.01.01-2021.12.31	

Note1: The amounts of non-audit fees as well as details of non-audit services shall be disclosed : Business Registration NT\$180 thousand, Translation fee of financial reports NT\$560 thousand, consultant fee of Consolidated Financial Report system construction NT\$1,275 thousand, and advance money for Financial & Tax Report check NT\$50 thousand.

Note2: In the event that the CPA firm is changed and the audit fees paid by the company in the concurrent year are lower than the preceding year: None

Note3: In the event that the audit fees paid by the company are reduced by 15% compared to the preceding year: None

3.6 Information on replacement of CPA: None

3.7 The Company's Chairman, President and Managers Responsible for Finance or Accounting who have Held a Post in the CPA Office or its Affiliated within the Latest Year: None

3.8 In the most recent year and as of the publication date of the annual report, the transfer of shares of directors, managers, and shareholders whose shareholding ratio exceeds 10% and changes in share pledge:

3.8.1 Shareholding changes of directors, managers and major shareholders

Unit: Share

Title	Name	2021		As of March 31, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	CTCI Corporation(Note 1)	0	0	0	0
	Representative: J. J. Liao(Chairman)	16,605	0	0	0
Director	CTCI Corporation	0	0	0	0
	Representative: Y. P. Shih	31,469	0	0	0
Director	Yangming Liu	0	0	0	0
Director	Eugene Chien	0	0	0	0
Director	Ping Shen	0	0	0	0
Director	Kuan Shen Wang	0	0	0	0
Independent Director	Shuh Woei Yu	0	0	0	0
Independent Director	James Tsai	0	0	0	0
Independent Director	Shan-Shan Chou	0	0	0	0
Financial Manager	Catherine Huang	1,491	0	1,936	0
Accounting Manager	Tanching Yao	0	0	0	0

Note 1 : Shareholders holding more than 10% of shares, only CTCI Corp. CTCI Corp. holds 55.17% of the company's shares and is the major shareholder.

3.8.2 Shares Trading with Related Parties: None

3.8.3 Shares Pledge with Related Parties: None

3.9 Information Disclosing the Relationship between any of the Company's Top Ten Shareholders

As of March 30, 2021

Name	Shareholding		Spouse & Minor		Shareholding by Nominee Arrangement		The names and relationships of the top ten shareholders who have a relationship with Financial Accounting Standards Bulletin No. 6 or a relative within spouse, the second degree of kinship , etc.		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
CTCI Corporation	38,457,105	55.17	0	0	0	0	GRQ Investment Corporation	The parent company of GRQ Investment Corp.	-
Rep. : Michael Yang	0	0	0	0	0	0	None	None	-
Fubon Life Insurance Co., Ltd.	4,567,507	6.55	0	0	0	0	Fu bon Financial Holding Venture Capital Corp.	Subsidiary of Fubon Financial Holding Co Ltd.	-
Rep. : M. H. Tsai	0	0	0	0	0	0	None	None	-
Parkwell Investment Corp.	1,060,000	1.52	0	0	0	0	None	None	-
Rep. : S. J. Chiu	0	0	0	0	0	0	None	None	-
Bank SinoPac Company Limited	577,000	0.83	0	0	0	0	SinoPac Securities Corp.	Subsidiary of SinoPac Financial Holdings Company	-
Rep.: J. H. Chen	0	0	0	0	0	0	None	None	-
Fubon Financial Holding Venture Capital Corp.	469,856	0.67	0	0	0	0	Fubon Life Insurance Co., Ltd.	Subsidiary of Fubon Financial Holding Co Ltd.	-
Rep. : M. C. Tsai	0	0	0	0	0	0	None	None	-
Taiwan Life Insurance Co, Ltd.	337,774	0.48	0	0	0	0	None	None	-
Rep. : S. G. Huang	0	0	0	0	0	0	None	None	-
SinoPac Securities Corp.	261,000	0.37	0	0	0	0	Bank SinoPac Company Limited	Subsidiary of SinoPac Financial Holdings Company	-
Rep. : Stanley Chu	0	0	0	0	0	0	Bank SinoPac Company Limited	Director of Bank SinoPac Company Limited	-
GRQ Investment Corp.	243,918	0.35	0	0	0	0	CTCI Corporation	Subsidiary of CTCI Corp.	-
Rep. : John T. Yu	0	0	0	0	0	0	CTCI Corporation	Director of CTCI Corp.	-
Z. M. Wen	255,000	0.32	224,000	0.32	0	0	C. M. Chang	The second degree of kinship	-
C. M. Chang	234,000	0.32	225,000	0.32	0	0	Z. M. Wen	The second degree of kinship	-

3.10 Shareholdings of the Company Directors, Supervisors, Managements, and Direct and Indirect Investments of the Company in Affiliated Companies

As of March 31, 2022

Affiliated Company	Investment of the Company		Directors, Managements Direct and Indirect Investment of the Company		Total Investment	
	Share	%	Share	%	Share	%
ECOVE Environment Services Corporation	15,100,000	100.00	0	0	15,100,000	100.00
ECOVE Wujih Energy Corporation	30,000,000	100.00	0	0.00	30,000,000	100.00
ECOVE Waste Management Corporation	2,000,000	100.00	0	0.00	2,000,000	100.00
ECOVE Miaoli Energy Corporation	44,999,200	74.999	800	0.001	45,000,000	75.00
ECOVE Solar Energy Corporation	104,621,082	100.00	0	0.00	104,621,082	100.00
Yuan Ding Resources Corporation	4,500,000	100.00	0	0.00	4,500,000	100.00
ECOVE Solvent Recycling Corporation	8,099,000	89.99	1,000	0.01	8,100,000	90.00

*Long-term investments accounted under the equity method.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

(1) Issued Shares

As of March 31, 2021

Year /Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2014.03	10	80,000,000	800,000,000	63,959,468	639,594,680	CB & ESOP	None	Note 1
2014.05	10	80,000,000	800,000,000	64,068,968	640,689,680	ESOP	None	Note 2
2014.08	10	80,000,000	800,000,000	64,386,968	643,869,680	ESOP	None	Note 3
2014.11	10	80,000,000	800,000,000	64,825,000	648,250,000	CB & ESOP	None	Note 4
2015.03	10	80,000,000	800,000,000	64,986,449	649,864,490	CB & ESOP	None	Note 5
2015.06	10	80,000,000	800,000,000	65,397,149	653,971,490	CB & ESOP	None	Note 6
2015.08	10	80,000,000	800,000,000	65,522,567	655,225,670	CB & ESOP	None	Note 6
2015.11	10	80,000,000	800,000,000	65,779,115	657,791,150	CB & ESOP	None	Note 8
2016.04	10	80,000,000	800,000,000	65,862,648	658,626,480	ESOP	None	Note 9
2016.07	10	80,000,000	800,000,000	66,064,898	660,648,980	ESOP	None	Note 10
2016.11	10	80,000,000	800,000,000	66,435,398	664,353,980	ESOP	None	Note 11
2017.03	10	80,000,000	800,000,000	66,461,398	664,613,980	ESOP	None	Note 12
2017.06	10	80,000,000	800,000,000	66,624,898	666,248,980	ESOP	None	Note 13
2017.08	10	80,000,000	800,000,000	66,784,148	667,841,480	ESOP	None	Note 14
2017.11	10	80,000,000	800,000,000	66,804,398	668,043,980	ESOP	None	Note 15
2018.03	10	80,000,000	800,000,000	66,810,648	668,106,480	ESOP	None	Note 16
2018.05	10	80,000,000	800,000,000	66,932,898	669,328,980	ESOP	None	Note 17
2018.08	10	80,000,000	800,000,000	67,105,148	671,051,480	ESOP	None	Note 18
2020.11	10	80,000,000	800,000,000	67,316,539	673,165,390	ESOP	None	Note 19
2021.02	10	80,000,000	800,000,000	68,976,211	689,762,110	Issuance of new shares due to acquisition of shares of ECOVE ESC	STOCK	Note 20
2021.03	10	80,000,000	800,000,000	69,028,564	690,285,640	ESOP	None	Note 21
2021.03	10	80,000,000	800,000,000	69,083,998	690,839,980	ESOP	None	Note 22
2021.03	10	120,000,000	120,000,000	69,111,683	691,116,830	ESOP	None	Note 23
2021.03	10	120,000,000	120,000,000	69,516,990	695,169,900	ESOP	None	Note 24
2021.03	10	120,000,000	120,000,000	69,602,678	696,026,780	ESOP	None	Note 25

Note 1: 2014.04.15 MOEA Ruling Ref. No. 10301064930

Note 2: 2014.06.04 MOEA Ruling Ref. No. 10301099890

Note 3: 2014.09.05 MOEA Ruling Ref. No. 10301181770

Note 4: 2014.11.28 MOEA Ruling Ref. No. 10301246650

Note 5: 2015.03.31 MOEA Ruling Ref. No. 10401055110

Note 6: 2015.06.01 MOEA Ruling Ref. No. 10401095880

Note 7: 2015.08.26 MOEA Ruling Ref. No. 10401178670

Note 8: 2015.11.26 MOEA Ruling Ref. No. 10401246910

Note 9: 2016.04.12 MOEA Ruling Ref. No. 10501064000

Note 10: 2016.07.14 MOEA Ruling Ref. No. 10501133770

Note 11: 2016.11.29 MOEA Ruling Ref. No. 10501271530

Note 12: 2017.03.31 MOEA Ruling Ref. No. 10601041590

Note 13: 2017.06.01 MOEA Ruling Ref. No. 10601070050

Note 14: 2017.08.28 MOEA Ruling Ref. No. 10601121260

Note 15: 2017.11.20 MOEA Ruling Ref. No. 10601158200
 Note 16: 2018.03.29 MOEA Ruling Ref. No. 10701031800
 Note 17: 2018.05.16 MOEA Ruling Ref. No. 10701053860
 Note 18: 2018.08.16 MOEA Ruling Ref. No. 10701103650
 Note 19: 2020.11.23 MOEA Ruling Ref. No. 10901216120
 Note 20: 2021.02.03 MOEA Ruling Ref. No. 11001011780
 Note 21: 2021.03.29 MOEA Ruling Ref. No. 11001049030
 Note 22: 2021.06.10 MOEA Ruling Ref. No. 11001091980
 Note 23: 2021.09.02 MOEA Ruling Ref. No. 11001147420
 Note 24: 2021.12.01 MOEA Ruling Ref. No. 11001212620
 Note 25: 2022.04.01 MOEA Ruling Ref. No. 11101047340

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Share	69,740,4888	50,289,512	120,000,000	Listed on the OTC from May 27, 1999. The cut-off date for the outstanding shares is March 28, 2022

4.1.2 Status of Shareholders

As of March 28, 2022

Item	Government Agencies	Financial Institutions	Other Juridical Person	Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	1	13	74	10,510	62	10,660
Shareholding (shares)	3,000	5,731,281	41,542,703	21,094,453	1,339,051	69,710,488
Percentage (%)	0.00	8.22	59.59	30.27	1.92	100

4.1.3 Shareholding Distribution Status

Common Shares (The par value for each share is NT\$10)

As of March 28, 2022

Class of Shareholding (Unit : Share)	Number of Shareholders	Shareholding (Shares)	Percentage (%)
1 ~ 999	4,728	866,562	1.24
1,000 ~ 5,000	5,121	8,972,209	12.87
5,001 ~ 10,000	441	3,311,885	4.75
10,001 ~ 15,000	143	1,796,254	2.58
15,001 ~ 20,000	73	1,324,564	1.90
20,001 ~ 30,000	54	1,381,586	1.98
30,001 ~ 40,000	36	1,268,590	1.82
40,001 ~ 50,000	12	547,793	0.79
50,001 ~ 100,000	31	2,097,240	3.01
100,001 ~ 200,000	9	1,289,645	1.85
200,001 ~ 400,000	7	1,722,692	2.47
400,001 ~ 600,000	2	1,046,856	1.50

Class of Shareholding (Unit : Share)	Number of Shareholders	Shareholding (Shares)	Percentage (%)
600,001 ~ 800,000	0	0	0.00
800,001 ~ 1,000,000	0	0	0.00
1,000,001 or over	3	44,084,612	63.24
Total	10,660	69,710,488	100.00

4.1.4 List of Major Shareholders

As of March 28, 2022

Shareholder's Name	Shareholding	
	Shares	Percentage (%)
CTCI Corporation	38,457,105	55.17
Fubon Life Insurance Co., Ltd.	4,567,507	6.55
Parkwell Investment Limited	1,060,000	1.52
Bank SinoPac Company Limited	577,000	0.83
Fubon Financial Holding Venture Capital Corp.	469,856	0.67
Taiwan Life Insurance Co, Ltd.	337,774	0.48
SinoPac Securities Corp.	261,000	0.37
GRQ Investment Corporation	243,918	0.35
Z. M. Wen	225,000	0.32
C. M. Chang	224,000	0.32

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Item \ Year	2020	2021	As of March 31, 2022
Market Price per Share			
Highest Market Price	230.00	240.00	258.50
Lowest Market Price	170.50	212.00	232.00
Average Market Price	209.68	225.58	241.27
Net Worth per Share			
Before Distribution	75.06	78.50	N/A
After Distribution	64.06	66.51	N/A
Earnings per Share			
Weighted Average Shares	67,197	69,261	N/A
Diluted Earnings Per Share	12.53	13.15	N/A
Dividends per Share			
Cash Dividends	11.00	11.99	N/A
Stock Dividends			
• Dividends from Retained Earnings	0	0	0
• Dividends from Capital Surplus	0	0	0
Accumulated Undistributed Dividends	0	0	0
Return on Investment			
Price / Earnings Ratio	16.73	17.15	N/A

Item \ Year	2020	2021	As of March 31, 2022
Price / Dividend Ratio	19.06	18.81	N/A
Cash Dividend Yield Rate	5.25	5.32	N/A

Note: The Board of Directors has approved the 2022 earnings distribution and has not been resolved by the Shareholder's Resolution.

4.1.6 Dividend Policy and Implementation Status

A. Dividend Policies under Articles of Incorporation

Article 29

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, with the resolution of the board of directors, distribute at least 0.01% of the income before tax to pay to the employees as remuneration, and distribute no more than 2% of the income before tax to pay to the board of directors as remuneration. The remuneration could be stock or cash, and the employee remuneration could be distributed to the employees of subsidiaries of the Company under certain conditions.

A report of the distribution of employee remuneration or the board of directors' remuneration shall be submitted to the shareholders' meeting.

Article 30

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 ten percent 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 as the preceding Paragraph, together with the undistributed retained earnings accrued from prior years shall be referred to as accumulated distributable earnings, which shall be distributed as dividends to shareholders according to shareholders' resolutions.

In order to meet the requirements in 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 accords to the shareholders' resolutions. And, the amount of shareholders' bonus shall not be less than 20% of accumulated distributable earnings of the Company, and in particular cash dividend shall not be less than 5%.

B. Proposed Distribution of Dividend: Due to the board of directors resolution on 7 March 2021, the Company has decided to distribute the cash dividends NT\$834,675 thousand (NT\$11.99 per share) to common shareholders.

C. The Company adopts a dividend policy of high earnings appropriation rate, and stipulates that at least 80% of total attributable earnings should be appropriated as dividends. In recent years, the Company distributes all of its dividends in the form of cash. Historical information about dividends distribution is available on the Company's website.

4.1.7 Impact of Stock Dividend Distribution on Business Performance, EPS and Return on Investment:

None

4.1.8 Employee and Directors' Remuneration

- A. The percentage of employee and directors' remuneration in dividend policies under articles of incorporation:

Article 29 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, with the resolution of the board of directors, distribute at least 0.1% to employees and 2% limited to directors as remuneration. The employees' remuneration could be stock or cash. The remuneration's objects should include the employees of subsidiaries of the Company. A report of the distribution of employee remuneration or the board of directors' remuneration shall be submitted to the shareholders' meeting.

- B. The estimation basis on remuneration to Employees and Directors, the calculating basis on the number of shares for share bonus and accounting treatment for the differences between the actual distributing amounts and estimations:

Employee and Directors' Remuneration: Estimation of employee and Directors' remuneration is based on prior experience and is recognized as current expenses.

If, after the period, a resolution is passed by the Board of Directors in terms of a material change in the amount to be issued (the amount of change meets the standard for restatement of financial reports stipulated in Article 6 of the Securities and Exchange Act Enforcement Rules: the corrected amount of the comprehensive income is NT\$10 million or more, and is also 1 % or more of the originally stated net operating revenue after final accounting or the paid-in capital is more than 5%), the expense of the current year shall be adjusted (the year in which the compensation of employee is originally recognized). If the amount of change does not reach the standard of the material change, it may be treated as a change in accounting estimates and recognized as profit and loss for the following year. ◦ If the amount remains variable at the date of Shareholders' meeting in the following year, it shall be recorded in the following year as change in accounting estimation.

- C. Profit Distribution Approved in Board of Directors Meeting for Employee and Directors' Remuneration:

a. In 2021, the Board of Directors approved NT\$ 5,200 thousands for the directors' remuneration and NT\$325 thousands for the employees' remuneration respectively, and this will be distributed by cash.

b. Ratio of Recommended Employee Stock Bonus to Capitalization of Earnings: None

- D. Information of 2020 Earnings Set Aside to Employee Bonus and Directors' and Supervisors' Remuneration:

	Actual Distribution (A)	Recognized Estimated Amount (B)	Variance (C=A-B)
Remuneration for Employees (Cash)	NT\$304,816	NT\$304,816	0
Remuneration for Directors (Cash)	NT\$5,200,000	NT\$5,200,000	0

The actual distribution of employee Remuneration and Directors compensation in 2020 is based on Shareholders' Resolution and corresponds to actual reserve.

E. The Information of Top Ten Recipients of Employee Bonuses in 2020:

Name	Title	Amount(NT\$)
J.J Liao	Chairman of Business Strategy Committee	304,816
Y. P. Shih	President	
Mike Chiu	Manager	
Chia-Lin Chan	Audit Manager	
Chung-Lei Huang	Finance Manager	
Tan-Ching Yao	Accounting Manager	
C.N Jiang	Stock Affair Specialist	
C.T Lee	Executive Specialist	

Note 1: The total number of employees in the company that meet the needs of the employees in the year of 2021 is 8, which reveals the distribution of 2010 employees' remuneration in 2021.

4.2 Issuance of Corporate Bonds: None

Item	Type	2021 First Unsecured Corporate Bond
Issuance (Process) Date		May 27, 2021
Face value		TWD 1,000,000
Locate of Issuance and Exchange		NA
Price of Issuance		TWD 100 (100% of face value)
Total Amount		Total Amount: TWD 2,000,000,000 (Tranche A: TWD 1,000,000,000; Tranche B: TWD 1,000,000,000)
Rate		Tranche A: Fixed annual rate of 0.65% Tranche B: Fixed annual rate of 0.56%
Tenor		Five years. Maturity Date: May 27, 2026
Guarantor		NA
Trustee		Bank Sinopac Co.Ltd.
Underwriter		Yuanta Securities Co., Ltd.
Appointed Attorney of Law		Hui-Chi Kuo
Appointed CPAs		Shyh-Rong Ueng, Yi-Fan Lin
Repayment Method		On due date, the bonds will be redeemed in whole
Outstanding principal		TWD 2,000,000,000
Terms of redemption or early repayment		NA
Restrictive terms		NA
Name of the credit rating agency, date, and outcome of the rating of the corporate bond		Credit Rating Agency: Taiwan Ratings Corporation Date of rating: April 12, 2021 Credit Ratings: twA
Other Rights At A fit	By the publication date of the annual report, the amount of the converted (exchanged or subscribed) common shares, GDR, or other negotiable securities	NA
	Guidelines of issuance or conversion (exchange or	NA

Item	Type	2021 First Unsecured Corporate Bond
subscription)		
Guidelines of issuance or conversion, exchange or subscription; the possible dilutions to equities by the issuance terms, Effects to the current shareholders' equity		NA
Delegated custodian of the underlying exchange		NA

4.3 Preferred Shares: None

4.4 Global Depositary Receipt: None

4.5 Employee Stock Options

4.5.1 Issuance of Employee Stock Options

As of March 31, 2022

Type of Stock Option	2018 ESOP	2019 ESOP	2020 ESOP
Effective Date by Regulatory Agency	2018/06/27	2019/06/26	2020/04/13
Issue date	2018/07/09	2019/07/24	2020/04/13
Units issued	1,500 units	1,500 units	1,500 units
Option shares to be issued as a percentage of outstanding shares (%)	2.15	2.15	2.15
Duration	The duration for options is 6 years, during which employees may not transfer, pledge, or gift their options except to heirs. Upon the expiration of the grant period, unexercised options are deemed forfeited and the subscribers may no longer claim right to exercise the option and purchase those shares.		
Conversion measures	Issue new common share		
Conditional conversion periods and percentages	Subscribers may exercise their options by the following schedule and proportion: The availability period The ceiling of option exercisable (accumulate)		
		<u>Regular</u>	<u>Reward</u>
	Less than 2 years	0%	0%
	In 2 years after the grant	50%	25%
	In 3 years after the grant	75%	50%
	In 4 years after the grant	100%	100%
Converted shares	651,224 Shares	294,444 Shares	0 Shares
Exercised amount	NT\$94,911,686	NT\$53,560,030	NT\$0
Number of shares yet to be converted	848,776 Share	1,205,556 Share	1,500,000 Share
Adjusted exercise price for those who have yet	NT\$140.60	NT\$182.30	NT\$184.01

to exercise their rights			
Unexercised shares as a percentage of total issued shares (%)	1.22	1.73	2.15
Impact on possible dilution of shareholdings	The ESOP is implemented by 4 years after the 2-year expiration date of issuing. The original shareholders' equity will be diluted year by year. Dilution to Shareholders' Equity is still limited.		

4.5.2 List of Executives Receiving Employee Stock Options and the Top 10 Employees

As of March 31, 2022

	Title	Name	No. of Option Shares (share)	Option Shares as a Percentage of Shares issued (%)	Exercised				Unexercised(Note 1)			
					No. of Shares Converted (share)	Strike Price (NT\$)	Amount (NT\$ thousands)	Converted Shares as a Percentage of Shares issued (%)	No. of Shares Converted (share)	Strike Price (NT\$)	Amount (NT\$ thousands)	Converted Shares as a Percentage of Shares issued (%)
Managements	Chairman of Management Strategy Committee	J. J. Liao	549,032	0.79	137,151	147.4 140.6 191.1 182.3	21,773	0.20	411,881	2018 ESOP NT\$140.6	71,548	0.59
	President	S. Y. Shih										
	Accounting Officer	Tanching Yao										
	Financial Officer	Catherine Huang										
Employees	Manager	Mike Chiou	65,296	0.09	18,845	147.4 140.6 191.1 182.3	2,972	0.03	45,451	2020 ESOP NT\$184.01	8,041	0.06
	Audit Officer	Charelene Chan										
	Specialist	C. N. Jiang										
	Specialist	C. T. Lee										

Note 1: The issue date of the 2018 ESOP is July 09, 2018, and the subscribers may not request for exercising the stock option within 2 years after the date of issued.

Note 2: The issue date of the 2019 ESOP is July 24, 2019, and the subscribers may not request for exercising the stock option within 2 years after the date of issued.

Note 3: The issue date of the 2019 ESOP is April 13, 2020, and the subscribers may not request for exercising the stock option within 2 years after the date of issued.

4.6 Status of Restricted Stock Awards: None

4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions:

A. If during the most recent fiscal year and up to the annual report publication date, the Company has completed any issuance of new shares in connection with a merger or acquisition or with acquisition of shares of any other company, the followings shall be disclosed:

- The lead underwriter's assessment opinion on the issuance of new shares for merger or acquisition of shares of another company in the most recent quarter:

ECOVE Environment Corp. (the "Company") has entered into a share conversion agreement with ECOVE Environment Services Corp. ("ECOVE Environment Services") and issued new shares for the conversion in 2020. The share conversion was reported to the Financial Supervisory Commission and effective by Letter Chin-Kuan-Cheng-Fa No.1090377673 on December 23, 2020 with the conversion record date on December 31, 2020. The registration of the

issued new shares was approved by the Ministry of Economic Affairs on February 3, 2021, and the relevant information of “Announcement of issuance of new shares, corporate bonds and marketable securities before delivery or distribution of dividends” was announced on February 19, 2021 on the Market Observation Post System. The listing date of the converted shares was February 24, 2021. The benefit of the acquisition is expected to gradually emerge after the resource integration of both parties.

In accordance with provisions of Article 9, paragraph 1, sub-paragraph 8 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the Company has engaged the lead underwriter to provide an assessment opinion as to whether any of the aspects of the share conversion would have an effect on the finance, business, and shareholders' equity of the Company by the first quarter of 2022. The opinion is as follows:

(1) Impact on finance:

The issuance of new shares by the Company and conversion of the shares with ECOVE Environment Services were reported and effective on December 23, 2020 with the conversion record date on December 31, 2020. The listing date for the converted shares was February 24, 2021. The impact on finance is expected to gradually emerge after the resource integration of both companies.

(2) Impact on business:

After the conversion of the Company's shares with ECOVE Environment Services, the Company will strengthen the integration of resources of the subsidiaries, increase efficiency in decision-making and service quality, enhance the competitiveness in tender biddings and obtaining industrial waste contracts. The Company will be able to use ECOVE Environment Services as the contracting entity for BOT or ROT projects, which can better enjoy investment tax credits comparing to using the Company as the contracting entity. This has proved that the merge will have positive impact on the Company's business. The impact on business is expected to gradually emerge after the resource integration of both companies.

(3) Impact on shareholders' equity:

Upon completion of the share conversion, the overall market competitiveness will be strengthened through the integration of subsidiaries of the Company. It can increase the efficiency of decision-making, reduce the time cost and the related expenses derived from it with due use of resources, which indicates the positive effect of the acquisition on shareholders' equity. The impact on shareholders' equity is expected to gradually emerge after the resource integration of both companies.

(4) Whether the expected benefits from merger appear:

The conversion record date of the Company and ECOVE Environment Services was December 31, 2020. The Company's capital increase registration was completed and approved by the Ministry of Economic Affairs on February 3, 2021. The issued and converted shares were listed on February 24, 2021. The impact on finance, business, and shareholders' equity is expected to gradually emerge after the resource integration of both parties.

2. Disclosure of the status of implementation in the most recent quarter. If the progress of implementation or benefit has not been achieved, the impact on shareholders' equity and improvement plan shall be provided.

(1) In order to simplify the shareholding structure and improve the efficiency of operation, the Company acquired all shares of ECOVE Environment Services by share conversion and issuance of new shares so that ECOVE Environment Services became a wholly-owned subsidiary of the Company on the record date of December 31, 2020.

(2) The progress or benefits of the implementation had not reached the expected objective: None.

B. Where the board of directors has, during the most recent fiscal year and as of the date of publication of the annual report, resolved any issuance of shares in

connection with a merger or acquisition of shares of any other company, the annual report shall disclose the implementation status and the basic information of the merged or acquired company. In addition, the implementation of ongoing merger or acquisition of other companies through the issuance of new shares and the impact on shareholders' equity shall be disclosed:

1. Implementation status:

In order to simplify the shareholding structure and enhance the operating performance of the Group, the Company implemented share conversion with ECOVE Environment Services by the issuance of new shares pursuant to Article 30 of the Business Mergers and Acquisitions Act. The share conversion was approved by the Board of Directors of both companies on October 30, 2020 and November 27, 2020, respectively. The Company issued 1,659,672 new shares in the amount of NT\$16,596,720 with par value of NT\$10. One share of ECOVE Environment Services was converted to 1.605 shares of the Company. The rights and obligations of the ordinary shares issued for conversion are the same as the ordinary shares already issued by the Company.

2. Basic information about the acquired company :

Company Name		ECOVE Environment Services Corporation
Company Address		10F., 89, Sec. 6, Zhongshan North Rd., Taipei, Taiwan
Principal		Y. P. Peng
Paid-in Capital		NT\$151,000,000
Main Business Items		Operation and management of garbage recycling plant and maintenance of machinery and equipment, etc.
Main Products (service items)		(1) Operation management, rectification, supervision, annual repair and maintenance services of environmental protection and pollution prevention treatment plants and power plants (2) Repair, maintenance, and technical consulting services for facilities such as water, electricity, environmental control, fire protection, signs, communications, automatic toll collection, etc. (3) Repair, maintenance and energy-saving planning of utilities (such as hospitals, airports), firefighting, air-conditioning, electrical and mechanical equipment (4) Updating and upgrading of software and hardware of electromechanical equipment system and automation control system
Financial Information for the most Recent Year	Total Assets	NT\$2,279,057,466
	Total Liabilities	NT\$1,379,188,508
	Total Shareholders' Equity	NT\$899,868,958
	Operating Income	NT\$3,798,356,234
	Operating Revenue	NT\$467,481,227
	Operating Profit and Loss	NT\$368,989,208
	Current Profit and Loss	NT\$367,306,349
Earnings per Share	NT\$24.32	

3. Currently there is no issuance of new shares for merger or acquisition of other companies.

4.8 Implementation of Capital Utilization Plan:

A. Description of the Plan:

As of the quarter prior to the publication date of this annual report, the pervious issuance or private placement of securities that have not been completed or completed in the most recent three years with benefit not yet significantly emerged, the content of each issuance or private placement plan shall be described in detail, including the content of each change, the source and application of fund, reason of change, comparison of benefit before and after the change, and the date of proposing the change of plan to the Shareholders' Meeting. The date of uploading to the designated website shall also be disclosed: The issuance of new shares in December 2020 for share conversion with ECOVE Environment Services has been completed on time by the quarter prior to the publication date of this annual report and thus not applicable. The Company has issued 2021 first unsecured corporate bond, the description of the plan is as below.

The issuance of 2021 first unsecured corporate Bond:

1. Capital utilization plan: To repay the debt and invest in green projects
2. Approved date and document No.: Dated April 13, 2021. Zheng-Guei-Zai-Zhi No. 1100003319.
3. Amount needed for this plan: TWD 2,000,000,000.
4. Source of funds: issuing unsecured common corporate bonds for TWD 2,000,000,000.
5. Items of the plan and the executions:

(Unit: TWD thousands)

Items of the plan	The executions		As of March 31 st , 2022	Reason of being early or late and the improvement plan
Repay the debt	Amount to be used	Estimated	1,470,000	Fully executed in the third quarter in 2021
		Actual	1,470,000	
	Progress of execution (%)	Estimated	100%	
		Actual	100%	

(Unit: TWD thousands)

Items of the plan	The executions		As of March 31 st , 2022	Reason of being early or late and the improvement plan
invest in green projects	Amount to be used	Estimated	530,000	Since the payment schedule for the projects was delayed, it is expected to be fully executed in the second quarter in 2022
		Actual	431,484	
	Progress of execution (%)	Estimated	100%	
		Actual	81.48%	

B. Implementation Status:

1. With respect to funds usage under the share issuance plan or private placement plan referred to in the preceding subparagraph in this year and as of the

prior quarter of the annual report publication date, the status of implementation and comparison of actual benefits with expected benefits:

The Company issued new shares by way of capital increase in the form of share conversion with ECOVE Environment Services in 2020. The expected benefit and execution status are as follows:

(1) In financial aspect:

The Company issued new shares by way of capital increase for the share conversion with ECOVE Environment Services Company. Based on the consolidated financial statements reviewed by CPAs for the fourth quarter of 2021, the net worth attributable to owners of parent was NT\$78.60 per share, representing a slight increase of NT\$5.11 as compared to the net worth attributable to owners of parent of NT\$73.49 per share in 2020Q3, which was prior to the share conversion. It is expected that by deepening the integration of Group internal resources as well as using investment tax credit in BOT or ROT projects by ECOVE Environment Services to offset income tax, there will be benefit in operating performance of the Company and its subsidiaries, which will enhance the market competitiveness.

Implementation status: Meet expectation.

(2) In business aspect:

Apart from ECOVE Environment Services, the Company also has waste disposal, waste processing, and environmental recycling business groups and is familiar with the investment and management of BOT or ROT projects. Through the share conversion, ECOVE Environment Services became wholly-owned subsidiary of the Company, and would be able to further integrate resources of ECOVE Environment Services with other subsidiaries of the Company. In terms of government tenders or industrial waste contracts, the overall service scope of the bidding vendor might be considered depending on the content of the tender. Therefore, the internal integration within the Group may increase advantages in winning the contract. In the future, the Company plans to use ECOVE Environment Services to be the contracting entity in BOT or ROT projects. As ECOVE Environment Services has the largest tax base, it can benefit more from investment tax credits and increase operating performance according to Act for Promotion of Private Participation in Infrastructure Projects.

Implementation status: Meet expectation.

(3) In human resource aspect:

The Company regards human resources as the Company's largest asset. After this share conversion, ECOVE Environment Services will become a 100% owned subsidiary of the Company. In principle, the Company will continue to hire the existing employees of ECOVE Environment Services to ensure they can make use of their expertise and give full play to their talents. As for the relevant personnel regulations and employee welfare policies, the employees of the Company and its subsidiaries shall be entitled to equal rights and obligations. Through the resource integration between the Company and subsidiaries, the human resource structure should be able to better respond to future business growth and make the best use of human resources.

Implementation status: Meet expectation.

(4) In information technology aspect:

The Company and its subsidiaries have fully computerized their respective areas in procurement, business, finance and accounting, and supply chain management. The Company will evaluate the information system of each subsidiary, integrate and improve the information system gradually, take strong points and remove weak points, in the hope to optimize resource allocation and improve operation and management performance.

Implementation status: Meet expectation.

2. For each issuance or private placement of marketable securities that has not reached the expected objectives in execution progress or benefit in this fiscal year and as of the date of annual report publication, reasons, impact on shareholders' equity, and improvement plan shall be specifically stated: None.
3. For the year and up to the quarter prior to the publication date of this annual report, for any merge or acquisition of other companies, expansion or construction of property, plant and equipment, the operating revenue, operating costs and operating income shall be compared and analyzed: The Company issued new shares for share conversion with ECOVE Environment Services to make it become wholly-owned subsidiary without dissolving ECOVE Environment Services. According to "Assessment opinion from lead underwriter", there is no significant deviation in both company's fixed assets, operating revenue, operating cost, and operating income before and after the share conversion.
4. For the year and up to the quarter prior to the publication date of this annual report, if the funds are invested in another company, the operation status of the invested company and effect of the investment upon gain or loss to the Company shall be described: None.
5. For the year and up to the quarter prior to the publication date of this annual report, if the funds are used to strengthen the Company's working capital or pay off debts, any increase or decrease in the company's current assets, current liabilities, total liabilities, interest expenses, operating revenue, earnings per share should be compared and explained, and financial structure should be analyzed: None.

V. Operations Overview

In 2021, the world is facing the impact of the COVID-19 epidemic, which has caused a great impact on various industries. As the first line of defense to assist the government in handling waste, the company strictly requires colleagues to take epidemic prevention with non-stop services. Our revenue is still growing in this tough situation. In addition, we're aggressively exploring business opportunities under climate change.

The Company is dedicated to professional investment and operation services in the resource recycling industry and aims to develop circular economy such as renewable energy, renewable materials and reclaimed water. The Company is an integration of related environmental resources companies which form an investment holding company; the current five main invested companies include ECOVE Environment Services Corporation Corp., ECOVE Wujih Energy Corporation, ECOVE Waste Management Corporation, ECOVE Miaoli Energy Corporation, and ECOVE Solar Energy Corporation. The operations of ECOVE Environment Corporation and its main investments are summarized below.

5.1 Business content

5.1.1 Business Scope:

(1) ECOVE Environment Corporation and Subsidiaries

a. Revenue distribution

Unit: NT\$ thousands

Year Item	2020		2021	
	Amount	%	Amount	%
Waste Treatment	2,254,862	40.00	2,106,560	35.37
Electricity	1,654,013	29.34	2,029,402	34.08
Concession Service	570,762	10.12	552,289	9.27
Waste Collection	73,172	1.30	84,949	1.43
Others	1,084,781	19.24	1,182,050	19.85
Total	5,637,590	100.00	5,955,250	100.00

(2) ECOVE Environment Corporation: General investment

(3) ECOVE Environment Services Corporation

a. Main Businesses

Operations, maintenance, commissioning, annual inspections, upgrades and improvements, operational supervision and other technical services for the following items:

- i. Waste EfW plants, integrated waste processing centers, sewage and reclaimed water treatment plants.
- ii. Cogeneration power plants and public facilities.
- iii. Transportation tracks and stations.
- iv. Solar Energy stations.
- v. High-tech Industrial Utilities

b. Revenue distribution

Unit: NT\$ thousands

Year Item	2020		2021	
	Amount	%	Amount	%
EfW plant related income	2,643,854	73.52	2,758,179	72.62
Others	952,094	26.48	1,040,177	27.38
Total	3,595,948	100.00	3,798,356	100.00

- c. The Company's Current Products and Services
 - i. Repairs, maintenance and technical consulting services for facilities such as electricity, environmental control and solar power plant.
 - ii. Repairs, maintenance and power conservation planning for water and electricity supply for public facilities (e.g. High-tech industry, hospitals and airports), fire-fighting equipment, air-conditioning and mechanical and electric equipment.
 - iii. Operations, management, supervision, annual overhauls and maintenance for environmental and pollution prevention processing plants and power plants.
 - iv. Updates and upgrades for hardware and software and automation control systems in mechanical and electrical equipment systems.
- d. New Products and Services Under Development
 - i. Intelligent management technologies (such as electronic inspection systems and operation performance systems etc.) and thermal sludge drying technologies for EfW plants.
 - ii. Energy-saving waste solvent assisted combustion technologies for hazardous and medical waste in EfW furnaces and the use of high performance sodium bicarbonate dry spray exhaust treatment system technologies.

(4) ECOVE Wujih Energy Corporation

- a. Main Businesses
 - i. Cogeneration power plant.
 - ii. Waste disposal.
- b. Revenue distribution

Unit: NT\$ thousands

Item \ Year	2020		2021	
	Amount	%	Amount	%
Electricity	93,644	11.81	95,888	12.61
Waste Treatment	461,238	58.14	436,386	57.41
Concession Service	238,406	30.05	227,885	29.98
Total	793,288	100.00	760,159	100.00

- c. The Company's Current Products and Services
 - i. General waste disposal.
 - ii. Industrial waste disposal.
 - iii. Cogeneration power sales.
- d. New Products and Services Under Development
Not applicable.

(5) ECOVE Waste Management Corporation

- a. Main Businesses
 - i. Waste disposal and processing.
 - ii. Waste resource recycling and reuse.
- b. Revenue distribution

Unit: NT\$ thousands

Item \ Year	2020		2021	
	Amount	%	Amount	%
Waste Treatment	1,215,900	88.84	1,041,904	86.00
Waste Collection	103,857	7.59	114,586	9.46
Comprehensive planning	48,911	3.57	54,989	4.54

to clean up revenue (Reuse included)				
Total	1,368,668	100.00	1,211,479	100.00

c. The Company's Current Products and Services

- i. Waste acceptance and management: Management services consist mainly of the acceptance, reporting, coordination and commissioned processing of general waste and general industrial waste. As well as the disposal and transshipment of waste and ashes from various municipalities, EfW plants, science and industrial parks (general and hazardous industrial waste included), various institutions and schools.
- ii. Waste resource recycling and reuse: The waste that is with market scale and mature recycling technology is the main target, such as resource recovery of waste isopropyl alcohol generated after being used in high-tech industry and fertilize food waste generated by the cities and enterprises. By integrating resources and improving technology, the Company provides technical service and operation maintenance service.

d. New Products and Services Under Development
Resource recycling and reuse

F. ECOVE Miaoli Energy Corporation

a. Main Businesses

- i. Cogeneration power plant.
- ii. Waste disposal.

b. Revenue distribution

Unit: NT\$ thousands

Item \ Year	2019		2020	
	Amount	%	Amount	%
Concession Service	332,356	100.00	324,403	100.00
Total	332,356	100.00	324,403	100.00

c. The Company's Current Products and Services

- i. General waste disposal.
- ii. Industrial waste disposal.
- iii. Cogeneration power sales.

d. New Products and Services Under Development
Not applicable.

G. ECOVE Solar Energy Corporation

a. Main Business

- i. Development, investment and operation of solar energy domestic and overseas.
- ii. Renewable energy wholesale.

b. Revenue distribution

Unit: NT\$ thousands

Item \ Year	2020		2021	
	Amount	%	Amount	%
Electricity	206,332	100.00	269,184	100.00

Total	206,332	100.00	269,184	100.00
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- c. The Company's Current Products and Services
 - i. Energy technical services.
 - ii. Electric power supply.
- d. New Products and Services Under Development
 - i. Direct supply and wheeling of Renewable energy power.
 - ii. Automatic Frequency Control (AFC) ancillary service.

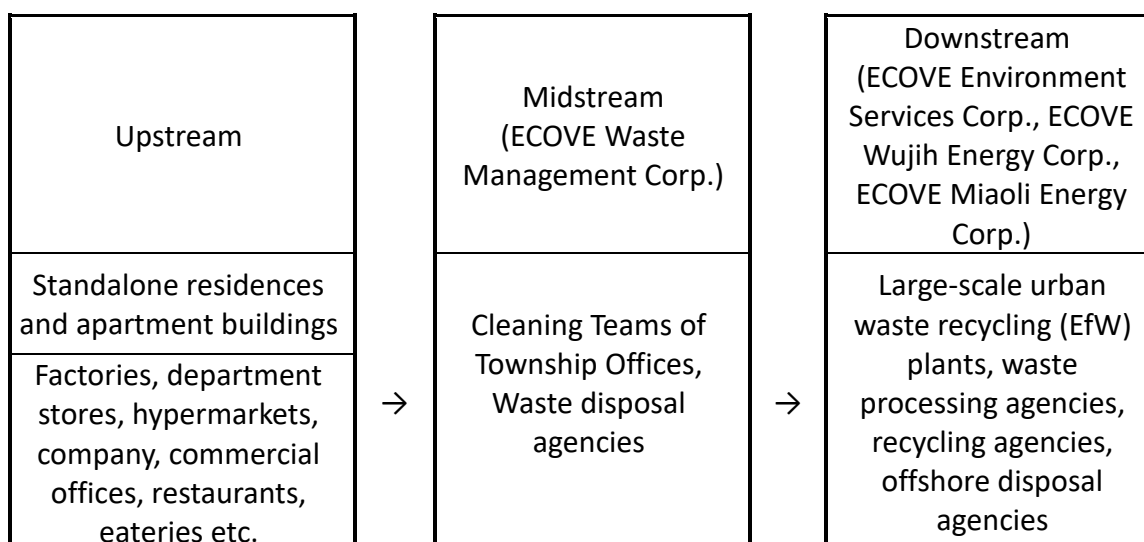
5.1.2 Industry Overview

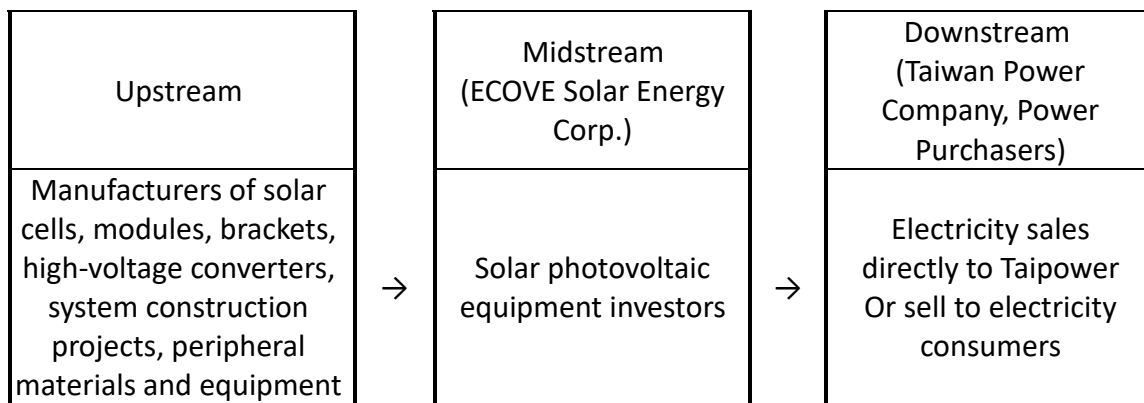
The Company is the first investment holding company in Taiwan to specialize in resource recycling as the main business scope. We hope the investment holding business organization can provide more effective management of environmental services and make the most effective use of funding for maximum investment value.

(1) Current State and Development of the Industry

The 24 EfW plants in Taiwan processed a total of 6,471,615 metric tons of waste in 2021. The waste accepted by ECOVE O&M EfW plants amounted to 2,028,671 metric tons and the total processed waste amounted to 2,023,527 metric tons. General waste constituted 1,642,422 metric tons of processed waste and general industrial waste amounted to 386,249 metric tons. ECOVE Environment Services Corporation processed the equivalent of waste produced by 4.78 million people in a year. ECOVE Waste Management Corporation accepted a total of 269,739 metric tons of waste, which constituted around 25%. At the same time, we also own the only two BOT EfW plants in Taiwan and we hold a unique position in the domestic waste disposal market. ECOVE Solar Energy Corp. has built a total of 86, with a cumulative power generation of 376,731 kilowatts. In domestic, through the open bidding mechanism, we have established good cooperative relations with the public sector and accumulated rich experience. The ground-based representative performance is the land reclamation and reuse of the land fill. The roof-type cases are mainly built in the high-speed rail, the MRT systems and Kaohsiung port around the North, Central and South in Taiwan. Regarding overseas market, there is also a large solar power plant in New Jersey which is the third largest investment case of Taiwanese company in the eastern U.S.

(2) Correlation with Upstream, Midstream, and Downstream Sections of the Industry





(3) Business Development Trends:

a. O&M of EfW plants

- i. The accepted processing volume of domestic general waste has stabilized after years of government implementation of charging by the bag and resource recycling regulations.
- ii. The government's current environmental policy is to suspend the construction of domestic large-scale urban EfW plants. Regional cooperation is planned to deal with waste in municipalities that have no waste recycling (EfW plant) facilities.
- iii. According to the regulations that are clearly established in the policies of the Environmental Protection Administration of the Executive Yuan, daily waste can no longer be buried in sanitary landfills starting in 2007. Therefore the waste that would have been delivered to local landfills shall be delivered to EfW plants in accordance with EfW procedures before they can be delivered to landfills to be buried.
- iv. In foreign regions such as Mainland China and Southeast Asia, the processing of general waste has gradually shifted from landfills to EfW plant. Development in urban EfW facilities have expanded rapidly in recent years and demand for related expertise in O&M will grow with the development.

b. Acceptance and management of general industrial waste

The following factors have caused the oversupply of general industrial waste:

- i. The government has ordered that starting on January 1, 2007, combustible waste shall not be accepted at all public landfills and the policy caused large quantities of combustible waste to be transferred to EfW plants.
- ii. Large-scale waste disposal projects (e.g. landfill reclamation) have led to an increase in waste.
- iii. The gradual completion of the Waste Disposal Act and strict investigations on illegal disposals have caused an increase in the demand for waste processing as producers and disposal operators seek normal channels for waste processing.
- iv. Half of the existing 24 waste incineration plants in Taiwan will gradually be in the rectification period in the next five years. As incineration plants are getting older, the amount of waste treatment will be reduced, and the waste treatment gap is increasing year by year.
- v. The changes of urban life patterns have made household garbage content more complicated, and the heat energy of general waste generated has increased, which has affected the efficiency of treatment, and the waste treatment gap is increasing year by year.

c. Waste Disposal

With the arrival of the circular economy and changes in waste disposal and processing, resource processing and recycling have significantly replaced the simple mid-stream processing (e.g. EfW plant). Therefore, in addition to working with major electronics manufacturers to process their general industrial waste and hazardous industrial waste, the waste disposal business shall also progress in the direction of working with recycling agencies and intermediate treatment plants (screening plants), etc. in order to obtain more profitable businesses and more diversified opportunities for disposing waste.

d. Resource Recycling and Reuse

Due to the shortage of resources, awareness for resource recycling and reuse has grown and the

circular economy has become a trend. In the future, the Company shall continue to make use of business opportunities in the waste with potential recycling resource sector and conduct R&D on related subjects for important business development in the future.

e. Renewable Energy

In response to global climate change issue, the development of renewable energy to replace traditional petrochemical energy has become a trend. In the future, ECOVE will focus on the investment and operation of solar power plants and continue to seek business opportunities

(4) Competition:

- a. As we look ahead to the contracted O&M services for waste resource recycling plants in the domestic market, the Company's subsidiary ECOVE Environment Services Corp. shall actively participate in the market for contract renewal for O&M of EfW plants across Taiwan to expand our market share in Taiwan and provide services to more people in Taiwan.
- b. The Wujih Plant of ECOVE Wujih Energy Corp. and the Miaoli Plant of ECOVE Miaoli Energy Corp. are both large-scale urban waste EfW plants that were built and operated in BOT investment projects. We have a special twenty-year operation permit and there are no issues of competition within the duration of the special permit.
- c. ECOVE Waste Management Corp. controls the domestic mid-stream and downstream market for resource waste disposal and is one of the very few operators in Taiwan that could provide one-stop services for waste disposal. With regard to the general waste disposal market in Taiwan, ECOVE Waste Management manages a substantial amount of the total domestic industrial waste. Conditions are stable.
- d. In response to the government's renewable energy policy, ECOVE Solar Energy Corp. invested in construction and operation of solar power plants. With strong engineering planning, operational capabilities and financial support under the Group, it completed many domestic and overseas excellent solar power plant construction. Moreover, it has long-term cooperation with government agencies in building solar power plants and makes business grow steady.

5.1.3 Overview of Technologies and R&D (R&D expenses invested and successfully developed technologies or products in the most recent year and up to the date of publication of the annual report)

- (1) In response to the trend of carbon neutrality in the world, Ecove has expanded the development direction of new technologies to carbon dioxide emission reduction and recycling (such as flue gas carbon capture to produce sodium bicarbonate). Continue to meet the needs of the Group's core business areas of incineration, resource recycling, and renewable energy in order to optimize the final disposal of waste (such as increasing power generation efficiency of incinerators, integration of new incineration technologies, exhaust gas reflux denitration etc.), increase reuse rates of waste resources (such as recycled water, sorting and selection of waste, purification of waste solvents, biomass and biogas fuel centers, etc.), increase the added value of resources from waste (such as purification of waste motor oil to base stock), increase energy production efficiency (such as increasing the power generation efficiency of the EfW plants, technology of boiler cleaning robot, cleaning technology for on-line boiler, increasing the efficiency of solar panels and the survey and adoption of generators with optimal power generation efficiency etc.) and introduce multiple application solutions of energy storage systems (such as power auxiliary services).
- (2) In response to the Industry 4.0 trends in global technology, ECOVE integrated with the development of intelligent management, control and maintenance technologies (such as remote central control room, emergency repair event inspection, high-temperature camera furnace inspection, advanced combustion control system, robot boiler slag removal, fixed shock wave ash cleaning and personnel safety positioning system etc.). The important operational information of

each factory can also be accessed at anytime and anywhere through mobile devices (such as electronic inspection, IOI added LINE platform, etc.), so that anomalies can be timely grasped and improved operational management effectiveness. In addition, it can also improve staff training and teaching effectiveness (such as VR education and training of 3D models, navigation and teaching applications, and expert systems, etc.).

- (3) Ecove continues to improve the intelligent management and maintenance measures of solar power plants. In 2021, Ecove combined the abnormal detection of aerial thermal images of solar photovoltaic systems with UAV aerial photography in the 180 MW large-scale solar photovoltaic project field and the new integrated application of high-pressure water column robotic arm solar panel cleaning technology, in the most economical and efficient way. Abnormal maintenance operations and periodic system The measures for cleaning and important maintenance work have been completed to effectively maintain the power generation efficiency of the solar photovoltaic project.

As of now, we have acquired a total of 41 domestic patents and 11 patents in Mainland China.

- a. Research and Development: ECOVE Environment Services Corporation Corp. as of now the annual investment in research and development costs are as follows:

- i. Research and Development Expenses in Past Two Years

Unit: NT\$ thousands

Item/Year	2020	2021
Operating Revenue	3,595,948	3,798,356
R&D Expense	7,018	7,549
R&D Expense as percentage of Operating Revenue (%)	0.20	0.20

The above Research and Development expenses are related to the expenditure incurred by the Research and Development Center for the development of new technologies and new systems. The cost of the use of new technologies or new systems or the integration of other project systems is absorbed by the relevant project.

- ii. Successfully developed technologies and products in recent years

Year	Research and development achievements
2021	<ul style="list-style-type: none"> a. Acquired a new patent of "The purification and separation system of waste solvent" in Taiwan. b. Acquired a new patent of "The optimization of arranging the coiling and unwinding mechanism" in Taiwan. c. Acquired a new patent of "Water quality inspection by Multi-axis drone with water sampling device" in Taiwan. d. Acquired a new patent of "Multiple closed feed system for fluffy material and sludge" in Taiwan.
2020	<ul style="list-style-type: none"> a. Acquired a new patent of "High-efficiency and composite exhaust gas deacidification device" in Taiwan. b. Acquired a new patent of "The AI real-time image anomaly analysis system of Solar Photonics Case" in Taiwan. c. Acquired a new patent of "Ground adaptability mechanism for omni wheels crawler vehicles" in Taiwan. d. Acquired a new patent of "Heating and vaporizing methyl bromide medicament applied to epidemic prevention fumigation device" in Taiwan.

Year	Research and development achievements
2019	<ul style="list-style-type: none"> a. Acquired a new patent of "Ratchet omni wheels" in Taiwan. b. Acquired a new patent of "Unmanned aerial vehicle automatic patrol system" in Taiwan. c. Acquired a new patent of "Plant operation and maintenance expert system" in Taiwan. d. Acquired a new patent of "Flat car net safety covering and recovering device" in Taiwan. e. Acquired a new patent of "Low-concentration isopropanol-enriched distillation tower combined with circulating super-gravity centrifugal rectification system" in Taiwan

iii. Significant achievements of self-imposed improvement for mechanical and electrical systems in the plant

Project Plant	Project
Keelung	Added variable frequency controls on the primary air fan
Southern Taoyuan	Improvement of the circuit breaker control logic on the primary side of the main transformer (GCB101) to reduce low amounts of electricity usage and lower electricity bills
Southern Taoyuan	Installation of a dry calcium hydroxide injection system in the waste gas processing system to increase the efficiency of waste gas processing.
Southern Taoyuan	Reduced the minimum operating speed of the IDF to reduce the amount of fuel required for ignition.
Wujih	Installation of a sodium hydroxide injection system in the flue gas processing system to increase the efficiency of flue gas processing.
Wujih	Modified the ammonia solution control from the original motor control to variable frequency control to lower expenditure on consumables.
Wujih	Improve the ejection supply and control model to reduce the ratio of low-pressure steam required for the deaerator from the high-pressure steam supply and increase power generation efficiency.
Wujih	Use the original chilling system to create a simple cooling room to cooling the control panels and cease the usage of onsite air-conditioning units to save energy.
Wujih	Improve the water discharge valves of the soot blower to lower the number of boiler shut down caused by superheater tube failure.
Wujih	Renewed cooling tower fan
Tainan	Reevaluated and analyzed the distribution of the air-conditioning system of the plant and increased the temperature of the chiller by 2 degrees. Installed split air-conditioners in areas with low usage efficiency to reduce the load of the chiller and optimize the air-conditioning system for power conservation.
Tainan	Upgraded the PLC of the steam turbine.
Tainan	Upgraded the PLC of the bag filter.
Tainan	Renewed ACC fan
Miaoli	Replaced the regular A/C power supply to key motor controls with uninterruptible power supply to prevent trips from sudden drops

Project Plant	Project
	in voltage and insufficient suction of the magnetic switch.
Miaoli	Adding a three-axle vibration sensor on the vibrating conveyor to monitor the ash bridging status.
Miaoli	Converted the variable frequency controls on the secondary air fan to save energy and resolve current issues of remaining secondary air flow to the storage pit.
Miaoli	Adjusted the settings for SAH temperature restricted by the valve discharge pressure that in response to changes in the calorific value of waste. The settings could not be lowered to the minimum design value and a pump was added on the discharge pipe extending from the bottom of the surge tank to the first stage SAH for the water discharge pressure to meet the original design requirements and for the SAH temperature to be lowered to the original design value in order to resolve the issue of overheated boiler bed.
Miaoli	Upgraded the air compressor to the variable-frequency air compressor
Houli	Adopted cooling water temperature control for the operations of the cooling water fan.

5.1.4 Short & Long Term Development Plans

(1) ECOVE Environment Corporation

The Company's subsidiaries ECOVE Wujih Energy Corporation, ECOVE Waste Management Corporation, ECOVE Environment Services Corporation, ECOVE Miaoli Energy Corporation and ECOVE Solar Energy Corporation have achieved leading positions in terms of expertise and scale in the domestic waste incineration and electromechanical maintenance, recycling and reusing and renewable energy sectors. The long-term and short-term development plans are described in the following paragraph.

- a. The subsidiary "BoReTech", which specializes in recycling PET bottles, will continue to enhance the system technologies of the entire plant and the competitiveness of supply and sales. It shall also improve the production line to achieve food grade standards, diversification and customized specifications and further expand the mature technology into recycling for other polyester materials. In addition, ECOVE also obtained the BOT tender of the Taoyuan City Biomass Energy Center this year. According to the contract, the project concession company, Ever ECOVE, was established by the bidding team to implement the construction and operation of the facility during the concession period. The plants are currently being built according to the schedule.
- b. ECOVE remains focused on resource recycling businesses and complies with related government policies to develop investment in the circular economy. In addition to EfW (including industrial waste processing) and photovoltaics power in the development of green energy, ECOVE also plans to invest in biogas power etc. In terms of material resources, in addition to PET bottles and other polyester, ECOVE also plans to recycle waste solvent, acid and alkaline waste, waste oil, incineration fly ash and slag, kitchen waste and other valued substances etc. Water resource projects include sewage and waste water treatment, sewage pipe networks and reclaimed water etc. The overall development principle shall integrate the Group's corporate resources and provide subsidiaries with related professional services while incorporating competitive technologies and suitable strategic partners in order to increase the feasibility of business development and to diversify different investment targets while

providing suitable risk management.

(2) ECOVE Environment Services Corporation

a. Short-Term Business Plans

i. Taiwan

- (a) In addition to continuously pursue deferment and rectification of ROT or OT projects of EfW plants in Taiwan with expiring operation contracts, cooperates with the group's BOT project for new incinerator. Also, provide upgrade, maintenance and other technical services for the mechanical and electric equipment of old EfW plants.
- (b) Pay attention to the tender case of land in industrial parks which are affiliated to the Ministry of Economic Affairs, the Ministry of Science and Technology or the county and city governments (such as the tender case of environmental protection land in the Lunwei West Second District of Zhangbin Industrial Park). Will evaluate and make an effort for getting cases on a case-by-case basis.
- (c) Maintain and intensify current services for mechanical and electric equipment at Taoyuan International Airport to open up more opportunities for services.
- (d) The related maintenance market of the government's forward-looking infrastructure development program-railways construction will continue grow and stay in organic growth. In addition, will expand the scope of services (such as MRT/Taiwan Railway Machinery Factory) to core equipment.
- (e) Comply with government policies to actively promote reclaimed water and sewage system construction and use mergers or participation of the Group in tenders for development.
- (f) Accumulate experience from own 126MW solar photovoltaic plants' O&M and expand to gain external business opportunities.
- (g) The expansion of high-tech industries in Taiwan may release business opportunities related to electrical and mechanical services for public facilities, which will be carried out together with the Group's strategy of developing high-tech industries.

ii. Overseas:

- (a) The Company keeps striving for contract extension of O&M of the EfW power generation plant and special & hazardous waste processing station in Macao. Also pay attention to design or improvement projects in related environmental protection sectors of the Macao government.
- (b) Participate in the development of the EfW market in Southeast Asia along with the Group.

b. Long-Term Business Plans

The long-term business plans will be based on short-term business plans and they involve expanding the pursuit for business opportunities such as operations, equipment repair and refurbishment as well as technical consulting in related domestic and overseas industries.

(3) ECOVE Wujih Energy Corporation

- a. With regard to short-term business plans, we shall at least satisfy the city governments' annual requirement for processing 186,000 metric tons of waste and the general industrial waste of 300 metric tons/day collected independently by the Company as well as creating maximum profits in power sales as a principle.
- b. Achieve high efficiency in power generation through the mid to long-term target of maintaining average waste acceptance and stable mechanical operation rates.

(4) ECOVE Waste Management Corporation

- a. With regard to the short-term business plans, we shall aim to provide a diversity and one-stop (planning management, removal, treatment, disposal and reuse, resource utilization etc.) of solutions for waste disposal in the Taiwan business with the status of waste removal and management specialists.
- b. The mid to long-term business plan will assist the matching of sources of production to the recycling and reuse way to achieve the goal of waste reduction with the experience and familiarity of the waste management market. Moreover, continuously increase the recycling and reuse of waste resources, expand the scope of waste business, and move forward towards the goal of recycling and diversification of waste resources to expand the business foundation.

(5) ECOVE Miaoli Energy Corporation

- a. With regard to the short-term business plans, we shall seek to satisfy, as a principle, the minimum annual processing volume of 155,125 metric tons of the county government and maximize profits from power sales.
- b. Achieve high efficiency in power generation through the mid to long-term target of maintaining average waste acceptance and stable mechanical operation rates.

(6) ECOVE Solar Energy Corporation

- a. With regard to the short-term business plans, we focus on organic growth and continue to strive for investment opportunities in solar power plants domestic and overseas.
- b. The mid to long-term business plan intends to expand the business scope and to develop new business areas, such as green electricity, renewable energy voucher trading opportunities and power grid frequency modulation services, etc. in order to become a comprehensive renewable energy solution service provider

5.2 Market and Sales Overview

5.2.1 Market Analysis

(1) ECOVE Environment Corporation and Subsidiaries

a. By Major business Categories

Unit: NT\$ thousands

Area \ Year	2020		2021	
	Amount	%	Amount	%
Taiwan	4,622,653	82.00	4,898,998	82.26
Macau	879,581	15.60	946,682	15.90
China	60,064	1.07	30,571	0.51
USA	75,292	1.33	78,999	1.33
Total	5,637,590	100.00	5,955,250	100.00

(2) ECOVE Environment Corporation

The Company is an investment holding company and it is not applicable as a single industry.

(3) ECOVE Environment Services Corporation

a. By Major business Categories

Unit: NT\$ thousands

Area \ Year	2020		2021	
	Amount	%	Amount	%
Taiwan	3,315,233	92.19	3,553,220	93.55
Macau	248,817	6.92	220,649	5.81
China	31,898	0.89	24,487	0.64
Total	3,595,948	100.00	3,798,356	100.00

b. Market Share

The main business of ECOVE ESC is O&M services for environmental protection and related facilities. It has been ranked in the top 500 service industries by the CommonWealth magazine since 2008 and it has consistently achieved top rankings in the top 500 service industries. It is evident that ECOVE ESC has achieved a significant position in Taiwan's environmental protection sector.

- i. There are currently 24 large-scale waste resource recycling plants in Taiwan and the designed capacity of the ones operated and maintained by ECOVE ESC has reached a market share of 28% compared with the total designed capacity in Taiwan.

c. Future Supply, Demand and Growth of the Market

- i. With regard to domestic EfW plants, the O&M contracts for private operations are expiring and as government policy has suspended the construction of new waste EfW plants, the service of the old plants are expected to be extended and tenders will be reopened. ECOVE ESC will continue to consolidate contracts at current operating plants while also actively pursuing the new tenders for other plants.
- ii. A large quantity of EfW plants will be built in Southeast Asia and we expect our overseas market scale to exceed the market scale in Taiwan. ECOVE ESC is now actively pursuing related businesses.

- iii. Due to the government's promotion of reclaimed water and sewage system projects, the market for operation services is expected to grow. ECOVE ESC will actively pursue the opportunities.
- d. **Competitive Niches**
 ECOVE ESC has been in the domestic EfW industry for over 20 years and it is the most experienced O&M company for EfW plants. Moreover, its parent company CTCI is the largest professional designer and builder of EfW plants in Taiwan. ECOVE ESC retains resources and capabilities for integration and improvement of technologies and it will be beneficial to future pursuits of reopened tenders for the O&M of EfW plants.
 ECOVE ESC has developed technologies and management capabilities through its experience in the O&M of EfW plants. It can also provide the clients with superior and more comprehensive services in water resource industries, track industries and mechanical and electrical engineering technologies.
- e. **The Favorable factors and Unfavorable Factors of the Development Prospect and Countermeasures**
 - i. **Favorable Factors**
 - (a) Starting from 2018, the contracts for O&M of EfW plants across Taiwan will expire one after another. As Taiwan's most professional and experienced operator, we shall be in a position to expand our market share.
 - (b) We can provide clients with more diversified services and increase the quality of services through technical and experience exchanges between various subsidiaries.
 - ii. **Unfavorable Factors and Countermeasures**
 - (a) The government's policy on domestic urban waste resource recycling plants is not to build new plants.
 Countermeasure: Actively pursue expansion overseas and expand horizontally into related core expertise such as the repairs and operations of transportation industries, operations in water resource industries, plant management and mechanical and electrical equipment maintenance etc.
 - (b) The public's environmental awareness is on the rise and protests against environmental pollutions have become more common.
 Countermeasure: Fully abide by related laws and regulations in O&M of various plants in order to prevent pollutions from occurring; conduct good-neighborly relations tasks regularly.

(4) ECOVE Wujih Energy Corporation

a. By Major business Categories

Unit: NT\$ thousands

Area \ Year	2020		2021	
	Amount	%	Amount	%
Taiwan	793,288	100.00	760,159	100.00

b. Market Share

ECOVE WEC is a dedicated BOT project company and it operates an EfW plant with a daily capacity of 900 metric tons to process the waste delivered by Taichung City Government (600mt/day) and the general industrial waste it independently collects (300mt/day) in 20 years of operation period. According to statistics of the Environmental Protection Administration of the Executive Yuan in 2021, current domestic medium to large-scale urban

EfW plants in operations process a total of approximately 6.35 million metric tons of waste a year. The annual processing capacity of Wujih Plant is approximately 280,000 metric tons and it constitutes 4.41% of the total processing capacity of the 24 EfW plants in Taiwan. In terms of the volume of electricity sales, the total amount electricity sold by EfW plants in an entire year amounts to approximately 2.71 billion kilowatt/hours while the Wujih Plant sells approximately 150 million kilowatt/hours per year, constituting 5.53% of the total amount of electricity sold. In terms of power generation, the annual power generated amounts to approximately 184 million kilowatt/hours, which is 5.4% of the 3.4 billion kilowatt/hours generated by the 24 EfW plants in a year.

c. Future Supply, Demand and Growth of the Market

Taichung City Government follows the policy of regional cooperation for waste disposal and provides support to nearby municipalities for processing waste. At present, Taichung City Government considers the limited processing capacity, so it mainly supports the collected incineration of spirit money of Nantou County.

d. Competitive Niches

The Company's partnered team - ECOVE ESC - is a professional O&M company of EfW plants and it O&M a total eight domestic large-scale urban EfW plants. Therefore its integration of operation technologies and improvement in managing production of EfW plants shall improve the performance of resource integration of ECOVE.

e. The Favorable factors and Unfavorable Factors of the Development Prospect and Countermeasures

i. Favorable Factors

(a) The other EfW plants O&M by ECOVE ESC are able to provide more diversified services such as assistance in dispatching waste disposal services to prevent waste from piling up due to an overhaul at a single EfW plant. On the other hand, it can also increase the number of clients.

(b) The supply of general waste is guaranteed by the Taichung City Government and the source of industrial waste independently collected by the plant is controlled by ECOVE Waste Management Corp. The arrangements maintain the stability of the processed volume and power generation at the plant.

ii. Unfavorable Factors and Countermeasures

(a) Equipment degradation lowers EfW processing efficiency

Countermeasure: The designed capacity of the Wujih Plant is 900mt/day and the actual operation rate (operating hours/ (annual hours-suspension hours)) in the most recent 3-4 years has been kept at approximately 91% (exceeding the 85% required in the contract). Therefore the operations of the EfW plant continue to be stable. Fully implement the preventive maintenance tasks of related facilities in the plant as well as actively implement energy and resources-saving and carbon reduction measures.

(5) ECOVE Waste Management Corporation

a. By Major business Categories

Unit: NT\$ thousands

Area \ Year	2020		2021	
	Amount	%	Amount	%
Taiwan	1,368,668	100.00	1,211,479	100.00

- b. **Market Share**
 ECOVE WMC is a company dedicated to industrial waste clearance and disposal. In 2021, ECOVE WMC received a total of 269,739 metric tons of waste for O&M. Its national market share in industrial waste collection and processing services is approximately 25%.
- c. **Future Supply, Demand and Growth of the Market**
 New big processing facilities in Taiwan are in development. In the next 5 years, half of them will enter the rectification period one after another. The current processing capacity is lower than the production of waste.
- d. **Competitive Niches**
 Based on the core values accumulated from 20 years of waste collection, management and disposal operations, ECOVE WMC independently developed a waste management information system along with an integrated clearing management system to allow waste disposal operators who enter the plants to jointly use the system online in order to improve management efficiency and competitiveness.
 ECOVE WMC continually invested in the waste recycling business in 2021, seeking iconic resource recycling business opportunities by using existing producer information and plans to use the rich experience as a stepping stone to enter resource recovery business, in order to provide a more completed service for the producers or waste disposal operators.
- e. **The Favorable factors and Unfavorable Factors of the Development Prospect and Countermeasures**
- i. **Favorable Factors**
- (a) **Advantages in integration**
 The Company has capabilities for the management, disposal, and market development of waste and is able to satisfy customers' requirements for waste disposal. Also, the Company continuously develops the recycling business field, integrates the understanding of market information, and directs the waste to reuse treatment to achieve waste reduction.
- (b) **Brand Advantages**
 Our performance always meet client demands and we enjoy a favorable reputation in the industry which reassures clients that they can safely allow the Company to dispose of their waste.
- (c) **Low Financial Risks**
 Our clients have all undergone extensive evaluation by the Company to ensure the health of their financial status and therefore the risks of bad debts is low.
- ii. **Unfavorable Factors and Countermeasures**
- (a) **High Dependence on Policy**
 The Company's business would be affected if the government becomes lax in amendments and execution of environmental protection laws.
 Countermeasure: Stay abreast of government policies as well as the regulations and execution of related laws in order to make flexible adjustments in business operations to comply with policies and regulations.
- (b) **Decline of Processing capacity**
 Urban lifestyle changes, household waste content has become more complicated. The increase in thermal energy of general waste has led to a decline in the processing capacity, which will affect the company's business.
 Countermeasure: In response to the limitation of the calorific value of the incineration plant, the high calorific value waste is screened out and the reuse mode is introduced. The waste removal and dispatching into the plant are mainly general

business waste low-like calorific value domestic waste.

(6) ECOVE Miaoli Energy Corporation

a. By Major business Categories

Unit ; NT\$ thousands

Area \ Year	2020		2021	
	Amount	%	Amount	%
Taiwan	332,356	100.00	324,403	100.00

b. Market Share

ECOVE Miaoli Energy is a dedicated BOT project company and it operates an EfW plant with a daily capacity of 500 metric tons to process the waste delivered by Miaoli County Government (500mt/day, including general industrial waste independently collected by Miaoli County Government) in 20 years of operation period. According to statistics of the Environmental Protection Administration of the Executive Yuan in 2021, current domestic medium to large-scale urban EfW plants in operations process a total of approximately 6.35 million metric tons of waste a year. The annual processing capacity of Miaoli Plant is approximately 160,000 metric tons and it constitutes 2.5% of the total processing capacity of the 24 EfW plants in Taiwan. In terms of the volume of electricity sales, the total amount electricity sold by EfW plants in an entire year amounts to approximately 2.72 billion kilowatt-hours while Miaoli Plant sells approximately 75.54 million kilowatt-hours per year, constituting 2.8% of the total amount of electricity sold. In terms of power generation, the annual power generated amounts to approximately 92.38 million kilowatt-hours, which is 2.7% of the 3.4 billion kilowatt-hours generated by the 24 EfW plants in a year.

c. Future Supply, Demand and Growth of the Market

Miaoli County Government ensures delivery of 155,125 ton/ year. In addition to the previous plans for waste disposal, Nantou County and Hsinchu County has been included in 2021 and the waste processing volume remains at 480 ton /day. There is no shortage of waste delivery to satisfy the total required amount for operations at the EfW plant.

d. Competitive Niches

The Company's partnered team - ECOVE ESC - is a professional O&M company of EfW plants and it O&M total 8 domestic large-scale urban EfW plants. Therefore its integration of operation technologies and improvement in managing production of EfW plants shall improve the performance of resource integration of ECOVE.

e. The Favorable factors and Unfavorable Factors of the Development Prospect and Countermeasures

i. Favorable Factors

(a) All supply of waste is guaranteed by the County Government and the arrangements maintain the stability of the processed volume and power generation at the plant.

ii. Unfavorable Factors and Countermeasures

(a) The increase in general industrial waste increases equipment degradation

Countermeasure: The designed capacity of the Miaoli Plant is 500ton/day and the actual operation rate (operating hours/ (annual hours-suspension hours)) in the most recent 5 years has been kept at approximately 93% (exceeding the 85% required in the contract). Therefore the operations of the EfW plant continue to be stable. In response to the increased volume of general industrial waste processed

by the plant, the Plant shall continue to enhance inspections of waste upon arrival, actively implement homogenization management of waste to ensure that they are sufficiently mixed, and fully implement the preventive maintenance tasks of related facilities in the plant.

(7) ECOVE Solar Energy Corporation

a. By Major business Categories

Unit ; NT\$ thousands

Area \ Year	2020		2021	
	Amount	%	Amount	%
Taiwan	206,332	100.00	269,184	100.00
Total	206,332	100.00	269,184	100.00

b. Market Share

ECOVE Solar Energy Corp. is a professional solar power plant construction and operation company. By the end of 2021, the cumulative domestic and overseas solar installation capacity was approximately 126.07MWp, accounting for about 2% of the domestic market.

c. Future Supply, Demand and Growth of the Market

In line with the domestic government's renewable energy policy, promote the solar photovoltaic device to reach the 20GW target in 2025, green energy self-demand in the supply chain and increased electricity consumption by Taiwanese companies returning to the industry will promote the continued development of the solar photovoltaic industry.

d. Competitive Niches

Setting up and selling electricity for large solar power plants abroad experience, integrating group resources to maximize operating benefits, and having rich experience in index plants with long-term cooperation with government agencies, which is better than the engineering quality and brand value within others. Establishing an excellent reputation is conducive to winning cooperation opportunities.

e. The Favorable factors and Unfavorable Factors of the Development Prospect and Countermeasures

i. Favorable Factors

(a) Advantages in integration

The Company has mature market development capabilities, and has experience in the development and operation of large-scale solar power plants in domestic and overseas, which can provide customers with long-term stable power supply needs.

(b) Brand advantages

(c) The group image has a good reputation and rich resources which are conducive to business development.

(d) Low financial risks

ii. Unfavorable Factors and Countermeasures

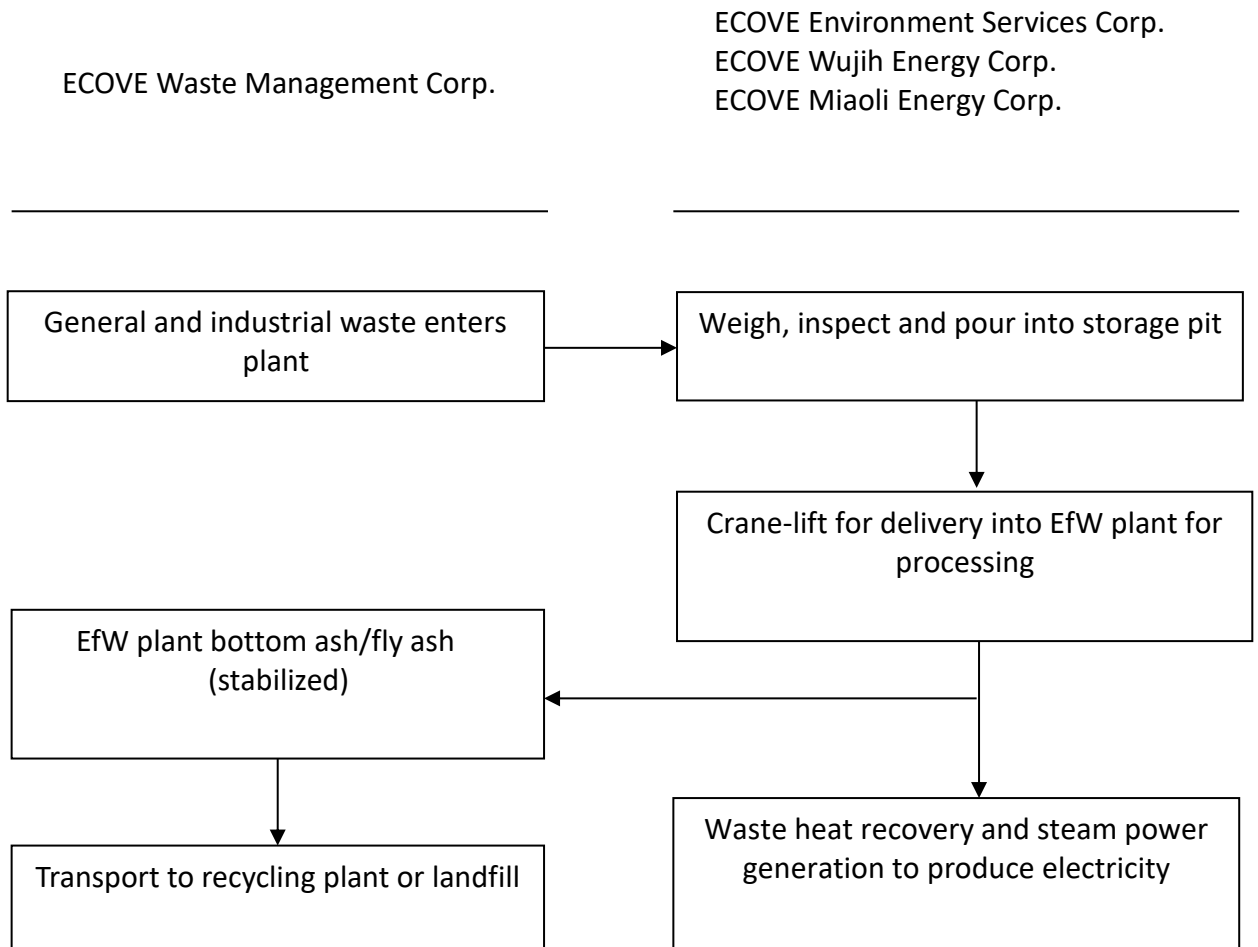
(a) High police dependence

The government's incentive policy for renewable energy subsidies decreases year by year, which will affect the company's earnings.

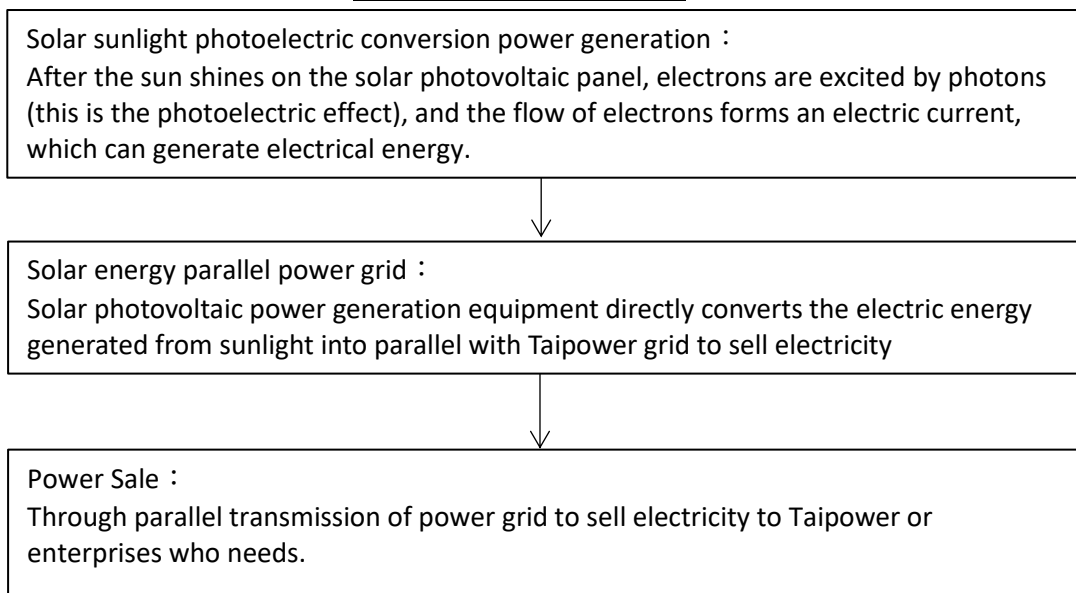
Countermeasures:

Continue to pay attention to government policies and relevant laws, regulations and implementation, adjust the business directions accordingly.

5.2.2 The Company's Main Services Purposes and Service Sequences



ECOVE Solar Energy Corp.



(1) ECOVE: The Company is an investment holding company and its main business is general investment; therefore it is not applicable as a single industry.

(2) ECOVE Environment Services Corporation

a. Usage of Primary Products (Services)

- i. The Company's main business is to provide O&M services as well as EfW plant for the disposal of waste to various urban waste resource recycling plants and EfW plants of municipality governments.
- ii. The Company also generates power from the EfW plant of waste to provide power for civilian use.

b. Production Process of Primary Products (Services)

The Company's main service is to dispose of waste and generate electricity from the EfW plant of waste. Place waste into the EfW plant for EfW and recover the heat generated in the boiler in the process to produce steam. The steam is used to power the turbine generator to generate electricity. The remaining electricity is transmitted into the power grid of Taiwan Power Corporation after deducting the self-use electricity.

(3) ECOVE Wujih Energy Corporation

a. Usage of Primary Products (Services)

- i. The Company operates Wujih EfW Plant by means of a special permit and its main service is the disposal of waste produced by civilians and industrial entities. It is a stable environmental protection service industry that is less affected by economic cycles.
- ii. Electricity is generated in the process of EfW plant of waste. Except for the self-use electricity, all remaining electricity is sold to Taiwan Power Company.

b. Production Process of Primary Products (Services)

The Company's main service is the disposal of waste delivered by Taichung City Government and general industrial waste collected by waste disposal agencies. The heat generated in the EfW plant the process is transmitted through the heat exchanger to the boiler to produce steam. The steam is used to power the turbine generator to generate electricity. The remaining electricity is transmitted into the power grid of Taiwan Power Corporation after deducting the self-use electricity.

(4) ECOVE Waste Management Corporation

a. Usage of Primary Products (Services)

The main service of ECOVE WMC is the disposal/management of general waste and industrial waste in order to provide clean and comfortable life and work environment. Since 2019, a resource waste (wasted isopropanol) of index technology factories has been strived. In 2020, the quantity is increasing. Wasted isopropanol is converted into reusable products which is enable efficient recycling of resources.

b. Production Process of Primary Products (Services)

The Company collects or manages general waste and industrial waste produced in residential buildings and industrial entities to deliver to landfills, EfW plants or reuse plants for future processing. In addition, the Company also transports ash produced by EfW plants to landfills for final disposal or to reuse plants for reuse. Additionally, since 2018, the Company has invested in the waste recycling business and provided services for commissioning operations, O&M and product services.

(5) ECOVE Miaoli Energy Corporation

a. Usage of Primary Products (Services)

- i. The Company operates Miaoli EfW Plant by means of a special permit and its main service is the disposal of waste produced by civilians and industrial entities. It is a stable environmental protection service industry that is less affected by economic cycles.
- ii. Electricity is generated in the process of EfW plant of waste. Except for the self-use electricity,

all remaining electricity is sold to Taiwan Power Company.

b. Production Process of Primary Products (Services)

The Company's main service is the disposal of waste delivered by Miaoli County Government and general industrial waste collected by waste disposal agencies. The heat generated in the EfW plant the process is transmitted through the heat exchanger to the boiler to produce steam. The steam is used to power the turbine generator to generate electricity. The remaining electricity is transmitted into the power grid of Taiwan Power Corporation after deducting the self-use electricity.

(6) ECOVE Solar Energy Corporation

a. Usage of Primary Products (Services)

The company mainly produces renewable energy and integrates it into the Taipower grid to supply users' electricity needs.

b. Production Process of Primary Products (Services)

After the solar photovoltaic panel is irradiated by sunlight, the light energy is converted into direct current, and after being converted into alternating current by the converter, send electricity to Taipower grid.

5.2.3 State of Supply of Main Materials:

ECOVE Environment Corp. is an investment holding company and its subsidiaries ECOVE Environment Services, ECOVE Wujih Energy, ECOVE Waste Management and ECOVE Miaoli Energy are all environmental protection services providers or in renewable energy power generation industry. None of them have production activities and this item is therefore not applicable.

5.2.4 Major Suppliers and Clients (each commanding 10%-plus share of annual order volume)

A. Major clients commanding 10%-plus share of annual order volume

Unit: NT\$ thousands

Item	2020				2021			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Taiwan Power Company	941,190	16.69	None	Taiwan Power Company	1,638,642	27.52	None
2	Environmental Protection Bureau of Taichung City Government	318,221	5.64	None	Environmental Protection Bureau of Taichung City Government	334,128	5.61	None
3	Environmental Protection Bureau Miaoli County Government	332,356	5.90	None	Environmental Protection Bureau Miaoli County Government	336,474	5.65	None
4	Taiwan Sugar Corp.	311,714	5.53	None	Taiwan Sugar Corp.	291,415	4.89	None
5	Others	3,734,109	66.24	None	Others	3,354,591	56.33	None
	Total	5,637,590	100.00		Total	5,955,250	100.00	

B. Major suppliers commanding 10%-plus share of annual order volume: None

5.2.5 Production over the Last Two Years: None

5.2.6 Shipments and Sales over the Last Two Years

(1) ECOVE Environment Corporation and Subsidiaries

Unit: NT\$ thousands

Shipments & Sales Major Products	2020		2021	
	Local	Export	Local	Export
Waste Treatment	2,254,862	0	2,185,909	0
Electricity	1,072,770	581,243	1,470,150	519,562
Concession Service	570,762	0	552,289	0
Waste Collection	73,172	0	106,408	0
Others	651,087	433,694	584,058	536,874
Total	4,622,653	1,014,937	4,898,814	1,056,436

(2) ECOVE Environment Services Corporation

Unit: NT\$ thousands

Shipments & Sales Major Products	Year	2020		2021	
		Local	Export	Local	Export
EfW plant related income		2,643,854	0	2,910,618	0
Others		671,379	280,715	667,089	220,649
Total		3,315,233	280,715	3,577,707	220,649

(3) ECOVE Wujih Energy Corporation

Unit: NT\$ thousands

Shipments & Sales Major Plant	Year	2020		2021	
		Local	Export	Local	Export
The plant of Wujih		793,288	0	760,159	0
Total		793,288	0	760,159	0

(4) ECOVE Waste Management Corporation

Unit: NT\$ thousands

Shipments & Sales Major Products	Year	2020		2021	
		Local	Export	Local	Export
Waste Treatment		1,215,900	0	1,041,904	0
Waste Collection		103,857	0	114,586	0
Comprehensive planning to clean up revenue		48,911	0	54,989	0
Total		1,368,668	0	1,211,479	0

(5) ECOVE Miaoli Energy Corporation

Unit: NT\$ thousands

Shipments & Sales Major Plant	Year	2020		2021	
		Local	Export	Local	Export
The plant of Miaoli		332,356	0	324,403	0
Total		332,356	0	324,403	0

5.3 Employee Information

The information about employees employed for the most recent two fiscal years and up to the date of printing of the annual report

Year		2020	2021	As of Mar. 31 st , 2022
Number of Employees	Regular Employees	801	874	847
	Contracted Employees	6	4	5
	Total	807	878	852
Average Age		41.9	41.3	43.0
Average service seniority		12.9	8.3	9.8
Ratio of employees at each level of educational degree	Doctor	0.12	0.23	0.35
	Master	14.64	15.03	15.26
	Bachelor	66.63	62.64	63.50
	Senior High School	17.85	18.79	17.49
	Below Senior High School	2.48	3.30	3.40

Status of licenses required by competent authorities held by personnel of the Company and its subsidiaries involved in the transparency of financial information:

Certification Name	Number of People
Certified Internal Auditor (CIA)	1
Qualified in the Basic Proficiency Test on Enterprise Internal Control of the Securities & Futures Institute	1

5.3.2 Safety of the Work Environment and Employees' Personal Safety

(1) Safety, Health and Environmental Policy

- Safety First
- Improve Employee's Health and Well-being
- Environmental Protection and Sustainable Development
- Implement Risk Management Mechanism
- Fulfilling Regulations and Contract Requirements
- Promoting Full Participation and Training

The Company and its subsidiaries maintain a business philosophy of focusing on quality, environmental protection, health, safety and pollution prevention as well as a spirit of honesty, service, professionalism and excellence with regard to the continuous improvement in quality, environmental protection, safety and health measures.

The Group's safety and health policy is handled and promoted by the subsidiary company ECOVE ESC. Since ECOVE ESC is the manufacturer of the incineration plant on behalf of the company, all units within the scope of verification must comply with the policies formulated by the plant. Therefore, ECOVE WEC (Wujih Plant), ECOVE MEC (Miaoli Plant) and ECOVE WMC (Refuse Bottom Dregs Removal and Removal) are all in the scope of the verified workplace, except for the specification of industry characteristics, and the standards of ISO 45001:2018. The requirements and policies are formulated to ensure that the municipal incinerator can effectively control and control the employees' possible injuries and diseases, process changes, procurement, contractors, and property and other safety and health during the process of waste incineration, power generation, waste gas, and waste disposal. Risks and non-compliance with the prescribed matters, the purpose of which is to provide basic guidelines for the effective and appropriate operation and

management of the health management system, and to continuously improve the safety and health performance of the entire organization, and to establish safety and health management priorities, policies, objectives and targets, and gradually improve. Safety and health management system, implement risk prevention, elimination, reduction, control, and continuous improvement EC, in order to achieve the goal of sustainable development and thus to establish high quality and environmental health and safety pioneer model.

(2) Safety, Health and Environmental Organization

The Company has always maintained a business model of participation of all employees in which the supervisors and staff members in each department conduct effective communication through periodic meetings and training to ensure harmonious labor relations. The company and its subsidiaries conduct safety and health promotion review through monthly meeting of plant managers and hold The Occupational Safety and Health Committee quarterly. It shall open and supervise the company's quality safety, appropriate law adequacy, and effectiveness of various policies and measures. To ensure that the company's employees work in a safe and hygienic environment. We have set Quality Assurance and Safety Department to promote the safety and security of the company's activities, audit safety management requirements for each operation, and monitor the company's safety and security performance. In addition, dedicated level one safety, health and environmental management units are established for each project to be responsible for the performance and supervision safety, health and environmental protection for each project.

(3) Safety, Health and Environmental Management System

ECOVE and its subsidiary, adheres to the spirit of occupational safety, health and environmental management system based on ISO 45001:2018 to actively carry out hazard prevention in risk management of safety and health operations, event prevention, energy and resource conservation, employee health. The implementation status for safety, health and environmental management goals is under review every year. The annual goals for safety, health and environmental management are re-established accordingly. Specific improvement plans are proposed to reduce potential safety, health and environmental risks and meet standards of internationalization.

(4) Safety, Health and Environmental Management Operations

The safety, health and environmental management system of the Company and subsidiaries employ management methods and strategies to resolve safety, health and environmental-related issues through sequential and targeted methodology and use the Deming Management Cycle: Plan-Do-Check-Action (P-D-C-A) logic to promote a three-tiered auditing and management system. The system employs constant auditing and real-time correction from operation safety observation to achieve real-time education and two-way communication and allow all employees to participate in the establishment a consensus and culture for safety.

(5) Statistical Analysis of Occupational Hazards

The data for statistical analyses of occupational hazards of the Company and subsidiaries are based on the disabling injury frequency rate per million work hour from the Department of Labor and the Company reports online for statistical analyses in accordance with regulations of the Ministry of Labor. Seriously and critically review and analyze the work safety accidents or false alarms that occurred in the past, and combine safety and health performance management KPIs to avoid the occurrence of the same events. The same cases where the content specification has been announced and reviewed have occurred again. The points will be deducted from the security KPI of the project during the month, and if the cause is inconsistent with the behavior of colleagues,

it will enter the evaluation of the people's assessment meeting. The employee will calculate the minimum performance of the project in the quarter, and The Occupational Safety and Health Committee worked together to develop improvement plans; in the statistical analysis, it was found that the reporting of false alarms should be given more encouragement in order to effectively and prioritize improvements to reduce the occurrence of worker safety accidents. Therefore, the company performed safety and health performance management. The KPI project specifically incorporates activities such as internal dynamic inspections and joint audits. It is expected that problems can be detected by digging around to use false alarm events or staff counseling to prevent the occurrence of workers' safety incidents, and set annual safety and health goals. Let all my colleagues recognize and work together toward the goal. The company encourages various projects to participate in the Ministry of Labor to organize statistical work on non-disaster time. It has successively been awarded with no-fault labor time certification. The company encourages projects to participate in the Zero-Accident Work Hours activities organized by the Ministry of Labor, and successively wins the Zero-Accident Work hours certificates every year. Statistics of the total cumulative Zero-Accident Work hours of the incineration plants operated and managed by ECOVE as of Dec. 2021, which are 912,618 hours at Keelung plant, 972,618 hours at Miaoli plant, 1,569,776 at Houli plant, 1,206,554 hours at Wujih plant, 1,941,054 hours at Tainan plant, 1,082,657 at STSP plant. ECOVE ESC upholds the "people-oriented" core value, invests the necessary manpower and resources for the safety and health of employees, and creates a safe and healthy working environment. Continued business philosophy, to meet every disaster-free working hours and go all out.

(6) Awards

ECOVE and its subsidiaries have continued to strive for safety and health and employees' health. In recent years, we've been honored by government agencies and the awards are summarized as follows:

- Gangshan EfW plant was awarded the "Ecove Gangshan Safety and Health Family" Enterprise Core Award of Kaohsiung City by the Occupational Safety and Health Administration.
- STSP EfW Plant was awarded "Southern Science Park Excellent Workplace Safety and Hygiene Units Promotion_Work Safety Model Award" by Southern Taiwan Science Park.
- Tainan EfW plant was awarded "Occupational Safety Model" Safety and Healthy Family Performance Selection Excellence Award by Tainan City Government.
- Awarded by the Industrial Safety and Health Association (ISHA) of the R.O.C. entrusted by the Ministry of Labor:
 - ✓ Houli EfW Plant was awarded the 1.56 million zero-accident work hours certificate.
 - ✓ Keelung EfW Plant was awarded the 970,000 zero-accident work hours certificate.
 - ✓ Miaoli EfW Plant was awarded the 360,000 zero-accident work hours certificate.
 - ✓ Wujih EfW Plant was awarded the 1.20 million zero-accident work hours certificate.
 - ✓ Tainan EfW Plant was awarded the 1.94 million n zero-accident work hours certificate.
 - ✓ STSP EfW Plant was awarded the 1.08 million zero-accident work hours certificate.
- Other awards:
 - ✓ Keelung EfW Plant, Houli EfW Plant, Tainan EfW Plant and STSP EfW plant received the "Healthy Workplace Certification" health promotion mark from the National Health Service of the Ministry of Health and Welfare.
 - ✓ Received the certificate of participation in the "2021 National Workplace Safety and Health Week Series Activities Implementation Plan" by the Ministry of Labor.
 - ✓ Tainan EfW Plant received a Certificate of Appreciation as "2021 Promotion of the Core Enterprise of Safety and Health Family" by Tainan City Government Labor Bureau
 - ✓ Houli EfW Plant rewarded "AED+CPR site mark certificate" by Taichung City Government Health Bureau.

- ✓ Miaoli EfW Plant rewarded “AED+CPR site mark certificate” by Miaoli County Government Health Bureau.
- ✓ Tainan EfW Plant rewarded “AED+CPR site mark certificate” by Tainan City Government Health Bureau.

5.3.3 Code of Ethics for Employees

(1) Purpose

In order to follow the behavior of the employees of the company and make the stakeholders of the company understand the ethical standards and behavior standards that the employees of the company should follow when they perform their duties, the board of directors has decided to make this code to be the basis for compliance by the employees of the company. All employees of the company are responsible for carefully reading, understanding and complying with the contents of this Code.

(2) Area

The term “employee” as used in this Code refers to all employees of the company. However, when the company’s directors, supervisors and managers have other requirements stipulated in the Code of Business Ethics and Code of Conduct, the managers of the company shall abide by the code of conduct for business ethics of directors and supervisors and managers. Provisions.

(3) Principle of good faith

In performing their duties, the employees of the company should pay attention to teamwork and abandon the standard of identity; they should abide by the principle of good faith, and uphold a positive, progressive and responsible attitude.

(4) The principle of fairness

The employees of the company must not discriminate or exclude each other in any form due to factors such as gender, race, religion, party, sexual orientation, rank, nationality, and age.

(5) Work environment

Our employees should work together to maintain a healthy and safe working environment. There must be no sexual harassment or other acts of violence or threats of intimidation.

(6) Avoid conflicts of interest and opportunities for personal gain

The employees of the company have the responsibility to maintain and increase the legitimate gains of the company, and should avoid:

- (1) The opportunity for personal or third-person access to personal gain through the use of company property, information, or through his or her position.
- (2) Compete with the company.

(7) Fair trade

- (1) The employees of the company should treat the objects of business transaction fairly; when dealing with related parties, there should be no special preferential treatment.
- (2) In the performance of their duties, the employees of the company shall not be in the interest of themselves or a third party, but have requirements, contract, delivery or acceptance of any form of gift, entertainment, rebate, bribe or other improper interest. However, the gift or entertainment provided by the courtesy of social etiquette or company regulations is not limited to this.

(8) Insider trading

Any information that the employees of the company may have significant influence on the trading price of the company's securities in the course of their duties should be strictly confidential in accordance with the provisions of the Securities Exchange Act before being publicly disclosed, and may not use this information to conduct insider trading.

(9) Confidentiality responsibility

The employees of the company should respect each other's personal privacy and must not spread rumors or defamatory libel. Matters or confidential information that are known to him in his duties should be managed with care. They must not be leaked to others or used for purposes other than work unless they are disclosed by the company or are necessary for the execution of their duties. They also apply after leaving the company.

The information that should be kept confidential in the preceding paragraph includes information about the company's personnel and customers, inventions, business confidentiality, technical data, product design, manufacturing expertise, financial accounting information, intellectual property rights, and other information that may be used by competitors or leaks. Afterwards, the company or its customers are harmed by the undisclosed disclosure of information.

(10) Correct document records and reports

Employees of the company should ensure that all forms of paperwork handled by them are correct and complete and properly preserved.

(11) Protecting and Using Company Assets Properly

When employees of the company perform their duties, they should avoid theft, interference, destruction, and intrusion of resources such as data, information systems, and network equipment to protect the confidentiality, integrity, and availability of the company's information.

(12) Political Contributions and Activities

The employees of the company must not influence other employees in any way to contribute politically, support specific political parties or candidates, or participate in other political activities. In addition, political activities should be avoided during working hours and workplaces.

(13) Copyright

The employees of the company must not influence other employees in any way to contribute politically, support specific political parties or candidates, or participate in other political activities. In addition, political activities should be avoided during working hours and workplaces.

(14) Encourage the report of any illegal or violation of this Code

The head of the company should strengthen the publicity of the company's internal moral concepts and encourage employees to report the violations of the laws and regulations or this Code. The company should do its utmost to protect the identity of the presenter and protect them from being exposed. Threatened.

(15) Exemption from applicable procedures

Employees of the company may be exempted from the application of specific provisions of the Code if they have a valid reason to pass the resolution passed by the board of directors.

(16) 16. Execution

This Code shall be implemented after the resolution of the board of directors is passed and shall be disclosed in the annual report, the open specification and the public information observing station.

5.4 Environmental Protection Expenditure Information

(1) According to laws and regulations, the Company is required to apply for a permit for installing polluting facilities, or permit for pollution drainage, or to organize and set up an exclusively responsible unit/personnel for environmental protection issues. The status of application and establishment of the Company and subsidiaries are described as follows:

- A. ECOVE: Not Applicable.
- B. ECOVE Environment Services Corporation
 - i. Permit for Installing Polluting Facilities, Permit for Pollution Drainage
The Company has a total of 8 fixed pollutant operation permits, 6 water pollutant prevention permits and one toxic chemicals approval certification.
 - ii. Establishment of Dedicated Environmental Protection Unit and Personnel
The Company's employees have obtained 18 Class A Dedicated Air Pollution Control Specialist certificates, 3 Class A Wastewater Treatment Technician certificates, 3 Class B Dedicated Wastewater and Sewage Treatment Specialist certificates and 11 Class A Waste Disposal Technician certificates.
- C. ECOVE Wujih Energy Corporation
 - i. Permit for Installing Polluting Facilities, Permit for Pollution Drainage
The Company has a total of one fixed pollutant operation permit, one water pollutant prevention permits, one waste disposal permit, and one industrial waste disposal plan.
 - ii. Establishment of Dedicated Environmental Protection Unit and Personnel (Including dedicated environmental protection personnel at ECOVE Environment Services Corporation)
Two Class A Waste Disposal Technicians, two Class A Dedicated Air Pollution Control Specialists and one Class B Dedicated Wastewater and Sewage Treatment Specialist.
- D. ECOVE Waste Management Corporation
 - i. Waste Disposal Permits
One Class A Waste Disposal Permit
 - ii. Establishment of Dedicated Environmental Protection Unit and Personnel
One Class A Waste Disposal Technicians and one Class B Waste Disposal Technician.
- E. ECOVE Miaoli Energy Corporation
 - i. Waste Disposal Permits
The Company has a total of one fixed pollutant operation permit, one water pollutant prevention permits, one waste disposal approval document, and one industrial waste disposal plan approval letter.
 - ii. Establishment of Dedicated Environmental Protection Unit and Personnel
One Class A Waste Disposal Technicians, three Class A Dedicated Air Pollution Control Specialists and one Class A Dedicated Wastewater and Sewage Treatment Specialist.
- F. ECOVE Solar Energy Corporation: Not Applicable.

(2) Investment and Implementation Status of Primary Equipment for Prevention of Environmental Pollution

- A. ECOVE: Not Applicable
- B. ECOVE Environment Services Corporation: Not Applicable
- C. ECOVE Wujih Energy Corporation

December 31, 2021; Unit: NT\$1,000

Equipment Name	Quantity	Obtainment Date	Investment Cost	Book Value	Usage and Anticipated Benefit
EfW plant and Related Pollution Prevention Equipment	1	2004.09.06	2,676,083	625	Compliance with related laws and regulations on EfW plant, air and wastewater pollution prevention

- D. ECOVE Waste Management Corporation

December 31, 2021; Unit: NT\$1,000

Equipment Name	Quantity	Obtainment Date	Investment Cost	Book Value	Usage and Anticipated Benefit
Waste Disposal Trucks	45	2001.08-2021.11	108,102	34,321	The business objective is to comply with the environmental protection laws and regulations applicable to the waste removal industry

- E. ECOVE Miaoli Energy Corporation

December 31, 2021; Unit: NT\$1,000

Equipment Name	Quantity	Obtainment Date	Investment Cost	Book Value	Usage and Anticipated Benefit
EfW plant and Related Pollution Prevention Equipment	1	2008.02.29	2,279,947	747,463	Compliance with related laws and regulations on EfW plant, air and wastewater pollution prevention

- F. ECOVE Solar Energy: Not Applicable

(3) The sum of losses and total fines due to environmental pollution during the most recent year and up to the annual report publication date as well as disclosure of future countermeasures and possible expenditures: None

5.5 Relations between labor and employer

5.5.1 The Company's employee benefits for studying, training, the pension system and its implementation status as well as labor agreements and employee rights maintenance measures:

- (1) Employee Welfare

- A. Employee Welfare Committee; organize various subsidies for employee weddings and funerals; periodic leisure travel and recreational sports competitions etc. to promote the physical and mental health of employees.
- B. In addition to participation in Labor Insurance and the National Health Insurance, the Company also provides coverage with group insurance for employees.
- C. On-the-job professional skills training, management and language courses, health seminars etc. for employees.
- D. Distribution of three Chinese festival bonuses and birthday gifts.
- E. Periodic health examination.
- F. Establish employee bonus and share subscription regulations to share the results of the Company's growth with employees in order to increase employee coherence.

(2) Measures for Employee Training

The Company and subsidiaries have established occupational skills training systems in accordance with the Company's vision, mission and long-term business goals and it also developed occupational training plans for each expertise and level. The training methods include courses, online learning, the knowledge base etc. with the goal of enhancing employees' professional knowledge and skills as well as language, computer, management and leadership skills. The training is managed through a Global Training System (GTS) to strengthen online learning functions to allow employees to learn from the occupational training system and development plans from anywhere. In addition, the Company also provides recommendation for outstanding employees to study at domestic or foreign colleges or institutions to further enhance employees' professional skills and allow employees to develop international business capabilities by working with staff from foreign companies. The total annual training fee for the employees of the Company in 2021 was close to NT\$3.50 million and the total annual training hours for all employees exceeded 24,988 hours. The man-hours and expenses for various types of training are as follows:

Type	Sessions	Total Participants	Total hours (hour)	Total Expenses (NT\$1,000)
Training for New Employees	38	3,233	3,471	15.2
Professional Skills Training	495	6,272	15,482	2,876.6
Managerial Training	86	1,932	5,230	511.4
Self-Development Training	23	753	805	97.0
Total	642	12,190	24,988	3,500

- A. Training for new hires: New hires are trained in several topics, including the general conditions of the Company, work rules, related regulations on quality, safety, health, and environmental management, and corporate culture.
- B. Training of professional skills: Each department provides internal training that includes lectures and hands-on practice for their employees or assigns them to attend external courses and related training on professional subjects in accordance with their job description, company business development requirements, or contractual or regulatory requirements to increase their professional capacities.
- C. Training of management skills: The Human Resources Department and the business unit organize management courses in accordance with the status and development requirements of the Company and allow unit supervisors to assign personnel to participate in the courses.
- D. Self-improvement training: The Company provides English language training courses to improve employees' international communication capabilities and on-the-job training at domestic or foreign institutes to enhance employees' professional knowledge.
- E. Related employee training courses are implemented in accordance with the "Employee Education Management Regulations".

(3) Implementation Status of the Pension System

The "Labor Pension Regulations" of the employee pension system is established in accordance with regulations in the Labor Standards Act. Dedicated labor pension fund accounts are also established to set aside workers' retirement reserve funds each month to be deposited at the dedicated accounts in the Bank of Taiwan. Also, appoint a third-party actuarial firm to conduct annual actuarial audit

Starting on July 1, 2005 with the implementation of the new system for labor pension, the Company inquires its employees whether they wish to adopt the new system or the old system. The Company has set aside 6% of the monthly salary for employees who have opted for the new labor pension system and deposited the funds into the employees' personal pension account to safeguard their lives after retirement.

(4) Labor Agreement Status

The Company has always maintained a business model of participation of all employees in which the supervisors and staff members in each department conduct effective communication through periodic meetings and training. Ecove selects members of both labor and management according to regulations, and the proportion of labor representatives is 50% each. Labor and management meetings are held quarterly periodic labor relation meetings are also conducted in which labor representatives can communicate directly and effectively with management on various rights and benefits to ensure harmonious labor relations.

(5) Employee Benefit Protection Measures

The Company has established the Employees' Welfare Committee and the Supervisory Committees of Workers' Retirement Reserve Funds as well as setting aside employee welfare funds and workers' retirement reserve funds in accordance with regulations.

5.5.2 Losses arising as a result of labor disputes in the recent year up until the publishing date of this annual report and disclosure of potential current and future business losses and countermeasures:

In the most recent years and as of date of the publication of the annual report, there are no labor disputes that incurred business losses.

5.6 Information Security Management

5.6.1 Information Security Management Structure and Strategy

5.6.1.1 Information Security Risk Management Structure

The Risk Management Executive Committee is the principal promoter of the Company's information and communication security risk management and holds meetings in the first quarter and the third quarter of each year and reports its work status and plans for the year to the Board in the fourth quarter. In 2011, the content of information communication security risk management was combined with the "Report of Risk Management Committee" and submitted to the 12th meeting of Ecove's 8th board of directors on Dec. 14, 2011.

The members of the Risk Management Executive Committee are the department heads of the Company and the department heads next from the chairman, general manager and general manager of each of its companies. The members of the Risk Management Committee of each Company shall have the overall responsibility for risk management, including risk identification, assessment, reporting and implementation supervision of daily control measures and improvement plan implementation, etc. The roles and duties of the members of the Risk Management Committee are as follows:

- ◆ Responsible for promoting, supervising, identifying and managing significant risks.
- ◆ Aggregate and compile risk profiles and improvement plans of each company.
- ◆ Collect and monitor major risk events of the respective companies to assess the extent of impact.
- ◆ Report major risks and relevant improvement plans to the general managers of the respective companies.
- ◆ Communicate risk management information to the members for understanding.

5.6.1.2 Information Security Strategy

ECOVE understands the constant need to refine the flow of Plan-Do-Check-Act (PDCA) in the process of managing information security risks. The promotion and implementation of information security management, regular reviews, and timely updates not only support the sustainable operation and development of the Group's business, but also lay the foundation in a new era for ECOVE's IT.

To that end, ECOVE referenced the essence in ISO/IEC 27001 to formulate the "Information Security Management Regulations", standardize the Company's information security management system to ensure the confidentiality, integrity, and availability of information under the purview of the Company, thus protecting the rights and interests of the company and all personnel. As per the provisions in the "Risk Management Regulations", the "Risk Management Executive Committee" serves as the highest management unit for information security. Under the direction of the committee, the information service center shall be responsible for submitting the "information security management report" on the implementation results and effectiveness of social engineering drills, anti-virus system, firewall, email filtering system, and email audit system on a regular basis.

5.6.2 Information Security Risk Identification and Solutions

To proactively identify possible risks to information security, we conducted an annual risk assessment exercise to analyze key items from a combination of potential threats and vulnerabilities, including:

- ◆ Scam syndicates using fake e-mail messages to trick employees of the Company into remittances or transactions, or providing personal information.
- ◆ Industrial spies or competitors using hacking technologies to continuously infiltrate the internal hosts and steal corporate internal information.
- ◆ The criminal syndicates and hackers distributing content with malicious links through e-mails,

SMSes, social networking software, and communication software, to induce employees to fall victim to scams or to cause victims' computers to be encrypted and held hostage until the demanded ransom is paid.

- ◆ Hackers initiating a large number of connection requests through the network to block the normal operation of the Company's network.
- ◆ Employees using illegal software or copying sensitive data of the Company to portable storage devices, causing data leaks due to loss, theft, or sale of the devices.
- ◆ Natural and man-made disasters causing damage to information software and hardware, resulting in service interruption or data loss.

With regard to information security risks, ECOVE adopted a multi-prong approach to reinforce information security management mechanisms designed for reducing threats and managing risks, by applying information security management guidelines, introducing technological solutions, and stepping up information security education and training. Key measures include:

- ◆ For hard disks in obsolete computers, special drive eraser (U.S. Department of Defense DoD 5200.22 standard) is used to prevent individuals with ill-intent from tracing or restoring, or manually dismantling and destroying the records of the hard drives.
- ◆ Since July of 2017, continuously conduct social engineering attack simulation drills and provide information security education and training to enhance employees' awareness of email protection.
- ◆ Installation of supervision software on client end to block the connection of USB storage devices and to revoke permission to self-install software.
- ◆ Installation of anti-virus software on each server and personal computer to automatically and regularly scan the computers, so as to ensure the security of the computers.
- ◆ Installation of anti-virus and spam filter software on email gateways to reduce the risk of emails being attacked.
- ◆ Protect the confidentiality of documents through smart document management system and disk encryption technologies. Set up "social engineering attack prevention advocacy" website and "scam mail notification mailbox" to reduce the risk of being attacked.
- ◆ Regularly conduct internal/external audits to serve as a basis for improving the operation of the information security system on top of refining the operation of the information security management system.
- ◆ In order to avoid the disruption of business operations due to the epidemic, Work From Home exercise was implemented in 2020 and 2021.
- ◆ In response to the third level of epidemic alert, the Company began to implement work from home since May 15, 2021, launch remote encrypted connections, promote video/networking meetings, health management and attendance clock in/out for mobile APP "myCTCI", etc. By July 26 of the same year, the Company resumed office work of all employees, eliminated remote connection (SLL VPN), but continued to arrange video/online conferences as much as possible to reduce people concentration and maintain social distance. The license-enabled remote encryption connection (SLL VPN) described above, is provided by the Personnel Administration Department with a list and duration of access privileges. In case of job rotation of A/B groups or case changes, it is also based on the latest approved list of personnel provided by the Personnel Administration Department, while the firewall permissions settings are executed by the Information Department.
- ◆ The information security joint defense measures are newly added. On August 1, 2021, the Company moved to two headquarters. The new server room has been fully upgraded with the new firewall and the ancillary anti-virus software, requesting to check whether they are computers within the Company's network and have been installed with designated anti-virus software or not before the use of terminal computers to connect to the internal network.

5.6.3 Information security management mechanism and resources invested

ECOVE unceasingly poured resources and efforts into information security-related affairs, with the

cost in 2021 annual information security-related investments reaching NT\$10.85 million/year. The efforts included strengthening information security defense equipment, improving the information security management system, and education and training, etc. to boost information security capabilities from management to technical aspects.

As the kidnapping virus has caused serious damage to well-known companies in recent years, a "social engineering attack prevention promotion" website and a "scam email notification mailbox" are set in order to help colleagues identify and avoid "scam emails/phishing emails" or more accurate scam emails like "Business Fraud Attack (BEC, Business Email Compromise)" attack risk.

In order to promote information security awareness among our employees, our information-related employees participated in information security-related professional courses in 2021, and our general staff who held medium/high risk positions with the results of quarterly social engineering exercises participated in "Knowing Social Engineering Attacks and Key Information Security Promotion" course to enhance their information security awareness and information security protection capabilities.

Based on the consideration of information security risks, we comprehensively inspected and replaced old servers (OS Win2003/2008) in the second half of 2011. About NT\$3.435 million has been invested. This is listed as an annual routine operation. In order to effectively share the losses caused by information security risks, we purchased information security-related insurance "Electronic Equipment Comprehensive Insurance" with a total amount exceeding NT\$49.89 million.

In 2011, the Risk Management Committee was held twice, on Mar. 22, 2011 and Nov. 2, 2011, and the 12th report of the eighth session of the Board of Directors was held on Dec. 14, 2011.

On November 20, 110, the main server was relocated from Neihu Internet Data Center (IDC) to Xinyi IDC. The IDC is located in the Boai Special Zone of Xinyi Road, which is one of the national key infrastructures and can receive the most complete professional IDC services at the first time.

According to the "Information Security Management Regulations", if personnel detect computer virus intrusion or other malware, they should notify either the information center or the computer management personnel of the unit for actions. In practice, the information service center will proactively intervene as soon as it receives the alert from the anti-virus system (the system cannot automatically clean up or the quarantine failed), so as to avoid situations where individual personnel ignoring the alerts from the anti-virus system. In 2021, there were warning or notification of 0 infection incidents, 2 automatic clearing, and 3 automatic quarantine. The aforementioned incidents did not cause any data loss or customer loss. To date, no information security incidents affecting the normal operation of internal information systems and information-related facilities have occurred. In the future, we will continue to refine and review the relevant processes to comprehensively improve information security management to meet the international quality requirements.

5.6.4 Major Information Security Incidents: No major information security incidents occurred in 2011.

5.7 Important Contracts

ECOVE owns five main subsidiary companies including ECOVE Environment Services, ECOVE Wujih Energy, ECOVE Waste Management, ECOVE Miaoli Energy and ECOVE Solar Energy Corp. The important contracts for each individual company are described below:

- (1) ECOVE Environment Services Corporation

Nature of Contract	Counterparty	Commencement/ Expiration Date	Content	Restrictions
Rectification and O&M Service Contract	EPB of Changhua County Government	2021.06.02 ~2036.06.01	O&M and Rectification Services for Xizhou EfW Plant	None
Investment, rectification and operation work	EPB of Kaohsiung City Government	2021.11.10 ~2036.11.09	Handle the O&M and Rectification of Gangshan EfW Plant by means of private investment	None
Waste treatment plant Construction and operation work	Industrial Development Bureau, MOEA	2020.09.30 ~2044.09.29	Handle the construction and operation of the resource processing center in Zhangbin Industrial Park by means of private investment	None
O&M Service Contract	EPB of Taichung City Government	2001.08.15 ~2021.08.14	O&M Services for Houli EfW Plant	None
O&M Service Contract	EPB of Keelung City Government	2006.03.27 ~2026.03.26	O&M Services for Keelung EfW Plant	None
O&M Service Contract	Tainan City Government Environmental Protection Bureau	2020.05.01 ~2023.04.30	O&M Services for Tainan Chengxi EfW Plant	None
Technical Service Contract	Taiwan Sugar Corp. Dept. of Environmental Protection-Environmental Protection Business Operation Center	2017.07.01 ~2021.11.09	Assist in The Improvement of The Effectiveness of Gangshan EfW Plant	None
O&M Service Contract	Macao special administrative region Government	2019.12.16 ~2022.04.30	Macao Special and Hazardous Waste Treatment Station Extension Service Project	None

(2) ECOVE Wujih Energy Corporation

Nature of Contract	Counterparty	Commencement date/expiration date	Content	Restrictions
Waste Resources Recycling Plant Construction and Operations	Taichung City Government	2000.09~2004.09 (Construction) 2004.09.06 ~2024.09.05 (Operations)	The construction and operations of Wujih BOT Waste Resource Recycling Plant were carried out through private investment and the special operations permit is valid for 20 years starting on the commercial operations date (September 6, 2004)	None
Qualified Cogeneration Power System Electricity Sales	Taiwan Power Company	The annual contract which commenced on August 2, 2004 is automatically renewed each year before its expiry if both parties file no objections.	According to the regulations in the Energy Administration Act, the electricity produced by the qualified cogeneration system at Wujih Plant is sold to Taiwan Power Company	None
Operations Services	ECOVE Environment Services Corporation	2004.09.10 ~2024.09.09	O&M Services of Wujih BOT Waste Resource Recycling Plant	None

(3) ECOVE Waste Management Corporation

Nature of Contract	Counterparty	Commencement /Expiration Date	Content	Restrictions
Waste disposal and processing	Taiwan Semiconductor Manufacturing Company	2022.01.01 ~2023.12.31	Industrial waste disposal and processing	None
Waste receiving and management services	Ecove ESC	2021.01.01 ~2026.03.20	Waste receiving management and related reporting services of Keelung EfW Plant	None
Waste incineration and management services	ECOVE Wujih Energy Corporation	2021.01.01 ~2024.09.05	Waste receiving management and clearance services of Keelung EfW Plant	None
Commission general business Waste Management Supervision Service Plan	EPB of Miaoli County Government	2021.02.01 ~2023.01.31 (If no objection, one year extension)	Management and supervision of general business waste	None

Nature of Contract	Counterparty	Commencement /Expiration Date	Content	Restrictions
Operations Services	ECOVE Solvent Recycling Corporation	2019.07.01 ~2028.06.30	Operations and Maintenance Services	None

(1) ECOVE Miaoli Energy Corporation

Nature of Contract	Counterparty	Commencement/Expiration Date	Content	Restrictions
Waste Resources Recycling Plant Construction and Operations	Miaoli County Government	2008.02.29 ~2028.02.28	The construction and operations of Miaoli BOT EfW Plant were carried out through private investment and the special operations permit is valid for 20 years starting on the commercial operations date (February 29, 2008)	None
Qualified Cogeneration Power System Electricity Sales	Taiwan Power Company	The annual contract which commenced on Jan. 4, 2010 is automatically renewed each year before its expiry if both parties have no objections	According to the regulations in the Energy Administration Act, the electricity produced by the qualified cogeneration system at Miaoli Plant is sold to Taiwan Power Company	None
Operations Services	ECOVE Environment Services Corp.	2008.02.29 ~2028.02.28	The operations of Miaoli BOT EfW Plant shall be 20 years starting on the commercial operations date (February 29, 2008)	None

(2) ECOVE Solar Energy Corporation

Nature of Contract	Counterparty	Commencement/Expiration Date	Content	Restrictions
Sales of Renewable Energy Certificate (SREC)-USA Lumberton Project	SREC Acquirer	2016.04.11 ~2031.04.10	According to New Jersey "Renewable Portfolio Standards" (RPS) regulations, the sale of renewable energy certificates are sold on the trading platform	None
Sales of Renewable Energy-Tainan Hsinying Landfill	Taiwan Power Company	2018.06.26 ~1038.06.25	According to the "Renewable Energy Development Act," the electricity produced by each	None

Nature of Contract	Counterparty	Commencement/ Expiration Date	Content	Restrictions
Project			solar power plant is sold to Taiwan Power Company	
Sales of Renewable Energy-Taipei MRT Beitou Depot Project	Taiwan Power Company	2018.12.24 ~2038.12.23	According to the "Renewable Energy Development Act," the electricity produced by each solar power plant is sold to Taiwan Power Company	None
Sales of Renewable Energy-Taiwan High Speed Rail Yanchao Depot Project	Taiwan Power Company	2014.09.24 ~2034.09.23	According to the "Renewable Energy Development Act," the electricity produced by each solar power plant is sold to Taiwan Power Company	None
Sales of Renewable Energy-Taipei Waterworks Changxing Water Purification Plant Project	Taiwan Power Company	2019.05.20 ~2039.05.19	According to the "Renewable Energy Development Act," the electricity produced by each solar power plant is sold to Taiwan Power Company	None

VI. Financial Information

6.1 Condensed Balance Sheet and Composite Income Sheet for the Recent 5 Years

6.1.1 Condensed Consolidated Balance Sheet—International Financial Reporting Standards

Unit: NT\$ thousands

Year		Five-Year Financial Summary				
		2017	2018	2019	2020	2021
Item						
Current Assets		3,705,572	3,574,782	3,555,853	3,736,158	4,970,716
Property, Plant and Equipment		73,244	2,131,233	2,858,838	3,484,650	3,896,431
Intangible Assets		0	136,153	136,153	136,153	1,014,402
Other Assets		3,278,313	3,233,539	2,989,976	2,529,035	2,403,310
Total Assets		7,057,129	9,075,707	9,540,817	9,885,996	12,284,859
Current Liabilities	Before distribution	1,326,188	1,496,920	1,734,603	2,264,945	2,400,201
	After distribution	1,973,501	2,222,998	2,461,352	3,024,427	[Note2]
Non-current Liabilities		500,059	2,157,428	2,213,411	1,970,608	3,988,296
Total Liabilities	Before distribution	1,826,247	3,654,348	3,948,014	4,235,553	6,388,497
	After distribution	2,473,560	4,380,426	4,674,763	4,995,035	[Note2]
Equity Attributable to Shareholders of The Parent		4,683,639	4,878,238	4,986,366	5,181,188	5,464,081
Capital Stock		668,106	671,051	671,051	690,286	696,027
Capital Surplus		2,161,029	2,193,473	2,208,031	2,310,642	2,421,348
Retained Earnings	Before distribution	1,886,788	2,015,957	2,094,797	2,203,589	2,361,658
	After distribution	1,239,475	1,289,879	1,368,048	1,444,107	[Note2]
Other Equities		-32,284	-2,243	12,487	-23,272	-14,895
Treasury Stocks		0	0	0	-57	-57
Non-controlling Interests		547,243	543,121	606,437	469,255	432,281
Total Equity	Before distribution	5,230,882	5,421,359	5,592,803	5,650,443	5,896,362
	After distribution	4,583,569	4,695,281	4,866,054	4,890,961	[Note2]

Note1: The after distribution number is reported by the ensuing year Shareholder's Meeting

Note2: The 2021 earnings distribution has not been resolved by the Shareholder's Meeting, hence not applicable.

2. Condensed Balance Sheet - International Financial Reporting Standards

Unit: NT\$ thousands

Year		Five-Year Financial Summary				
		2017	2018	2019	2020	2021
Item						
Current Assets		887,292	353,227	554,866	499,996	2,786,857
Property, Plant and Equipment		0	0	0	0	0
Intangible Assets		0	0	0	0	0
Other Assets		3,820,164	4,555,817	4,462,929	4,716,417	4,718,567
Total Assets		4,707,456	4,909,044	5,017,795	5,216,413	7,505,424
Current Liabilities	Before distribution	21,610	28,059	27,519	30,618	47,194
	After distribution	668,923	754,137	754,268	790,100	[Note 2]
Non-current Liabilities		2,207	2,747	3,910	4,607	1,994,149
Total Liabilities	Before distribution	23,817	30,806	31,429	35,225	2,041,343
	After distribution	671,130	756,884	758,178	794,707	[Note 2]
Equity Attributable to Shareholders of The Parent		4,683,639	4,878,238	4,986,366	5,181,188	5,464,081
Capital Stock		668,106	671,051	671,051	690,286	696,027
Capital Surplus		2,161,029	2,193,473	2,208,031	2,310,642	2,421,348
Retained Earnings	Before distribution	1,886,788	2,015,957	2,094,797	2,203,589	2,361,658
	After distribution	1,239,475	1,289,879	1,368,048	1,444,107	[Note 2]
Other Equities		-32,284	-2,243	12,487	-23,272	-14,895
Treasury Stocks		0	0	0	0	-57
Non-controlling Interests		0	0	0	0	0
Total Equity	Before distribution	4,683,639	4,878,238	4,986,366	5,181,188	5,464,081
	After distribution	4,036,326	4,152,160	4,259,617	4,421,706	[Note 2]

Note1: The after distribution number is reported by the ensuing year Shareholder's Meeting.

Note2: The 2021 earnings distribution has not been resolved by the Shareholder's Meeting, hence not applicable.

6.1.2 Condensed Consolidated Income Statement - International Financial Reporting Standards

Unit: NT\$ thousands

Item \ Year	Five-Year Financial Summary				
	2017	2018	2019	2020	2021
Operating Revenues	4,479,587	4,847,096	5,321,559	5,637,590	5,955,250
Gross Profit	1,259,257	1,307,638	1,344,404	1,390,915	1,444,215
Operating Income	1,077,417	1,128,916	1,172,047	1,210,328	1,270,037
Non-Operating Income & Expenses	38,926	105,854	102,788	72,005	82,785
Income Before Income Tax	1,116,343	1,234,770	1,274,835	1,282,333	1,352,822
Net Income from continuing operations	959,424	980,472	1,062,150	1,048,089	1,077,747
Net Income(Loss)	959,424	980,472	1,062,150	1,048,089	1,077,747
Other Comprehensive Income (Income after tax)	-53,608	-3,707	4,838	-54,790	11,669
Total Comprehensive Income	905,816	976,765	1,066,988	993,299	1,089,416
Net Income Attributable to Shareholders of The Parent	761,339	806,912	811,312	842,254	910,816
Net Income Attributable to Non-controlling Interests	198,085	173,560	250,838	205,835	166,931
Total Comprehensive Income (Loss) Attributable to Shareholders of the Parent	721,084	806,087	819,645	799,782	925,928
Total Comprehensive Income (Loss) Attributable to Non-controlling Interests	184,732	170,678	247,343	193,517	163,488
Earnings Per Share (NT\$)	11.41	12.04	12.09	12.53	13.15

Condensed Income Statement - International Financial Reporting Standards

Unit: NT\$ thousands

Item \ Year	Five-Year Financial Summary				
	2017	2018	2019	2020	2021
Operating Revenues	791,864	788,260	814,178	854,942	923,898
Gross Profit	791,864	788,260	814,178	854,942	923,898
Operating Income	742,069	737,985	764,515	804,276	873,183
Non-Operating Income & Expenses	21,923	78,090	54,255	49,468	51,686
Income Before Income Tax	763,992	816,075	818,770	853,744	924,869
Net Income from continuing operations	761,339	806,912	811,312	842,254	910,816
Net Income(Loss)	761,339	806,912	811,312	842,254	910,816
Other Comprehensive Income (Income after tax)	-40,255	-825	8,333	-42,472	15,112
Total Comprehensive Income	721,084	806,087	819,645	799,782	925,928
Net Income Attributable to Shareholders of The Parent	761,339	806,912	811,312	842,254	910,816
Net Income Attributable to Non-controlling Interests	0	0	0	0	0
Total Comprehensive Income (Loss) Attributable to Shareholders of the Parent	721,084	806,087	819,645	799,782	925,928
Total Comprehensive Income (Loss) Attributable to Non-controlling Interests	0	0	0	0	0
Earnings Per Share (NT\$)	11.41	12.04	12.09	12.53	13.15

Auditors' Opinions in Past Five Years:

CPA Firm/Year	2017	2018	2019	2020	2021
PriceWaterhouseCoopers	Shyh-Rong Ueng Shu-Chiung Chang	Shyh-Rong Ueng Shu-Chiung Chang	Shyh-Rong Ueng Shu-Chiung Chang	Shyh-Rong Ueng Yi-Fan Lin	Shyh-Rong Ueng Yi-Fan Lin
	unqualified opinion	unqualified opinion	unqualified opinion	modified unqualified opinion	modified unqualified opinion

6.2 Financial Analysis for the Recent 5 Years

6.2.1 Consolidated Financial Ratio Analysis -International Financial Reporting Standards

Item		Year	Five-Year Financial Summary				
			2017	2018	2019	2020	2021
Financial Structure (%)	Debt to Asset Ratio		25.88	40.27	41.38	42.84	52.00
	Long-term Funds to Properties, Plants and Equipment Ratio		7,824.45	355.61	273.06	222.27	253.68
Liquidity (%)	Current ratio		279.42	238.81	205	164.96	207.10
	Quick ratio		259.95	216.74	195.5	157.25	199.70
	Interest Coverage Ratio		29,163.86	16,601.00	3,840.38	3,862.38	5,852.77
Operating Performance	Accounts Receivable Turnover (times)		4.6	4.71	4.75	4.42	3.96
	Average Collection Period (days)		79.34	77.49	76.84	82.57	92.17
	Inventory Turnover (times)		N/A	N/A	N/A	N/A	N/A
	Accounts Payable Turnover (times)		4.68	5.86	6.41	6.10	5.65
	Average Inventory Turnover Period (Days)		N/A	N/A	N/A	N/A	N/A
	Properties, Plant and Equipment Turnover (times)		70.17	4.4	2.13	1.79	1.61
	Total Assets Turnover (times)		0.62	0.6	0.57	0.58	0.54
Profitability	Return on Assets (%)		10.63	10.08	9.01	8.95	8.39
	Return on Equity (%)		16.26	16.88	16.45	16.57	17.11
	Income before tax to Capital Ratio (%)		167.09	184.01	189.98	185.77	194.36
	Net Margin (%)		17	16.64	15.25	14.94	15.29
	Earnings per share (NT\$)		11.41	12.04	12.09	12.53	13.15
Cash flow	Cash flow Ratio (%)		90.49	104.61	89.89	12.84	83.72
	Cash flow adequacy Ratio (%)		183.67	131.8	112.15	105.92	131.29
	Cash reinvestment Ratio (%)		7.58	9.29	8.19	-9.13	12.16
Leverage	Operating leverage		4.16	4.29	4.54	4.66	4.69
	Financial leverage		1	1.01	1.03	1.03	1.02

6.2.2 Financial Ratio Analysis -International Financial Reporting Standards

Item		Year	Five-Year Financial Summary				
			2017	2018	2019	2020	2021
Financial Structure (%)	Debt to Asset Ratio		0.51	0.63	0.63	0.68	27.20
	Long-term Funds to Properties, Plants and Equipment Ratio		N/A	N/A	N/A	N/A	N/A
Liquidity (%)	Current ratio		4,105.93	1,258.87	2,016.30	1,633.01	5,905.11
	Quick ratio		4,105.93	1,258.87	2,016.30	1,633.01	5,905.11
	Interest Coverage Ratio		N/A	N/A	N/A	N/A	N/A
Operating Performance	Accounts Receivable Turnover (times)		N/A	N/A	N/A	N/A	N/A
	Average Collection Period (days)		N/A	N/A	N/A	N/A	N/A
	Inventory Turnover (times)		N/A	N/A	N/A	N/A	N/A
	Accounts Payable Turnover (times)		N/A	N/A	N/A	N/A	N/A
	Average Inventory Turnover Period (Days)		N/A	N/A	N/A	N/A	N/A
	Properties, Plant and Equipment Turnover (times)		N/A	N/A	N/A	N/A	N/A
	Total Assets Turnover (times)		0.17	0.16	0.16	0.16	0.12
Profitability	Return on Assets (%)		16.17	16.78	16.35	16.46	14.43
	Return on Equity (%)		16.26	16.88	16.45	16.57	17.11
	Income before tax to Capital Ratio (%)		114.35	122.15	122.01	123.68	132.88
	Net Margin (%)		96.15	102.37	99.65	98.52	13.15
	Earnings per share (NT\$)		11.41	12.04	12.09	12.53	1,053.65
Cash flow	Cash flow Ratio (%)		4,882.29	2,793.22	4,570.41	1,890.25	115.37
	Cash flow adequacy Ratio (%)		103.04	99.21	118.69	152.41	-0.04
	Cash reinvestment Ratio (%)		6.36	2.34	10.66	-0.55	1.06
Leverage	Operating leverage		1.07	1.07	1.06	1.06	1.01
	Financial leverage		1	1	1	1	0.12

[Note1] If cash dividends is deducted from net cash flow from operating activities which is negative, the ratio is not applicable.

The formulas for the above table:

1. Financial Structure

- (1) Debts to Assets Ratio = Total Liabilities / Total Assets
- (2) Long-term Funds to Properties, Plants and Equipment Ratio = (Total Shareholders' Equity plus Noncurrent Liabilities) / Net of Properties, Plants and Equipment

2. Liquidity

- (1) Current Ratio = Current Assets / Current Liabilities
- (2) Quick Ratio = (Current Assets - inventory - Prepaid Expense) / Current Liabilities
- (3) Interest Coverage Ratio = (Net Income before Income Tax and Interest Expenses) / Interest Expense

3. Operating Performance

- (1) Account Receivable Turnover = Net Sales / Average Accounts Receivable
- (2) Average Collection Period = 365/ Accounts Receivable Turnover
- (3) Inventory Turnover = Costs of Goods Sold / Average Inventory
- (4) Accounts Payable Turnover = Costs of Goods Sold / Average Accounts Payable
- (5) Average Inventory Turnover Period = 365 / Inventory Turnover
- (6) Properties, Plant and Equipment Turnover = Net Sales / Average of Net Properties, Plants and Equipment.
- (7) Total Assets Turnover Ratio = Net Sales / Average of Total Assets

4. Profitability Analysis

- (1) Return on Assets = [Net Income + Interest Expense × (1 - Tax Rate)] / Average Total Assets
- (2) Return on Equity = Net Income / Average Shareholders' Equity
- (3) Net Margin = Net Income / Net Sales
- (4) Earnings per Share = (Net Income Attribute to Controlling Interest - Preferred Stock Dividend) / Weighted-average Number of Outstanding Shares

5. Cash Flow

- (1) Cash Flow Ratio = Cash Flows from Operating Activities / Current Liabilities
- (2) Cash Flow adequacy Ratio = Net Cash Flow from Operating Activities for the past 5 years / (Capital Expenditure + Increase in Inventory + Cash Dividends) for the past 5 years
- (3) Cash Reinvestment Ratio = (Net Cash Flow from Operating Activities - Cash Dividends) / (Gross Properties, Plants and Equipment + Long-term Investment + Other Noncurrent Assets + Working Capital)

6. Leverage Ratio

- (1) Operating Leverage = (Net Sales - Variable Operating Costs and Expenses) / Operating Income
- (2) Financial Leverage = Operating Income / (Operating Income - Interest Expenses)


6.3 Audit Committee's Review Report in the Most Recent Year

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements (both consolidated and individual), and proposal for allocation of profits. The CPA firm of PriceWaterhouseCoopers was retained to audit ECOVE Environment Corporation's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of ECOVE Environment Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

ECOVE Environment Corporation.

Chairman of the Audit Committee: Shuh-Woei Yu



Dated March 7th, 2022

6.4 Consolidated Financial Statements in the Most Recent Year

Please refer to the Appendix 1

6.5 Parent Company Only Financial Statements in the Most Recent Year

Please refer to the Appendix 2

6.6 Difficulties in Financial Turnover of the Company and Affiliates in the Recent Years until the Annual Report being published: None

VII. Review of Financial Conditions, Operating Results, and Risk Management

7.1 Analysis of Financial Status

7.1.1 Analysis of Financial Status

Unit: NT\$ thousands

Item \ Year	2020	2021	Difference		Note
			Amount	%	
Current Assets	3,736,158	4,970,716	1,234,558	33.04	[Note 1]
Non-current Assets	6,149,838	7,314,143	1,164,305	18.93	
Total Assets	9,885,996	12,284,859	2,398,863	24.27	
Current Liabilities	2,264,945	2,400,201	135,256	5.97	
Non-current Liabilities	1,970,608	3,988,296	2,017,688	102.39	[Note 2]
Total Liabilities	4,235,553	6,388,497	2,152,944	50.83	
Equity attributable to owners of the parent	5,181,188	5,464,081	282,893	5.46	
Non-controlling interest	469,255	432,281	-36,974	-7.88	
Total Equity	5,650,443	5,896,362	245,919	4.35	

[Note 1] Increase in current assets: Current assets increased by \$1,234,558 thousands, mainly due to cash and financial assets at fair value through profit or loss - current increase of \$349,459 thousands, financial assets (current) measured at amortized cost increased by \$312,983 thousands and other receivables – related party increased by \$242,457 thousands.

[Note 2] Increase in non-current liabilities: Mainly due to the accrued rectification costs of the newly added Gangshan EfW Plant of \$888,190 thousands and the issuance of corporate bonds of 2 billion by Ecove.

7.1.2 The evaluation basis of the balance sheet valuation items

Item	B/S valuation item	Evaluation reference	Evaluation basis
1	Monetary assets denominated in foreign currency	Spot rate on balance sheet date	Compute exchange gain or loss based on the spot rate
2	Financial instruments carried at fair value, available for sales and derivative financial products	Fair market value on balance sheet date	Evaluate based on the fair market value
3	Allowances for doubtful accounts	Based on customer historical data and customer credit risk assessment	The evaluation and assessment of allowances for bad debts are based on the credit risk assessment of customers and are classified as good customers, general customers and individual evaluation customers, and the revaluation of their possible recoveries is based on the ageing analysis of the customer's category. Note: For receivables from related parties, no provision for allowance for bad debts exists. If there is a special credit risk for the trader, the actual situation is assessed and the bad debts are listed according to their risks.
4	Allowances for obsolescence and market value decline	N/A	Inventory are comparison of the same category.

7.2 Financial Performance Analysis

7.2.1 Analysis & Comparison of Financial Performance

Unit: NT\$ thousands

Item \ Year	2019	2020	Difference		Difference Analysis Explanation
			Amount	%	
Operating Revenue	5,637,590	5,955,250	317,660	5.63	[Note 1]
Less: Sales Returns	0	0	0	0	
Net Operating Revenue	5,637,590	5,955,250	317,660	5.63	
Operating Costs	-4,246,675	-4,511,035	-264,360	6.23	[Note 1]
Gross Profit	1,390,915	1,444,215	53,300	3.83	
Operating Expenses	-180,587	-174,178	6,409	-3.55	
Operating Income	1,210,328	1,270,037	59,709	4.93	
Non-operating Income and expenses	72,005	82,785	10,780	14.97	[Note 2]
Profit before Income Tax	1,282,333	1,352,822	70,489	5.50	
Income Tax Expense	-234,244	-275,075	-40,831	17.43	
Non-controlling Interest	-205,835	-166,931	38,904	-18.90	[Note 3]
Income attributable to owners of the parent	842,254	910,816	68,562	8.14	

[Note 1] Operating revenue and costs increased: Mainly due to the operation rectification work of the newly acquired Gangshan EfW Plant and Xizhou EfW Plant in 2011, and the increase of ECOVE Solar Energy Corporation's power plants, resulting in an increase in revenue and gross profit compared with the same period in 2010.

[Note 2] Non-operating income and expenses increased: The main reason is that in 2011, Ecove issued corporate bonds for internal use of the group, resulting in a decrease in financial costs and an increase in the investment interests of affiliated companies recognized by the equity method.

[Note 3] Decrease in non-controlling interest: After ECOVE issued new shares at the end of 2020 and exchanged minority shares of subsidiary ECOVE ESC, it obtained 100% equity of subsidiary ECOVE ESC, resulting in a decrease in non-controlling interests.

7.3 Cash Flow Analysis

7.3.1 Cash Flow Analysis for the Past 2 Year

Item	Year		
	Dec.31, 2020	Dec. 31, 2021	Difference ratio (%)
Cash Flow Ratio (%)	12.84	83.72	552.02
Fund Flow Adequacy Ratio (%)	105.92	131.29	23.95
Cash Re-investment Ratio (%)	-9.13	12.16	-233.19

Explanation to changes:

Cash flow ratio, fund flow adequacy ratio and cash re-investment ratio increased because cash flow from operating activities increased.

7.3.2 Analysis of Cash Liquidity

The consolidated cash inflow of Year 2021 is NT\$682,898 thousands. The cash balance in the end of the year is NT\$1,216,106 thousands. Cash liquidity is fine.

7.3.3 Analysis of Cash Liquidity for the Coming Year

Unit: NT\$ thousands

Cash Balance at Beginning for the Year	Expected Net Cash Outflow from Operating Activities	Expected Cash Inflow (Outflow)	Expected Cash Surplus (Deficit)	Leverage of Expected Cash Deficit	
				Investment Plans	Financing Plans
1,216,106	1,726,110	(364,242)	851,864	-	-
<p>1. Analysis of change in cash flow in Year 2021:</p> <p>(1) Operating activities: The stable business growth will create net cash inflow.</p> <p>(2) Investing activities: The cash outflow is mainly due to new business investment.</p> <p>(3) Financing activities: The cash outflow is mainly due to cash dividends distribution.</p> <p>2. Liquidity analysis and remedial measures against cash deficit: N/A</p>					

7.4 The Impact of Major Capital Expenditures on Financial Operations in the Most Recent Year: None

7.5 Reinvestment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

(1) Reinvestment Policy:

- a. Focus on "strategic investments".
- b. Prioritize investment targets with supplementary or synergistic effects on the overall business operations.
- c. Prioritize projects regarding environmental protection, green energy, energy conservation and carbon reduction, and resource recycling and reuse.

(2) Reinvestment Profits or Losses and Improvement Plans

The Company adopts the equity method for reinvestments based on long-term strategic goals. The profits generated by reinvestments in 2021 amounted to NT\$ 59,902 thousand based on the equity method. The Company shall continue to conduct prudent assessments of investment projects based on the principle of long-term strategies.

(3) Investment Plans in the Upcoming Year

Three major directions of ECOVE business development are wastes management and incineration, recycling and reuse and renewable energy. They will be implemented on business expansion and the growth of existing businesses. By stabilizing the domestic market, we will also seek viable opportunities in ASEAN, India, the United States and Mainland China. Extending existing core capabilities, matching future development trends, government policies coordination and complementary or synergistic effects on the overall operations of the company and its subsidiaries will be our prior target choice.

7.6 Risk Management and Assessment

7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance and Future Response Measures

(1) Assessment and analysis of interest rate changes

Unit: NT\$ thousands

Item	2020	2021
Interest Income	2,970	3,459
Interest Expense	29,348	22,757
Investment gain on money market fund	5,947	11,961
Sales	5,637,590	5,955,250
Net Income before Tax	1,282,333	1,352,822

Note 1: Besides equity products and deposits, the Company invests inactive money mainly in money market funds, which highly correlate with market interest rates.

However, the investment gain on money market fund is not credited to interest income but to gain on disposal of investment. Therefore, to analyze the effects of changes in interest rates should consolidate interest income/expense and gain on disposal of money market fund.

Note 2: For inactive money, the Company will continue to look for higher-yield financial products with safety and proper liquidity to achieve the purpose of earning stable investment profits.

A. ECOVE Environment Corporation

Besides equity products and deposits, the Company invests inactive money mainly in money market funds, interest income/expense and investment gain on money market fund to sales and net income before tax are slight, so the interest rate changes on the company's profitability is limited. However, the Company has formulated the following specific measures based on sound and conservative considerations:

The concrete methods as below,

- a. Look into interest rate changes to take appropriate and timely actions.
- b. If the interest rate decreases, loans with lower interest rate will be repaid the loans with higher interest rate. If the interest rate increases, the possibility of premium capital increase will be evaluated to decrease dependency on financial institutions.

In addition, in order to support the repayment of bank loans by subsidiaries and the funding needs of green investment plans, the Company has issued five-year corporate bonds in May 2011 with an amount of 2 billion at a relatively low interest rate to lock in long-term capital costs, reduce interest rate risk, strengthen financial structure, and fulfill sustainable corporate governance.

B. ECOVE Environment Services Corporation

Besides equity products and deposits, the Company invests inactive money mainly in money market funds, interest income/expense and investment gain on money market fund, there is no demand for borrowing from financial institutions due to good operating conditions. The impact of the company's profit is limited. For inactive money, the Company will continue to look for higher-yield financial products with safety and proper liquidity to achieve the purpose of earning stable investment profits.

C. ECOVE Wujih Energy Corporation

Besides equity products and deposits, the Company invests inactive money mainly in money market funds, interest income/expense and investment gain on money market fund, there is no demand for borrowing from financial institutions due to good operating conditions. The impact of the company's profit is limited. For inactive money, the Company will continue to look for higher-yield financial products with safety and proper liquidity to achieve the purpose of earning stable investment profits.

D. ECOVE Waste Management Corporation

Besides equity products and deposits, the Company invests inactive money mainly in money market funds, interest income/expense and investment gain on money market fund, there is no demand for borrowing from financial institutions due to good operating conditions. The impact of the company's profit is limited. For inactive money, the Company will continue to look for higher-yield financial products with safety and proper liquidity to achieve the purpose of earning stable investment profits.

E. ECOVE Miaoli Energy Corporation

Besides equity products and deposits, the Company invests inactive money mainly in money market funds, interest income/expense and investment gain on money market fund. Since the Company only raise a little fund with the bank and the term is short, the interest rate changes on the Company's profitability is limited. However, based on conservative and considerations, the Company deposited money in reputable financial institutions and maintained a smooth communication channel with them to look for higher-yield financial products with safety and proper liquidity to achieve the purpose of earning stable investment profits.

F. ECOVE Solar Energy Corporation

ECOVE Environment Corporation acquired 100% equity of ECOVE Solar Energy Corporation at September 2018. Since the Company bade various projects, the Company originally arranged mid-term to long-term project loans with Shanghai Commercial & Savings Bank, KGI bank and Chang Hwa Bank. In May 2022, the parent company issued corporate bonds and lent to the Company to repay the bank loans, which lead a significant drop in interest expense as a percentage of net operating income. The proportion of interest expense in net operating income has decreased year by year because of the Company partially repayment principal of project loans. However, based on conservative and considerations, the company deposited money in reputable financial institutions and maintained a smooth communication channel with them for preferential lending rate.

(2) Foreign exchange rates: None

(3) Assessment of inflation

Item	2020	2021
Consumer price index (CPI)	102.31	104.32

Consumer Price Index Annual Growth Rate (%)	(0.23)	1.96
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Source: Directorate General of Budget, Accounting and Statistics, Executive Yuan

In 2021, the CPI was 104.32 with an annual growth rate of 1.96%. In December 2021, the annual growth rate of CPI was 2.62%. It exceeded the "inflation warning line" of 2% for 5 consecutive months. The annual growth rate of CPI for the whole year was 1.96%, hitting a new high in 13 years, the main reason were the international oil price is still high and the low base effect, coupled with the high rise in the price of necessities, but all countries predict that the price will decrease and converge quarter by quarter, unless the raw materials price rise sharply. DGBAS estimates that the annual growth rate of the CPI for 2022 will be about 1.61%. Taiwan Institute of Economic Research believes that with the improvement of virus testing and the increase in global vaccine coverage, the global economic recovery is sustained. The domestic economic growth in 2022 is still supported by private consumption. Although exports and private investment remain strong, the contribution to economic growth is expected to decline due to the high comparison base period, the annual economic growth rate in 2022 will be lower than that in 2021.

Looking to the future, as the company is mainly based on the investment income of the environmental protection industry, the environmental protection industries of its holding subsidiaries are limited by the impact of inflation. In the future, the Company will refer to changes in prices at home and abroad to avoid major changes in operating costs and to erode the profits of the company.

7.6.2 The Policies, Main Causes of profit or loss and response measures for the high risk and high leveraged investment, endorsements or guarantees for others, lending to others and derivative financial instruments :

Risk items	Executable situation	Policy and response measures
Lending to others	The corporation provide lending amount to ECOVE Solar Energy Corporation, ECOVE Solar Power Corporation, ECOVE South Corporation Ltd.	Lending to others is processed in accordance with the 「Regulations Governing Loaning of Funds」 set by the company
Endorsements for others	The corporation provide guarantee amount to ECOVE South Corporation Ltd., ECOVE Solar Energy Corporation, ECOVE Solar Power Corporation, EVER ECOVE Corporation, ECOVE Solvent Recycling Corporation, ECOVE GangShan Energy Corporation.	Endorsements for others is handled in accordance with the 「Regulations Governing Making of Endorsements」 set by the company

7.6.3 Future R&D Projects and Estimated R&D Expenditure:

Integrate the search for external new technologies, cooperate in the development of carbon capture and other reuse technologies, and diversify the carbon dioxide reuse pipeline from flue gas capture. For example:

With the goal of recycling back to the original semiconductor process, the high-value regeneration

technology of semiconductor waste isopropanol has been developed.

A pilot plant has been established to introduce multiple application solutions for energy storage systems. For example:

Develop a new case plant for frequency regulation backup and auxiliary services, and build energy storage system integration capabilities.

Development of intelligent assistance systems. For example:

The on-site meter and quantifiable status observation data of the incineration plant are transmitted to the "IoT sensor platform" in the cloud through the bluetooth network of the developed "personnel safety positioning system".

The amount of investment this year was approximately NT\$9.48 million.

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales: None

7.6.5 Effects of and Response to Changes (Information Security Risk included) in Recent Years Technology and in Industry Relating to Corporate Finance and Sales: None

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures: None

7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None

7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: Not Applicable

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration: None

7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, or Shareholders with Shareholdings of over 10%:

As of the publication date of the annual report, the company's legal person director CTCI holds 55.17% of the company's shares. CTCI is also the largest shareholder and the only shareholder holding more than 10% of the company's shares. CTCI has no plan to sell any shares of the company in the near future. Considering the risk of a large number of equity transfers or replacements, the company will continue to strengthen the functions of the board of directors, improve corporate governance, and expand revenue and profits in order to obtain the support and trust of major shareholders and the investing public.

7.6.11 The impact, risk and countermeasures of the change of management right on the company: None

7.6.12 Litigation or Non-Litigation Matters (expressed in thousands of New Taiwan dollars)

A. On March 31, 2014, CTCI has entered into the building construction undertaking agreement with Oriental Petrochemical (Taiwan) Co., Ltd. and Dayu Mechanical Engineering Co., Ltd. (hereinafter referred as "Dayu") for the prefabricated installation construction of the above ground piping in 19 districts of Oriental Petrochemical (Taiwan) Co., Ltd. Guanyin Second Field PTA LINE 3 plant project which was owned and undertaken by Oriental Petrochemical (Taiwan) Co., Ltd. CTCI generally assumed all rights and obligations of Oriental Petrochemical (Taiwan) Co., Ltd. arising from the agreement. Due to the adjustment in the details of the work, CTCI has entered into a supplement to the agreement with Dayu on November 18, 2014 to extend the construction period to December 31, 2015. Subsequently, due to Dayu's manpower shortage seriously, CTCI sent a legal warning letter to Dayu on May 9, 2016 to terminate the agreement. On May 20, 2019, Dayu filed a civil complaint against CTCI, asserted that it suffered the damage caused by CTCI's delay in starting the construction for 5 months and failure in fulfilling contractual obligations such as not

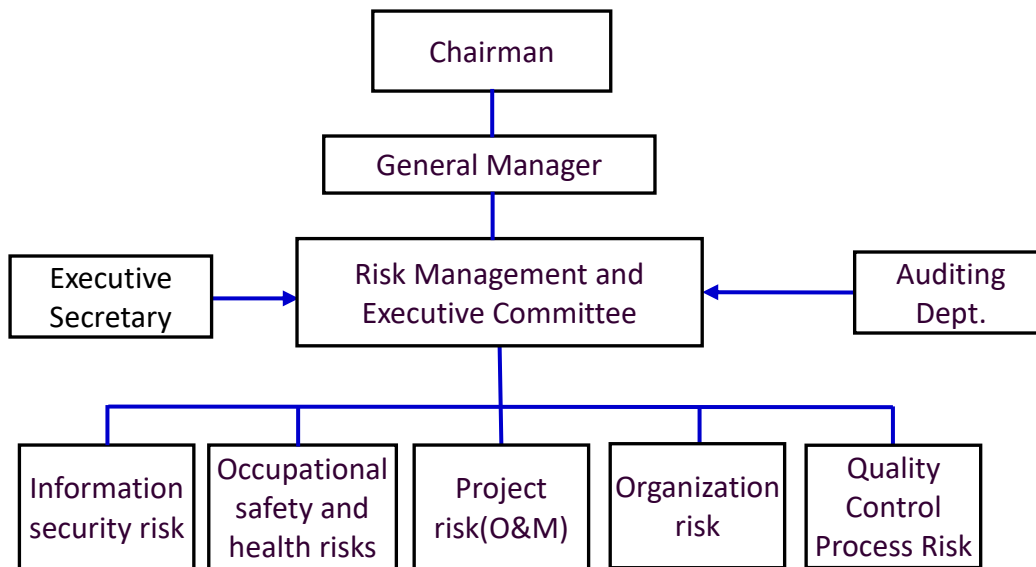
completing the infrastructure on schedule, and therefore claimed for the amount of TWD 120,771 thousand which were the total of retentions, unpaid construction payment, safety and health management fee, profit management fee and night entry assess fee paid on behalf CTCI, and Dayu has changed the claimed amount to TWD 117,176 thousand. CTCI asserted that the prescription of Dayu's claims had expired and if the court considers the claims had not expired, then CTCI is also entitled to offset the claims with its damages due to Dayu's reason to re-subcontract causing additional amount of TWD 75,007 thousand and Dayu's delay penalty amounting to TWD 22,520 thousand. This case is currently under trial in Taipei District Court.

B. The plaintiff, Pao An Fire Equipment Co., Ltd. (hereinafter referred as "Pao An"), a subcontractor of CTCI mainly undertaking the "fire protection engineering of Taipower Talin Power Plant's main plant", made a claim by filing payment order against CTCI on February 2020. Pao An asserted that there were an outstanding final payment and an additional construction payment in a total of TWD 82,411 thousand. After CTCI filed the objection, this case is currently under trial in Taipei District Court. During the trial, Pao An further extended the statement of the claim and requested CTCI to pay a total of TWD 96,559 thousand. CTCI asserted that since the construction is not completely accepted by the owner and therefore the final payment hasn't met the requirements. As for the additional construction cost Pao An demanded, the amount has been confirmed by both parties' engineers shall be a few million dollars only. Since Pao An needs to pay the penalty for delayed completion, and Pao An also needs to pay the loss arising from the uncompleted works which it shall performed and CTCI handled it by itself finally after CTCI's notification, CTCI has no obligation to pay Pao An after offsetting the penalty and CTCI's damage. With respect to Pao An's claim for a third additional construction cost, CTCI has provided the relevant supporting evidences to the court, stating that the relevant items have been verified by both parties on-site and there are corresponding unit price in the original contract. Thus, the amount verified by CTCI shall prevail, and other items for which Pao An has proposed for additional construction cost are within the scope of the original contract, Pao An is not entitled to claim for additional construction cost. As for the extension of time for completion claimed by Pao An, CTCI asserted that the application should be submitted to CTCI within the deadline in accordance with the stipulation of the contract, otherwise, Pao An is not entitled to claim for additional construction cost and extension of time for completion.

C. On May 11, 2012, the plaintiff, Ling Rong Enterprise Co., Ltd. (hereinafter referred as "Ling Rong"), entered into a construction contract with CTCI for the 60KTA isoprene unit construction project which was owned by Formosa Petrochemical Corporation, Ltd. (hereinafter referred as "Formosa Petrochemical"). Due to the change of materials by Formosa Petrochemical, Ling Rong and CTCI had a dispute over the unit price and could not complete the project settlement of the contract. Thus, Ling Rong filed a lawsuit against CTCI for construction payment, the cost of acceleration and additional payment in a total of TWD 89,164 thousand. This case is under the appraisal of Research Development Center of Construction Law of Tamkang University and is currently under trial in Taipei District Court.

7.6.14 Risk management organization framework

a. Organization chart



b. Job Description

(1) Chairman

It is served by the Chairman of ECOVE Environment Corp.

(2) General manager

It is served by the general manager of ECOVE Environment Corp. and serves as the chairman of the risk management executive committee

(3) Risk Management Executive Committee

The committee is the company's main promotion agency for risk management. It holds a meeting in the first and the third quarter of each year. Its main responsibilities are:

- a. Approve risk management policies and guidelines.
- b. Review the unit's risk management report, strategy and proposed improvement plan.
- c. Overseeing the risk management and control measures and improving the implementation of the plan, communicating and communicating risk management matters to all employees.
- d. Review and evaluate the effectiveness of risk management measures, according to which relevant units are required to propose improvement plans.
- e. It is necessary to conduct quarterly high-risk projects or above to track whether the improvement measures are implemented and whether the risk rating is adjusted

(4) Each Unit Risk Management Committee

Department heads of the company and the chairman, general manager and department heads of the next level of the general manager of the company. The risk management committee of each company shall be fully responsible for risk management, including risk identification, assessment, reporting, implementation and supervision of daily control measures, and promotion of improvement plans. The roles and responsibilities of the risk management committee are as follows:

- a. Responsible for promoting, supervising, identifying and managing major risks
- b. Summarize and compile the risk files and improvement plans of each company
- c. Collect and monitor major risk events of each company to assess the degree of impact
- d. Report major risks and related improvement plans to the general manager of each

company

- e. Communicate the risk management instructions to the members

(5) All employees

The implementation of daily risk management operations depends on continuous implementation by all employees.

- f. Identify the risks within the scope of its daily business execution
- g. When there is a risk, immediately notify the direct supervisor
- h. Follow company policies and job descriptions to perform their duties and implement risk management related operations

(6) Executive Secretary

Appointed by the chief member of the Risk Management Executive Committee to be responsible for the consolidation and tracking of the comprehensive management risk management committee to ensure the continued effectiveness of the risk management mechanism. Its roles and responsibilities are as follows:

- a. The main contact window of each company's risk management mechanism
- b. Tracking, compiling and submitting risk management implementation reports and real-time reports, as well as other risk management related tasks
- c. Issue relevant regulations on risk management
- d. Promote coordination of risk management related activities
- e. Compile report data such as risk management execution report
- f. Organize risk management review meetings as needed, and prepare relevant topics and materials for the following items:
 - i. Major risk events and response
 - ii. Implementation progress report of each company's risk improvement plan
 - iii. Audit major findings
 - iv. Cost and financial risk
 - v. Other, designated matters

(7) Auditing Department

It is composed of professionals familiar with information security, operational risks, safety, health and environmental laws and regulations, quality management, and climate change risks. They are responsible for auditing the priority management risks after the risk management executive committee discusses the resolutions. Each company's information security, operational risks, Safety, health, environmental protection laws, quality management, and climate change risk related audit results should be aggregated and reported to the risk management executive committee

7.6.15 Other Major Risks

(1) Risks Associated with Limited Growth in Operations

A. ECOVE Waste Management Corporation:

To pursue business growth, the ECOVE Waste Management also actively pursues resource recycling opportunities based on collaboration with existing EfW plants. It searches for waste material that can be reused. After hard work from multiple parties, recycling and reuse of waste solvent and kitchen waste recycling were selected and the Company is now actively pursuing technologies to shape future business opportunities. It hopes to use its foundations in Taiwan to expand to markets in China and Southeast Asia to achieve the goal of sustainable development.

- B. ECOVE Wujih Energy Corporation:
Taichung City Government delivers a guaranteed amount of processable waste to Wujih Plant in accordance with contract regulations. In addition, ECOVE Wujih Energy is allowed to collect general industrial waste independently for processing at the plant in accordance with the contract and environmental assessment regulations. The total amount of waste delivered by Party A plus the general industrial waste collected by Party B and the operation of the EfW plant have now been balanced but the Company should still note the risks of changes in the volume of waste.
- C. ECOVE Environment Services Corporation:
Starting in 2018, operations of EfW plants currently not operated by ECOVE Environment Services are up for renewed tenders as contracts expire one by one. ECOVE Environment Services shall work hard to obtain these contracts to increase operational growth rate. In addition to operating EfW plants, ECOVE Environment Services also actively pursues the update and upgrade services for mechanical and electrical equipment, maintenance contracts mechanical and electrical equipment of track MRT systems, high-tech industry utility maintenance work, operation services for the water resource industry and solar power station O&M. The aforementioned markets have tremendous potential for development. In addition to the aforementioned domestic businesses, ECOVE Environment Services is also actively pursuing opportunities related to EfW plant processing facilities in China and Southeast Asia.
- D. ECOVE Miaoli Energy Corporation:
Miaoli County Government delivers a guaranteed amount of processable waste to Miaoli Plant in accordance with contract regulations. However, due to the exceptional performance of waste reduction efforts in Miaoli County, the amount of waste produced by the County cannot satisfy the requirements for daily EfW by the Plant. In recent years, the Miaoli Plant has been allowed to accept general industrial waste for full-load operations of the EfW plant and maximize the profits in the sale of electricity. The current waste delivery and operation of the EfW plant have been balanced but the Company should still note the risk of long-term shortage in the volume of waste.
- E. ECOVE Solar Energy Corporation:
In response to the government's non-nuclear home & renewable energy policies, aggressive investors have increased. Furthermore, the purchase price of electricity has continually decreased in the long-term, which will reduce the investment benefits. Global supply chain is seriously impacted by COVID-19 and geopolitical disputes, therefore, factors as raw material cost rising, materials and labors' shortage all lead to the delay of project development and implementation. In terms of the overall economy, the effect of rising interest rates due to the inflation warning will increase investment risks and also the cost of funds, which will affect investment efficiency. Environmental protection disputes will also affect the construction schedule and expected revenue of the power plant.

(2) Risks Associated with Bottom Ash Disposal and Operating Cost

- A. ECOVE Wujih Energy Corporation:
- a. The source of the bottom ash at Wujih Plant includes the waste delivered by the City Government and the general industrial waste it independently collects. The City

Government portion is delivered to designated landfills or other places while the independently collected portion is delivered to approve reuse processing plants in compliance with current environmental protection policies. Therefore there is no risk in the disposal of bottom ash.

- b. According to the provisions in the Company's contract with Taichung City Government, the service charge is adjusted by adjustment variables including wholesale price indexes such as salaries, mechanical equipment, chemical materials etc. Therefore, when changes in international trends cause changes in raw material prices and wages, the Company can make adjustments based on changes in the aforementioned wholesale prices indexes in accordance with the contract with the City Government. Therefore changes in raw material prices and wages have limited effects on the Company's operating costs.

B. ECOVE Environment Services Corporation:

- a. When ECOVE Environment Services Corporation obtained operations of EfW plants, it had already entered into agreements with various municipal governments or client that the disposal of the bottom ash is not within the service scope of ECOVE Environment Services Corporation but the Company shall transport the bottom ash to designated places in accordance with the contract. Therefore, there is no risk in the disposal of bottom ash.
- b. The agreed price calculation method in the contract regarding the disposal of waste is adjusted according to changes commodity prices and labor salary index. Therefore, changes in international conditions that cause changes in raw material prices and wages have limited effect on operating costs.

C. ECOVE Miaoli Energy Corporation:

- a. The bottom ash at Miaoli Plant is delivered to designated landfills or other places. As it is delivered to designated places by ECOVE Miaoli Energy, there is no risk in the disposal of bottom ash.
According to the provisions in the Company's contract with Miaoli County Government, the service charge is adjusted by adjustment variables including wholesale price indexes such as salaries, mechanical equipment, chemical materials etc. Therefore, when changes in international trends cause changes in raw material prices and wages, the Company can make adjustments based on changes in the aforementioned wholesale prices indexes in accordance with the contract with the County Government. Therefore changes in raw material prices and wages have limited effects on the Company's operating costs.

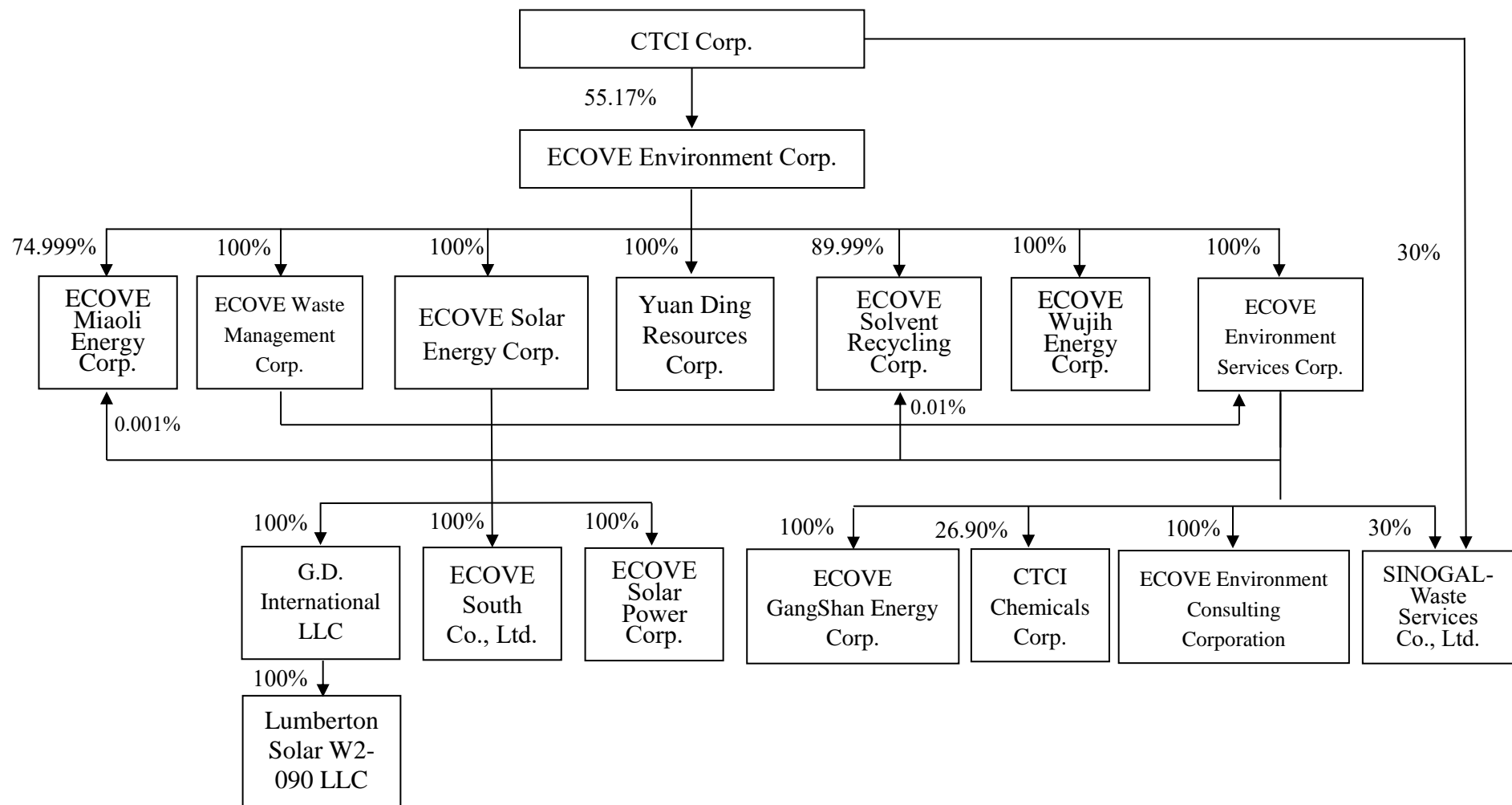
7.7 Other: None

VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Consolidated Business Report of Affiliates

i. Organizational chart of the affiliates



ii. General information of the affiliates:

March 31, 2022 ; Unit: \$Thousands

Company	Date of Incorporation	Address	Common Stock Issued	Major Business Activities
CTCI Corp.	1979.04.06	89, Sec. 6, Zhongshan North Rd., Taipei	NTD 7,633,511	The design, survey, construction and inspection of various engineering and construction projects, plants, machinery and equipment and environmental protection projects.
ECOVE Environment Services Corp.	1994.05.24	10Fl, 89, Sec. 6, Zhongshan North Rd., Taipei	NTD 151,000	Refuse EfW plant's operation, machinery and equipment maintenance, etc.
ECOVE Wujih Energy Corp.	2000.05.19	12Fl., No.16, Fushan Rd., Beitou Dist., Taipei	NTD 300,000	Waste services equipment installation, co-generation, waste services and other environmental services, etc.
ECOVE Waste Management Corp.	2001.06.01	No.69, Ln. 373, Changchun St., Wujih Dist., Taichung	NTD 20,000	Waste services, equipment and mechanical installation, waste clear, international trade and other environmental services, etc.
CTCI Chemicals Corp.	1999.08.04	10Fl, 89, Sec. 6, Zhongshan North Rd., Taipei	NTD 71,000	Industrial chemicals' wholesale manufacturing and retail.
SINO GAL-Waste Services Co., Ltd.	2009.06.16	Rua Dr. Pedro Jose Lobo, ns 1-3, Edificio Banco Luso Internacional, 15 andar, salas 1501 e 1510, em Macau	MOP 4,000	Management of waste recycling site and maintenance of related mechanical and equipment etc.
ECOVE Miaoli Energy Corporation	2002.11.07	12Fl., No.16, Fushan Rd., Beitou Dist., Taipei	NTD 600,000	Waste services equipment installation, co-generation, waste services and other environmental services, etc.
ECOVE Environment Consulting Corp.	2013.08.02	Room 2206-G, NO.89, East Yunling Rd., Putuo District, Shanghai	USD 140	Technical development, advisory and service in environmental field; environmental pollution control equipment and related parts wholesale, import and export, etc.
Yuan Ding Resources Corp.	2013.12.13	10Fl, 89, Sec. 6, Zhongshan North Rd., Taipei	NTD 45,000	Waste services, waste clean, other environmental services, and environmental pollution services, etc.
ECOVE Solvent Recycling Corp.	2013.07.15	No. 7-1, Guojian 3rd Rd., Guanyin Dist., Taoyuan	NTD 90,000	Basic chemical industry and other chemical materials manufacturing
ECOVE Solar Energy Corp.	2011.06.02	13F., No. 366, Bo-ai 1st Rd., Sanmin Dist., Kaohsiung	NTD 1,046,211	Energy technology service industry

ECOVE Solar Power Corp.	2013.08.09	13F., No. 366, Bo-ai 1st Rd., Sanmin Dist., Kaohsiung	NTD 306,000	Energy technology service industry
ECOVE South Co. Ltd.	2013.02.06	13F., No. 366, Bo-ai 1st Rd., Sanmin Dist., Kaohsiung	NTD 30,500	Energy technology service industry
G.D. International ,LLC	2011.12.12	251 Little Falls Drive, Wilmington, DE 19808, U.S.A.	USD 11,053	Energy technology service industry
LUMBERTON SOLAR W2-090, LLC	2011.10.28	Wilentz,Goldman &Spitzer,P.A.,90 Woodbridge Center Drive, Woodbridge, New Jersey	USD 10,942	Energy technology service industry
ECOVE GangShan Energy Corp.	2021.10.14	13F., No. 366, Bo-ai 1st Rd., Sanmin Dist., Kaohsiung	NTD 251,000	Waste clearance and service, co-generation,

iii. Common Shareholders of the Company and Its Subsidiaries or Its Affiliates with Actual or Deemed Control: None

iv. Industries covered by the business operated by all affiliates:

The businesses operated by the company and its affiliates include general investment, environmental protection service, energy technology service, chemical industry, equipment maintenance and other technical service industries, etc.

v. Directors, supervisors, and general managers of the Company and affiliates

Company	Title	Name of Representative	Shareholding	
			Shares	%
ECOVE Environment Services Corp.	Chairman	ECOVE Environment Corp. Representative: Y. P. Shih	15,100,000	100.00
	Director	ECOVE Environment Corp. Representative: J. J. Liao Hsiu Hua Tiao Y. J. Shi Ale Chen		
	Supervisor	ECOVE Environment Corp. Representative: C. L. Yen		
	President	Hsiu Hua Tiao			0	0
ECOVE Wujih Energy Corporation	Chairman	ECOVE Environment Corp. Representative: Y. P. Shih	30,000,000	100.00
	Director	ECOVE Environment Corp. Representative: J. J. Liao Pei Feng Chu		
	Supervisor	ECOVE Environment Corp. Representative: Nicole Ku		
	President	Pei Feng Chu			0	0
ECOVE Waste Management Corp.	Chairman	ECOVE Environment Corp. Representative: Y. P. Shih	2,000,000	100.00
	Director	ECOVE Environment Corp. Representative: J. J. Liao Mike Kuo		
	Supervisor	ECOVE Environment Corp. Representative: K. W. Chang		
	President	Mike Kuo			0	0
ECOVE Miaoli Energy Corporation	Chairman	ECOVE Environment Corp. Representative: Y. P. Shih	44,999,200	74.999
	Director	ECOVE Environment Corp. Representative: J.J. Liao		
		TOPCO Scientific Corp. Representative: Fa-Hsiang Tan	14,960,000	24.933
	Supervisor	ECOVE Environment Services Corp. Representative: K. M. Feng	800	0
		Topco International Investment Co., Ltd. Representative: Joyce Lu	40,000	0.067
	President	Pei Feng Chu	0	0
SINO GAL - Waste Services Co., Ltd.	Chairman	Helder Jose Moura Dos Santos	0 [Note1]	0
	Director	Representative: Pereira Taveira Pinto, Carlos Manuel		
	Director	Y. P. Shih Hsiu Hua Tiao F. J. Liu		
	President	Peter Wang		
Yuan Ding Resources Management Corp.	Chairman	ECOVE Environment Corp. Representative: Y. P. Shih	4,500,000	100.00
	President	Y. P. Shih	0	0

Company	Title	Name of Representative	Shareholding	
			Shares	%
ECOVE Environment Consulting Corp.	Managing Director	ECOVE Environment Services Corp. Representative: Y. P. Shih	[Note2] USD140,000	100.00
	Supervisor	ECOVE Environment Services Corp. Representative: Nicole Ku		
	President	Eric Wang	0	0.00
ECOVE Solvent Recycling Corp.	Chairman	ECOVE Environment Corp. Representative: Y. P. Shih	8,099,000	89.99
	Director	ECOVE Environment Corp. Representative: J.J. Liao C. Z. Jiang		
	Supervisor	ECOVE Environment Services Corp. Representative: Ai-Ling Hsu	1,000	0.01
	President	E. G. Su	0	0.00
ECOVE Solar Energy Corp.	Chairman	ECOVE Environment Corp. Representative: Y. P. Shih	104,621,082	100.00
	Director	ECOVE Environment Corp. Representative: J.J. Liao M. C. Hsiao		
	Supervisor	ECOVE Environment Corp. Representative: Ai-Ling Hsu		
	President	Ching Her Chao	0	0.00
ECOVE Solar Power Corp.	Chairman	ECOVE Solar Energy Corp. Representative: Y. P. Shih	30,600,000	100.00
ECOVE South Co. Ltd.	Director	ECOVE Solar Energy Corp. Representative: Y. P. Shih	[Note3] NT\$30,500,000	100.00
	President	Y. P. Shih	0	0
G.D. International, LLC	Chairman	Y. P. Shih	[Note4] 0	0
	Managing Director	J. J. Liao		
LUMBERTON SOLAR W2-090, LLC	Chairman	Y. P. Shih	[Note5] 0	0
	Managing Director	J. J. Liao		
ECOVE GangShan Energy Corp.	Chairman	ECOVE Environment Service Corp. Representative: Hsiu Hua Tiao	25,100,000	100.00
	Managing Director	Hsiu Hua Tiao		
CTCI Chemical Corporation	Chairman	Innovest Investment Corporation Representative: S. P. Jen	1,657,207	23.34
	Director	Innovest Investment Corporation Representative: Y. J. Chen M. L. Lee Y. W. Chen		
		Shelly Chou	576,910	8.13
	Supervisor	GRQ Investment Corporation Representative: H.C. Ko	480,661	6.77
	President	Sam Kuo	13,186	0.19

Note 1 : The company is a limited company established in Macau and has not issued shares.

Note 2 : The company is a limited company established in the mainland and has not issued shares.

Note 3 : The company is a company established in the Republic of China and has not issued shares.

Note 4 : The company is an LLC company established in the United States and has not issued shares.

Note 5 : The company is an LLC company established in the United States and has not issued shares.

8.1.2 Operation overview of the Company and affiliates

December 31st, 2021; Unit: NT\$ Thousands

Company	Common Stock Issued	Total Assets	Total Liabilities	Total Stockholders' Equity	Total Operating Revenue	Operating Income (Loss)	Net Income (Loss)	Earnings Per Share (NT\$)
ECOVE Environment Services Corporation	151,000	2,279,057	1,379,189	899,868	3,798,356	368,989	367,306	24.32
ECOVE Wujih Energy Corporation	300,000	1,087,066	296,768	790,298	760,159	322,682	261,361	8.71
ECOVE Miaoli Energy Corporation	600,000	1,235,816	137,423	1,098,393	324,403	153,775	123,127	2.05
ECOVE Waste Management Corporation	20,000	468,992	359,656	109,336	1,211,479	53,595	49,004	24.50
SINO GAL-Waste Services Co., Ltd.	13,762	555,046	345,630	209,416	845,020	244,372	191,511	0.00
Yuan Ding Resources Corporation	45,000	39,457	80	39,377	0	-116	-11	0.00
ECOVE Environment Consulting Corporation	3,736	20,830	4,896	15,934	30,571	1,800	3,142	0.00
ECOVE Solar Energy Corporation	1,046,211	3,111,586	1,732,972	1,378,614	269,184	44,667	95,465	0.91
ECOVE Solar Power Corporation	306,000	1,298,217	911,934	386,283	153,744	40,509	27,073	0.88
ECOVE South Co., Ltd.	30,500	144,681	110,195	34,486	16,010	4,509	2,849	0.93
G.D. International, LLC	305,876	383,749	127	383,622	0	-196	21,044	0.00
LUMBERTON SOLAR W2-090, LLC	302,806	637,435	254,160	383,275	78,999	19,200	21,240	0.00
ECOVE Solvent Recycling Corporation	90,000	212,904	101,989	110,915	123,928	26,804	20,914	2.32
ECOVE GangShan Energy Corporation	251,000	1,246,683	994,511	252,172	62,920	1,433	741	0.03
CTCI Chemical Corporation	71,000	569,732	296,220	273,512	531,956	89,370	70,226	9.89

8.1.3 Consolidated Financial Statements of Affiliated Enterprises of the Company

The related information on the endorsements or guarantees for others, lending to others and derivative financial instruments of affiliates:

(1) Endorsements or guarantees for others: (as of March 31st, 2022) :

No. [Note1]	Endorser	Endorsed	Relationship [Note2]	The highest balance of endorsement of single enterprise [Note3]	The highest endorsement balance for the current period [Note4]	Endorsement balance at the end of the period	Amount of endorsement by property	The ratio of the accumulated endorsement amount to the net value of the latest financial statement (%)	Endorsement maximum limit [Note3]
1	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	2	The endorsement for a single enterprise shall not exceed four times the net value of the company's most recent financial statements verified by an accountant	100,000	100,000	-	7.25%	The total amount of ECOVE Solar Energy Corporation external endorsement shall not exceed six times the net value of the most recent financial statement audited by an independent certified public accountant. The maximum limit is \$8,271,682.
2	ECOVE Solar Power Corporation	ECOVE Solar Energy Corporation	3	The endorsement for a single enterprise shall not exceed four times the net value of the company's most recent financial statements verified by an accountant	12,420	12,420	-	3.22%	The total amount of ECOVE Solar Power Corporation external endorsement shall not exceed six times the net value of the most recent financial statement audited by an independent certified public accountant. The maximum limit is \$2,317,700.

Note 1 : Number for items explain as follows :

■ Company : 0

■ Subsidiaries : Please fill in the number with a sequence from 1 to 10.

Note 2 : The relationship between the endorser and the endorsed is as follows:

1. Companies with business dealings.
2. A company in which the company directly or indirectly holds more than 50% of the voting shares.
3. A company that directly or indirectly holds more than 50% of the voting rights in the company.
4. Between companies where the company directly or indirectly holds more than 90% of the voting shares.
5. Based on the needs of contracting projects, the same industry or jointly create a company with mutual insurance in accordance with the contract.
6. Companies that are endorsed and guaranteed by all capital shareholders based on their shareholding ratio due to a joint investment relationship.
7. Inter-industry engages in joint and several guarantees of performance guarantees for sales contracts of pre-sale houses in accordance with the Consumer Protection Law.

Note 3 : The limit and the maximum limit of endorsement set by the company according to the operating procedures of endorsement for others should be filled out, and the calculation method of the individual endorsement and the total limit should be explained in the remarks column.

Note 4 : The highest balance of the endorsement for others in the current year

(2) Lending to others: (as of March 31st, 2022)

Unit: NTD thousands

No. [Note1]	Lender	Borrower	Account item [Note2]	The highest balance during period [Note3]	Ending balance [Note8]	Interest rate	Nature of Lending [Note4]	Amount for operation [Note5]	Reason of short-term financing [Note6]	Allowa nce for bad debts	Collateral		Limit on lending for single enterprise [Note7]	Ceiling for total amount [Note7] Name
											Name	Value		
1	ECOVE Environment Services Corporation	GRQ Investment Corporation	other receivable	210,000	200,000	0.75%	2	0	For operational needs	0	NA	0	359,948	359,948
1	ECOVE Environment Services Corporation	ECOVE South Co. Ltd.	other receivable	30,000	30,000	0.75%	2	0	For operational needs	0	NA	0	359,948	359,948

Note 1 : Number for items explain as follows :

- Company : 0
- Subsidiaries : Please fill in the number with a sequence from 1 to 10.

Note 2 : This item is for account receivable-related parties, owner's equity, prepayments, temporary payments etc. If any item belong to Lending to others needs to be filled in this column.

Note 3 : The highest balance during period

Note 4 : Description for Lending to others as follows :

- 1 : Having business relationship
- 2 : Operational needs

Note 5 : Belongs to item 1, please fill in the amount for operation.

Note 6 : Belongs to item 2, please explain the reason and lending purpose of short-term financing. For example, repayment for loans, purchasing equipment, or needs for operations and working capital, etc.

Note 7 : Please fill in the limit of amount on lending to single enterprise and total limit of amount on lending to others by the Company, according to the stipulation of the Procedures of Lending to Others, and express the calculation of the aforesaid figures in the column of remarks.

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 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.

(3) Derivative Transactions Information: None

8.1.4 Consolidated Financial Statements of Affiliated Enterprises of the Company:

Please refer to Appendix I and Appendix II.

8.2 Private placement of securities in the most recent year and up to the date of annual report publication: None

8.3 Holding or disposal of this company's shares by a subsidiary company in the last year, up to the publication date of this report: Since the Company has entered into a share conversion agreement with ECOVE Environment Services Corp. on December 31, 2020 and issued new shares for the conversion, ECOVE Waste Management Corporation is holding 1,605 shares of the Company.

8.4 Other Necessary Supplemental Information

8.4.1 Key performance index specific to the industry:

The Company is an investment holding company and its five main subsidiary companies including ECOVE Environment Services Corp., ECOVE Wujih Energy Corp., ECOVE Waste Management Corp., ECOVE Miaoli Energy Corp. and ECOVE Solar Energy Corp. are all environmental protection service providers. A key performance index (KPI) for Social Corporate Responsibility is established based on such characteristics and it is described below:

Definitions	2021 Goal	2021 Actual Achievements	Difinition
This year each project participated social corporate responsibility Award ≥ 3	Annual social corporate responsibility award more than 3 awards	<ul style="list-style-type: none"> Awarded "Top 5% of Corporate Governance Evaluation" from TPEX-listed group for 7 consecutive years Awarded "The 3rd National Enterprise Environmental Protection Award" by the Environmental Protection Agency, Executive Yuan Awarded two-star "Resource Recycling Outstanding Enterprise" by the Environmental Protection Administration, Executive Yuan Other awards: <ul style="list-style-type: none"> Awarded the "2021 Kaohsiung City Optoelectronic Smart Building Mark" by the Kaohsiung City Government Works Bureau 	
This year each project participated social corporate responsibility Award ≥ 3	Annual social corporate responsibility award more than 3 awards	<ul style="list-style-type: none"> Gangshan EfW plant was awarded the "Ecove Gangshan Safety and Health Family" Enterprise Core Award of Kaohsiung City by the Occupational Safety and Health Administration. STSP EfW Plant was awarded "Southern Science Park Excellent Workplace Safety and Hygiene Units Promotion_Work Safety Model Award" by Southern Taiwan Science Park. Tainan EfW plant was awarded "Occupational Safety Model" Safety and Healthy Family Performance Selection Excellence Award by Tainan City Government. Awarded by the Industrial Safety and Health Association (ISHA) of the R.O.C. entrusted by the Ministry of Labor: <ul style="list-style-type: none"> Keelung EfW Plant was awarded the 970,000 zero-accident work hours certificate. Miaoli EfW Plant was awarded the 360,000 zero-accident work hours certificate Houli EfW Plant was awarded the 1.56 million zero-accident work hours certificate 	This year each project participated social corporate responsibility Award ≥ 3

		<ul style="list-style-type: none"> • Wujih EfW Plant was awarded the 1.20 million zero-accident work hours certificate. • Tainan EfW Plant was awarded the 1.94 million n zero-accident work hours certificate. • STSP EfW Plant was awarded the 1.08 million zero-accident work hours certificate. <p>Other awards:</p> <ul style="list-style-type: none"> • Keelung EfW Plant, Houli EfW Plant, Tainan EfW Plant and STSP EfW plant received the “Healthy Workplace Certification” health promotion mark from the National Health Service of the Ministry of Health and Welfare. • Received the certificate of participation in the “2021 National Workplace Safety and Health Week Series Activities Implementation Plan” by the Ministry of Labor. • Tainan EfW Plant received a Certificate of Appreciation as “2021 Promotion of the Core Enterprise of Safety and Health Family” by Tainan City Government Labor Bureau. • Houli EfW Plant rewarded “AED+CPR site mark certificate” by Taichung City Government Health Bureau. • Miaoli EfW Plant rewarded “AED+CPR site mark certificate” by Miaoli County Government Health Bureau. • Tainan EfW Plant rewarded “AED+CPR site mark certificate” by Tainan City Government Health Bureau. 	
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8.4.2 Pledged Items for Listing:

The Company has completed the pledged items (total six) except for two listing below:

Pledged Items for Listing	Implementation of Pledged Items
<p>I. The Company pledges to incorporate in the "Operating Procedures on the Asset Acquisition or Disposal" that "the Company may not relinquish future annual capital increases in the three controlled companies, namely, ECOVE Waste Management Corp., ECOVE Wujih Energy Corporation and Sino Environmental Services Corp.; in the event that the Company is required to relinquish capital increase or disposition of the aforementioned companies in the future due to strategic alliance considerations or under the approval of Taipei Exchange, a special resolution is required in the Meeting of the Board of Directors of ECOVE Environment Corp.." In addition, in the event of any amendments to the processing regulations, they shall be disclosed on the important information announcements on the Market Observation Post</p>	<p>The Company had passed amendments "Operating Procedures on the Asset Acquisition or Disposal" in the No. 4-13 Meeting of the Board of Directors and the Shareholders' Meeting on March 24, 2010. The amendment stipulates that the Company may not relinquish future annual capital increases in the three controlled companies; in the event that the Company is required to relinquish capital increase or disposition of the aforementioned companies in the future due to strategic alliance considerations or under the approval of Taipei Exchange, a special resolution is required in the Meeting of the Board of Directors of the Company. (Related attachments have been submitted in the 2010 Q2 Application)</p>

Pledged Items for Listing	Implementation of Pledged Items
System and reported to the Taipei Exchange for future reference.	As of the 1st quarter of 2022, the Company has never relinquished participation in capital increases or disposed of ECOVE Waste Management Corp., ECOVE Wujih Energy Corp., and ECOVE Environmental Services Cprp.
<p>II. The Company pledges to disclose operating income that originates from the parent company CTCI Corporation in the notes of the consolidated financial statements of each quarter starting from the 2009 consolidated financial statements. However, the reason of payment operating costs to CTCI Corporation were not indicated; the CPA should be asked to review the aforementioned items in the audit (or review) of financial statements in each quarter.</p>	<p>The Company has operating income from the parent company CTCI Corporation but no related operating costs because the relative cost of such income is the cost of contracting, repairs and procurement paid by ECOVE Environmental Services Corp. to non-affiliates in the process of providing services as well as the related personnel and administrative expenses from operations. The CPA of PricewaterhouseCoopers Taiwan has been asked to review the aforementioned items and the supplementary description has been provided in the affiliate transaction report in the disclosure items of the consolidated financial statements from 2009 to 2015. Related content shall continue to be disclosed in the upcoming financial statements for the 1st quarter of 2022.</p>

8.4.3 Material Event Impact on Shareholders' Equity or Share Price in Recent Years until the Annual Report being published: None

IX. Appendix

APPENDIX I

**ECOVE ENVIRONMENT CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2021 AND 2020**

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of ECOVE Environment Corporation and its subsidiaries (the "Group") as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of other independent auditors, as described in the other matters section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the audit reports of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we

do not provide a separate opinion on these matters.

The most significant key audit matters in our audit of the Group's 2021 consolidated financial statements are as follows:

Accuracy of service revenue

Description

Refer to Note 4(29) for accounting policies on operating revenue and Note 6(24) for details of operating revenue.

Operating revenue mainly arises from service revenue and electricity sales revenue. The service revenue mainly arises from contracts entered into with certain governments (grantors) that involve charging for the service per unit in accordance with contracts. The cash amount of service revenue was NT\$2,574,279 thousand, constituting 43% of operating revenue for the year ended December 31, 2021. As the determination of this type of revenue is subject to manual calculation, we consider the accuracy of service revenue a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained an understanding of the procedures of waste treatment and tested relevant internal controls, including randomly checking the actual amount of disposals that are treated at the waste treatment plant monthly, the consistency of monthly statements that management used in calculating revenue, and the consistency between service fees per unit and contract.
- B. Verified the accuracy of statements that management used in calculating revenue, including the amount of disposals treated and the service fees per unit, recalculated the accuracy of cash amount and ascertained whether it was in agreement with recorded revenue.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investees accounted for using equity method that are included in the consolidated financial statements. The balance of these investments accounted for using equity method was NT\$81,879 thousand and NT\$83,664 thousand, constituting 0.7% and 0.8% of consolidated total assets as of December 31, 2021 and 2020, respectively, and the share of loss of

associates and joint ventures accounted for using equity method was (NT\$1,785) thousand and (NT\$950) thousand, constituting (0.16%) and (0.09%) of consolidated total comprehensive income for the years then ended, respectively. Those financial statements were audited by other independent auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other independent auditors.

Other matter - non-consolidated financial statements

We have audited and expressed an unqualified opinion with *Other matter* section on the non-consolidated financial statements of ECOVE Environment Corporation as at and for the years ended December 31, 2021 and 2020.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

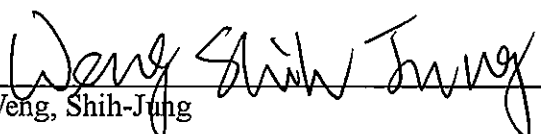
As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:


- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


Weng, Shih-Jung


Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 7, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants 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
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,216,106	10	\$ 533,625	6
1110	Financial assets at fair value through profit or loss - current	6(2)	1,072,745	9	1,405,767	14
1120	Current financial assets at fair value through other comprehensive income	6(3)	144,983	1	129,482	1
1136	Current financial assets at amortised cost	6(4)	421,908	3	108,925	1
1140	Current contract assets	6(24)	620,662	5	512,733	5
1150	Notes receivable, net		667	-	88	-
1170	Accounts receivable, net	6(5)	1,034,775	8	840,100	9
1180	Accounts receivable - related parties, net	7	6,348	-	-	-
1200	Other receivables		2,516	-	908	-
1210	Other receivables - related parties	7	272,541	2	30,084	-
130X	Inventories		82,906	1	74,927	1
1410	Prepayments	6(6)	94,559	1	99,519	1
11XX	Total current assets		<u>4,970,716</u>	<u>40</u>	<u>3,736,158</u>	<u>38</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	543	-	543	-
1550	Investments accounted for using equity method	6(7)	504,507	4	482,853	5
1600	Property, plant and equipment, net	6(8) and 8	3,896,431	32	3,484,650	35
1755	Right-of-use assets	6(9)	208,430	2	81,511	1
1780	Intangible assets	6(10)	1,014,402	8	136,153	1
1840	Deferred income tax assets		31,442	-	27,162	-
1900	Other non-current assets	6(11) and 8	1,658,388	14	1,936,966	20
15XX	Total non-current assets		<u>7,314,143</u>	<u>60</u>	<u>6,149,838</u>	<u>62</u>
1XXX	Total assets		<u>\$ 12,284,859</u>	<u>100</u>	<u>\$ 9,885,996</u>	<u>100</u>

(Continued)

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 498,000	4	\$ 464,700	5
2110	Short-term notes and bills payable	6(13)	39,969	1	147,925	2
2130	Current contract liabilities	6(24)	22,284	-	9,729	-
2150	Notes payable		7,494	-	23	-
2170	Accounts payable	6(14)	844,165	7	694,711	7
2180	Accounts payable - related parties	7	34,206	-	17,021	-
2200	Other payables	6(15)	544,480	5	389,474	4
2220	Other payables - related parties	7	8,174	-	2,577	-
2230	Income tax liabilities		290,614	3	240,350	2
2280	Current lease liabilities	7	35,181	-	16,791	-
2320	Long-term liabilities, current portion	6(17)	36,936	-	247,409	3
2399	Other current liabilities		38,698	-	34,235	-
21XX	Total current liabilities		<u>2,400,201</u>	<u>20</u>	<u>2,264,945</u>	<u>23</u>
Non-current liabilities						
2527	Non-current contract liabilities	6(24)	888,190	7	-	-
2530	Bonds payable	6(16)	1,988,845	16	-	-
2540	Long-term borrowings	6(17)	85,824	1	1,148,610	12
2570	Deferred income tax liabilities		151,859	1	196,240	2
2580	Non-current lease liabilities	7	155,681	1	39,849	-
2600	Other non-current liabilities	6(18)	717,897	6	585,909	6
25XX	Total non-current liabilities		<u>3,988,296</u>	<u>32</u>	<u>1,970,608</u>	<u>20</u>
2XXX	Total liabilities		<u>6,388,497</u>	<u>52</u>	<u>4,235,553</u>	<u>43</u>
Equity attributable to owners of parent						
Share capital						
3110	Common stock	6(21)	695,170	6	689,762	7
3140	Advance receipts for share capital		857	-	524	-
Capital surplus						
3200	Capital surplus	6(22)	2,421,348	20	2,310,642	23
Retained earnings						
3310	Legal reserve	6(23)	848,366	7	764,812	8
3320	Special reserve		23,272	-	-	-
3350	Unappropriated retained earnings		1,490,020	12	1,438,777	15
Other equity interest						
3400	Other equity interest		(14,895)	(1)	(23,272)	(1)
3500	Treasury shares	6(21)	(57)	-	(57)	-
31XX	Equity attributable to owners of the parent		<u>5,464,081</u>	<u>44</u>	<u>5,181,188</u>	<u>52</u>
36XX	Non-controlling interest	4(3)	<u>432,281</u>	<u>4</u>	<u>469,255</u>	<u>5</u>
3XXX	Total equity		<u>5,896,362</u>	<u>48</u>	<u>5,650,443</u>	<u>57</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant subsequent events						
3X2X	Total liabilities and equity		<u>\$ 12,284,859</u>	<u>100</u>	<u>\$ 9,885,996</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
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	Items	Notes	Year ended December 31			
			2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(24) and 7	\$ 5,955,250	100	\$ 5,637,590	100
5000	Operating costs	6(29)(30) and 7	(4,511,035)	(76)	(4,246,675)	(75)
5900	Gross profit		<u>1,444,215</u>	<u>24</u>	<u>1,390,915</u>	<u>25</u>
	Operating expenses	6(29)(30) and 7				
6200	General and administrative expenses		(174,178)	(3)	(180,587)	(3)
6000	Total operating expenses		(174,178)	(3)	(180,587)	(3)
6900	Operating profit		<u>1,270,037</u>	<u>21</u>	<u>1,210,328</u>	<u>22</u>
	Non-operating income and expenses					
7100	Interest income	6(25) and 7	3,459	-	2,970	-
7010	Other income	6(26) and 7	40,566	1	36,690	1
7020	Other gains and losses	6(27)	2,374	-	5,552	-
7050	Finance costs	6(28) and 7	(23,516)	-	(29,896)	(1)
7060	Share of profit of associates and joint ventures accounted for using equity method	6(7)	<u>59,902</u>	<u>1</u>	<u>56,689</u>	<u>1</u>
7000	Total non-operating income and expenses		<u>82,785</u>	<u>2</u>	<u>72,005</u>	<u>1</u>
7900	Profit before income tax		<u>1,352,822</u>	<u>23</u>	<u>1,282,333</u>	<u>23</u>
7950	Income tax expense	6(31)	(275,075)	(5)	(234,244)	(4)
8200	Profit for the year		<u>\$ 1,077,747</u>	<u>18</u>	<u>\$ 1,048,089</u>	<u>19</u>
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans	6(19)	\$ 8,313	-	(\$ 9,007)	-
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	15,501	-	5,450	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method		54	-	51	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	(1,683)	-	1,731	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Cumulative translation differences of foreign operations		(10,516)	-	(53,015)	(1)
8300	Total other comprehensive income (loss) for the year		<u>\$ 11,669</u>	<u>-</u>	<u>(\$ 54,790)</u>	<u>(1)</u>
8500	Total comprehensive income for the year		<u>\$ 1,089,416</u>	<u>18</u>	<u>\$ 993,299</u>	<u>18</u>
	Profit attributable to:					
8610	Owners of the parent		\$ 910,816	15	\$ 842,254	15
8620	Non-controlling interest		166,931	3	205,835	4
	Total		<u>\$ 1,077,747</u>	<u>18</u>	<u>\$ 1,048,089</u>	<u>19</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 925,928	15	\$ 799,782	15
8720	Non-controlling interest		163,488	3	193,517	3
	Total		<u>\$ 1,089,416</u>	<u>18</u>	<u>\$ 993,299</u>	<u>18</u>
	Earnings per share (in dollars):	6(32)				
9750	Basic earnings per share		\$ 13.15		\$ 12.53	
9850	Diluted earnings per share		\$ 13.00		\$ 12.45	

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent												
	Capital			Retained Earnings				Other Equity Interest					
	Notes	Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interest	Total equity
Year ended December 31, 2020													
Balance at January 1, 2020		\$ 671,051	\$ -	\$ 2,208,031	\$ 684,320	\$ 2,243	\$ 1,408,234	(\$ 12,681)	\$ 25,168	\$ -	\$ 4,986,366	\$ 606,437	\$ 5,592,803
Profit for the year		-	-	-	-	-	842,254	-	-	-	842,254	205,835	1,048,089
Other comprehensive income (loss)		-	-	-	-	-	(6,713)	(41,035)	5,276	-	(42,472)	(12,318)	(54,790)
Total comprehensive income (loss)		-	-	-	-	-	835,541	(41,035)	5,276	-	799,782	193,517	993,299
Appropriations of 2019 earnings	6(23)												
Legal reserve		-	-	-	80,492	-	(80,492)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	(2,243)	2,243	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(726,749)	-	-	-	(726,749)	(235,671)	(962,420)
Capital reduction of subsidiary	4(3)	-	-	-	-	-	-	-	-	-	-	(37,500)	(37,500)
Share-based payment transactions	6(20)	-	-	24,586	-	-	-	-	-	-	24,586	1,439	26,025
Employee stock options exercised	6(21)(22)	2,114	524	36,238	-	-	-	-	-	-	38,876	-	38,876
Adjustments of changes in investments accounted for under equity method	6(7)	-	-	561	-	-	-	-	-	-	561	41	602
Acquisition of non-controlling interests by issuing new shares		16,597	-	41,226	-	-	-	-	-	-	57,823	(59,008)	(1,185)
Acquisition of shares of parent company that were regarded as treasury stock	6(21)	-	-	-	-	-	-	-	-	(57)	(57)	-	(57)
Balance at December 31, 2020		<u>\$ 689,762</u>	<u>\$ 524</u>	<u>\$ 2,310,642</u>	<u>\$ 764,812</u>	<u>\$ -</u>	<u>\$ 1,438,777</u>	<u>(\$ 53,716)</u>	<u>\$ 30,444</u>	<u>(\$ 57)</u>	<u>\$ 5,181,188</u>	<u>\$ 469,255</u>	<u>\$ 5,650,443</u>
Year ended December 31, 2021													
Balance at January 1, 2021		\$ 689,762	\$ 524	\$ 2,310,642	\$ 764,812	\$ -	\$ 1,438,777	(\$ 53,716)	\$ 30,444	(\$ 57)	\$ 5,181,188	\$ 469,255	\$ 5,650,443
Profit for the year		-	-	-	-	-	910,816	-	-	-	910,816	166,931	1,077,747
Other comprehensive income (loss)		-	-	-	-	-	6,735	(7,124)	15,501	-	15,112	(3,443)	11,669
Total comprehensive income		-	-	-	-	-	917,551	(7,124)	15,501	-	925,928	163,488	1,089,416
Appropriations of 2021 earnings	6(23)												
Legal reserve		-	-	-	83,554	-	(83,554)	-	-	-	-	-	-
Special reserve		-	-	-	-	23,272	(23,272)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(759,482)	-	-	-	(759,482)	(200,557)	(960,039)
Share-based payment transactions	6(20)	-	-	23,066	-	-	-	-	-	-	23,066	95	23,161
Employee stock options exercised	6(21)(22)	4,884	857	87,255	-	-	-	-	-	-	92,996	-	92,996
Adjustments of changes in investments accounted for using equity method	6(7)	-	-	385	-	-	-	-	-	-	385	-	385
Advance receipts for share capital transferred to share capital		524	(524)	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2021		<u>\$ 695,170</u>	<u>\$ 857</u>	<u>\$ 2,421,348</u>	<u>\$ 848,366</u>	<u>\$ 23,272</u>	<u>\$ 1,490,020</u>	<u>(\$ 60,840)</u>	<u>\$ 45,945</u>	<u>(\$ 57)</u>	<u>\$ 5,464,081</u>	<u>\$ 432,281</u>	<u>\$ 5,896,362</u>

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,352,822	\$ 1,282,333
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(29)	286,955	262,731
Depreciation - right-of-use assets	6(9)(29)	29,252	29,824
Amortization	6(29)	20,720	9,588
Interest expense	6(28)	22,757	29,348
Interest expense - lease liability	6(9)(28)	759	548
Dividend income	6(26)	(10,159)	(7,172)
Interest income	6(25)	(3,459)	(2,970)
Salary expense - employee stock options	6(20)(30)	23,161	26,025
Gain on valuation of financial assets	6(2)(27)	(3,891)	(5,282)
Gain from lease modification	6(27)	727	(627)
Share of profit of associates and joint ventures accounted for under equity method	6(7)	(59,902)	(56,689)
Gain on disposal of property, plant and equipment	6(27)	(814)	(2,374)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		330,836	(1,409,657)
Current contract assets		(107,929)	(170,013)
Notes receivable, net		(579)	393
Accounts receivable, net		(194,675)	11,356
Accounts receivable - related parties, net		(6,348)	571
Other receivables		(1,571)	102,356
Other receivables - related parties		(398)	734
Inventories		(7,979)	(2,420)
Prepaid expenses		4,960	(7,406)
Other non-current assets		359,420	350,210
Changes in operating liabilities			
Current contract liabilities		12,555	(40,276)
Notes payable		7,471	23
Accounts payable		149,454	42,134
Accounts payable - related parties		17,185	(10,871)
Other payables		39,410	(30,056)
Other payables - related parties		5,597	(788)
Other current liabilities		4,462	16,444
Other non-current liabilities		(13,559)	(22,744)
Cash inflow generated from operations		2,257,240	395,273
Interest received		2,136	3,087
Dividends received		43,684	32,642
Interest paid		(17,409)	(31,311)
Income tax paid		(276,167)	(108,944)
Net cash flows from operating activities		<u>2,009,484</u>	<u>290,747</u>

(Continued)

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Increase) decrease in financial assets at amortised cost		(\$ 312,983)	\$ 138,089
Increase in other receivables - related parties		(234,000)	-
Interest received		1,149	304
Increase in investments accounted for using equity method-non-subsidiaries	6(7)	-	(36,000)
Acquisition of property, plant and equipment	6(33)	(36,398)	(36,485)
Proceeds from disposal of property, plant and equipment		1,920	2,577
Increase in refundable deposits		(34,337)	(9,979)
Increase in other non-current assets	6(33)	(523,573)	(683,910)
		-	(37,500)
Net cash flows used in investing activities		(1,138,222)	(662,904)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans		33,300	159,700
Decrease (increase) in short-term notes payable		(107,956)	147,925
Proceeds from issuing bonds		1,987,324	-
Proceeds from long-term loans		69,455	236,546
Repayment of long-term loans		(1,339,994)	(379,715)
Repayment of lease liabilities		(23,203)	(21,913)
Increase in deposits received (shown in other non-current liabilities)		59,336	8,445
Cash dividends paid		(960,039)	(962,420)
Employee stock options exercised		92,996	38,876
Increase in non-controlling interests		-	(1,185)
Net cash flows used in financing activities		(188,781)	(773,741)
Net increase (decrease) in cash and cash equivalents		682,481	(1,145,898)
Cash and cash equivalents at beginning of year		533,625	1,679,523
Cash and cash equivalents at end of year		\$ 1,216,106	\$ 533,625

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021 AND 2020

(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 55.25% equity interest in the Company as of December 31, 2021.

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

These consolidated financial statements were authorised by the Board of Directors on March 7, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

(2) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

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

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

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

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(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 non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

B. Subsidiaries included in the consolidated financial statements:

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%)		Note
			December 31, 2021	December 31, 2020	
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Environmental engineering	100.00	100.00	
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	74.999	74.999	Note 2
ECOVE Environment Service Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	0.001	0.001	Note 2
ECOVE Environment Corp.	ECOVE Environment Service Corp.	Environmental engineering	100.00	100.00	Note 3
ECOVE Waste Management Corp.	ECOVE Environment Service Corp.	Environmental engineering	-	-	Note 3
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Environmental engineering	100.00	100.00	
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Environmental engineering	100.00	100.00	
ECOVE Environment Service Corp.	SINOGAL-Waste Services Co., Ltd.	Environmental engineering	30.00	30.00	Note 1
ECOVE Environment Service Corp.	ECOVE Environment Consulting Corp.	Environmental engineering	100.00	100.00	
ECOVE Environment Service Corp.	ECOVE Environment Services Gangshan Corporation	Environmental engineering	100.00	-	Note 4
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	89.99	89.99	
ECOVE Environment Service Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	0.01	0.01	

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%)		Note
			December 31, 2021	December 31, 2020	
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Energy sector	100.00	100.00	
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Energy sector	100.00	100.00	
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Energy sector	100.00	100.00	
ECOVE Solar Energy Corporation	G.D. International, LLC.	Energy sector	100.00	100.00	
G.D. International, LLC.	Lumberton Solar W2-090, LLC.	Energy sector	100.00	100.00	

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

Note 2: The resolution of capital reduction amounting to \$150,000 was proposed by the Board of Directors of the subsidiary, ECOVE Miaoli Energy Corporation, during its meeting in March 2020, and resolved by the shareholders in May 2020.

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

Note 4: The Board of Directors of the Company's subsidiary, ECOVE Environment Service Corp., approved a resolution to invest and establish ECOVE Environment Services Gangshan corporation, with the amount of \$251,000 in October 2021.

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 December 31, 2021 and 2020, the non-controlling interest amounted to \$432,281 and \$469,255, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2021		December 31, 2020	
		Amount	Ownership (%)	Amount	Ownership (%)
ECOVE Miaoli Energy Corp.	Taiwan	\$ 274,598	25.00%	\$ 303,343	25.00%
SINO GAL-Waste Services Co., Ltd.	Macau	146,591	70.00%	156,910	70.00%

Summarised financial information of the subsidiaries:

Balance sheets

	ECOVE Miaoli Energy Corp.	
	December 31, 2021	December 31, 2020
Current assets	\$ 325,250	\$ 285,605
Non-current assets	910,566	1,061,757
Current liabilities	(72,961)	(68,765)
Non-current liabilities	(64,462)	(65,223)
Total net assets	<u>\$ 1,098,393</u>	<u>\$ 1,213,374</u>

	SINO GAL-Waste Services Co., Ltd.	
	December 31, 2021	December 31, 2020
Current assets	\$ 538,096	\$ 477,095
Non-current assets	16,950	12,815
Current liabilities	(263,714)	(194,038)
Non-current liabilities	(81,916)	(71,715)
Total net assets	<u>\$ 209,416</u>	<u>\$ 224,157</u>

Statements of comprehensive income

	ECOVE Miaoli Energy Corp.	
	Year ended December 31	
	2021	2020
Revenue	\$ 324,403	\$ 332,356
Profit before income tax	153,969	158,372
Income tax expense	(30,842)	(31,555)
Profit for the year	123,127	126,817
Other comprehensive loss, net of tax	(203)	(59)
Total comprehensive income for the year	\$ 122,924	\$ 126,758
Comprehensive income attributable to non-controlling interest	\$ 30,731	\$ 31,690
Dividends paid to non-controlling interest	\$ 59,572	\$ 30,301

	SINO GAL-Waste Services Co., Ltd.	
	Year ended December 31	
	2021	2020
Revenue	\$ 845,020	\$ 746,356
Profit before income tax	244,372	213,584
Income tax expense	(52,861)	(724)
Profit for the year	191,511	212,860
Other comprehensive loss, net of tax	(4,846)	(16,237)
Total comprehensive income for the year	\$ 186,665	\$ 196,623
Comprehensive income attributable to non-controlling interest	\$ 130,666	\$ 137,798
Dividends paid to non-controlling interest	\$ 140,984	\$ 184,308

Statements of cash flows

	ECOVE Miaoli Energy Corp.	
	Year ended December 31	
	2021	2020
Net cash provided by operating activities	\$ 303,795	\$ 201,477
Net cash used in investing activities	(29,844)	(86)
Net cash used in financing activities	(239,604)	(272,467)
Increase (decrease) in cash and cash equivalents	34,347	(71,076)
Cash and cash equivalents, beginning of year	37,290	108,366
Cash and cash equivalents, end of year	\$ 71,637	\$ 37,290

	SINO GAL-Waste Services Co., Ltd.	
	Year ended December 31	
	2021	2020
Net cash provided by operating activities	\$ 173,507	\$ 279,466
Net cash provided by investing activities	52,854	86,036
Net cash used in financing activities	(198,844)	(263,267)
Increase in cash and cash equivalents	27,517	102,235
Cash and cash equivalents, beginning of year	113,751	11,516
Cash and cash equivalents, end of year	\$ 141,268	\$ 113,751

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

B. Translation of foreign operations

The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognized in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly for trading purposes;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using settlement date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures these financial assets at fair value with any gain or loss recognized in profit or loss.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using settlement date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
 - (a) The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.
 - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate

asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	6 ~ 26 years
Machinery and equipment	2 ~ 20 years
Transportation equipment	3 ~ 5 years
Others	2 ~ 5 years

(16) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability; and
 - (b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(17) Intangible assets

A. Trademarks and licences

Separately acquired trademarks and licences are stated at historical cost. Trademarks and licences have a finite useful life and are amortized on a straight-line basis over their estimated useful lives of 15 years.

B. Goodwill arises in a business combination accounted for by applying the acquisition method.

(18) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

B. The recoverable amounts of goodwill is evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(19) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(22) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(23) Provisions for other liabilities

Provisions-accrued recovery costs are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. Provisions are not recognized for future operating losses.

(24) Employee benefits

A. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the balance sheet date).

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

B. Employees' compensation directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequent actual distributed amounts is accounted for as a change in estimate.

(25) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(26) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. If a change in tax rate is enacted or substantively enacted, the Group recognizes the effect of the change immediately when the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

(27) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities, stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

A. Service concession arrangements

- (a) The Group contracted with the government (grantor) a service concession arrangement whereby the Group shall provide construction of the government's infrastructure assets for public services and operate those assets during the term of the arrangement, and when the term of the operating period expires, the underlying infrastructure assets will be transferred to the government without consideration. The Group allocates the fair value

of the consideration received or receivable in respect of the service concession arrangement between construction services and operating services provided based on their relative fair values, and recognizes such allocated amounts as revenue in accordance with IFRS 15, 'Revenue from contracts with customers'.

- (b) Costs incurred on provision of construction services or upgrading services under a service concession arrangement are accounted for in accordance with IFRS 15, 'Revenue from contracts with customers'.
- (c) 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 or an intangible asset based on how the considerations from the grantor to the operator are made as specified in the arrangement. The Group recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services, and recognizes an intangible asset to the extent that it receives a right (a license) to charge users of the public service.
- (d) The Group entered into a service concession arrangement with the government (grantor) for the construction of a Refuse Incineration Plant through a build-operate-transfer (BOT) mode. Revenue is recognized based on the contract. The Group evaluates the significant financing component of the contract and adjusts the price on the commencement of the contract and recognizes revenue and accounts receivable at the amount that it has a right to bill each month.

B. Service revenue

The Group provides waste treatment service that are charged per unit at a fixed rate. The Group recognises revenue and accounts receivable at the amount that it has a right to bill each month.

C. Electricity sales revenue

The Group sells electricity generated by solar power and waste. Revenue from the sale of the electricity is recognized when the Group sells the electricity to the customer.

D. Clearance income

The Group operates related services such as waste removal and transportation. The income is priced according to the fixed rate per ton of the service contract. The Group recognizes the income and the payable amount when the customer bills are issued each month according to the amount that the Group has the right to bill.

E. Other revenue

The Group provides repairs and maintenance, and consulting services that are charged per unit at a fixed rate. The Group recognizes its revenue and accounts receivable based on the amount that it has a right to bill each month.

(30) Government grant

The government grant is recognized when the Group is reasonably convinced the company will comply with the conditions attached to the government grant and will recognize the grant at fair value. If the nature of the government grant is to compensate the expenses incurred by the Group, the government grant is recognized as current profit and loss on a systematic basis during the period in which the related expenses are incurred.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 26,453	\$ 10,324
Checking accounts and demand deposits	725,454	330,100
Time deposits	464,199	193,201
Total	<u>\$ 1,216,106</u>	<u>\$ 533,625</u>

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

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

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

Items	December 31, 2021	December 31, 2020
Current items		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 1,070,969	\$ 1,404,333
Valuation adjustment	1,776	1,434
Total	\$ 1,072,745	\$ 1,405,767

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

	Year ended December 31	
	2021	2020
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 3,891	\$ 5,282

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

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

Items	December 31, 2021	December 31, 2020
Current items:		
Equity instruments		
Listed stocks	\$ 96,118	\$ 96,118
Valuation adjustment	48,865	33,364
Total	\$ 144,983	\$ 129,482
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 2,342	\$ 2,342
Valuation adjustment	(1,799)	(1,799)
Total	\$ 543	\$ 543

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

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 15,501	\$ 5,450
Dividend income recognised in profit or loss		
Held at end of year	\$ 10,159	\$ 7,172

(4) Financial assets at amortized cost

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Time deposits with original maturity over 3 months	\$ 421,908	\$ 108,925

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

B. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was \$421,908 and \$108,925, respectively.

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

(5) Accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable	\$ 720,291	\$ 538,096
Long-term accounts receivable - due in one year	314,484	302,004
	\$ 1,034,775	\$ 840,100

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
1 to 90 days	\$ 720,291	\$ 498,318
91 to 120 days	-	26,328
121 to 180 days	-	12,793
Over 180 days	-	745
	\$ 720,291	\$ 538,184

The above ageing analysis was based on invoice date.

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

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

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

(6) Prepayments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Prepayments for material purchases	\$ 30,605	\$ 7,178
Sub-contract costs payable	-	31,411
Prepaid rents	2,312	1,990
Prepaid insurance premiums	7,814	7,582
Others	53,828	51,358
	<u>\$ 94,559</u>	<u>\$ 99,519</u>

(7) Investments accounted for using the equity method

	<u>2021</u>	<u>2020</u>
At January 1	\$ 482,853	\$ 418,868
Addition of investments accounted for under the equity method	-	36,000
Share of profit or loss of investments accounted for using the equity method	59,902	56,689
Earnings distribution of investments accounted for using equity method	(41,447)	(25,470)
Changes in capital surplus	385	602
Changes in other equity items	2,814	(3,836)
At December 31	<u>\$ 504,507</u>	<u>\$ 482,853</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Associates:		
CTCI Chemicals Corp.	\$ 73,588	\$ 67,975
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	349,040	331,214
Ever Ecove Corporation	76,308	77,826
Jing Ding Green Energy Technology Co., Ltd.	5,571	5,838
	<u>\$ 504,507</u>	<u>\$ 482,853</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
		December 31, 2021	December 31, 2020		
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	20.00%	20.00%	Strategic Investment	Equity method

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

Balance sheet

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	December 31, 2021	December 31, 2020
Current assets	\$ 1,357,373	\$ 1,360,007
Non-current assets	664,766	525,236
Current liabilities	(649,026)	(572,660)
Non-current liabilities	(5,442)	(19,656)
Total net assets	\$ 1,367,671	\$ 1,292,927
Share in associate's net assets	\$ 273,535	\$ 258,586
Goodwill	75,505	75,505
Others	-	(2,877)
Carrying amount of the associate	\$ 349,040	\$ 331,214

Statement of comprehensive income

	Year ended December 31	
	2021	2020
Revenue	\$ 2,730,700	\$ 2,373,815
Profit for the year from continuing operations	197,996	197,481
Other comprehensive income(loss), net of tax	13,795	(19,438)
Total comprehensive income	\$ 211,791	\$ 178,043

(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 December 31, 2021 and 2020, the carrying amount of the Group's individually immaterial associates amounted to \$155,467 and \$151,639, respectively.

	Year ended December 31	
	2021	2020
Profit for the year from continuing operations	\$ 35,919	\$ 40,179
Other comprehensive income	203	190
Total comprehensive income	<u>\$ 36,122</u>	<u>\$ 40,369</u>

B. In September 2020, the Board of Directors of the Company's subsidiary, ECOVE Environment Service Corp., resolved to invest an expected aggregate amount of \$650 million in Jing Ding Green Energy Technology Co., Ltd. In 2020, the subsidiary invested \$6 million. As of December 31, 2020, the subsidiary has invested \$6 million for a shareholding ratio of 30%.

C. In July 2018, the Board of Directors of the Company resolved to invest an expected aggregate amount of \$100 million in EVER ECOVE Corporation. As of December 31, 2021, the Company has invested \$80 million for a shareholding ratio of 5%.

(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Transportation</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2021</u>						
Cost	\$ 162,349	\$ 16,402	\$ 3,783,530	\$ 110,146	\$ 20,273	\$ 4,092,700
Accumulated depreciation	-	(918)	(523,502)	(76,892)	(6,738)	(608,050)
	<u>\$ 162,349</u>	<u>\$ 15,484</u>	<u>\$ 3,260,028</u>	<u>\$ 33,254</u>	<u>\$ 13,535</u>	<u>\$ 3,484,650</u>
<u>Year ended</u>						
<u>December 31, 2021</u>						
Opening net book amount	\$ 162,349	\$ 15,484	\$ 3,260,028	\$ 33,254	\$ 13,535	\$ 3,484,650
Additions	-	100	105,019	14,035	3,167	122,321
Transfers	-	-	586,659	-	-	586,659
Disposals	-	-	(8)	(1,065)	(33)	(1,106)
Depreciation charge	-	(610)	(272,107)	(11,005)	(3,233)	(286,955)
Net exchange differences	(1,526)	-	(7,560)	(20)	(32)	(9,138)
Closing net book amount	<u>\$ 160,823</u>	<u>\$ 14,974</u>	<u>\$ 3,672,031</u>	<u>\$ 35,199</u>	<u>\$ 13,404</u>	<u>\$ 3,896,431</u>
<u>At December 31, 2021</u>						
Cost	\$ 160,823	\$ 16,502	\$ 4,453,120	\$ 112,598	\$ 22,741	\$ 4,765,784
Accumulated depreciation	-	(1,528)	(781,089)	(77,399)	(9,337)	(869,353)
	<u>\$ 160,823</u>	<u>\$ 14,974</u>	<u>\$ 3,672,031</u>	<u>\$ 35,199</u>	<u>\$ 13,404</u>	<u>\$ 3,896,431</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Transportation</u>	<u>Unfinished construction</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2020</u>							
Cost	\$ 169,755	\$ 516	\$ 2,783,947	\$ 107,005	\$ 153,011	\$ 15,633	\$ 3,229,867
Accumulated depreciation	-	(276)	(287,085)	(75,247)	-	(8,424)	(371,032)
	<u>\$ 169,755</u>	<u>\$ 240</u>	<u>\$ 2,496,862</u>	<u>\$ 31,758</u>	<u>\$ 153,011</u>	<u>\$ 7,209</u>	<u>\$ 2,858,835</u>
<u>Year ended</u>							
<u>December 31, 2020</u>							
Opening net book amount	\$ 169,755	\$ 240	\$ 2,496,862	\$ 31,758	\$ 153,011	\$ 7,209	\$ 2,858,835
Additions	-	-	79,180	11,769	-	1,486	92,435
Transfers	-	15,885	972,241	-	(153,011)	8,321	843,436
Disposals	-	-	(142)	(61)	-	-	(203)
Depreciation charge	-	(641)	(248,472)	(10,213)	-	(3,405)	(262,731)
Net exchange differences	(7,406)	-	(39,641)	1	-	(76)	(47,122)
Closing net book amount	<u>\$ 162,349</u>	<u>\$ 15,484</u>	<u>\$ 3,260,028</u>	<u>\$ 33,254</u>	<u>\$ -</u>	<u>\$ 13,535</u>	<u>\$ 3,484,650</u>
<u>At December 31, 2020</u>							
Cost	\$ 162,349	\$ 16,402	\$ 3,783,530	\$ 110,146	\$ -	\$ 20,273	\$ 4,092,700
Accumulated depreciation	-	(918)	(523,502)	(76,892)	-	(6,738)	(608,050)
	<u>\$ 162,349</u>	<u>\$ 15,484</u>	<u>\$ 3,260,028</u>	<u>\$ 33,254</u>	<u>\$ -</u>	<u>\$ 13,535</u>	<u>\$ 3,484,650</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 \$2,333 and \$2,115, respectively, and the interest rates for capitalisation ranged from 0.75%~1.23% and 0.85%~2.0364% for the years ended December 31, 2021 and 2020, respectively.

(9) Leasing arrangements – lessee

A. The Group leases various assets including land, buildings, machinery and equipment, and business vehicles. Rental contracts are typically made for periods of 1 to 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 December 31, 2021 and 2020, payments of lease commitments for short-term leases amounted to \$19,636 and \$12,284, respectively.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 46,467	\$ 50,490
Buildings	148,806	20,509
Transportation	8,048	7,182
Other equipment	5,109	3,330
	<u>\$ 208,430</u>	<u>\$ 81,511</u>

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 10,367	\$ 9,671
Buildings	11,528	12,419
Transportation	6,245	6,676
Other equipment	1,112	1,058
	<u>\$ 29,252</u>	<u>\$ 29,824</u>

D. As of December 31, 2021 and 2020, right-of-use assets-land amounting to \$19,395 and \$25,371 pertain to land use right obtained by ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corporation for the refuse incineration plant according to the service concession arrangements, respectively. Please refer to Note 6(11)A for details.

E. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$160,399 and \$16,207, respectively.

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

	Year ended December 31	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 759	\$ 548
Expense on short-term lease contracts	19,636	12,284
Expense on leases of low-value assets	1,266	944
Expense on variable lease payments	69,424	48,532
Gain arising from lease modifications	(727)	627

G. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases amounted to \$113,529 and \$83,673, respectively.

H. Variable lease payments

- (a) Some of the Group's lease contracts contain variable lease payment terms that are linked to electricity production of solar power. Various lease payments that depend on the electricity production of solar power are 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

	2021		
	Franchise	Goodwill	Total
At January 1, 2021			
Cost	\$ -	\$ 136,153	\$ 136,153
Accumulated amortisation and impairment	-	-	-
	<u>\$ -</u>	<u>\$ 136,153</u>	<u>\$ 136,153</u>
Opening net book amount as at January 1, 2021			
Additions — acquired separately	888,190	-	888,190
Amortisation charge	(9,941)	-	(9,941)
Closing net book amount as at December 31, 2021	<u>\$ 878,249</u>	<u>\$ 136,153</u>	<u>\$ 1,014,402</u>
At December 31, 2021			
Cost	\$ 888,190	\$ 136,153	\$ 1,024,343
Accumulated amortisation and impairment	(9,941)	-	(9,941)
	<u>\$ 878,249</u>	<u>\$ 136,153</u>	<u>\$ 1,014,402</u>

	<u>2020</u>	
	<u>Goodwill</u>	
At January 1, 2020		
Cost	\$	136,153
Accumulated amortisation and impairment		-
	<u>\$</u>	<u>136,153</u>
Opening net book amount as at January 1	\$	136,153
Amortisation charge		-
Closing net book amount as at December 31, 2020	<u>\$</u>	<u>136,153</u>
At December 31, 2020		
Cost	\$	136,153
Accumulated amortisation and impairment		-
	<u>\$</u>	<u>136,153</u>

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

	<u>Year ended December</u>	<u>Year ended December</u>
	<u>31, 2021</u>	<u>31, 2020</u>
Operating costs	<u>\$ 9,941</u>	<u>\$ -</u>

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. Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount. The key assumptions used for value-in-use calculations are as follows:

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Gross margin	18.40%~23.93%	18.18%~25.84%
Growth rate	4.74%~39.40%	20%~25%
Discount rate	8.70%	7.10%

D. On October 28, 2021, the subsidiary, ECOVE Environment Services Gangshan Corporation, signed a rehabilitate-operation-transfer (ROT) investment agreement with the Kaohsiung City government. The Company participated in the construction and operation of the Gangshan refuse incineration plant in accordance with the Act for Promotion of Private Participation in Infrastructure Projects. After the expiration of the agreement period, the operating rights of the Gangshan refuse incineration plant, the operating assets and the land invested in its construction would be returned to the Kaohsiung city government. The agreement period is 15 years from the year when the refuse incineration plant starts to operate.

Under the investment agreement signed by the subsidiary, ECOVE Environment Services Gangshan Corporation, the royalties and compensation were required to be paid to the Kaohsiung City Government during the agreement period. The royalties and compensation were calculated by applying the disposable waste in tons received by the subsidiary, ECOVE Environment Services Gangshan Corporation, to the royalties amount per ton.

According to the investment agreement, starting from the date of operation to December 31, 2025, the rehabilitation work specified in the agreement must be completed, at least \$600,000 must be invested during the rehabilitation period to complete the construction area specified in the agreement, and the total rehabilitation cost amounted to \$888,190. In accordance with IFRIC 12, "Service Concession Arrangement", the Company will provide the construction or enhance the performance services as a right to acquire electricity sales and self-collected waste and the future construction costs to be invested, which would be recognised as intangible assets and contract liabilities - non-current, respectively. The amortization of the Company's concession is based on the straight-line method over a period of 15 years.

(11) Other non-current assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Long-term accounts receivable	\$ 1,544,206	\$ 1,846,210
Less: Current portion	(314,484)	(302,004)
	1,229,722	1,544,206
Refundable deposits	65,398	31,061
Prepayments for business facilities	251,426	211,417
Restricted bank deposits	49,974	41,300
Contract fulfillment cost	28,414	74,265
Others	33,454	34,717
	<u>\$ 1,658,388</u>	<u>\$ 1,936,966</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” (please refer to Note 6(5)); assets that are expected to be realized over twelve months from the balance sheet date are classified as “long-term accounts receivable”. The other terms of the agreement are as follows:

- (a) The subsidiary, ECOVE Wujih Energy Corp., obtained the operation for the construction of Wujih Refuse Incineration Plant by build - operate - transfer (BOT) mode since April, 2000. In September, 2000, the “Waste incineration, Taichung City commission contract” between ECOVE Wujih Energy Corp. and Taichung City Government had been signed. The operating period is for 20 years starting from September 6, 2004. However, according to the contract, if it is expired in advance or extended during construction or operation, duration of the operation will be deemed to be matured or extended, but not to exceed 50 years. In order to work the “Waste Incineration Taichung City Commission Contract”, ECOVE Wujih Energy Corp. obtained the land-use right of Wujih Refuse Incineration Plant. Therefore, duration of the land-use right has continued for 20 years since the plant began operating.
 - (b) The subsidiary, ECOVE Miaoli Energy Corp., obtained the operation for the construction of Miaoli County Refuse Incineration Plant by build - operate - transfer (BOT) mode since August, 2002. In September, 2002, the “Waste Incineration Commission Contract” between ECOVE Miaoli Energy Corp. and Miaoli County Government had been signed. The operating period is for 20 years starting February 29, 2008. However, according to the contract, if it is expired in advance or extended during construction or operation, duration of the operation will be deemed to be matured or extended. In order to work the “Waste Incineration Miaoli County Commission Contract”, ECOVE Miaoli Energy Corp. obtained the land-use right of Miaoli Refuse Incineration Plant. Therefore, duration of the land-use right is from September 13, 2002 to March 12, 2026.
 - (c) ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corp. need to deal with the guarantee tonnage of waste from government according to the contract during the construction or operation.
 - (d) Per Service cost is calculated and adjusted based on the “Waste Incineration Commission Contract”, “Index of Average Regular Earnings of Employees–Manufacturing” and “Consumer Price Index”.
- B. For details of the refundable deposits and restricted bank deposits, please refer to Note 8.
- C. Contract fulfillment cost refer to the initial reconstruction cost of the refuse incineration plant for the contract that the Company entered into with the owner to operate the plant on its behalf, and it is amortized over the term of the contract.

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Secured borrowings	\$ <u>498,000</u>	1.00%	Note 1, 2

<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Secured borrowings	\$ <u>464,700</u>	1.00% ~ 1.23%	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 December 31, 2021 and 2020 amounting to \$1,100,000 and \$850,000, respectively.

(13) Short-term notes and bills payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commercial paper payable	\$ 40,000	\$ 148,000
Discount on commercial papers payable	(31)	(75)
	<u>\$ 39,969</u>	<u>\$ 147,925</u>
Interest rate	<u>0.9380%</u>	<u>0.95%</u>

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

(14) Accounts payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Materials payable	\$ 19,707	\$ 7,884
Sub-contract costs payable	101,572	109,685
Incinerator equipment costs payable	42,446	64,357
Maintenance costs payable	552,400	411,330
Others	128,040	101,455
	<u>\$ 844,165</u>	<u>\$ 694,711</u>

(15) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accrued payroll	\$ 315,237	\$ 290,800
Payables on equipment	111,769	-
Other payables	117,474	98,674
	<u>\$ 544,480</u>	<u>\$ 389,474</u>

(16) Bonds payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bonds payable	\$ 2,000,000	\$ -
Less: Discount on bonds payable	(11,155)	-
	<u>\$ 1,988,845</u>	<u>\$ -</u>

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

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

(17) Long-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Secured borrowings	\$ 122,760	\$ 1,396,019
Less: Current portion	(36,936)	(247,409)
	<u>\$ 85,824</u>	<u>\$ 1,148,610</u>
Facility amount	<u>\$ 146,866</u>	<u>\$ 2,855,785</u>
Interest rate	<u>2.49663%</u>	<u>1.0964%~2.63488%</u>

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

B. The Group has pledged promissory notes and IOU as of December 31, 2021 and 2020 amounting to \$146,866 and \$2,855,785, respectively.

(18) Other non-current liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Net defined benefit liability	\$ 53,667	\$ 60,227
Accrued recovery costs	255,262	162,745
Guaranteed deposits received	252,189	192,853
Deferred revenue	115,706	133,507
Others	41,073	36,577
	<u>\$ 717,897</u>	<u>\$ 585,909</u>

A. Accrued recovery cost

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

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

(19) Pensions

A. Defined benefit pension plan

- (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standard Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement next year, the Company and its domestic subsidiaries will make contributions to cover the deficit by next March.
- (b) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	\$ 273,001	\$ 281,601
Fair value of plan assets	(219,334)	(221,374)
Net defined benefit liability	<u>\$ 53,667</u>	<u>\$ 60,227</u>

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2021</u>			
At January 1	\$ 281,601	(\$ 221,374)	\$ 60,227
Current service cost	5,658	-	5,658
Interest expense (income)	845	(664)	181
	<u>288,104</u>	<u>(222,038)</u>	<u>66,066</u>
Remeasurements:			
Return on plan assets	-	(15)	(15)
Change in demographic assumptions	243	-	243
Change in financial assumptions	(10,304)	-	(10,304)
Experience adjustments	5,269	(3,506)	1,763
	<u>(4,792)</u>	<u>(3,521)</u>	<u>(8,313)</u>
Pension fund contribution	-	(3,786)	(3,786)
Paid pension	(10,011)	10,011	-
Paid by company account	(300)	-	(300)
At December 31	<u>\$ 273,001</u>	<u>(\$ 219,334)</u>	<u>\$ 53,667</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2020</u>			
At January 1	\$ 274,105	(\$ 224,550)	\$ 49,555
Current service cost	5,956	-	5,956
Interest expense (income)	1,915	(1,572)	343
	<u>281,976</u>	<u>(226,122)</u>	<u>55,854</u>
Remeasurements:			
Change in financial assumptions	10,678	-	10,678
Experience adjustments	6,013	(7,684)	(1,671)
	<u>16,691</u>	<u>(7,684)</u>	<u>9,007</u>
Pension fund contribution	-	(4,634)	(4,634)
Paid pension	(17,066)	17,066	-
At December 31	<u>\$ 281,601</u>	<u>(\$ 221,374)</u>	<u>\$ 60,227</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.).

With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate	0.60% ~ 0.70%	0.30%
Future salary increases	2.50% ~ 3.00%	2.50% ~ 3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis is as follows:

	<u>Discount rate</u>		<u>Future salary increases</u>	
December 31, 2021	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
Effect on present value of defined benefit obligation	<u>(\$ 6,043)</u>	<u>\$ 6,248</u>	<u>\$ 5,417</u>	<u>(\$ 5,276)</u>

	<u>Discount rate</u>		<u>Future salary increases</u>	
December 31, 2020	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
Effect on present value of defined benefit obligation	<u>(\$ 6,744)</u>	<u>\$ 6,985</u>	<u>\$ 6,085</u>	<u>(\$ 5,918)</u>

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to \$5,282.

B. Defined contribution pension plan

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were \$31,507 and \$29,514, 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 years ended December 31, 2021 and 2020 were \$9,624 and \$9,690, respectively.

(20) Share-based payment

- A. For the years ended December 31, 2021 and 2020, the Company’s share-based payment arrangements were as follows:

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

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

(a) Sixth plan of employee stock options:

	Year ended December 31			
	2021		2020	
	No. of units (in thousands)	Weighted- average exercise price (in dollars)	No. of units (in thousands)	Weighted- average exercise price (in dollars)
<u>Stock options</u>				
Options outstanding at beginning of year	1,102	NT\$ 147.40	1,408	NT\$ 155.00
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(14)	-	(42)	-
Options exercised	(340)	NT\$ 145.18	(264)	NT\$ 147.40
Options revoked	-	-	-	-
Options outstanding at end of year	<u>748</u>	NT\$ 140.60	<u>1,102</u>	NT\$ 147.40
Options exercisable at end of year	<u>414</u>	NT\$ 140.60	<u>249</u>	NT\$ 147.40

(b) Seventh plan of employee stock options:

	Year ended December 31			
	2021		2020	
	No. of units (in thousands)	Weighted- average exercise price (in dollars)	No. of units (in thousands)	Weighted- average exercise price (in dollars)
<u>Stock options</u>				
Options outstanding at beginning of year	1,423	NT\$ 191.10	1,466	NT\$ 201.00
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(19)	-	(43)	-
Options exercised	(234)	NT\$ 186.41	-	-
Options revoked	-	-	-	-
Options outstanding at end of year	<u>1,170</u>	NT\$ 182.3	<u>1,423</u>	NT\$ 191.10
Options exercisable at end of year	<u>293</u>	NT\$ 182.3	<u>-</u>	-

(c) Eighth plan of employee stock options:

	Year ended December 31			
	2021		2020	
	No. of units (in thousands)	Weighted- average exercise price (in dollars)	No. of units (in thousands)	Weighted- average exercise price (in dollars)
Stock options				
Options outstanding at beginning of year	1,473	NT\$ 193.00	-	-
Options granted	-	-	1,500	NT\$ 203.00
Distribution of stock dividends /adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(18)	-	(27)	-
Options exercised	-	-	-	-
Options revoked	-	-	-	-
Options outstanding at end of year	<u>1,455</u>	NT\$ 184.01	<u>1,473</u>	NT\$ 193.00
Options exercisable at end of year	<u>-</u>	-	<u>-</u>	-

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2021 and 2020 was NT\$227.25 and NT\$212.47 (in dollars) , respectively.

D. As of December 31, 2021 and 2020, the range of exercise prices of stock options outstanding was \$140.6~\$191.1 and \$147.4~\$193.0 (in dollars), respectively; the weighted-average remaining contractual period was as follows:

Type of arrangement	December 31, 2021	December 31, 2020
Sixth plan of employee stock options	2.5 years	3.5 years
Seventh plan of employee stock options	3.5 years	4.5 years
Eighth plan of employee stock options	4.25 years	5.25 years

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

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

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

	Year ended December 31	
	2021	2020
Equity-settled	\$ 23,161	\$ 26,025

(21) Share capital

A. As of December 31, 2021, 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 \$695,170 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:

	2021	2020
At January 1	69,028,564	67,105,148
Employee stock options exercised	574,114	263,744
Acquisition of non-controlling interests by issuing ordinary shares	-	1,659,672
At December 31	69,602,678	69,028,564

B. As of December 31, 2021 and 2020, the associate of the Group held 276 thousand shares.

C. The Company issued 1,659,672 ordinary shares on December 31, 2020 (2% of the total ordinary share capital issued) to the shareholders of ECOVE Environment Service Corp. as part of the purchase consideration for 6.85% of its ordinary share capital. The ordinary shares issued have the same rights as other shares in issue. The fair value of the shares issued amounted to \$363,468 (NT\$219 per share). The related transaction costs amounting to \$1,185 have been netted off with the deemed proceeds.

D. The shares of the Company held by the subsidiary, ECOVE Waste Management Corp, were the ordinary shares issued by the Company on December 31, 2020 to acquire the shares of ECOVE Environment Services Corp. from ECOVE Waste Management Corp. through the share swap. As of December 31, 2021, the carrying amount of the shares of the Company held by ECOVE Waste Management Corp. amounted to \$57. The details are as follows:

	December 31, 2021		
	Number of shares	Carrying amount (in dollars/share)	Market value (in dollars/share)
ECOVE Waste Management Corp.	1,605	NT\$ 35.34	NT\$ 234
	December 31, 2020		
	Number of shares	Carrying amount (in dollars/share)	Market value (in dollars/share)
ECOVE Waste Management Corp.	1,605	NT\$ 35.34	NT\$ 219

(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	Others	Total
At January 1, 2021	\$ 2,265,828	\$ 44,814	\$ -	\$ 2,310,642
Employee stock options exercised	87,255	-	-	87,255
Share-based payment transaction	-	23,066	-	23,066
Adjustments of changes in investments accounted for using equity method	-	385	-	385
At December 31, 2021	<u>\$ 2,353,083</u>	<u>\$ 68,265</u>	<u>\$ -</u>	<u>\$ 2,421,348</u>

	Share premium	Employee stock options	Others	Total
At January 1, 2020	\$ 2,186,678	\$ 19,667	\$ 1,686	\$ 2,208,031
Employee stock options exercised	36,238	-	-	36,238
Share-based payment transaction	-	24,586	-	24,586
Transactions with non-controlling	42,912	-	(1,686)	41,226
Adjustments of changes in investments accounted for using equity method	-	561	-	561
At December 31, 2020	<u>\$ 2,265,828</u>	<u>\$ 44,814</u>	<u>\$ -</u>	<u>\$ 2,310,642</u>

(23) Retained earnings

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

by the central competent authority, a special reserve shall be set aside. If there is recovery of the balance of special reserve, the recovered amount shall be included in the distribution of the profit for the current year.

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

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

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

E. The appropriations of 2020 and 2019 earnings had been resolved at the stockholders' meeting on July 30, 2021 and May 28, 2020, respectively. Details are summarised below:

	<u>2020</u>	<u>2019</u>
Legal reserve	\$ 83,554	\$ 80,492
Reversal of special reserve	23,272	(2,243)
Cash dividends	<u>759,482</u>	<u>726,749</u>
Total	<u>\$ 866,308</u>	<u>\$ 804,998</u>

F. The Company recognized dividends of \$759,482 (NT\$10.94880262 per share) and \$726,749 (NT\$10.83 per share) in 2019 and 2018, respectively.

G. The Company recognized dividends of \$759,482 (NT\$11.00 dollars per share) in 2020. In addition, outstanding stocks will be influenced by employees' share rights. Thus, Board of Directors approved the adjustment of the dividend per share from NT\$11 per share to NT\$10.94880262 per share.

H. The appropriations of 2021 earnings had been proposed by Board of Directors during its meeting on March 7, 2022.

Details are summarized below:

	<u>2021</u>	
	<u>Amount</u>	<u>Dividends per share (in NT\$ dollars)</u>
Legal reserve	\$ 91,755	NT\$ -
Special reserve	(8,377)	-
Cash dividends	<u>834,675</u>	<u>11.99</u>
Total	<u>\$ 918,053</u>	<u>NT\$ 11.99</u>

The appropriations of 2021 earnings has not yet been resolved at the stockholders' meeting.

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

(24) Operating revenue

	Year ended December 31,	
	2021	2020
Operating revenue	\$ 2,106,560	\$ 2,254,862
Electricity	2,029,402	1,654,013
Waste collection	84,949	73,172
Others	1,182,050	1,084,781
	<u>5,402,961</u>	<u>5,066,828</u>
Service concession arrangements		
Operating revenue	467,719	474,255
Finance revenue	84,570	96,507
	<u>552,289</u>	<u>570,762</u>
	<u>\$ 5,955,250</u>	<u>\$ 5,637,590</u>

A. Disaggregation of revenue from contracts with customers

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

Year ended December 31,	Year ended				
	2021	Domestic	China	Macau	United States	Total
Total segment revenue	\$ 6,475,048	\$ 55,058	\$ 1,065,669	\$ 78,999	\$ 7,674,774
Inter-segment revenue	(1,576,234)	(24,303)	(118,987)	-	(1,719,524)
Revenue from external customer contracts	<u>\$ 4,898,814</u>	<u>\$ 30,755</u>	<u>\$ 946,682</u>	<u>\$ 78,999</u>	<u>\$ 5,955,250</u>
Timing of revenue recognition over a period of time	<u>\$ 4,898,814</u>	<u>\$ 30,755</u>	<u>\$ 946,682</u>	<u>\$ 78,999</u>	<u>\$ 5,955,250</u>

Year ended					
December 31, 2020	Domestic	China	Macau	United States	Total
Total segment revenue	\$ 6,297,290	\$ 91,962	\$ 995,173	\$ 75,292	\$ 7,459,717
Inter-segment revenue	(1,674,637)	(31,898)	(115,592)	-	(1,822,127)
Revenue from external customer contracts	<u>\$ 4,622,653</u>	<u>\$ 60,064</u>	<u>\$ 879,581</u>	<u>\$ 75,292</u>	<u>\$ 5,637,590</u>
Timing of revenue recognition					
Over a period of time	<u>\$ 4,622,653</u>	<u>\$ 60,064</u>	<u>\$ 879,581</u>	<u>\$ 75,292</u>	<u>\$ 5,637,590</u>

B. Contract assets and liabilities

(a) Contract assets:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Estimated accounts receivable	\$ 620,662	\$ 512,733	\$ 342,720
Executory contract cost	28,414	74,265	120,909
	<u>\$ 649,076</u>	<u>\$ 586,998</u>	<u>\$ 463,629</u>

(b) Contract liabilities:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Receipts in advance	\$ 22,284	\$ 9,729	\$ 50,005
construction contract	888,190	-	-
	<u>\$ 910,474</u>	<u>\$ 9,729</u>	<u>\$ 50,005</u>

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

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Receipts in advance	<u>\$ 5,538</u>	<u>\$ 44,827</u>

(25) Interest income

	Year ended December 31	
	2021	2020
Interest income from bank deposits	\$ 2,095	\$ 2,666
Other interest income	1,364	304
	<u>\$ 3,459</u>	<u>\$ 2,970</u>

(26) Other income

	Year ended December 31	
	2021	2020
Dividend income	\$ 10,159	\$ 7,172
Income from government grants	12,403	13,083
Income from sale of scraps	14,610	3,019
Other income, others	3,394	13,416
	<u>\$ 40,566</u>	<u>\$ 36,690</u>

(27) Other gains and losses

	Year ended December 31	
	2021	2020
Gains on disposals of property, plant and equipment	\$ 814	\$ 2,374
(Losses) gains arising from lease modifications	(727)	627
Foreign exchange losses	(770)	(2,480)
Gains on financial assets at fair value through profit or loss	3,891	5,282
Miscellaneous disbursements	(834)	(251)
	<u>\$ 2,374</u>	<u>\$ 5,552</u>

(28) Finance cost

	Year ended December 31	
	2021	2020
Interest expense	\$ 14,043	\$ 29,348
Interest expense arising from corporate bonds	8,714	-
Interest expense arising from lease liabilities	759	548
	<u>\$ 23,516</u>	<u>\$ 29,896</u>

(29) Expenses by nature

	Year ended December 31	
	2021	2020
Employee benefit expense	\$ 1,164,394	\$ 1,091,403
Depreciation charges on property, plant and equipment	286,955	262,731
Depreciation charges on right-of-use assets	29,252	29,824
Amortisation	20,720	9,588
Incinerator equipment costs	486,775	503,860
Materials	901,661	757,601
Sub-contract costs	1,131,518	1,071,485
Insurance	70,481	59,942
Air pollution fee	-	20,000
Other expenses	593,457	620,828
	<u>\$ 4,685,213</u>	<u>\$ 4,427,262</u>

(30) Employee benefit expense

	Year ended December 31	
	2021	2020
Salaries	\$ 972,457	\$ 913,446
Employee stock options	23,161	26,025
Labor and health insurance fees	68,797	61,342
Pension costs	46,970	45,503
Other personnel expenses	53,009	45,087
	<u>\$ 1,164,394</u>	<u>\$ 1,091,403</u>

- A. As of December 31, 2021 and 2020, the Group had 1,040 and 976 employees, respectively.
- B. When net profit occurs in the annual accounts, the Company may, after reserving a sufficient amount of the income before tax to cover the accumulated losses, upon the resolution of the Board of Directors, distribute at least 0.01% of the income before tax as employees' compensation, and distribute no more than 2% of the income before tax as directors' remuneration. The remuneration could be in the form of stock or cash, and the employees' compensation could be distributed to the employees of subsidiaries of the Company under certain conditions. A report of the distribution of employees' compensation or the directors' remuneration shall be submitted to the shareholders at the shareholders' meeting.
- C. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$325 and \$304, respectively; directors' remuneration was accrued at \$5,200 and \$5,200, respectively. The aforementioned amounts were recognized in salary and other expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 0.01% and 2% of distributable profit of current year for the year ended December 31, 2021. The employees' compensation and directors' remuneration have not yet been resolved by the Board of Directors. The employees' compensation will be distributed in the form of cash.

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

	Year ended December 31	
	2021	2020
Current tax:		
Current tax on profits for the year	\$ 277,228	\$ 247,624
Prior year income tax overestimation	47,290	(69)
Total current tax	324,518	247,555
Deferred tax:		
Origination and reversal of temporary differences	(50,344)	(13,688)
Effect of exchange rate changes	901	377
Income tax expense	<u>\$ 275,075</u>	<u>\$ 234,244</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2021	2020
Remeasurement of defined benefit obligations	(\$ 1,683)	\$ 1,731

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate (note)	\$ 259,654	\$ 247,022
Income disallowed by tax regulation	(16,260)	(12,709)
Change in assessment of realisation of deferred tax assets	(15,609)	-
Prior year income tax under (over)estimation	47,290	(69)
Income tax expense	<u>\$ 275,075</u>	<u>\$ 234,244</u>

Note: The basis for computing the applicable tax rate is the rate applicable in Taiwan, Macao and China.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Unused compensated absences	\$ 3,435	\$ 269	\$ -	\$ 3,704
Unrealized pension costs	9,579	294	(1,683)	8,190
Unrealized maintenance costs	12,832	5,479	-	18,311
Unrealized cost of services	20	31	-	51
Unrealized gains on disposal of fixed assets	1,296	(110)	-	1,186
	<u>\$ 27,162</u>	<u>\$ 5,963</u>	<u>(\$ 1,683)</u>	<u>\$ 31,442</u>
- Deferred tax liabilities:				
Unrealized foreign investment gain	(\$ 33,056)	\$ 15,574	\$ -	(\$ 17,482)
Unrealized exchange loss	(1,066)	77	-	(989)
Unrealized concession arrangements gain	(162,118)	28,730	-	(133,388)
	<u>(\$ 196,240)</u>	<u>\$ 44,381</u>	<u>\$ -</u>	<u>(\$ 151,859)</u>
	<u>(\$ 169,078)</u>	<u>\$ 50,344</u>	<u>(\$ 1,683)</u>	<u>(\$ 120,417)</u>

	2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Unused compensated absences	5,000	(1,565)	-	3,435
Unrealized pension costs	7,785	63	1,731	9,579
Unrealized maintenance costs	11,224	1,608	-	12,832
Unrealized maintenance expense	952	(952)	-	-
Unrealized cost of services	-	20	-	20
Unrealized gains on disposal of fixed assets	1,406	(110)	-	1,296
	<u>\$ 21,367</u>	<u>(\$ 936)</u>	<u>\$ 1,731</u>	<u>\$ 27,162</u>
- Deferred tax liabilities:				
Unrealized foreign investment gain	(\$ 32,814)	(\$ 242)	\$ -	(\$ 33,056)
Unrealized exchange gain	(1,335)	269	-	(1,066)
Unrealized concession arrangements gain	(176,715)	14,597	-	(162,118)
	<u>(\$ 210,864)</u>	<u>\$ 14,624</u>	<u>\$ -</u>	<u>(\$ 196,240)</u>
	<u>(\$ 184,497)</u>	<u>\$ 13,688</u>	<u>\$ 1,731</u>	<u>(\$ 169,078)</u>

D. As of December 31, 2021, the income tax returns of the Company through 2019 have been assessed and approved by the Tax Authority.

(32) Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share:</u>			
Profit attributable to owners of the parent	\$ 910,816	69,261	<u>NT\$ 13.15</u>
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	794	
Employees' bonus	-	<u>1</u>	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 910,816</u>	<u>70,056</u>	<u>NT\$ 13.00</u>

Year ended December 31, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share:</u>			
Profit attributable to owners of the parent	\$ 842,254	67,197	NT\$ <u>12.53</u>
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	473	
Employees' bonus	-	1	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	\$ <u>842,254</u>	<u>67,671</u>	NT\$ <u>12.45</u>

(33) Supplemental cash flow information

A. Investing activities with partial cash payments

	2021	2020
Purchase of property, plant and equipment	\$ 122,321	\$ 92,435
Less: Payable on demolition costs	(85,923)	(55,950)
Cash paid during the year	<u>\$ 36,398</u>	<u>\$ 36,485</u>
	2021	2020
Changes in other non-current assets	\$ 635,342	\$ 683,910
Less: Ending balance of payable on equipment	(111,769)	-
Cash paid during the year	<u>\$ 523,573</u>	<u>\$ 683,910</u>

(34) Changes in liabilities from financing activities

The Group's liabilities from financing activities for the years ended December 31, 2021 and 2020 included short-term borrowings, short-term notes and bills payable, corporate bonds payable, long-term borrowings, lease liabilities, changes in cash flow from financing, etc. The summary amount is as follows. For the rest of the information, please refer to the cash flow statement.

	2021	2020
	Liabilities from financing activities-gross	Liabilities from financing activities-gross
At January 1	\$ 2,065,284	\$ 1,936,337
Changes in cash flow from financing activities	618,926	142,543
Changes in other non-cash items	156,226	(13,596)
At December 31	<u>\$ 2,840,436</u>	<u>\$ 2,065,284</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is controlled by CTCI Corporation (incorporated in R.O.C.), which owns 55.25% of the Company's shares. The remaining 44.75% of the shares are widely held by the public.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
CTCI Corp.	Ultimate parent company
CTCI Chemical Corp.	Associate
CTCI Machinery Corp.	Associate
Ever Ecove Corporation	Associate
E&C Engineering Corp.	Associate
CTCI Development Corp.	Associate
CTCI Shanghai Co., Ltd.	Associate
Boretech Resource Recovery Engineering Co., Ltd.	Associate
CTCI Foundation	Other related party
CTCI Education Foundation	Other related party

(3) Significant transactions and balances with related parties

A. Operating revenue

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Ultimate parent company	\$ 3,188	\$ 1,979
Associates	4,012	-
	<u>\$ 7,200</u>	<u>\$ 1,979</u>

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

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

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

B. Purchases of goods and services

	Year ended December 31	
	2021	2020
Ultimate parent company	\$ 7,883	\$ 5,673
Associates	168,159	166,969
	<u>\$ 176,042</u>	<u>\$ 172,642</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. Period-end balances arising from sales of services

	December 31, 2021	December 31, 2020
Accounts receivable:		
Ultimate parent company	\$ 2,336	\$ -
Associates	4,012	-
	<u>\$ 6,348</u>	<u>\$ -</u>

D. Period-end balances arising from purchases of services

	December 31, 2021	December 31, 2020
Accounts payable:		
Ultimate parent company	\$ 6,146	\$ 5,152
Associates	28,060	11,869
	<u>\$ 34,206</u>	<u>\$ 17,021</u>

E. Other receivables - related parties

	December 31, 2021	December 31, 2020
Other receivables:		
Associates (Note)	\$ 8,541	\$ 84

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

F. Loans to related parties

(a) Outstanding balance

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

(b) Interest income

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Associates (Note)	\$ 1,286	\$ 304

Note: The terms of lending include interest to be calculated and received monthly, using the annual rate of 0.75%~1.01% and 1.01% for the years ended December 31, 2021 and 2020, respectively.

G. Other income

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Associates	\$ 508	\$ 785

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

H. Dividend income

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Associates	\$ 41,447	\$ 25,470

I. Operating expenses

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Ultimate parent company	\$ 15,073	\$ 9,317
Associates	1,554	539
	<u>\$ 16,627</u>	<u>\$ 9,856</u>

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

J. Other payables-related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Ultimate parent company	\$ 8,041	\$ 2,577
Associates	133	-
	<u>\$ 8,174</u>	<u>\$ 2,577</u>

K. Leasing arrangements - leasee

(a) As of December 31, 2021, the main lease contracts between the Group and related parties are as follows:

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

(b) Acquisition of right-of-use assets

	<u>Year ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Ultimate parent company	\$ 862	\$ -
Associates	138,519	-
	<u>\$ 139,381</u>	<u>\$ -</u>

(c) Lease liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Ultimate parent company	\$ 821	\$ 1,428
Associates	134,815	2,358
	<u>\$ 135,636</u>	<u>\$ 3,786</u>

(d) Interest expense on lease liabilities

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Ultimate parent company	\$ 7	\$ 14
Associates	396	36
	<u>\$ 403</u>	<u>\$ 50</u>

L. Property transactions

Acquisition of prepayments for business facilities

	Year ended December 31	
	2021	2020
Associates	\$ -	\$ 17,440

M. Endorsements and guarantees for others

	December 31, 2021	December 31, 2020
Associates	\$ 208,000	\$ 220,500

(4) Key management compensation

	Year ended December 31	
	2021	2020
Salaries and other short-term employee benefits	\$ 48,575	\$ 47,205
Post-employment benefits	991	1,061
	\$ 49,566	\$ 48,266

8. PLEDGED ASSETS

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

Assets	Book value		Purposes
	December 31, 2021	December 31, 2020	
Property, plant and equipment	\$ 696,027	\$ 732,910	Guarantee for long-term and short-term loans
Other non-current assets			
Guarantee deposits paid	65,398	31,061	Guarantee for bid, rent, performance guarantee, tender bond and staff dormitory
Restricted bank deposits	49,974	41,300	"
	\$ 811,399	\$ 805,271	

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 December 31, 2021 are as follows:

- (1) The subsidiaries had entered into lines of credit agreements with several banks for guarantee payments under various service contracts. The subsidiaries had either issued guarantee notes or promissory notes for amounts drawn down under the line of credit agreements. As of December 31, 2021, the total amount of guarantee notes issued amounted to \$7,054,750.
- (2) As of December 31, 2021, for contractual guarantee, performance guarantee, waste collection and other guarantees, the subsidiaries have a performance letter of guarantee issued by the bank amounting to \$1,552,985.
- (3) As of December 31, 2021, the subsidiaries had outstanding commitments for service contracts amounting to \$110,592.
- (4) As of December 31, 2021, the subsidiaries had unused letters of credit for importing materials and sub-contract amounting to \$9,257.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- A. The appropriation of 2021 earnings had been proposed at the Board of Directors' meeting on March 7, 2022. Please refer to Note 6(23)H for detailed information.

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 December 31, 2021 and 2020 were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total borrowings	\$ 2,649,574	\$ 2,008,644
Total equity	\$ 5,896,362	\$ 5,650,443
Gearing ratio	<u>45%</u>	<u>36%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</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	\$ 1,072,745	\$ 1,405,767
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	145,526	130,025
	<u>\$ 1,218,271</u>	<u>\$ 1,535,792</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 1,216,106	\$ 533,625
Financial assets at amortised cost	421,908	108,925
Notes receivable	667	88
Accounts receivable	1,034,775	840,100
Accounts receivable - related parties	6,348	-
Other receivables	2,516	908
Other receivables - related parties	272,541	30,084
Guarantee deposits paid	65,398	31,061
Long-term accounts receivable	1,229,722	1,544,206
Other financial assets	49,974	41,300
	<u>\$ 4,299,955</u>	<u>\$ 3,130,297</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 498,000	\$ 464,700
Short-term notes and bills payable	39,969	147,925
Notes payable	7,494	23
Accounts payable	844,165	694,711
Accounts payable - related parties	34,206	17,021
Other payables	544,480	389,474
Other payables - related parties	8,174	2,577
Bonds payable	1,988,845	-
Long-term borrowings (including current portion)	122,760	1,396,019
Guarantee deposits received	252,189	192,853
	<u>\$ 4,340,282</u>	<u>\$ 3,305,303</u>
Lease liability	<u>\$ 190,862</u>	<u>\$ 56,640</u>

B. Risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.
- iii. The Group has certain investments in foreign operations, therefore, does not hedge the risk.

- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: MOP and CNY). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2021		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 423	27,674	\$ 11,706
CNY : NTD	1,673	4.345	7,269
MOP : NTD	13,618	3.441	46,853
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1,835	3.441	6,313
	December 31, 2020		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 1,162	28.097	\$ 32,649
MOP : NTD	30,697	3.514	107,869
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1,395	3.514	4,902

- v. The unrealized exchange (loss) gain arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020 amounted to (\$593) and (\$1,545), respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2021				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1.00%	\$	117	\$ -
CNY : NTD	1.00%		73	\$ -
MOP : NTD	1.00%		469	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
MOP : NTD	1.00%		63	-

Year ended December 31, 2020				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1.00%	\$	326	\$ -
MOP : NTD	1.00%		1,079	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
MOP : NTD	1.00%		49	-

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 years ended December 31, 2021 and 2020, the Group's borrowings at variable rate were denominated in NTD.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition.

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

iv. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of notes and accounts receivable. On December 31, 2021 and 2020, the provision matrix is as follows:

	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At December 31, 2021</u>			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	\$ 2,136,417	\$ 128,080	\$ 2,264,497
Loss allowance	\$ -	\$ -	\$ -
	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At December 31, 2020</u>			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	\$ 2,262,264	\$ 122,042	\$ 2,384,306
Loss allowance	\$ -	\$ -	\$ -

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

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

(c) Liquidity risk

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

Non-derivative financial liabilities

<u>December 31, 2021</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 498,041	\$ -
Short-term notes and bills payable	40,000	-
Notes payable	7,494	-
Accounts payable (including related parties)	878,371	-
Other payables (including related parties)	552,654	-
Lease liabilities	36,033	159,648
Bonds payable	12,100	2,030,052
Long-term borrowings (including current portion)	37,876	89,413
Other non-current liabilities	252,189	-

Non-derivative financial liabilities

<u>December 31, 2020</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 465,540	\$ -
Short-term notes and bills payable	148,000	-
Notes payable	23	-
Accounts payable (including related parties)	711,732	-
Other payables (including related parties)	392,051	-
Lease liabilities	17,781	41,242
Long-term borrowings (including current portion)	251,466	1,249,155
Other non-current liabilities	192,853	-

(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:

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,072,745	\$ -	\$ -	\$ 1,072,745
Financial assets at fair value through other comprehensive income				
Equity securities	<u>144,983</u>	<u>-</u>	<u>543</u>	<u>145,526</u>
	<u>\$ 1,217,728</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 1,218,271</u>

December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,405,767	\$ -	\$ -	\$ 1,405,767
Financial assets at fair value through other comprehensive income				
Equity securities	<u>129,482</u>	<u>-</u>	<u>543</u>	<u>130,025</u>
	<u>\$ 1,535,249</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 1,535,792</u>

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 years ended December 31, 2021 and 2020, there were no transfers between Level 1 and Level 2.

F. For the years ended December 31, 2021 and 2020, there were no transfers into or out from Level 3.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

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

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

- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

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

(4) Major shareholders information

Please refer to table 11.

14. OPERATING SEGMENT FINANCIAL INFORMATION

(1) General information

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

(2) Information about segmental income, assets and liabilities

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

	Year ended December 31	
	2021	2020
Revenue from external customers	\$ 5,955,250	\$ 5,637,590
Inter-segment revenue	1,719,524	1,822,127
Total segment revenue	\$ 7,674,774	\$ 7,459,717
Segment income	\$ 1,270,037	\$ 1,210,328
Depreciation	\$ 316,207	\$ 292,555
Amortisation	\$ 20,720	\$ 9,588

(3) Reconciliation information of segmental income

A reconciliation of adjusted EBITDA for reportable segment and income from continuing operations before income tax for the years ended December 31, 2021 and 2020 is provided as follows:

	Year ended December 31	
	2021	2020
Adjusted EBITDA for reportable segment	\$ 1,270,037	\$ 1,210,328
Financial cost, net	(23,516)	(29,896)
Others	106,301	101,901
Income from continuing operations before income tax	\$ 1,352,822	\$ 1,282,333

(4) Information on products and services

The Company and its subsidiaries are operating in an environmental-friendly industry. In addition, no product information is disclosed.

(5) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	Year ended December 31,			
	2021		2020	
	Operating revenue	Non-current assets	Operating revenue	Non-current assets
Taiwan	\$ 4,898,814	\$ 5,088,878	\$ 4,622,653	\$ 4,942,510
Macau	946,682	17,336	879,581	13,293
China	30,755	319	60,064	1,515
USA	78,999	591,318	75,292	647,951
Total	<u>\$ 5,955,250</u>	<u>\$ 5,697,851</u>	<u>\$ 5,637,590</u>	<u>\$ 5,605,269</u>

Non-current assets consists of property, plant and equipment and other non-current assets.

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2021 and 2020 is as follows:

	Year ended December 31,	
	2021	2020
Customer A	\$ 1,200,035	\$ 941,190
Customer B	324,403	332,356
Customer C	320,679	318,221
Customer D	263,797	311,714

ECOVE ENVIRONMENT CORPORATION

Loans to others

Year ended December 31, 2021

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 year ended December 31, 2021 (Note 3)	Balance at December 31, 2021 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Other receivables-related parties	Yes	\$ 1,447,731	\$ 1,447,731	\$ 1,184,731	0.75%	2	\$ -	For operational needs	\$ -	-	\$ -	\$ 2,185,632	\$ 2,185,632	-
0	"	ECOVE Solar Power Corporation	"	"	574,952	574,952	552,952	0.75%	"	"	"	"	"	"	2,185,632	2,185,632	-
0	"	ECOVE South Corporation Ltd	"	"	77,317	77,317	77,317	0.75%	"	"	"	"	"	"	2,185,632	2,185,632	-
1	ECOVE Environment Services Corp.	CTCI Machinery Corp.	"	"	300,000	233,000	233,000	0.75%	"	"	"	"	"	"	359,948	359,948	-
1	"	ECOVE South Corporation Ltd	"	"	30,000	30,000	23,000	0.75%	"	"	"	"	"	"	359,948	359,948	-
1	"	ECOVE Solvent Recycling Corporation	"	"	30,000	-	-		"	"	"	"	"	"	359,948	359,948	-
1	"	E&C Engineering Corp.	"	"	30,000	-	-		"	"	"	"	"	"	359,948	359,948	-
2	ECOVE Waste Management Corp.	CTCI Machinery Corp.	"	"	45,000	31,000	31,000	0.75%	"	"	"	"	"	"	43,734	43,734	-
3	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	"	"	80,000	-	-	-	"	"	"	"	"	"	551,446	551,446	-
3	"	ECOVE South Corporation Ltd	"	"	80,000	-	-	-	"	"	"	"	"	"	551,446	551,446	-

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

(1)The Company is '0'.

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

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

Note 3: Fill in the maximum outstanding balance of loans to others for the year ended December 31, 2021.

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

(1)The Business association is '1'.

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

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

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

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

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

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

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

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

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

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

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
Provision of endorsements and guarantees to others
Year ended December 31, 2021

Table 2 Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2021 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Relationship with the endorser/ guarantor (Note 2)	Company name											
0	ECOVE Environment Corp.	ECOVE South Corporation Ltd	2	\$ 10,928,162	\$ 300,000	\$ 300,000	\$ -	\$ -	5.49%	\$ 16,392,243	Y	N	N	-
0	"	ECOVE Solar Energy Corporation	2	10,928,162	2,660,630	2,659,622	489,985	-	48.67%	16,392,243	Y	N	N	-
0	"	ECOVE Solar Power Corporation	2	10,928,162	1,087,000	920,000	299,589	-	16.84%	16,392,243	Y	N	N	-
0	"	ECOVE Solvent Recycling Corporation	2	10,928,162	157,600	157,600	59,000	-	2.88%	16,392,243	Y	N	N	-
0	"	Ever Ecove Corporation	6	10,928,162	220,500	208,000	153,000	-	3.81%	16,392,243	N	N	N	-
1	ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd	2	5,514,455	14,000	-	-	-	-	8,271,682	N	N	N	-
1	"	ECOVE Solar Power Corporation	2	5,514,455	757,076	181,760	-	-	13.18%	8,271,682	N	N	N	-
2	ECOVE Solar Power Corporation	ECOVE Solar Energy Corporation	3	1,545,133	12,420	12,420	12,420	-	3.22%	2,317,700	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.

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

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

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

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

ECOVE ENVIRONMENT CORPORATION

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

Year ended December 31, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)		Relationship with the securities issuer (Note 2)	General ledger account	December 31, 2021				Footnote (Note 4)
	Type	Name			Number of shares/denominations	Book value (Note 3)	Ownership (%)	Fair value	
ECOVE Environment Corp.	Beneficiary certificates	Prudential Financial Money Market	None	Financial assets at fair value through profit or loss-current Adjustment	9,742,320	\$ 155,593	-	\$ 155,793	-
						200			
						\$ 155,793			
"	"	FSITC Taiwan Money Market Fund	"	Financial assets at fair value through profit or loss-current Adjustment	30,746,577	\$ 475,204	-	\$ 475,683	-
						479			
						\$ 475,683			
"	"	Franklin Templeton Sinoam Money Market	"	Financial assets at fair value through profit or loss-current Adjustment	2,682,407	\$ 28,000	-	\$ 28,041	-
						41			
						\$ 28,041			
"	Common Stock	Taiwan Cement Corp.	"	Financial assets at fair value through other comprehensive income-current Adjustment	531,205	\$ 16,671	-	\$ 25,578	-
						8,907			
						\$ 25,578			
"	"	Teamwin Opto-Electronics Co., Ltd.	"	Financial assets at fair value through other comprehensive income - non-current	150,000	\$ 2,261	2.46%	\$ 475	-
"	"	Eastern Pacific Energy Sdn. Bhd	The Chairman of the Company is the Board of director	"	10,000	81	10.00%	68	-
		Less: Accumulated impairment				(1,799)			-
						\$ 543		\$ 543	
ECOVE Wujih Energy Corp.	Common Stock	Taiwan Cement Corp.	None	Financial assets at fair value through other comprehensive income-current	534,295	\$ 25,726	-	\$ 25,726	-
"	Beneficiary certificates	FSITC Taiwan Money Market Fund	"	Financial assets at fair value through profit or loss-current	3,881,259	60,048	-	60,048	-
"	"	Taishin 1699 Money Market Fund	"	"	8,588,811	117,481	-	117,481	-
"	"	Franklin Templeton Money Market Fund	"	"	6,423,925	67,153	-	67,153	-
ECOVE Environment Services Corp.	Common Stock	CTCI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income-current	1,028	\$ 38	-	\$ 38	-
"	"	Taiwan Cement Corp.	None	"	1,406,754	67,735	-	67,735	-
ECOVE Waste Management Corp.	"	Taiwan Cement Corp.	"	"	538,039	25,906	-	25,906	-
"	"	ECOVE Environment Corp.	Parent company	"	1,605	376	-	376	-
"	Beneficiary certificates	Jih Sun Money Market Fund	None	Financial assets at fair value through profit or loss-current	5,915,058	88,649	-	88,649	-
"	"	Taishin 1699 Money Market	"	"	1,597,636	21,853	-	21,853	-
"	"	Franklin Templeton Money Market Fund	"	"	4,021,149	42,035	-	42,035	-
ECOVE Mioali Energy Corporation	"	Taishin 1699 Money Market	"	"	1,170,421	16,009	-	16,009	-

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

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

Year ended December 31, 2021

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at December 31, 2021		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2021		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
ECOVE Environmental Services Corp.	Prudential Financial Money Market	Financial assets at fair value through profit or loss	-	-	6,475,471	\$ 103,195	16,838,389	\$ 269,000	13,571,540	\$ 216,835	\$ 216,602	\$ 233	9,742,320	\$ 155,593
"	FSITC Taiwan Money Market Fund	"	-	-	5,186,230	80,000	39,462,081	610,000	13,901,734	214,975	214,796	179	30,746,577	475,204
"	FSITC Money Market Fund	"	-	-	-	-	2,310,376	416,000	2,310,376	416,208	416,000	208	-	-
ECOVE Environmental Services Corp.	Taishin 1699 Money Market Fund	"	-	-	31,167,316	425,070	20,062,825	274,000	51,230,141	699,993	699,070	923	-	-
"	Taishin Ta-Chong Money Market	"	-	-	-	-	33,214,540	476,000	33,214,540	476,121	476,000	121	-	-
ECOVE Wujih Energy Corp.	FSITC Taiwan Money Market Fund	"	-	-	3,694,229	57,000	9,770,493	151,000	9,583,463	148,143	148,000	143	3,881,259	60,000
ECOVE Waste Management Corp.	Taishin 1699 Money Market Fund	"	-	-	-	-	10,466,588	143,000	8,868,952	121,200	121,164	36	1,597,636	21,836

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

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

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

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

ECOVE ENVIRONMENT CORPORATION

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

Year ended December 31, 2021

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp	Affiliate	(Waste disposal revenue)	\$ 436,386	(57%)	30 days quarterly	No significant difference	\$ 58,604	23%	-	
"	ECOVE Environment Services Corp.	"	Cost of services	300,876	72%	"	"	(66,462)	(65%)	-	
ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	(Operating revenue)	(540,015)	(14%)	"	"	53,793	15%	-	
"	ECOVE Wujih Energy Corp.	"	"	(300,876)	(8%)	"	"	66,462	18%	-	
"	ECOVE Miaoli Energy Corp	"	"	(148,645)	(4%)	"	"	28,167	14%	-	
ECOVE Waste Management Corp.	ECOVE Environment Services Corp.	"	Waste disposal cost	540,015	47%	"	"	(53,793)	(44%)	-	
"	ECOVE Wujih Energy Corp.	"	"	436,386	38%	"	"	(58,604)	(47%)	-	
ECOVE Miaoli Energy Corp.	ECOVE Environment Services Corp.	"	Operating cost	148,645	92%	"	"	(28,167)	(100%)	-	

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

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

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

ECOVE ENVIRONMENT CORPORATION

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2021

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
ECOVE Environment Services Corp.	CTCI Machinery Corp.	Affiliate	\$ 233,144	Note 3	\$ -	Note 3	\$ -	\$ -
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	A subsidiary	1,190,240	"	-	"	-	-
"	ECOVE Solar Power Corporation	"	553,237	"	-	"	-	-

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
Significant inter-company transactions during the reporting period
Year ended December 31, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	1	Other accounts receivable	\$ 1,190,240	-	9.69%
0	"	ECOVE Solar Power Corporation	"	"	553,237	-	4.50%
0	"	ECOVE Solar Energy Corporation	"	Endorsements and guarantees	2,659,622	-	N/A
0	"	ECOVE Solar Power Corporation	"	"	920,000	-	N/A
0	"	ECOVE South Corporation Ltd.	"	"	300,000	-	N/A
0	"	ECOVE Solvent Recycling Corporation	"	"	157,600	-	N/A
1	ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	3	Operating revenue	(436,386)	30 days quarterly	-7.33%
2	ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	"	(540,015)	"	-9.07%
2	"	ECOVE Miaoli Energy Corp.	"	"	(148,645)	"	-2.50%
2	"	ECOVE Wujih Energy Corp.	"	"	(300,876)	"	-5.05%
2	"	SINOGALWaste Services Co., Ltd.	"	"	71,008	"	1.19%
3	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	"	Endorsements and guarantees	181,760	-	N/A
4	ECOVE Waste Management Corp.	ECOVE Solvent Recycling Corporation	"	Operating revenue	66,239	30 days quarterly	1.11%

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

- (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

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
Information on investees (not including investees in Mainland China)
Year ended December 31, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	\$ 450,435	\$ 450,435	30,000,000	100.00%	\$ 790,299	\$ 261,361	\$ 261,361	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%	914,952	367,306	365,640	A subsidiary
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Taiwan	Waste services, equipment and mechanical installation, waste clear, international trade and other environmental services, etc.	20,000	20,000	2,000,000	100.00%	108,960	49,004	49,004	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%	823,780	123,127	92,344	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%	39,377 (	11) (	11)	A subsidiary
ECOVE Environment Corp.	Boretch Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	Share holding and investment	309,489	309,489	12,039,903	20.00%	349,040	197,996	42,793	An investee using equity method

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Taiwan	Energy technology services etc.	\$ 1,312,348	\$ 1,312,348	104,621,082	100.00%	\$ 1,502,304	\$ 95,465	\$ 95,465	A subsidiary
ECOVE Environment Corp.	EVER ECOVE Corporation	Taiwan	Waste services, waste clean and co-generation	80,000	80,000	8,000,000	5.00%	76,308 (	33,419) (	1,518)	An investee using equity method
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	86,480	86,480	8,099,000	89.99%	112,274	20,914	18,820	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%	73,588	70,226	18,894	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%	15	123,127	2	Affiliate
ECOVE Environment Services Corp.	SINOGAL-Waste Services Co., Ltd.	Macau	Management of waste recycling site and maintenance of related mechanical and equipment etc.	4,964	4,964	-	30.00%	62,825	191,511	57,453	A subsidiary
ECOVE Environment Services Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	10	10	1,000	0.01%	12	20,914	2	Affiliate

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
ECOVE Environment Services Corp.	Jing Ding Green Energy Technology Co., Ltd.	Taiwan	Wastewater sludge treatment	\$ 6,000	\$ 6,000	600,000	30.00%	\$ 5,571	(\$ 888)	(\$ 267)	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	-	25,100,000	100.00%	251,741	741	741	A subsidiary
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Taiwan	Energy technology services etc.	306,000	306,000	30,600,000	100.00%	386,283	27,073	27,073	A subsidiary
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Taiwan	Energy technology services etc.	30,500	30,500	3,050,000	100.00%	34,486	2,849	2,849	A subsidiary
ECOVE Solar Energy Corporation	G.D. International, LLC.	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	383,622	21,044	21,044	A subsidiary
G.D. International, LLC.	Lumberton Solar W2-090, LLC	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	383,275	21,240	21,240	A subsidiary

ECOVE ENVIRONMENT CORPORATION

Information on investments in Mainland China

Year ended December 31, 2021

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated	Amount remitted from Taiwan to		Accumulated	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)(2)B	Book value of investments in Mainland China as of December 31, 2021	Accumulated	Footnote
				amount of remittance from Taiwan to Mainland China as of January 1, 2021	Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		amount of remittance from Taiwan to Mainland China as of December 31, 2021					amount of investment income remitted back to Taiwan as of December 31, 2021	
ECOVE Environment Consulting Corp.	Technical development, advisory and service in environmental field; environmental pollution control equipment and related parts wholesale, import and export, etc.	\$ 4,147	1	\$ 4,147	\$ -	\$ -	\$ 4,147	\$ 3,145	100.00%	\$ 3,145	\$ 15,933	\$ 33,286	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ECOVE Environment Corp.	\$ 4,147	\$ 4,147	\$ 3,278,449

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

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

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2021' column:

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

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

Note 4: Invested by ECOVE Environment Services Corp.

ECOVE ENVIRONMENT CORPORATION

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

Year ended December 31, 2021

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing			Interest during the month ended		Others	
	Amount	%	Amount	%	Balance at December 31, 2021	%	Balance at December 31, 2021	Purpose	Maximum balance during the month ended December 31, 2021	Balance at December 31, 2021	Interest rate	December 31, 2021			
ECOVE Environment Consulting Corp.	(\$ 24,303)	0.64%	-	-	(\$ 5,060)	0.80%	\$ -	-	\$ -	\$ -	-	\$ -	-	\$ -	-

ECOVE ENVIRONMENT CORPORATION

Major shareholders information

December 31, 2021

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
CTCI Corp.	38,457,105	55.25%
Fubon Life Assurance Co., Ltd.	4,567,507	6.56%

- (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.

APPENDIX II

ECOVE Environment Corp.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2021 AND 2020

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of ECOVE ENVIRONMENT CORPORATION

Opinion

We have audited the accompanying non-consolidated balance sheets of ECOVE Environment Corporation (the “Company”) as of December 31, 2021 and 2020, and the related non-consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of other independent auditors, as described in the other matter section of our report, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ responsibilities for the Audit of the Non-consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the audit reports of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company’s 2021 non-consolidated financial statements of the current period. These matters were addressed in the context of our audit of the non-consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The most significant key audit matters in our audit of the Company's 2021 non-consolidated financial statements of the current period are as follows:

Service revenue of subsidiaries accounted for using the equity method

As at December 31, 2021, the investments in subsidiaries, ECOVE Wujih Energy Corp., ECOVE Environmental Services Corp., ECOVE Waste Management Corp., ECOVE Miaoli Energy Corp., SINO GAL-Waste Services Co., Ltd., and ECOVE Environment Services Gangshan Corporation, were accounted for the share in profit of investment in subsidiaries amounted to \$783,811, constituting 85% of the Company's total comprehensive income and are material to the non-consolidated financial statements. Thus, we considered the accuracy of service revenue of subsidiaries accounted for using the equity method as a key audit matter.

Description

Refer to Note 4(29) for accounting policies on operating revenue.

Operating revenue mainly arises from service revenue and electricity sales revenue. The service revenue mainly arises from contracts entered into with certain governments (grantors) that involve charging for the service per unit in accordance with contracts and self-undertook services. As the related revenue is the main operating income of each subsidiary and the investment income or loss is material to the financial statements, we considered the accuracy of service revenue of subsidiaries a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained an understanding of the procedures of waste treatment and tested relevant internal controls, including randomly checking the actual amount of disposals that are treated at the waste treatment plant monthly, the consistency of monthly statements that management used in calculating revenue, and the consistency between service fees per unit and contract.
- B. Verified the accuracy of statements that management used in calculating revenue, including the amount of disposals treated and the service fees per unit, recalculating the accuracy of cash amount and ascertained whether it was in agreement with recorded revenue.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investees accounted for using equity method that are included in the non-consolidated financial statements. The balance of the investees accounted for using equity method was NT\$81,879 thousand and NT\$83,664 thousand, constituting 1% and 2% of non-consolidated total assets as of December 31, 2021 and 2020, respectively, and share of loss of associates and joint ventures accounted for using equity method of (NT\$1,785) thousand and (NT\$950) thousand, constituting (0.2%) and (0.1%) of non-consolidated total comprehensive income for the years then ended, respectively. Those financial statements were audited by other independent auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other independent auditors.

Responsibilities of management and those charged with governance for the non-consolidated financial statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Company’s financial reporting process.

Auditors’ responsibilities for the audit of the non-consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

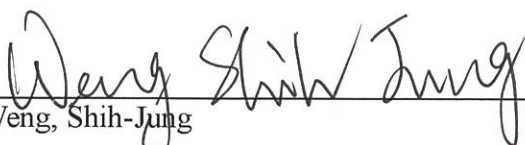
As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:


- A. Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the non-consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the non-consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


Weng, Shih-Jung


Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 7, 2022

The accompanying parent company only 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 parent company only 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
NON-CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 74,365	1	\$ 16,851	-
1110	Financial assets at fair value through profit or loss - current	6(2)	659,517	9	216,381	4
1120	Current financial assets at fair value through other comprehensive income	6(3)	25,578	-	22,842	1
1136	Current financial assets at amortised cost	6(4)	152,000	2	-	-
1200	Other receivables		317	-	251	-
1210	Other receivables - related parties	7	1,875,080	25	243,663	5
1410	Prepayments		-	-	8	-
11XX	Total current Assets		<u>2,786,857</u>	<u>37</u>	<u>499,996</u>	<u>10</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	543	-	543	-
1550	Investments accounted for using equity method	6(5)	4,717,294	63	4,715,482	90
1755	Right-of-use assets	6(6)	713	-	392	-
1920	Guarantee deposits paid	8	17	-	-	-
15XX	Total non-current assets		<u>4,718,567</u>	<u>63</u>	<u>4,716,417</u>	<u>90</u>
1XXX	Total assets		<u>\$ 7,505,424</u>	<u>100</u>	<u>\$ 5,216,413</u>	<u>100</u>

(Continued)

ECOVE ENVIRONMENT CORPORATION
NON-CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2200	Other payables		\$ 28,363	1	\$ 13,109	1
2220	Other payables - related parties	7	5,324	-	6,210	-
2230	Current income tax liabilities		13,441	-	11,251	-
2280	Current lease liabilities	7	66	-	48	-
21XX	Total current Liabilities		<u>47,194</u>	<u>1</u>	<u>30,618</u>	<u>1</u>
Non-current liabilities						
2530	Bonds payable	6(7)	1,988,845	26	-	-
2580	Non-current lease liabilities	7	640	-	350	-
2640	Accrued pension liabilities	6(8)	4,664	-	4,257	-
25XX	Total non-current liabilities		<u>1,994,149</u>	<u>26</u>	<u>4,607</u>	<u>-</u>
2XXX	Total liabilities		<u>2,041,343</u>	<u>27</u>	<u>35,225</u>	<u>1</u>
Equity						
Share capital 6(10)						
3110	Common stock		695,170	9	689,762	13
3140	Advance receipts for share capital		857	-	524	-
Capital surplus 6(11)						
3200	Capital surplus		2,421,348	33	2,310,642	44
Retained earnings 6(12)						
3310	Legal reserve		848,366	11	764,812	15
3320	Special reserve		23,272	-	-	-
3350	Unappropriated retained earnings		1,490,020	20	1,438,777	27
Other equity interest						
3400	Other equity interest		(14,895)	-	(23,272)	-
3500	Treasury shares	6(10)	(57)	-	(57)	-
3XXX	Total equity		<u>5,464,081</u>	<u>73</u>	<u>5,181,188</u>	<u>99</u>
Significant contingent liabilities and unrecognised contract commitments 9						
Significant events after the balance sheet date 11						
3X2X	Total liabilities and equity		<u>\$ 7,505,424</u>	<u>100</u>	<u>\$ 5,216,413</u>	<u>100</u>

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

ECOVE ENVIRONMENT CORPORATION
NON-CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

				Year ended December 31			
Items		Notes	2021		2020		
			AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(5)	\$ 923,898	100	\$ 854,942	100	
5900	Gross profit		923,898	100	854,942	100	
	Operating expenses	6(16)(17) and 7					
6200	General & administrative expenses		(50,715)	(6)	(50,666)	(6)	
6000	Total operating expenses		(50,715)	(6)	(50,666)	(6)	
6900	Operating profit		873,183	94	804,276	94	
	Non-operating income and expenses						
7100	Interest income	6(13)	8,238	1	2,050	-	
7010	Other income	6(14) and 7	50,931	6	46,381	6	
7020	Other gains and losses	6(15)	1,234	-	1,042	-	
7050	Finance costs	6(6)(7) and 7	(8,717)	(1)	(5)	-	
7000	Total non-operating income and expenses		51,686	6	49,468	6	
7900	Profit before income tax		924,869	100	853,744	100	
7950	Income tax expense	6(18)	(14,053)	(2)	(11,490)	(1)	
8200	Profit for the year		\$ 910,816	98	\$ 842,254	99	
	Other comprehensive income						
	Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Actuarial losses on defined benefit plan	6(8)	(\$ 103)	-	(\$ 352)	-	
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	2,736	1	962	-	
8330	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		19,603	2	(2,047)	-	
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		22,236	3	(1,437)	-	
	Components of other comprehensive income that will be reclassified to profit or loss						
8361	Cumulative translation differences of foreign operations		(7,124)	(1)	(41,035)	(5)	
8300	Other comprehensive income (loss) for the year		\$ 15,112	2	(\$ 42,472)	(5)	
8500	Total comprehensive income for the year		\$ 925,928	100	\$ 799,782	94	
	Earnings per share(in dollars)						
9750	Basic earnings per share	6(19)	\$ 13.15		\$ 12.53		
9850	Diluted earnings per share	6(19)	\$ 13.00		\$ 12.45		

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

ECOVE Environment Corp.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Capital		Retained Earnings			Equity interest			Treasury shares	Total equity
		Share capital - common stock	Advance receipts for share capital	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		
<u>Year ended December 31, 2020</u>											
Balance at January 1, 2020		\$ 671,051	\$ -	\$ 2,208,031	\$ 684,320	\$ 2,243	\$ 1,408,234	(\$ 12,681)	\$ 25,168	\$ -	\$ 4,986,366
Profit for the year		-	-	-	-	-	842,254	-	-	-	842,254
Other comprehensive income (loss)		-	-	-	-	-	(6,713)	(41,035)	5,276	-	(42,472)
Total comprehensive income		-	-	-	-	-	835,541	(41,035)	5,276	-	799,782
Appropriations of 2019 earnings	6(12)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	80,492	-	(80,492)	-	-	-	-
Reversal of special reserve		-	-	-	-	(2,243)	2,243	-	-	-	-
Cash dividends		-	-	-	-	-	(726,749)	-	-	-	(726,749)
Share-based payment transactions		-	-	24,586	-	-	-	-	-	-	24,586
Employee stock options exercised		2,114	524	36,238	-	-	-	-	-	-	38,876
Adjustments of changes in investments accounted for using equity		-	-	561	-	-	-	-	-	-	561
Ordinary share issuance-other		16,597	-	41,226	-	-	-	-	-	-	57,823
Acquisition of parent company's shares by subsidiaries recognised as treasury shares		-	-	-	-	-	-	-	-	(57)	(57)
Balance at December 31, 2020		\$ 689,762	\$ 524	\$ 2,310,642	\$ 764,812	\$ -	\$ 1,438,777	(\$ 53,716)	\$ 30,444	(\$ 57)	\$ 5,181,188
<u>Year ended December 31, 2021</u>											
Balance at January 1, 2021		\$ 689,762	\$ 524	\$ 2,310,642	\$ 764,812	\$ -	\$ 1,438,777	(\$ 53,716)	\$ 30,444	(\$ 57)	\$ 5,181,188
Profit for the year		-	-	-	-	-	910,816	-	-	-	910,816
Other comprehensive income (loss)		-	-	-	-	-	6,735	(7,124)	15,501	-	15,112
Total comprehensive income		-	-	-	-	-	917,551	(7,124)	15,501	-	925,928
Appropriations of 2020 earnings	6(12)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	83,554	-	(83,554)	-	-	-	-
Special reserve		-	-	-	-	23,272	(23,272)	-	-	-	-
Cash dividends		-	-	-	-	-	(759,482)	-	-	-	(759,482)
Share-based payment transactions		-	-	23,066	-	-	-	-	-	-	23,066
Employee stock options exercised		4,884	857	87,255	-	-	-	-	-	-	92,996
Adjustments of changes in investments accounted for using equity method	6(5)	-	-	385	-	-	-	-	-	-	385
Advance receipts for share capital transferred to share capital		524	(524)	-	-	-	-	-	-	-	-
Balance at December 31, 2021		\$ 695,170	\$ 857	\$ 2,421,348	\$ 848,366	\$ 23,272	\$ 1,490,020	(\$ 60,840)	\$ 45,945	(\$ 57)	\$ 5,464,081

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

ECOVE ENVIRONMENT CORPORATION
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 924,869	\$ 853,744
Adjustments			
Adjustments to reconcile profit (loss)			
Salary expense - employee stock options	6(9)(17)	3,337	3,548
Depreciation - right-of-use assets	6(6)(16)	68	580
Interest income	6(13)	(8,238)	(2,050)
Dividend income	6(14)	(1,789)	(1,265)
Gain on valuation of financial assets	6(2)(15)	(1,193)	(1,071)
Gain from lease modification	6(15)	(11)	(16)
Share of profit of associates and joint ventures accounted for under equity method	6(5)	(923,898)	(854,942)
Interest expense		8,713	-
Interest expense - lease liability	6(6) and 7	4	5
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(441,943)	(215,310)
Other receivables		(42)	(39)
Other receivables - related parties		(7,610)	(4,105)
Prepayments		8	(8)
Changes in operating liabilities			
Other payables		8,062	(238)
Other payables - related parties		(886)	(361)
Accrued pension liabilities		304	528
Cash outflow generated from operations		(440,245)	(221,000)
Interest received		823	68
Dividends received		948,546	806,756
Income tax paid		(11,863)	(7,067)
Net cash flows from operating activities		<u>497,261</u>	<u>578,757</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		6,506	1,996
Other receivables - related parties		(1,615,000)	-
Increase in investments accounted for using the equity method - subsidiaries	6(5)	-	(280,000)
Proceeds from capital return of investments accounted for using the equity method	6(5)	-	112,498
Increase in financial assets at amortised cost		(152,000)	-
Increase in refundable deposits		(17)	-
Net cash flows used in investing activities		(1,760,511)	(165,506)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(74)	(544)
Proceeds from issuance of bonds		1,987,324	-
Acquire equity in subsidiaries by issuing ordinary shares		-	(1,185)
Employee stock options exercised		92,996	38,876
Cash dividends paid	6(12)	(759,482)	(726,749)
Net cash flows from (used in) financing activities		<u>1,320,764</u>	<u>689,602</u>
Net increase (decrease) in cash and cash equivalents		57,514	(276,351)
Cash and cash equivalents at beginning of year		16,851	293,202
Cash and cash equivalents at end of year		<u>\$ 74,365</u>	<u>\$ 16,851</u>

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

ECOVE ENVIRONMENT CORPORATION
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

(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, and the consolidated investee-Chang Ting Corporation was incorporated in December, 2005.
- (2) The Company is primarily engaged in waste management. However, the Board of Directors resolved to change its main activity to investment holding on March 27, 2007. The Company’s shares were issued through an initial public offering on December 3, 2007, and have been listed in the Taiwan OTC market since May 27, 2010.
- (3) CTCI Corporation, the Company’s ultimate parent company, holds 55.25% equity interest in the Company as of December 31, 2021.

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

These non-consolidated financial statements were authorised by the Board of Directors on March 7, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these non-consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The non-consolidated financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(2) Basis of preparation

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

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

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

(3) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading purposes;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

(4) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial assets at fair value with any gain or loss recognised in profit or loss.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
 - (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following

the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

- (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(7) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Investments accounted for using equity method/ subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company 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.

- B. Unrealised gains on transactions between the Company and its subsidiaries had been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profits or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the associate, the Company continues recognizing its share of further losses.
- D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- E. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- F. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- G. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the non-consolidated financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the non-consolidated financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(11) Leasing arrangements (lessee) – right-of-use assets/lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability; and
- (b) Any lease payments made at or before the commencement date

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(12) Impairment of non-financial assets

- A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of goodwill is evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(13) Employee benefits

A. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit

method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the balance sheet date).

ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

B. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequent actual distributed amounts is accounted for as a change in estimate.

(14) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(15) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the non-consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have

been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(16) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(17) Dividends

Dividends are recorded in the Company’s financial statements in the period in which they are resolved by the Company’s shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

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

The preparation of these non-consolidated financial statements requires management to make critical judgements in applying the Company’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 Company has no critical accounting judgements, estimates and assumption uncertainty.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Checking accounts	\$ 484	\$ 484
Demand deposits	6,881	9,367
Time deposits	67,000	7,000
	<u>\$ 74,365</u>	<u>\$ 16,851</u>

- A. The Company 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-current

Items	December 31, 2021	December 31, 2020
Currents items		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 658,797	\$ 216,203
Valuation adjustment	720	178
	\$ 659,517	\$ 216,381

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

	Year ended December 31	
	2021	2020
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 1,193	\$ 1,071

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

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

Items	December 31, 2021	December 31, 2020
Current items:		
Equity instruments		
Listed stocks	\$ 16,671	\$ 16,671
Valuation adjustment	8,907	6,171
Total	\$ 25,578	\$ 22,842
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 2,342	\$ 2,342
Valuation adjustment	(1,799)	(1,799)
Total	\$ 543	\$ 543

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

	Year ended December 31	
	2021	2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 2,736	\$ 962
Dividend income recognised in profit or loss		
Held at end of year	\$ 1,789	\$ 1,265

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

(4) Financial assets at amortised cost

Items	December 31, 2021	December 31, 2020
Current items:		
Time deposits with original maturity over 3 months	\$ 152,000	\$ -

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

B. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was \$152,000 and \$0, respectively.

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

(5) Investments accounted for using the equity method

	2021	2020
At January 1	\$ 4,715,482	\$ 4,461,061
Addition of investments accounted for using the equity method	-	339,008
Refund of capital reduction of subsidiary	-	(112,498)
Share of profit or loss of investments accounted for using the equity method	923,898	854,942
Earnings distribution of investments accounted for using equity method	(954,679)	(805,491)
Changes in capital surplus	20,114	21,599
Changes in other equity items	12,479	(43,139)
At December 31	\$ 4,717,294	\$ 4,715,482

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries:		
ECOVE Wujih Energy Corp.	\$ 790,299	\$ 881,405
ECOVE Environmental Services Corp.	914,952	861,678
ECOVE Waste Management Corp.	108,960	108,423
ECOVE Miaoli Energy Corp.	823,780	910,014
Yuan Ding Resources Corp.	39,377	39,388
ECOVE Solar Energy Corporation	1,502,304	1,412,064
ECOVE Solvent Recycling Corporation	112,274	93,470
Associates:		
Boretch Resource Recovery Engineering Co., Ltd. (Cayman)	349,040	331,214
EVER ECOVE Corporation	76,308	77,826
	<u>\$ 4,717,294</u>	<u>\$ 4,715,482</u>

A. Subsidiaries

(a) The basic information of the subsidiaries that are material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2021	December 31, 2020		
ECOVE Wujih Energy Corp.	Taiwan	100%	100%	Subsidiary	Equity method
ECOVE Environmental Services Corp.	"	100%	100%	Subsidiary (Note)	"
ECOVE Waste Management Corp.	"	100%	100%	Subsidiary	"
ECOVE Miaoli Energy Corp.	"	74.999%	74.999%	"	"
ECOVE Solar Energy Corporation	"	100%	100%	"	"

Note : On December 31, 2020, the Company issued ordinary shares to the shareholders of the subsidiary, ECOVE Environment Services Corp., excluding the Company, in order to acquire a 6.85% equity interest in ECOVE Environment Services Corp., which then became a wholly-owned subsidiary of the Company.

(b) The summarised financial information of the associates that are material to the Company is as follows:

Balance sheet

	<u>ECOVE Wujih Energy Corp.</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 729,940	\$ 688,605
Non-current assets	357,127	524,791
Current liabilities	(215,521)	(225,334)
Non-current liabilities	(81,247)	(106,657)
Total net assets	<u>\$ 790,299</u>	<u>\$ 881,405</u>
Share in subsidiary's net assets	<u>\$ 790,299</u>	<u>\$ 881,405</u>
Carrying amount of the subsidiary	<u>\$ 790,299</u>	<u>\$ 881,405</u>

	<u>ECOVE Environmental Services Corp.</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 1,655,907	\$ 1,635,468
Non-current assets	623,150	322,376
Current liabilities	(1,123,661)	(935,884)
Non-current liabilities	(255,527)	(177,031)
Total net assets	<u>\$ 899,869</u>	<u>\$ 844,929</u>
Share in subsidiary's net assets	<u>\$ 899,869</u>	<u>\$ 844,929</u>
Carrying amount of the subsidiary	<u>\$ 914,952</u>	<u>\$ 861,678</u>

	<u>ECOVE Waste Management Corp.</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 406,558	\$ 482,417
Non-current assets	62,433	51,544
Current liabilities	(187,325)	(267,293)
Non-current liabilities	(172,331)	(157,894)
Total net assets	<u>\$ 109,335</u>	<u>\$ 108,774</u>
Share in subsidiary's net assets	<u>\$ 109,335</u>	<u>\$ 108,774</u>
Carrying amount of the subsidiary	<u>\$ 108,960</u>	<u>\$ 108,423</u>

	<u>ECOVE Miaoli Energy Corp.</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 325,250	\$ 285,605
Non-current assets	910,566	1,061,757
Current liabilities	(72,961)	(68,765)
Non-current liabilities	(64,462)	(65,223)
Total net assets	<u>\$ 1,098,393</u>	<u>\$ 1,213,374</u>
Share in subsidiary's net assets	<u>\$ 823,780</u>	<u>\$ 910,014</u>
Carrying amount of the subsidiary	<u>\$ 823,780</u>	<u>\$ 910,014</u>

	<u>ECOVE Solar Energy Corporation</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 102,254	\$ 81,183
Non-current assets	3,009,332	2,404,549
Current liabilities	(1,601,163)	(737,469)
Non-current liabilities	(131,810)	(459,890)
Total net assets	<u>\$ 1,378,613</u>	<u>\$ 1,288,373</u>
Share in subsidiary's net assets	<u>\$ 1,378,613</u>	<u>\$ 1,288,373</u>
Carrying amount of the subsidiary	<u>\$ 1,502,304</u>	<u>\$ 1,412,064</u>

Statement of comprehensive income

	<u>ECOVE Wujih Energy Corp.</u>	
	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Revenue	<u>\$ 760,159</u>	<u>\$ 793,288</u>
Profit for the year from continuing operations	\$ 261,361	\$ 255,553
Other comprehensive income, net of tax	<u>2,733</u>	<u>2,056</u>
Total comprehensive income	<u>\$ 264,094</u>	<u>\$ 257,609</u>
Dividends received from subsidiary	<u>\$ 355,287</u>	<u>\$ 318,782</u>

	ECOVE Environmental Services Corp.	
	Year ended December 31	
	2021	2020
Revenue	\$ 3,798,356	\$ 3,595,948
Profit for the year from continuing operations	\$ 367,306	\$ 346,575
Other comprehensive (income) loss, net of tax	9,786	(16,090)
Total comprehensive income	\$ 377,092	\$ 330,485
Dividends received from subsidiary	\$ 339,588	\$ 286,775

	ECOVE Waste Management Corp.	
	Year ended December 31	
	2021	2020
Revenue	\$ 1,211,479	\$ 1,368,668
Profit for the year from continuing operations	\$ 49,004	\$ 53,858
Other comprehensive income, net of tax	3,118	628
Total comprehensive income	\$ 52,122	\$ 54,486
Dividends received from subsidiary	\$ 53,351	\$ 49,095

	ECOVE Miaoli Energy Corp.	
	Year ended December 31	
	2021	2020
Revenue	\$ 324,403	\$ 332,356
Profit for the year from continuing operations	\$ 123,127	\$ 126,817
Other comprehensive loss, net of tax	(203)	(59)
Total comprehensive income	\$ 122,924	\$ 126,758
Dividends received from subsidiary	\$ 178,712	\$ 90,901

		ECOVE Solar Energy Corporation	
		Year ended December 31	
		2021	2020
Revenue		\$ 269,184	\$ 206,332
Profit for the year from continuing operations		\$ 95,465	\$ 74,513
Other comprehensive loss, net of tax		(5,741)	(26,551)
Total comprehensive income		<u>\$ 89,724</u>	<u>\$ 47,962</u>
Dividends received from subsidiary		<u>\$ -</u>	<u>\$ 47,971</u>

B. Associates

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

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

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

Balance sheets

		Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
		December 31, 2021	December 31, 2020
Current assets		\$ 1,357,373	\$ 1,360,007
Non-current assets		664,766	525,236
Current liabilities		(649,026)	(572,660)
Non-current liabilities		(5,442)	(19,656)
Total net assets		<u>\$ 1,367,671</u>	<u>\$ 1,292,927</u>
Share in associate's net assets		\$ 273,535	\$ 258,586
Goodwill		75,505	75,505
Others		-	(2,877)
Carrying amount of the associate		<u>\$ 349,040</u>	<u>\$ 331,214</u>

Statements of comprehensive income

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	Year ended December 31	
	2021	2020
Revenue	\$ 2,730,700	\$ 2,373,815
Profit for the year from continuing operations	197,996	197,481
Other comprehensive (income) loss, net of tax	13,795	(19,438)
Total comprehensive income	\$ 211,791	\$ 178,043
Dividends received from subsidiary	\$ 27,726	\$ -

- C. The Board of Directors had resolved to invest in ECOVE Solar Energy Corporation in July 2020, and the Company invested in ECOVE Solar Energy Corporation amounting to \$250,000 in September 2020.
- D. In July 2018, the Board of Directors of the Company resolved to invest an expected aggregate amount of \$100 million in EVER ECOVE Corporation. In 2020, the Company invested \$30 million. As of December 31, 2021, the Company has invested \$80 million for a shareholding ratio of 5%.
- E. The Board of Directors of the Company during its meeting in October 2020 resolved to issue 1,659,672 shares of ordinary shares on December 31, 2020 to the shareholders of the subsidiary, ECOVE Environment Services Corp., excluding the Company, in order to acquire a 6.85% equity interest (amounting to \$59,008) in ECOVE Environment Services Corp.
- F. The resolution for the capital reduction amounting to \$150,000 was proposed by the Board of Directors of the subsidiary, ECOVE Miaoli Energy Corporation, during its meeting in March 2020, and resolved by the shareholders in May 2020. The capital reduction amount recovered by the Company according to its shareholding ratio amounted to \$112,498.

(6) Leasing arrangements – lessee

A. The Company leases buildings. Rental contracts are typically made for periods of 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. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	<u>\$ 713</u>	<u>\$ 392</u>
	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	<u>\$ 68</u>	<u>\$ 580</u>

C. For the year ended December 31, 2021, the additions to right-of-use assets was \$744.

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

	<u>Year ended December 31</u>	
<u>Items affecting profit or loss</u>	<u>2021</u>	<u>2020</u>
Interest expense on lease liabilities	\$ 4	\$ 5
Expense on short-term lease contracts	214	107
Gain on sale and leaseback transactions	11	16

E. For the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases were \$288 and \$651, respectively.

(7) Bonds payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bonds payable	\$ 2,000,000	\$ -
Less: Discount on bonds payable	(11,155)	-
	<u>\$ 1,988,845</u>	<u>\$ -</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. For the year ended December 31, 2021, the interest expense on bonds payable was \$8,713.

(8) Pensions

A. Defined benefit pension plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes 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 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 in the following year, the Company will make contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	\$ 6,814	\$ 5,957
Fair value of plan assets	(2,150)	(1,700)
Net defined benefit liability	<u>\$ 4,664</u>	<u>\$ 4,257</u>

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>For the year ended December 31, 2021</u>			
At January 1	\$ 5,957	(\$ 1,700)	\$ 4,257
Current service cost	712	-	712
Interest expense (income)	18	(5)	13
	<u>6,687</u>	<u>(1,705)</u>	<u>4,982</u>
Remeasurements:			
Change in demographic assumptions	3	-	3
Change in financial assumptions	(81)	-	(81)
Experience adjustments	205	(24)	181
	<u>127</u>	<u>(24)</u>	<u>103</u>
Pension fund contribution	-	(421)	(421)
At December 31	<u>\$ 6,814</u>	<u>(\$ 2,150)</u>	<u>\$ 4,664</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>For the year ended December 31, 2020</u>			
At January 1	\$ 4,847	(\$ 1,470)	\$ 3,377
Current service cost	676	-	676
Interest expense (income)	34	(11)	23
	<u>5,557</u>	<u>(1,481)</u>	<u>4,076</u>
Remeasurements:			
Change in financial assumptions	92	-	92
Experience adjustments	308	(48)	260
	<u>400</u>	<u>(48)</u>	<u>352</u>
Pension fund contribution	-	(171)	(171)
At December 31	<u>\$ 5,957</u>	<u>(\$ 1,700)</u>	<u>\$ 4,257</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2021	2020
Discount rate	0.60%	0.30%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with the 5th Taiwan Standard Ordinary Experience Mortality Table.

(f) Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ <u>63</u>)	<u>\$ 65</u>	<u>\$ 47</u>	(<u>\$ 46</u>)
December 31, 2020				
Effect on present value of defined benefit obligation	(\$ <u>58</u>)	<u>\$ 59</u>	<u>\$ 43</u>	(<u>\$ 42</u>)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the

balance sheet are the same.

- (g) Expected contributions to the defined benefit pension plan of the Company for 2022 amount to \$424.

B. Defined contribution pension plan

- (a) Effective July 1, 2005, the Company has 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 contributes 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 plan of the Company for the years ended December 31, 2021 and 2020 were \$562 and \$589, respectively.

(9) Share-based payment

- A. For the years ended December 31, 2021 and 2020, the Company’s share-based payment arrangements were as follows:

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

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

(a) Sixth plan of employee stock options:

Stock options	Year ended December 31			
	2021		2020	
	No. of units (in thousands)	Weighted-average exercise price (in dollars)	No. of units (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at beginning of year	1,102	NT\$ 147.40	1,408	NT\$ 155.00
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(14)	-	(42)	-
Options exercised	(340)	NT\$ 145.18	(264)	NT\$ 147.40
Options revoked	-	-	-	-
Options outstanding at end of year	<u>748</u>	NT\$ 140.60	<u>1,102</u>	NT\$ 147.40
Options exercisable at end of year	<u>414</u>	NT\$ 140.60	<u>249</u>	NT\$ 147.40

(b) Seventh plan of employee stock options:

Stock options	Year ended December 31			
	2021		2020	
	No. of units (in thousands)	Weighted-average exercise price (in dollars)	No. of units (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at beginning of year	1,423	NT\$ 191.10	1,466	NT\$ 201.00
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(19)	-	(43)	-
Options exercised	(234)	NT\$ 186.41	-	-
Options revoked	-	-	-	-
Options outstanding at end of year	<u>1,170</u>	NT\$ 182.30	<u>1,423</u>	NT\$ 191.10
Options exercisable at end of year	<u>293</u>	NT\$ 182.30	<u>-</u>	-

(c) Eighth plan of employee stock options:

Stock options	Year ended December 31, 2021		Year ended December 31, 2020	
	No. of units (in thousands)	Weighted-average exercise price (in dollars)	No. of units (in thousands)	Weighted-average exercise price (in dollars)
	Options outstanding at beginning of year	1,473	NT\$ 193.00	-
Options granted	-	-	1,500	NT\$ 203.00
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(18)	-	(27)	-
Options exercised	-	-	-	-
Options revoked	-	-	-	-
Options outstanding at end of year	<u>1,455</u>	NT\$ 184.01	<u>1,473</u>	NT\$ 193.00
Options exercisable at end of year	<u>-</u>	-	<u>-</u>	-

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2021 and 2020 was NT\$227.25 (in dollars) and NT\$212.47 (in dollars), respectively.

D. As of December 31, 2021 and 2020, the range of exercise prices of stock options outstanding was \$140.6~\$191.1 and \$147.4~\$193.0 (in dollars), respectively; the weighted-average remaining contractual period was as follows:

Type of arrangement	December 31, 2021	December 31, 2020
Sixth plan of employee stock options	2.5 years	3.5 years
Seventh plan of employee stock options	3.5 years	4.5 years
Eighth plan of employee stock options	4.25 years	5.25 years

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

Type of arrangement	Grant date	Market value	Exercise price	Expected price volatility	Expected duration	Expected dividend yield rate	Risk-free interest rate	Fair value per unit (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	10.38%~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:

	Year ended December 31	
	2021	2020
Equity-settled	\$ 3,337	\$ 3,548

(10) Share capital

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

	2021	2020
At January 1	69,028,564	67,105,148
Employee stock options exercised	574,114	263,744
Increase in non-controlling interests by issuing ordinary shares	-	1,659,672
At December 31	69,602,678	69,028,564

- B. As of December 31, 2021, the Company's authorized 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 \$695,170 with a par value of NT\$10 (in dollars) per share.
- C. The Company issued 1,659,672 shares of ordinary shares on December 31, 2020 (2% of the total ordinary share capital issued) to the shareholders of ECOVE Environment Service Corp. as part of the purchase consideration for 6.85% of its ordinary share capital. The ordinary shares issued have the same rights as other shares in issue. The fair value of the shares issued amounted to \$363,468 (NT\$219 per share). The related transaction costs amounting to \$1,185 have been netted off with the deemed proceeds.
- D. The shares of the Company held by the subsidiary, ECOVE Waste Management Corp. were the ordinary shares issued by the Company on December 31, 2020 to acquire the shares of ECOVE Environment Services Corp. from ECOVE Waste Management Corp. through the share swap. As of December 31, 2021, the carrying amount of the shares of the Company held by ECOVE Waste Management Corp. amounted to \$57. The details are as follows:

	December 31, 2021				
		Carrying amount		Market value	
	Number of shares	(in dollars/share)		(in dollars/share)	
ECOVE Waste Management Corp.	1,605	NT\$	35.34	NT\$	234
	December 31, 2020				
		Carrying amount		Market value	
	Number of shares	(in dollars/share)		(in dollars/share)	
ECOVE Waste Management Corp.	1,605	NT\$	35.34	NT\$	219

(11) Capital surplus

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

B. Changes in capital surplus are as follows:

	<u>Share premium</u>	<u>Employee stock options</u>	<u>Others</u>	<u>Total</u>
At January 1, 2021	\$ 2,265,828	\$ 44,814	\$ -	\$ 2,310,642
Share-based payment transaction	-	3,337	-	3,337
Adjustments of changes in investments accounted for using equity method	-	20,114	-	20,114
Employee stock options exercised	<u>87,255</u>	<u>-</u>	<u>-</u>	<u>87,255</u>
At December 31, 2021	<u>\$ 2,353,083</u>	<u>\$ 68,265</u>	<u>\$ -</u>	<u>\$ 2,421,348</u>
	<u>Share premium</u>	<u>Employee stock options</u>	<u>Others</u>	<u>Total</u>
At January 1, 2020	\$ 2,186,678	\$ 19,667	\$ 1,686	\$ 2,208,031
Share-based payment transaction	-	3,548	-	3,548
Transactions with non-controlling interest	42,912	-	(1,686)	41,226
Adjustments of changes in investments accounted for using equity method	-	21,599	-	21,599
Employee stock options exercised	<u>36,238</u>	<u>-</u>	<u>-</u>	<u>36,238</u>
At December 31, 2020	<u>\$ 2,265,828</u>	<u>\$ 44,814</u>	<u>\$ -</u>	<u>\$ 2,310,642</u>

C. Please refer to Note 6(9) for detailed information about capital surplus from employee stock options.

(12) Retained earnings

- A. When net profit occurs in the annual accounts, the Company may, after reserving a sufficient amount of the income before tax to cover the accumulated losses, upon the resolution of the Board of Directors, distribute at least 0.01% of the income before tax as employees' remuneration, and distribute no more than 2% of the income before tax as directors' remuneration. The remuneration could be in the form of stock or cash, and the employees' remuneration could be distributed to the employees of subsidiaries of the Company under certain conditions. A report of the distribution of employees' compensation or the directors' remuneration shall be submitted to the shareholders at the shareholders' meeting.
- B. The Company shall, after all taxes and dues have been paid and its losses have been covered and at the time of allocating surplus profits, first set aside 10% of such profits as a legal reserve.

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

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

In order to meet the requirements of business expansion and industry growth, fulfilling future operating needs and stabilizing financial structure are the priorities 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 dividend 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 Jin-Guan-Zheng-Fa-Zi Order No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. The appropriations of 2020 and 2019 earnings had been resolved at the stockholders' meeting on July 30, 2021 and May 28, 2020, respectively. Details are summarised below:

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

F. The Company recognised dividends of \$759,482 (NT\$10.94880262 per share) and \$726,749 (NT\$10.83 per share) in 2020 and 2019, respectively.

G. The Company recognised dividends of \$759,482 (NT\$11.00 per share) in 2020. In addition, outstanding stocks will be influenced by employees' share rights. Thus, the Board of Directors approved the adjustment of the dividend per share from NT\$11 per share to NT\$10.94880262 per share.

H. The appropriations of 2021 earnings had been proposed by Board of Directors during its meeting on March 7, 2022. Details are summarised below:

	2021	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 91,755	NT\$ -
Reversal of special reserve	(8,377)	-
Cash dividends	834,675	11.99
	<u>\$ 918,053</u>	<u>NT\$ 11.99</u>

The appropriations of 2021 earnings has not yet been resolved at the stockholders' meeting.

I. For information relating to employees' compensation (bonuses) and directors' and supervisors' remuneration, please refer to Note 6 (17).

(13) Interest income

	Year ended December 31	
	2021	2020
Interest income from bank deposits	\$ 847	\$ 50
Other interest income	7,391	2,000
	<u>\$ 8,238</u>	<u>\$ 2,050</u>

(14) Other income

	Year ended December 31	
	2021	2020
Dividend income	\$ 1,789	\$ 1,265
Other income, others	49,142	45,116
	<u>\$ 50,931</u>	<u>\$ 46,381</u>

(15) Other gains and losses

	Year ended December 31	
	2021	2020
Foreign exchange gains (losses)	\$ 30	(\$ 45)
Gains on financial assets at fair value through profit or loss	1,193	1,071
Gains arising from lease modifications	11	16
	<u>\$ 1,234</u>	<u>\$ 1,042</u>

(16) Expenses by nature

	Year ended December 31	
	2021	2020
Employee benefit expense	\$ 44,705	\$ 42,929
Services	3,359	2,306
Insurances	107	114
Other expenses	2,544	5,317
	<u>\$ 50,715</u>	<u>\$ 50,666</u>

(17) Employee benefit expense

	Year ended December 31	
	2021	2020
Salaries	\$ 20,851	\$ 21,525
Employee stock options	3,337	3,548
Labor and health insurance fees	1,511	1,312
Pension costs	1,287	1,288
Directors' remuneration	17,360	14,911
Other personnel expenses	359	345
	<u>\$ 44,705</u>	<u>\$ 42,929</u>

A. As of December 31, 2021 and 2020, the Company had 15 employees with 7 directors who were not employees concurrently for both years.

(a) The average employee benefit expenses for 2021 and 2020 were \$4,938 and \$4,716, respectively.

(b) The average employee salaries for 2021 and 2020 were \$2,606 and \$2,691, respectively.

(c) Change in average employees' salaries adjustment was (3%).

- (d) Since the Company has set up the audit committee, no supervisors' remuneration was accrued for the years ended December 31, 2021 and 2020.
- B. When net profit occurs in the annual accounts, the Company may, after reserving a sufficient amount of the income before tax to cover the accumulated losses, upon the resolution of the Board of Directors, distribute at least 0.01% of the income before tax as employees' compensation, and distribute no more than 2% of the income before tax as Directors' remuneration. The remuneration could be in the form of stock or cash, and the employees' compensation could be distributed to the employees of subsidiaries of the Company under certain conditions. A report of the distribution of employees' compensation or the Directors' remuneration shall be submitted to the shareholders at the shareholders' meeting.
- C. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$325 and \$304, respectively; directors' remuneration was accrued at \$5,200 and \$5,200, respectively. The aforementioned amounts were recognised in salary and other expenses. The employees' compensation and directors' remuneration were estimated and accrued based on 0.01% and 2% of distributable profit of current year for the year ended December 31, 2021. The employees' compensation and directors' remuneration have not yet been resolved by the Board of Directors. The employees' compensation will be distributed in the form of cash. Employees' compensation and directors' and supervisors' remuneration for 2020 amounting to \$304 and \$5,200, respectively, as resolved by the Board of Directors were in agreement with those amounts recognised in the 2020 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.
- D. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 1.5% ~ 5% for employees' compensation and shall not be higher than 1.5% for directors' remuneration. The Company's overall salary positioning is set at better than the market level to attract the outstanding talents in the market. The Company refers to market salary surveys and pay levels in the same industry to ensure a highly competitive salary structure in order to motivate and retain high performing employees. In addition to strictly comply⁷ with the local labor laws and related salary regulations, the Company also pays special attention to the correlation and design rationalisation of the Company's operating performance and employee salaries. Directors' remunerations are determined by the Board of Directors by reference to the pay levels of listed companies in the same industry and their contribution to the Company. Independent directors' remunerations are determined based on the Company's operational performance (consolidated operating revenue, earnings per share and return on equity). Management's salaries

are highly correlated with the outcome and performance of the Company's operations, and are determined based on their performance indicators every year by reference to the pay levels in the same industry.

Employees' compensation includes monthly salaries, bonuses, employees' compensation and employee stock options. The employees' salary levels are decided based on their positions, education and experience, professional expertise and market value, which will not differ because of gender, religion, political stance, marital status, etc. Annual budget for salary increases is 3~5%, and the salaries are adjusted in line with market levels based on the principle of fairness. Employees' bonuses are determined based on their positions, contribution and performance to encourage employees' long-term commitment to the Company for mutual benefits and common prosperity.

(18) Income tax

A. Income tax expense:

	Year ended December 31	
	2021	2020
Current tax:		
Current tax on profits for the year	\$ 14,099	\$ 11,440
Prior year income tax (over) under estimation	(46)	50
Income tax expense	<u>\$ 14,053</u>	<u>\$ 11,490</u>

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	\$ 184,974	\$ 170,749
Prior year income tax (over) under estimation	(46)	50
Effect of exempt income	(170,875)	(159,309)
Income tax expense	<u>\$ 14,053</u>	<u>\$ 11,490</u>

C. As of December 31, 2021, the Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(19) Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share:</u>			
Profit attributable to owners of the parent	\$ 910,816	69,261	NT\$ 13.15
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	794	
Employees' bonus	-	1	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 910,816</u>	<u>70,056</u>	<u>NT\$ 13.00</u>

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share:</u>			
Profit attributable to owners of the parent	\$ 842,254	67,197	NT\$ 12.53
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	473	
Employees' bonus	-	1	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 842,254</u>	<u>67,671</u>	<u>NT\$ 12.45</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is controlled by CTCI Corporation (incorporated in R.O.C.), which owns 55.25% of the Company's shares. The remaining 44.75% of the shares are widely held by the public.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
CTCI Corp.	Ultimate parent company
ECOVE Wujih Energy Corp.	Subsidiary
ECOVE Environmental Services Corp.	Subsidiary
ECOVE Waste Management Corp.	Subsidiary
ECOVE Miaoli Energy Corp.	Subsidiary
ECOVE Solar Energy Corp.	Subsidiary
ECOVE Solar Power Corp.	Subsidiary
ECOVE South Co., Ltd.	Subsidiary
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Associate
CTCI Development Corp.	Associate
EVER ECOVE Corp.	Associate

(3) Significant transactions and balances with related parties

A. Directors' and supervisors' remuneration (shown in 'Other income')

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
ECOVE Wujih Energy Corp.	\$ 16,314	\$ 18,437
ECOVE Environmental Services Corp.	25,078	18,163
Subsidiaries	6,818	7,417
	<u>\$ 48,210</u>	<u>\$ 44,017</u>

B. Other revenue / receivables from related parties

(a) Receivables from related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
-Loans to related parties		
ECOVE Solar Energy Corporation	\$ 1,184,731	\$ 200,000
ECOVE South Co., Ltd.	77,317	-
ECOVE Solar Power Corp.	552,952	-
-Others (Note)		
ECOVE Solar Energy Corporation	5,509	4,511
ECOVE Environmental Services Corp.	25,967	19,607
ECOVE Wujih Energy Corp.	16,474	16,191
Subsidiaries	4,208	3,354
Associate	7,922	-
	<u>\$ 1,875,080</u>	<u>\$ 243,663</u>

Note: It refers to directors' and supervisors' remuneration as well as payments on behalf of others.

(b) Other revenue

	Year ended December 31	
	2021	2020
Interest revenue		
ECOVE Solar Energy Corporation (Note)	\$ 5,052	\$ 2,000
Associates (Note)	2,339	-
	<u>\$ 7,391</u>	<u>\$ 2,000</u>
Personnel transfers revenue		
Associates	\$ -	\$ 167
Directors' compensation and transportation allowance		
Subsidiaries	\$ 932	\$ 932

Note: The terms of lending include interest to be calculated and received monthly, using the annual rate of 0.75%~0.93% and 0.93%~1.01% for the years ended December 31, 2021 and 2020, respectively.

C. Operating expenses / other payables

(a) Operating expenses

	Year ended December 31	
	2021	2020
CTCI Corp. (Notes 1 and 2)	\$ 5,655	\$ 8,373
Subsidiaries (Notes 2 and 3)	860	381
Associates (Note 4)	6	-
	<u>\$ 6,521</u>	<u>\$ 8,754</u>

Note 1: For the years ended December 31, 2021 and 2020, the Company paid directors' and supervisors' remuneration amounting to \$5,200 for both years.

Note 2: Pertains to personnel transfers from related parties and information system service expense.

Note 3: Represents amortisation of rent and administrative expense of the office in Neihu.

Note 4: Represents administrative expense of second headquarters.

(b) As of December 31, 2021 and 2020, the Company has unpaid obligations to related parties as follows (shown in “other payables”):

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
CTCI Corp.	\$ 5,260	\$ 6,119
Subsidiaries	<u>64</u>	<u>91</u>
	<u>\$ 5,324</u>	<u>\$ 6,210</u>

D. Lease transactions – lessee

(a) As of December 31, 2021, the main lease contracts between the Company and the related parties are as follows:

<u>Lessor</u>	<u>Lease object</u>	<u>Payment method</u>	<u>Lease term</u>
Associates	Buildings and structures	\$ 77/year	2021.8.1~2031.7.31

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

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Associates	<u>\$ 744</u>	<u>\$ -</u>

(c) Lease liabilities

(i) Outstanding balance:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Ultimate parent company	\$ -	\$ 398
Associates	<u>706</u>	<u>-</u>
	<u>\$ 706</u>	<u>\$ 398</u>

(ii) Interest expense

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Ultimate parent company	\$ 2	\$ 3
Subsidiaries	-	2
Associates	<u>2</u>	<u>-</u>
	<u>\$ 4</u>	<u>\$ 5</u>

E. Endorsements and guarantees for others

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
ECOVE Solar Energy Corporation	\$ 2,659,622	\$ 2,249,108
Subsidiaries	1,377,600	990,600
Associate	208,000	220,500
	<u>\$ 4,245,222</u>	<u>\$ 3,460,208</u>

(4) Key management compensation

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Salaries and other short-term employee benefits	\$ 29,678	\$ 28,516
Termination benefits	410	404
	<u>\$ 30,088</u>	<u>\$ 28,920</u>

8. PLEDGED ASSETS

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

<u>Assets</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	
Other non-current assets			
Guarantee deposits paid	\$ 17	\$ -	Rent

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

As of December 31, 2021, the Company had outstanding notes payable for bank financing amounting to \$300,000.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The appropriations of 2021 earnings had been proposed at the Board of Directors' meeting on March 7, 2022. Please refer to Note 6(12)H for detailed information.

12. OTHERS

(1) Capital risk management

The Company's objectives when managing capital are to safeguard the Company'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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company 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 balance sheet) less cash and cash equivalents. Total capital is calculated as ‘equity’ as shown in the consolidated balance sheet plus net debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</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	\$ 659,517	\$ 216,381
Financial assets at fair value through other comprehensive income		
Equity instrument	26,121	23,385
Financial assets at amortised cost		
Cash and cash equivalents	74,365	16,851
Financial assets at amortised cost	152,000	-
Other receivables	317	251
Other receivables-related parties	1,875,080	243,663
Guarantee deposits paid	17	-
	<u>\$ 2,787,417</u>	<u>\$ 500,531</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Other payables	\$ 28,363	\$ 13,109
Other payables-related parties	5,324	6,210
Bonds payable	1,988,845	-
	<u>\$ 2,022,532</u>	<u>\$ 19,319</u>
Lease liabilities	<u>\$ 706</u>	<u>\$ 398</u>

B. Risk management policies

- (a) The Company’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 (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company’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 Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company sed in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require the Company to manage its foreign exchange risk against the functional currency. The Company is required to hedge its entire foreign exchange risk exposure with the Company treasury.
- iii. The Company has certain investments in foreign operations, therefore, does not hedge the risk.
- iv. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	<u>December 31, 2020</u>		
	<u>Foreign currency amount (in thousands)</u>	<u>Exchange rate</u>	<u>Book value (NTD)</u>
(Foreign currency : functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 27	28.097	\$ 767

The unrealised exchange gain arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2021 and 2020 amounted to \$30 and \$2, respectively.

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

For the year ended December 31, 2020		
Sensitivity analysis		
Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)		
<u>Financial assets</u>		
<u>Monetary items</u>		
USD : NTD	1.00% \$	8 \$ -

Price risk

The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company 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, and the contractual cash flow of debt instruments classified as financial assets at fair value through other comprehensive income.
- ii. The Company 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 Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company'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 Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

- ii. The table below analyses the Company'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>December 31, 2021</u>	<u>Up to 1 year</u>	<u>Over 1 year</u>
Other payables (including related parties)	\$ 33,687	\$ -
Lease liabilities	70	659
Bonds payable	12,100	2,030,052

Non-derivative financial liabilities

<u>December 31, 2020</u>	<u>Up to 1 year</u>	<u>Over 1 year</u>
Other payables (including related parties)	\$ 19,319	\$ -
Lease liabilities	50	357

(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 Company'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 Company'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:

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 659,517	\$ -	\$ -	\$ 659,517
Financial assets at fair value through other comprehensive income				
Equity securities	<u>25,578</u>	<u>-</u>	<u>543</u>	<u>26,121</u>
	<u>\$ 685,095</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 685,638</u>
December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 216,381	\$ -	\$ -	\$ 216,381
Financial assets at fair value through other comprehensive income				
Equity securities	<u>22,842</u>	<u>-</u>	<u>543</u>	<u>23,385</u>
	<u>\$ 239,223</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 239,766</u>

C. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

Market quoted price	<u>Listed shares</u> Closing price	<u>Open-end fund</u> 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 balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

E. For the years ended December 31, 2021 and 2020, there were no transfers between Level 1 and Level 2.

F. For the years ended December 31, 2021 and 2020, there were no transfers in or out of Level 3.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

(2) Information on investees

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

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 9.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 10.

(4) Major shareholders information

Please refer to table 11.

ECOVE ENVIRONMENT CORP.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021

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

Item	Description	Amount
Demand deposits		
–NTD		\$ 6,881
Checking accounts		484
Time deposits		
–NTD		67,000
		\$ 74,365

ECOVE ENVIRONMENT CORP.
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2021

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

Name of Financial Instrument	Shares	Face Value (in dollars)	Total Amount	Cost	Fair Value		Note
					Unit Price (in dollars)	Total Amount	
Prudential Financial Money Market	9,742	\$ 15.97	\$ 155,793	\$ 155,593	\$ 15.99	\$ 155,793	
FSITC Taiwan Money Market Fund	30,747	15.46	475,683	475,204	15.47	475,683	
Franklin Templeton Sinoam Money Market	2,682	10.44	<u>28,041</u>	<u>28,000</u>	10.45	<u>28,041</u>	
			<u>\$ 659,517</u>	<u>\$ 658,797</u>		<u>\$ 659,517</u>	

ECOVE ENVIRONMENT CORP.
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2021

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

Financial Commodites	Summary	Number of Shares	Par Value (in dollars)	Amount	Acquisition costs	Fair Value		Notes
						Price (in dollars)	Amount	
Taiwan Cement Corp.	Stocks	531,205	\$ 10.00	\$ 5,312	\$ 16,671	\$ 48.15	<u>\$ 25,578</u>	-
Less: Valuation adjustment						<u>8,907</u>		
							<u>\$ 25,578</u>	

ECOVE ENVIRONMENT CORP.
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name	Beginning of the year		Additions		Reductions		End of the year		Pledged to others as collaterals
	Number of Shares (per share)	Amount	Number of Shares (per share)	Amount	Number of Shares (per share)	Amount	Number of Share (per share)	Amounts	
Teamwin Opto-Electronics Co., Ltd,	150,000	\$ 2,261	-	\$ -	-	\$ -	150,000	\$ 2,261	N/A
Eastern Pacific Energy Sdn.Bhd.	10,000	81	-	-	-	-	10,000	81	"
		2,342		\$ -		\$ -		2,342	
Less: Accumulated imparement		(1,799)						(1,799)	
		<u>\$ 543</u>						<u>\$ 543</u>	

ECOVE ENVIRONMENT CORP.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Name	Beginning of the year		Additions (reductions)		Investment income (loss)	Balance at December 31, 2021				Pledged to others as collateral
	Number of shares (per share)	Amount	Number of shares (per share)	Amount		Number of shares (per share)	% interest held	Amount	Value per share	
ECOVE Wujih Energy Corp.	30,000,000	\$ 881,405	-	(\$ 352,467)	\$ 261,361	30,000,000	100.00	\$ 790,299	\$ 790,299	N/A
ECOVE Environmental Services Corp.	15,100,000	861,678	-	(312,366)	365,640	15,100,000	100.00	914,952	899,869	"
ECOVE Waste Management Corp.	2,000,000	108,423	-	(48,467)	49,004	2,000,000	100.00	108,960	109,335	"
ECOVE Miaoli Energy Corp.	44,999,200	910,014	-	(178,578)	92,344	44,999,200	74.999	823,780	823,780	"
Yuan Ding Resources Corp.	4,500,000	39,388	-	-	(11)	4,500,000	100.00	39,377	39,377	"
Boretech Resource Recovery Engineering Co.,	12,039,903	331,214	-	(24,967)	42,793	12,039,903	20.00	349,040	273,535	"
ECOVE Solar Energy Corporation	104,621,082	1,412,064	-	(5,225)	95,465	104,621,082	100.00	1,502,304	1,378,613	"
ECOVE Solvent Recycling Corporation	8,099,000	93,470	-	(16)	18,820	8,099,000	89.99	112,274	99,812	"
EVER ECOVE Corporation	8,000,000	77,826	-	-	(1,518)	8,000,000	5.00	76,308	76,308	"
		<u>\$ 4,715,482</u>		<u>(\$ 922,086)</u>	<u>\$ 923,898</u>			<u>\$ 4,717,294</u>	<u>\$ 4,490,928</u>	

ECOVE ENVIRONMENT CORP.
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

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

<u>Accounts</u>	<u>Administrative expenses</u>
Salaries	\$ 20,851
Pension costs	1,287
Services	3,359
Other expenses	25,218
	<u>\$ 50,715</u>

ECOVE ENVIRONMENT CORPORATION

Loans to others

Year ended December 31, 2021

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 for the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower	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
					December 31, 2021 (Note 3)	December 31, 2021 (Note 8)				(Note 5)			Item	Value			
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Other receivables-related parties	Yes	\$ 1,447,731	\$ 1,447,731	\$ 1,184,731	0.75%	2	\$ -	For operational needs	\$ -	-	\$ -	\$ 2,185,632	\$ 2,185,632	-
0	"	ECOVE Solar Power Corporation	"	"	574,952	574,952	552,952	0.75%	"	"	"	"	"	"	2,185,632	2,185,632	-
0	"	ECOVE South Corporation Ltd	"	"	77,317	77,317	77,317	0.75%	"	"	"	"	"	"	2,185,632	2,185,632	-
1	ECOVE Environment Services Corp.	CTCI Machinery Corp.	"	"	300,000	233,000	233,000	0.75%	"	"	"	"	"	"	359,948	359,948	-
1	"	ECOVE South Corporation Ltd	"	"	30,000	30,000	23,000	0.75%	"	"	"	"	"	"	359,948	359,948	-
1	"	ECOVE Solvent Recycling Corporation	"	"	30,000	-	-	-	"	"	"	"	"	"	359,948	359,948	-
1	"	ECOVE E&C Engineering Corp.	"	"	30,000	-	-	-	"	"	"	"	"	"	359,948	359,948	-
2	ECOVE Waste Management Corp.	CTCI Machinery Corp.	"	"	45,000	31,000	31,000	0.75%	"	"	"	"	"	"	43,734	43,734	-
3	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	"	"	80,000	-	-	-	"	"	"	"	"	"	551,446	551,446	-
3	"	ECOVE South Corporation Ltd	"	"	80,000	-	-	-	"	"	"	"	"	"	551,446	551,446	-

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

(1)The Company is '0'.

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

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

Note 3: Fill in the maximum outstanding balance of loans to others for the year ended December 31, 2021.

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

(1)The Business association is '1'.

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

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

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

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

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

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

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

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

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

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

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
Provision of endorsements and guarantees to others
Year ended December 31, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2021 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	ECOVE Environment Corp.	ECOVE South Corporation Ltd	2	\$ 10,928,162	\$ 300,000	\$ 300,000	\$ -	\$ -	5.49%	\$ 16,392,243	Y	N	N	-
0	"	ECOVE Solar Energy Corporation	2	10,928,162	2,660,630	2,659,622	489,985	-	48.67%	16,392,243	Y	N	N	-
0	"	ECOVE Solar Power Corporation	2	10,928,162	1,087,000	920,000	299,589	-	16.84%	16,392,243	Y	N	N	-
0	"	ECOVE Solvent Recycling Corporation	2	10,928,162	157,600	157,600	59,000	-	2.88%	16,392,243	Y	N	N	-
0	"	Ever Ecove Corporation	6	10,928,162	220,500	208,000	153,000	-	3.81%	16,392,243	N	N	N	-
1	ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd	2	5,514,455	14,000	-	-	-	-	8,271,682	N	N	N	-
1	"	ECOVE Solar Power Corporation	2	5,514,455	757,076	181,760	-	-	13.18%	8,271,682	N	N	N	-
2	ECOVE Solar Power Corporation	ECOVE Solar Energy Corporation	3	1,545,133	12,420	12,420	12,420	-	3.22%	2,317,700	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.

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

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

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

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

ECOVE ENVIRONMENT CORPORATION

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

Year ended December 31, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)		Relationship with the securities issuer (Note 2)	General ledger account	December 31, 2021				Footnote (Note 4)
	Type	Name			Number of shares/denominations	Book value (Note 3)	Ownership (%)	Fair value	
ECOVE Environment Corp.	Beneficiary certificates	Prudential Financial Money Market	None	Financial assets at fair value through profit or loss-current Adjustment	9,742,320	\$ 155,593	-	\$ 155,793	-
						200			
						\$ 155,793			
"	"	FSITC Taiwan Money Market Fund	"	Financial assets at fair value through profit or loss-current Adjustment	30,746,577	\$ 475,204	-	\$ 475,683	-
						479			
						\$ 475,683			
"	"	Franklin Templeton Sinoam Money Market	"	Financial assets at fair value through profit or loss-current Adjustment	2,682,407	\$ 28,000	-	\$ 28,041	-
						41			
						\$ 28,041			
"	Common Stock	Taiwan Cement Corp.	"	Financial assets at fair value through other comprehensive income-current Adjustment	531,205	\$ 16,671	-	\$ 25,578	-
						8,907			
						\$ 25,578			
"	"	Teamwin Opto-Electronics Co., Ltd.	"	Financial assets at fair value through other comprehensive income - non-current	150,000	\$ 2,261	2.46%	\$ 475	-
"	"	Eastern Pacific Energy Sdn. Bhd	The Chairman of the Company is the Board of director	"	10,000	81	10.00%	68	-
		Less: Accumulated impairment				(1,799)			-
						\$ 543		\$ 543	
ECOVE Wujih Energy Corp.	Common Stock	Taiwan Cement Corp.	None	Financial assets at fair value through other comprehensive income-current	534,295	\$ 25,726	-	\$ 25,726	-
"	Beneficiary certificates	FSITC Taiwan Money Market Fund	"	Financial assets at fair value through profit or loss-current	3,881,259	60,048	-	60,048	-
"	"	Taishin 1699 Money Market Fund	"	"	8,588,811	117,481	-	117,481	-
"	"	Franklin Templeton Money Market Fund	"	"	6,423,925	67,153	-	67,153	-
ECOVE Environment Services Corp.	Common Stock	CTCI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income-current	1,028	38	-	38	-
"	"	Taiwan Cement Corp.	None	"	1,406,754	67,735	-	67,735	-
ECOVE Waste Management Corp.	"	Taiwan Cement Corp.	"	"	538,039	25,906	-	25,906	-
"	"	ECOVE Environment Corp.	Parent company	"	1,605	376	-	376	-
"	Beneficiary certificates	Jih Sun Money Market Fund	None	Financial assets at fair value through profit or loss-current	5,915,058	88,649	-	88,649	-
"	"	Taishin 1699 Money Market	"	"	1,597,636	21,853	-	21,853	-
"	"	Franklin Templeton Money Market Fund	"	"	4,021,149	42,035	-	42,035	-
ECOVE Mioali Energy Corporation	"	Taishin 1699 Money Market	"	"	1,170,421	16,009	-	16,009	-

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

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

Year ended December 31, 2021

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at December 31, 2021		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2021		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
ECOVE Environmental Services Corp.	Prudential Financial Money Market	Financial assets at fair value through profit or loss	-	-	6,475,471	\$ 103,195	16,838,389	269,000	13,571,540	\$ 216,835	\$ 216,602	\$ 233	9,742,320	\$ 155,593
"	FSITC Taiwan Money Market Fund	"	-	-	5,186,230	80,000	39,462,081	610,000	13,901,734	214,975	214,796	179	30,746,577	475,204
"	FSITC Money Market Fund	"	-	-	-	-	2,310,376	416,000	2,310,376	416,208	416,000	208	-	-
ECOVE Environmental Services Corp.	Taishin 1699 Money Market Fund	"	-	-	31,167,316	425,070	20,062,825	274,000	51,230,141	699,993	699,070	923	-	-
"	Taishin Ta-Chong Money Market	"	-	-	-	-	33,214,540	476,000	33,214,540	476,121	476,000	121	-	-
ECOVE Wujih Energy Corp.	FSITC Taiwan Money Market Fund	"	-	-	3,694,229	57,000	9,770,493	151,000	9,583,463	148,143	148,000	143	3,881,259	60,000
ECOVE Waste Management Corp.	Taishin 1699 Money Market Fund	"	-	-	-	-	10,466,588	143,000	8,868,952	121,200	121,164	36	1,597,636	21,836

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

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

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

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

ECOVE ENVIRONMENT CORPORATION

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

Year ended December 31, 2021

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp	Affiliate	(Waste disposal revenue)	(\$ 436,386)	(57%)	30 days quarterly	No significant difference	\$ 58,604	23%	-	
"	ECOVE Environment Services Corp.	"	Cost of services	300,876	72%	"	"	(66,462)	(65%)	-	
ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	(Operating revenue)	(540,015)	(14%)	"	"	53,793	15%	-	
"	ECOVE Wujih Energy Corp.	"	"	(300,876)	(8%)	"	"	66,462	18%	-	
"	ECOVE Miaoli Energy Corp	"	"	(148,645)	(4%)	"	"	28,167	14%	-	
ECOVE Waste Management Corp.	ECOVE Environment Services Corp.	"	Waste disposal cost	540,015	47%	"	"	(53,793)	(44%)	-	
"	ECOVE Wujih Energy Corp.	"	"	436,386	38%	"	"	(58,604)	(47%)	-	
ECOVE Miaoli Energy Corp.	ECOVE Environment Services Corp.	"	Operating cost	148,645	92%	"	"	(28,167)	(100%)	-	

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

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

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

ECOVE ENVIRONMENT CORPORATION

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at		Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			December 31, 2021	Turnover rate	Amount	Action taken		
ECOVE Environment Services Corp.	CTCI Machinery Corp.	Affiliate	\$ 233,144	Note 3	\$ -	Note 3	\$ -	\$ -
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	A subsidiary	1,190,240	"	-	"	-	-
"	ECOVE Solar Power Corporation	"	553,237	"	-	"	-	-

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
Significant inter-company transactions during the reporting period
Year ended December 31, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	1	Other accounts receivable	\$ 1,190,240	-	9.69%
0	"	ECOVE Solar Power Corporation	"	"	553,237	-	4.50%
0	"	ECOVE Solar Energy Corporation	"	Endorsements and guarantees	2,659,622	-	N/A
0	"	ECOVE Solar Power Corporation	"	"	920,000	-	N/A
0	"	ECOVE South Corporation Ltd.	"	"	300,000	-	N/A
0	"	ECOVE Solvent Recycling Corporation	"	"	157,600	-	N/A
1	ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	3	Operating revenue	(436,386)	30 days quarterly	-7.33%
2	ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	"	(540,015)	"	-9.07%
2	"	ECOVE Miaoli Energy Corp.	"	"	(148,645)	"	-2.50%
2	"	ECOVE Wujih Energy Corp.	"	"	(300,876)	"	-5.05%
2	"	SINOGALWaste Services Co., Ltd.	"	"	71,008	"	1.19%
3	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	"	Endorsements and guarantees	181,760	-	N/A
4	ECOVE Waste Management Corp.	ECOVE Solvent Recycling Corporation	"	Operating revenue	66,239	30 days quarterly	1.11%

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

- (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

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
Information on investees (not including investees in Mainland China)
Year ended December 31, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	\$ 450,435	\$ 450,435	30,000,000	100.00%	\$ 790,299	\$ 261,361	\$ 261,361	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%	914,952	367,306	365,640	A subsidiary
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Taiwan	Waste services, equipment and mechanical installation, waste clear, international trade and other environmental services, etc.	20,000	20,000	2,000,000	100.00%	108,960	49,004	49,004	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%	823,780	123,127	92,344	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%	39,377 (	11) (	11)	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	20.00%	349,040	197,996	42,793	An investee using equity method

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Taiwan	Energy technology services etc.	\$ 1,312,348	\$ 1,312,348	104,621,082	100.00%	\$ 1,502,304	\$ 95,465	\$ 95,465	A subsidiary
ECOVE Environment Corp.	EVER ECOVE Corporation	Taiwan	Waste services, waste clean and co-generation	80,000	80,000	8,000,000	5.00%	76,308 (	33,419) (	1,518)	An investee using equity method
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	86,480	86,480	8,099,000	89.99%	112,274	20,914	18,820	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%	73,588	70,226	18,894	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%	15	123,127	2	Affiliate
ECOVE Environment Services Corp.	SINOGAL-Waste Services Co., Ltd.	Macau	Management of waste recycling site and maintenance of related mechanical and equipment etc.	4,964	4,964	-	30.00%	62,825	191,511	57,453	A subsidiary
ECOVE Environment Services Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	10	10	1,000	0.01%	12	20,914	2	Affiliate

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
ECOVE Environment Services Corp.	Jing Ding Green Energy Technology Co., Ltd.	Taiwan	Wastewater sludge treatment	\$ 6,000	\$ 6,000	600,000	30.00%	\$ 5,571	(\$ 888)	(\$ 267)	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	-	25,100,000	100.00%	251,741	741	741	A subsidiary
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Taiwan	Energy technology services etc.	306,000	306,000	30,600,000	100.00%	386,283	27,073	27,073	A subsidiary
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Taiwan	Energy technology services etc.	30,500	30,500	3,050,000	100.00%	34,486	2,849	2,849	A subsidiary
ECOVE Solar Energy Corporation	G.D. International, LLC.	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	383,622	21,044	21,044	A subsidiary
G.D. International, LLC.	Lumberton Solar W2-090, LLC	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	383,275	21,240	21,240	A subsidiary

ECOVE ENVIRONMENT CORPORATION
Information on investments in Mainland China
Year ended December 31, 2021

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)(2)B	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
ECOVE Environment Consulting Corp.	Technical development, advisory and service in environmental field; environmental pollution control equipment and related parts wholesale, import and export, etc.	\$ 4,147	1	\$ 4,147	\$ -	\$ -	\$ 4,147	\$ 3,145	100.00%	\$ 3,145	\$ 15,933	\$ 33,286	-
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA									
ECOVE Environment Corp.	\$ 4,147	\$ 4,147		\$ 3,278,449									

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

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

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2021' column:

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

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

Note 4: Invested by ECOVE Environment Services Corp.

ECOVE ENVIRONMENT CORPORATION

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

Year ended December 31, 2021

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing			Interest during the year ended		Others	
	Amount	%	Amount	%	Balance at December 31, 2021	%	Balance at December 31, 2021	Purpose	Maximum balance during the year ended December 31, 2021	Balance at December 31, 2021	Interest rate	December 31, 2021			
ECOVE Environment Consulting Corp.	(\$ 24,303)	0.64%	-	-	(\$ 5,060)	0.80%	\$ -	-	\$ -	\$ -	-	\$ -	-	\$ -	-

ECOVE ENVIRONMENT CORPORATION

Major shareholders information

December 31, 2021

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
CTCI Corp.	38,457,105	55.25%
Fubon Life Assurance Co., Ltd.	4,567,507	6.56%

- (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.