

Stock Code: 6803

Taiwan Stock Exchange Market Observation Post System:

<https://mops.twse.com.tw>

The website of Company Annual Report:

<http://www.ecove.com>

## 2023 Annual Report

ECOVE 

崑鼎綠能環保股份有限公司  
**ECOVE Environment Corporation**

Printed on March 29, 2024

### 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.

#### **Spokesperson**

Name: H. H. Diao

Title: President

Tel: 886-2-21621688

E-mail: Spokesman@ecove.com

#### **Deputy Spokesperson**

Name: Yao, Tanching

Title: Accounting Manager

Tel: 886-2-21621688 #13037

E-mail: Spokesman@ctci.com

#### **Headquarters and Branches**

Headquarters

Address: 10Fl., No.89, Sec.6, Zhongshan North Rd., Taipei City, Taiwan

Tel: 886-2-21621688

#### **Branch**

None

#### **Stock Transfer Agent**

KGI Securities Co. Ltd.

Address: 5<sup>th</sup> Fl., 2, Sec. 1, Chung Ching South Rd., Taipei, Taiwan

Website: <http://www.kgieworld.com.tw/>

Tel: 886-2-2389-2999

Auditors

PriceWaterHouseCoopers

Auditors: Fu-Ming Liao, Yi-Fan Lin

Website: <http://www.pwc.com/tw>

Tel.: 886-2-2729-6666

#### **Corporate Website**

<http://www.ecove.com>

## Contents

<b>I. LETTER TO SHAREHOLDERS .....</b>	<b>4</b>
<b>II. Company Profile .....</b>	<b>7</b>
2.1 Date of Incorporation: Dec. 13, 1999.....	7
2.2 Company History .....	7
<b>III. Corporate Governance Report .....</b>	<b>10</b>
3.1 Organization .....	10
3.2 Directors and Management Team.....	12
3.3 Remuneration of Directors, President, and Vice President .....	26
3.4 Implementation of Corporate Governance.....	33
3.5 Professional fee of CPA Unit: NT\$ thousands .....	104
3.6 Information on replacement of CPA: None.....	104
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 .....	104
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:.....	105
3.9 Information Disclosing the Relationship between any of the Company's Top Ten Shareholders... .....	106
3.10 Shareholdings of the Company Directors, Supervisors, Managements, and Direct and Indirect Investments of the Company in Affiliated Companies.....	107
<b>IV. Capital Overview .....</b>	<b>108</b>
4.1 Capital and Shares.....	108
4.2 Issuance of Corporate Bonds: .....	114
4.3 Preferred Shares: None .....	114
4.4 Global Depositary Receipt: None .....	114
4.5 Employee Stock Options .....	114
4.6 Status of Restricted Stock Awards: None.....	116
4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions .....	116
4.8 Implementation of Capital Utilization Plan:.....	118
<b>V. Operations Overview .....</b>	<b>120</b>
5.1 Business content .....	120
5.2 Market and Sales Overview .....	131
5.3 Employee Information .....	143
5.4 Environmental Protection Expenditure Information .....	148
5.5 Relations between labor and employer .....	150
5.6 Information Security Management.....	152

5.7	Important Contracts ECOVE Environment Corporation 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: .....	154
<b>VI.</b>	<b>Financial Information.....</b>	<b>159</b>
6.1	Condensed Balance Sheet and Composite Income Sheet for the Recent 5 Years .....	159
6.2	Financial Analysis for the Recent 5 Years .....	163
6.3	Audit Committee’s Review Report in the Most Recent Year .....	166
6.4	Consolidated Financial Statements in the Most Recent Year Please refer to the Appendix 1 .	166
6.5	Parent Company Only Financial Statements in the Most Recent Year Please refer to the Appendix 2 .....	166
6.6	Difficulties in Financial Turnover of the Company and Affiliates in the Recent Years until the Annual Report being published: None.....	166
<b>VII.</b>	<b>Review of Financial Conditions, Operating Results, and Risk Management .....</b>	<b>167</b>
7.1	Analysis of Financial Status .....	167
7.2	Financial Performance Analysis.....	168
7.3	Cash Flow Analysis .....	169
7.4	The Impact of Major Capital Expenditures on Financial Operations in the Most Recent Year: None .....	169
7.5	Reinvestment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year .....	169
7.6	Risk Management and Assessment .....	170
7.7	Other.....	179
<b>VIII.</b>	<b>Special Disclosure .....</b>	<b>180</b>
8.1	Summary of Affiliated Companies .....	180
8.2	Private placement of securities in the most recent year and up to the date of annual report publication: None.....	187
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: None .....	187
8.4	Other Necessary Supplemental Information .....	187
<b>IX.</b>	<b>Appendix.....</b>	<b>192</b>
Appendix I	Consolidated Financial Statements and Independent Auditors’ Report in the Most Recent Year.....	193
Appendix II	Financial Statements and Independent Auditors’ Report in the Most Recent Year.....	288

## I. LETTER TO SHAREHOLDERS

Dear Shareholders,

Thank you for taking the time to attend the Company's 2024 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 2022 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 2023 business overview and overview of the 2024 Business Plan and future development strategies are stated below.

### 1. 2023 Business Overview

#### (1) Operating Results

The consolidated operating revenue in 2023 was NT\$7,628,502,000 (values with unspecified currency hereafter are also NTD), which was a \$598,342,000 increase from the consolidated operating revenue in 2022. The consolidated operating expense was \$158,067,000, non-operating income and expenditure was \$161,506,000 and consolidated net profit after tax was \$1,164,040,000, an increase of \$119,014,000 from the consolidated net profit after tax in 2022. The Company's earnings per share was \$16.36, an increase of \$1.45 from the earnings per share in 2022.

#### (2) Business Performance

In review of the year 2023, ECOVE has actively implemented both foundational and developmental strategies in business promotion and execution. Beyond maintaining stable operations in existing businesses, the team has not slackened its efforts in expanding across various sectors, achieving significant results. In waste management, the company successfully became the top candidate for the "Chiayi Green Energy Sustainable Recycling Center BOT project," advancing our investment and management in large-scale waste treatment facilities. In renewable energy, we continuously secured projects from public and private institutions, leading to an increase in the development of rooftop, ground, and floating type facilities. Maintenance services also extended to external clients. Furthermore, in response to the government's policy to integrate private sector resources into the national grid's "power auxiliary services," we successfully integrated a 5MW energy storage system in the Nantou Industrial Zone into the grid to provide Taiwan Power Company with automatic frequency modulation services, thereby extending our business into the energy storage sector. In recycling and reuse, besides recycling waste isopropanol (IPA) to produce about 3,500 tons of industrial-grade products returned to the market supply chain, we also took over the operation of the "Southern Science Park Reclamation Plant" from our parent company, CTCL, recycling industrial wastewater for use in semiconductor manufacturing processes.

### 2. Overview of the 2024 Business Plan

The circular economy has become a global trend, and protecting the environment is our mission. ECOVE is committed to becoming a leader in Taiwan's resource recycling industry. Looking to the future, ECOVE will strive in the following directions to ensure the sustainable development of the group and expand our reach internationally.

#### (1) Waste Management

Domestically, in addition to consolidating existing operations, we will also begin undertaking the O&M (Operation and Maintenance) for the Taoyuan Bioenergy Center, handle the EIA (Environmental Impact Assessment) operations for the Changhua Coastal Low-carbon Resource Cycling Center, and manage the contracting, financing, and pre-construction activities for the "Chiayi Green Energy Sustainable Recycling Center BOT project". Additionally, in alignment with the government's plans to retrofit incinerators and diversify waste treatment approaches, we will adopt the integrated business model of the Taoyuan Bioenergy Circular Economy, introducing mature international experiences and technologies to provide comprehensive solutions to the

government, actively seeking new opportunities and participating in government tenders.

Moreover, in response to the trend towards net-zero carbon emissions, we will introduce innovative technologies to further our carbon reduction efforts and transform internal operational experience into a competitive edge for securing external contracts. Internationally, we aim to expand into ASEAN, Mainland China, and India, proactively expressing our intentions to local governments and collaborating with domestic and international companies that offer complementary services. We are also actively participating in relevant forums and leveraging the government's New Southbound Policy to replicate the successful PPP (BOT) model and proven O&M (including ROT) capabilities abroad.

## (2) Renewable Energy

In line with global development trends, we continue to pursue opportunities in solar photovoltaic investment and development, actively expanding our overseas investment scale while maintaining organic growth domestically. Internationally, considering national risks and existing experience, we will focus resources on steadily expanding our investments in the United States and assess the feasibility of large-scale energy storage projects, carefully evaluating the benefits and risks associated with each investment.

Domestically in the solar photovoltaic sector, we will continue to participate in government tenders and seek opportunities for expansion with existing property owners, developing diverse collaboration programs tailored to the needs of property owners and selectively choosing investment targets. In terms of maintenance of solar photovoltaic facilities, we will leverage our long-accumulated experience to optimize work efficiency, enhancing performance at our own sites and using this advantage to attract more external clients.

Additionally, we are actively developing the market and exploring the possibilities of diverse and innovative new business models in response to opportunities arising from the liberalization of the electricity industry, regulatory relaxation, and the demand for green electricity by companies aiming for net-zero carbon emissions.

## (3) Recycling and Reuse

While our waste solvent recycling and reuse operations continue to proceed steadily, we will also extend the success of this initiative by continually evaluating competitive technologies and developing more recyclable projects for the high-tech industry. In terms of water resource recovery, we will further integrate our group's engineering resources based on our experience with the Linkou Water Resource Plant and the high-tech reclaimed water O&M projects to pursue subsequent government and corporate reclaimed water projects, as well as government desalination plans, focusing on both investment and O&M activities.

Additionally, in other recycling and reuse projects, we will continue to explore domestic and international technological resources and assess viable business models. Driven by the circular economy and the surge towards net-zero carbon emissions, we aim to unearth more opportunities within the industrial and civil sectors, not limiting ourselves to in-house developments but also considering potential mergers and acquisitions.

## (4) Electromechanical Maintenance and Retrofit

Building on the foundation of maintaining utility systems in existing high-tech factories, we continue to develop high-value electromechanical maintenance work related to high-tech plants. By leveraging advanced recycling and reuse technologies, we are expanding opportunities for setting up high-tech business waste recycling facilities. Through intelligent management of incineration plants, we effectively carry out equipment upgrades and annual maintenance, thereby extending the service life of incineration facilities. These initiatives not only improve operational efficiency but also enhance the sustainability and environmental compliance of our operations.

Looking to the future, driven by the mission to enhance technological integration and optimize resource recycling efficiency, ECOVE will continue to strive for excellence and expand its development on the foundation of trust established with clients and owners. We believe that in the wave of the circular economy, ECOVE will become an indispensable helmsman. More importantly, ECOVE is well-prepared and will continue to generate improved profitability for the company and returns for shareholders 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"> <li>• CTCI Corp. and CTCI Investment Corp. co-founded ECOVE Environment Corp.</li> </ul>
2001	<ul style="list-style-type: none"> <li>• In order to deal with waste business, ECOVE Environment Corp. wholly-owned to establish ECOVE Waste Management Corp.</li> </ul>
2007	<ul style="list-style-type: none"> <li>• ECOVE Environment Corp. acquired 98% equity of ECOVE Wujih Energy Corp. and 93.16% equity of ECOVE Environment Services Corp.</li> </ul>
2009	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
2010	<ul style="list-style-type: none"> <li>• ECOVE Environment Corp. shares were listed on the Taipei Stock on May 27, 2010.</li> <li>• ECOVE Environment Corp. issued the first domestic unsecured conversion of corporate bonds.</li> <li>• ECOVE Environment Corp. acquired 36% equity of ECOVE Miaoli Energy Corp.</li> </ul>
2011	<ul style="list-style-type: none"> <li>• ECOVE Environment Corp. continued to acquire 39% equity of ECOVE Miaoli Energy Corp., holding a total of 75% equity of ECOVE Miaoli Energy Corp.</li> <li>• ECOVE Environment Corp. and Gintech Energy Corp. each invested 50% to establish "ECOVE Solar Energy Corp."</li> <li>• ECOVE Environment Corp. set up salary and compensation committee.</li> </ul>
2013	<ul style="list-style-type: none"> <li>• ECOVE Environment Services Corp. wholly-owned to establish "ECOVE Environment Consulting Corp."</li> </ul>
2014	<ul style="list-style-type: none"> <li>• ECOVE Environment Corp. set up audit committee.</li> <li>• ECOVE Environment Corp. invested BORETECH Resource Recovery Engineering Co., Ltd. (Cayman), participate in the Recycle Polyethylene Terephthalate.</li> </ul>
2016	<ul style="list-style-type: none"> <li>• 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.</li> <li>• ECOVE Environment Service Corp. won "2016 National Standardization - Corporate Standardization Award" from Ministry of Economic Affairs</li> <li>• ECOVE Environment Service Corp. won "2016 National Occupational Safety &amp; Health Award" from Ministry of Labor</li> <li>• ECOVE Solar Energy Corp. awarded the 3<sup>rd</sup> "Excellence Award for Outstanding Solar Photovoltaic Systems."</li> </ul>
2017	<ul style="list-style-type: none"> <li>• New Brand 「 ECOVE 」</li> <li>• ECOVE Environment Corp. received the world's first BSI 8001 circular economy certification from BSI.</li> <li>• ECOVE Environment Corp. received "Circular Economy Sustainability Award" from BSI.</li> <li>• ECOVE Solar Energy Corp. awarded the 4<sup>th</sup> "Excellence Award for Outstanding Solar Photovoltaic Systems."</li> </ul>



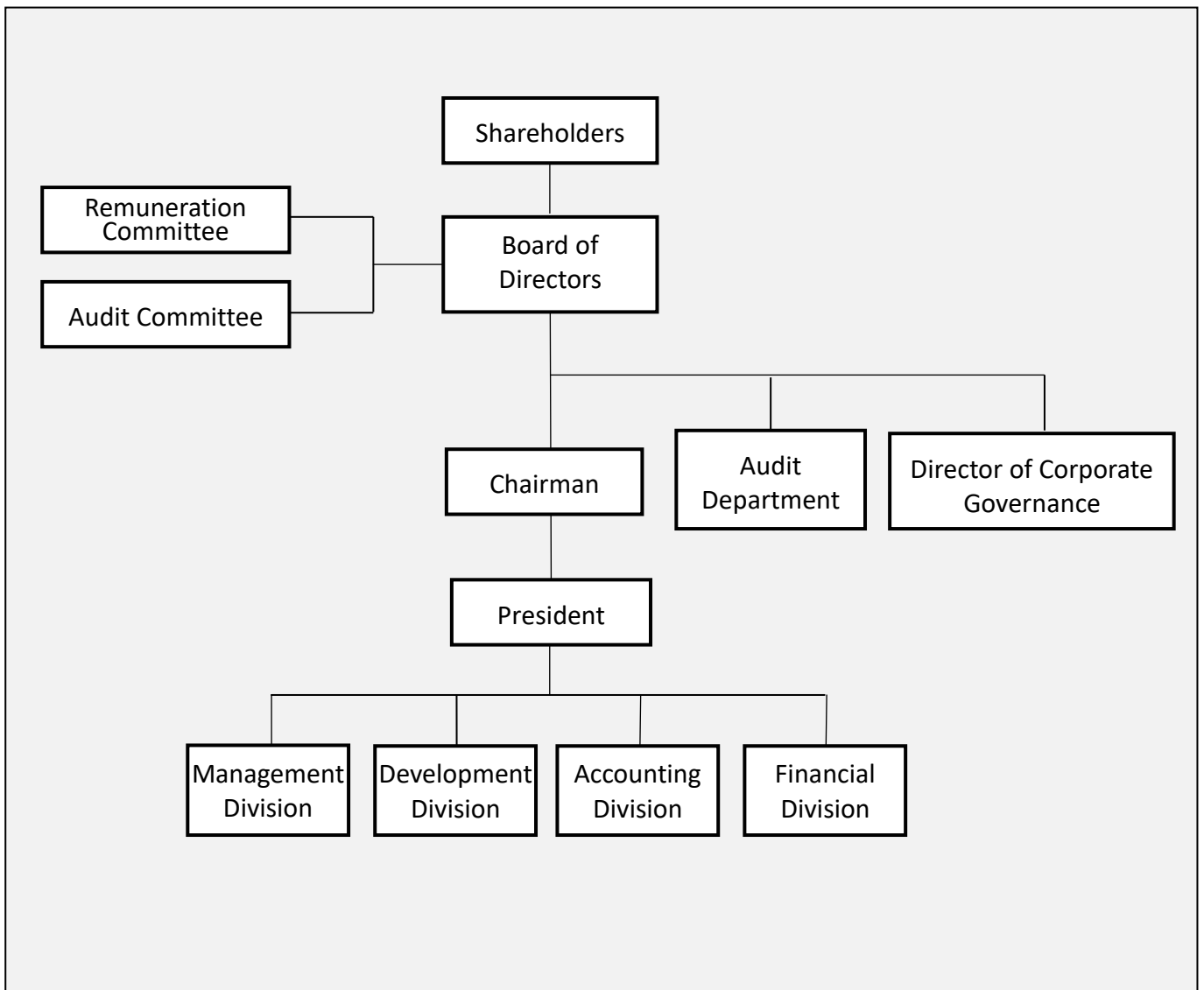
2018	<ul style="list-style-type: none"> <li>• ECOVE Environment Corp. invested ECOVE Solvent Recycling Corp. to develop W-IPA recycling business.</li> <li>• Miaoli Plant won 2017 EfW Premium Performance Award EPA</li> <li>• ECOVE Environment Corp. won Taoyuan Biomass-energy Center BOT project and invested EVER ECOVE Corp.</li> <li>• For the third consecutive year, ECOVE Environment Corp. ranked 3rd in the world magazine "Excellence in CSR medium-size enterprise sector.</li> <li>• ECOVE Environment Corp. acquired 100% equity of ECOVE Solar Energy Corp.</li> <li>• ECOVE Environment Corp. awarded the "2018 National Sustainable Development Award" from Executive Yuan.</li> <li>• ECOVE Solar Energy Corp. awarded the 5<sup>th</sup> "Excellence Award for Outstanding Solar Photovoltaic Systems."</li> </ul>
2019	<ul style="list-style-type: none"> <li>• ECOVE Environment Corp. acquired 100% equity of Wujih Energy Corp.</li> <li>• ECOVE Environment Corp. acquired 100% equity of Yuan Ding Resources Management Corp.</li> <li>• Keelung EfW Plant received "2018 EfW Premium Performance/Regional Cooperation Award" from EPA</li> <li>• Taoyuan EfW Plant received "2018 EfW Excellent Performance/Overall Planning Award" from EPA</li> <li>• ECOVE Environment Corp. ranked 1st in the World Magazine "Excellence in CSR medium-size enterprise sector</li> <li>• Tainan Science Park Resource Recycling Center awarded Mogul Award in "EPB 1st Annual Enterprise Environment Protection Award" from Executive Yuan</li> <li>• Keelung &amp; Miaoli EfW plants won Golden Award in "EPB 1st Annual Enterprise Environment Protection Award" from Executive Yuan</li> </ul>
2020	<ul style="list-style-type: none"> <li>• ECOVE Environment Corp. ranked 3rd in the World Magazine "Excellence in CSR medium-size enterprise sector"</li> <li>• ECOVE ESC holds 30% shares of the "Radium ECOVE Corporation", carry out "Changhua Coastal Industrial Park Resource Treatment Center BOT Project"</li> <li>• Keelung EfW plant 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</li> <li>• ECOVE Environment Corp. awarded TOP50 Corporate Sustainability Award, Corporate Sustainability Report Platinum Award and Transparency and Integrity Award of TCSA from TAISE</li> <li>• Keelung EfW plant won Honorary Environmental Protection Enterprise Trophy, Golden Award and Green Action Award in "EPB 2nd Annual Enterprise Environment Protection Award" from Environmental Protection Administration, Executive Yuan</li> <li>• ECOVE Environment Corp. acquired 100% equity of ECOVE Environment Services Corporation.</li> </ul>

2021	<ul style="list-style-type: none"> <li>• ECOVE Environment Corp. issued unsecured ordinary corporate bonds (green bonds included) with a total amount of NT\$2 billion.</li> <li>• ECOVE Environment Corp. and its subsidiary company working area have moved to No.16, Fushan Rd., Beitou Dist., Taipei City “The Second Headquarter of CTCI Group”</li> <li>• ECOVE Solvent Recycling Corporation has obtained dual certification of carbon neutrality and circular economy.</li> <li>• ECOVE Miaoli Energy Corporation won Environmental Protection Enterprise Trophy, Golden Award in "EPB 3<sup>rd</sup> Annual Enterprise Environment Protection Award” from Environmental Protection Administration, Executive Yuan.</li> <li>• ECOVE Environment Services Corporation earned Changhua Xizhou EfW Plant operation and rectification project.</li> <li>• 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.</li> </ul>
2022	<ul style="list-style-type: none"> <li>• ECOVE Environment Corp. awarded the 1<sup>st</sup> place of the environmental hygiene service category within 650 largest service enterprises surveyed by CommonWealth Magazine.</li> <li>• ECOVE ESC/MEC/SRC won the 4th “Enterprises Environmental Protection Award” from EPA.</li> <li>• ECOVE ESC has acquired 'Environmental Protection Land in Lunwei West Zone II of Changhua Coastal Industrial Park' and established a subsidiary named "ECOVE Resource Recycling Co., Ltd." to carry out its business.</li> <li>• ECOVE Solar Energy Corp. awarded the 9th "Excellence Award for Outstanding Solar Photovoltaic Systems."</li> </ul>
2023	<ul style="list-style-type: none"> <li>• 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 &amp; TWSE-listed group, and is the only TPEX-listed company for 5 consecutive years.</li> <li>• ECOVE acquired the BOT project of Chiayi City Green Energy Sustainable Recycling Center.</li> <li>• ECOVE renamed it’s Chinese company name.</li> <li>• ECOVE acquired 100% equity of ECOVE Solvent Recycling Corp.</li> <li>• ECOVE 's third-party verification for greenhouse gas inventory was passed.</li> <li>• ECOVE Environment Corp. awarded the 2<sup>nd</sup> place of the environmental hygiene service category within 650 largest service enterprises surveyed by CommonWealth Magazine.</li> <li>• ECOVE ESC/MEC won the 4th “Enterprises Environmental Protection Award” from EPA</li> <li>• Keelung EfW plant which is operated by ECOVE ESC won the High Distinction Award in Efw Plant Performance Annual Evaluation from EPA for 5 consecutive years.</li> </ul>

### 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"> <li>● 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</li> </ul>
Immediate President	Executive Management Operations (EMO)	<ul style="list-style-type: none"> <li>● Provides general administration and management.</li> <li>● Supervises and manages operations and business of subsidiary companies.</li> <li>● Integrates and coordinates application of resources of subsidiary companies.</li> <li>● Supports the investment development businesses.</li> </ul>
	Marketing Development Dept.	<ul style="list-style-type: none"> <li>● Produces investment and development plans.</li> <li>● Conducts investment risk assessments.</li> </ul>
	Finance Dept.	<ul style="list-style-type: none"> <li>● Oversees regular payment, fund collection, and capital management.</li> <li>● Makes transactions with financial institutions.</li> <li>● Provides interest rate analysis and hedging plans.</li> <li>● Conducts long-term fundraising and obtains short-term financing.</li> <li>● Supports project financial analyses and financial risk assessments.</li> <li>● Conducts investment risk assessments.</li> </ul>
	Accounting Dept.	<ul style="list-style-type: none"> <li>● Provides regular reimbursement for accounts receivable and payable.</li> <li>● Prepares accounting and budgetary statements.</li> <li>● Prepares routine taxation filing and deduction operations.</li> <li>● Submits applications for investment tax credits.</li> <li>● Establishes and improves accounting system.</li> </ul>

### 3.2 Directors and Management Team

#### 3.2.1 Directors

Mar. 29, 2024

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 61-70	May 31, 2023	3	Jun. 26, 2017 (Dec. 08, 1999)	38,457,105	53.52	38,457,105 (55,085)	53.52 (0.0766)	250	0.0003	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 -Vice Chairman, BORETECH Resources Recovery Engineering Co., Ltd. (Cayman)	-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, Bao Ding Reclaimed Water Co., Ltd. -Director, BORETECH Resources Recovery Engineering Co., Ltd.	-	-	-
Director	R.O.C.	H. H. Diao (Rep. of CTCI Corporation)	Male 51-60	May 31, 2023	3	Sep. 22, 2023 (Dec. 08, 1999)	38,457,105	53.52	38,457,105 (11,343)	53.52 (0.0158)	0	0	0	0	-National Taiwan University EMBA International Business Group	-President, ECOVE Environment Corp. -Chairman/President, ECOVE Environmental	-	-	-

															<ul style="list-style-type: none"> <li>-M.S., Environmental Engineering, National Taiwan University</li> <li>-B.S., Chemical Engineering, National Taiwan University</li> <li>-Vice President, ECOVE Environment Corporation</li> <li>-Associate Manager, ECOVE Environmental Services Corp.</li> <li>-Project Manager, CTCI</li> </ul>	<ul style="list-style-type: none"> <li>Services Corp.</li> <li>-Chairman, ECOVE Wujih Energy Corp.</li> <li>-Chairman, ECOVE Miaoli Energy Corp.</li> <li>-Chairman, ECOVE Waste Management Corp.</li> <li>-Managing Director, ECOVE Environment Consulting Corp.</li> <li>-Director, SINO GAL-Waste Services Co., Ltd.</li> <li>-Director, BORETECH Resource Recovery Engineering Co., Ltd. (Cayman)</li> <li>-Chairman, Yuan Ding Resources Management Corp.</li> <li>-Chairman, ECOVE Solvent Recycling Corp.</li> <li>-Chairman, ECOVE Solar Energy Corp.</li> <li>-Chairman, ECOVE Solar Power Corp.</li> <li>-Chairman, ECOVE GangShan Energy Corp.</li> <li>-Chairman, ECOVE Resource Recycling Co., Ltd.</li> <li>-Chairman, ECOVE Chiayi Energy Corp.</li> <li>-Director, ECOVE South Corp. Ltd.</li> </ul>			
Director	R.O.C.	Kuan Shen Wang	Male 61-70	May 31, 2023	3	Jun. 23, 2014	0	0	0	0	0	0	0	0	<ul style="list-style-type: none"> <li>-Master in Management, S.M. of MIT Sloan School</li> <li>-Executive Director, The Goldman Sachs Group, Inc.</li> <li>-Supervisor, Chime Ball Technology Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>-Managing Director, United Capital Management</li> <li>-Independent Director, Quanta Storage Inc.</li> <li>-Director, Forcelead Technology Corp.</li> </ul>	-	-	-
Director	R.O.C.	Ping Shen	Male 71-80	May 31, 2023	3	Mar. 26, 1999	0	0	0	0	0	0	0	0	<ul style="list-style-type: none"> <li>-MBA, Harvard Business School</li> <li>-Executive Director, Morgan Stanley Group</li> <li>-Executive Vice President, China Development Industrial</li> </ul>	<ul style="list-style-type: none"> <li>-Independent Director, ELITE Material Co., Ltd.</li> </ul>			

																Bank -President, CDIB & Partners Investment Holding Corp. -Independent Director, Far Eastern International Bank -Independent Director, Far Eastern New Century Corporation				
Director	R.O.C	Yangming Liu	Male 51-60	May 31, 2023	3	Sep. 30, 2009	0	0	0	0	0	0	0	0	0	-Attorney at-law in Taiwan -Attorney at-law in China -EMBA National Taiwan University -L.L.B. Fujen Catholic University -Arbitrator of CAAI -Arbitrator of SHIAC	-Senior Partner, LIU & Co. Law Offices -Director, Sunshine Social Welfare Foundation -Director, Association of Cross-Strait Legal Exchange	-	-	-
Director	R.O.C.	Eugene Chien	Male 71-80	May 31, 2023	3	Jun. 22, 2015	0	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, CTCI Education Foundation -Chairman, Telecommunication & Transportation 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	May 31, 2023	3	Jun. 26, 2017	0	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,	-Chairman, Safety and Health Technology Center	-	-	-

															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				
Independent Director	R.O.C.	James Tsai	Male 61-70	May 31, 2023	3	Jun. 26, 2017	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	-Director, Trans Globe Life Insurance Inc. -Chairman, Jia Guang Enterprise Co., Ltd. -Chairman, Wan Shi Da Enterprise Co., Ltd. -Director, Orient Recreation and Development Corp. -Director, FCB International Leasing Co., Ltd. -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.	-	-	-





Major shareholders of the institutional shareholders

March 29, 2024

Name of institutional shareholders	Major shareholders of the institutional shareholders
CTCI Corporation	CTCI Foundation(7.52%)、CTBC BANK CO., LTD. (Sustainability Employee Stock Ownership Trust)(6.24%)、CTBC BANK CO., LTD. (CTCI Corporation Employee Stock Ownership Trust) (6.15%)、BANK SINOPAC CO. LTD.(Reliable Employee Stock Ownership Trust)(3.27%)、Fubon Life Insurance Co., Ltd.(2.48%)、USI Corporation(1.87%)、Asia Polymer Corporation(1.79%)、Union Cement Traders Inc.(1.65%)、Investment account of Norges Bank managed by Citibank Taiwan (1.48%)、CHANG HWA COMMERCIAL BANK, LTD. (1.23%)

Major shareholders of the major shareholders that are juridical persons

March 29, 2024

Name of juridical persons	Major shareholders of the juridical persons
CTCI Foundation (7.52%)	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%)
CTBC BANK CO., LTD. (Sustainability Employee Stock Ownership Trust) (6.24%)	N/A
CTBC BANK CO., LTD. (CTCI Corporation Employee Stock Ownership Trust) (6.15%)	N/A
BANK SINOPAC CO. LTD. (Reliable Employee Stock Ownership Trust) (3.27%)	N/A
Fubon Life Insurance Co., Ltd. (2.48%)	Fubon Financial Holding Co., Ltd. (100%)
USI Corporation (1.87%)	Shing Lee Enterprise (Hong Kong) Limited(14.62%)、Fubon Comprehensive Securities Co., Ltd. entrusted with the custody of the investment special account of Wholégainer Company Limited(9.25%)、Asia Polymer Corporation(8.53%)、Fubon Life Insurance Co., Ltd. (4.49%)、Taishing Investment Co., Ltd.(2.04%)、Lin Hua Shin(1.75%)、Yueh Hsing Hua Investment Co., Ltd.(1.73%)、Yu Wen-Hsuan(1.41%)、Yu Wen-Tsung(1.41%)、Yu Wen-Yu(1.41%)
Asia Polymer Corporation (1.79%)	Union Polymer Int'l Investment Corp.(36.08%)、Taiwan Union International Investment Corp.(2.41%)、Chunghwa Post Co., Ltd(2.2%)、TransGlobe Life Insurance Inc.(2.17%)、The First Insurance Co.,Ltd.(1.08%)、

	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds(0.93%)、JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds(0.9%)、China General Terminal & Distribution Corporation (0.89%)、Weihe Asset Management Co., Ltd. (0.42%)、CTCI Bank as custodian of DFA Multi Emerging Market Stock Index Funds(0.42%)
Union Cement Traders Inc. (1.65%)	TCC Investment Co., Ltd. (100%)
Investment account of Norges Bank managed by Citibank Taiwan (1.48%)	N/A
CHANG HWA COMMERCIAL BANK, LTD. (1.23%) (April 18, 2023)	Ministry of Finance (12.19%)、Chunghwa Post Co., Ltd. (7.50%)、Taishin Financial Holdings Co., Ltd. (5.58%)、National Development Fund, Executive Yuan (5.42%)、First Commercial Bank Co., Ltd. (4.99%)、Formosa Plastics Group (2.53%)、Cooperative Bank of Taiwan (2.39%)、Bank of Taiwan Co., Ltd. (1.81%)、Taiwan Land Bank Co., Ltd. (1.80%)、Hua Nan Commercial Bank Ltd. (1.79%)

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

### Professional Qualifications of Directors

Criteria Name/Gender	Professional qualifications and experience	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
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>	0
H. H. Diao/Male	<p>1. With a Master's degree in Environmental Engineering and a Bachelor's degree in Chemical Engineering from National Taiwan University, as well as an Executive MBA in International Business from National Taiwan University, along with previous roles as Vice General Manager of the company, Deputy Manager of Xin Ding Company, and Project Manager of Zhong Ding Engineering Company, I bring a diverse background to my current positions as General Manager of the company and Chairman of its subsidiary. My educational background and professional experience not only encompass expertise in civil engineering and environmental engineering, particularly in waste incineration plant operations, but also include strong management skills in enterprise operation and risk management.</p> <p>2. Not been a person of any conditions defined in Article 30 of the Company Law</p>	0
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>	1
Ping Shen/Male	<p>1. MBA, Harvard Business School, Executive Director, Morgan Stanley Group, Executive Vice President, China Development Industrial Bank, President, CDIB &amp; Partners Investment Holding Corp. Director of CTCI, Independent Director, Far Eastern International Bank. Independent Director, Far Eastern New Century Corporation etc. 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>	1
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 &amp; 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>	0

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 &amp; 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>	2
-------------------	--	---

### 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. Since 2007, has served as the Chairman of the Foundation of Occupational Safety and Health Technical Center. 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"> <li>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.</li> <li>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.</li> <li>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.</li> </ol>	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. Former CEO of PwC 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. Possessing extensive knowledge and experience in accounting, auditing, and corporate governance, providing considerable assistance in ensuring compliance with financial reporting and corporate governance regulations for the company.</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 &amp; 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 our company's board of directors for diversity are that no more than one-third of the directors who are also company executives, at least one female director, and more than half of the independent directors shall not serve more than three consecutive terms.

In terms of implementing board diversity, the Company's board consists of 9 directors (including 3 independent directors). Only 2 of these directors also serve as company executives, which does not exceed one-third of the total board seats. All three independent directors (constituting one-third of the board) have not served more than three terms, and one of them is a female independent director.

The company is an environmental protection company specializing in green energy. To accommodate business needs, 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		61 to 70	Engineering and Environmental Protection	v	v	v	v	v	v	v	
H. H. Diao	R.O.C	Male	v		51 to 60	Engineering and Environmental Protection	v	v	v	v	v	v	v	
Eugene Chien	R.O.C	Male			71 to 80	Environmental Sustainability	v	v	v	v	v	v	v	
Kuan-Sheng Wang	R.O.C	Male			61 to 70	Investment	v	v	v	v	v	v	v	
Ping Shen	R.O.C	Male			71 to 80	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 7 years	71 to 80	Industrial Safety	v	v	v	v	v	v	v	
James Tsai Independent Director	R.O.C	Male		Within 7 years	61 to 70	Accountant	v	v	v	v	v	v	v	
Shan-Shan Chou Independent Director	R.O.C	Female		Within 4 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 knowledge

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 29, 2024

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	Hsio-Hua Diao	Male	Sep. 22, 2023	11,343	0.0158	0	0	0	0	-M.S., International Business, National Taiwan University -M.S., Graduate Institute of Environmental Engineering of National Taiwan University -B.S., Chemical Engineering, National Taiwan University -Project Manager, CTCI	-Chairman/President, ECOVE Environmental Services Corp. -Chairman, ECOVE Wujih Energy Corp. -Chairman, ECOVE Miaoli Energy Corp. -Chairman, ECOVE Waste Management Corp. -Director, ECOVE Environment Consulting Corp. -Director, SINOGAL-Waste Services Co., Ltd. -Director, BORETECH Resource Recovery Engineering Co., Ltd. (Cayman) -Chairman, Yuan Ding Resources Management Corp. -Chairman, ECOVE Solvent Recycling Corp. -Chairman, ECOVE Solar Energy Corp. -Chairman, ECOVE Solar Power Corp. -Chairman, ECOVE GangShan Energy Corp. -Chairman/President, ECOVE Resource Recycling Co., Ltd. -Chairman, ECOVE Chiayi Energy Corp. -Director, ECOVE South Corp. Ltd.	—	—	—
President	R.O.C.	Y. P. Shih (Note 1)	Male	May. 28, 2020	119,613	0.1670	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. -Managing Director, ECOVE Environment Consulting Corp -President, ECOVE Solar Energy Corp. -President/Director, ECOVE Environment Corp.	—	—	—	

Chief Financial Officer and Governance Officer	R.O.C.	Catherine Huang	Female	Aug. 15, 2017	52,948	0.0737	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. -Assistant Manager of Finance Dept., CTCI Co., Ltd.	—	—	—	—
Accounting Officer	R.O.C.	Tanching Yao	Female	Nov. 3, 2015	6,113	0.0085	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.	—	—	—	—

Note 1: The Chairman, Y.P. Shih was removed from his managerial position at the company on September 22, 2023, with only his employment information disclosed.

### 3.3 Remuneration of Directors, President, and Vice President

#### 3.3.1 Remuneration of Directors (Independent Directors Included)

December 31, 2023; 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	ECOVE	All Consolidated Entities	ECOVE			All Consolidated Entities		ECOVE	All Consolidated Entities	
																		Cash	Stock		Cash	Stock			
Chairman	J. J. Liao [Note 1]																								
Director	Institutional Director	CTCI Corporation																							
	Director	Y. P. Shih [Note 1]																							
	Director	H.H Diao [Note 1]																							
	Director	Eugene Chien	6,000	6,000	0	0	5,200	5,200	792	1,344	1.03	1.08	17,528	17,528	612	612	134	0	134	0	2.60	2.65	None		
	Director	Yangming Liu																							
	Director	Wen-Whe Pan																							
	Director	Kuan Shen Wang																							
	Director	Ping Shen																							
Independent director	Shuh Woei Yu																								
Independent director	James Tsai	4,400	4,400	0	0	0	0	396	396	0.41	0.41	0	0	0	0	0	0	0	0	0	0	0	0.41	0.41	None
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, Mr. Y. P. Shih and H.H Diao are representatives of juridical persons of CTCI 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	Y. P. Shih, H.H Diao	Y. P. Shih, H.H Diao	-	-
NT\$1,000,000 ~ NT\$2,000,000	J. J. Liao, Eugene Chien, Yangming Liu, Kuan Shen Wang, Ping Shen, Shuh Woei Yu, James Tsai Shan-shan Chou	J. J. Liao, 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	-	-	Y. P. Shih, H.H Diao	Y. P. Shih, H.H Diao
NT\$5,000,000 ~ NT\$10,000,000	CTCI Corporation	CTCI Corporation	CTCI Corporation J. J. Liao	CTCI Corporation 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 31<sup>st</sup>, 2023; 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													
President	Yun-Peng Shih (Note 2)	7,531	7,531	612	612	9,997	9,997	134	-	134	-	18,275 1.57	18,275 1.57	None
President	Hsio-Hua Diao (Note 3)													

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

Note 2: Yun-Peng Shih retired on September 22, 2023, and was removed from the post of president of ECOVE.

Note 3: Hsio-Hua Diao took over as president on September 22, 2023.

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	Hsio-Hua Diao	Hsio-Hua Diao
NT\$3,500,000 ~ NT\$5,000,000	Yun-Peng Shih	Yun-Peng Shih
NT\$5,000,000 ~ NT\$10,000,000	J.J Liao	J.J Liao
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	267	267	0.02
	President	Yun-Peng Shih (Note 2)				
	President	Hsio-Hua Diao				
	Finance Manager	Chung-Lei Huang				
	Accounting Manager	Tan-Ching Yao				

Note 1: The distributed amount is based on the total amount approved by Board of Directors on March 4, 2023 and calculated accordingly to each executive officers' on-job days in the previous year.

Note 2: Yun-Peng Shih retired on September 22, 2023, and was removed from the post of president of ECOVE.

**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 (%)
2022	30,823	2.95	31,363	3.00
2023	30,267	2.60	30,819	2.65

The total compensation of directors, general managers, and deputy general managers of our company and all companies within the financial report, as a percentage of net profit after taxes, decreased by 0.35% in fiscal year 2023 compared to fiscal year 2022.

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 11 meetings of the board of directors were held in the previous period, Directors' attendance was as follows: (Disclosure period: January 1, 2023 ~ March 29, 2024)

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Chairman	J. J. Liao (Rep. of CTCL Corporation)	11	0	100	Note 1
Director/ President	Y. P. Shih (Rep. of CTCL)	7	0	100	Note 2
Director/ President	H. H. Diao (Rep. of CTCL)	4	0	100	Note 3
Director	Eugene Chien	11	0	100	Note 1
Director	Ping Shen	10	0	90.9	Note 1
Director	Yangming Liu	11	0	100	Note 1
Director	Kuan Shen Wang	10	1	90.9	Note 1
Independent Director	Shuh Woei Yu	11	0	100	Note 1
Independent Director	James Tsai	11	0	100	Note 1
Independent Director	Shan-Shan Chou	11	0	100	Note 1

Note 1: Won re-election on May 31, 2023. Should attend 11 board meetings during the disclosure period.

Note 2: Director Y.P. Shih won re-election on May 31, 2023. Was removed from his position on September 22, 2023. Should attend 7 board meetings during the disclosure period.

Note 3: Director H.H. Diao was appointed on September 22, 2023. Should attend 4 board meetings during the disclosure period.

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: Chairman, J. J. Liao and Director, Y.P. Shih

Contents of motion: The 23<sup>th</sup> meeting of the 8<sup>th</sup> term Board of Directors (2023.05.04): Admit of the endorsement of external guarantees.

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

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

Contents of motion: The 23<sup>th</sup> meeting of the 8<sup>th</sup> term Board of Directors (2023.05.04): Acquisition of a portion of Blue Whale Water Technology Co., Ltd. held by CTCL.

Causes for avoidance and voting should be specified: Chairman J. J. Liao and Director Y. P. Shih, are appointed by CTCL as the legal representative directors of the company., have an interest in the case,

so they avoided the discussion and did not participate in the voting.

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

Contents of motion: The 23<sup>th</sup> meeting of the 8<sup>th</sup> term Board of Directors (2023.05.04): Acquisition of a portion of HDEC-CTCI (Linhai) Co., Ltd. held by CTCI.

Causes for avoidance and voting should be specified: Chairman J. J. Liao and Director Y. P. Shih, are appointed by CTCI as the legal representative directors of the company., have an interest in the case, so they avoided the discussion and did not participate in the voting.

(4) Directors' Names : Director Y. P. Shih

Contents of motion: The 1<sup>st</sup> meeting of the 9<sup>th</sup> term Board of Directors (2023.05.31): Appointment of President.

Causes for avoidance and voting should be specified: Director Y. P. Shih, as the party involved, has an interest in the case, so they avoided the discussion and did not participate in the voting.

(5) Directors' Names : Director H. H. Diao

Contents of motion: The 4<sup>th</sup> meeting of the 9<sup>th</sup> term Board of Directors (2023.09.22): Changes in President and Spokesperson.

Causes for avoidance and voting should be specified: Director H. H. Diao, as the party involved, has an interest in the case, so they avoided the discussion and did not participate in the voting.

(6) Directors' Names : Chairman, J. J. Liao

Contents of motion: The 6<sup>th</sup> meeting of the 9<sup>th</sup> term Board of Directors (2023.12.13): Admit of the endorsement of external guarantees.

Causes for avoidance and voting should be specified: Chairman, J. J. Liao, as a director of Ever ECOVE Corp., has an interest in the case, so he avoided the discussion and did not participate in the voting.

(7) Directors' Names : Chairman, J. J. Liao and Director H. H. Diao

Contents of motion: The 6<sup>th</sup> meeting of the 9<sup>th</sup> term Board of Directors (2023.12.13): Setting the average salary adjustment for employees for the fiscal year 2024 of the company.

Causes for avoidance and voting should be specified: Chairman, J. J. Liao and Director H. H. Diao, as employees of ECOVE Environment Corp., have an interest in the case, so they avoided the discussion and did not participate in the voting.

(8) Directors' Names : Chairman, J. J. Liao and Director H. H. Diao

Contents of motion: The 6<sup>th</sup> meeting of the 9<sup>th</sup> term Board of Directors (2023.12.13): Setting the compensation (salary adjustments and bonuses) for the managerial level of the company.

Causes for avoidance and voting should be specified: Chairman, J. J. Liao and Director H. H. Diao, as managers of ECOVE Environment Corp., have an interest in the case, so they avoided the discussion and did not participate in the voting.

(9) Directors' Names : Director H. H. Diao

Contents of motion: The 7<sup>th</sup> meeting of the 9<sup>th</sup> term Board of Directors (2024.03.04): Revocation of the non-compete restriction for new corporate directors and appointment of representatives.

Causes for avoidance and voting should be specified: Director H. H. Diao, as the party involved, has an interest in the case, so they avoided the discussion and did not participate in the voting.

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 board of directors 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 2024 and completed the "2023 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. The assessment results were reported to the 7<sup>th</sup> meeting of the 9<sup>th</sup> term Board of Directors on March 4, 2024, and revealed the corporate governance operations in the annual report and the company's website (<http://www.ecove.com>).

(3) The Company continuously ensures 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 end of the first quarter of the following year.	January 1, 2023 to December 31, 2023	Includes performance evaluation of the overall board of directors, individual board members and functional committees (salary and compensation committee and audit committee)	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 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. ( <a href="http://www.ecove.com">http://www.ecove.com</a> )	Performance evaluation of the board of directors: divided into 6 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", "internal control" and "participation in sustainable business (ESG)"), 29 indicators. Board member assessment self-assessment: divided into 6 aspects ("mastery of company goals and tasks", "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.

#### External evaluation of board of directors

Evaluation cycle	During evaluation	Assessment scope	Evaluation method	Evaluation content
At least once	January 1,	Includes	Appointing external	The board performance is evaluated by

every three years by external professional independent institution or experts and scholars team.	2021 to December 31, 2021	performance evaluation of the overall board of directors	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. ( <a href="http://www.ecove.com">http://www.ecove.com</a> )	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, 2023 ~ March 29, 2024)

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

Name of Independent Director	The 20th Meeting of the 8 <sup>th</sup> term BOD 2023.03.06	The 21th Meeting of the 8 <sup>th</sup> term BOD 2023.04.12	The 22th Meeting of the 8 <sup>th</sup> term BOD 2023.04.20	The 23th Meeting of the 8 <sup>th</sup> term BOD 2023.05.04	The 1 <sup>st</sup> Meeting of the 9 <sup>th</sup> term BOD 2023.05.31	The 2 <sup>nd</sup> Meeting of the 9 <sup>th</sup> term BOD 2023.07.11	The 3 <sup>rd</sup> Meeting of the 9 <sup>th</sup> term BOD 2023.08.01	The 4 <sup>th</sup> Meeting of the 9 <sup>th</sup> term BOD 2023.09.22	The 5 <sup>th</sup> Meeting of the 9 <sup>th</sup> term BOD 2023.10.30	The 6 <sup>th</sup> Meeting of the 9 <sup>th</sup> term BOD 2023.12.23	The 7 <sup>th</sup> Meeting of the 9 <sup>th</sup> term BOD 2024.03.04
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 9 meetings of the Audit Committee were held in the previous period. Independent Directors' attendance was as follows: (Disclosure period: January 1, 2023 ~ March 29, 2024)

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Independent Director	Shuh Woei Yu	9	0	100	None
Independent Director	James Tsai	9	0	100	None
Independent Director	Shan-Shan Chou	9	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 2023 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. Fu-Ming Liao 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 compliant without any discrepancies by the Audit Committee.

◆ 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.

◆ CPAs assessment

The Audit Committee is entrusted with the responsibility of supervising the independence of the certified public accounting firm to ensure the fairness of financial statements. Generally, except for tax-related services or projects approved by the Audit Committee, the certified public accounting firm may not provide other non-audit services to the Company.

To ensure the independence of the certified public accounting firm, the Audit Committee refers to Article 47 of the Certified Public Accountants Act and Bulletin No. 10 of the Code of Professional Ethics for Certified Public Accountants, issued by the Financial Supervisory Commission in August, 2022, to formulate an independence assessment form based on the contents of the five dimensions and thirteen indicators

of the Audit Quality Indicators (AQI) released by the Financial Supervisory Commission. On March 4, 2024, the Fourth Session of the Sixth Audit Committee and the 7<sup>th</sup> Session of the 9<sup>th</sup> Board of Directors reviewed and approved that the independence assessment standards for both Mr. Liao Fu-ming and Mr. Lin Yi-fan, certified public accountants of PricewaterhouseCoopers, were met, making them suitable to serve as the Company's financial and tax signing accountants.

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.

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 20 <sup>th</sup> meeting of the 8 <sup>th</sup> term 2023.03.06	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 2021 directors' and employees' remuneration.	V	N/A
	4. Approval of the Fiscal 2022 business report, financial reports and consolidated statements.	V	N/A
	5. Approval of the distribution plan of Fiscal 2022 earnings.	V	N/A
	6. Approval of "Statement of Internal Control System" for the Year 2022".	V	N/A
	7. Approval of the amendment on partial articles of the Company's "Internal Control System".	V	N/A
	8. Approval of the amendment on partial articles of the Company's "Procedure for Acquisition and Disposition of Assets".	V	N/A
	9. Approval of the update of the company's paid-in capital registration.	V	N/A
	On Mar. 6, 2023, resolution results of Audit Committee meeting: In addition to the amendment passing for the revision of the " Procedure for Acquisition and Disposition of Assets," which included changes to several articles, all other proposals were approved by consensus of all attending committee members.		
The Company's managing with the opinion of the Audit Committee: Were approved by the resolution of all present directors.			
The 23 <sup>rd</sup> meeting of the 8 <sup>th</sup> term 2023.05.04	1. Approval of the endorsement of external guarantees.	V	N/A
	2. Approval of 2023 1 <sup>st</sup> quarter report of consolidated statements.	V	N/A
	3. Approval of the update of the company's paid-in capital registration.	V	N/A
	4. Approval of the adjustment and application of the company's loans to others.	V	N/A
	5. Approval of the acquisition of a portion share of Blue Whale Water Technology Co.,	V	N/A

	Ltd., held by CTCL.		
	6. Approval of the acquisition of a portion share of HDEC-CTCL ( Linhai ) Corp., held by CTCL.	V	N/A
	On May. 4, 2023, resolution results of Audit Committee meeting: Have been approved by all present members.		
	The Company's managing with the opinion of the Audit Committee: 1. The above 1. and 5-6 were approved by the resolutions of present directors except for benefit-avoiding directors. (Benefit-avoiding director: Chairman J.J.Liao, Director Y.P. Shih) 2. Others were approved by the resolution of all present directors.		
The 2 <sup>nd</sup> meeting of the 9 <sup>th</sup> term 2023.07.11	1. Admit of the Changes in credit amount.	V	N/A
	On July. 11, 2023, resolution results of Audit Committee meeting: Have been approved by all present members.		
	The Company's managing with the opinion of the Audit Committee: Were approved by the resolution of all present directors.		
The 3 <sup>rd</sup> meeting of the 9 <sup>th</sup> term 2023.08.01	1. Approval of 2023 2 <sup>nd</sup> quarter report of consolidated statements	V	N/A
	2. Approval of the update of the company's paid-in capital registration.	V	N/A
	On Aug. 01, 2023, resolution results of Audit Committee meeting: Have been approved by all present members.		
	The Company's managing with the opinion of the Audit Committee: Were approved by the resolution of all present directors.		
The 4 <sup>th</sup> meeting of the 9 <sup>th</sup> term 2023.09.22	1. Admit of the Changes in credit amount.	V	N/A
	On Sep. 22, 2023, resolution results of Audit Committee meeting: Have been approved by all present members.		
	The Company's managing with the opinion of the Audit Committee: Were approved by the resolution of all present directors.		
The 5 <sup>th</sup> meeting of the 9 <sup>th</sup> term 2023.10.30	1. Approval of 2023 3 <sup>rd</sup> quarter 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 proposal for issuing new shares through a capital increase for a share swap with ECOVE Solvent Recycling Corp.	V	N/A
	4. Approval of the proposal to invest in the establishment of the "Chiayi City Green Energy Sustainable Recycling Center Construction, Operation, and Transfer Project" company.	V	N/A
	On Oct. 30, 2023, resolution results of Audit Committee meeting: Have been approved by all present members.		
	The Company's managing with the opinion of the Audit Committee: Were approved by the resolution of all present directors.		
The 6 <sup>th</sup> meeting of the 9 <sup>th</sup> term 2023.12.13	1. Approval of the endorsement of external guarantees.	V	N/A
	2. Admit of the Changes in credit amount.	V	N/A
	3. Approval of the budget of 2024.	V	N/A
	4. Approval of the Audit Plan of 2024.	V	N/A
	5. Approval to the application of the company's loans to others.	V	N/A
	6. Approval of the proposal to purchase the renewable energy power generation system located at cadastral parcels 0001-0010 in Nanxing Sec. of Xiaogang Dist., Kaohsiung city, held by ECOVE Solar Energy Corp.	V	N/A
	On Dec. 13, 2023, resolution results of Audit Committee meeting: Have been approved by all present members.		



	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 director: Chairman J.J.Liao) 2. Others were approved by the resolution of all present directors.		
The 7 <sup>th</sup> meeting of the 9 <sup>th</sup> term 2024.03.04	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 2023 directors' and employees' remuneration.	V	N/A
	4. Approval of the Fiscal 2023 business report, financial reports and consolidated reports.	V	N/A
	5. Approval of the distribution plan of Fiscal 2023 earnings.	V	N/A
	6. Approval of "Statement of Internal Control System for the Year 2023".	V	N/A
	7. Approval to the application of the company's loans to others.	V	N/A
	8. Approval of the amendment on partial articles of the Company's "Risk Management Guidelines".	V	N/A
	9. Approval of the amendment on partial articles of the Company's "Audit Committee Organization Regulations".	V	N/A
	10. Approval of the amendment on partial articles of the Company's "Internal Control System".	V	N/A
	11. Approval of the amendment on partial articles of the Company's "Endorsement and Guarantee Procedures".	V	N/A
	12. Approval of the amendment on partial articles of "Endorsement and Guarantee Procedures" for the Company's subsidiary, ECOVE ESC.	V	N/A
	13. Approval of the update of the company's paid-in capital registration.	V	N/A
	14. Approval of the proposal for a simplified merger between the Company, ECOVE SEC (a wholly-owned subsidiary), and ECOVE South Corp. Ltd. (a wholly-owned subsidiary of ECOVE SEC).	V	N/A
On Mar. 04, 2024, resolution results of Audit Committee meeting: Have been approved by all present members.			
In addition to the amendment passing for the revision of the "Risk Management Guidelines," which included the addition of an organizational chart for the Risk Management Implementation Committee, all other proposals 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.

4. 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 Principles 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 ( <a href="http://www.ecove.com">http://www.ecove.com</a> ). Last revision at the 15 <sup>th</sup> meeting of the 8 <sup>th</sup> term Board of Directors of the Jul. 29, 2022.	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 "2023 annual performance evaluation of the board of directors" by the General Management Office in January 2024. 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 "2023 Annual Internal Board Performance Evaluation" is from January 1, 2023 to December 31, 2023. The scope of the evaluation includes the performance evaluation of the entire Board of Directors and individual directors and functional committees. The evaluation methods include self-assessment within the Board of Directors and functional committees, and self-assessment of director members. The detailed evaluation aspects, evaluation levels, and evaluation results were reported to the 7<sup>th</sup> Board of Directors meeting of the 9<sup>th</sup> term on March 6, 2023, and can be used as a reference for individual director compensation and nomination for</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>reappointment in the future. Based on the 2023 Board of Directors' performance evaluation results, the operation of the Board of Directors of the company was good.</p> <p>The "2023 Board of Directors' Performance Evaluation Report" of the company has been 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 6<sup>th</sup> meeting of the 4<sup>th</sup> and by the Board of Directors in the 7<sup>th</sup> meeting of the 9<sup>th</sup> on March 4, 2024. According to the Professional Ethical Standards Bulletin No. 10 "Independence in Audit and Review" of the Taiwan Institute of Certified Public Accountants, and the Audit Quality Indicators (AQI) released by the Financial Supervisory Commission in Aug. 2022, there are 5 dimensions and 13 indicators to assess the independence of auditors. The evaluation items please refer to the [Note 1]. 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
4. Has the TWSE-listed or TPEX-listed company established qualified and appropriate personnel and appoint the Company Secretary responsible	V		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 12 <sup>th</sup> meeting of the 7 <sup>th</sup> term BOD on March 8, 2019. The new company secretary has	None

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
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.)?			<p>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"> <li>(1) Handling matters relating to board meetings and shareholders meetings according to laws.</li> <li>(2) Producing minutes of board meetings and shareholders meetings.</li> <li>(3) Assisting in onboarding and continuous development of directors and supervisors.</li> <li>(4) Furnishing information required for business execution by directors and supervisors.</li> <li>(5) Assisting directors and supervisors with legal compliance.</li> <li>(6) Other matters set out in the articles or corporation or contracts.</li> </ol> <p>The company's " Corporate Governance Officer" completed the 12-hour training in 2023. Please refer to section 3.4.6 (8) 2., "Training of the Corporate Governance Officer." The key focuses of their duties for the year 2023 are as follows:</p> <ol style="list-style-type: none"> <li>(1) All 9 directors will have at least 6 hours of training in 2023.</li> <li>(2) Hold annual general shareholders meeting at the end of May in 2023.</li> <li>(3) 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.</li> <li>(4) Responsible for corporate governance evaluation, and obtained the top 5% companies from “Corporation Governance Evaluation”.</li> </ol>	

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
			<p>(5) 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>(6) Provide the company information required by the directors, and maintain communication between the directors and the heads of departments.</p> <p>(7) Provide board members with information on stipulation &amp; revision of laws, regulations, etc. in the field of company operations and corporate governance.</p>	
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		<p>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 sustainability 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 Sustainability Report of the Company for related issues and means of response.</p>	None
6. Does the Company entrust the professional stock affair agency for	V		<p>The Company has appointed the Stock Transfer Agency Department of KGI Securities to process affairs related to shareholder meetings.</p>	None



Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
the shareholder affairs?				
<p>7. Information Disclosure</p> <p>(1) Does the Company set up a website to disclose information regarding the Company’s finance, business and corporate governance status?</p> <p>(2) Is there any other information 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>	V		<p>(1) The company has established a website to disclose information regarding the company's financial, business, and corporate governance status. The Company's website: <a href="http://www.ecove.com">www.ecove.com</a></p> <p>(2) The Company has established a Chinese and English website and 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 2023 annual financial report was declared and completed on March 6, 2024. The first, second and third quarters of the 2023 annual financial report and the operating conditions of each month were completed within the stipulated period.</p>	None
8. Is there other important information, which helps to understand the governance and operation of the	V		(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,	None

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
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 insurance policies taken out for the directors and supervisors...etc?			<p>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 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	V		Priority items and measures: The sustainability report has been approved by the Board of Directors.	None

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
results issued by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year.				

[Note 1] CPAs' Audit Quality Indicators (AQI) and Independence Evaluation Form

Based on the 10th issue of the Code of Ethics for Certified Public Accountants in Taiwan on "Independence in Auditing and Reviewing" and the Audit Quality Indicators (AQI) released by the Financial Supervisory Commission of Taiwan in August 2012, the independence of the accountants can be evaluated through the following 5 main aspects and 13 indicators:

Audit Quality Indicators (AQI)		Compliance with Indicators		Note
Item	Description	Yes	No	
1	AQI Indicator I \ Professionalism	✓		
2	AQI Indicator II \ Quality Control	✓		
3	AQI Indicator III \ Independence	✓		
4	AQI Indicator IV \ Monitoring	✓		
5	AQI Indicator V \ Innovation Capability	✓		

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,	V		

	self-evaluation, defense in court, familiarity, or coercion.			
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

**3.4.4** The Remunerate committee’s composition, responsibilities and operation:

1. Remuneration Committee members’ information and responsibilities

March.29, 2024

Identity (Note1)	Criteria  Name	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
Convener and 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”		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. 31, 2023 to May. 30, 2026:

A total of 3 meetings of the Remuneration Committee were held in the previous period: (Jan. 01, 2023 ~ March 29, 2024)

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Convener/Member	Shuh Woei Yu	3	0	100	None
Member	James Tsai	3	0	100	None
Member	Shan-shan Chou	3	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's 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 8 <sup>th</sup> meeting of the 4 <sup>th</sup> term 2023.03.06	1. The distribution plan of the 2022 directors' and employees' remuneration.	All members of the committee agreed	Submitted to the BOD, approved by all attend directors
The 1 <sup>st</sup> meeting of the 5 <sup>th</sup> term 2023.12.13	1. Revise the "Director Performance Evaluation Procedures" of the Company.	All members of the committee agreed	Submitted to the BOD, approved by all attend directors
	2. Increase the monthly meal allowance for our company's employees.	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
	3. Revised the employees' average salary increase rate of 2024.	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
	4. Designed managerial compensation (salary and bonus) for 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 2 <sup>nd</sup> meeting of the 5 <sup>th</sup> term 2024.03.04	1. Distribution of director and employee compensation for fiscal year 2023 in the Company.	All members of the committee agreed	Submitted to the BOD, approved by all attend directors



**3.4.5 Progress in the implementation of sustainable development initiatives.**

**A. Progress in the implementation of sustainable development initiatives, differences from the Sustainable Development Practice Guidelines for Listed Companies, and the reasons for these differences.**

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. Has the Company established a governance structure for promoting sustainable development, set up a dedicated (or concurrent) unit for promoting sustainable development, assigned the responsibility to senior management as authorized by the board of directors, and monitored by the board of directors? (Listed companies should report on the implementation status, not on compliance or interpretation.)	V		<p>The Sustainable Development Committee serves as the highest decision-making body for ECOVE's sustainable development initiatives, overseeing corporate social responsibility, environmental protection, and corporate governance matters. The committee is chaired by the chairman, with the general manager serving as the chief commissioner, and includes chairpersons, general managers, and department heads of its subsidiaries as members. Meetings are held biannually, with the first half of the year focused on progress review and the second half dedicated to assessing the results of sustainability efforts and planning for the next year, ensuring effective tracking and management.</p> <p>The committee has established 3 sustainability task forces: the Social Engagement Group, the Environmental Protection Group, and the Corporate Governance Group, comprising general managers and department heads from various subsidiaries to effectively drive sustainable development initiatives.</p> <p>The Sustainability Committee reports annually to the Board of Directors on the implementation results of sustainable development and plans for the following year. The Board supervises the setting of management policies, strategies, and objectives, as well as the review, tracking, and effectiveness of subsequent implementation. The most recent report to the Board was made in the fourth quarter of 2023, presenting the sustainability plan for 2024 and the implementation results</p>	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	
			<p>of 2023.</p> <p>Operational and execution status of the Sustainable Development Committee: Report themes for 2023: Talent retention and recruitment, occupational safety and health, social engagement, renewable energy development, greenhouse gas inventory, waste reduction and recycling development, waste reduction, air pollution control, water resource management, and corporate governance-related topics.</p> <p>Plan themes for 2024: Talent retention and recruitment, occupational safety and health, social engagement, renewable energy development, greenhouse gas management, waste reduction and recycling development, air pollution control, water resource management, and corporate governance-related topics.</p> <p>The Sustainable Development Committee reports annually to the Board of Directors on the results of sustainable development initiatives and the plans for the following year. The Board of Directors supervises the formulation of management policies, strategies, and goals, as well as reviews, tracks, and evaluates the implementation and effectiveness thereof. The most recent report, presented to the Board in the fourth quarter of 2023, outlined the sustainable annual plan for 2024, covering topics such as talent retention and recruitment, occupational safety and health, social engagement, renewable energy development, greenhouse gas inventory and management, waste reduction and recycling development, pollution control, water resource management, and corporate governance. Sustainable development initiatives will continue to be implemented according to the plan.</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	
			Furthermore, since 2022, efforts have been made to align sustainable performance with key performance indicators for directors, the general manager, and senior executives to ensure the integration of sustainable development practices.	
2. Has The company conducted a risk assessment on environmental, social, and corporate governance issues related to its operations based on the principle of materiality, and established relevant risk management policies or strategies? (Listed companies should report on the implementation status, not on compliance or interpretation.)	V		<p>The Company adheres to the GRI Standards, SASB standards, and AA1000SES standards. Through the participation and discussion of the Sustainability Committee, we conduct a materiality analysis to identify environmental, social, and corporate governance issues related to our operations. We have issued "Risk Management Guidelines" and established a Risk Management Implementation Committee, whose members include department heads from ECOVE, Chairman, President, and department heads one level below the general manager from each subsidiary. This committee controls various operational risks and adopts effective actions to manage risks or seize potential opportunities. The committee meets regularly each year, prioritizes risk issues after discussions by the Risk Management Committee, and formulates relevant strategies.</p> <p>Please refer to the "Materiality Analysis" and "Risk Management" sections in the sustainability report for more details.</p>	None
3. Environment Issue (1) Does the company establish proper environmental management systems based on the characteristics of their			(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,	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Statement	
industries?			<p>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>	
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		<p>(2) In terms of pollution control, the company has established quality and environmental management systems (ISO 9001 and ISO 14001). According to statistics from 2023, the total electricity generation was approximately 1,087,849 thousand kilowatt-hours. For every additional kilowatt-hour generated, there is a reduction in carbon dioxide emissions. Based on the electricity emission coefficient calculation, it is estimated that approximately 540,000 metric tons of CO2e equivalent emissions were reduced in 2023. In 2023, the total amount of waste processed by the incineration plant was approximately 1,911,631 metric tons. According to the latest announcement from the Environmental Protection Administration of the Executive Yuan, Taiwan generates approximately 1.28 kilograms of waste per person per day on average over the past three years, with incineration accounting for 38.29%. This means that ECOVE's operations are equivalent to serving approximately 8.695 million people in terms of annual waste generation.</p>	None
(3) Does the company evaluate the			(3) Among the top-five risks indicated in the Global Risks Report 2022 issued by the World	

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>potential risks and opportunities of climate change on its now and future operations and respond to the related issues with any initiatives?</p> <p>(4) Does the company record the greenhouse gas emissions, water consumption and total waste generation over the past two</p>			<p>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><b>Response measures:</b> In response to the impact of global climate change, ECOVE assess climate change risk and opportunity for its business areas-waste treatment, renewable energy and recycling &amp; 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 2023 was about 190.49 million. Please refer to the CSR report of the Company for further details.</p> <p>(4) In 2023, the operational headquarters emitted approximately 123.59 metric tons of carbon dioxide equivalent, which is comparable to the 123.43 metric tons emitted in 2022. Regarding waste incineration in 2023, the operational management incineration plant emitted a total of 896,631 metric tons of carbon dioxide, a decrease from the baseline year 2022's emission of</p>	

Evaluation Item	Implementation Status		Summary Statement	Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons												
	Yes	No														
years and developed policies to reduce greenhouse gas emissions, conserve water, or manage other types of waste?			<p>944,703 metric tons of carbon dioxide. This decrease is mainly attributed to efficiency improvements implemented across multiple plants and compliance with government waste management regulations. The average carbon emissions per ton of waste incineration were 469 kg CO<sub>2</sub>e, slightly higher than the baseline year 2022's average of 456 kg CO<sub>2</sub>e per ton of waste incineration. This increase is primarily due to the progress of efficiency improvement projects across various plants, leading to increased electricity procurement during plant shutdowns. The operational headquarters plans to undergo external verification for ISO 14064-1 in April of 2023. The company's operational headquarters plans to use the year 2022 as the baseline year and aims to achieve a 20% reduction in carbon emissions by the year 2024, continuing its commitment to sustainability.</p> <p>In terms of water consumption, statistics for 2022 and 2023 are as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Water consumption</td> <td>1,719,979</td> <td>1,595,511</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 2022 and 2023 are as follows:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Year	2022	2023	Water consumption	1,719,979	1,595,511	Item	2022	2023				
Year	2022	2023														
Water consumption	1,719,979	1,595,511														
Item	2022	2023														

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>1,703,308</td> <td>1,559,856</td> </tr> <tr> <td>General industrial waste</td> <td>Entered quantity(tons)</td> <td>392,567</td> <td>366,046</td> </tr> <tr> <td rowspan="2">Subtotal</td> <td>Total entered quantity(tons)</td> <td>2,095,875</td> <td>1,925,902</td> </tr> <tr> <td>Total processed quantity(tons)</td> <td>2,069,685</td> <td>1,911,631</td> </tr> </table>	General waste	Entered quantity(tons)	1,703,308	1,559,856	General industrial waste	Entered quantity(tons)	392,567	366,046	Subtotal	Total entered quantity(tons)	2,095,875	1,925,902	Total processed quantity(tons)	2,069,685	1,911,631	
General waste	Entered quantity(tons)	1,703,308	1,559,856																
General industrial waste	Entered quantity(tons)	392,567	366,046																
Subtotal	Total entered quantity(tons)	2,095,875	1,925,902																
	Total processed quantity(tons)	2,069,685	1,911,631																
			<p>Note 1: The difference between the input volume and the processing volume mainly stems from water evaporation or adjustments in stockpile inventory.</p> <p>Note 2: In 2023, due to the commencement of longevity enhancement projects, the Taoyuan Plant (in October) and the Gangshan Plant (in September) underwent shutdowns, resulting in lower processing volumes compared to 2022.</p>																
			<p><b>Management policy for energy saving, carbon reduction and greenhouse gas reduction:</b>  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</p>																

Evaluation Item	Implementation Status		Summary Statement	Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
			<p>the year to set up indicators of energy-saving projects next year.</p> <p><b>Policy for wastes management:</b> 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, 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>	



<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 1,797 people in 2023 have completed the online course and passed the quiz. In the future, we will continue to focus on human rights issues and promote related education and training to increase awareness of human rights protection and reduce the possibility of related risks. Please refer to our sustainability report on "Human Rights Protection and Welfare" and section 5.3.2 "Work Environment and Employee Safety Explanation" and section 5.5 "Labor Relations" in this year's report for more information.</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 has obtained ISO 45001 and CNS 45001 certifications, and it establishes and implements an annual safety and health education training plan. Through annual safety, health, and environmental activities, the company enhances its safety and health culture to prevent occupational accidents. Continually implementing occupational safety and health management remains a critical task. Although there were two occupational accidents this year (resulting in injuries to two employees, approximately 0.2% of the total workforce) and one</p>	<p>None</p>
---	----------	---	-------------

<p>(4) Does the company provide its employees with career development and training sessions?</p>		<p>fire incident (with no injuries, accounting for 0% of the total workforce), immediate source management was applied for both the occupational and fire incidents. Hazardous facilities were dismantled, and measures such as adding handling equipment and installing thermal imaging cameras were implemented to mitigate risks associated with facilities/equipment.</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, 54 Key Positions, 7 High-Potential talents and 10 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</p>		<p>(6) The Company requires all its suppliers to fully comply with local laws and regulations when</p>	

<p>supplier management policies that require suppliers to comply 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>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 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 environmentally 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> <p>To fulfill corporate sustainability responsibilities, we also require our contractors to commit to sustainable business practices and net-zero emissions. Beyond pursuing maximum shareholder value, this commitment includes taking into account the rights and interests of all stakeholders, adhering to socially recognized ethical standards, and promoting net-zero emissions to mitigate global warming caused by climate change. We aim to build a fair and just society and a sustainable living environment together with all stakeholders.</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	
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 Standards, AA1000 SES and SASB Standards 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 2023, the total number of employee training hours was approximately 22,848 hours with a total investment of 2.43million. 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. In 2023, we will continue to promote industry-university cooperation and have currently signed internship cooperation plans with 7 schools including Meiji, Qinyi, Fengjia, Jiayao, Tamkang, Central, and Chaoyang, aiming to cultivate young talents and cultivate high-quality talent manpower, establishing an industrial community and cooperating with academic institutions, with a total of 12 interns in 2023.</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 links with external advocacy, with executives and colleagues serving as advocacy ambassadors to lead the entire team in practicing green living in daily life and work. Each location responds to international advocacy to promote energy saving and carbon reduction, enhance colleagues' awareness of climate change, ecological environment and other issues, and through participation in activities, integrate environmental issues into daily life, and call for everyone to have the ability and responsibility to change the world under global climate change, like ECOVE leading colleagues in participating in World Oceans Day by organizing beach cleaning activities across northern, central, and southern Taiwan. Through their active involvement, the colleagues became part of an international advocacy effort.</p> <p>(4)One Plant One Step, Sustainable Environmental Education Tour: Environmental Education for Sustainability: Since 2018, ECOVE has cooperated with CTCI Education Foundation to launch first phase program called "One Factory One Step, Sustainable Environmental Education Tour," targeting elementary schools around Taiwan to promote environmental education. ECOVE colleagues actively entered schools as lecturers to teach sustainable living to students. Due to the warm reception of the program by many schools, ECOVE continued to collaborate with CTCI Education Foundation in 2021 to launch second phase program under the same theme. The "One Factory One Step, Sustainable Environmental Education Tour" program, in its 2023's year marks the third</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>year of the second phase of the plan, aiming to deeply embed the seeds of environmental education in future stewards for ongoing sustainability.</p> <p>(5) Environmental Education Facilities, Empowering a Green Future: ECOVE has long integrated local resources and focused on local environmental and ecological issues, combining these with its core business of resource recycling. Tailored to the unique process characteristics, cultural, and geographical features of each incineration plant, the company has designed a variety of environmental education courses for different age groups. These courses transform complex and challenging environmental knowledge into engaging experiential learning opportunities, promoting awareness and skills related to environmental protection. Currently, ECOVE has obtained certification for five environmental education sites, each with its distinctive teaching systems and a mission to perpetuate environmental conservation. In 2023, ECOVE provided 116 environmental education sessions, engaging a total of 4,330 participants.</p> <p>(6) We launched a NT\$137 million follow-on offering of ECOVE Solar Energy Corporation in 2023; ECOVE Solar Energy Corporation's main business item include the development, investment and maintenance of domestic and foreign photovoltaic power plants, as well as the sales of renewable energy. ECOVE Solar Energy Corporation is committed to the development of green energy and has extensive experience in photovoltaic power plant investment, development, construction, and maintenance in Taiwan and overseas markets. It currently owns over hundreds of photovoltaic power plants in Taiwan and New Jersey, along with a 5MW grid-connected energy storage system.</p> <p>ECOVE Solar Energy Corporation's green energy generation has reached 1,232.12 million kWh by 2023, with a carbon reduction of 61,000 metric tons, equivalent to 157 Daan Forest Parks. We have been actively responding to the government's renewable energy policy since 2016, and promoting CPPA since 2021. As of 2023, we have sold a total of 12,498 renewable energy certificates.</p>	
I.			<p>Inspection standards for passage of CSR reports:</p> <p>The "ECOVE 2023 Sustainability Report" was completed in 2024 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 2022 and by the published date of the Annual Report:</p> <ul style="list-style-type: none"> <li>• ECOVE Environment Corp. has acquired BS 8001:2017 certification for circular economy (2020.12.21 ~ 2022.12.20)</li> <li>• All O&amp;M EfW plants operated by ECOVE Environment Services Corp. have acquired ISO 9001:2015 quality management system certificate (Keelung Plant: 2022.11.21~2025.11.21; Taoyuan Plant: 2023.03.22~2026.03.21; Miaoli Plant: 2021.10.01~2024.10.02; Houli Plant: 2023.06.17~2026.06.17; Wuri Plant:</li> </ul>	

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>2021.11.01~2024.03.16; Xizhou Plant: 2022.04.04~2025.04.01; Tainan Plant: 2021.04.24~2024.04.24; STSP EfW Plant: 2023.09.29~2026.09.29; Gangshan Plant: 2022.09.01~2025.09.01.)</p> <ul style="list-style-type: none"> <li>• All O&amp;M EfW plants operated by ECOVE Environment Services Corp. have acquired ISO 14001:2015 environmental management system certificate (Keelung EfW Plant 2022.11.21 ~ 2025.11.21, Southern Taoyuan EfW Plant 2023.03.22 ~ 2026.03.21, Miaoli EfW Plant 2021.10.02 ~ 2024.10.02, Houli EfW Plant 2023.06.19 ~ 2026.06.19, Wujih EfW Plant 2021.11.01 ~ 2024.03.16, Xizhou EfW Plant 2022.05.08~2025.05.08, Tainan EfW Plant 2021.04.21 ~ 2024.04.24, STSP EfW Plant 2023.09.29 ~ 2026.09.29)</li> <li>• ECOVE ESC has obtained the ISO 45001:2018 Occupational Health and Safety Management System Certificate (2022.09.17~2025.01.10).</li> <li>• Keelung &amp; 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 2020.01.11~2026.06.22.)</li> <li>• Miaoli EfW Plant, operated by ECOVE Environment Services Corp., has acquired the ITRI product carbon footprint reduction critical review statement certificate (2021.06.23~2026.06.22)</li> <li>• ECOVE's operational management Xizhou and Gangshan Plants have passed the ISO 14067:2018 Carbon Footprint Verification.(2024.01.28~2025.11.18)</li> <li>• 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 2022/12/1 ~ 2027/11/30 、 Tainan Science Park Resource Recycling Center 2020/12/21 ~ 2025/12/20 、 Tainan EfW Plant 2022/11/13 ~ 2027/11/12)</li> <li>• Southern Taoyuan, Miaoli, Houli, Xizhou and Tainan EfW Plant and Tainan STSP EfW Plant operated by ECOVE Environment Services Corp., has acquired the Badge of Accredited Healthy Workplace Certificate (Southern Taoyuan EfW Plant 2023/01/01 ~ 2025/12/31 、 Miaoli EfW Plant 2023/01/01 ~ 2025/12/31 、 Houli EfW Plant 2023/01/01 ~ 2025/12/31 、 Xizhou EfW Plant 2023/01/01 ~ 2025/12/31 、 Tainan EfW Plant 2024/01/01 ~ 2026/12/31 、 STSP EfW Plant 2022/01/01 ~ 2024/12/31)</li> <li>• ECOVE Waste Management Corp. has acquired ISO 9001:2015 quality management system certificate (2022/10/12 ~ 2025/10/12)</li> <li>• ECOVE Waste Management Corp. has acquired ISO 14001:2015 environmental management system certificate (2022/10/02 ~ 2025/10/02)</li> <li>• ECOVE Waste Management Corp. has acquired ISO 45001:2018 occupational health and safety management system certificate (2022/08/29 ~</li> </ul>	

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>2025/08/29)</p> <ul style="list-style-type: none"> <li>• ECOVE Waste Management Corp. has acquired Taiwan Occupational Safety and Health Management System Certificate (2022/08/29 ~ 2025/08/28)</li> <li>• ECOVE Solar Energy Corp. has acquired ISO 9001:2015 quality management system certificate (2021/09/14 ~ 2023/09/14)</li> <li>• ECOVE Solar Energy Corp. has acquired ISO 14001:2015 environmental management system certificate (2021/09/02 ~ 2023/09/02)</li> <li>• ECOVE Solar Energy Corp. has acquired ISO 45001:2015 occupational health and safety management system certificate (2021/09/02 ~ 2023/09/02)</li> <li>• ECOVE Solar Energy Corp. has acquired CNS 45001:2018 and TOSHMS specific audit focus items: Taiwan Occupational Safety and Health Management System Certificate (2021/09/02 ~ 2023/09/01)</li> <li>• ECOVE Solvent Recycling Corp. has obtained the ISO 9001:2015 Quality Management System certificate.(2023.07.26~2026.07.26)</li> <li>• ECOVE Solvent Recycling Corp. has obtained the ISO 14001:2015 Quality Management System certificate.(2023.07.27~2026.07.27)</li> </ul>				

B. Company Climate-Related Information:

(1) Implementation of Climate-Related Information

Item	Implementation Status
1. Describing the supervision and governance of climate-related risks and opportunities by the board of directors and management.	ECOVE's highest committee responsible for climate-related issues is the Risk Management Executive Committee, which is comprised of the board of directors, the chairman, the audit unit, the general manager, the executive secretary, and heads of departments from subsidiaries. The President serves as the chair of the committee. The Risk Management Committee meets quarterly to discuss and prioritize risk issues, and it proposes control measures that are then reported to the chairman and the board of directors.
2. Describe how the identified climate risks and opportunities impact the	Risks :



Item	Implementation Status
<p>business operations, strategy, and financial aspects of the company in the short, medium, and long term.</p>	<ol style="list-style-type: none"> <li>1. Long-term Uncertainty of New Regulations: Following the implementation of climate change response laws to achieve national long-term greenhouse gas reduction targets and various phased control targets, operational costs for organizations may increase.</li> <li>2. Short-term Uncertainty of New Regulations: Facing new energy or climate-related legislation, organizations must pay fees under the regulated contract capacity.</li> <li>3. Long-term Uncertainty of New Regulations: The operational costs for waste transportation may increase under the uncertainty of new regulations.</li> <li>4. Long-term Customer Behavior Changes: In response to rising sustainability awareness among government agencies, there will be a gradual increase in recycling rates and a reduction in the proportion of waste processed by incineration plants.</li> <li>5. Short-term Customer Behavior Changes: Solar energy market competition intensifies with declining feed-in tariffs annually.</li> <li>6. Mid-term Product Efficiency Regulations and Standards: Changes in electricity selling rates may decrease, leading to reduced revenue.</li> <li>7. Long-term Product Efficiency Regulations and Standards: If product reliability is unstable, increasing the risk of product failure, operational costs will rise; if waste materials are not disposed of according to regulations, related litigation costs such as taxes, fees, and fines will increase operational expenses.</li> <li>8. Mid-term Product Efficiency Regulations and Standards: Using new chemical agents for acid removal may be more effective, but the process generates CO2 by-products, increasing carbon emissions.</li> <li>9. Mid-term Product Efficiency Regulations and Standards: Setting up ECOVE SEC Solar Power generation sites, especially in ground-based and floating solar power plants during the assessment phase, can lead to environmental impacts due to ecological concerns.</li> </ol>
<p>3. Describe the financial impact of extreme weather events and transition actions.</p>	<p>Extreme Weather Events: The incineration and recycling processes for waste require a high volume of water, and drought seasons could lead to a decrease in production capacity or complete production halts.</p> <p>Transition Actions:</p> <p>In anticipation of natural disasters, increase the stock of relevant chemicals and water inside the plant. Establish a supply chain with multiple suppliers. Develop or establish a secondary</p>

Item	Implementation Status
	<p>water supply pipeline. If necessary, deploy water trucks in response. Improve processes to reduce the demand for cooling water.</p> <p>Financial Impact:</p> <p>In the waste incineration sector, a projected reduction in revenue of 1.15% is expected, which is a minor impact. In the recycling and reuse sector, the annual revenue impact under extreme weather conditions can be up to \$2.5 million.</p> <p>In response to ECOVE's goal to reduce carbon emissions by 30% by 2030 at production sites with full operational control, the transition plan and related financial impacts are as follows:</p> <p>Office electricity usage will gradually shift to using ECOVE SEC's own solar-generated green electricity to mitigate the impact of carbon taxes. All official vehicles will be replaced with electric vehicles.</p> <p>ECOVE SRC will introduce a low-carbon recycling process with an expected investment of \$15 million, which can reduce carbon emissions by over 30% while also lowering processing costs.</p> <p>ECOVE WMC will gradually replace old waste transportation vehicles with the latest environmentally friendly vehicles and from 2030 onwards, will progressively switch to new energy vehicles with an expected annual investment of \$30 million.</p>
<p>4. Describe how the identification, assessment, and management processes of climate risks are integrated into the overall risk management system.</p>	<p>ECOVE's highest committee responsible for climate-related issues is the Risk Management Executive Committee, which consists of the board of directors, chairman, audit unit, president, executive secretary, and heads of departments from subsidiaries. According to the "Risk Management Guidelines," ECOVE systematically identifies potential climate risks during its operational processes. Climate risk types include transitional and physical categories, further divided into regulatory, technological, market, reputational, immediate, and long-term. Opportunities are categorized into five groups: resource efficiency, energy sources, products and services, market, and resilience. Risks and opportunities are assessed and mapped out using two factors: likelihood and impact. After discussions by the Risk Management Committee, significant risks and opportunities facing ECOVE are determined, and effective actions are taken to manage these risks or seize potential opportunities, thereby strengthening the operational health and competitiveness of the company and its subsidiaries. Short-term is defined as within one year, mid-term by 2025, and long-term by</p>

Item	Implementation Status
	<p>2030. Likelihood is divided into seven levels, represented by percentages; impact is categorized into five levels and subdivided into financial, production or service location, personal injury, legal regulations, and reputational consequences. Audit results related to climate change risks for each subsidiary are regularly reviewed quarterly by the Risk Management Executive Committee to propose control measures, continuously monitoring the implementation of these controls through audits to help the board and managers ensure that risks are effectively managed.</p>
<p>5. If using scenario analysis to assess resilience to climate change risks, the scenarios used, parameters, assumptions, analysis factors, and main financial impacts should be described.</p>	<p>The scenarios used for the analysis are those provided by the IPCC AR6, namely SSP1-1.9, SSP1-2.6, SSP2-4.5, SSP2-6.0, and SSP5-8.5. It is assumed that by 2030, if the identified risks show no improvement under these scenarios, it would lead to financial impacts.</p> <p>Analysis parameters include organizational greenhouse gas emissions, estimated carbon taxes, global economic growth rates, waste processing volumes, renewable energy installation costs, renewable energy feed-in tariffs, maximum consecutive days without rainfall, and greenhouse gas emissions from chemical products.</p> <p>The primary financial impact is the uncertainty of new regulations, where the implementation of climate change response laws to achieve national long-term greenhouse gas reduction targets and phased control targets would result in increased operational costs.</p>
<p>6. If there is a transition plan for managing climate-related risks, describe the content of this plan, as well as the indicators and targets used for identifying and managing physical risks and transition risks.</p>	<p>The Company uses the maximum consecutive number of days without rain as an indicator of physical risks, and carbon fees as an indicator of transition risks. The assessment criterion for each indicator is that any financial impact exceeding 5% of the consolidated pre-tax net profit for the year 2022 constitutes a significant risk. After evaluating related transition and physical risks, no significant risks were identified. The transition plan is described as follows:</p> <ol style="list-style-type: none"> <li>1. Incineration Plants: Invest in waste-to-energy power plants to enhance the energy recovery efficiency from waste, thereby improving profitability. Currently, one plant is in trial operation, and another is in the design and planning stage. The plan for addressing physical risks includes developing alternative water supply pipelines; dispatching water trucks as necessary; and improving processes to reduce cooling water usage.</li> <li>2. ECOVE WMC: Gradually replacing old waste transportation vehicles with the latest eco-friendly models, transitioning to new energy vehicles starting in 2030, with an expected annual investment of 30 million. The goal is to reduce emissions intensity by 30% by 2030.</li> </ol>

Item	Implementation Status
	<p>3. ECOVE SRC: Implementing a low-carbon recycling process with an expected investment of 15 million, which could reduce carbon emissions by more than 30% while also lowering processing costs. The goal is to reduce emissions intensity by 30% by 2030.</p> <p>4. ECOVE SEC: Adopting a self-generation and self-consumption model, with the goal of reducing emissions intensity by 30% by 2030.</p>
<p>7. If using internal carbon pricing as a planning tool, the basis for setting the price should be explained.</p>	<p>Currently, the internal carbon fee mechanism operates using a shadow price approach, incorporating the costs and benefits of carbon reduction into investment analysis to assist in making decisions on carbon reduction measures.</p>
<p>8. If climate-related targets are set, the activities covered, greenhouse gas emission scopes, planned timeline, and annual progress towards these goals should be described. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these targets, the source and amount of the carbon reduction credits or the number of RECs should be explained.</p>	<p>Using 2022 as the baseline year for setting reduction targets (Scope 1 + Scope 2), ECOVE's headquarters building has set targets to reduce emissions by 20% by 2024, 40% by 2026, and achieve net-zero by 2030. For subsidiaries under long-term operational control in the fields of waste cleanup, recycling, and renewable energy, a 15% reduction by 2026 and net-zero by 2050 are set.</p> <p>Reduction planning timeline for headquarters and each sector:</p> <p>1. Operational Headquarters: The main source of emissions is Scope 2 purchased electricity. Starting in 2024, the purchase of green electricity is planned to reduce carbon emissions. The scheduled green electricity purchase for 2024 is 55,000 kWh, accounting for 20% of the total electricity consumption. The primary source is the ECOVE SEC power generation project.</p> <p>2. Waste Cleanup Sector: ECOVE WMC's waste transportation carbon reduction target is a 30% reduction by 2030, with a goal of reaching net-zero by 2050. In the short term, carbon emissions will be reduced by actively updating waste transportation vehicles to the latest eco-friendly models. In the medium to long term, carbon reduction will be achieved by switching to new energy vehicles. The carbon emissions per ton of waste at the incineration plant were 456 tons of CO<sub>2</sub>e in the baseline year of 2022, and 469 tons of CO<sub>2</sub>e per ton of waste in 2023.</p> <p>3. Renewable Energy Sector: The emission intensity in 2023 was 0.3674 (kgCO<sub>2</sub>e/thousand NT\$), a 5% reduction from the baseline year, with a target to reduce to 15% by 2026 and 30% by 2030. In the short term, new plant projects will reduce purchased electricity by</p>

Item	Implementation Status
	<p>generating and using their own power, supplemented by purchasing green energy certificates to meet reduction targets.</p> <p>4. Recycling and Reuse Sector: The emission intensity in 2023 has already decreased by 19.39% compared to the baseline year, with a target to reduce to 24% by 2026 and 30% by 2030. In the short term, the focus is on replacing energy-efficient equipment and updating low-carbon processes. In the medium to long term, carbon reduction will be achieved through energy conversion methods.</p>
<p>9. Greenhouse gas inventory and assurance situation, along with reduction targets, strategies, and specific action plans (to be detailed in sections (a) and (b)).</p>	<p>As shown in the table below</p>

(a) Recent Two Fiscal Years' Greenhouse Gas Inventory and Verification Status

(i) Greenhouse Gas Inventory Information

<p>Describe the greenhouse gas emissions for the most recent two fiscal years, including the amount of emissions (in metric tons of CO<sub>2</sub>e), intensity (metric tons of CO<sub>2</sub>e per million dollars), and the scope of the data covered.</p>	<p>For the fiscal year 2022:</p> <p>Scope 1 greenhouse gas emissions: 196,937.5780 metric tons</p> <p>Scope 2 greenhouse gas emissions: 1,657.3508 metric tons</p> <p>Total greenhouse gas emissions: 198,594.9288 metric tons</p> <p>Emissions intensity: 28.37 metric tons CO<sub>2</sub>e per million dollars</p> <p>For the fiscal year 2023:</p> <p>Scope 1 greenhouse gas emissions: 213,845.1584 metric tons</p> <p>Scope 2 greenhouse gas emissions: 1,627.3828 metric tons</p> <p>Total greenhouse gas emissions: 215,472.5412 metric tons</p> <p>Emissions intensity: 28.35 metric tons CO<sub>2</sub>e per million dollars</p>
--	---

(ii) Greenhouse Gas Assurance Information

<p>Describe the assurance status for the most recent two fiscal years up to the date of the annual report publication, including the scope of assurance, the assurance provider, the assurance standards, and the assurance opinion.</p>	<ul style="list-style-type: none"> <li>● For the fiscal year 2022, the scope of greenhouse gas verification included ECOVE and its consolidated financial statement subsidiaries, in accordance with ISO 14064-1:2018 standards, and was verified by SGS Taiwan.</li> <li>● For the fiscal year 2023, the scope of greenhouse gas verification included ECOVE and its consolidated financial statement subsidiaries, with ECOVE, ECOVE WEC, and ECOVE SEC adhering to ISO 14064-1:2018 standards, while other subsidiaries followed the GHG Protocol standards, and verification was</li> </ul>
--	---

conducted by SGS Taiwan.

(iii) Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Describe the baseline year for greenhouse gas reduction and its data, the reduction targets, strategies, and specific action plans, as well as the status of achieving these reduction targets.

The reduction targets based on the year 2022 (Scope 1 + Scope 2) are set as follows: ECOVE's headquarters building is targeted to reduce emissions by 20% by 2024, 40% by 2026, and achieve net zero by 2030. For subsidiaries under operational control, in the fields of waste cleaning, recycling and reuse, and renewable energy, the reduction target is set at 15% by 2026, with the goal of achieving net zero by 2050.

Reduction Strategies and Specific Action Plans for Headquarters and Various Sectors:

1. Headquarters: Absolute reduction targets have been set, with baseline year emissions (Scope 1 + Scope 2) at 123.43 metric tons of CO<sub>2</sub>e. The company fleet has already transitioned to hybrid vehicles, and plans are in place to gradually replace these with electric vehicles to further reduce carbon emissions and pollution. Additionally, the plan includes purchasing 55,000 kWh of green electricity in 2024 (accounting for 20% of total electricity use), increasing to 40% by 2026. By 2030, the headquarters plans to use only green electricity. In 2023, the total carbon emissions were 123.60 metric tons of CO<sub>2</sub>e, roughly equivalent to the 2022 emissions level.

2. Waste Management Sector:

(1) Waste Transportation (ECOVE WMC): The emission intensity baseline year is 2022, with emissions at 454.898 metric tons of CO<sub>2</sub>e per 500,000 kilometers of waste transportation. In the short term, the plan includes actively updating the fleet to the latest eco-friendly vehicles. Additionally, introducing hybrid power to compactor vehicles, which is expected to reduce fuel consumption by over 20% per vehicle. As a result, the emission intensity in 2023 decreased by 4.37% to 435.006 metric tons of CO<sub>2</sub>e per 500,000 kilometers.

(2) Waste Incineration: Continuous energy saving and efficiency improvement measures are being implemented. In 2023, a total of 18 energy/resource conservation projects were completed. These include replacing interior lighting with energy-saving fixtures, adding variable

	<p>frequency drives to large fans, replacing air condenser fans with FRP material, updating chillers and furnace beds, implementing heat pumps, and switching to shock wave cleaning for ash blowers. These energy-saving actions reduced approximately 4,670 metric tons of CO2 equivalent in 2023.</p> <p>3. Recycling and Reuse Sector: The baseline year is 2022 with an emission intensity of 12.07 kg CO2e per thousand dollars of revenue. In 2023, the emission intensity decreased to 9.73 kg CO2e per thousand dollars, a decline of 19.39%, meeting the target. In 2023, this sector improved energy efficiency by upgrading equipment or installing variable frequency drives, achieving a total carbon reduction of 8.6 tons. Additionally, a significant increase in revenue due to changes in the product mix led to a decrease in overall emission intensity. The sector will continue to replace energy-intensive equipment and shift to energy transformation strategies to achieve a 15% reduction in emission intensity by 2026.</p> <p>4. Renewable Energy Sector : In the baseline year of 2022, the emission intensity was 0.67 kg CO2e per thousand dollars of revenue, and in 2023, it was 0.54 kg CO2e per thousand dollars, a decrease of 19.25% which meets the target. In the short term, new plants will generate their own power and use it on-site to reduce purchased electricity. The company will continue to purchase photovoltaic modules with higher power output per unit area to enhance generation efficiency and will keep developing solar photovoltaic projects to increase the production of green electricity, thus continuing to contribute to national carbon reduction. Additionally, the purchase of green electricity certificates will also be used to meet the reduction targets.</p>
--	--

### 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 at least include the preventive measures for the behaviors specified in Article 7, Paragraph 2 of the "Code of Ethical Conduct for Listed Companies"?			<p>implementation of the system continue to be effective. The internal auditors of the company regularly examine the compliance plan. The preventive measures for the behaviors outlined in Article 7, Paragraph 2 of the "Code of Ethical Conduct for Listed Companies" implemented by our company are summarized as follows:</p> <ol style="list-style-type: none"> <li>1. Ensure open reporting and communication channels. Set up a third-party reporting platform and an employee opinion platform.</li> <li>2. Deepen the connection between integrity, ethics, and positive employee behavior, encouraging employees to develop a work attitude based on honesty. Integrate the corporate culture of integrity into the annual employee self-assessment performance, accounting for 20%.</li> <li>3. Continue to promote the "Code of Ethical Conduct," "Employee Whistleblower Channels," and "Gift Acceptance Policy" through grassroots employee communication forums and corporate culture series events.</li> <li>4. Arrange for a lawyer to conduct legal compliance education and rights and obligations advocacy among colleagues, clearly conveying the supreme work principle that "laws must not be violated."</li> <li>5. In reference to international standards on human rights, labor standards, the environment, and anti-corruption, establish a "Supplier Code of Conduct." This code should be communicated to vendors at the time they join the supply chain.</li> <li>6. During the supplier's participation in quoting and bid opening, it must be strictly stated that offering any improper benefits, such as paying commissions to related personnel, as a condition for facilitating the signing of contracts is prohibited.</li> </ol>	

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?			(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.	
2. Fulfill operations integrity policy (1) Has the company assessed the ethical record of the counterparty and specified the terms of integrity in its contract with the counterparty?  (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?	V		(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"  (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. On Dec. 13, 2023, the implementation of the 6 <sup>th</sup> Meeting of the 9 <sup>th</sup> term BOD of the company's "2023 annual promotion of corporate ethical management policy" is as follows: 1. Ensure open reporting and communication channels:	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>(1) Continue the joint establishment of the "Third-Party Whistleblowing Platform" within the Group.</p> <p>(2) Continue "employee opinion platform". A special person is responsible for handling. Complaints are handled confidentially to protect the rights and interests of the complainants.</p> <p>2. Implement integrity management advocacy:</p> <p>(1) Continue to promote the "Ethical Behavior Rules", "Employee Reporting Channels" and "Receiving courtesies Rules".</p> <p>(2) Include the "Employee Ethics Commitment Letter" as one of the documents to be signed by all employees (at the time of new employee orientation).</p> <p>(3) During the orientation and training for new employees, explain the company's corporate integrity management policy. A total of 143 participants attended, with the training lasting 143 hours.</p> <p>(4) All employees are required to participate in the corporate integrity management course and test every six months. In the first and second half of 2023, a total of 1,795 employees completed the online course and passed the test.</p> <p>(5) Incorporate the culture of integrity into the annual employee performance evaluation indicators to strengthen the connection between ethical behavior and positive employee actions.</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</p>	

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies" and reasons
	Yes	No	Summary Statement	
<p>(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>(4) Has the Company established effective systems for both accounting and internal control to facilitate ethical corporate management? Has</p>			<p>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 2024, the company will continue to promote the integrity of business operations in the previous year.</p> <p>(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.</p> <p>(4) The Company has established effective and complete accounting system and internal control mechanism to perform exception management. The</p>	

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies" and reasons
	Yes	No	Summary Statement	
<p>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?</p> <p>(5) Does the company regularly hold internal and external educational trainings on operational integrity?</p>			<p>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.</p> <p>(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 2023, 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 business conduct, etc. In addition to continuing to provide related training to newly recruited employees in 2023, 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 2023, 1,795 employees were participated in the course and passed.</p>	
<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>	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</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>(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>			<p>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>	
<p>4. Strengthening information disclosure</p> <p>(1) Does the company disclose its Ethical Corporate Management Best Practice Principles and the results of its implementation on the Company's website and MOPS?</p>	V		<p>(1)The Company has disclosed "Ethical Corporate Management Best Practice 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>	None
<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</p>				

Evaluation Item	Implementation Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies” and reasons
	Yes	No	Summary Statement	
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.				

**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](http://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	2023/05/05	2023/05/05	Taipei Foundation of Finance	Virtual World Explosion: The Metaverse and the Development of Future Virtual Worlds	3.0
		2023/07/13	2023/07/13	Taiwan Institute for Sustainable Energy(TAISE)	The 33rd TCCS Board Meeting and CEO Lecture	2.0
		2023/08/02	2023/08/02	Taiwan Corporate Governance Association	Trends and Risk Management in Digital Technology and Artificial Intelligence	3.0
Director	H. H. Diao (Note 1)	2023/10/26	2023/10/26	Taiwan Institute for Sustainable Energy(TAISE)	The 34th TCCS Board Meeting and CEO Lecture	2.0
		2023/11/14	2023/11/14	Taiwan Institute for Sustainable Energy(TAISE)	6th Global Corporate Sustainability Forum 1-2	3.0
		2023/11/16	2023/11/16	Taiwan Institute for Sustainable Energy(TAISE)	6th Global Corporate Sustainability Forum 3-1	3.0
		2023/12/09	2023/12/09	Accounting Research and Development Foundation	New Developments in International Sustainability Disclosure Standards	3.0
		2023/12/09	2023/12/09	Accounting Research and Development Foundation	Trends and Regulations in ESG Information Disclosure under the "Listed Companies' Sustainability Action Plan"	3.0
Director	Kuan Shen Wang	2023/05/05	2023/05/05	Taipei Foundation of Finance	Virtual World Explosion: The Metaverse and the Development of Future Virtual Worlds	3.0
		2023/08/02	2023/08/02	Taiwan Corporate Governance Association	Trends and Risk Management in Digital Technology and Artificial Intelligence	3.0
Director	Ping Shen	2023/05/05	2023/05/05	Taipei Foundation of Finance	Virtual World Explosion: The Metaverse and the Development of Future Virtual Worlds	3.0
		2023/08/02	2023/08/02	Taiwan Corporate Governance Association	Trends and Risk Management in Digital Technology and Artificial Intelligence	3.0
Director	Minyang Liu	2023/05/05	2023/05/05	Taipei Foundation of Finance	Virtual World Explosion: The Metaverse and the Development of Future Virtual Worlds	3.0
		2023/08/02	2023/08/02	Taiwan Corporate Governance Association	Trends and Risk Management in Digital Technology and Artificial Intelligence	3.0
Director	Eugene Chien	2023/02/09	2023/02/09	Taiwan Institute for Sustainable Energy(TAISE)	The 31st TCCS Board Meeting and CEO Lecture	2.0



		2023/04/20	2023/04/20	Taiwan Institute for Sustainable Energy(TAISE)	The 32nd TCCS Board Meeting and CEO Lecture	2.0
		2023/07/13	2023/07/13	Taiwan Institute for Sustainable Energy(TAISE)	The 33rd TCCS Board Meeting and CEO Lecture	2.0
Independent Director	Shuh Woei Yu	2023/05/05	2023/05/05	Taipei Foundation of Finance	Virtual World Explosion: The Metaverse and the Development of Future Virtual Worlds	3.0
		2023/08/02	2023/08/02	Taiwan Corporate Governance Association	Trends and Risk Management in Digital Technology and Artificial Intelligence	3.0
Independent Director	James Tsai	2023/08/02	2023/08/02	Taiwan Corporate Governance Association	Trends and Risk Management in Digital Technology and Artificial Intelligence	3.0
		2023/08/09	2023/08/09	Taiwan Corporate Governance Association	Protection of Business Secrets and Legal Compliance	3.0
Independent Director	Shan-Shan Chou	2023/08/02	2023/08/02	Taiwan Corporate Governance Association	Trends and Risk Management in Digital Technology and Artificial Intelligence	3.0
		2023/08/22	2023/08/22	Securities and Futures Institute (SFI Taiwan)	Impact Measurement and Management of Sustainable Development Goals	3.0

Note 1: Mr. H.H. Diao was appointed as a director on Sep. 22, 2023.

(2) Training program for managers of corporate governance

Sponsoring Organizaion	Course	Study Period		Training Hours
Taipei Foundation of Finance	Trends and Risk Management in Digital Technology and Artificial Intelligence	2023/05/05	2023/05/05	3.0
Chinese National Association of Industry and Commerce	2023 Taishin Net-Zero Electricity Summit Forum	2023/06/02	2023/06/02	3.0
Accounting Research and Development Foundation	2023 Transition Finance and Sustainability Disclosure Seminar	2023/07/18	2023/07/18	3.0
Taiwan Corporate Governance Association	Trends and Risk Management in Digital Technology and Artificial Intelligence	2023/08/02	2023/08/02	3.0

(3) Internal Material Information Disclosure Procedure

According to the letter of Financial Supervisory Commission dated March 16<sup>th</sup>, 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 made a series of revisions over the years to comply with laws and regulations and to adapt to changing business practices. The most recent revision took place during the 19<sup>th</sup> board meeting of the 8<sup>th</sup> term on December 19<sup>th</sup>, 2022. The Company has provided the Regulation to all Directors and Supervisors, and also disseminates all employees.

(4) Code of Sustainable Development Best Practice Principles

**ECOVE Environment Corporation**  
**Sustainable Development Best Practice Principles**

**3<sup>rd</sup> Amended on Dec. 19, 2022**

**2<sup>nd</sup> Amended on Dec. 14, 2020**

**1<sup>st</sup> Amended on Dec. 16, 2014**

**Established on Dec. 17, 2013**

- Article 1 To fulfill Sustainable Development initiatives and to promote economic, social, environmental balance and sustainable development, ECOVE Environment Corp. (“The Company”) draws up “Sustainable Development Best Practice Principles” in accordance with “Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies” by Taipei Exchange based on the business scope and the entire operations of the Company.
- Article 2 Fulfilling Sustainable Development has been a vital scheme of the Company; with continuous concern of economic, social, environmental balance and relevant issues, the Company monitors at all times the development of domestic and international Sustainable Development framework and the change of business environment so as to examine and improve its established Sustainable Development framework and to obtain better results from the implementation of the Sustainable Development policy. In fulfilling Sustainable Development 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 Sustainable Development initiatives, the Company follows the principles below:
1. Exercise corporate governance.
  2. Foster a sustainable environment.
  3. Preserve public welfare.
  4. Enhance disclosure of Sustainable Development information.
- Article 4 The board of directors of the Company exercises the due care of good administrators to urge the company to perform its Sustainable Development 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 Sustainable Development policies and the disclosure of relevant information.
- Article 5 For the purpose of managing Sustainable Development initiatives, the Company establishes a Sustainable Development Committee to be in charge of monitoring or proposing the Sustainable Development policies or systems of the company and to detail the implementation effectiveness of Sustainable Development in various dimensions such as corporate governance, social engagement, and environmental

protection in the annual report.

- Article 6 The Company respects the rights and interests of the interested parties. A Sustainable Development page on its website was set to provide information and updates on its sustainability efforts and to identify and understand the reasonable expectations and demands of such parties through proper communication and allowing their participation, and adequately responds to the important Sustainable Development 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 9-1 The Company evaluates the potential risks and opportunities of climate change on its business both now and in the future, and takes appropriate measures to address them. The Company follows internationally recognized standards and conducts greenhouse gas inventories for operations, which are disclosed to the public. The scope of greenhouse gas inventory includes:
1. Direct greenhouse gas emissions: Emissions from sources owned or controlled by the Company.
  2. Indirect greenhouse gas emissions: Emissions from the use of purchased electricity, heat, and steam.
  3. Other indirect emissions: Emissions from the Company activities that are not related to energy use, but rather from sources owned or controlled by other companies.
- The Company tracks greenhouse gas emissions, water usage, and waste production, and develops policies for energy conservation, carbon reduction, water conservation, and waste management. The Company has also incorporated the procurement of green energy into its carbon reduction strategy and is actively working to reduce the impact of its operations on climate change. By measuring environmental impact and developing strategies to reduce it, the Company is committed to promoting sustainable practices and mitigating the effects of climate change caused by business activities.
- 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 Sustainable Development.
- 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 Sustainable Development initiatives to improve information transparency.  
Relevant information relating to Sustainable Development which it discloses includes:
1. The management scheme, strategy, policy and management guidelines for Sustainable Development 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 Sustainable Development initiatives established by the Company.
  4. Main interested parties and their concerned topics.
  5. Other information relating to Sustainable Development initiatives.
- Article 18 The Company produces Sustainability reports disclosing the status of its implementation of the Sustainable Development policy. The reports include:

1. The framework, policy and proposal of implementing Sustainable Development 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 sustainability framework and the change of business environment so as to examine and improve its established Sustainable Development framework and to obtain better results from the implementation of the Sustainable Development 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”.
- The report content should be clearly described in terms of person, event, time, place, and object, detailing the observed behavior. If there is relevant evidence, it should also be submitted to support the allegations, aiding the company's responsible units in further investigation and handling. The company provides two methods for whistleblowing: online reporting (<https://secure.conductwatch.com/ctci/>) or via email ([HR@ecove.com](mailto:HR@ecove.com)).
- 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 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.

#### 3.4 Information provide

The act of providing information related to illegal activities, appearing as a witness, or in any other way assisting in the investigation by the reporting person.

### 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.

#### 4.5 Chairman

Approval of the accusation case report.

### 5.0 Operation context

#### 5.1 Operation procedure

Subject to Attachment 1 - Flow Chart of this Regulation.

#### 5.2 Accusation

The whistleblower is required to provide specific details and related evidence about the person, event, time, place, and objects involved on the whistleblowing website (<https://secure.conductwatch.com/ctci/>), which must fall within the scope defined in section 2.2 of the policy, or they can submit it to the dedicated whistleblowing email address ([HR@ecove.com](mailto:HR@ecove.com)). When handling joint complaints, they will be treated as individual cases, and a representative must be selected for contact purposes during the whistleblowing process.

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 Department.

#### 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.

The Company promises to protect accusers and will not fire, dismiss, or reduce the salary of the accusers due to the reported case, which would harm their legal, contractual, customary entitlements, or any other disadvantageous position. However, this protection does not apply to any of our colleagues who are found to have provided false or misleading information.

#### 5.8 Incentive regulation

If any employee of the Company reports cases that harm the interests of the Company according to this policy and the cases are confirmed to be true or effective measures are taken to prevent or mitigate the damage, the employee shall be granted a bonus of up to NTD 100,000.

If the informant has been involved in the illegal activities that they reported, but provides information and assistance to the Company and the administrative and judicial authorities to investigate the facts, the level of punishment and responsibility of the informant may be reduced or exempted.


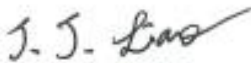

#### 6.0 Reference document

KCP-174 Employees Reward and Punishment Regulations

#### 7.0 Attachment

### 3.4.9 Internal Control System

#### (1) Statement of Internal Control System

	
<b>ECOVE Environment Corporation</b> <b>Statement of Internal Control System</b>	
Date: March 4, 2024	
Based on the findings of self-assessment, ECOVE Environment Corporation (ECOVE) states the following with regard to its internal control system during fiscal year 2023:	
<ol style="list-style-type: none"><li>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 aiming at providing reasonable assurance of the achievement of the following objectives :<ol style="list-style-type: none"><li>(1) Effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security).</li><li>(2) Reliability, timeliness, transparency, and regulatory compliance of reporting.</li><li>(3) Compliance with applicable norms and applicable laws, regulations, and bylaws.</li></ol></li><li>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 objectives mentioned above. Furthermore, the effectiveness of an internal control system may be subject to changes due to environment or circumstances. Nevertheless, the internal control system of ECOVE contains self-monitoring mechanisms, and ECOVE takes immediate remedial actions in response to any identified deficiencies.</li><li>3. ECOVE evaluates 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 identify five key components 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 component also includes several items. Please refer to the Regulations for details.</li><li>4. ECOVE has assessed the design and operating effectiveness of its internal control system according to the aforesaid criteria.</li><li>5. Based on the findings of the assessment mentioned in the preceding paragraph, ECOVE believes that, as of December 31, 2023, its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for (1) operational effectiveness and efficiency, (2) reliability timeliness, transparency, and regulatory compliance of reporting, and (3) compliance with applicable norms and applicable laws, regulations, and bylaws, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.</li><li>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.</li><li>7. This Statement has been passed by the Board of Directors Meeting of ECOVE held on March 4, 2024, the nine attending directors all affirmed the content of this Statement.</li></ol>	
ECOVE Environment Corporation	
Chairman (J.J.Liao) :	 (signature)
President (Eric Tiao) :	 (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 2023

Shareholders' Meeting	Major Resolutions of Shareholders' Meeting	Action Arisen
2023.05.31	<b>1. Approval of the Company's 2022 Business Report, Financial Statements and Consolidated Financial Statements.</b>	The resolution has been made and implemented.
	<b>2. Approval of the Company's distribution plan of 2022 earnings. (In accordance with the total amount of common. shares outstanding, the cash dividend per share was NT\$13.58)</b>	The ex-dividend date was set for July 9 <sup>th</sup> , 2023, and dividends were fully distributed by July 21, 2023.
	<b>3. Election of the Ninth Board of Directors: The list of elected directors includes: Representatives from CTCL: J.J. Liao, Y.P. Shih, Kuan Shen Wang, Ping Shen, Yangmin Liu, Eugene Chien.  The list of elected independent directors includes: Shuh woei Yu, Shan-shan Chou, James Tsai.</b>	On June 17 <sup>th</sup> , 2023, the company was granted registration approval by the Ministry of Economic Affairs and the announcement has been made on the Public Information Observation Station and the company's website.
	<b>4. Lifting the non-compete restriction for newly appointed directors.</b>	In accordance with the resolution, the non-compete restrictions have been lifted for the nine directors (including three independent directors) of the ninth board.
	<b>5. The company revised some provisions of the "Articles"</b>	After approval of change registration by the Ministry of Economic Affairs, was announced on the Company's website.
	<b>6. The company revised some provisions of the "Articles of Procedure for Acquisition and Disposition of Assets "</b>	Revised and uploaded to Public Information Observatory and the Company's website 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 20 <sup>th</sup> meeting of the 8 <sup>th</sup> term 2023.03.06	Approval of the endorsement of external guarantees.
	Approval of the Changes in credit amount.
	Approval of the distribution plan of the 2022 directors' and employees' remuneration.
	Approval of the Fiscal 2022 business report, financial reports and consolidated statements.
	Approval of the distribution plan of Fiscal 2022 earnings.
	Approval of "Statement of Internal Control System" for the Year 2022".
	Approval of amendment to the Company's "Internal Control Systems".
Approval of amendment of the "Articles of Procedure for Acquisition and Disposition of	

	Assets" of the company.
	Approval of the complete re-election of the 9 <sup>th</sup> board of directors of the Company, including the number of directors to be elected and the start and end dates of their terms.
	Approval of lifting the non-compete restrictions for the 9 <sup>th</sup> term directors and their representatives of the Company.
	Approval of 2023 general meeting of shareholder's date, place and agenda.
	Approval of accepting shareholders' proposal of 2023 general meeting of shareholder's period and place.
	Approval of the update of the company's paid-in capital registration.
The 21 <sup>st</sup> meeting of the 8 <sup>th</sup> term 2023.04.12	Approval of reviewing the qualifications of the nominees for the 9 <sup>th</sup> term of directors (including independent directors) of the Company.
The 22 <sup>nd</sup> meeting of the 8 <sup>th</sup> term 2023.04.20	Approval of the amendment to the Company's "Articles." Approval of amending the agenda for the 2023 annual general meeting of the Company by adding a discussion item to revise the company's "Articles."
The 23 <sup>rd</sup> meeting of the 8 <sup>th</sup> term 2023.05.04	Approval of the endorsement of external guarantees. Approval of 2023 1 <sup>st</sup> quarter report of consolidated statements. Approval of the update of the company's paid-in capital registration. Approval of the adjustment and application of the company's loans to others. Approval of the acquisition of a portion of Blue Whale Water Technology Co., Ltd. held by CTCI. Approval of the acquisition of a portion of HDEC-CTCI ( Linhai ) Corp. held by CTCI.
The 1 <sup>st</sup> meeting of the 9 <sup>th</sup> term 2023.05.31	Election of the 9 <sup>th</sup> Chairman of the Board for the Company Approval of the appointment of the President of the Company. Approval of the appointment of members to the "Compensation Committee" of the Company.
The 2 <sup>nd</sup> meeting of the 9 <sup>th</sup> term 2023.07.11	Approval of the Changes in credit amount. Approval of applying to TPEX for a company name change, reissuing of stocks, and renaming of corporate bonds, including the drafting of a "Stock Swap Operation Plan" and a "Bond Swap Operation Plan."
The 3 <sup>rd</sup> meeting of the 9 <sup>th</sup> term 2023.08.01	Approval of 2023 2 <sup>nd</sup> quarter report of consolidated statements Approval of the update of the company's paid-in capital registration.
The 4 <sup>th</sup> meeting of the 9 <sup>th</sup> term 2023.09.22	Approval of the Changes in credit amount. Approval of the changes in the positions of General Manager and Spokesperson of the Company.
The 5 <sup>th</sup> meeting of the 9 <sup>th</sup> term 2023.10.30	Approval of 2023 3 <sup>rd</sup> quarter report of consolidated statements. Approval of the update of the company's paid-in capital registration. Approval of the Company to increase capital by issuing new shares for a stock conversion with ECOVE SEC. Approval of the invest in the establishment of the "Chiayi City Green Energy Sustainable Recycling Center Construction, Operation, and Transfer Project" company.
The 6 <sup>th</sup> meeting of the 9 <sup>th</sup> term 2023.12.13	Approval of the endorsement of external guarantees. Approval of the Changes in credit amount. Approval of the budget of 2024. Approval of the Audit Plan of 2024. Approval to the application of the company's loans to others. Approval of the purchase to the renewable energy power generation system located at cadastral parcels 0001-0010 in Nanxing Sec. of Xiaogang Dist., Kaohsiung city, held by ECOVE Solar Energy Corp. Approval of the revision of the "Director Board Performance Evaluation Procedures" of the

	Company.
	Approval of the increase of the monthly meal allowance for the Company's employees
	Approval of the average salary adjustment for employees for the fiscal year 2024 of the Company
	Approval of adjustment of compensation (salary and bonuses) for the managerial level of the Company
The 7 <sup>th</sup> meeting of the 9 <sup>th</sup> term 2024.03.04	Admit of the endorsement of external guarantees.
	Admit of the Changes in credit amount.
	Approval of the distribution plan of the 2023 directors' and employees' remuneration.
	Approval of the Fiscal 2023 business report, financial reports and consolidated reports.
	Approval of the distribution plan of Fiscal 2023 earnings.
	Approval of "Statement of Internal Control System for the Year 2023".
	Approval to the application of the company's loans to others.
	Approval of the amendment on partial articles of the Company's "Risk Management Guidelines".
	Approval of the amendment on partial articles of the Company's "Risk Management Guidelines".
	Approval of the amendment on partial articles of the Company's "Audit Committee Organization Regulations".
	Approval of the amendment on partial articles of the Company's "Internal Control System".
	Approval of the amendment on partial articles of the Company's "Board of Directors Meeting Regulations".
	Approval of the amendment on partial articles of the Company's "Endorsement and Guarantee Procedures".
	Approval of the amendment on partial articles of the "Endorsement and Guarantee Procedures" for our subsidiary, ECOVE ESC.
	Approval of the amendment on partial articles of the Company's "Articles".
	Approved the submission to the shareholders' meeting to lift the non-compete restrictions for the newly appointed corporate representative director.
	Approval of 2024 general meeting of shareholder's date, place and agenda.
	Approval of accepting shareholders' proposal of 2024 general meeting of shareholder's period and place.
	Approval of the update of the company's paid-in capital registration.
	Approved the change of the Company's registered address.
Approved the change of personnel responsible for the safekeeping of the Company's special seal used for endorsements and guarantees.	
Approved the simplified merger of the Company with its wholly-owned subsidiaries, ECOVE SEC and ECOVE South Corp. Ltd.	

**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:

Mar. 29, 2024

Title	Name	Date of assumption	Date of dismissal	Reason for resignation or dismissal
President	Y. P. Shih	2017.06.26	2023.09.22	Retirement



### 3.5 Professional fee of CPA

Unit: NT\$ thousands

Accounting Firm	Name of CPA		Audit Period	Audit Fee	Non-audit Fee	Total	Note
PriceWaterHouseCoopers	Fu-Ming Liao	Yi-Fan Lin	2023.01.01-2023.12.31	1,300	1,674	2,974	Note 1

Note1: The amounts of non-audit fees as well as details of non-audit services shall be disclosed : Business Registration NT\$158 thousand, Translation fee of financial reports NT\$600 thousand, Investment Structure Analysis NT\$830 thousand and advance money for Financial & Tax Report check NT\$86 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	2023		As of March 29, 2024	
		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)	(55,055)	0	54,101	0
Director	CTCI Corporation(Note 1)	0	0	0	0
	Representative: H. H. Diao	58,343	0	(47,000)	0
Director	CTCI Corporation(Note 1)	0	0	0	0
	Representative: Y. P. Shih(Note 2)	61,139	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
Vice President (Note 2)	Hsio Hua Tiao	0	0	0	0
Financial Manager	Catherine Huang	7,199	0	2,278	0
Accounting Manager	Tanching Yao	0	0	0	0

Note 1 : Shareholders holding more than 10% of shares, only CTCI Corp. CTCI Corp. holds 53.50% of the company's shares and is the major shareholder.

Note 2 : Dismissed on Sep. 22<sup>nd</sup>, 2023. Only revealed on-the-job information.

**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 29, 2024

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	53.50	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.	3,988,000	5.63	0	0	0	0	Fu bon Financial Holding Venture Capital Corp.	Subsidiary of Fubon Financial Holding Co Ltd.	-
Rep. : F. X. Lin	0	0	0	0	0	0	None	None	-
Parkwell Investment Corp.	1,060,000	1.47	0	0	0	0	None	None	-
Rep. : S. J. Chiu	0	0	0	0	0	0	None	None	-
Bank SinoPac Company Limited	577,000	0.80	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	0.65	0	0	0	0	Fubon Life Insurance Co., Ltd.	Subsidiary of Fubon Financial Holding Co Ltd.	-
Rep. : T. X. Gong	0	0	0	0	0	0	None	None	-
Taiwan Life Insurance Co, Ltd.	337,774	0.48	0	0	0	0	None	None	-
Rep. : T. K. Chung	0	0	0	0	0	0	None	None	-
D. Y. Wen	303,000	0.42	250,000	0.35	0	0	J. M. Chang	the second degree of kinship	-
SinoPac Securities Corp.	261,000	0.47	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	-
J. M. Chang	250,000	0.35	303,000	0.42	0	0	D. Y. Wen	the second degree of kinship	-
GRQ Investment Corp.	243,918	0.34	0	0	0	0	CTCI Corporation	Subsidiary of CTCL Corp.	-
Rep. : John T. Yu	0	0	0	0	0	0	CTCI Corporation	Director of CTCL Corp.	-

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

As of March 29, 2024

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	118,338,502	100.00	0	0.00	118,338,502	100.00
Yuan Ding Resources Corporation	4,500,000	100.00	0	0.00	4,500,000	100.00
ECOVE Solvent Recycling Corporation	9,000,000	100.00	0	0.00	9,000,000	100.00
ECOVE Chiayi Energy Corporation	10,000,000	50.00	10,000,000	50.00	20,000,000	100.00

## IV. Capital Overview

### 4.1 Capital and Shares

#### 4.1.1 Source of Capital

##### (1) Issued Shares

As of March 29, 2024

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
2021.06	10	80,000,000	800,000,000	69,083,998	690,839,980	ESOP	None	Note 22
2021.09	10	120,000,000	120,000,000	69,111,683	691,116,830	ESOP	None	Note 23
2021.12	10	120,000,000	120,000,000	69,516,990	695,169,900	ESOP	None	Note 24
2022.04	10	120,000,000	120,000,000	69,602,678	696,026,780	ESOP	None	Note 25
2022.06	10	120,000,000	120,000,000	69,710,488	697,104,880	ESOP	None	Note 26
2022.08	10	120,000,000	120,000,000	69,886,200	698,862,000	ESOP	None	Note 27
2022.11	10	120,000,000	120,000,000	70,457,903	704,579,030	ESOP	None	Note 28
2023.03	10	120,000,000	120,000,000	70,691,305	706,913,050	ESOP	None	Note 29
2023.05	10	120,000,000	120,000,000	70,833,015	708,330,150	ESOP	None	Note 30
2023.09	10	120,000,000	120,000,000	71,084,417	710,844,170	ESOP	None	Note 31
2023.11	10	120,000,000	120,000,000	71,501,622	715,016,220	ESOP	None	Note 32
2023.02	10	120,000,000	120,000,000	71,558,952	715,589,520	ESOP	None	Note 33
2023.03	10	120,000,000	120,000,000	71,617,851	716,178,510	ESOP	None	Note 34

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  
 Note 26: 2022.06.01 MOEA Ruling Ref. No. 11101085750  
 Note 27: 2022.08.26 MOEA Ruling Ref. No. 11101159460  
 Note 28: 2022.11.25 MOEA Ruling Ref. No. 11101221110  
 Note 29: 2023.03.25 MOEA Ruling Ref. No. 11230047500  
 Note 30: 2023.05.29 MOEA Ruling Ref. No. 11230088130  
 Note 31: 2023.09.05 MOEA Ruling Ref. No. 11230160800  
 Note 32: 2023.11.27 MOEA Ruling Ref. No. 11230215650  
 Note 33: 2024.02.27 MOEA Ruling Ref. No. 11330010400  
 Note 34: 2024.03.29 MOEA Ruling Ref. No. 11330043850

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Share	71,882,164	48,117,836	120,000,000	Listed on the OTC from May 27, 1999. The cut-off date for the outstanding shares is March 29, 2024

#### 4.1.2 Status of Shareholders

As of March 29, 2024

Item	Government Agencies	Financial Institutions	Other Juridical Person	Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	1	11	90	12,550	78	12,730
Shareholding (shares)	12,000	4,566,774	41,409,846	24,239,135	1,654,409	71,882,164
Percentage (%)	0.02%	6.36%	57.61%	33.71%	2.30%	100.00%

#### 4.1.3 Shareholding Distribution Status

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

As of March 29, 2024

Class of Shareholding (Unit : Share)	Number of Shareholders	Shareholding (Shares)	Percentage (%)
1 ~ 999	6,254	1,143,979	1.59
1,000 ~ 5,000	5,525	9,993,871	13.90
5,001 ~ 10,000	517	3,837,202	5.34
10,001 ~ 15,000	187	2,351,389	3.27
15,001 ~ 20,000	77	1,374,019	1.91
20,001 ~ 30,000	62	1,548,457	2.15
30,001 ~ 40,000	43	1,516,507	2.11
40,001 ~ 50,000	11	473,583	0.66
50,001 ~ 100,000	30	2,106,541	2.93
100,001 ~ 200,000	12	1,672,963	2.33
200,001 ~ 400,000	7	1,818,692	2.53
400,001 ~ 600,000	2	1,046,856	1.46
600,001 ~ 800,000	0	0	0.00
800,001 ~ 1,000,000	0	0	0.00
1,000,001 or over	3	42,998,105	59.82
Total	12,730	71,882,164	100.00

#### 4.1.4 List of Major Shareholders

As of March 29, 2024

Shareholder's Name	Shareholding	
	Shares	Percentage (%)
CTCI Corporation	38,457,105	53.50
Fubon Life Insurance Co., Ltd.	3,481,000	4.84
Parkwell Investment Limited	1,060,000	1.47
Bank SinoPac Company Limited	577,000	0.80
Fubon Financial Holding Venture Capital Corp.	469,856	0.65
Taiwan Life Insurance Co, Ltd.	337,774	0.47
D. Y. Wen	303,000	0.42
SinoPac Securities Corp.	261,000	0.36
J. M. Chang	250,000	0.35
GRQ Investment Corporation	243,918	0.34

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

Item	Year		
	2022	2023	As of March 29, 2024
<b>Market Price per Share</b>			
Highest Market Price	277.00	330.00	313.00
Lowest Market Price	231.50	246.50	290.00
Average Market Price	246.83	301.06	300.20
<b>Net Worth per Share</b>			
Before Distribution	83.83	88.28	N/A
After Distribution	70.25	73.69	N/A
<b>Earnings per Share</b>			
Weighted Average Shares	70,091	71,173	N/A

Item \ Year	2022	2023	As of March 29, 2024
Diluted Earnings Per Share	14.91	16.36	N/A
<b>Dividends per Share</b>			
Cash Dividends	13.58	14.59	N/A
Stock Dividends			
• Dividends from Retained Earnings	0	0	0
• Dividends from Capital Surplus	0	0	0
Accumulated Undistributed Dividends	0	0	0
<b>Return on Investment</b>			
Price / Earnings Ratio	16.55	18.40	N/A
Price / Dividend Ratio	18.18	20.63	N/A
Cash Dividend Yield Rate	5.50	4.85	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 March. 04, 2024,



the Company has decided to distribute the cash dividends NT\$1,045,307 thousand (NT\$14.59 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 2023, the Board of Directors approved NT\$ 5,200 thousands for the directors' remuneration and NT\$287 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 2022 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\$367,171	NT\$367,191	0
Remuneration for Directors (Cash)	NT\$5,200,000	NT\$5,200,000	0

The actual distribution of employee Remuneration and Directors compensation in 2021 is based on Shareholders' Resolution and corresponds to actual reserve.

E. The Information of Top Ten Recipients of Employee Bonuses in 2022:

Name	Title	Amount(NT\$)
J.J Liao	Chairman of Business Strategy Committee	367,191
Y. P. Shih	President	
Mike Chiu	Manager	
Han-Yun Chung	Audit Manager	
Chung-Lei Huang	Finance Manager	
Tan-Ching Yao	Accounting Manager	
C.T Lee	Executive Specialist	

Note 1: The total number of employees in the company that meet the standard of the distribution of employee compensation in the year of 2022 is 7, therefore information on only these 8 employees will be disclosed.

**4.1.9 Company Buyback of Own Shares Situation: None**

## 4.2 Issuance of Corporate Bonds:

Type Item	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	Other Rights At A fit
	Guidelines of issuance or conversion (exchange or subscription)	NA
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 29, 2024

Type of Stock Option	2018 ESOP	2019 ESOP	2020 ESOP
Effective Date by Regulatory Agency and	2018/06/27 1,500 units	2019/06/26 1,500 units	2020/04/13 1,500 units

Total Units																					
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 (%)	2.09	2.09	2.09																		
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	<p>Subscribers may exercise their options by the following schedule and proportion:</p> <table border="1"> <thead> <tr> <th>The availability period</th> <th colspan="2">The ceiling of option exercisable (accumulate)</th> </tr> <tr> <td></td> <th>Regular</th> <th>Reward</th> </tr> </thead> <tbody> <tr> <td>Less than 2 years</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>In 2 years after the grant</td> <td>50%</td> <td>25%</td> </tr> <tr> <td>In 3 years after the grant</td> <td>75%</td> <td>50%</td> </tr> <tr> <td>In 4 years after the grant</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table>			The availability period	The ceiling of option exercisable (accumulate)			Regular	Reward	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%
The availability period	The ceiling of option exercisable (accumulate)																				
	Regular	Reward																			
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	1,306,907 Shares	1,084,452 Shares	668,655 Shares																		
Exercised amount	NT\$182,086,190	NT\$188,5559,903	NT\$116,938,891																		
Number of shares yet to be converted	193,093 Share	415,548 Share	831,345 Share																		
Adjusted exercise price for those who have yet to exercise their rights	NT\$128.00	NT\$165.90	NT\$167.50																		
Unexercised shares as a percentage of total issued shares (%)	0.27	0.58	1.16																		
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 29, 2024

	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	481,384	0.67	367,031	2018 ESOP NT\$128.0 -133.8	57,513	0.51	114,353	2018 ESOP NT\$128.0	19,145	0.16
	Vice President	Hsio Hua Diao										
	Accounting Officer	Tanching Yao										
	Financial Officer	Catherine Huang										
Employees	Manager	Mike Chiou	33,775	0.05	27,240	2020 ESOP NT\$167.5 -175.2	4,282	0.04	6,535	2020 ESOP NT\$167.5	1,094	0.01
	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:

1. 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 Solvent Recycling Corporation ("ECOVE SRC") and issued new shares for the conversion in 2023. The share conversion was reported to the Taipei Exchange listed company and effective by Letter No.

11200122061 on December 18, 2023 with the conversion record date on December 29, 2023. The registration of the issued new shares was approved by the Ministry of Economic Affairs on February 27, 2024 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 March 12, 2024 on the Market Observation Post System. The listing

date of the converted shares was March 14, 2024. 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 2024. The opinion is as follows:

(1) Impact on finance:

The issuance of new shares by the Company and conversion of the shares with ECOVE SRC were reported and effective on December 18, 2023 with the conversion record date on December 29, 2023. The listing date for the converted shares was March 14, 2024. 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 SRC, 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 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 SRC was December 29, 2023. The Company's capital increase registration was completed and approved by the Ministry of Economic Affairs on February 27, 2024. The issued and converted shares were listed on March 14, 2024. 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 SRC by share conversion and issuance of new shares so that ECOVE SRC became a wholly-owned subsidiary of the Company on the record date of December 29, 2023.

(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 SRC 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, 2023. The Company issued 57,330 new shares in the amount of NT\$ 573,300 with par value of NT\$10. One share of ECOVE SRC was converted to 0.0637 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 Solvent Recycling Corp.
Company Address		No. 7-1, Guojian 3 <sup>rd</sup> Rd., Shulin Vil., Guanyin Dist., Taoyuan City 328453, Taiwan (R.O.C.)
Principal		Hsio-Hua Diao
Paid-in Capital		NT\$ 90,000,000
Main Business Items		Basic Chemical Industrial and Other Chemical Materials Manufacturing
Main Products (service items)		85% industrial grade isopropyl alcohol and 99.5% industrial grade isopropyl alcohol
Financial Information for the most Recent Year	Total Assets	NT\$ 184,293,552
	Total Liabilities	NT\$ 59,844,287
	Total Shareholders' Equity	NT\$ 124,449,265
	Operating Income	NT\$ 180,119,524
	Operating Revenue	NT\$ 40,654,775
	Operating Profit and Loss	NT\$ 37,325,793
	Current Profit and Loss	NT\$ 29,762,605
Earnings per Share		NT\$ 3.31

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

#### 4.8 Implementation of Capital Utilization Plan:

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 29 <sup>th</sup> , 2024	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 29 <sup>th</sup> , 2024	Reason of being early or late and the improvement plan
Invest in green projects	Amount to be used	Estimated	530,000	Fully executed in the second quarter in 2022
		Actual	530,000	
	Progress of execution (%)	Estimated	100%	
		Actual	100%	



## V. Operations Overview

The Company is committed to enhancing the efficiency of resource reuse and providing professional investment and operational services for the circular economy industry. We focus on the development and management of renewable energy, biomass, and reclaimed water, deeply involved in waste cleanup, recycling, renewable energy, and electromechanical maintenance sectors. To date, we hold significant investments in ECOVE Environment Services Corporation Corp., ECOVE Wujih Energy Corporation, ECOVE Waste Management Corporation, ECOVE Miaoli Energy Corporation, and ECOVE Solar Energy Corporation. Below, we provide an overview of the management of ECOVE and its principal investment subsidiaries.

### 5.1 Business content

#### 5.1.1 Business Scope:

##### (1) ECOVE Environment Corporation and Subsidiaries

###### a. Revenue distribution

Unit: NT\$ thousands

Item \ Year	2022		2023	
	Amount	%	Amount	%
Waste Treatment	2,197,886	31.26	2,139,524	28.05
Electricity	2,459,914	34.99	2,679,713	35.13
Concession Service	541,569	7.70	555,584	7.28
Waste Collection	229,534	3.27	270,913	3.55
Others	1,601,257	22.78	1,982,768	25.99
Total	7,030,160	100.00	7,628,502	100.00

(2) ECOVE Environment Corporation: Has expanded our business scope from general investment to include green energy and environmental protection activities, leveraging the performance and experience of our subsidiaries to explore more investment or service opportunities.

##### (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

Item \ Year	2022		2023	
	Amount	%	Amount	%
EfW plant related income	2,897,887	66.53	3,193,420	64.21
Others	1,458,036	33.47	1,779,814	35.79
Total	4,355,923	100.00	4,973,234	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. 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	2022		2023	
	Amount	%	Amount	%
Electricity	100,846	12.37	124,753	14.34
Waste Treatment	475,461	58.30	512,443	58.92
Concession Service	223,001	27.35	208,608	23.98
Otehrs	16,138	1.98	23,962	2.76
Total	815,446	100.00	869,766	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	2022		2023	
	Amount	%	Amount	%
Waste Treatment	53,477	13.43	49,249	11.36
Waste Collection	268,575	67.43	299,689	69.12
Comprehensive planning to clean up revenue (Reuse included)	76,254	19.14	84,621	19.52
Total	398,306	100.00	433,559	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  
Business of resource recovery and reuse of various types of waste materials with recycling benefits.

F. ECOVE Miaoli Energy Corporation

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

b. Revenue distribution

Unit: NT\$ thousands

Item \ Year	2022		2023	
	Amount	%	Amount	%
Concession Service	318,568	100.00	346,976	100.00
Total	318,568	100.00	346,976	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 sales.

b. Revenue distribution

Unit: NT\$ thousands

Item \ Year	2022		2023	
	Amount	%	Amount	%
Electricity	310,913	100.00	362,102	100.00
Total	310,913	100.00	362,102	100.00

- c. The Company's Current Products and Services
  - i. Energy technical services.

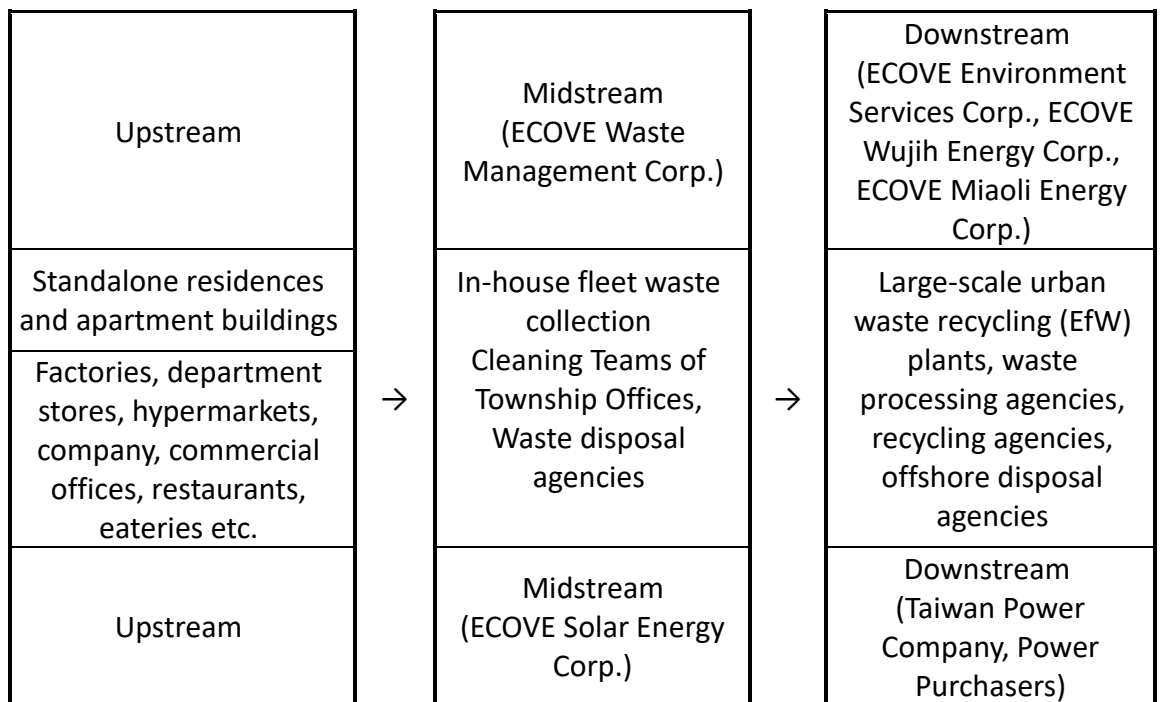
- ii. Electric power supply.
  - iii. Wheeling of renewable energy power.
  - iv. Energy storage systems participate in Taiwan Power Company's power trading platform for frequency regulation and reserve auxiliary services.
- d. New Products and Services Under Development
- i. Direct supply of Renewable energy power.

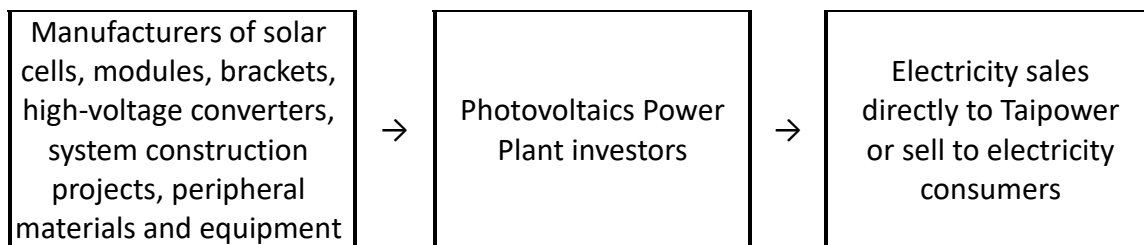
**5.1.2 Industry Overview**

**(1) Current State and Development of the Industry**

The 27 EfW plants in Taiwan processed a total of 6,222,488.64 metric tons of waste in 2023. The waste accepted by ECOVE O&M EfW plants amounted to 2,133,069.31 metric tons and the total processed waste amounted to 2,115,447.78 metric tons. General waste constituted 1,684,640.74 metric tons of processed waste and general industrial waste amounted to 448,398.57 metric tons. ECOVE Environment Services Corporation processed the equivalent of waste produced by 4.198 million people in a year. ECOVE Waste Management Corporation accepted a total of 271,268 metric tons of waste, which constituted around 36%. 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 134, with a cumulative power generation of 599.42 MWh. 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 photovoltaics 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. Vender returning to Taiwan and 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, strict investigations on illegal disposals and strengthen the clauses concerning joint and several liability obligations 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 running before 2023 in Taiwan will gradually be in the rectification period in the next five years. Due to the aging equipment at the incineration plant and the renovation schedules of some facilities not meeting expectations over the past three years, 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.
- vi. Due to reduced processing efficiency at large waste incineration plants and difficulties in establishing new facilities, local governments are prioritizing waste disposal permits for local disposal facilities and sources of waste. This policy has exacerbated the challenges faced by some counties and cities that lack adequate waste treatment facilities, continuously worsening their waste disposal issues.

#### 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. incineration process). Therefore, in addition to working with major technology companies 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. Additionally, considering that some local governments prioritize waste disposal permits for local disposal facilities and waste sources, Hui Ding has established branches in certain counties and cities, obtaining approvals for local waste processing capacities. We will continue to expand the waste collection operations of each branch and enhance connectivity with our existing Taichung operation base to create synergies.

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 photovoltaics power plants and continue to seek business opportunities

f. Water Resources

Due to abnormal climate conditions leading to a water scarcity crisis within the country, the issue of water resources has gained significant attention from the government. This has resulted in opportunities such as the establishment of reclaimed water plants and desalination plants. In the future, our company will leverage the synergies within the group to seize these 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, in addition to owning a fleet for in-house waste management services, ECOVE Waste Management has a significant market presence. The company assists with the management and handling of industrial waste for its facilities, which constitutes a substantial portion of the national total, maintaining a stable condition.
- d. In response to the government's renewable energy policy, ECOVE Solar Energy Corp. invested in construction and operation of photovoltaics power plants. With strong engineering planning, operational capabilities and financial support under the Group, it completed many domestic and overseas excellent photovoltaics power plant construction. Moreover, it has long-term cooperation with government agencies in building photovoltaics 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) and hydrogen production (such as waste-to-

hydrogen, green hydrogen from surplus electricity etc.). 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, boiler tubes with Inconel cladding, fly ash water-washing, natural gas compression system to shockwave ash-cleaning device and agricultural waste to energy 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, syngas from pyrolysis and gasification, solar panel recycling etc.), increase the added value of resources from waste (such as purification of waste motor oil to base stock and high-value regeneration technology of isopropanol), increase energy production efficiency (such as increasing the efficiency of solar panels, prevention of grate clinker, flue gas heat recycle, the survey and adoption of generators with optimal power generation efficiency, solar panel wind-evaded mechanism etc.) and introduce multiple application solutions of energy storage systems (such as automatic frequency control).

- (2) In response to the global trend of digital transformation in enterprises and actively integrating technology, we have developed intelligent management, control, maintenance technologies, and introduced more advanced management tools. These include a remote central control room, repair event inquiry, high-temperature camera furnace inspection, advanced combustion control systems, robotic boiler slag removal, fixed shockwave soot blowing, personnel safety positioning systems, intelligent monitoring systems for solar photovoltaic sites, drone imagery AI recognition for solar panels, smart semantic search engines, Digital Twin systems, electronic inspection, electronic handover books, factory automation, electronic security, electronic fencing, high-pressure water column robotic arms for solar panel cleaning, AI garbage hopper bridge recognition, superheater tube thickness measurement technology, and complete wireless network systems for incineration plants. Important Operational Indexes (IOI) from each plant can be accessed anytime, anywhere through devices like the ECOVE ESC mobile network IOI system and LINE notification platform, allowing real-time monitoring of operational performance, emissions monitoring, key equipment anomalies, and on-site inspection data. This enables timely control over plant conditions and enhances operational management efficiency. Additionally, it improves the effectiveness of employee training and instruction, such as VR educational training tours and instructional applications using 3D models.
- (3) For remote work in the post-pandemic future, ECOVE takes remote site survey as a starting point through video conference tools and intelligent management system. Given remote patrol, remote guidance and remote audit are feasible and aimed at management's intellectualization in incinerator, the operating efficiency is improved.
- (4) ECOVE's developed "WMIS Waste Management Information Platform" integrates the operations at both the cleanup and processing endpoints to ensure that the data uploaded to the Environmental Protection Department's Control Center can be transmitted more quickly and accurately. For example, the system's connection and integration with the Environmental Protection Department's Control Center allow for a more seamless process of reporting and tracking controlled industrial waste. This ensures that waste handling and management are more standardized and efficient, thereby protecting the environment and public health.
- (5) In our waste transportation services, we equip advanced vehicle sensor equipment to help drivers stay alert and familiarize themselves with their surroundings. In 2023, we utilized driver monitoring systems, incorporating onboard cameras and artificial intelligence sensors to monitor the condition and behavior of drivers. Proactive safety measures are employed to prevent momentary errors during driving, especially over long periods, to avoid potential catastrophic

consequences. Furthermore, by integrating automated collection of breathalyzer data, cloud storage, and intelligent analysis, we can track each driver's health status and history of alcohol testing. When the system detects any abnormal data, it can instantly provide feedback and alerts, notifying managers to pay attention and handle situations promptly. This significantly enhances the managers' awareness and efficiency in addressing drivers' health conditions, aiding in prevention and response before accidents occur, ensuring the reliability of transportation activities, and achieving comprehensive smart fleet safety management.

As of now, we have acquired a total of 50 domestic patents, 11 patents in Mainland China and 1 patent in the U.S.

- 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	2022	2023
Operating Revenue	4,355,923	4,973,234
R&D Expense	8,602	9,456
R&D Expense as percentage of Operating Revenue (%)	0.20	0.19

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
2023	<ul style="list-style-type: none"> <li>a. Acquired an invention patent of "System and method for capturing carbon capture and recovering fly ash sodium salt recovery to produce sodium" in Taiwan.</li> <li>b. Acquired an invention patent of "Isopropanol regeneration system and method" in Taiwan.</li> <li>c. Acquired a new patent of "Environmentally friendly fireproof core board" in Taiwan.</li> <li>d. Acquired an invention patent of " Solar panel wind shelter device" in Taiwan.</li> <li>e. Acquired a new patent of "Waste solvent recovery process integrated system" in Taiwan.</li> <li>f. Acquired a new patent of "System of performing smoke capture to produce sodium bicarbonate using sodium hydroxide solution as absorbent" in Taiwan.</li> </ul>
2022	<ul style="list-style-type: none"> <li>a. Acquired a new patent of "Incineration plant carbon capture and fly ash sodium salt recovery system to produce sodium bicarbonate system" in Taiwan.</li> <li>b. Acquired a new patent of "Flue gas compression system" in Taiwan.</li> <li>c. Acquired a new patent of "Solar panel wind-evaded mechanism" in Taiwan.</li> <li>d. Acquired an invention patent of "Spent IPA to 99.5% purification" in the U.S.</li> </ul>



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

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

Project Plant	Project
Keelung	Addition of manual valve to feed oil pressure cylinder
Keelung	Compressed air flow meter
Taoyuan Airport Terminal	Low-grade heat energy combined with ORC (Organic Rankine Cycle) power generation
Taoyuan Airport Terminal	Change in heat exchanger form to reduce ash accumulation blockage, increase incinerator operating days
Southern Taoyuan	Addition of 2 sets of central fixed seats for furnace rollers to shorten dismantling time during inspection of furnace bars on both sides
Wujih	Addition of frequency converter to dry lime dosing drum blower
Wujih	Conversion of dry lime dosing drum blower to normal injection mode
Wujih	Energy-saving improvement of cooling tower fan turbine
Wujih	Addition of frequency converter to dry lime dosing drum blower for energy-saving and carbon reduction
Xizhou	Installation of frequency converter in fixed-speed air compressor for benefit analysis
Mioli	Addition of signal display to garbage truck grab bucket
Mioli	Addition of frequency converter to CCCW fan
Tainan	Replacement of primary chiller with environmentally friendly refrigerant model
STSP	Improvement of denitrification system (SNCR) by replacing reducing agent with ammonia water to enhance reaction efficiency
Gangshen	Change from manual timer switch to electronic switch for office air conditioning

Project Plant	Project
Gangshen	Modification of lighting mode for external walkways of control room
Kaohsiung Central Dist.	Conducting high-altitude inspection operations using small unmanned aerial vehicles (UAVs)
Kaohsiung Southern Dist.	Replacement of rooftop ventilation fan with solar-powered exhaust fan

#### 5.1.4 Short & Long Term Development Plans

##### (1) ECOVE Environment Corporation

ECOVE focuses on the circular economy as its main development axis, in line with government policies, and develops investment fields in the circular economy: In terms of green energy, in addition to waste incineration power generation (including industrial waste treatment) and solar photovoltaics, it also includes biomass biogas generation; in terms of material resources, besides PET bottles and other polyesters, it includes waste solvents, waste acids and alkalis, waste oil, incineration fly ash, incineration bottom ash, kitchen waste, or other valuable substances; in terms of water resources, it covers sewage and wastewater treatment, sewer networks, and reclaimed water. The overall development principle is to integrate corporate group resources and provide professional services required by subsidiaries, introduce competitive technologies and appropriate strategic partners to enhance the feasibility of business development, and invest in domestic and foreign, different types of targets to achieve risk diversification and proper control. The long-term and short-term development focuses are detailed in the subsections of each company described below:

##### (2) ECOVE Environment Services Corporation

###### a. Short-Term Business Plans

###### i. Taiwan

- (a) Closely monitoring the planning direction of new municipal waste incineration plant projects in various cities and counties. In addition to working with Group to promote new BOT waste incineration plant projects, also continuously striving for ROT or OT service opportunities for existing incineration plants in Taiwan whose contracts are about to expire. Furthermore, technical services are also provided such as mechanical and electrical upgrades and maintenance for older waste incineration plants.
- (b) Maintain and intensify current services for mechanical and electric equipment at Taoyuan International Airport to open up more opportunities for services.
- (c) 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/ High Speed Rail/Taiwan Railway) to core equipment.
- (d) 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.
- (e) Accumulate experience from own 485MW solar photovoltaic plants' O&M and expand to gain external business opportunities.
- (f) 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 of O&M of the EfW power generation plant and special & hazardous waste processing station in Macao. Also pay attention to planning 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 medium-to-long-term business plan will leverage our experience and familiarity with the waste management market to facilitate the matching of waste sources towards recycling channels, aiming to reduce waste and secure related transportation services. We will continue to improve our understanding of the characteristics of source waste, increase waste resource recovery and recycling services, and expand our business scope. Moving towards the goals of waste resource reuse and diversification, we aim to strengthen the foundation of our overall business group.

(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 photovoltaics 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 applications of energy storage, 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	2022		2023	
	Amount	%	Amount	%
Taiwan	5,992,652	85.24	6,620,219	86.78
Macau	936,966	13.33	913,338	11.97
USA	100,542	1.43	94,945	1.25
Total	7,030,160	100.00	7,628,502	100.00

#### (2) ECOVE Environment Corporation

Has expanded our business scope from general investment to include green energy and environmental protection activities, leveraging the performance and experience of our subsidiaries to explore more investment or service opportunities.

#### (3) ECOVE Environment Services Corporation

##### a. By Major business Categories

Unit: NT\$ thousands

Area \ Year	2022		2023	
	Amount	%	Amount	%
Taiwan	4,178,770	95.93	4,780,990	96.13
Macau	177,153	4.07	192,244	3.87
Total	4,355,923	100.00	4,973,234	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. There are currently 27 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 30% 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	2022		2023	
	Amount	%	Amount	%
Taiwan	815,446	100.00	869,766	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 2023, current domestic medium to large-scale urban EfW plants in operations process a total of approximately 5.970 million metric tons of waste a year. The annual processing capacity of Wujih Plant is approximately 288,000 metric tons

and it constitutes 4.82% 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 2.38 billion kilowatt/hours while the Wujih Plant sells approximately 153 million kilowatt/hours per year, constituting 6.43% of the total amount of electricity sold. In terms of power generation, the annual power generated amounts to approximately 187 million kilowatt/hours, which is 6.23% of the 3.0 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	2022		2023	
	Amount	%	Amount	%
Taiwan	398,306	100.00	433,559	100.00

b. Market Share

ECOVE WMC is a company dedicated to industrial waste clearance and disposal. In 2023, ECOVE WMC received a total of 271,268 metric tons of waste for O&M. Its national market

share in industrial waste collection and processing services is approximately 36%.

c. Future Supply, Demand and Growth of the Market

Large urban treatment facilities in Taiwan are continuously being planned, and within the next five years, half of the operating large-scale incineration plants will successively enter a period of renovation. Currently, the treatment capacity is less than the volume of waste generated.

d. Competitive Niches

ECOVE WMC leveraging over 20 years of accumulated expertise in waste acceptance, management, and transportation services, has developed and planned its own waste management information system using smart management systems. This system is also made available for use by waste removal entities entering the facility, integrating a comprehensive waste transportation management system that quickly compiles data from various transportation operations to enhance the management efficiency and competitiveness of the group's own plants.

Since 2019, ECOVE WMC has ventured into the waste reuse business sector, utilizing existing source-related information to compete for landmark resource reuse and processing services. Additionally, the company plans to leverage its extensive experience as a stepping stone to expand into waste resource recycling. By 2023, significant achievements have been made in the field of waste solvent recycling, progressively offering more comprehensive services to source suppliers or waste removal 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. Additionally, by establishing branches in various counties and cities and securing approved capacities for local processing facilities, we have expanded the operations of these branches. By integrating with the existing operational base in Taichung, we have enhanced the connectivity of our waste transportation network, increased regional dispatch flexibility, and diversified disposal methods to create synergies.

(6) ECOVE Miaoli Energy Corporation

a. By Major business Categories

Unit ; NT\$ thousands

Area \ Year	2022		2023	
	Amount	%	Amount	%
Taiwan	318,568	100.00	346,976	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 2023, current domestic medium to large-scale urban EfW plants in operations process a total of approximately 5.97 million metric tons of waste a year. The annual processing capacity of Miaoli Plant is approximately 157,000 metric tons and it constitutes 2.63% of the total processing capacity of the 25 EfW plants in Taiwan. In terms of the volume of electricity sales, the total amount electricity sold by EfW plants in an entire year amount to approximately 2.38 billion kilowatt-hours while Miaoli Plant sells approximately 74.37 million kilowatt-hours per year, constituting 2.94% 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 2.99% of the 3.01 billion kilowatt-hours generated by the 25 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 2023 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 its 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	2022		2023	
	Amount	%	Amount	%
Taiwan	310,913	100.00	362,102	100.00

b. Market Share

ECOVE Solar Energy Corp. is a professional photovoltaics power plant construction and operation company. By the end of 2023, the cumulative domestic and overseas solar installation capacity was approximately 160.31MWp, 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. The regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity also required domestic energy-heavy industries to increase their investment in renewable energy.

Currently global carbon reduction and emission issues such as green supply chain, renewable energy initiative, carbon border adjustment mechanism, emission trading, etc. are beneficial to our renewable energy business.

d. Competitive Niches

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

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

(c) The cooperation partners are mainly government agencies, and projects are invested after detailed evaluation. The main source of long-term income is Taipower Co. whose financial status is stable.

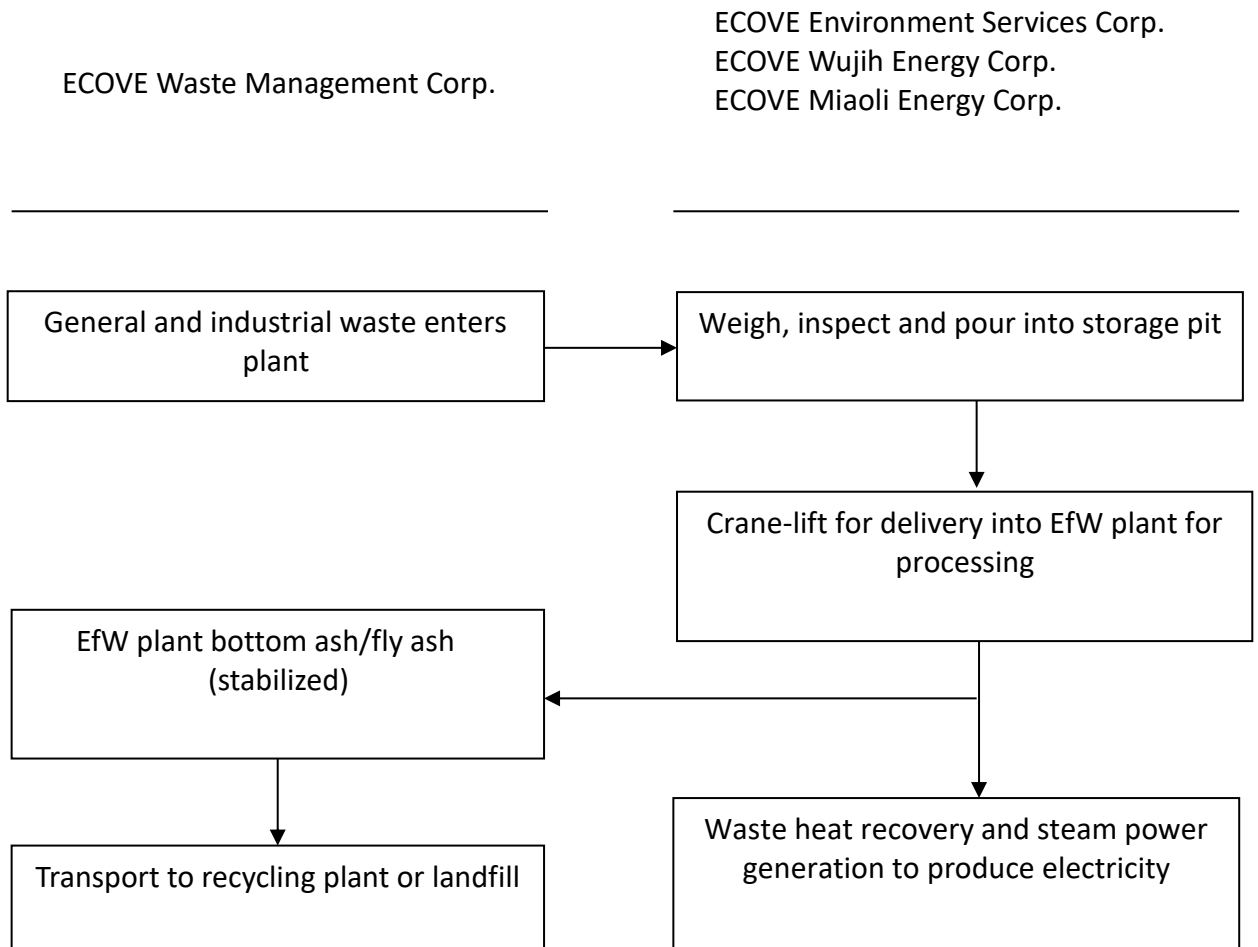
ii. Unfavorable Factors and Countermeasures

(a) Domestic solar photovoltaics continue to be short of work, insurance costs and financing interest rates are rising, resulting in increased investment costs.

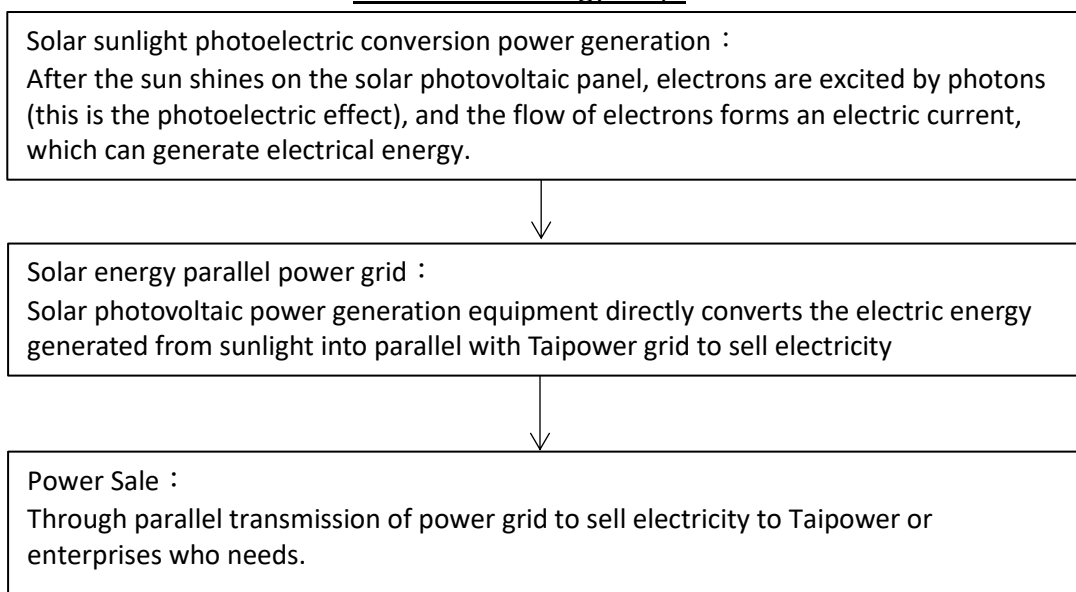
(b) Environmental and ecological issues will affect project development and extend the construction period.

(c) As the scale of overseas investment expands, capital costs and income risks need to be carefully assessed.

5.2.2 The Company's Main Services Purposes and Service Sequences



ECOVE Solar Energy Corp.



(1) ECOVE Environment Corporation: Our significant subsidiaries, including ECOVE Wujih Energy Corporation, ECOVE Waste Management Corporation, ECOVE Environment Services Corporation, ECOVE Miaoli Energy Corporation, and ECOVE Solar Energy Corporation, currently hold leading positions in Taiwan in the fields of waste management, recycling, renewable energy, and electromechanical maintenance. Their professional technology and scale have reached a leading

position. Detailed descriptions of the main uses and production processes of their products are provided in the sections below for each company.

## (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 2023, 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 household waste and industrial waste generated by the general public (apartment building management committees), government agencies, and enterprises 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 2019, the Company has invested in the waste recycling business and provided services for reuse facility application, trial operation, operational management and product sales.

## (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. and its subsidiaries 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	2022				2023			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Taiwan Power Company	1,789,519	25.46	None	Taiwan Power Company	1,936,155	25.38	None
2	Environmental Protection Bureau Miaoli County Government	318,568	4.53	None	Environmental Protection Bureau of Taichung City Government	346,976	4.55	None
3	Environmental Protection Bureau of Taichung City Government	359,466	5.11	None	Environmental Protection Bureau Miaoli County Government	318,106	4.17	None
4	United Microelectronics Corp.	68,801	0.98	None	United Microelectronics Corp.	288,617	3.78	None
5	Southern Taiwan Science Park	322,565	4.59	None	Southern Taiwan Science Park	171,930	2.25	None
6	Others	4,171,241	59.33	None	Others	4,566,718	59.87	None
	Total	7,030,160	100.00		Total	7,628,502	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	2022		2023	
	Local	Export	Local	Export
Waste Treatment	2,197,886	0	2,139,524	0
Electricity	1,915,917	543,997	2,073,783	605,930
Concession Service	541,569	0	555,584	0
Waste Collection	229,534	0	270,913	0
Others	1,107,746	493,611	1,580,415	402,353
Total	5,992,652	1,037,508	6,620,219	1,008,283

## (2) ECOVE Environment Services Corporation

Unit: NT\$ thousands

Shipments & Sales Major Products	Year	2022		2023	
		Local	Export	Local	Export
EfW plant related income		2,897,887	0	3,385,664	0
Others		1,280,883	177,153	1,587,570	192,244
Total		4,178,770	177,153	4,973,234	192,244

## (3) ECOVE Wujih Energy Corporation

Unit: NT\$ thousands

Shipments & Sales Major Plant	Year	2022		2023	
		Local	Export	Local	Export
Wujih EfW Plant		815,446	0	869,766	0
Total		815,446	0	869,766	0

## (4) ECOVE Waste Management Corporation

Unit: NT\$ thousands

Shipments & Sales Major Products	Year	2022		2023	
		Local	Export	Local	Export
Waste Treatment		53,477	0	49,249	0
Waste Collection		268,575	0	299,689	0
Comprehensive planning to clean up revenue		76,254	0	84,621	0
Total		398,306	0	433,559	0

## (5) ECOVE Miaoli Energy Corporation

Unit: NT\$ thousands

Shipments & Sales Major Plant	Year	2022		2023	
		Local	Export	Local	Export
Miaoli EfW Plant		318,568	0	346,976	0

Total	318,568	0	346,976	0
-------	---------	---	---------	---

### 5.3 Employee Information

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

Year		2022	2023	As of Mar. 29 <sup>th</sup> , 2024
Number of Employees	Regular Employees	912	927	896
	Contracted Employees	19	18	15
	Total	929	945	911
Average Age		41.9	41.3	43.0
Average service seniority		12.9	8.3	9.5
Ratio of employees at each level of educational degree	Doctor	0.10%	0.21%	0.11
	Master	16.03%	15.87%	15.48
	Bachelor	65.76%	66.03%	66.08
	Senior High School	15.50%	15.13%	15.48
	Below Senior High School	2.79%	2.96%	2.85

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
R.O.C. Certified Public Accountant (CPA)	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 has established an environmental, health and safety policy to fulfill our responsibilities towards environmental protection and create a safe and healthy working environment. The Company prioritizes the maintenance of the physical and mental health of its employees and partners, ensuring a safe working environment without hazards. Each year, the Company establishes quality, environment, health and safety objectives in accordance with its policy and develop key performance indicators (KPIs) based on the requirements of on-site safety and health management. These KPIs cover seven major areas, including contract management, operational safety control, machinery and equipment safety, fire management, risk management and control, on-site 5S, and internal control audits. The Safety and Health Management Department conducts unannounced audits every quarter and reports the results to management meetings and the occupational safety and health committee.

In addition to industry-specific regulations, the Company ensures effective control over safety and health risks, non-compliant issues, and other hazards related to waste incineration processing,



power generation, and waste disposal through compliance with ISO 45001:2018 standard requirements. This systematic approach allows the Company to gradually improve its safety and health management system, prevent, eliminate, reduce, and control risks, and continuously improve the system to achieve sustainable development goals.

The Company addresses potential employee injuries and illnesses, process changes, procurement, contractor, and property-related safety and health risks and non-compliant issues, while promoting a culture of safety and health. The Company's ultimate goal is to establish it as a model of excellence in quality, environmental protection, and safety and health, and be recognized as a leader in these areas.

(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

The Company 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 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:

- ECOVE was awarded the 2023 Annual other categories "Evaluation of Occupational Health and Safety Initiative Indicators in the Enterprise Sustainability Report" by the Occupational Safety and Health Administration.
- Tainan EfW plant was awarded "2023 Occupational Safety and Health Excellent Units Award" by the Occupational Safety and Health Administration.
- Tainan EfW plant was awarded "2023 Safety and Healthy Family Performance Selection Excellence Award" by Labor Affairs Bureau of Tainan City Government.
- STSP EfW Plant was awarded "2023 Occupational Safety and Health Excellent Units Award" by Southern Taiwan Science Park.
- ECOVE WMC was awarded "2023 Occupational Safety and Health Excellent Units Award" by Labor Affairs Bureau of Taichung City Government.
- Awarded by the Industrial Safety and Health Association (ISHA) of the R.O.C. entrusted by the Ministry of Labor:
  - ✓ Keelung EfW Plant was awarded the 1.21 million zero-accident work hours certificate.
  - ✓ Miaoli EfW Plant was awarded the 720,000 zero-accident work hours certificate.
  - ✓ Houli EfW Plant was awarded the 1.81 million zero-accident work hours certificate.
  - ✓ Wujih EfW Plant was awarded the 1.41 million zero-accident work hours certificate.
  - ✓ Tainan EfW Plant was awarded the 2.19 million n zero-accident work hours certificate.
  - ✓ STSP EfW Plant was awarded the 1.33 million zero-accident work hours certificate.
  - ✓ Gang-Shan EfW Plant was awarded the 120,000 zero-accident work hours certificate.
  - ✓ ECOVE WMC was awarded the 320,000 zero-accident work hours certificate.
- Other awards:
  - ✓ Taoyuan EfW Plant, Miaoli EfW Plant, Houli EfW Plant, Xizhou 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 "2023 National Workplace Safety and Health Week Series Activities Implementation Plan" by the Ministry of Labor.
  - ✓ Xizhou EfW Plant received a Certificate of Appreciation as "Promoting Occupational Safety and Health Improvement in Small and Medium Enterprises" by Changhua County

Government.

- ✓ Tainan EfW Plant received a Certificate of Appreciation as “2022 Promotion of the Core Enterprise of Safety and Health Family” by Tainan City Government Labor Bureau
- ✓ Keelung EfW Plant rewarded “AED+CPR site mark certificate” by Keelung City Government Health Bureau.
- ✓ Taoyuan EfW Plant rewarded “AED+CPR site mark certificate” by Taoyuan City Government Health Bureau.
- ✓ Miaoli EfW Plant rewarded “AED+CPR site mark certificate” by Miaoli County Government Health Bureau.
- ✓ Houli EfW Plant rewarded “AED+CPR site mark certificate” by Taichung City Government Health Bureau.
- ✓ Wujiu EfW Plant rewarded “AED+CPR site mark certificate” by Taichung City Government Health Bureau.
- ✓ Xizhou EfW Plant rewarded “AED+CPR site mark certificate” by Changhua County Government Health Bureau.
- ✓ Tainan EfW Plant rewarded “AED+CPR site mark certificate” by Tainan City Government Health Bureau.
- ✓ STSP EfW Plant rewarded “AED+CPR site mark certificate” by Tainan City Government Health Bureau.
- ✓ Gangshan EfW Plant rewarded “AED+CPR site mark certificate” by Kaohsiung 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 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 Environment Corporation: The green and environmental protection-related businesses of our company are currently operated by subsidiaries. The circumstances regarding the application for pollution facility installation permits or pollution discharge permits, or the establishment of dedicated environmental protection unit staff, are detailed in the following sections for each subsidiary.
- B. ECOVE Environment Services Corporation
  - i. Permit for Installing Polluting Facilities, Permit for Pollution Drainage  
The Company has a total of 18 fixed pollutant operation permits, 10 water pollutant prevention permits and 1 toxic chemicals approval certification.
  - ii. Establishment of Dedicated Environmental Protection Unit and Personnel  
The Company's employees have obtained 27 Class A Dedicated Air Pollution Control Specialist certificates, 5 Class B Dedicated Air Pollution Control Specialist certificates, 8 Class A Wastewater Treatment Technician certificates, 5 Class B Dedicated Wastewater and Sewage Treatment Specialist certificates, 15 Class A Waste Disposal Technician certificates and 4 Class B 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 1 fixed pollutant operation permit, 1 water pollutant prevention permits, 1 waste disposal permit, and 1 industrial waste disposal plan.
  - ii. Establishment of Dedicated Environmental Protection Unit and Personnel (Including dedicated environmental protection personnel at ECOVE Environment Services Corporation)  
2 Class A Waste Disposal Technicians, 3 Class A Dedicated Air Pollution Control Specialists and 1 Class B Dedicated Wastewater and Sewage Treatment Specialist.
- D. ECOVE Waste Management Corporation
  - i. Waste Disposal Permits  
2 Class A Waste Disposal Permit (HQ & Kaohsiung Branch) and 1 Class B Waste Disposal Permit (Taoyuan Branch)
  - ii. Establishment of Dedicated Environmental Protection Unit and Personnel  
2 Class A Waste Disposal Technicians and 3 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 Environment Corporation: The Company's green and environmental protection-related businesses are currently operated by subsidiaries. Information on the investment in and usage of major equipment for environmental pollution control by these subsidiaries is detailed below in the subsections for each subsidiary.

B. ECOVE Environment Services Corporation: Not Applicable

C. ECOVE Wujih Energy Corporation

December 31, 2023; 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	0	Compliance with related laws and regulations on EfW plant, air and wastewater pollution prevention

D. ECOVE Waste Management Corporation

December 31, 2023; Unit: NT\$1,000

Equipment Name	Quantity	Obtainment Date	Investment Cost	Book Value	Usage and Anticipated Benefit
Waste Disposal Trucks	50	2001.08-2023.12	108,102	34,321	To meet the operational requirements applicable to waste removal organizations, including the provision of mobile vehicles for both lead and follow-up tasks.

E. ECOVE Miaoli Energy Corporation

December 31, 2023; 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	508,100	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 2022 was close to NT\$4.14 million and the total annual training hours for all employees exceeded 27,572 hours.

Employee training operations are conducted in accordance with the "Education and Training Management Method" revised in 2022.

### (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

In accordance with the relevant provisions of the "Risk Management Guidelines", the "Risk Management Executive Committee" is the main promotion organization of the company's risk management. Under the instructions of the committee, it is required to submit relevant social drills, anti-virus systems, firewalls, email filtering systems, email audit systems, etc. on a regular basis every year. The "Information Security Management Report" on the execution results and effectiveness is integrated into the "Risk Management Executive Committee Report", and annual work status and plans are reported to the board of directors every year.

#### 5.6.1.2 Information Security Strategy

ECOVE is committed to protecting the critical intellectual assets of our clients. We enhance the reliability and quality of project execution through a robust information security governance system, regular cyber risk assessments, and diverse information security management mechanisms. This approach not only meets the demands of clients and legal requirements but also builds client trust. Furthermore, by establishing internal control systems in accordance with standards such as the Corporate Governance Act, Trade Secrets Act, Personal Information Protection Act, and Information Security Management Act, we proactively identify and mitigate information security risks, thereby comprehensively enhancing information security quality.

ECOVE adheres to Article 9-1 of the "Guidelines for the Establishment of Internal Control Systems by Public Companies," and announced in 2023 the establishment of a dedicated information security unit, including one information security manager and one information security officer. The information security officer has also obtained the new version of the ISO 27001:2022 Lead Auditor certification. We have re-evaluated the "Information Security Management Guidelines" and supporting guidelines in the spirit of ISO/IEC 27001, regulating the company's information security management systems to ensure the confidentiality, integrity, and availability of company-managed information, thus protecting the rights and interests of the company and all employees. In 2023, ECOVE and its subsidiaries, along with domestic and overseas factories, projects, and sites, conducted 23 spot checks for information security audits, totaling 120 items, of which 115 have been rectified, with 5 items still being actively followed up.

### 5.6.2 Information Security Risk Identification and Solutions

In order to proactively identify possible risks to information security, we conduct annual risk assessments to analyze the main items from various potential threats and vulnerability combinations, including:

Fraudulent groups use fake emails to trick corporate employees into remittances or transactions, or personal information.

Commercial espionage or competitors use hacking techniques to continuously penetrate internal hosts and steal internal company information.

Criminal groups team up with hackers to spread content with malicious links through emails, text messages, social software, and communication software to induce employees to be deceived or to encrypt victim computer data and kidnap them, demanding high ransoms.

Hackers launch a large number of connection requests through the Internet, blocking the normal operation of the company's network.

Internal employees use illegal software or copy sensitive company data to portable storage devices. The data is leaked due to loss, theft or sale.

Information software and hardware may be damaged due to natural disasters or man-made disasters, resulting in service interruption or data loss.

For information security risk projects, ECOVE adopts information security management guidelines, introduces technological solutions, and strengthens information security education and training to implement a multi-pronged information security management mechanism to reduce threats and carry out risk management and control, including the following key points measure:

#### Key measures for information security management

For hard drives in scrapped computers, a special erasure machine (US Department of Defense DoD 5200.22 specification) is used to prevent interested parties from tracking or recovering or manually dismantling and destroying the records in the hard drive.

We continue to conduct quarterly social engineering attack simulation drills and provide information security education and training to enhance employees' awareness of email protection. The client installation monitoring software (SmartIT) has been upgraded to continuously strengthen asset management and information security control (such as blocking the connection of USB storage devices or the permission to install software by yourself).

Install anti-virus software on each server and personal computer, automatically and regularly scan the computer, and continuously update the anti-virus system and virus codes to protect computer security.

Protect document confidentiality through smart document management and control systems and disk encryption technology.

Establish a "Social Engineering Attack Prevention Promotion" website and a "Fraud Email Notification Mailbox" to reduce the risk of being attacked.

Regularly performing internal/external audits not only serves as a basis for improving the operation of the information security system, but also can improve the operation of the information security management system.

Remote encrypted connection (SSL VPN) is automatically enabled on the client computer using the domain policy. After the computer is connected to the external network, it first returns to the company firewall and then connects internally or externally, enjoying the same security as the internal network. Protective measures.

Cooperate with the owner's supply chain information security health diagnosis and information security improvement operations.

Entrust professional information security vendors to conduct annual information security health diagnosis and improvement confirmation operations.

Completed the replacement of the email gateway filter (which already has the function of filtering email viruses and spam) and added the function of filtering spoofed emails to reduce the risk of attackers attacking through email channels.

Completed the update of the backup software and hardware system (3 storage media + 2 off-site + 1 offline) to achieve the basic requirements of the "3-2-1 Backup Principle" and the purpose of operational automation to prevent omissions from manual regular replacement of external hard drives or tapes.

Import professional information security vulnerability scanning tool software (Nessus Professional, OWASP ZAP).

Continuously renting Endpoint Detection and Protection (EDR) enhances the depth of security protection and provides immediate response.

#### **5.6.3** Information security management mechanism and resources invested

In order to continuously strengthen information security management operations, ECOVE continues to improve various information security management mechanisms, such as performing online off-site backup, using a dedicated erasure machine to process scrapped hard drives, and promoting social engineering drills. Conduct education and training to enhance colleagues' information security awareness and prevent the leakage of confidential information.

In addition, ECOVE continues to invest resources in information security-related matters every year. In 2023, the investment in renting information security-related software, hardware and services

will reach NT\$6.79 million per year. Resource investment items include strengthening information security defense equipment and upgrading anti-virus software. Revision, replacement of old servers with new ones, replacement of backup systems in accordance with the "3-2-1 backup principle", introduction of professional information security vendors for information security diagnosis and improvement, strengthening of information security management systems and education and training, etc. Increase information security capabilities from the management aspect to the technical aspect.

In view of the severe damage caused by kidnapping viruses to well-known companies in recent years, we have specially set up a "Social Engineering Attack Prevention Promotion" website and a "Fraud Email Notification Mailbox" to help colleagues identify and avoid "fraudulent emails/phishing emails" or more accurate "Business Email Compromise (BEC) attack risk. Based on information security risk considerations, we comprehensively inspect and implement security protection work, such as replacing old servers and improving old systems, replacing old Windows Server 2008 with new ones, replacing work-hour management systems, and replacing email anti-virus and spam filters. And added important tasks such as fraud functions. In addition, in order to effectively share the losses caused by information security risks, the information security-related insurance "Electronic Equipment Comprehensive Insurance" was purchased in 2023, with the total insurance amount exceeding NT\$56.51 million.

In order to help employees understand the importance of information security, improve employee security awareness and emergency response capabilities, and effectively control risks, we organize various types of educational training based on different trainees to effectively enhance information security awareness and information security protection capabilities. In addition, for the "Understanding Social Engineering Attacks and Key Information Security Promotion" training colleagues, who should be at medium/high risk, are required to submit a training experience report of more than 500 words. Subsequent training will be targeted at colleagues who have received training for consecutive or second times. Increase the number of general manager interviews and submit an interview report of more than 500 words based on the training experience to continuously strengthen and improve the information security crisis awareness of colleagues.

According to the "Information Security Management Guidelines", if colleagues detect computer virus intrusion or other malicious software, they should immediately notify the nearest information center or the computer management personnel of the unit for handling. In practice, when the information service center receives notifications from the anti-virus system (the system cannot automatically clear or isolate the failed ones), it will proactively intervene as soon as possible to prevent individual colleagues from ignoring the alarm notifications from the anti-virus system. In 2023, there were 0 warnings or notifications of poisoning incidents, 0 automatic purges, 1 automatic quarantine, and 4 information security incident notifications, which did not result in any loss of data or customer losses. So far, the internal information system and information-related facilities have not affected normal operations. In the future, we will continue to improve and review relevant processes to comprehensively improve information security management and comply with international quality requirements.

Colleagues in the Information Service Center have set different projects and goals in the "2023 KPI Performance Targets and Scoring Methods" for the businesses they are responsible for, including: computer poisoning incidents in the domain, networks, servers, and application systems ...Unplanned, non-natural disaster or external force suspension of services, social engineering drills on high-risk people, information security interviews, information security inspections, etc. to ensure the implementation of various information security measures.

**5.6.4 Major Information Security Incidents:** No major information security incidents occurred in 2023.

## **5.7 Important Contracts**

ECOVE Environment Corporation 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	2024.1.1 ~2024.12.31	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	2023.04.16 ~2024.10.15	O&M Services for Tainan Chengxi EfW Plant	None
O&M Service Contract	Macao special administrative region Government	2019.12.16 ~2024.11.30	Macao Special and Hazardous Waste Treatment Station Extension Service Project	None
O&M Service Contract	Hsin Yung Enterprise Corporation	2024.01.01 ~2038.03.01	O&M Services for Southern Taoyuan BOO EfW Plant	None
Build-Operate-Transfer	Ever ECOVE Corporation	2023 Q3~ ~2043.10.21	Taoyuan Biomass-energy Center BOT 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	None

Nature of Contract	Counterparty	Commencement date/expiration date	Content	Restrictions
			6, 2004)	
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	2004.09.06 ~2024.09.05	O&M Services of Wujih BOT Waste Resource Recycling Plant	None

(3) ECOVE Waste Management Corporation (List major items)

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
Entrust a general business with a waste management supervision service Plan	EPB of Miaoli County Government	2023.02.01 ~2024.01.31	Supervise and manage general business waste	None

(4) 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	Taiwan Power Company	The annual contract which commenced on	According to the regulations in the Energy Administration Act, the electricity produced	None

Nature of Contract	Counterparty	Commencement/ Expiration Date	Content	Restrictions
System Electricity Sales		Jan. 4, 2010 is automatically renewed each year before its expiry if both parties have no objections	by the qualified cogeneration system at Miaoli Plant is sold to Taiwan Power Company	
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

(5) 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 Project	Taiwan Power Company	2018.06.26 ~1038.06.25	According to the "Renewable Energy Development Act," the electricity produced by each photovoltaics power plant is sold to Taiwan Power Company	None
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 photovoltaics 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 photovoltaics power plant is sold to Taiwan Power Company	None
Sales of Renewable Energy-Taipei Waterworks	Taiwan Power Company	2019.05.20 ~2039.05.19	According to the "Renewable Energy Development Act," the electricity produced by each	None

Nature of Contract	Counterparty	Commencement/ Expiration Date	Content	Restrictions
Changxing Water Purification Plant Project			photovoltaics power plant is sold to Taiwan Power Company	

## 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				
		2019	2020	2021	2022	2023
Item						
Current Assets		3,555,853	3,736,158	4,970,716	5,129,375	5,130,790
Property, Plant and Equipment		2,858,838	3,484,650	3,896,431	4,303,398	4,472,310
Intangible Assets		136,153	136,153	1,014,402	955,261	896,571
Other Assets		2,989,976	2,529,035	2,403,310	2,900,473	2,583,631
Total Assets		9,540,817	9,885,996	12,284,859	13,288,507	13,083,302
Current Liabilities	Before distribution	1,734,603	2,400,201	2,928,204	2,474,156	2,928,204
	After distribution	2,461,352	3,234,876	3,888,277	3,519,463	3,888,277
Non-current Liabilities		2,213,411	1,970,608	3,988,296	3,930,962	3,792,495
Total Liabilities	Before distribution	3,948,014	6,388,497	6,859,166	6,266,651	6,859,166
	After distribution	4,674,763	7,223,172	7,819,239	7,311,958	7,819,239
Equity Attributable to Shareholders of The Parent		4,986,366	5,181,188	5,464,081	5,926,395	6,322,675
Capital Stock		671,051	690,286	696,027	706,913	716,179
Capital Surplus		2,208,031	2,310,642	2,421,348	2,626,341	2,786,873
Retained Earnings	Before distribution	2,094,797	2,361,658	2,577,181	2,772,737	2,577,181
	After distribution	1,368,048	1,526,983	1,617,108	1,727,430	1,617,108
Other Equities		12,487	-23,272	-14,895	16,017	46,943
Treasury Stocks		0	-57	-57	-57	-57
Non-controlling Interests		606,437	469,255	432,281	502,946	493,976
Total Equity	Before distribution	5,592,803	5,896,362	6,429,341	6,816,651	6,429,341
	After distribution	4,866,054	5,061,687	5,469,268	5,771,344	5,469,268



Condensed Balance Sheet - International Financial Reporting Standards

Unit: NT\$ thousands

Year		Five-Year Financial Summary				
		2019	2020	2021	2022	2023
Item						
Current Assets		554,866	499,996	2,786,857	2,734,123	2,861,940
Property, Plant and Equipment		0	0	0	0	0
Intangible Assets		0	0	0	0	0
Other Assets		4,462,929	4,716,417	4,718,567	5,238,449	5,520,932
Total Assets		5,017,795	5,216,413	7,505,424	7,972,572	8,382,872
Current Liabilities	Before distribution	27,519	30,618	47,194	38,580	44,051
	After distribution	754,268	790,100	881,869	998,653	1,089,358
Non-current Liabilities		3,910	4,607	1,994,149	2,007,597	2,016,146
Total Liabilities	Before distribution	31,429	35,225	2,041,343	2,046,177	2,060,197
	After distribution	758,178	794,707	2,876,018	3,006,250	3,105,504
Equity Attributable to Shareholders of The Parent		4,986,366	5,181,188	5,464,081	5,926,395	6,322,675
Capital Stock		671,051	690,286	696,027	706,913	716,179
Capital Surplus		2,208,031	2,310,642	2,421,348	2,626,341	2,786,873
Retained Earnings	Before distribution	2,094,797	2,203,589	2,361,658	2,577,181	2,772,737
	After distribution	1,368,048	1,444,107	1,526,983	1,617,108	1,727,430
Other Equities		12,487	-23,272	-14,895	16,017	46,943
Treasury Stocks		0	-57	-57	-57	-57
Non-controlling Interests		0	0	0	0	0
Total Equity	Before distribution	4,986,366	5,181,188	5,464,081	5,926,395	6,322,675
	After distribution	4,259,617	4,421,706	4,629,406	4,966,322	5,277,368

## 6.1.2 Condensed Consolidated Income Statement - International Financial Reporting Standards

Unit: NT\$ thousands

Item \ Year	Five-Year Financial Summary				
	2019	2020	2021	2022	2023
Operating Revenues	5,321,559	5,637,590	5,955,250	7,030,160	7,628,502
Gross Profit	1,344,404	1,390,915	1,444,215	1,585,450	1,619,709
Operating Income	1,172,047	1,210,328	1,270,037	1,420,022	1,461,642
Non-Operating Income & Expenses	102,788	72,005	82,785	98,071	161,506
Income Before Income Tax	1,274,835	1,282,333	1,352,822	1,518,093	1,623,148
Net Income from continuing operations	1,062,150	1,048,089	1,077,747	1,278,162	1,366,688
Net Income(Loss)	1,062,150	1,048,089	1,077,747	1,278,162	1,366,688
Other Comprehensive Income (Income after tax)	4,838	-54,790	11,669	50,644	23,074
Total Comprehensive Income	1,066,988	993,299	1,089,416	1,328,806	1,389,762
Net Income Attributable to Shareholders of The Parent	811,312	842,254	910,816	1,045,026	1,164,040
Net Income Attributable to Non-controlling Interests	250,838	205,835	166,931	233,136	202,648
Total Comprehensive Income (Loss) Attributable to Shareholders of the Parent	819,645	799,782	925,928	1,081,110	1,191,797
Total Comprehensive Income (Loss) Attributable to Non-controlling Interests	247,343	193,517	163,488	247,696	197,965
Earnings Per Share (NT\$)	12.09	12.53	13.15	14.91	16.36

Condensed Income Statement - International Financial Reporting Standards

Unit: NT\$ thousands

Item \ Year	Five-Year Financial Summary				
	2019	2020	2021	2022	2023
Operating Revenues	814,178	854,942	923,898	1,044,850	1,156,146
Gross Profit	814,178	854,942	923,898	1,044,850	1,156,146
Operating Income	764,515	804,276	873,183	996,923	1,106,093
Non-Operating Income & Expenses	54,255	49,468	51,686	64,766	81,826
Income Before Income Tax	818,770	853,744	924,869	1,061,689	1,187,919
Net Income from continuing operations	811,312	842,254	910,816	1,045,026	1,164,040
Net Income(Loss)	811,312	842,254	910,816	1,045,026	1,164,040
Other Comprehensive Income (Income after tax)	8,333	-42,472	15,112	36,084	27,757
Total Comprehensive Income	819,645	799,782	925,928	1,081,110	1,191,797
Net Income Attributable to Shareholders of The Parent	811,312	842,254	910,816	1,045,026	1,164,040
Net Income Attributable to Non-controlling Interests	0	0	0	0	0
Total Comprehensive Income (Loss) Attributable to Shareholders of the Parent	819,645	799,782	925,928	1,081,110	1,191,797
Total Comprehensive Income (Loss) Attributable to Non-controlling Interests	0	0	0	0	0
Earnings Per Share (NT\$)	12.09	12.53	13.15	14.91	16.36

Auditors' Opinions in Past Five Years:

CPA Firm/Year	2019	2020	2021	2022	2023
PriceWaterhouseCoopers	Shyh-Rong Ueng Shu-Chiung Chang	Shyh-Rong Ueng Shu-Chiung Chang	Shyh-Rong Ueng Shu-Chiung Chang	Fu-Ming Liao Yi-Fan Lin	Fu-Ming Liao Yi-Fan Lin
	unqualified opinion	unqualified opinion	unqualified opinion	unqualified opinion	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				
			2019	2020	2021	2022	2023
Financial Structure (%)	Debt to Asset Ratio		41.38	42.84	52.00	51.62	47.90
	Long-term Funds to Properties, Plants and Equipment Ratio		273.06	222.27	253.68	240.75	237.22
Liquidity (%)	Current ratio (Note 1)		205.00	164.96	207.10	175.17	207.38
	Quick ratio (Note 1)		195.50	157.25	199.70	167.32	199.48
	Interest Coverage Ratio		3,840.38	3,862.38	5,852.77	5,726.94	5,481.61
Operating Performance	Accounts Receivable Turnover (times)		4.75	4.42	3.96	4.48	4.63
	Average Collection Period (days)		76.84	82.57	92.17	81.47	78.83
	Inventory Turnover (times)		N/A	N/A	N/A	N/A	N/A
	Accounts Payable Turnover (times)		6.41	6.10	5.65	4.88	4.29
	Average Inventory Turnover Period (Days)		N/A	N/A	N/A	N/A	N/A
	Properties, Plant and Equipment Turnover (times)		2.13	1.79	1.61	1.71	1.74
	Total Assets Turnover (times)		0.57	0.58	0.54	0.55	0.58
Profitability	Return on Assets (%)		9.01	8.95	8.39	8.34	9.01
	Return on Equity (%)		16.45	16.57	17.11	18.35	19.01
	Income before tax to Capital Ratio (%)		189.98	185.77	194.36	214.75	226.64
	Net Margin (%)		15.25	14.94	15.29	14.86	15.26
	Earnings per share (NT\$)		12.09	12.53	13.15	14.91	16.36
Cash flow	Cash flow Ratio (%) (Note 2)		89.89	12.84	83.72	69.77	90.54
	Cash flow adequacy Ratio (%)		112.15	105.92	131.29	136.23	135.69
	Cash reinvestment Ratio (%)		8.19	-9.13	12.16	11.41	11.14
Leverage	Operating leverage		4.54	4.66	4.69	4.95	5.22
	Financial leverage		1.03	1.03	1.02	1.02	1.02

For the past two fiscal years, the significant changes in financial ratios exceeding 20% are as follows:

Note 1: The changes in the current ratio and quick ratio were mainly due to a decrease in current liabilities.

Note 2: The change in the cash flow ratio was primarily due to an increase in net cash inflows from operating activities and a decrease in current liabilities.

## 6.2.2 Independent Financial Ratio Analysis -International Financial Reporting Standards

Item \ Year		Five-Year Financial Summary				
		2019	2020	2021	2022	2023
Financial Structure (%)	Debt to Asset Ratio	0.63	0.68	27.20	25.67	24.58
	Long-term Funds to Properties, Plants and Equipment Ratio	N/A	N/A	N/A	N/A	N/A
Liquidity (%)	Current ratio	2,016.30	1,633.01	5,905.11	7,086.89	6,496.88
	Quick ratio	2,016.30	1,633.01	5,905.11	7,086.89	6,496.88
	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)	0.16	0.16	0.12	0.13	0.14
Profitability	Return on Assets (%)	16.35	16.46	14.43	13.60	14.38
	Return on Equity (%)	16.45	16.57	17.11	18.35	19.01
	Income before tax to Capital Ratio (%)	122.01	123.68	132.88	152.54	165.87
	Net Margin (%)	99.65	98.52	98.58	100.02	100.68
	Earnings per share (NT\$)	12.09	12.53	13.15	14.91	16.36
Cash flow	Cash flow Ratio (%) (Note 1)	4,570.41	1,890.25	1,053.65	1,440.01	3,672.83
	Cash flow adequacy Ratio (%)	118.69	152.41	115.37	99.43	112.48
	Cash reinvestment Ratio (%) (Note 2)	10.66	-2.85	-3.52	-3.52	7.89
Leverage	Operating leverage	1.06	1.06	1.06	1.05	1.05
	Financial leverage	1.00	1.00	1.01	1.01	1.01

Recent Changes in Financial Ratios Exceeding 20% Over the Last Two Years are Explained as Follows:

Note 1: Changes in the cash flow ratio are mainly due to an increase in net cash inflow from operating activities.

Note 2: Changes in the cash reinvestment ratio are primarily due to an increase in net cash inflow from operating activities.

---

The formulas for the above table:

1. Financial Structure

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

2. Liquidity

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

3. Operating Performance

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

4. Profitability Analysis

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

5. Cash Flow

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

6. Leverage Ratio

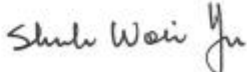
- (1) Operating Leverage =  $(\text{Net Sales} - \text{Variable Operating Costs and Expenses}) / \text{Operating Income}$
- (2) Financial Leverage =  $\text{Operating Income} / (\text{Operating Income} - \text{Interest Expenses})$

### 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 2023 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 6<sup>th</sup>, 2024

### 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	2022	2023	Difference		Note
			Amount	%	
Current Assets	5,129,375	5,130,790	1,415	0.03	
Non-current Assets	8,159,132	7,952,512	-206,620	-2.53	[Note 1]
<b>Total Assets</b>	<b>13,288,507</b>	<b>13,083,302</b>	<b>-205,205</b>	<b>-1.54</b>	
Current Liabilities	2,928,204	2,474,156	-454,048	-15.51	[Note 2]
Non-current Liabilities	3,930,962	3,792,495	-138,467	-3.52	
<b>Total Liabilities</b>	<b>6,859,166</b>	<b>6,266,651</b>	<b>-592,515</b>	<b>-8.64</b>	
Equity attributable to owners of the parent	5,926,395	6,322,675	396,280	6.69	
Non-controlling interest	502,946	493,976	-8,970	-1.78	
<b>Total Equity</b>	<b>6,429,341</b>	<b>6,816,651</b>	<b>387,310</b>	<b>6.02</b>	

[Note 1] Increase in non-current assets: Mainly due to the collection of long-term receivables from subsidiaries decreased by 234,873 thousand.

[Note 2] Increase in current liabilities: Mainly due to the repayment of short-term loans amounting to 360,000 thousand by the subsidiary.

#### 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	2022	2023	Difference		Difference Analysis Explanation
			Amount	%	
Operating Revenue	7,030,160	7,628,502	598,342	8.51	[Note 1]
Less: Sales Returns	0	0	0		
Net Operating Revenue	7,030,160	7,628,502	598,342	8.51	
Operating Costs	-5,444,710	-6,008,793	-564,083	10.36	[Note 1]
Gross Profit	1,585,450	1,619,709	34,259	2.16	
Operating Expenses	-165,428	-158,067	7,361	-4.45	
Operating Income	1,420,022	1,461,642	41,620	2.93	
Non-operating Income and expenses	98,071	161,506	63,435	64.68	[Note 2]
Profit before Income Tax	1,518,093	1,623,148	105,055	6.92	
Income Tax Expense	-239,931	-256,460	-16,529	6.89	
Non-controlling Interest	-233,136	-202,648	30,488	-13.08	[Note 3]
Income attributable to owners of the parent	7,030,160	7,628,502	598,342	11.39	

[Note 1] Operating revenue and costs increased: Mainly due to the progress of the rectification-type project plant, which led to an increase in revenue cost.

[Note 2] Non-operating income and expenses increased: Mainly due to the recognition of equity method gains from investments in associated companies, amounting to 57,178 thousand.

[Note 3] Decrease in non-controlling interest: The main reason is that in 2023, the profits of the subsidiary SINO GAL slightly decreased compared to 2022, resulting in a reduction in the other 70% non-controlling interests.

### 7.3 Cash Flow Analysis

#### 7.3.1 Cash Flow Analysis for the Past 2 Year

Item	Year		
	Dec.31, 2022	Dec. 31, 2023	Difference ratio (%)
Cash Flow Ratio (%)	69.77	90.54	29.77
Fund Flow Adequacy Ratio (%)	136.23	135.69	-0.40
Cash Re-investment Ratio (%)	11.41	11.14	-2.37

Explanation to changes:

1. The decrease in cash flow and cash re-investment ratio is mainly due to an increase in net cash inflow from operating activities and a decrease in current liabilities.

#### 7.3.2 Analysis of Cash Liquidity

The consolidated cash inflow of Year 2023 is NT\$51,737 thousands. The cash balance in the end of the year is NT\$1,663,477 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
1,663,477	1,927,954	802	1,664,279	-	-
<p>1. Analysis of change in cash flow in Year 2024:</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 increase in other non-current assets.</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 that can create synergistic or multiplicative effects on the overall business operations.
- c. Prioritize projects related to 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 2023 amounted to NT\$ 131,576 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 treatment, recycling and reuse, renewable energy and mechanical maintenance. 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	2022	2023
Interest Income	9,208	15,230
Interest Expense	25,050	25,708
Investment gain on money market fund	7,758	24,375
Sales	7,030,160	7,628,502
Net Income before Tax	1,518,093	1,623,148

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 interest rates decline, we will timely adjust our strategy by utilizing loans with lower interest rates to repay those with higher rates. Conversely, if interest rates rise to a level that might erode the overall profitability of our company, we will consider raising funds through a cash capital increase to reduce dependence on bank loans and mitigate the risks associated with interest rate fluctuations.

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	2022	2023

Consumer price index (CPI)	102.95	105.51
Consumer Price Index Annual Growth Rate (%)	2.95	2.49

Source: Directorate General of Budget, Accounting and Statistics, Executive Yuan (DGBAS)/ Base year 2022

In 2023, the Consumer Price Index (CPI) was 105.51, with the annual CPI rise slowing down compared to 2022, primarily due to a drop in raw material prices. However, robust post-pandemic consumer activity drove the annual CPI growth rate to 2.49%, still marking the second-highest in nearly 15 years. According to the Directorate-General of Budget, Accounting and Statistics, the decline in international prices for agricultural and industrial raw materials is stabilizing domestic prices, gradually easing inflationary pressures. It is estimated that this year's CPI annual growth rate could fall below 2%. Regarding the overall economy in 2024, the Taiwan Institute of Economic Research expects Taiwan's economic growth to rely mainly on consumption and investment support, with a recovery in external demand. Additionally, the global economy will continue to face various challenges such as escalating crises in competitive markets, increased geopolitical risks, and extreme weather events disrupting the global supply chain, all of which will impact Taiwan's trade and investment performance. Therefore, based on the latest forecasts, the domestic economic growth rate for 2024 is still expected to maintain at 3.15%.

Looking ahead, as our company primarily focuses on investment in the environmental protection industry, our subsidiaries in this sector are relatively less affected by inflation. Moving forward, we will continue to monitor domestic and international price changes and adjust our business strategies accordingly to mitigate severe fluctuations in operating costs that could erode company profits.

**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
Loans to others	The Company 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 「Procedure for Lending Funds to Others.」 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 「Endorsement and Guarantee Handling Procedures.」 set by the company

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

We are actively integrating external new technologies and collaborating on the development of

other carbon capture and reuse technologies to diversify the utilization pipelines of carbon dioxide captured from flue gases. Additionally, targeting the recycling back into the semiconductor manufacturing processes, we have developed high-value regeneration technology for semiconductor waste isopropyl alcohol and have already established a pilot plant. We are also incorporating diverse applications of energy storage systems, such as developing new projects for frequency regulation reserve services and establishing integrated capabilities for energy storage systems.

To address the annual issue of millions of tons of agricultural waste in the country, we are utilizing agricultural residues such as rice straw and corn stalks as fuel by introducing foreign power generation technologies. We analyze the available waste heat from renovated incineration plants for recovery and reuse, such as capturing residual heat from bag filter exhaust gases.

The amount of investment this year was approximately NT\$14.36 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:

Facing the overall economic situation, responding to technological changes, and changes in domestic industries, our company will adjust some investments and develop new businesses according to the conditions of the securities market, while taking into account both profitability and security. This will make our investment portfolio more comprehensive and our financial structure more appropriate. Our company and its subsidiaries also constantly monitor industry changes and technological advancements, and always have professionals gather relevant information on industry and technological trends to provide references for management decisions. This information is used to adjust operational strategies and develop corresponding measures. The recent technological changes and industry shifts have not had a significant impact on the finances or operations of our company and its subsidiaries.

**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 53.30% 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. The judge has summoned two witnesses to clarify whether CTCI has acknowledged its debt to Dayu regarding a disputed engineering project payment during the year 2017. The witnesses are also expected to shed light on the reasons for the project's delayed completion and to determine the amount of the engineering payment that Dayu can rightfully claim based on the project's progress. This case is currently being reviewed by the 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. Citing the disputed construction contract, CTCI claims that the additional change order price for the contract must first deduct 5% of the total contract price. Therefore, the company is currently arguing in court to offset the amount of 7.05 million NTD that Pao An did not deduct from

the total contract price before requesting additional payment. The case is currently being heard in Taipei District Court.

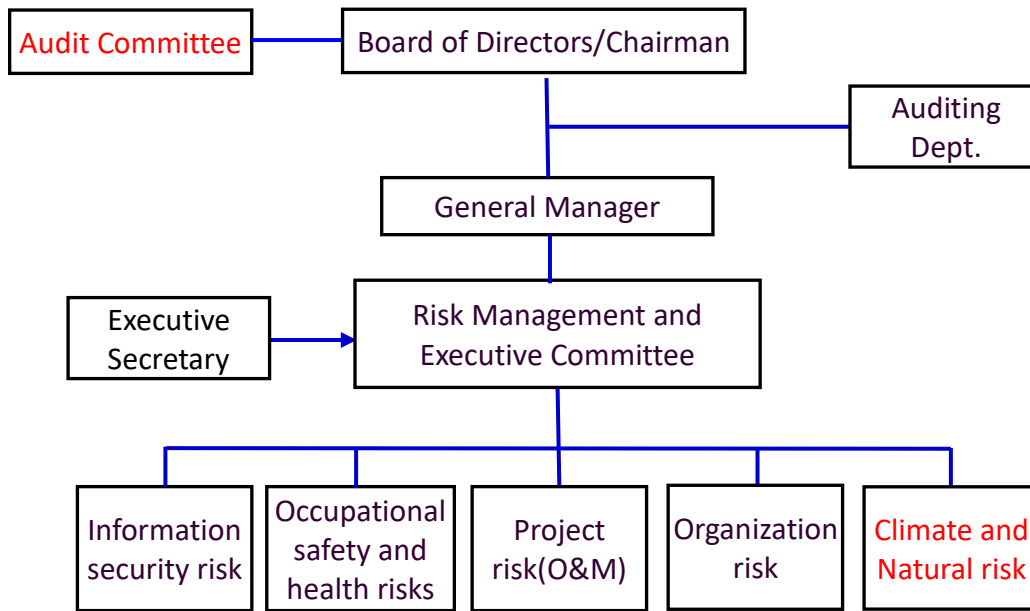
C. On May 11, 2012, the plaintiff, Ling Rong Enterprise Co., Ltd. (hereinafter referred as “Ling Rong”), entered into a construction contract with CTCL for the 60KTA isoprene unit construction project which was owned by Formosa Petrochemical Corporation, Ltd. (hereinafter referred as “Formosa Petrochemical”). Due to the change of materials by Formosa Petrochemical, Ling Rong and CTCL had a dispute over the unit price and could not complete the project settlement of the contract. Thus, Ling Rong filed a lawsuit against CTCL for construction payment, the cost of acceleration and additional payment in a total of TWD 89,164 thousands. The Center for Engineering and Legal Research and Development at Tamkang University has submitted the appraisal report to the Taipei District Court in Taiwan, which is currently under review by the Taipei District Court.

In summary, although CTCL has the aforementioned case, it belongs to CTCL itself and has no involvement with the Company. Even if CTCL loses all the aforementioned cases, it will not have a significant impact on our shareholders' equity and stock trading price, and will not violate the principle of good faith.



### 7.6.13 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:

- Approve risk management policies and guidelines.
- Review the unit's risk management report, strategy and proposed improvement plan.
- Overseeing the risk management and control measures and improving the implementation of the plan, communicating and communicating risk management matters to all employees.
- Review and evaluate the effectiveness of risk management measures, according to which relevant units are required to propose improvement plans.
- 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:

- Responsible for promoting, supervising, identifying and managing major risks
- 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:
  - ii. Major risk events and response
  - iii. Implementation progress report of each company's risk improvement plan
  - iv. Audit major findings
  - v. Cost and financial risk
  - vi. Other, designated matters

(7) Auditing Department

The relevant audit results regarding information security, operational risks, environmental and safety regulations, quality management, and climate change risks of each company should be compiled into significant or immediate risk issues and reported to the Risk Management Executive Committee. The risk assessment results compiled by the Risk Management Executive Committee should be provided as a reference for the audit unit to formulate the annual audit plan.

#### 7.6.14 Other Major Risks

(1) Risks Associated with Limited Growth in Operations

A. ECOVE Waste Management Corporation:

In pursuit of business growth, ECOVE WMC has also actively ventured into the resource recycling industry. Based on the waste items received by its existing incineration plants, it has searched for projects that can be recycled and reused. After many efforts, it has now integrated processing technologies for waste solvent recovery and purification, as well as kitchen waste resource utilization. It will continue to actively seek out new technologies and expand its customer base,

creating more business opportunities. It hopes to use Taiwan as a base and look to the vast markets of mainland China and Southeast Asia, in order to achieve the goal of sustainable management.

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. Although Miaoli County has achieved considerable success in promoting waste reduction activities, the county's waste still has a slight upward trend due to the impact of the development of the Zhunan Science Park, which has led to an increase in the number of permanent residents. However, the waste produced in the county is not enough to meet the daily needs of the EfW 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. 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. Ecological environment issues and conflicts with local communities will also affect investment returns.

(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.
  - b. 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.

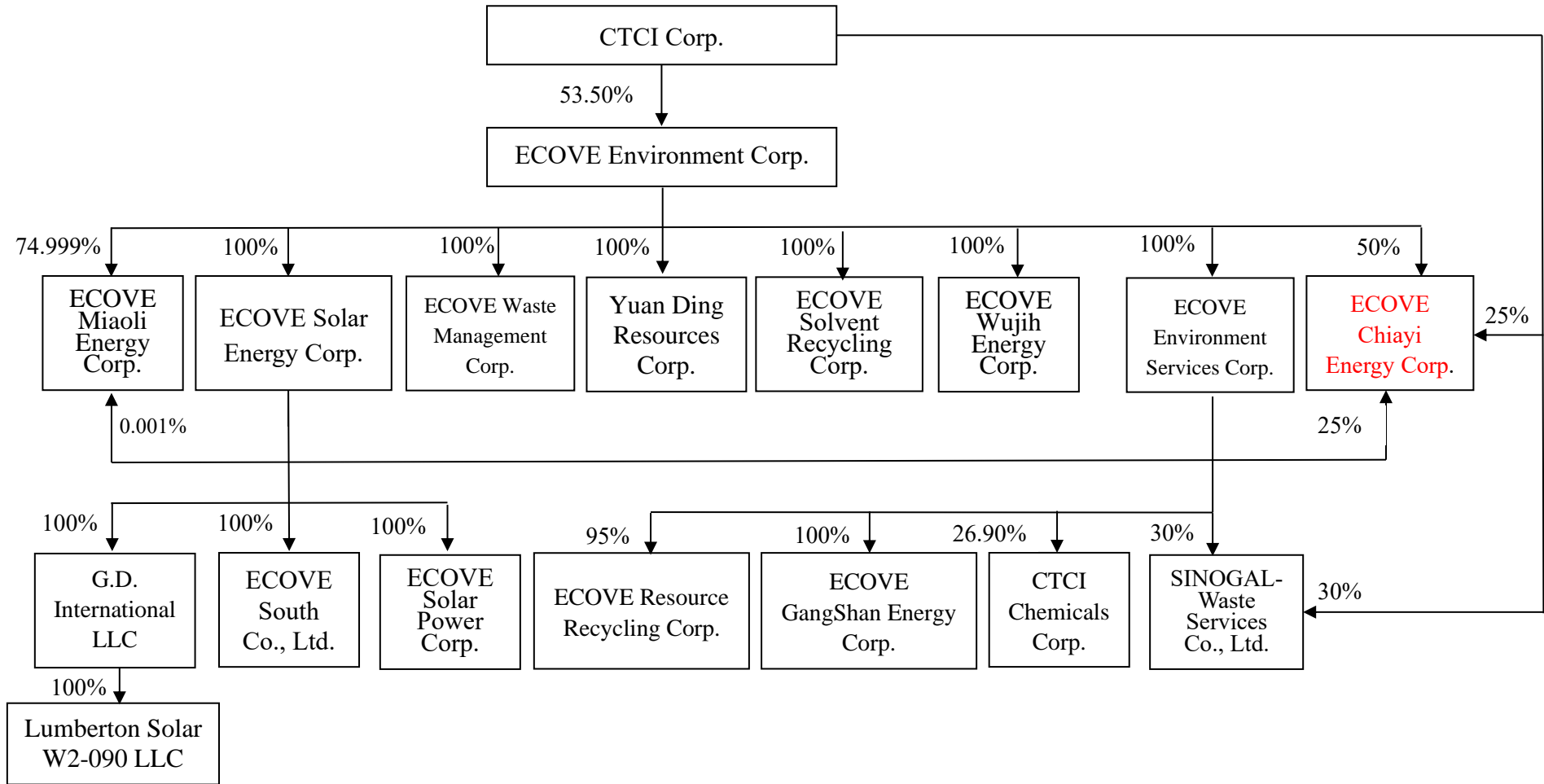
**7.7 Other: None**

## 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, 2023 ; 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 7,946,583	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.
SINOGAL-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 1,183,385	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.	2021.10.18	13F., No. 366, Bo-ai 1st Rd., Sanmin Dist., Kaohsiung	NTD 251,000	Waste clearance and service, co-generation,
ECOVE Resource Recycling Corp.	2023.01.16	10Fl, 89, Sec. 6, Zhongshan North Rd., Taipei	NTD 65,000	Waste clearance and service

iii. Common Shareholders of the Company and Its Subsidiaries or Its Affiliates with Actual of 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

March 29, 2023

Company	Title	Name of Representative	Shareholding	
			Shares	%
ECOVE Environment Services Corp.	Chairman	ECOVE Environment Corp. Representative: H. H. Diao	15,100,000	100.00
	Director	ECOVE Environment Corp. Representative: J. J. Liao C. L. Su Y. J. Shi Alen Chen		
	Supervisor	ECOVE Environment Corp. Representative: C. L. Yen		
	President	Hsiu Hua Tiao		
ECOVE Wujih Energy	Chairman	ECOVE Environment Corp. Representative: H. H. Diao	30,000,000	100.00

Company	Title	Name of Representative	Shareholding	
			Shares	%
Corporation	Director	ECOVE Environment Corp. Representative: J. J. Liao Pei Feng Chu		
	Supervisor	ECOVE Environment Corp. Representative: C.H. Tsai		
	President	Pei Feng Chu	0	0
ECOVE Waste Management Corp.	Chairman	ECOVE Environment Corp. Representative: H. H. Diao		
	Director	ECOVE Environment Corp. Representative: J. J. Liao Mike Kuo	2,000,000	100.00
	Supervisor	ECOVE Environment Corp. Representative: C.C. Zhuo		
	President	Mike Kuo	0	0
ECOVE Miaoli Energy Corporation	Chairman	ECOVE Environment Corp. Representative: H. H. Diao	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		
	Director	Representative: Pereira Taveira Pinto, Carlos Manuel		
	Director	Hsiu Hua Tiao C. L. Su F. J. Liu	0 [Note1]	0



Company	Title	Name of Representative	Shareholding	
			Shares	%
	President	Peter Wang		
Yuan Ding Resources Management Corp.	Chairman	ECOVE Environment Corp. Representative: H. H. Diao	4,500,000	100.00
	President	H. H. Diao	0	0
ECOVE Solvent Recycling Corp.	Chairman	ECOVE Environment Corp. Representative: H. H. Diao	9,000,000	100.00
	Director	ECOVE Environment Corp. Representative: J. J. Liao C. H. Chao		
	Supervisor	ECOVE Environment Corp. Representative: Ai-Cheng Ho		
	President	C. L. Su	0	0
ECOVE Solar Energy Corp.	Chairman	ECOVE Environment Corp. Representative: H. H. Diao	118,338,502	100.00
	Director	ECOVE Environment Corp. Representative: J. J. Liao T. C. Lee		
	Supervisor	ECOVE Environment Corp. Representative: F. R. Liu		
	President	Ching Her Chao	0	0.00
ECOVE Solar Power Corp.	Chairman	ECOVE Solar Energy Corp. Representative: H. H. Diao	30,600,000	100.00
	President	C. H. Chao	0	0
ECOVE South Co. Ltd.	Director	ECOVE Solar Energy Corp. Representative: H. H. Diao	[Note2] 30,500,000	100.00
G.D. International, LLC	Chairman	H. H. Diao	[Note3] 0	0
	Managing Director	J. J. Liao		
LUMBERTON SOLAR W2-090, LLC	Chairman	H. H. Diao	[Note4] 0	0
	Managing	J. J. Liao		

Company	Title	Name of Representative	Shareholding	
			Shares	%
ECOVE GangShan Energy Corp.	Director			
	Chairman	ECOVE Environment Service Corp. Representative: H. H. Diao	25,100,000	100.00
	President	H. H. Diao	0	0
ECOVE Resource Recycling Corp.	Chairman	ECOVE Environment Service Corp. Representative: H. H. Diao	6,175,000	95.00
	Supervisor	Ai-Cheng Ho	0	0
	President	H. H. Diao	0	0
ECOVE Chiayi Energy Corporation	Chairman	ECOVE Environment Corp. Representative: H. H. Diao	10,000,000	50.00
	Director	CTCI Representative: J.F. Hsu	5,000,000	25.00
	Supervisor	ECOVE Environment Corp. Representative: Ai-Cheng Ho	5,000,000	25.00
	President	P.F. Chu	0	0
CTCI Chemical Corporation	Chairman	Innovest Investment Corporation Representative: S. P. Jen	1,657,207	23.34
	Director	Innovest Investment Corporation Representative: S. W. Chong M. L. Lee J. C. Chou		
		Shelly Chou	576,910	8.13
	Supervisor	GRQ Investment Corporation Representative: P.C. Song	480,661	6.77
	President	J. L. 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 company established in the Republic of China and has not issued shares.

Note 3 : The company is an LLC company established in the United States and has not issued shares.

Note 4 : 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 31<sup>st</sup>, 2023; 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	3,273,446	2,143,252	1,130,194	4,973,234	483,284	473,683	29.90
ECOVE Wujih Energy Corporation	300,000	1,001,707	302,903	698,804	869,766	349,042	286,996	9.57
ECOVE Miaoli Energy Corporation	600,000	1,150,033	133,588	1,016,445	346,976	124,416	102,141	1.70
ECOVE Waste Management Corporation	20,000	249,767	113,684	136,083	433,559	96,721	78,631	39.32
SINO GAL-Waste Services Co., Ltd.	15,226	546,115	279,301	266,814	819,440	212,137	248,988	0.00
Yuan Ding Resources Corporation	45,000	39,852	208	39,644	0	(160)	262	0.06
ECOVE Environment Consulting Corporation	3,703	0	0	0	0	(33)	(33)	0.00
ECOVE Solar Energy Corporation	1,183,385	3,808,540	1,982,112	1,826,428	362,102	84,641	108,174	0.91
ECOVE Solar Power Corporation	306,000	1,232,431	789,651	442,780	197,053	57,409	37,538	1.23
ECOVE South Co., Ltd.	30,500	138,777	106,421	32,356	9,944	1,640	311	0.10
G.D. International, LLC	339,101	483,322	107	483,215	0	200	22,339	1.87
LUMBERTON SOLAR W2-090, LLC	335,698	603,690	120,467	483,223	94,945	20,323	22,536	2.18
ECOVE Solvent Recycling Corporation	90,000	184,294	59,844	124,450	180,120	37,326	29,763	3.31
ECOVE GangShan Energy Corporation	251,000	1,109,880	856,874	253,006	906,594	(7,941)	(4,287)	(0.17)
ECOVE Resource Recycling Co., Ltd.	65,000	61,789	100	61,689	0	(3,665)	(3,311)	(0.51)
ECOVE Chiayi Energy Corporation	200,000	200,138	97	200,041	0	(97)	42	4.15
CTCI Chemical Corporation	71,000	654,632	326,816	327,816	731,594	136,789	107,810	15.18

**8.1.3 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: None**

**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	2022 Goal	2022 Actual Achievements	Definition
This year each project participated social corporate responsibility Award $\geq 3$	Annual social corporate responsibility award more than 3 awards	<ul style="list-style-type: none"> <li>Awarded "Top 5% of Corporate Governance Evaluation" from TPEX-listed group for 9 consecutive years</li> <li>Awarded "The 5<sup>th</sup> National Enterprise Environmental Protection Award" by the Environmental Protection Agency, Executive Yuan</li> <li>The High Distinction Award of 2022 Incineration Plant Audit &amp; Evaluation by Environmental Protection Administration, Executive Yuan</li> <li>2022 Excellent Private Enterprise Green Procurement Award by Keelung City &amp; ChangHua County Government</li> <li>Awarded the "2023 Energy Efficiency Benchmark Award" by the Ministry of Economic Affairs</li> </ul> Other awards: <ul style="list-style-type: none"> <li>Awarded the "2023 Kaohsiung City Optoelectronic Smart Building Mark" by the Kaohsiung City Government Works Bureau</li> </ul>	This year each project participated safety and health related award $\geq 3$
This year each project participated	Annual social corporate responsibility	<ul style="list-style-type: none"> <li>ECOVE was awarded the 2023 Annual other categories "Evaluation of Occupational Health and Safety Initiative Indicators in the Enterprise</li> </ul>	This year each project participated

<p>social corporate responsibility Award <math>\geq 3</math></p>	<p>award more than 3 awards</p>	<p>Sustainability Report” by the Occupational Safety and Health Administration.</p> <ul style="list-style-type: none"> <li>• Tainan EfW plant was awarded “2023 Occupational Safety and Health Excellent Units Award” by the Occupational Safety and Health Administration.</li> <li>• Tainan EfW plant was awarded “2023 Safety and Healthy Family Performance Selection Excellence Award” by Labor Affairs Bureau of Tainan City Government.</li> <li>• STSP EfW Plant was awarded “2023 Occupational Safety and Health Excellent Units Award” by Southern Taiwan Science Park.</li> <li>• ECOVE Waste Management Corporation was awarded “2023 Promote Occupational Safety and Health Excellent Units Award” by Labor Affairs Bureau of Taichung City Government.</li> </ul> <p>Awarded by the Industrial Safety and Health Association (ISHA) of the R.O.C. entrusted by the Ministry of Labor:</p> <ul style="list-style-type: none"> <li>• Keelung EfW Plant was awarded the 1.21 million zero-accident work hours certificate.</li> <li>• Miaoli EfW Plant was awarded the 720,000 zero-accident work hours certificate.</li> <li>• Houli EfW Plant was awarded the 1.81 million zero-accident work hours certificate.</li> <li>• Wujih EfW Plant was awarded the 1.41 million zero-accident work hours certificate.</li> <li>• Tainan EfW Plant was awarded the 2.19 million zero-accident work hours certificate.</li> <li>• STSP EfW Plant was awarded the 1.33 million zero-accident work hours certificate.</li> <li>• Gang-Shan EfW Plant was awarded the 120,000 zero-accident work hours certificate.</li> </ul>	<p>safety and health related award <math>\geq 3</math></p>
--	---------------------------------	---	--

		<ul style="list-style-type: none"> <li>• ECOVE Waste Management Corporation was awarded the 320,000 zero-accident work hours certificate.</li> </ul> <p>Other awards:</p> <ul style="list-style-type: none"> <li>• Taoyuan EfW Plant, Miaoli EfW Plant, Houli EfW Plant, Xizhou 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.</li> <li>• Received the certificate of participation in the “2023 National Workplace Safety and Health Week Series Activities Implementation Plan” by the Ministry of Labor.</li> <li>• Xizhou EfW Plant received a Certificate of Appreciation as “Promoting Occupational Safety and Health Improvement in Small and Medium Enterprises” by Changhua County Government.</li> <li>• Tainan EfW Plant received a Certificate of Appreciation as “2022 Promotion of the Core Enterprise of Safety and Health Family” by Tainan City Government Labor Bureau</li> <li>• Keelung EfW Plant rewarded “AED+CPR site mark certificate” by Keelung City Government Health Bureau.</li> <li>• Taoyuan EfW Plant rewarded “AED+CPR site mark certificate” by Taoyuan City Government Health Bureau.</li> <li>• Miaoli EfW Plant rewarded “AED+CPR site mark certificate” by Miaoli County Government Health Bureau.</li> <li>• Houli EfW Plant rewarded “AED+CPR site mark certificate” by Taichung City Government Health Bureau.</li> </ul>	
--	--	---	--

		<ul style="list-style-type: none"> <li>• Wujiu EfW Plant rewarded “AED+CPR site mark certificate” by Taichung City Government Health Bureau.</li> <li>• Xizhou EfW Plant rewarded “AED+CPR site mark certificate” by Changhua County Government Health Bureau.</li> <li>• Tainan EfW Plant rewarded “AED+CPR site mark certificate” by Tainan City Government Health Bureau.</li> <li>• STSP EfW Plant rewarded “AED+CPR site mark certificate” by Tainan City Government Health Bureau.</li> <li>• Gangshan EfW Plant rewarded “AED+CPR site mark certificate” by Kaohsiung City Government Health Bureau.</li> </ul>	
--	--	--	--

#### 8.4.2 Counterparty Commitments

Our company has six counterparty commitments. Except for the following two items, the rest have been completed.

Details of the counterparty commitment tracking for the 1<sup>st</sup> quarter of 2024.

March 29<sup>th</sup>, 2024

Counterparty Commitments		Status of Commitment Fulfillment
1.	Commitment in the "Procedure for Acquisition or Disposal of Assets" stipulates that the company shall not forgo participating in future capital increases of the three controlled companies: ECOVE WMC, ECOVE WEC, and ECOVE ESC. If, due to strategic alliances or other reasons approved by the TPEX, the company needs to relinquish participation in capital increases or dispose of these companies, such actions must be specially resolved by the board of directors of ECOVE. Any amendments to this procedure in the future must be disclosed as significant information on the Public Information Observation Station and reported to the TPEX for record-keeping.	<p>The Company amended the "Asset Acquisition or Disposal Procedures" on March 24, 2010, during the 13<sup>th</sup> meeting of the 4<sup>th</sup> board of directors and the annual shareholders' meeting of 2010. The amendment included a provision that prohibits the company from foregoing future capital increases in three controlled subsidiaries; if the company must relinquish the capital increase or disposal of these companies in the future due to strategic alliances or with the approval of the TPEX, such decisions must be passed by a special resolution of our board of directors. (Related attachments were submitted in the report for the second quarter of 2010.)</p> <p>As of the first quarter of 2024, the Company has not forsaken participating in the capital increases or disposals of ECOVE WMC, ECOVE WEC, and ECOVE ESC.</p>
2.	The commitment from the consolidated financial statements starting from the fiscal year 2009 requires that each quarterly consolidated financial statement's notes disclose the revenue from the parent company, CTCL, and explain the reasons for not paying CTCL for the corresponding operating costs. Additionally, the company is to request the certified public accountant to examine this item during the audit (or	The Company generates business income from our parent company, CTCL, without corresponding business costs because the relative costs of this income are incurred by ECOVE ESC. These costs are payments made to non-related parties for contracting, maintenance, and procurement services performed, as well as for personnel, administrative, and other operating expenses. We have requested PricewaterhouseCoopers, the certified

Counterparty Commitments	Status of Commitment Fulfillment
review) of the financial statements each quarter.	public accountants, to review these matters. This explanation has been added to the notes on related party transactions in the financial reports from the fiscal 2009 to the most recent fiscal year. The subsequent financial reports will continue to disclose relevant details.

**8.4.3 As of the most recent fiscal year and up to the date of publication of the annual report, there have been no incidents that significantly affect shareholders' equity or the price of securities as specified in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act:**

A. The Company held the shareholders' meeting on May 31, 2023, where the ninth board of directors was elected, including Director J.J. Liao (representative of CTCI), Director Y.P. Shih (representative of CTCI), Director Guansheng Wang, Director Ping Shen, Director Yangming Liu, Director Youxin Chien, Independent Director Shuwei Yu, Independent Director Shanshan Chou, and Independent Director James Tsai. On the same day, the first board meeting of the ninth session was convened, during which Director J.J. Liao was elected as the chairman of the ninth board of directors. The board approved the appointment of Director Y.P. Shih as Chairman (also serving as spokesperson), and appointed Independent Directors Shuwei Yu, Shanshan Zhou, and James Tsai as members of the Compensation Committee.

B. On September 22, 2023, the board of directors approved the appointment of H.H.Diao to succeed Y.P. Shih as the Chairman of the company.



## **IX. Appendix**

**ECOVE ENVIRONMENT CORPORATION  
AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2023 AND 2022**

---

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, 2023 and 2022, 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 matter 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, 2023 and 2022, 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 that came into effect as endorsed by the Financial Supervisory Commission.

***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of 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 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.

~2~

***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 2023 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 2023 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\$2,636,496 thousand, constituting 35% of operating revenue for the year ended December 31, 2023. As the determination of this type of revenue is subject to manual calculation, we considered 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\$300,156 thousand and NT\$272,913 thousand, both constituting 2% of consolidated total assets as of December 31, 2023 and 2022, respectively, and the share of profit of associates and joint ventures accounted for using equity method was NT\$27,243 thousand and NT\$11,034 thousand, constituting 2% and 0.8% 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 - parent company only financial statements***

We have audited and expressed an unqualified opinion with *Other matter* section on the parent company only financial statements of ECOVE Environment Corporation as at and for the years ended December 31, 2023 and 2022.

***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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgement and 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.



Liao, Fu-Ming



Lin, Yi-Fan

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 6, 2024

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

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



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

	Assets	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 1,663,477	13	\$ 1,611,740	12
1110	Financial assets at fair value through profit or loss - current	6(2)	1,033,535	8	1,522,915	12
1120	Current financial assets at fair value through other comprehensive income	6(3)	115,601	1	113,614	1
1136	Current financial assets at amortised cost	6(4) and 8	288,496	2	138,333	1
1140	Current contract assets	6(24) and 7	866,155	6	642,206	5
1150	Notes receivable, net		6	-	6	-
1170	Accounts receivable, net	6(5)	942,411	7	813,356	6
1180	Accounts receivable - related parties, net	7	11,773	-	20,724	-
1200	Other receivables		5,777	-	4,928	-
1210	Other receivables - related parties	7	157	-	64	-
1220	Current tax assets		7,953	-	31,598	-
130X	Inventories		103,512	1	100,681	1
1410	Prepayments	6(6)	91,937	1	129,210	1
11XX	<b>Total current assets</b>		<u>5,130,790</u>	<u>39</u>	<u>5,129,375</u>	<u>39</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	120,624	1	50,068	-
1550	Investments accounted for using equity method	6(7)	824,288	7	739,380	6
1600	Property, plant and equipment, net	6(8) and 8	4,472,310	34	4,303,398	32
1755	Right-of-use assets	6(9)	289,983	2	278,458	2
1780	Intangible assets	6(10)	896,571	7	955,261	7
1840	Deferred income tax assets	6(31)	39,406	-	35,379	-
1900	Other non-current assets	6(11), 7 and 8	1,309,330	10	1,797,188	14
15XX	<b>Total non-current assets</b>		<u>7,952,512</u>	<u>61</u>	<u>8,159,132</u>	<u>61</u>
1XXX	<b>Total assets</b>		<u>\$ 13,083,302</u>	<u>100</u>	<u>\$ 13,288,507</u>	<u>100</u>

(Continued)

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

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(12)	\$ -	-	\$ 360,000	3
2110	Short-term notes and bills payable	6(13)	19,983	-	-	-
2130	Current contract liabilities	6(24) and 7	147,541	1	100,304	1
2150	Notes payable		1,643	-	4,660	-
2170	Accounts payable	6(14)	1,399,199	11	1,327,844	10
2180	Accounts payable - related parties	7	56,090	1	12,649	-
2200	Other payables	6(15)	492,201	4	447,174	3
2220	Other payables - related parties	7	8,878	-	268,526	2
2230	Income tax liabilities		299,100	2	271,498	2
2280	Current lease liabilities	7	39,614	-	40,913	-
2320	Long-term liabilities, current portion	6(17)	-	-	52,288	1
2399	Other current liabilities		9,907	-	42,348	-
21XX	<b>Total current liabilities</b>		<u>2,474,156</u>	<u>19</u>	<u>2,928,204</u>	<u>22</u>
<b>Non-current liabilities</b>						
2527	Non-current contract liabilities	6(24)	495,750	4	711,552	5
2530	Bonds payable	6(16)	1,993,916	15	1,991,381	15
2570	Deferred income tax liabilities	6(31)	107,350	1	134,206	1
2580	Non-current lease liabilities	7	241,038	2	225,217	2
2600	Other non-current liabilities	6(18)	954,441	7	868,606	7
25XX	<b>Total non-current liabilities</b>		<u>3,792,495</u>	<u>29</u>	<u>3,930,962</u>	<u>30</u>
2XXX	<b>Total liabilities</b>		<u>6,266,651</u>	<u>48</u>	<u>6,859,166</u>	<u>52</u>
<b>Equity attributable to owners of parent</b>						
Share capital						
3110	Common stock	6(21)	715,590	6	704,579	5
3140	Advance receipts for share capital		589	-	2,334	-
Capital surplus						
3200	Capital surplus	6(22)	2,786,873	21	2,626,341	20
Retained earnings						
3310	Legal reserve	6(23)	1,045,141	8	940,121	7
3320	Special reserve		-	-	14,895	-
3350	Unappropriated retained earnings		1,727,596	13	1,622,165	12
Other equity interest						
3400	Other equity interest		46,943	-	16,017	-
3500	Treasury shares	6(21)	(57)	-	(57)	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>6,322,675</u>	<u>48</u>	<u>5,926,395</u>	<u>44</u>
36XX	Non-controlling interest	4(3)	493,976	4	502,946	4
3XXX	<b>Total equity</b>		<u>6,816,651</u>	<u>52</u>	<u>6,429,341</u>	<u>48</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant events after the balance						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 13,083,302</u>	<u>100</u>	<u>\$ 13,288,507</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, 2023 AND 2022**

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

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(24) and 7	\$ 7,628,502	100	\$ 7,030,160	100
5000	Operating costs	6(29)(30) and 7	( 6,008,793)	( 79)	( 5,444,710)	( 78)
5900	Gross profit		1,619,709	21	1,585,450	22
	Operating expenses	6(29)(30) and 7				
6200	General and administrative expenses		( 158,067)	( 2)	( 165,428)	( 2)
6000	Total operating expenses		( 158,067)	( 2)	( 165,428)	( 2)
6900	Operating profit		1,461,642	19	1,420,022	20
	Non-operating income and expenses					
7100	Interest income	6(25) and 7	15,230	-	9,208	-
7010	Other income	6(26) and 7	27,245	-	34,295	-
7020	Other gains and losses	6(27)	17,616	-	7,149	-
7050	Finance costs	6(28) and 7	( 30,161)	-	( 26,979)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(7)				
			131,576	2	74,398	1
7000	Total non-operating income and expenses		161,506	2	98,071	1
7900	<b>Profit before income tax</b>		1,623,148	21	1,518,093	21
7950	Income tax expense	6(31)	( 256,460)	( 3)	( 239,931)	( 3)
8200	<b>Profit for the year</b>		\$ 1,366,688	18	\$ 1,278,162	18
	<b>Other comprehensive income</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	(Losses) gains on remeasurements of defined benefit plans	6(19)	(\$ 4,544)	-	\$ 6,482	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	32,494	-	( 29,583)	-
8320	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		( 28)	-	121	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	1,402	-	( 1,427)	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Cumulative translation differences of foreign operations		( 6,250)	-	75,051	1
8300	<b>Total other comprehensive income for the year</b>		\$ 23,074	-	\$ 50,644	1
8500	<b>Total comprehensive income for the year</b>		\$ 1,389,762	18	\$ 1,328,806	19
	Profit attributable to:					
8610	Owners of the parent		\$ 1,164,040	15	\$ 1,045,026	15
8620	Non-controlling interest		202,648	3	233,136	3
	Total		\$ 1,366,688	18	\$ 1,278,162	18
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 1,191,797	15	\$ 1,081,110	15
8720	Non-controlling interest		197,965	3	247,696	4
	Total		\$ 1,389,762	18	\$ 1,328,806	19
	Earnings per share (in dollars):	6(32)				
9750	Basic earnings per share		\$ 16.36		\$ 14.91	
9850	Diluted earnings per share		\$ 16.28		\$ 14.85	

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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent												
		Capital			Retained Earnings				Other Equity Interest				Non-controlling interest	Total equity
		Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total			
<u>Year ended December 31, 2022</u>														
Balance at January 1, 2022		\$ 695,170	\$ 857	\$ 2,421,348	\$ 848,366	\$ 23,272	\$ 1,490,020	(\$ 60,840)	\$ 45,945	(\$ 57)	\$ 5,464,081	\$ 432,281	\$ 5,896,362	
Profit for the year		-	-	-	-	-	1,045,026	-	-	-	1,045,026	233,136	1,278,162	
Other comprehensive income (loss)		-	-	-	-	-	5,172	60,495	(29,583)	-	36,084	14,560	50,644	
Total comprehensive income (loss)		-	-	-	-	-	1,050,198	60,495	(29,583)	-	1,081,110	247,696	1,328,806	
Appropriations of 2021 earnings	6(23)	-	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve		-	-	-	91,755	-	(91,755)	-	-	-	-	-	-	
Reversal of special reserve		-	-	-	-	(8,377)	8,377	-	-	-	-	-	-	
Cash dividends		-	-	-	-	-	(834,675)	-	-	(834,675)	(177,108)	(1,011,783)		
Share-based payment transactions	6(20)(22)	-	-	12,105	-	-	-	-	-	-	12,105	56	12,161	
Exercise of employee share options	6(21)(22)	8,552	2,334	162,389	-	-	-	-	-	-	173,275	-	173,275	
Employee restricted stock	6(20)(22)	-	-	3,517	-	-	-	-	-	-	3,517	21	3,538	
Adjustments of changes in investments accounted for using equity method	6(7)	-	-	26,982	-	-	-	-	-	-	26,982	-	26,982	
Advance receipts for share capital transferred to share capital		857	(857)	-	-	-	-	-	-	-	-	-	-	
Balance at December 31, 2022		\$ 704,579	\$ 2,334	\$ 2,626,341	\$ 940,121	\$ 14,895	\$ 1,622,165	(\$ 345)	\$ 16,362	(\$ 57)	\$ 5,926,395	\$ 502,946	\$ 6,429,341	
<u>Year ended December 31, 2023</u>														
Balance at January 1, 2023		\$ 704,579	\$ 2,334	\$ 2,626,341	\$ 940,121	\$ 14,895	\$ 1,622,165	(\$ 345)	\$ 16,362	(\$ 57)	\$ 5,926,395	\$ 502,946	\$ 6,429,341	
Profit for the year		-	-	-	-	-	1,164,040	-	-	-	1,164,040	202,648	1,366,688	
Other comprehensive income (loss)		-	-	-	-	-	(3,141)	(1,596)	32,494	-	27,757	(4,683)	23,074	
Total comprehensive income (loss)		-	-	-	-	-	1,160,899	(1,596)	32,494	-	1,191,797	197,965	1,389,762	
Appropriations of 2022 earnings	6(23)	-	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve		-	-	-	105,020	-	(105,020)	-	-	-	-	-	-	
Reversal of special reserve		-	-	-	-	(14,895)	14,895	-	-	-	-	-	-	
Cash dividends		-	-	-	-	-	(960,073)	-	-	(960,073)	(247,804)	(1,207,877)		
Share-based payment transactions	6(20)(22)	-	-	4,924	-	-	-	-	-	-	4,924	23	4,947	
Exercise of employee share options	6(21)(22)	8,104	589	131,876	-	-	-	-	-	-	140,569	-	140,569	
Employee restricted stock	6(20)(22)	-	-	5,734	-	-	-	-	-	-	5,734	40	5,774	
Adjustments of changes in investments accounted for using equity method	6(7)	-	-	885	-	-	-	-	-	-	885	-	885	
Advance receipts for share capital transferred to share capital		2,334	(2,334)	-	-	-	-	-	-	-	-	-	-	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(3)	-	-	-	-	-	(28)	-	28	-	-	-	-	
Change in non-controlling interests due to issuance of new shares	6(21)(22)	573	-	17,113	-	-	(5,242)	-	-	-	12,444	(12,444)	-	
Increase in non-controlling interests		-	-	-	-	-	-	-	-	-	53,250	-	53,250	
Balance at December 31, 2023		\$ 715,590	\$ 589	\$ 2,786,873	\$ 1,045,141	\$ -	\$ 1,727,596	(\$ 1,941)	\$ 48,884	(\$ 57)	\$ 6,322,675	\$ 493,976	\$ 6,816,651	

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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 1,623,148	\$ 1,518,093
Adjustments			
Adjustments to reconcile profit (loss)			
Impairment loss determined in accordance with IFRS 9	12(2)	46	-
Depreciation	6(8)(29)	346,207	318,566
Depreciation - right-of-use assets	6(9)(29)	44,153	43,732
Amortization	6(29)	66,067	72,636
Interest expense	6(28)	25,708	25,058
Interest expense - lease liability	6(9)(28)	4,453	1,921
Dividend income	6(26)	( 2,348 )	( 3,030 )
Interest income	6(25)	( 15,230 )	( 9,208 )
Salary expense - employee stock options	6(20)(30)	4,947	12,161
Salary expense - employee restricted stock	6(20)(30)	5,774	3,538
Gain on valuation of financial assets		( 18,739 )	( 5,268 )
Loss on lease modification	6(27)	-	87
Share of profit of associates and joint ventures accounted for under equity method	6(7)	( 131,576 )	( 74,398 )
Gain on disposals of investments	6(27)	-	( 543 )
Gain on disposal of property, plant and equipment	6(27)	( 405 )	( 100 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		506,544	( 415,213 )
Current contract assets		( 223,949 )	( 21,544 )
Notes receivable, net		-	661
Accounts receivable, net		( 129,101 )	221,419
Accounts receivable - related parties, net		8,951	( 14,376 )
Other receivables		2,528	( 1,816 )
Other receivables - related parties		( 93 )	387
Inventories		( 2,831 )	( 17,775 )
Prepaid expense		37,273	( 34,651 )
Other non-current assets		346,699	314,877
Changes in operating liabilities			
Contract liabilities		( 168,565 )	( 98,618 )
Notes payable		( 3,017 )	( 2,834 )
Accounts payable		71,355	483,679
Accounts payable - related parties		43,441	( 21,557 )
Other payables		50,545	6,014
Other payables - related parties		479	282
Other current liabilities		( 32,441 )	3,650
Other non-current liabilities		( 16,457 )	11,684
Cash inflow generated from operations		2,443,566	2,317,514
Interest received		11,853	7,814
Dividends received		48,963	57,910
Interest paid		( 26,006 )	( 23,762 )
Income tax paid		( 295,066 )	( 316,393 )
Income tax refund receivable		56,769	-
Net cash flows from operating activities		<u>2,240,079</u>	<u>2,043,083</u>

(Continued)

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income		\$ 53	\$ 2,261
Acquisition of non-current financial assets at fair value through other comprehensive income		( 40,102 )	( 50,000 )
(Increase) decrease in financial assets at amortised cost		( 150,163 )	283,575
Decrease in other receivables - related parties		-	264,000
Interest received		-	966
Increase in investments accounted for using equity method-non-sub-sidiaries	6(7)	-	( 180,000 )
Acquisition of property, plant and equipment	6(33)	( 292,653 )	( 420,658 )
Proceeds from disposal of property, plant and equipment		480	100
Decrease in refundable deposits		4,592	29,969
Acquisition of intangible assets	6(10)	( 560 )	-
Increase in other non-current assets	6(33)	( 80,765 )	( 787,246 )
Net cash flows used in investing activities		( 559,118 )	( 857,033 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term loans		( 360,000 )	( 138,000 )
Increase (decrease) in short-term notes payable		19,983	( 39,969 )
Repayment of long-term loans		( 52,920 )	( 83,886 )
Repayment of lease liabilities		( 45,603 )	( 40,531 )
(Decrease) increase in other payables to related parties		( 260,000 )	260,000
Increase in deposits received (shown in other non-current liabilities)		83,374	90,478
Cash dividends paid		( 1,207,877 )	( 1,011,783 )
Employee stock options exercised		140,569	173,275
Increase in non-controlling interests		53,250	-
Net cash flows used in financing activities		( 1,629,224 )	( 790,416 )
Net increase in cash and cash equivalents		51,737	395,634
Cash and cash equivalents at beginning of year		1,611,740	1,216,106
Cash and cash equivalents at end of year		\$ 1,663,477	\$ 1,611,740

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. HISTORY AND ORGANISATION

- (1) ECOVE Environment Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on December 13, 1999. The consolidated investee-Chang Ting Corporation was incorporated in December, 2005.
- (2) The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in waste management. The Company’s shares were issued through an initial public offering on December 3, 2007, and have been listed in the Taiwan OTC market since May 27, 2010.
- (3) CTCI Corporation, the Company’s ultimate parent company, holds 53.69% equity interest in the Company as of December 31, 2023.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 4, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

#### 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies 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<sup>®</sup> Interpretations, and SIC<sup>®</sup> Interpretations that came into effect 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 noncontrolling interests having a deficit balance.
  - (d) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%)		Note
			December 31, 2023	December 31, 2022	
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	
ECOVE Environment Service Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	0.001	0.001	
ECOVE Environment Corp.	ECOVE Environment Service Corp.	Environmental engineering	100.00	100.00	
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	Note 3
ECOVE Environment Service Corp.	ECOVE Environment Services Gangshan Corporation	Environmental engineering	100.00	100.00	
ECOVE Environment Service Corp.	ECOVE Resource Recycling Corporation	Environmental engineering	95.00	-	Note 2
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	100.00	89.99	Note 4 Note 5
ECOVE Environment Service Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	-	0.01	Note 4
ECOVE Environment Corp.	ECOVE Chiayi Energy Corp	Environmental engineering	50.00	-	Note 6
ECOVE Environment Service Corp.	ECOVE Chiayi Energy Corp	Environmental engineering	25.00	-	Note 6
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 Board of Directors of the subsidiary, ECOVE Environment Services Corp., during its meeting in January 2023, resolved to invest and establish ECOVE Resource Recycling Corporation in the amount of \$61,750.

Note 3: The liquidation of the subsidiary, ECOVE Environment Consulting Corp., was completed in April 2023.

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

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

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

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, 2023 and 2022, the non-controlling interest amounted to \$493,976 and \$502,946, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of	Non-controlling interest			
		December 31, 2023		December 31, 2022	
		Amount	Ownership (%)	Amount	Ownership (%)
ECOVE Miaoli Energy Corp.	Taiwan	\$ 254,111	25.00%	\$ 265,346	25.00%
SINOGAL-Waste Services Co., Ltd.	Macau	186,770	70.00%	225,896	70.00%

Summarised financial information of the subsidiaries:

Balance sheets

	<u>ECOVE Miaoli Energy Corp.</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 573,197	\$ 444,202
Non-current assets	576,836	750,341
Current liabilities	( 83,824)	( 75,163)
Non-current liabilities	( 49,765)	( 57,995)
Total net assets	<u>\$ 1,016,444</u>	<u>\$ 1,061,385</u>

	<u>SINOGAL-Waste Services Co., Ltd.</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 533,791	\$ 616,597
Non-current assets	12,324	11,836
Current liabilities	( 178,935)	( 209,012)
Non-current liabilities	( 100,366)	( 96,713)
Total net assets	<u>\$ 266,814</u>	<u>\$ 322,708</u>

Statements of comprehensive income

	<u>ECOVE Miaoli Energy Corp.</u>	
	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Revenue	\$ 346,976	\$ 318,568
Profit before income tax	127,080	138,657
Income tax expense	( 24,939)	( 27,671)
Profit for the year	102,141	110,986
Other comprehensive (loss) income, net of tax	( 114)	19
Total comprehensive income for the year	<u>\$ 102,027</u>	<u>\$ 111,005</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 25,507</u>	<u>\$ 27,751</u>
Dividends paid to non-controlling interest	<u>\$ 36,799</u>	<u>\$ 37,077</u>

	SINO GAL-Waste Services Co., Ltd.	
	Year ended December 31	
	2023	2022
Revenue	\$ 819,440	\$ 850,852
Profit before income tax	223,583	260,627
Income tax expense	25,404	29,227
Profit for the year	248,987	289,854
Other comprehensive (loss) income, net of tax	( 6,649)	20,794
Total comprehensive income for the year	\$ 242,338	\$ 310,648
Comprehensive income attributable to non-controlling interest	\$ 169,637	\$ 217,454
Dividends paid to non-controlling interest	\$ 208,763	\$ 138,149

#### Statements of cash flows

	ECOVE Miaoli Energy Corp.	
	Year ended December 31	
	2023	2022
Net cash provided by operating activities	\$ 445,048	\$ 99,356
Net cash provided by investing activities	-	29,621
Net cash used in financing activities	( 148,668)	( 149,829)
Increase (decrease) in cash and cash equivalents	296,380	( 20,852)
Cash and cash equivalents, beginning of year	50,785	71,637
Cash and cash equivalents, end of year	\$ 347,165	\$ 50,785

	SINO GAL-Waste Services Co., Ltd.	
	Year ended December 31	
	2023	2022
Net cash provided by operating activities	\$ 300,403	\$ 342,956
Net cash used in investing activities	( 156,669)	( 80,306)
Net cash used in financing activities	( 300,630)	( 209,441)
(Decrease) increase in cash and cash equivalents	( 156,896)	53,209
Cash and cash equivalents, beginning of year	194,477	141,268
Cash and cash equivalents, end of year	\$ 37,581	\$ 194,477

#### (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 from trading activities;

(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 ~ 35 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. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 5 years.

C. 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 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 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. Remeasurement 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 recognizes revenue and accounts receivable at the amount that it has a right to bill each month.

C. Revenue from the electricity production

The Group sells electricity generated by solar power and waste treatment. 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, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 10,958	\$ 10,660
Checking accounts and demand deposits	1,422,542	1,211,152
Time deposits	229,977	389,928
Total	<u>\$ 1,663,477</u>	<u>\$ 1,611,740</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, 2023	December 31, 2022
Current items		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 1,029,687	\$ 1,520,031
Valuation adjustment	3,848	2,884
Total	\$ 1,033,535	\$ 1,522,915

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	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 18,739	\$ 5,268

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, 2023	December 31, 2022
Current items:		
Equity instruments		
Listed stocks	\$ 96,118	\$ 96,118
Valuation adjustment	19,483	17,496
Total	\$ 115,601	\$ 113,614
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 90,102	\$ 50,081
Valuation adjustment	30,522	( 13)
Total	\$ 120,624	\$ 50,068

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

	Year ended December 31	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income (loss)	\$ 32,494	(\$ 29,583)
Cumulative losses reclassified to retained earnings due to derecognition	(\$ 28)	\$ -
Dividend income recognized in profit or loss held at end of year	\$ 2,348	\$ 3,030

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

(4) Financial assets at amortized cost

Items	December 31, 2023	December 31, 2022
Current items:		
Restricted time deposits with original maturity less 3 months	\$ 30,000	\$ -
Time deposits with original maturity over 3 months	258,496	138,333
	<u>\$ 288,496</u>	<u>\$ 138,333</u>

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

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was \$288,496 and \$138,333, respectively.

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

(5) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 617,924	\$ 485,821
Long-term accounts receivable due in one year	324,533	327,535
Less: Allowance for uncollectible accounts	( 46)	-
	<u>\$ 942,411</u>	<u>\$ 813,356</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
1 to 90 days	\$ 617,924	\$ 485,821

The above ageing analysis was based on invoice date.

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

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

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

(6) Prepayments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments for material purchases	\$ 15,065	\$ 21,280
Sub-contract costs payable	10,527	15,711
Prepaid rents	3,482	849
Prepaid insurance premiums	11,856	34,456
Others	51,007	56,914
	<u>\$ 91,937</u>	<u>\$ 129,210</u>

(7) Investments accounted for using the equity method

	<u>2023</u>	<u>2022</u>
At January 1	\$ 739,380	\$ 504,507
Addition of investments accounted for using the equity method	-	180,000
Share of profit or loss of investments accounted for using the equity method	131,576	74,398
Earnings distribution of investments accounted for using equity method	( 46,615)	( 46,958)
Changes in capital surplus	885	26,982
Changes in other equity items	( 938)	451
At December 31	<u>\$ 824,288</u>	<u>\$ 739,380</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Associates:		
CTCI Chemicals Corp.	\$ 88,198	\$ 77,134
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	435,934	389,333
Ever Ecove Corporation	119,455	87,733
Jing Ding Green Energy Technology Co., Ltd.	180,701	185,180
	<u>\$ 824,288</u>	<u>\$ 739,380</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, 2023	December 31, 2022		
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	18.47%	18.47%	Strategic Investment	Equity method

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

Balance sheet

	<u>Boretech Resource Recovery Engineering Co., Ltd. (Cayman)</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 3,022,360	\$ 2,645,963
Non-current assets	854,885	760,710
Current liabilities	( 1,873,838)	( 1,684,537)
Non-current liabilities	( 51,584)	( 22,674)
Total net assets	<u>\$ 1,951,823</u>	<u>\$ 1,699,462</u>
Share in associate's net assets	\$ 360,429	\$ 313,828
Goodwill	75,505	75,505
Carrying amount of the associate	<u>\$ 435,934</u>	<u>\$ 389,333</u>

Statement of comprehensive income

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	Year ended December 31	
	2023	2022
Revenue	\$ 4,514,445	\$ 3,654,650
Profit for the year from continuing operations	414,390	229,730
Other comprehensive (loss) income, net of tax	( 4,925)	683
Total comprehensive income	\$ 409,465	\$ 230,413
Dividends received from associate	\$ 28,367	\$ 29,910

- (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, 2023 and 2022, the carrying amount of the Group's individually immaterial associates amounted to \$388,354 and \$350,047, respectively.

	Year ended December 31	
	2023	2022
Profit for the year from continuing operations	\$ 56,249	\$ 31,188
Other comprehensive (loss) income	( 28)	121
Total comprehensive income	\$ 56,221	\$ 31,309

- B. In September 2020, the Board of Directors of the Company's subsidiary, ECOVE Environment Service Corp., resolved to invest an aggregate amount of \$650,000 in Jing Ding Green Energy Technology Co., Ltd. In 2022, the subsidiary invested \$180,000 in Jing Ding Green. As of December 31, 2023 and 2022, the subsidiary has invested \$186,000 and \$186,000, respectively, for a shareholding ratio of 30%.
- C. On September 1, 2022, the Company's associate, Boretech Resource Recovery Engineering Co., Ltd. (Cayman), issued new shares and the Company did not subscribe or acquire new shares proportionately, which resulted in a change in the Company's ownership percentage of the associate. Accordingly, 'Capital surplus' and 'investments accounted for using the equity method' were adjusted for the increase or decrease of its share in equity interest amounting to \$26,658, and the gain of \$543 which was previously recognized in other comprehensive income was reclassified to profit or loss proportionately.
- D. For the years ended December 31, 2023 and 2022, Ever Ecove Corporation and Jing Ding Green Energy Technology Co., Ltd. were accounted for based on the investees' financial statements audited by other independent auditors.

(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2023</u>						
Cost	\$ 171,731	\$ 16,792	\$ 5,158,880	\$ 125,273	\$ 26,098	\$ 5,498,774
Accumulated depreciation	-	( 2,139)	( 1,091,308)	( 89,063)	( 12,866)	( 1,195,376)
	<u>\$ 171,731</u>	<u>\$ 14,653</u>	<u>\$ 4,067,572</u>	<u>\$ 36,210</u>	<u>\$ 13,232</u>	<u>\$ 4,303,398</u>
<u>Year ended</u>						
<u>December 31, 2023</u>						
Opening net book amount	\$ 171,731	\$ 14,653	\$ 4,067,572	\$ 36,210	\$ 13,232	\$ 4,303,398
Additions	-	566	283,806	20,357	2,298	307,027
Transfers	-	-	207,703	-	-	207,703
Disposals	-	-	-	-	( 75)	( 75)
Depreciation charge	-	( 708)	( 327,940)	( 13,126)	( 4,433)	( 346,207)
Net exchange differences	( 64)	-	518	2	8	464
Closing net book amount	<u>\$ 171,667</u>	<u>\$ 14,511</u>	<u>\$ 4,231,659</u>	<u>\$ 43,443</u>	<u>\$ 11,030</u>	<u>\$ 4,472,310</u>
<u>At December 31, 2023</u>						
Cost	\$ 171,667	\$ 17,358	\$ 5,644,298	\$ 142,557	\$ 28,247	\$ 6,004,127
Accumulated depreciation	-	( 2,847)	( 1,412,639)	( 99,114)	( 17,217)	( 1,531,817)
	<u>\$ 171,667</u>	<u>\$ 14,511</u>	<u>\$ 4,231,659</u>	<u>\$ 43,443</u>	<u>\$ 11,030</u>	<u>\$ 4,472,310</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2022</u>						
Cost	\$ 160,823	\$ 16,502	\$ 4,453,120	\$ 112,598	\$ 22,741	\$ 4,765,784
Accumulated depreciation	-	( 1,528)	( 781,089)	( 77,399)	( 9,337)	( 869,353)
	<u>\$ 160,823</u>	<u>\$ 14,974</u>	<u>\$ 3,672,031</u>	<u>\$ 35,199</u>	<u>\$ 13,404</u>	<u>\$ 3,896,431</u>
<u>Year ended</u>						
<u>December 31, 2022</u>						
Opening net book amount	\$ 160,823	\$ 14,974	\$ 3,672,031	\$ 35,199	\$ 13,404	\$ 3,896,431
Additions	-	170	432,263	13,350	3,412	449,195
Transfers	-	120	214,467	-	-	214,587
Depreciation charge	-	( 611)	( 301,658)	( 12,425)	( 3,872)	( 318,566)
Net exchange differences	10,908	-	50,469	86	288	61,751
Closing net book amount	<u>\$ 171,731</u>	<u>\$ 14,653</u>	<u>\$ 4,067,572</u>	<u>\$ 36,210</u>	<u>\$ 13,232</u>	<u>\$ 4,303,398</u>
<u>At December 31, 2023</u>						
Cost	\$ 171,731	\$ 16,792	\$ 5,158,880	\$ 125,273	\$ 26,098	\$ 5,498,774
Accumulated depreciation	-	( 2,139)	( 1,091,308)	( 89,063)	( 12,866)	( 1,195,376)
	<u>\$ 171,731</u>	<u>\$ 14,653</u>	<u>\$ 4,067,572</u>	<u>\$ 36,210</u>	<u>\$ 13,232</u>	<u>\$ 4,303,398</u>

- 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 \$2,234 and \$1,563, and the interest rates for capitalisation ranged from 0.75%~1.85% and 0.75%~1.15% for the years ended December 31, 2023 and 2022, respectively.
- C. Transfers pertain to reclassifications from prepayments for business facilities (shown in other non-current assets).

(9) Leasing arrangements – lessee

A. The Group leases various assets including land, buildings, machinery and equipment, and business vehicles. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise staff dormitory. On December 31, 2023 and 2022, payments of lease commitments for short-term leases amounted to \$14,133 and \$15,223, respectively.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 94,576	\$ 87,999
Buildings	186,934	178,997
Transportation equipment	5,451	7,570
Other equipment	3,022	3,892
	<u>\$ 289,983</u>	<u>\$ 278,458</u>

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 14,167	\$ 14,343
Buildings	22,499	21,834
Transportation equipment	6,174	6,099
Other equipment	1,313	1,456
	<u>\$ 44,153</u>	<u>\$ 43,732</u>

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$55,653 and \$114,301, respectively.

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

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 4,453	\$ 1,921
Expense on short-term lease contracts	14,133	15,223
Expense on leases of low-value assets	1,577	1,177
Expense on variable lease payments	72,476	53,930
Losses on lease modification	-	( 87)





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

	Year ended December 31,	
	2023	2022
Operating costs	\$ 59,250	\$ 59,141

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:

	Year ended December 31	
	2023	2022
Gross margin	19.11%~23.28%	17.05%~38.74%
Gross rate	0.58%~21.71%	1.66%~28.90%
Discount rate	8.3%	6.9%

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

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

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

(11) Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Long-term accounts receivable	\$ 885,536	\$ 1,229,722
Less: Current portion	( 324,533)	( 327,535)
	561,003	902,187
Refundable deposits	30,837	35,429
Prepayments for business facilities	117,360	246,291
Restricted bank deposits	49,559	50,378
Contract fulfillment cost	34,429	39,964
Prepayments for land purchases	475,380	475,380
Others	40,762	47,559
	<u>\$ 1,309,330</u>	<u>\$ 1,797,188</u>

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

- (a) The subsidiary, ECOVE Wujih Energy Corp., obtained the operation for the construction of Wujih Refuse Incineration Plant by build - operate - transfer (BOT) mode since April, 2000. In September, 2000, the “Waste incineration, Taichung City commission contract” between ECOVE Wujih Energy Corp. and Taichung City Government had been signed. The operating period is for 20 years starting from September 6, 2004. However, according to the contract, if it is expired in advance or extended during construction or operation, duration of the operation will be deemed to be matured or extended, but not to exceed 50 years. In order to work the “Waste Incineration Taichung City Commission Contract”, ECOVE Wujih Energy Corp. obtained the land-use right of Wujih Refuse Incineration Plant. Therefore, duration of the land-use right is from May 23, 2000 to September 5, 2024.
- (b) The subsidiary, ECOVE Miaoli Energy Corp., obtained the operation for the construction of Miaoli County Refuse Incineration Plant by build - operate - transfer (BOT) mode since August, 2002. In September, 2002, the “Waste Incineration Commission Contract” between ECOVE Miaoli Energy Corp. and Miaoli County Government had been signed. The operating period is for 20 years starting February 29, 2008. However, according to the contract, if it is expired in advance or extended during construction or operation, duration of the operation will be deemed to be matured or extended. In order to work the “Waste Incineration Miaoli County Commission Contract”, ECOVE Miaoli Energy Corp. obtained the land-use right of Miaoli Refuse Incineration Plant. Therefore, duration of the land-use right is from September 13, 2002 to February 28, 2028.

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

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

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

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

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

(12) Short-term borrowings

As of December 31, 2023, there were no short-term borrowings.

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Secured borrowings	\$ 360,000	1.57% ~ 2.20%	Note 1, 2

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

Note 2: The Group has pledged promissory notes as of December 31, 2022 amounting to \$1,200,000.

(13) Short-term notes and bills payable

	December 31, 2023	December 31, 2022
Commercial paper payable	\$ 20,000	\$ -
Discount on commercial papers payable	( 17)	-
	\$ 19,983	\$ -
Interest rate	1.838%	\$ -

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

(14) Accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Materials payable	\$ 75,718	\$ 69,945
Sub-contract costs payable	237,757	220,023
Incinerator equipment costs payable	164,825	190,788
Maintenance costs payable	796,347	766,860
Others	124,552	80,228
	<u>\$ 1,399,199</u>	<u>\$ 1,327,844</u>

(15) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accrued payroll	\$ 347,859	\$ 310,859
Payables on equipment	6,947	9,759
Insurance payable	16,167	15,700
Payables on employees' compensation	15,164	16,109
Other payables	106,064	94,747
	<u>\$ 492,201</u>	<u>\$ 447,174</u>

(16) Bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bonds payable	\$ 2,000,000	\$ 2,000,000
Less: Discount on bonds payable	( 6,084)	( 8,619)
	<u>\$ 1,993,916</u>	<u>\$ 1,991,381</u>

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

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

B. Interest expense arising from corporate bonds for the years ended December 31, 2023 and 2022 were \$14,635 and \$14,636, respectively.

(17) Long-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured borrowings	\$ -	\$ 52,288
Less: Current portion	-	( 52,288)
	<u>\$ -</u>	<u>\$ -</u>
Facility amount	\$ -	\$ 55,686
Interest rate	-	<u>6.12986%</u>

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

B. The Group has pledged promissory notes and IOU as of December 31, 2022 amounting to \$600,000.

(18) Other non-current liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Net defined benefit liability	\$ 47,465	\$ 48,490
Accrued recovery costs	327,122	312,880
Guaranteed deposits received	426,041	342,667
Deferred revenue	101,030	115,571
Others	52,783	48,998
	<u>\$ 954,441</u>	<u>\$ 868,606</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, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 269,400	\$ 280,442
Fair value of plan assets	( 221,935)	( 231,952)
Net defined benefit liability	<u>\$ 47,465</u>	<u>\$ 48,490</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2023</u>			
At January 1	\$ 280,442	(\$ 231,952)	\$ 48,490
Current service cost	5,161	-	5,161
Interest expense (income)	<u>3,615</u>	<u>( 3,007)</u>	<u>608</u>
	<u>289,218</u>	<u>( 234,959)</u>	<u>54,259</u>
Remeasurements:			
Change in financial assumptions	2,051	-	2,051
Experience adjustments	<u>3,475</u>	<u>( 982)</u>	<u>2,493</u>
	<u>5,526</u>	<u>( 982)</u>	<u>4,544</u>
Pension fund contribution	-	( 4,252)	( 4,252)
Paid pension	<u>( 25,344)</u>	<u>18,258</u>	<u>( 7,086)</u>
At December 31	<u>\$ 269,400</u>	<u>(\$ 221,935)</u>	<u>\$ 47,465</u>

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2022</u>			
At January 1	\$ 273,001	(\$ 219,334)	\$ 53,667
Current service cost	5,154	-	5,154
Interest expense (income)	<u>1,902</u>	<u>( 1,533)</u>	<u>369</u>
	<u>280,057</u>	<u>( 220,867)</u>	<u>59,190</u>
Remeasurements:			
Change in financial assumptions	( 14,125)	-	( 14,125)
Experience adjustments	<u>24,271</u>	<u>( 16,628)</u>	<u>7,643</u>
	<u>10,146</u>	<u>( 16,628)</u>	<u>( 6,482)</u>
Pension fund contribution	-	( 4,218)	( 4,218)
Paid pension	<u>( 9,761)</u>	<u>9,761</u>	<u>-</u>
At December 31	<u>\$ 280,442</u>	<u>(\$ 231,952)</u>	<u>\$ 48,490</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, 2023 and 2022 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, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.10% ~ 1.20%	1.20% ~ 1.30%
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 6<sup>th</sup> 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>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ <u>5,332</u> )	<u>\$ 5,494</u>	<u>\$ 4,719</u>	(\$ <u>4,611</u> )

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ <u>5,639</u> )	<u>\$ 5,818</u>	<u>\$ 5,014</u>	(\$ <u>4,892</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, 2024 amount to \$4,839.

B. Defined contribution pension plan

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were \$38,237 and \$34,403, 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, 2023 and 2022 were \$11,610 and \$11,065, respectively.

(20) Share-based payment

- A. For the years ended December 31, 2023 and 2022, the Company’s share-based payment arrangements were as follows:

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

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

(a) Sixth plan of employee stock options:

	Year ended December 31			
	2023		2022	
	No. of units (in thousands)	Weighted- average exercise price (in dollars)	No. of units (in thousands)	Weighted- average exercise price (in dollars)
Stock options				
Options outstanding at beginning of year	263	NT\$133.80	748	NT\$140.60
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	( 3)	-	( 19)	-
Options exercised	( 183)	NT\$131.87	( 466)	NT\$134.73
Options revoked	-	-	-	-
Options outstanding at end of year	<u>77</u>	NT\$128.00	<u>263</u>	NT\$133.80
Options exercisable at end of year	<u>77</u>	NT\$128.00	<u>263</u>	NT\$133.80

(b) Seventh plan of employee stock options:

	Year ended December 31			
	2023		2022	
	No. of units	Weighted- average exercise price	No. of units	Weighted- average exercise price
<u>Stock options</u>	<u>(in thousands)</u>	<u>(in dollars)</u>	<u>(in thousands)</u>	<u>(in dollars)</u>
Options outstanding at beginning of year	819	NT\$173.50	1,170	NT\$182.30
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	( 15)	-	( 35)	-
Options exercised	( 367)	NT\$167.83	( 316)	NT\$175.84
Options revoked	-	-	-	-
Options outstanding at end of year	<u>437</u>	NT\$165.90	<u>819</u>	NT\$173.50
Options exercisable at end of year	<u>437</u>	NT\$165.90	<u>316</u>	NT\$173.50

(c) Eighth plan of employee stock options:

	Year ended December 31			
	2023		2022	
	No. of units (in thousands)	Weighted- average exercise price (in dollars)	No. of units (in thousands)	Weighted- average exercise price (in dollars)
Stock options				
Options outstanding at beginning of year	1,098	NT\$175.20	1,455	NT\$184.01
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	( 39)	-	( 50)	-
Options exercised	( 320)	NT\$171.79	( 307)	NT\$179.15
Options revoked	-	-	-	-
Options outstanding at end of year	<u>739</u>	NT\$167.50	<u>1,098</u>	NT\$175.20
Options exercisable at end of year	<u>242</u>	NT\$167.50	<u>227</u>	NT\$175.20

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2023 and 2022 was NT\$299.16 and NT\$245.83 (in dollars), respectively.

D. As of December 31, 2023 and 2022, the range of exercise prices of stock options outstanding was \$128.00~\$175.20 and \$133.80~\$184.10 (in dollars), respectively; the weighted-average remaining contractual period was as follows:

Type of arrangement	December 31, 2023	December 31, 2022
Sixth plan of employee stock options	0.5 years	1.5 years
Seventh plan of employee stock options	1.5 years	2.5 years
Eighth plan of employee stock options	2.25 years	3.25 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 (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected duration	Expected dividend yield rate	Risk-free interest rate	Fair value per unit (in dollars)
Sixth plan of employee stock options	2018.7.9	NT\$173.5	NT\$173.5	11.38%~ 12.71%	4~5 years	0%	0.66%~ 0.71%	NT\$ 17.88~ 22.44
Seventh plan of employee stock options	2019.7.24	NT\$212.5	NT\$212.5	10.83%~ 11.00%	4~5 years	0%	0.56%~ 0.58%	NT\$ 20.57~ 23.68
Eighth plan of employee stock options	2020.4.13	NT\$203.0	NT\$203.0	11.58%~ 12.02%	4~5 years	0%	0.41%~ 0.45%	NT\$ 20.26~ 23.79

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

	Year ended December 31	
	2023	2022
Equity-settled	\$ 4,947	\$ 12,161

G. On January 1, 2023 and 2022, the Company's parent company, CTCI Corp., issued restricted stocks to employees, granting 4,150 and 5,500 units (1,000 shares per unit) to the parent company and full-time employees of the Company and its domestic subsidiaries. For the ended December 31, 2023 and 2022, relative to the aforementioned plan for employee restricted stocks, the Group recognized the labour costs and corresponding capital surplus - employee restricted stocks as follows:

	Year ended December 31	
	2023	2022
Equity-settled	\$ 5,774	\$ 3,538

(21) Share capital

A. As of December 31, 2023, the Company's authorised capital was \$1,200,000, consisting of 120 million shares of ordinary stock (including 6 million shares reserved for employee stock options), and the paid-in capital was \$716,179 with a par value of NT\$10 (in dollars) per share. Movements in the number of the Company's ordinary shares outstanding are as follows (Including advance receipts for share capital):

	2023	2022
At January 1	70,691,305	69,602,678
Change in non-controlling interests due to issuance of new shares	57,330	-
Employee stock options exercised	869,216	1,088,627
At December 31	71,617,851	70,691,305

- B. As of December 31, 2023 and 2022, the associate of the Group held 276 thousand shares.
- C. On December 29, 2023, the Company issued 57,330 shares of common shares to the shareholders of ECOVE Solvent Recycling Corporation as a consideration for acquiring 10% of common shares. The common shares issued have the same rights as other shares in issue, and the fair value of the shares issued amounted to \$17,686 (NT\$308.5 (in dollars) per share).
- D. The shares of the Company held by the subsidiary, ECOVE Waste Management Corp, were the ordinary shares issued by the Company on December 31, 2020 to acquire the shares of ECOVE Environment Services Corp. from ECOVE Waste Management Corp. through the share swap. As of December 31, 2023 and 2022, the carrying amount of the shares of the Company held by ECOVE Waste Management Corp. are as follows:

	<u>December 31, 2023</u>	
	<u>Number of shares</u>	<u>Carrying amount</u>
ECOVE Waste Management Corp.	1,605	<u>\$ 57</u>
	<u>December 31, 2022</u>	
	<u>Number of shares</u>	<u>Carrying amount</u>
ECOVE Waste Management Corp.	1,605	<u>\$ 57</u>

(22) Capital surplus

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

B. Changes in capital surplus are as follows:

	Share premium	Employee stock options	Employee restricted stocks	Expired employee share options	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1, 2023	\$ 2,515,472	\$ 80,514	\$ 3,697	\$ -	\$ 26,658	\$ 2,626,341
Employee stock options exercised	131,876	-	-	-	-	131,876
Expired employee share options	-	( 201)	-	201	-	-
Employee restricted stocks	-	-	5,734	-	-	5,734
Share-based payment transaction	-	4,924	-	-	-	4,924
Employee stock options expired	17,113	-	-	-	-	17,113
Adjustments of changes in investments accounted for using equity method	-	15	320	-	550	885
At December 31, 2023	<u>\$ 2,664,461</u>	<u>\$ 85,252</u>	<u>\$ 9,751</u>	<u>\$ 201</u>	<u>\$ 27,208</u>	<u>\$ 2,786,873</u>

	Share premium	Employee stock options	Employee restricted stocks	Expired employee share options	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1, 2022	\$ 2,353,083	\$ 68,265	\$ -	\$ -	\$ -	\$ 2,421,348
Employee stock options exercised	162,389	-	-	-	-	162,389
Employee restricted stocks	-	-	-	3,517	-	3,517
Share-based payment transaction	-	12,105	-	-	-	12,105
Adjustments of changes in investments accounted for using equity method	-	144	-	180	26,658	26,982
At December 31, 2022	<u>\$ 2,515,472</u>	<u>\$ 80,514</u>	<u>\$ -</u>	<u>\$ 3,697</u>	<u>\$ 26,658</u>	<u>\$ 2,626,341</u>

(23) Retained earnings

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

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

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

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

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



D. Special reserve

- (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010028685, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

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

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

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

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

Details are summarised below:

	<u>2023</u>	<u>2022</u>
	Amount	Dividends per share (in NT dollars)
Set aside as legal reserve	\$ 115,563	
Cash dividends	<u>1,045,307</u>	\$ 14.59
Total	<u>\$ 1,160,870</u>	

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

(24) Operating revenue

	Year ended December 31,	
	2023	2022
Operating revenue	\$ 2,139,524	\$ 2,197,886
Electricity	2,679,713	2,459,914
Waste collection	270,913	229,534
Others	1,982,768	1,601,257
	<u>7,072,918</u>	<u>6,488,591</u>
Service concession arrangements		
Operating revenue	496,972	469,480
Finance revenue	58,612	72,089
	<u>555,584</u>	<u>541,569</u>
	<u>\$ 7,628,502</u>	<u>\$ 7,030,160</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, 2023			
	Domestic	Macau	United States	Total
Total segment revenue	\$ 8,087,105	\$ 1,011,684	\$ 94,945	\$ 9,193,734
Inter-segment revenue	( 1,466,886)	( 98,346)	-	( 1,565,232)
Revenue from external customer contracts	<u>\$ 6,620,219</u>	<u>\$ 913,338</u>	<u>\$ 94,945</u>	<u>\$ 7,628,502</u>
Timing of revenue recognition over a period time	<u>\$ 6,620,219</u>	<u>\$ 913,338</u>	<u>\$ 94,945</u>	<u>\$ 7,628,502</u>

Year ended	December 31, 2022			
	Domestic	Macau	United States	Total
Total segment revenue	\$ 7,253,471	\$ 1,026,982	\$ 100,542	\$ 8,380,995
Inter-segment revenue	( 1,260,819)	( 90,016)	-	( 1,350,835)
Revenue from external customer contracts	<u>\$ 5,992,652</u>	<u>\$ 936,966</u>	<u>\$ 100,542</u>	<u>\$ 7,030,160</u>
Timing of revenue recognition over a period time	<u>\$ 5,992,652</u>	<u>\$ 936,966</u>	<u>\$ 100,542</u>	<u>\$ 7,030,160</u>

B. Contract assets and liabilities

(a) Contract assets:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Estimated accounts receivable	\$ 866,155	\$ 642,206	\$ 620,662

(b) Contract liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Receipts in advance	\$ 147,541	\$ 42,218	\$ 22,284
Construction contract	495,750	769,638	888,190
	<u>\$ 643,291</u>	<u>\$ 811,856</u>	<u>\$ 910,474</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>2023</u>	<u>2022</u>
Receipts in advance	\$ 36,120	\$ 22,284
Construction contract	273,888	118,552
	<u>\$ 310,008</u>	<u>\$ 140,836</u>

(25) Interest income

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 15,128	\$ 8,341
Other interest income	102	867
	<u>\$ 15,230</u>	<u>\$ 9,208</u>

(26) Other income

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Dividend income	\$ 2,348	\$ 3,030
Income from government grants	13,903	13,534
Income from sale of scraps	8,105	16,065
Others	2,889	1,666
	<u>\$ 27,245</u>	<u>\$ 34,295</u>

(27) Other gains and losses

	Year ended December 31	
	2023	2022
Gains on disposals of property, plant and equipment	\$ 405	\$ 100
Gains on disposals of investments	-	543
Losses on lease modification	-	( 87)
Foreign exchange (loss) gains	( 1,431)	1,968
Gains on financial assets at fair value through profit or loss	18,739	5,268
Miscellaneous disbursements	( 97)	( 643)
	<u>\$ 17,616</u>	<u>\$ 7,149</u>

(28) Finance cost

	Year ended December 31	
	2023	2022
Interest expense	\$ 13,307	\$ 11,985
Interest expense arising from corporate bonds	14,635	14,636
Interest expense arising from lease liabilities	4,453	1,921
Less: Capitalised interest payments	( 2,234)	( 1,563)
	<u>\$ 30,161</u>	<u>\$ 26,979</u>

(29) Expenses by nature

	Year ended December 31	
	2023	2022
Employee benefit expense	\$ 1,335,118	\$ 1,198,325
Depreciation charges on property, plant and equipment	346,207	318,566
Depreciation charges on right-of-use assets	44,153	43,732
Amortisation	66,067	72,636
Incinerator equipment costs	594,190	503,600
Materials	1,097,260	1,127,328
Sub-contract costs	1,738,887	1,435,382
Insurance	119,453	77,595
Other expenses	825,525	832,974
Operating costs and expenses	<u>\$ 6,166,860</u>	<u>\$ 5,610,138</u>

(30) Employee benefit expense

	Year ended December 31	
	2023	2022
Salaries	\$ 1,126,745	\$ 997,592
Employee stock options	4,947	12,161
Employee restricted stocks	5,774	3,538
Labor and health insurance fees	80,562	71,654
Pension costs	55,616	50,991
Other personnel expenses	61,474	62,389
	<u>\$ 1,335,118</u>	<u>\$ 1,198,325</u>

- A. As of December 31, 2023 and 2022, the Group had 1,086 and 1,045 employees, respectively.
- B. When net profit occurs in the annual accounts, the Company may, after setting aside a sufficient amount of the income before tax to cover the accumulated losses, upon the resolution of the Board of Directors, distribute at least 0.01% of the income before tax as employees' compensation, and distribute no more than 2% of the income before tax as directors' remuneration. The remuneration could be in the form of stock or cash, and the employees' compensation could be distributed to the employees of subsidiaries of the Company under certain conditions. A report of the distribution of employees' compensation or the directors' remuneration shall be submitted to the shareholders at the shareholders' meeting.
- C. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$287 and \$367, respectively; directors' and supervisors' 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' and supervisors' remuneration were estimated and accrued based on 0.01% and 2% of distributable profit of current year for the year ended December 31, 2023, respectively. The employees' compensation and directors' and supervisors' remuneration have been resolved by the Board of Directors, which were accrued at \$287 and \$5,200, respectively. The employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2023 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2023 financial statements.

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

(31) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	Year ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 319,815	\$ 296,311
Prior year income tax over estimation	( 33,783)	( 34,041)
Total current tax	286,032	262,270
Deferred tax:		
Origination and reversal of temporary differences	( 29,481)	( 23,017)
Effect of exchange rate changes	( 91)	678
Income tax expense	<u>\$ 256,460</u>	<u>\$ 239,931</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2023	2022
Remeasurement of defined benefit obligations	<u>\$ 1,402</u>	<u>(\$ 1,427)</u>

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate (note)	\$ 336,951	\$ 330,423
Expenses disallowed by tax regulation	( 43,814)	( 49,307)
Effect from investment tax credits	( 2,894)	( 7,144)
Prior year income tax over estimation	( 33,783)	( 34,041)
Income tax expense	<u>\$ 256,460</u>	<u>\$ 239,931</u>

Note: The basis for computing the applicable tax rate is the rate applicable in Taiwan, Macao and China and United States.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Unused compensated absences	\$ 3,853	\$ 224	\$ -	\$ 4,077
Unrealised pension costs	6,894	112	1,402	8,408
Unrealised maintenance costs	23,519	2,416	-	25,935
Unrealised cost of services	37	( 17)	-	20
Unrealised gains on disposal of fixed assets	<u>1,076</u>	<u>( 110)</u>	<u>-</u>	<u>966</u>
	<u>\$ 35,379</u>	<u>\$ 2,625</u>	<u>\$ 1,402</u>	<u>\$ 39,406</u>
Deferred tax liabilities:				
- Temporary differences:				
Unrealised foreign investment gain	(\$ 30,569)	(\$ 6,108)	\$ -	(\$ 36,677)
Unrealised exchange loss	( 1,437)	87	-	( 1,350)
Unrealised concession arrangements gain	<u>( 102,200)</u>	<u>32,877</u>	<u>-</u>	<u>( 69,323)</u>
	<u>(\$ 134,206)</u>	<u>\$ 26,856</u>	<u>\$ -</u>	<u>(\$ 107,350)</u>
	<u>(\$ 98,827)</u>	<u>\$ 29,481</u>	<u>\$ 1,402</u>	<u>(\$ 67,944)</u>

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Unused compensated absences	\$ 3,704	\$ 149	\$ -	\$ 3,853
Unrealised pension costs	8,190	131	( 1,427)	6,894
Unrealised maintenance costs	18,311	5,208	-	23,519
Unrealised cost of services	51	( 14)	-	37
Unrealised gains on disposal of fixed assets	<u>1,186</u>	<u>( 110)</u>	<u>-</u>	<u>1,076</u>
	<u>\$ 31,442</u>	<u>\$ 5,364</u>	<u>(\$ 1,427)</u>	<u>\$ 35,379</u>
Deferred tax liabilities:				
- Temporary differences:				
Unrealised foreign investment gain	(\$ 17,482)	(\$ 13,087)	\$ -	(\$ 30,569)
Unrealised exchange loss	( 989)	( 448)	-	( 1,437)
Unrealised concession arrangements gain	<u>( 133,388)</u>	<u>31,188</u>	<u>-</u>	<u>( 102,200)</u>
	<u>(\$ 151,859)</u>	<u>\$ 17,653</u>	<u>\$ -</u>	<u>(\$ 134,206)</u>
	<u>(\$ 120,417)</u>	<u>\$ 23,017</u>	<u>(\$ 1,427)</u>	<u>(\$ 98,827)</u>

D. Details of the amount the Company is entitled as investment tax credit and unrecognized deferred tax assets are as follows:

Qualifying items	December 31, 2023		
	Unused tax credits	Unrecognized deferred tax assets	Expiry year
Investments in emerging important strategic industries	<u>\$ -</u>	<u>\$ -</u>	2026
Qualifying items	December 31, 2022		
	Unused tax credits	Unrecognized deferred tax assets	Expiry year
Investments in emerging important strategic industries	<u>\$ 14,470</u>	<u>\$ 2,894</u>	2026



E. As of December 31, 2023, the income tax returns of the Company through 2021 have been assessed and approved by the Tax Authority.

(32) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,164,040	71,173	\$ <u>16.36</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	347	
Employees' compensation	-	<u>1</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>1,164,040</u>	<u>71,521</u>	\$ <u>16.28</u>
	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,045,026	70,091	\$ <u>14.91</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	278	
Employees' bonus	-	<u>2</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>1,045,026</u>	<u>70,371</u>	\$ <u>14.85</u>

(33) Supplemental cash flow information

Investing activities with partial cash payments

	2023	2022
Purchase of property, plant and equipment	\$ 307,027	\$ 449,195
Less: Ending balance of payable on recovery cost	( 14,374)	( 28,537)
Cash paid during the year	<u>\$ 292,653</u>	<u>\$ 420,658</u>
	<u>Year ended December 31</u>	
	2023	2022
Changes in other non-current assets	\$ 77,953	\$ 685,236
Add: Beginning balance of payable on equipment	9,759	111,769
Less: Ending balance of payable on equipment	( 6,947)	( 9,759)
Cash paid during the year	<u>\$ 80,765</u>	<u>\$ 787,246</u>

(34) Changes in liabilities from financing activities

The Group's liabilities from financing activities for the years ended December 31, 2023 and 2022 included short-term borrowings, short-term notes and bills payable, corporate bonds payable, long-term borrowings, lease liabilities, changes in cash flow from financing, etc. The summary amount is as follows. For the rest of the information, refer to the cash flow statement.

	2023	2022
	<u>Liabilities from financing activities-gross</u>	<u>Liabilities from financing activities-gross</u>
At January 1	\$ 2,669,799	\$ 2,840,436
Changes in cash flow from financing activities	( 438,540)	( 302,386)
Changes in other equity items	63,292	131,749
At December 31	<u>\$ 2,294,551</u>	<u>\$ 2,669,799</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is controlled by CTCI Corporation (incorporated in R.O.C.), which owns 53.69% of the Company's shares. The remaining 46.31% of the shares are widely held by the public.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
CTCI Corp.	Ultimate parent company
CTCI Chemical Corp.	Associate
CTCI Machinery Corp.	Associate
Ever Ecove Corporation	Associate
CTCI Resources Engineering Inc.	Associate
CTCI Investment Corp.	Associate
CTCI Development Corp.	Associate
CTCI Smart Engineering Corporation	Associate
CTCI Americas Inc.	Associate
CTCI Advanced Systems Inc.	Associate
Jing Ding Green Energy Technology Co., Ltd	Associate
Bao Ding Reclaimed Water Co., Ltd.	Other related party
CTCI Education Foundation	Other related party
CTCI Foundation	Other related party
Blue Whale Water Technologies Corporation	Other related party
HDEC-CTCI (Linhai) Corporation	Other related party
East Pacific Energy and Technologies	Other related party

(3) Significant transactions and balances with related parties

A. Operating revenue

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Operating revenue:		
Ultimate parent company	\$ 51,911	\$ 22,419
Associates	108,778	40,851
Other related party	3,046	-
	<u>\$ 163,735</u>	<u>\$ 63,270</u>

- (a) The prices on the operating, removal and transportation contracts entered into with related parties are set through negotiation by both parties. The collection term was 30 days monthly.
- (b) In accordance with Financial-Supervisory-Securities-Firms No. 0990100279 of the GreTai Securities Market, the Company provides illustrations as follows:

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

B. Purchases of goods and services

	Year ended December 31	
	2023	2022
Ultimate parent company	\$ 17,182	\$ 8,124
Associates	268,744	180,098
	<u>\$ 285,926</u>	<u>\$ 188,222</u>

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

C. Accounts receivable

	December 31, 2023	December 31, 2022
Ultimate parent company	\$ 10,768	\$ 20,724
Associates	68	-
Other related party	937	-
	<u>\$ 11,773</u>	<u>\$ 20,724</u>

D. Contract assets

	December 31, 2023	December 31, 2022
Associates	<u>\$ 19,588</u>	<u>\$ 39,757</u>

E. Contract liabilities

	December 31, 2023	December 31, 2022
Associates	<u>\$ 52</u>	<u>\$ -</u>

F. Accounts payable

	December 31, 2023	December 31, 2022
Associates	\$ 42,528	\$ 6,041
Ultimate parent company	13,562	6,608
	<u>\$ 56,090</u>	<u>\$ 12,649</u>

G. Other receivables - related parties

	December 31, 2023	December 31, 2022
Other receivables:		
Associates (Note)	<u>\$ 157</u>	<u>\$ 64</u>

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

## H. Loans to related parties

### (a) Loans to related parties - Interest income

	Year ended December 31	
	2023	2022
Associates (Note)	\$ -	\$ 798

Note: The terms of lending include interest to be calculated and received monthly, using the annual rate of 0.75% for the year ended December 31, 2022.

### (b) Loans from related parties – Outstanding balance

	December 31, 2023	December 31, 2022
	CTCI Resources Engineering Inc.	\$ -

### (c) Loans from related parties – Interest expense

	Year ended December 31	
	2023	2022
Ultimate parent company (Note)	\$ -	\$ 1,324
Associates (Note)	3,391	127
	<u>\$ 3,391</u>	<u>\$ 1,451</u>

Note: The loans from related party are repayable monthly and carry interest at 1.325%~1.8% and 0.98%~1.450% per annum for the years ended December 31, 2023 and 2022, respectively.

## I. Other income

	Year ended December 31	
	2023	2022
Ultimate parent company	\$ 4	\$ 1
Associates	400	500
Other related parties	1,235	-
	<u>\$ 1,639</u>	<u>\$ 501</u>

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

J. Operating expenses

	Year ended December 31	
	2023	2022
Ultimate parent company	\$ 14,343	\$ 18,077
Associates	2,456	3,612
	<u>\$ 16,799</u>	<u>\$ 21,689</u>

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

K. Other payables-related parties

	December 31, 2023	December 31, 2022
Ultimate parent company	\$ 8,865	\$ 8,388
Associates	13	138
	<u>\$ 8,878</u>	<u>\$ 8,526</u>

L. Leasing arrangements - lessee

(a) As of December 31, 2023, the main lease contracts between the Group and related parties are as follows:

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

(b) Acquisition of right-of-use assets

	Year ended December 31,	
	2023	2022
Ultimate parent company	<u>\$ -</u>	<u>\$ 124</u>

(c) Lease liabilities

	December 31, 2023	December 31, 2022
Ultimate parent company	\$ 646	\$ 791
Associates	105,698	120,147
	<u>\$ 106,344</u>	<u>\$ 120,938</u>

(d) Interest expense on lease liabilities

	Year ended December 31	
	2023	2022
Ultimate parent company	\$ 5	\$ 6
Associates	763	858
	<u>\$ 768</u>	<u>\$ 864</u>

M. Property transactions

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

	Year ended December 31	
	2023	2022
Associates	\$ 18,778	\$ -

N. Endorsements and guarantees for others

	December 31, 2023	December 31, 2022
Associates	\$ 1,925,600	\$ 1,936,100
Other related parties	293,000	333,000
	<u>\$ 2,218,600</u>	<u>\$ 2,269,100</u>

(4) Key management compensation

	Year ended December 31	
	2023	2022
Salaries and other short-term employee benefits	\$ 52,232	\$ 49,047
Post-employment benefits	1,412	1,355
Total	<u>\$ 53,644</u>	<u>\$ 50,402</u>

## 8. PLEDGED ASSETS

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

Assets	Book value		Purposes
	December 31, 2023	December 31, 2022	
Current financial assets at amortised cost	\$ 30,000	\$ -	Guarantee for bid
Property, plant and equipment	543,778	582,848	Guarantee for long-term and short-term loans
Other non-current assets Guarantee deposits paid	30,837	35,429	Guarantee for bid, rent, performance guarantee, tender bond and staff dormitory
Restricted bank	49,559	50,378	Guarantee for bid
	<u>\$ 654,174</u>	<u>\$ 668,655</u>	

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

In addition to those items which have been disclosed in Note 6(11), the significant commitments and contingent liabilities of the Group as of December 31, 2023 are as follows:

- (1) The Group had entered into lines of credit agreements with several banks for guarantee payments under various service contracts. The subsidiaries had either issued guarantee notes or promissory notes for amounts drawn down under the line of credit agreements. As of December 31, 2023, the guarantee notes issued amounted to \$8,797,252.
- (2) As of December 31, 2023, for contractual guarantee, performance guarantee, waste collection and other guarantees, the Group have a performance letter of guarantee issued by the bank amounting to \$1,253,997.
- (3) As of December 31, 2023, the Group had outstanding commitments for service contracts amounting to \$2,358,475.

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- A. The appropriation of 2023 earnings had been proposed at the Board of Directors' meeting on March 4, 2024. Refer to Note 6(23)G for detailed information.
- B. The Board of Directors of the subsidiary, ECOVE Environment Corp., resolved to conduct a short-form merger with a wholly-owned second-tier subsidiaries, ECOVE Solar Energy Corp. and ECOVE South Corp. Ltd. during its meeting on March 4, 2024.



## 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, 2023 and 2022 were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total borrowings	\$ 2,013,899	\$ 2,663,669
Total equity	\$ 6,816,651	\$ 6,429,341
Gearing ratio	<u>30%</u>	<u>41%</u>

### (2) Financial instruments

#### A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,033,535	\$ 1,522,915
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	236,225	163,682
Financial assets at amortised cost		
Cash and cash equivalents	1,663,477	1,611,740
Financial assets at amortised cost	288,496	138,333
Notes receivable	6	6
Accounts receivable	942,411	813,356
Accounts receivable - related parties	11,773	20,724
Other receivables	5,777	4,928
Other receivables - related parties	157	64
Guarantee deposits paid	30,837	35,429
Long-term accounts receivable	561,003	902,187
Other financial assets	49,559	50,378
	<u>\$ 4,823,256</u>	<u>\$ 5,263,742</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ -	\$ 360,000
Short-term notes and bills payable	19,983	-
Notes payable	1,643	4,660
Accounts payable	1,399,199	1,327,844
Accounts payable - related parties	56,090	12,649
Other payables	492,201	447,174
Other payables - related parties	8,878	268,526
Bonds payable	1,993,916	1,991,381
Long-term borrowings (including current portion)	-	52,288
Guarantee deposits received	426,041	342,667
	<u>\$ 4,397,951</u>	<u>\$ 4,807,189</u>
Lease liability	<u>\$ 280,652</u>	<u>\$ 266,130</u>

#### B. Risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters.

#### C. Significant financial risks and degrees of financial risks

##### (a) Market risk

##### Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and MOP. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.
- iii. The Group has certain investments in foreign operations, therefore, does not hedge the risk.

- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: MOP and CNY. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 392	30.6800	\$ 12,027
MOP : NTD	29,423	3.8066	112,002
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	7,327	3.8066	27,891
	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 216	30.6980	\$ 6,631
MOP : NTD	27,595	3.8172	105,336
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1,232	3.8172	4,703

- v. The unrealized exchange gain arising from significant foreign exchange variation on the monetary items held by the Group as of December 31, 2023 and 2022 amounted to (\$159) and \$2,783, respectively.

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

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1.00%	\$ 120	\$ -
MOP : NTD	1.00%	1,120	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1.00%	279	-
	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1.00%	\$ 66	\$ -
MOP : NTD	1.00%	1,053	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1.00%	47	-

#### 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, 2023 and 2022, the Group's borrowings at variable rate were denominated in NTD.

#### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition.  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of notes and accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

	<u>Excellent customers (Note 1)</u>	<u>General customers (Note 2)</u>	<u>Total</u>
<u>At December 31, 2023</u>			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	\$ 1,400,268	\$ 114,971	\$ 1,515,239
Loss allowance	\$ -	(\$ 46)	(\$ 46)
	<u>Excellent customers (Note 1)</u>	<u>General customers (Note 2)</u>	<u>Total</u>
<u>At December 31, 2022</u>			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	\$ 1,624,394	\$ 111,879	\$ 1,736,273
Loss allowance	\$ -	\$ -	\$ -

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

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

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

	<u>2023</u>	<u>2022</u>
	Accounts receivable	Accounts receivable
At January 1	\$ -	\$ -
Provision for impairment	46	-
At December 31	<u>\$ 46</u>	<u>\$ -</u>

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

Non-derivative financial liabilities

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

(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, 2023	<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	\$ 1,033,535	\$ -	\$ -	\$ 1,033,535
Financial assets at fair value through other comprehensive income				
Equity securities	<u>115,601</u>	<u>-</u>	<u>120,624</u>	<u>236,225</u>
	<u>\$ 1,149,136</u>	<u>\$ -</u>	<u>\$ 120,624</u>	<u>\$ 1,269,760</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,522,915	\$ -	\$ -	\$ 1,522,915
Financial assets at fair value through other comprehensive income				
Equity securities	<u>113,614</u>	<u>-</u>	<u>50,068</u>	<u>163,682</u>
	<u>\$ 1,636,529</u>	<u>\$ -</u>	<u>\$ 50,068</u>	<u>\$ 1,686,597</u>

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

F. Movements on Level 3 for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
	Financial assets at fair value through other comprehensive income	Financial assets at fair value through other comprehensive income
At January 1	\$ 50,068	\$ 543
Gain recognized in other comprehensive income		
Recorded as unrealized gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	30,535	1,786
Acquired during the year	40,102	50,000
Sold during the year	( 81)	( 2,261)
At December 31	<u>\$ 120,624</u>	<u>\$ 50,068</u>

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



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

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 120,624	Market price method	Price to book ratio multiple, discount for lack of marketability	Median : 1.75 Average : 1.98 Liquidity discount : 30%	The higher the multiple and control premium, the higher the fair value
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 70,346	Market price method	Price to book ratio multiple, discount for lack of marketability	Median : 1.98 Average : 2.72 Liquidity discount : 30%	The higher the multiple and control premium, the higher the fair value
Unlisted shares	68	Net assets value	Not applicable	-	Not applicable

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

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

- I. Trading in derivative instruments undertaken during the reporting periods: None.  
 J. Significant inter-company transactions during the reporting periods: Refer to table 8.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 10.

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

(4) Major shareholders information

Refer to table 11.

14. OPERATING SEGMENT FINANCIAL INFORMATION

(5) 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.

(6) 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	
	2023	2022
Revenue from external customers	\$ 7,628,502	\$ 7,030,160
Inter-segment revenue	1,565,232	1,350,835
Total segment revenue	\$ 9,193,734	\$ 8,380,995
Segment income	\$ 1,461,642	\$ 1,420,222
Depreciation	\$ 390,360	\$ 362,298
Amortisation	\$ 66,067	\$ 72,636

(7) 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, 2023 and 2022 is provided as follows:

	Year ended December 31	
	2023	2022
Adjusted EBITDA for reportable segment	\$ 1,461,642	\$ 1,420,022
Financial cost, net	( 30,161)	( 26,979)
Others	191,667	125,050
Income from continuing operations before income tax	\$ 1,623,148	\$ 1,518,093

(8) Information on products and services

The Company and its subsidiaries are operating in an environmental-friendly industry. In addition, no product information is disclosed.

(9) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31,			
	2023		2022	
	Operating revenue	Non-current assets	Operating revenue	Non-current assets
Taiwan	\$ 6,620,219	\$ 6,405,558	\$ 5,992,652	\$ 6,720,060
Macau	913,338	11,434	936,966	10,922
United States	94,945	551,202	100,542	603,323
Total	<u>\$ 7,628,502</u>	<u>\$ 6,968,194</u>	<u>\$ 7,030,160</u>	<u>\$ 7,334,305</u>

Non-current assets consists of property, plant and equipment, right-of-use assets, intangible assets and other non-current assets.

(10) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31,	
	2023	2022
Customer A	\$ 1,936,155	\$ 1,789,519
Customer B	346,976	318,568
Customer C	318,106	359,466
Customer D	288,617	68,801
Customer E	171,930	322,565

**ECOVE ENVIRONMENT CORP.**  
**PARENT COMPANY ONLY FINANCIAL**  
**STATEMENTS AND INDEPENDENT AUDITORS’**  
**REPORT**  
**DECEMBER 31, 2023 AND 2022**

---

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 CORPORATION

***Opinion***

We have audited the accompanying parent company only balance sheets of ECOVE Environment Corporation (the "Company") as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the Other matter section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of 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 auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

~2~

### ***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 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

#### ***Accuracy of service revenue recognition of subsidiaries accounted for using the equity method***

##### Description

Refer to Note 4(29) for accounting policies on operating revenue.

Operating revenue mainly arises from service revenue and electricity sales revenue of the Company's subsidiaries (ECOVE Wujih Energy Corp., ECOVE Environment Service Corp., ECOVE Waste Management Corp., ECOVE Miaoli Energy Corp., the second-tier subsidiary- SINO GAL-Waste Services Co., Ltd., and ECOVE Environment Services Gangshan Corp.). 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 of the Company's subsidiary:

- 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 parent company only financial statements. The balance of the investees accounted for using equity method was NT\$300,156 thousand and NT\$272,913 thousand, constituting 4% and 3% of parent company only total assets as of December 31, 2023 and 2022, respectively, and share of loss of associates and joint ventures accounted for using equity method of NT\$27,243 thousand and NT\$11,034 thousand, constituting 2% and 1% of parent company only 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 parent company only financial statements***

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 parent company only financial statements***

Our objectives are to obtain reasonable assurance about whether the parent company only 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 Standards on Auditing of 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 parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only 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.
2. 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.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



4. 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 parent company only 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.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only 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 parent company only 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.



Liao, Fu-Ming



Lin, Yi-Fan

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 6, 2024

-----  
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  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 374,399	5	\$ 58,149	1
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	701,463	9
1120	Current financial assets at fair value through other comprehensive income	6(3)	20,392	-	20,041	-
1136	Current financial assets at amortised cost	8	30,000	-	-	-
1200	Other receivables		76	-	14	-
1210	Other receivables - related parties	7	2,437,065	29	1,954,456	24
1410	Prepayments		8	-	-	-
11XX	<b>Total current assets</b>		<u>2,861,940</u>	<u>34</u>	<u>2,734,123</u>	<u>34</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	-	-	68	-
1550	Investments accounted for using equity method	6(4)	5,520,349	66	5,237,725	66
1755	Right-of-use assets	6(5)	564	-	639	-
1900	Other non-current assets		19	-	17	-
15XX	<b>Total non-current assets</b>		<u>5,520,932</u>	<u>66</u>	<u>5,238,449</u>	<u>66</u>
1XXX	<b>Total assets</b>		<u>\$ 8,382,872</u>	<u>100</u>	<u>\$ 7,972,572</u>	<u>100</u>

(Continued)

**ECOVE ENVIRONMENT CORPORATION**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022	
		AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>					
2150	Notes payable	\$ 101	-	\$ 481	-
2200	Other payables	26,745	1	26,289	1
2220	Other payables - related parties	7 5,300	-	5,276	-
2230	Current income tax liabilities	11,832	-	6,461	-
2280	Current lease liabilities	7 73	-	73	-
21XX	<b>Total current liabilities</b>	<u>44,051</u>	<u>1</u>	<u>38,580</u>	<u>1</u>
<b>Non-current liabilities</b>					
2530	Bonds payable	6(6) 1,993,916	24	1,991,381	25
2570	Deferred tax liabilities	6(17) 19,078	-	9,686	-
2580	Non-current lease liabilities	7 494	-	568	-
2640	Accrued pension liabilities	6(7) 2,658	-	5,962	-
25XX	<b>Total non-current liabilities</b>	<u>2,016,146</u>	<u>24</u>	<u>2,007,597</u>	<u>25</u>
2XXX	<b>Total liabilities</b>	<u>2,060,197</u>	<u>25</u>	<u>2,046,177</u>	<u>26</u>
<b>Equity</b>					
Share capital					
6(9)					
3110	Common stock	715,590	8	704,579	9
3140	Advance receipts for share capital	589	-	2,334	-
Capital surplus					
6(10)					
3200	Capital surplus	2,786,873	33	2,626,341	33
Retained earnings					
6(11)					
3310	Legal reserve	1,045,141	12	940,121	12
3320	Special reserve	-	-	14,895	-
3350	Unappropriated retained earnings	1,727,596	21	1,622,165	20
Other equity interest					
3400	Other equity interest	46,943	1	16,017	-
3500	Treasury shares	6(9) ( 57)	-	( 57)	-
3XXX	<b>Total equity</b>	<u>6,322,675</u>	<u>75</u>	<u>5,926,395</u>	<u>74</u>
Significant contingent liabilities and unrecognised contract commitments					
Significant events after the balance sheet date					
3X2X	<b>Total liabilities and equity</b>	<u>\$ 8,382,872</u>	<u>100</u>	<u>\$ 7,972,572</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

**ECOVE ENVIRONMENT CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(4)	\$ 1,156,146	100	\$ 1,044,850	100
5900	Gross profit		1,156,146	100	1,044,850	100
	Operating expenses	6(15)(16) and 7				
6200	General and administrative expenses		( 50,053)	( 4)	( 47,927)	( 4)
6000	Total operating expenses		( 50,053)	( 4)	( 47,927)	( 4)
6900	Operating profit		1,106,093	96	996,923	96
	Non-operating income and expenses					
7100	Interest income	6(12) and 7	28,227	2	20,128	2
7010	Other income	6(13) and 7	59,961	5	56,330	5
7020	Other gains and losses	6(14)	8,277	1	2,948	-
7050	Finance costs	6(5)(6) and 7	( 14,639)	( 1)	( 14,640)	( 1)
7000	Total non-operating income and expenses		81,826	7	64,766	6
7900	<b>Profit before income tax</b>		1,187,919	103	1,061,689	102
7950	Income tax expense	6(17)	( 23,879)	( 2)	( 16,663)	( 2)
8200	<b>Profit for the year</b>		\$ 1,164,040	101	\$ 1,045,026	100
	<b>Other comprehensive income</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Actuarial gains (losses) on defined benefit plan	6(7)	\$ 2,468	-	( \$ 653)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	336	-	( 3,751)	( 1)
8330	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		26,549	2	( 20,007)	( 2)
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		29,353	2	( 24,411)	( 3)
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Cumulative translation differences of foreign operations		( 1,596)	-	60,495	6
8300	<b>Other comprehensive income for the year</b>		\$ 27,757	2	\$ 36,084	3
8500	<b>Total comprehensive income for the year</b>		\$ 1,191,797	103	\$ 1,081,110	103
	Earnings per share (in dollars)	6(18)				
9750	Basic earnings per share		\$ 16.36		\$ 14.91	
9850	Diluted earnings per share		\$ 16.28		\$ 14.85	

The accompanying notes are an integral part of these parent company only financial statements.

ECOVE ENVIRONMENT CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital			Retained Earnings			Other Equity Interest			Total equity
		Share capital - common stock	Advance receipts for share capital	Capital surplus	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	Treasury shares	
<b>Year ended December 31, 2022</b>											
Balance at January 1, 2022		\$ 695,170	\$ 857	\$ 2,421,348	\$ 848,366	\$ 23,272	\$ 1,490,020	(\$ 60,840)	\$ 45,945	(\$ 57)	\$ 5,464,081
Profit for the year		-	-	-	-	-	1,045,026	-	-	-	1,045,026
Other comprehensive income (loss)		-	-	-	-	-	5,172	60,495	(29,583)	-	36,084
Total comprehensive income (loss)		-	-	-	-	-	1,050,198	60,495	(29,583)	-	1,081,110
Appropriations of 2021 earnings	6(11)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	91,755	-	(91,755)	-	-	-	-
Special reserve		-	-	-	-	(8,377)	8,377	-	-	-	-
Cash dividends		-	-	-	-	-	(834,675)	-	-	-	(834,675)
Share-based payment transactions	6(10)	-	-	2,026	-	-	-	-	-	-	2,026
Employee stock options exercised	6(9)(10)	8,552	2,334	162,389	-	-	-	-	-	-	173,275
Employee restricted stocks	6(10)	-	-	774	-	-	-	-	-	-	774
Adjustments of changes in investments accounted for using equity method	6(4)(10)	-	-	39,804	-	-	-	-	-	-	39,804
Advance receipts for share capital transferred to share capital		857	(857)	-	-	-	-	-	-	-	-
Balance at December 31, 2022		\$ 704,579	\$ 2,334	\$ 2,626,341	\$ 940,121	\$ 14,895	\$ 1,622,165	(\$ 345)	\$ 16,362	(\$ 57)	\$ 5,926,395
<b>Year ended December 31, 2023</b>											
Balance at January 1, 2023		\$ 704,579	\$ 2,334	\$ 2,626,341	\$ 940,121	\$ 14,895	\$ 1,622,165	(\$ 345)	\$ 16,362	(\$ 57)	\$ 5,926,395
Profit for the year		-	-	-	-	-	1,164,040	-	-	-	1,164,040
Other comprehensive income (loss)		-	-	-	-	-	(3,141)	(1,596)	32,494	-	27,757
Total comprehensive income (loss)		-	-	-	-	-	1,160,899	(1,596)	32,494	-	1,191,797
Appropriations of 2022 earnings	6(11)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	105,020	-	(105,020)	-	-	-	-
Special reserve		-	-	-	-	(14,895)	14,895	-	-	-	-
Cash dividends		-	-	-	-	-	(960,073)	-	-	-	(960,073)
Share-based payment transactions	6(10)	-	-	829	-	-	-	-	-	-	829
Employee stock options exercised	6(9)(10)	8,104	589	131,876	-	-	-	-	-	-	140,569
Employee restricted stocks	6(10)	-	-	1,736	-	-	-	-	-	-	1,736
Adjustments of changes in investments accounted for using equity method	6(4)(10)	-	-	8,978	-	-	-	-	-	-	8,978
Advance receipts for share capital transferred to share capital		2,334	(2,334)	-	-	-	-	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(3)	-	-	-	-	-	(28)	-	28	-	-
Issue of ordinary share, others	6(9)(10)	573	-	17,113	-	-	(5,242)	-	-	-	12,444
Balance at December 31, 2023		\$ 715,590	\$ 589	\$ 2,786,873	\$ 1,045,141	\$ -	\$ 1,727,596	(\$ 1,941)	\$ 48,884	(\$ 57)	\$ 6,322,675

The accompanying notes are an integral part of these parent company only financial statements.

ECOVE ENVIRONMENT CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 1,187,919	\$ 1,061,689
Adjustments			
Adjustments to reconcile profit (loss)			
Salary expense - employee stock options	6(8)(16)	829	2,026
Employee restricted stocks	6(8)(16)	1,736	774
Depreciation - right-of-use assets	6(5)	75	74
Interest income	6(12)	( 28,227 )	( 20,128 )
Dividend income	6(13)	( 292 )	( 531 )
Gain on valuation of financial assets	6(2)(14)	( 7,972 )	( 2,167 )
Share of profit of associates and joint ventures accounted for under equity method	6(4)	( 1,156,146 )	( 1,044,850 )
Proceeds from capital reduction of investee company	6(14)	-	( 543 )
Interest expense	6(6)	14,635	14,636
Interest expense - lease liability	6(5) and 7	4	4
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		709,435	( 39,779 )
Other receivables		( 9 )	286
Other receivables - related parties		( 3,763 )	( 4,651 )
Prepayments		( 8 )	-
Investments accounted for using the equity method - subsidiaries	6(4)	( 100,013 )	( 199,999 )
Changes in operating liabilities			
Notes payable		( 380 )	481
Other payables		456	( 2,074 )
Other payables - related parties		24	( 48 )
Preference share liabilities - non-current		( 836 )	645
Cash inflow (outflow) generated from operations		617,467	( 234,155 )
Interest received		1,465	2,061
Dividends received		1,020,202	813,706
Interest paid		( 12,100 )	( 12,100 )
Income tax paid		( 9,116 )	( 13,957 )
Net cash flows from operating activities		1,617,918	555,555
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Interest received		25,863	17,437
Increase in other receivables - related parties		( 478,000 )	( 82,000 )
Proceeds from disposal of financial assets measured at fair value through other comprehensive income		53	2,261
(Increase) decrease in financial assets at amortised cost		( 30,000 )	152,000
Increase in refundable deposits		( 2 )	-
Net cash flows (used in) from investing activities		( 482,086 )	89,698
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Repayment of lease liabilities		( 78 )	( 69 )
Employee stock options exercised		140,569	173,275
Cash dividends paid	6(11)	( 960,073 )	( 834,675 )
Net cash flows used in financing activities		( 819,582 )	( 661,469 )
Net increase (decrease) in cash and cash equivalents		316,250	( 16,216 )
Cash and cash equivalents at beginning of year		58,149	74,365
Cash and cash equivalents at end of year		<u>\$ 374,399</u>	<u>\$ 58,149</u>

The accompanying notes are an integral part of these parent company only financial statements.

ECOVE ENVIRONMENT CORPORATION  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. HISTORY AND ORGANIZATION

- (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 in December, 2005. 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.
- (2) The Company was originally engaged in investment holding. On May 31, 2023, the shareholders during their’ meeting resolved to add new business activities, including green energy environmental protection.
- (3) CTCI Corporation, the Company’s ultimate parent company, holds 53.69% equity interest in the Company as of December 31, 2023.

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

These parent company only financial statements were authorized for issuance by the Board of Directors on March 4, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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



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

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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

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

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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 MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only 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 parent company only 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 IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only 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 recognising 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 parent company only 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 parent company only 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 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 amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are 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 expenses 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

- A. 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.
- B. Restricted stocks:
- (a) Restricted stocks issued to employees 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.
  - (b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Company recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.
  - (c) For restricted stocks where employees have to pay to acquire those stocks, if employees resign during the vesting period, they must return the stocks to the Company and the Company must refund their payments on the stocks, the Company recognises the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognises the payments from the employees who are expected to be eventually vested with the stocks in 'capital surplus – others'.

(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 parent company only 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 parent company only 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, 2023</u>	<u>December 31, 2022</u>
Checking accounts	\$ 103	\$ 964
Demand deposits	369,560	37,257
Time deposits	4,736	19,928
	<u>\$ 374,399</u>	<u>\$ 58,149</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.
- C. As of December 31, 2023 and 2022, time deposits with original maturities less than three months and subject to restrictions amounting to \$30,000 and \$0, respectively, have been reclassified as current financial assets at amortised cost.

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ -	\$ 700,131
Valuation adjustment	-	1,332
Total	<u>\$ -</u>	<u>\$ 701,463</u>

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

	<u>Year ended December 31</u>	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	<u>\$ 7,972</u>	<u>\$ 2,167</u>

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

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Equity instruments		
Listed stocks	\$ 16,671	\$ 16,671
Valuation adjustment	3,721	3,370
Total	<u>\$ 20,392</u>	<u>\$ 20,041</u>
Non-current items:		
Equity instruments		
Unlisted stocks	\$ -	\$ 81
Valuation adjustment	-	(13)
Total	<u>\$ -</u>	<u>\$ 68</u>

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

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 336</u>	<u>(\$ 3,751)</u>
Cumulative gains (losses) reclassified to retained earnings due to derecognition	<u>(\$ 28)</u>	<u>\$ -</u>
Dividend income recognised in profit or loss held at end of year	<u>\$ 292</u>	<u>\$ 531</u>

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

(4) Investments accounted for using the equity method

	<u>2023</u>	<u>2022</u>
At January 1	\$ 5,237,725	\$ 4,717,294
Addition of investments accounted for using the equity method	112,457	199,999
Share of profit or loss of investments accounted for using equity method	1,156,146	1,044,850
Earnings distribution of investments accounted for using equity method	(1,019,910)	(805,253)
Changes in capital surplus	8,978	39,804
Changes in other equity items	24,953	41,031
At December 31	<u>\$ 5,520,349</u>	<u>\$ 5,237,725</u>

	December 31, 2023	December 31, 2022
Subsidiaries:		
ECOVE Wujih Energy Corp.	\$ 698,804	\$ 798,753
ECOVE Environmental Services Corp.	1,141,553	1,048,115
ECOVE Waste Management Corp.	135,588	118,419
ECOVE Miaoli Energy Corp.	762,319	796,025
Yuan Ding Resources Corp.	39,644	39,382
ECOVE Solar Energy Corporation	1,950,119	1,842,176
ECOVE Solvent Recycling Corporation	136,912	117,789
ECOVE Chiayi Energy Corporation	100,021	-
Associates:		
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	435,934	389,333
EVER ECOVE Corporation	119,455	87,733
	<u>\$ 5,520,349</u>	<u>\$ 5,237,725</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, 2023	December 31, 2022		
ECOVE Wujih Energy Corp.	Taiwan	100.00%	100.00%	Subsidiaries	Equity method
ECOVE Environmental Services Corp.	"	100.00%	100.00%	"	"
ECOVE Miaoli Energy Corp.	"	74.999%	74.999%	"	"
ECOVE Solar Energy Corp.	"	100.00%	100.00%	"	"

(b) The summarized financial information of the subsidiaries that are material to the Company is as follows:

Balance sheets

	<u>ECOVE Wujih Energy Corp.</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 997,233	\$ 946,622
Non-current assets	4,474	185,996
Current liabilities	( 184,333)	( 206,820)
Non-current liabilities	( 118,570)	( 127,045)
Total net assets	<u>\$ 698,804</u>	<u>\$ 798,753</u>
Share in subsidiary's net assets	<u>\$ 698,804</u>	<u>\$ 798,753</u>
Carrying amount of the subsidiary	<u>\$ 698,804</u>	<u>\$ 798,753</u>

	<u>ECOVE Environmental Services Corp.</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 1,768,263	\$ 1,473,988
Non-current assets	1,505,182	1,426,887
Current liabilities	( 1,730,747)	( 1,480,765)
Non-current liabilities	( 412,505)	( 385,412)
Total net assets	<u>\$ 1,130,193</u>	<u>\$ 1,034,698</u>
Share in subsidiary's net assets	<u>\$ 1,130,193</u>	<u>\$ 1,034,698</u>
Carrying amount of the subsidiary	<u>\$ 1,141,553</u>	<u>\$ 1,048,115</u>

	<u>ECOVE Miaoli Energy Corp.</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 573,197	\$ 444,202
Non-current assets	576,836	750,341
Current liabilities	( 83,824)	( 75,163)
Non-current liabilities	( 49,765)	( 57,995)
Total net assets	<u>\$ 1,016,444</u>	<u>\$ 1,061,385</u>
Share in subsidiary's net assets	<u>\$ 762,319</u>	<u>\$ 796,025</u>
Carrying amount of the subsidiary	<u>\$ 762,319</u>	<u>\$ 796,025</u>

	ECOVE Solar Energy Corporation	
	December 31, 2023	December 31, 2022
Current assets	\$ 102,307	\$ 118,500
Non-current assets	3,706,247	3,477,031
Current liabilities	( 1,741,745)	( 1,687,719)
Non-current liabilities	( 240,381)	( 189,327)
Total net assets	<u>\$ 1,826,428</u>	<u>\$ 1,718,485</u>
Share in subsidiary's net assets	\$ 1,826,428	\$ 1,718,485
Carrying amount of the subsidiary	<u>\$ 1,950,119</u>	<u>\$ 1,842,176</u>

#### Statement of comprehensive income

	ECOVE Wujih Energy Corp.	
	For the years ended December 31,	
	2023	2022
Revenue	\$ 869,766	\$ 815,446
Profit for the year from continuing operations	\$ 286,996	\$ 274,790
Other comprehensive income (loss), net of tax	318	( 5,553)
Total comprehensive income	<u>\$ 287,314</u>	<u>\$ 269,237</u>
Dividends received from subsidiary	<u>\$ 387,335</u>	<u>\$ 260,872</u>

	ECOVE Environmental Services Corp.	
	For the years ended December 31,	
	2023	2022
Revenue	\$ 4,973,234	\$ 4,355,923
Profit for the year from continuing operations	\$ 473,683	\$ 451,484
Other comprehensive income, net of tax	26,268	8,785
Total comprehensive income	<u>\$ 499,951</u>	<u>\$ 460,269</u>
Dividends received from subsidiary	<u>\$ 411,458</u>	<u>\$ 336,592</u>

	ECOVE Miaoli Energy Corp.	
	For the years ended December 31,	
	2023	2022
Revenue	\$ 346,976	\$ 318,568
Profit for the year from continuing operations	\$ 102,141	\$ 110,986
Other comprehensive (loss) income, net of tax	( 114)	19
Total comprehensive income	<u>\$ 102,027</u>	<u>\$ 111,005</u>
Dividends received from subsidiary	<u>\$ 110,396</u>	<u>\$ 111,230</u>

		ECOVE Solar Energy Corporation.	
		For the years ended December 31,	
		2023	2022
Revenue		\$ 362,102	\$ 310,913
Profit for the year from continuing operations		\$ 108,174	\$ 96,442
Other comprehensive (loss) income, net of tax	(	612)	42,958
Total comprehensive income		<u>\$ 107,562</u>	<u>\$ 139,400</u>

B. Associate

(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, 2023	December 31, 2022		
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	18.47%	18.47%	Strategic investment	Equity method

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

Balance sheets

		Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
		December 31, 2023	December 31, 2022
Current assets		\$ 3,022,360	\$ 2,645,963
Non-current assets		854,885	760,710
Current liabilities	(	1,873,838)	( 1,684,537)
Non-current liabilities	(	51,584)	( 22,674)
Total net assets		<u>\$ 1,951,823</u>	<u>\$ 1,699,462</u>
Share in associate's net assets		\$ 360,429	\$ 313,828
Goodwill		<u>75,505</u>	<u>75,505</u>
Carrying amount of the associate		<u>\$ 435,934</u>	<u>\$ 389,333</u>

Statement of comprehensive income

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	For the years ended December 31,	
	2023	2022
Revenue	\$ 4,514,445	\$ 3,654,650
Profit for the year from continuing operations	414,390	229,730
Other comprehensive (loss) income, net of tax	( 4,925)	683
Total comprehensive income	\$ 409,465	\$ 230,413
Dividends received from associate	\$ 28,367	\$ 29,910

- (1) The Company's Board of Directors resolved to invest in ECOVE Solar Energy Corporation in December 2022 for a total investment of \$199,999.
  - (2) On September 1, 2022, the associate, Boretech Resource Recovery Engineering Co., Ltd. (Cayman), issued new shares and the Company did not subscribe or acquire new shares proportionately, which resulted in a change in the Company's ownership percentage of the associate. Accordingly, 'Capital surplus' and 'investments accounted for using the equity method' was adjusted for the increase or decrease of its share in equity interest amounting to \$26,658, and the gain of \$543 which was previously recognised in other comprehensive income was reclassified to profit or loss proportionately.
  - (3) In September 2023, the Company acquired 0.01% equity interest amounting to \$13 in ECOVE Solvent Recycling Corporation in cash from the subsidiary, ECOVE Environment Services Corp.
  - (4) The Company issued 57,330 ordinary shares to the shareholders of ECOVE Solvent Recycling Corporation, other than itself on December 29, 2023 and acquired 10% equity interest amounting to \$12,444 in ECOVE Solvent Recycling Corp. as resolved by the Board of Directors in October 2023.
  - (5) The Board of Directors of the Company resolved to establish ECOVE Chiayi Energy Corp. amounting to \$100,000 in October 2023.
  - (6) For the years ended December 31, 2023 and 2022, EVER ECOVE Corp. and Jing Ding Green Energy Technology Co., Ltd. were recognised based on the investees' financial statements which were audited by other independent auditors.
- (5) 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, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 564	\$ 639
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 75	\$ 74

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 4	\$ 4
Expense on short-term lease contracts	23	17

D. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$101 and \$86, respectively.

(6) Bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bonds payable	\$ 2,000,000	\$ 2,000,000
Less: Discount on bonds payable	( 6,084)	( 8,619)
	<u>\$ 1,993,916</u>	<u>\$ 1,991,381</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 years ended December 31, 2023 and 2022, the interest expense on bonds payable were \$14,635 and \$14,636, respectively.

(7) 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, 2023</u>	<u>December 31, 2022</u>
Present value of funded defined benefit obligations	\$ 4,240	\$ 7,581
Fair value of plan assets	( 1,582)	( 1,619)
Net defined benefit liability	<u>\$ 2,658</u>	<u>\$ 5,962</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
For the year ended December 31, 2023			
At January 1	\$ 7,581	(\$ 1,619)	\$ 5,962
Current service cost	702	-	702
Interest expense (income)	91	( 19)	72
	<u>8,374</u>	<u>( 1,638)</u>	<u>6,736</u>
Remeasurements:			
Change in financial assumptions	16	-	16
Experience adjustments	( 2,468)	( 16)	( 2,484)
	<u>( 2,452)</u>	<u>( 16)</u>	<u>( 2,468)</u>
Pension fund contribution	-	( 67)	( 67)
Paid pension	( 139)	139	-
Direct payments on account	( 1,543)	-	( 1,543)
At December 31	<u>\$ 4,240</u>	<u>(\$ 1,582)</u>	<u>\$ 2,658</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended December 31, 2022			
At January 1	\$ 6,814	(\$ 2,150)	\$ 4,664
Current service cost	696	-	696
Interest expense (income)	41	( 13)	28
	<u>7,551</u>	<u>( 2,163)</u>	<u>5,388</u>
Remeasurements:			
Change in financial assumptions	( 118)	-	( 118)
Experience adjustments	918	( 147)	771
	800	( 147)	653
Pension fund contribution	-	( 79)	( 79)
Paid pension	( 770)	770	-
At December 31	<u>\$ 7,581</u>	<u>(\$ 1,619)</u>	<u>\$ 5,962</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, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	2023	2022
Discount rate	1.10%	1.20%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with the 6<sup>th</sup> 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 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 40)	\$ 41	\$ 30	(\$ 29)
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 48)	\$ 49	\$ 29	(\$ 29)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. 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 2024 amount to \$67.

**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, 2023 and 2022 were \$554 and \$601, respectively.

(8) Share-based payment

A. For the years ended December 31, 2023 and 2022, the Company's share-based payment arrangements were as follows:

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

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

(a) Sixth plan of employee stock options:

	Year ended December 31			
	2023		2022	
	No. of units	Weighted-average exercise price	No. of units	Weighted-average exercise price
	(in thousands)	(in dollars)	(in thousands)	(in dollars)
Stock options				
Options outstanding at beginning of year	263	NT\$ 133.80	748	NT\$ 140.60
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	( 3)	-	( 19)	-
Options exercised	( 183)	NT\$ 131.87	( 466)	NT\$ 134.73
Options revoked	-	-	-	-
Options outstanding at end of year	<u>77</u>	NT\$ 128.00	<u>263</u>	NT\$ 133.80
Options exercisable at end of year	<u>77</u>	NT\$ 128.00	<u>263</u>	NT\$ 133.80

(b) Seventh plan of employee stock options:

	Year ended December 31			
	2023		2022	
	No. of units (in thousands)	Weighted-average exercise price (in dollars)	No. of units (in thousands)	Weighted-average exercise price (in dollars)
Stock options				
Options outstanding at beginning of year	819	NT\$ 173.50	1,170	NT\$ 182.30
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	( 15)	-	( 35)	-
Options exercised	( 367)	NT\$ 167.83	( 316)	NT\$ 175.84
Options revoked	-	-	-	-
Options outstanding at end of year	<u>437</u>	NT\$ 165.90	<u>819</u>	NT\$ 173.50
Options exercisable at end of year	<u>437</u>	NT\$ 165.90	<u>316</u>	NT\$ 173.50

(c) Eighth plan of employee stock options:

	Year ended December 31			
	2023		2022	
	No. of units (in thousands)	Weighted-average exercise price (in dollars)	No. of units (in thousands)	Weighted-average exercise price (in dollars)
Stock options				
Options outstanding at beginning of year	1,098	NT\$ 175.20	1,455	NT\$ 184.01
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	( 39)	-	( 50)	-
Options exercised	( 320)	NT\$ 171.79	( 307)	NT\$ 179.15
Options revoked	-	-	-	-
Options outstanding at end of year	<u>739</u>	NT\$ 167.50	<u>1,098</u>	NT\$ 175.20
Options exercisable at end of year	<u>242</u>	NT\$ 167.50	<u>227</u>	NT\$ 175.20

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2023 and 2022 was NT\$299.16 and NT\$245.83 (in dollars), respectively.

D. As of December 31, 2023 and 2022, the range of exercise prices of stock options outstanding was NT\$128.00 ~ NT\$175.20 and NT\$133.80 ~ NT\$184.10 (in dollars), respectively; the weighted-average remaining contractual period was as follows:

Type of arrangement	December 31, 2023	December 31, 2022
Sixth plan of employee stock options	0.5 years	1.5 years
Seventh plan of employee stock options	1.5 years	2.5 years
Eighth plan of employee stock options	2.25 years	3.25 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 ( in dollars)	Exercise price ( in dollars)	Expected price volatility	Expected duration	Expected dividend yield rate	Risk-free interest rate	Fair value per unit ( in dollars)
Sixth plan of employee stock options	2018.7.9	NT\$ 173.5	NT\$ 173.5	11.38%~ 12.71%	4~5 years	0%	0.66%~ 0.71%	NT\$ 17.88- 22.44
Seventh plan of employee stock options	2019.7.24	NT\$212.5	NT\$212.5	10.83%~ 11.00%	4~5 years	0%	0.56%~ 0.58%	NT\$ 20.57- 23.68
Eighth plan of employee stock options	2020.4.13	NT\$ 203.0	NT\$ 203.0	11.58%~ 12.02%	4~5 years	0%	0.41%~ 0.45%	NT\$ 20.26- 23.79

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

	For the year ended December 31, 2023	For the year ended December 31, 2022
Equity-settled	\$ 829	\$ 2,026

G. On January 1, 2023 and 2022, the Company's parent company, CTCI Corp., issued restricted stocks to employees, granting 4,150 and 5,500 units (1,000 shares per unit), respectively, to full-time employees of the parent company and its domestic subsidiaries. As of December 31, 2023 and 2022, the service cost recognised by the Company arising from the abovementioned restricted stocks to employees and the corresponding capital surplus - restricted stocks are as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Equity-settled	\$ 1,736	\$ 774

(9) Share capital

- A. As of December 31, 2023, the Company's authorised capital was \$1,200,000, consisting of 120 million shares of ordinary stock (including 6 million shares reserved for employee stock options), and the paid-in capital was \$716,179 with a par value of NT\$10 (in dollars) per share.
- B. Movements in the number of the Company's ordinary shares outstanding are follows (including advance receipts for share capital):

	2023	2022
At January 1	70,691,305	69,602,678
Issuance of new shares to acquire non-controlling interests in subsidiaries	57,330	-
Employee stock options exercised	869,216	1,088,627
At December 31	<u>71,617,851</u>	<u>70,691,305</u>

- C. On December 29, 2023, the Company issued 57,330 shares of common shares to the shareholders of ECOVE Solvent Recycling Corp. as a consideration for acquiring 10% of common shares. The common shares issued have the same rights as other shares in issue, and the fair value of the shares issued amounted to \$17,686 (NT\$308.5 (in dollars) per share).
- D. The shares of the Company held by the subsidiary, ECOVE Waste Management Corp., were the ordinary shares issued by the Company on December 31, 2020 to acquire the shares of ECOVE Environment Services Corp. from ECOVE Waste Management Corp. through the share swap. As of December 31, 2023 and 2022, the carrying amount of the shares of the Company held by ECOVE Waste Management Corp. amounted to \$57. The details are as follows:

<u>Name of company holding the shares</u>	<u>December 31, 2023</u>	
	<u>Number of shares</u>	<u>Carrying amount</u>
ECOVE Waste Management Corp.	1,605	\$ <u>57</u>

<u>Name of company holding the shares</u>	<u>December 31, 2022</u>	
	<u>Number of shares</u>	<u>Carrying amount</u>
ECOVE Waste Management Corp.	1,605	\$ <u>57</u>

(10) Capital surplus

- A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law



requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Changes in capital surplus are as follows:

	Share premium	Employee stock options	Employee restricted stocks	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1, 2023	\$ 2,515,472	\$ 80,514	\$ 3,697	\$ 26,658	\$ 2,626,341
Share-based payment transaction	-	829	-	-	829
Employee restricted stocks	-	-	1,736	-	1,736
Adjustments due to capital transfer of investees	-	4,110	4,318	550	8,978
Transactions with non-controlling interests.	17,113	-	-	-	17,113
Employee stock options exercised	<u>131,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,876</u>
At December 31, 2023	<u>\$ 2,664,461</u>	<u>\$ 85,453</u>	<u>\$ 9,751</u>	<u>\$ 27,208</u>	<u>\$ 2,786,873</u>
				Changes in equity of associates and joint ventures accounted for using equity method	
	Share premium	Employee stock options	Employee restricted stocks	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1, 2022	\$ 2,353,083	\$ 68,265	\$ -	\$ -	\$ 2,421,348
Share-based payment transaction	-	2,026	-	-	2,026
Employee restricted stocks	-	-	774	-	774
Adjustments due to capital transfer of investees	-	10,223	2,923	26,658	39,804
Employee stock options exercised	<u>162,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,389</u>
At December 31, 2022	<u>\$ 2,515,472</u>	<u>\$ 80,514</u>	<u>\$ 3,697</u>	<u>\$ 26,658</u>	<u>\$ 2,626,341</u>

- C. Refer to Note 6(9) for detailed information about capital surplus from employee stock options and employee restricted stocks.

(11) Retained earnings

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

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

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

In order to meet the requirements of business expansion and industry growth, fulfilling future operating needs and stabilizing financial structure 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 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 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 2022 and 2021 earnings had been resolved at the stockholders' meeting on May 31, 2023 and May 26, 2022, respectively. Details are summarized below:

	2022	2021
Legal reserve	\$ 105,020	\$ 91,755
Reversal of special reserve	( 14,895)	( 8,377)
Cash dividends	960,073	834,675
Total	<u>\$ 1,050,198</u>	<u>\$ 918,053</u>

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

G. The appropriations of 2023 earnings had been proposed by the Board of Directors during its meeting on March 4, 2024. Details are summarized below:

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

H. For information relating to employees' remuneration (bonuses) and directors' and supervisors' remuneration, refer to Note 6(16).

(12) Interest income

	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
Interest income from bank deposits	\$ 1,518	\$ 2,044
Other interest income	<u>26,709</u>	<u>18,084</u>
	<u>\$ 28,227</u>	<u>\$ 20,128</u>

(13) Other income

	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
Dividend income	\$ 292	\$ 531
Other income, others	59,669	55,799
	<u>\$ 59,961</u>	<u>\$ 56,330</u>

(14) Other gains and losses

	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
Gains on disposals of investments	\$ -	\$ 543
Foreign exchange gains	305	238
Gains on financial assets at fair value through profit or loss	<u>7,972</u>	<u>2,167</u>
	<u>\$ 8,277</u>	<u>\$ 2,948</u>

(15) Expenses by nature

	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
Employee benefit expense	\$ 47,278	\$ 47,528
Insurances	97	106
Other expenses	<u>2,678</u>	<u>293</u>
Total operating expenses	<u>\$ 50,053</u>	<u>\$ 47,927</u>

(16) Employee benefit expense

	<u>For the year ended</u> <u>December 31, 2023</u>	<u>For the year ended</u> <u>December 31, 2022</u>
Salaries	\$ 24,798	\$ 24,012
Employee stock options	829	2,026
Employee restricted stocks	1,736	774
Labor and health insurance fees	1,415	1,400
Pension costs	1,328	1,325
Directors' remuneration	16,788	17,628
Other personnel expenses	384	363
	<u>\$ 47,278</u>	<u>\$ 47,528</u>

- A. As of December 31, 2023 and 2022, the Company had 15 employees with 7 directors who were not employees concurrently for both years.
- (a) The average employee benefit expenses for 2023 and 2022 were \$3,811 and \$3,737, respectively.
- (b) The average employee salaries for 2023 and 2022 were \$3,100 and \$3,002, 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, 2023 and 2022.
- 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, 2023 and 2022, employees' compensation was accrued at \$287 and \$367, 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 0.1% and 2% of distributable profit of current year for the year ended December 31, 2023. The employees' compensation and directors' remuneration for 2023 have not yet been resolved by the Board of Directors, which were accrued at \$287 and \$5,200, respectively. The employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2022 amounting to \$367 and \$5,200, respectively, as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements.

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

- D. 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 comply 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.

(17) Income tax

- A. Components of income tax expense:

	For the years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 14,545	\$ 8,346
Origination and reversal of temporary differences	9,392	9,686
Prior year income tax over estimation	( 58)	( 1,369)
Income tax expense	<u>\$ 23,879</u>	<u>\$ 16,663</u>

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 237,584	\$ 212,337
Investment tax credit	( 2,894)	( 7,144)
Prior year income tax over estimation	( 58)	( 1,369)
Effect of exempt income	( 210,753)	( 187,161)
Income tax expense	<u>\$ 23,879</u>	<u>\$ 16,663</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary difference are as follows:

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
– Deferred tax liabilities:				
Unrealized foreign investment gain	<u>(\$ 9,686)</u>	<u>(\$ 9,392)</u>	<u>\$ -</u>	<u>(\$ 19,078)</u>
	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
– Deferred tax liabilities:				
Unrealized foreign investment gain	<u>\$ -</u>	<u>(\$ 9,686)</u>	<u>\$ -</u>	<u>(\$ 9,686)</u>

D. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

Qualifying items	December 31, 2023		
	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Investments in emerging important strategic industries	<u>\$ -</u>	<u>\$ -</u>	2026

<u>Qualifying items</u>	<u>December 31, 2022</u>		<u>Expiry year</u>
	<u>Unused tax credits</u>	<u>Unrecognised deferred tax assets</u>	
Investments in emerging important strategic industries	<u>\$ 14,470</u>	<u>\$ 2,894</u>	2026

E. As of December 31, 2023, the Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(18) Earnings per share

	<u>For the year ended December 31, 2023</u>		
	<u>Net income</u>	<u>Weighted-average outstanding shares (in thousands)</u>	<u>Earnings per share</u>
<u>Basic earnings per share:</u>			
Profit attributable to owners of the parent	\$ 1,164,040	71,173	<u>\$ 16.36</u>
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	347	
Employee bonus	-	1	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 1,164,040</u>	<u>71,521</u>	<u>\$ 16.28</u>
	<u>For the year ended December 31, 2022</u>		
	<u>Net income</u>	<u>Weighted-average outstanding shares (in thousands)</u>	<u>Earnings per share</u>
<u>Basic earnings per share:</u>			
Profit attributable to owners of the parent	\$ 1,045,026	70,091	<u>\$ 14.91</u>
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	278	
Employee bonus	-	2	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 1,045,026</u>	<u>70,371</u>	<u>\$ 14.85</u>



## 7. RELATED PARTY TRANSACTIONS

### (1) Parent and ultimate controlling party

The Company is controlled by CTCI Corporation (incorporated in R.O.C.), which owns 53.69% of the Company's shares. The remaining 46.31% 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 Company</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
ECOVE Environment Services Gangshan Corp.	Subsidiary
ECOVE Solvent Recycling Corp.	Subsidiary
CTCI Development Corp.	Associate
EVER ECOVE Corp.	Associate
CTCI Education Foundation	Other related party
East Pacific Energy and Technologies	Other related party

### (3) Significant transactions and balances with related parties

#### A. Directors' and supervisors' remuneration (shown in "other income")

	For the years ended December 31,	
	2023	2022
ECOVE Wujih Energy Corp.	\$ 17,242	\$ 16,803
ECOVE Environmental Services Corp.	30,912	29,064
Subsidiaries	10,089	9,000
Associates	437	-
	<u>\$ 58,680</u>	<u>\$ 54,867</u>

B. Other revenue/receivables from related parties

(a) Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
-Loans to related parties		
ECOVE Solar Energy Corporation	\$ 1,625,000	\$ 1,347,000
ECOVE South Co., Ltd.	100,000	100,000
ECOVE Solar Power Corp.	650,000	450,000
-Others (Note)		
ECOVE Solar Energy Corporation	7,319	6,365
ECOVE Environmental Services Corp.	31,212	29,289
ECOVE Wujih Energy Corp. Subsidiaries	17,422	16,938
	6,112	4,864
	<u>\$ 2,437,065</u>	<u>\$ 1,954,456</u>

Note: It refers to directors' and supervisors' remuneration as well as payments on behalf of others.

(b) Other revenue

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest revenue		
ECOVE Solar Energy Corporation (Note)	\$ 18,954	\$ 12,209
ECOVE Solar Power Corporation (Note)	6,367	5,022
Subsidiaries (Note)	1,388	853
	<u>\$ 26,709</u>	<u>\$ 18,084</u>
Directors' compensation and transportation allowance		
Subsidiaries	\$ 489	\$ 432
Other related parties	500	500
	<u>\$ 989</u>	<u>\$ 932</u>

Note: The terms of lending to ECOVE Solar Energy Corp., ECOVE Solar Power Corp., and the subsidiaries include interest to be calculated and received monthly, using the annual rate of 1.08%~1.575% and 0.75%~1.45% for the years ended December 31, 2023 and 2022, respectively.

C. Operating expenses/Other payables

(a) Operating expenses

	For the years ended December 31,	
	2023	2022
CTCI Corp. (Notes 1 and 2)	\$ 5,564	\$ 5,230
Subsidiaries (Notes 2 and 3)	170	206
Associates (Note 4)	11	11
	<u>\$ 5,745</u>	<u>\$ 5,447</u>

Note 1: For the years ended December 31, 2023 and 2022, 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.

Note 4: Represents administrative expense of second headquarters.

(b) As of December 31, 2023 and 2022, the Company has unpaid obligations to related parties as follows (shown in "other payables"):

	December 31, 2023	December 31, 2022
CTCI Corp.	\$ 5,237	\$ 5,222
Subsidiaries	63	54
	<u>\$ 5,300</u>	<u>\$ 5,276</u>

D. Lease transactions – lessee

(a) As of December 31, 2023, the main lease contracts between the Company and the related parties are as follows:

Lessor	Lease object	Payment method	Lease term
Associates	Buildings and structures	\$ 77/year	2021/8~2031/7

(b) Lease liabilities

(i) Outstanding balance:

	December 31, 2023	December 31, 2022
Associates	<u>\$ 567</u>	<u>\$ 641</u>

(ii) Interest expense

	For the years ended December 31,	
	2023	2022
Associates	<u>\$ 4</u>	<u>\$ 4</u>

E. Endorsements and guarantees for others

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
ECOVE Solar Energy Corporation	\$ 2,670,000	\$ 2,170,000
ECOVE Solar Power Corporation	1,210,000	1,120,000
ECOVE Environment Services Gangshan Corp.	900,000	900,000
Subsidiaries	260,000	350,000
Associates	192,500	203,000
	<u>\$ 5,232,500</u>	<u>\$ 4,743,000</u>

(4) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits	\$ 32,380	\$ 29,405
Termination benefits	842	789
Total	<u>\$ 33,222</u>	<u>\$ 30,194</u>

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Other non-current assets			
Guarantee deposits paid	\$ 19	\$ 17	Rent
Current financial assets at amortised cost	30,000	-	Guarantee for bid
	<u>\$ 30,019</u>	<u>\$ 17</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

- (1) As of December 31, 2023, the Company had outstanding notes payable for bank financing amounting to \$1,200,000.
- (2) As of December 31, 2023, for performance guarantee and other guarantees, the Company has a performance letter of guarantee issued by the bank amounting to \$30,000.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- (1) The appropriations of 2023 earnings had been proposed at the Board of Directors' meeting on March 4, 2024. Refer to Note 6(11)G for detailed information.

- (2) The Board of Directors of the Company resolved to conduct a short-form merger with the wholly-owned subsidiary, ECOVE Solar Energy Corp. and the second-tier subsidiary, ECOVE South Corp. Ltd. During its meeting on March 4, 2024

## 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, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ -	\$ 701,463
Financial assets at fair value through other comprehensive income		
Equity instrument	20,392	20,109
	<u>\$ 20,392</u>	<u>\$ 721,572</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 374,399	\$ 58,149
Financial assets at amortised cost	30,000	-
Other receivables	76	14
Other receivables-related parties	2,437,065	1,954,456
Guarantee deposits paid	19	17
	<u>\$ 2,841,559</u>	<u>\$ 2,012,636</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Notes payable	\$ 101	\$ 481
Other accounts payable	26,745	26,289
Other payables-related parties	5,300	5,276
Bonds payable	1,993,916	1,991,381
	<u>\$ 2,026,062</u>	<u>\$ 2,023,427</u>
Lease liability	<u>\$ 567</u>	<u>\$ 641</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 in various functional currency, primarily with respect to the USD and MOP. 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.

Price risk

The Company is exposed to equity securities price risk because of investments held by the Company and classified in the parent company only balance sheet either as available-for-sale or at fair value through profit or loss. The Company is not exposed to commodity price risk. 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

December 31, 2023	<u>Up to 1 year</u>	<u>Over 1 year</u>
Notes payable	\$ 101	\$ -
Other payables (including related parties)	32,045	-
Lease liabilities	77	506
Bonds payable	12,100	2,004,840

Non-derivative financial liabilities

December 31, 2022	<u>Up to 1 year</u>	<u>Over 1 year</u>
Notes payable	\$ 481	\$ -
Other payables (including related parties)	31,565	-
Lease liabilities	77	582
Bonds payable	12,100	2,016,940

(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, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Total
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 20,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,392</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 701,463	\$ -	\$ -	\$ 701,463
Financial assets at fair value through other comprehensive income				
Equity securities	<u>20,041</u>	<u>-</u>	<u>68</u>	<u>20,109</u>
	<u>\$ 721,504</u>	<u>\$ -</u>	<u>\$ 68</u>	<u>\$ 721,572</u>



- C. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund
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 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, 2023 and 2022, there were no transfers between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	2022
	Equity instruments at fair value through other comprehensive income	
At January 1	\$ 68	\$ 543
Recorded as unrealised gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	13	1,786
Sold during the year	( 81)	( 2,261)
At December 31	\$ -	\$ 68

- G. For the year ended December 31, 2023, there was no input and output into Level 3.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Refer to table 4.

E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Refer to table 5.

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

G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 6.

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

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

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 10.

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

(4) Major shareholders information

Refer to table 11.

ECOVE ENVIRONMENT CORPORATION  
STATEMENT OF CASH AND CASH EQUIVALENTS  
DECEMBER 31, 2023

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

Item	Description	Amount
Demand deposits		
– USD	USD\$282 thousand    exchange rate 30.68    \$	9
– NTD		369,551
Checking accounts		103
Time deposits		
– NTD		4,736
		\$            374,399

ECOVE ENVIRONMENT CORPORATION  
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT  
DECEMBER 31, 2023

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

Financial Commodites	Summary	Number of Shares	Par Value (in dollars)	Amount	Acquisition cost	Fair Value		Notes
						Price (in dollars)	Amount	
Taiwan Cement Corp.	Stocks	584,287	\$ 10	\$ 5,843	\$ 16,671	\$ 34.90	\$ 20,392	-
Less: Valuation adjustment					3,721			
					<u>\$ 20,392</u>			

ECOVE ENVIRONMENT CORPORATION  
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Name	Beginning of the year		Additions		Reductions		End of the year		Pledged to other 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	
Eastern Pacific Energy Sdn.Bhd.	10,000	\$ 81	-	\$ -	( 10,000)	(\$ 81)	-	\$ -	N/A
Less: Accumulated impairment		( 13)						-	
		\$ 68						\$ -	

**ECOVE ENVIRONMENT CORPORATION**  
**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name	Beginning of the year		Additions (reductions)			Balance at December 31, 2023				Pledged to others as collateral
	Number of shares (per share)	Amount	Number of shares (per share)	Amount	Investment income (loss)	Number of shares (per share)	% interest held	Amount	Value per share	
ECOVE Wujih Energy Corp.	30,000,000	\$ 798,753	-	(\$ 386,945)	\$ 286,996	30,000,000	100.00	\$ 698,804	\$ 698,804	N/A
ECOVE Environmental Services Corp.	15,100,000	1,048,115	-	( 378,187)	471,625	15,100,000	100.00	1,141,553	1,130,193	"
ECOVE Waste Management Corp.	2,000,000	118,419	-	( 61,462)	78,631	2,000,000	100.00	135,588	136,083	"
ECOVE Miaoli Energy Corp.	44,999,200	796,025	-	( 110,311)	76,605	44,999,200	74.999	762,319	762,319	"
Yuan Ding Resources Corp.	4,500,000	39,382	-	-	262	4,500,000	100.00	39,644	39,644	"
ECOVE Solar Energy Corporation	118,338,502	1,842,176	-	( 231)	108,174	118,338,502	100.00	1,950,119	1,826,428	"
ECOVE Solvent Recycling Corporation	8,099,000	117,789	901,000	( 7,661)	26,784	9,000,000	100.00	136,912	136,912	"
Boretch Resource Recovery Engineering Co., Ltd. (Cayman)	12,039,903	389,333	-	( 28,726)	75,327	12,039,903	18.47	435,934	360,429	"
EVER ECOVE Corporation	8,000,000	87,733	-	1	31,721	8,000,000	5.00	119,455	119,455	"
ECOVE Chiayi Energy Corp.	-	-	10,000,000	100,000	21	10,000,000	50.00	100,021	100,021	"
		<u>\$ 5,237,725</u>		<u>(\$ 873,522)</u>	<u>\$ 1,156,146</u>			<u>\$ 5,520,349</u>	<u>\$ 5,310,288</u>	

ECOVE ENVIRONMENT CORPORATION  
STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023

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

<u>Accounts</u>	<u>Administrative expenses</u>
Salaries	\$ 24,798
Pension costs	1,328
Other expenses	23,927
	<u>\$ 50,053</u>