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## 2020 Annual Report

ECOVE  崑鼎投資控股股份有限公司  
ECOVE Environment Corporation

Printed on March 31, 2021

### Notice to readers

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

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## I. LETTER TO SHAREHOLDERS

Dear Shareholders,

Thank you for taking the time to attend the Company's 2020 regular shareholder meeting. The Company's performance, revenue, and profits in the past year were all higher than 2019 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 2020 business overview and overview of the 2021 Business Plan and future development strategies are stated below.

### 1. 2020 Business Overview

#### (1) Operating Results

The consolidated operating revenue in 2020 was NT\$5,637,590,000 (values with unspecified currency hereafter are also NTD), which was a \$316,031,000 (5.94%) increase from the consolidated operating revenue in 2019. The consolidated operating expense was \$180,587,000, non-operating income and expenditure was \$72,005,000 and consolidated net profit after tax was \$842,254,000, an increase of \$30,942,000 from the consolidated net profit after tax in 2019. The Company's earnings per share was \$12.53, an increase of \$0.44 from the earnings per share in 2019.

#### (2) Business Performance

In 2020, we are devoted to bolstering our foundation and facilitating the development in the promotion and execution of our businesses. Despite the impact of the pandemic, we still maintain stable operations through appropriate internal management and supply chain support. We have always been giving our best efforts in the expansion of our businesses in various areas and have made remarkable achievements. For example, for the waste treatment businesses, we obtained equipment modification and short-term O&M contract for Tainan Refuse Incineration Plant, and BOT contract at Changhua Coastal Industrial Park Waste Recycling Center with our business partners. In the recycling business, we obtained the improvement project for the equipment of the Lin Kou Water Resources Recycling Center in New Taipei City and the life-prolonging project for the equipment of the Central District Wastewater Treatment Plant in Kaohsiung. In the waste solvent recycling business, we have also obtained reuse permits from the Industrial Development Bureau (IDB) and the Ministry of Science and Technology (MOST) based on the existing waste reutilization management project with the MOST. In solar energy, with our continuous efforts in public and private sectors, the scale of our operation and new projects has also grown continuously.

### 2. Overview of the 2020 Business Plan

Replacing linear economy with circular economy has become a global trend. Protecting the Earth is our mission and we shall intensify industrial distribution in the three core areas to make ECOVE the leading role of resource cycling in Taiwan.

#### (1) Waste Management and EfW

In terms of domestic development, besides strengthening the existing businesses, we have taken on projects including the post-construction support and O&M work for the Taoyuan City biomass energy center. Moreover, we have cooperated with local governments for the extension of EfW plants and the diversified waste treatment plan. With reference to the Taoyuan Biomass Circular Economy Integration Model, matured techniques and technologies overseas have been introduced to provide the government with Total Solution. We have been actively developing new opportunities and participating in government bids, and we anticipate enhancing our competitiveness through integrating business resources from upstream and downstream companies. For overseas development, we have expanded our business to ASEAN, China, and India, proactively expressing our willingness to collaborate with the local governments and other complementary companies. For echoing the government's New Southbound Policy, we have also actively engaged in forums (taking

into account the situation of the pandemic) of related fields and promoted the successful model of EfW plants in PPP (BOT) approach as well as matured O&M (including ROT) ability overseas.

## (2) Recycling

We have officially started on the operation of the business of waste solvent recycling and reuse. ECOVE has continually negotiated related services with large-scale technology companies to upgrade the overall effectiveness in operation. With the business development plan of the group, we will participate in the investment and operation of the BTO of Fengshan River Reclaimed Water Plant and the BTO of Linhai Reclaimed Water Plant in 1-2 years. In addition, we also evaluates and strives for recent DBO or BOT cases related to water resources centers, recycled water plants, etc. We also pays attention to other recycling projects such as county and municipal government bottom ash reuse, and makes an effort to gain projects with those who have mature technology and rich operating experience. We will evaluate the biogasification or composting reuse of organic waste to solve the difficulty of decontamination of African swine fever kitchen waste or improve the efficiency of chicken manure fertilizer in chicken farms. For other recycling projects, we will continue to investigate various industrial markets and integrate domestic and foreign technical resources to find feasible business models and projects, including the recycling of valuable raw materials from waste or wastewater of industrial processes, and waste products of people's livelihood. In addition to self-development of the business, the appropriate M&A targets will also be evaluated.

## (3) Solar Power Energy

While we continue to stabilize our operations of waste solvent recycling, we also expand our feedstock sources with our newly acquired special and general qualifications to enhance overall operational efficiency. We continue to evaluate competitive technologies with our successful experience in waste solvent recycling. We establish closer ties with our domestic and overseas closed-loop supply chain specifically for the development of more recycling projects in the high-tech industry. For water recycling businesses, we introduced our experience in O&M work from the Lin Kou Water Resources Recycling Center into the operation of the Group's upcoming water recycling project, for further integrate the Group's resources to pursue the investments and O&M contracts of various bids from the government's water reclamation projects.

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

Finally, I wish you all health and prosperity.  
Chairman

J. J. Liao

## II. Company Profile

2.1 Date of Incorporation: Dec. 13, 1999

### 2.2 Company History

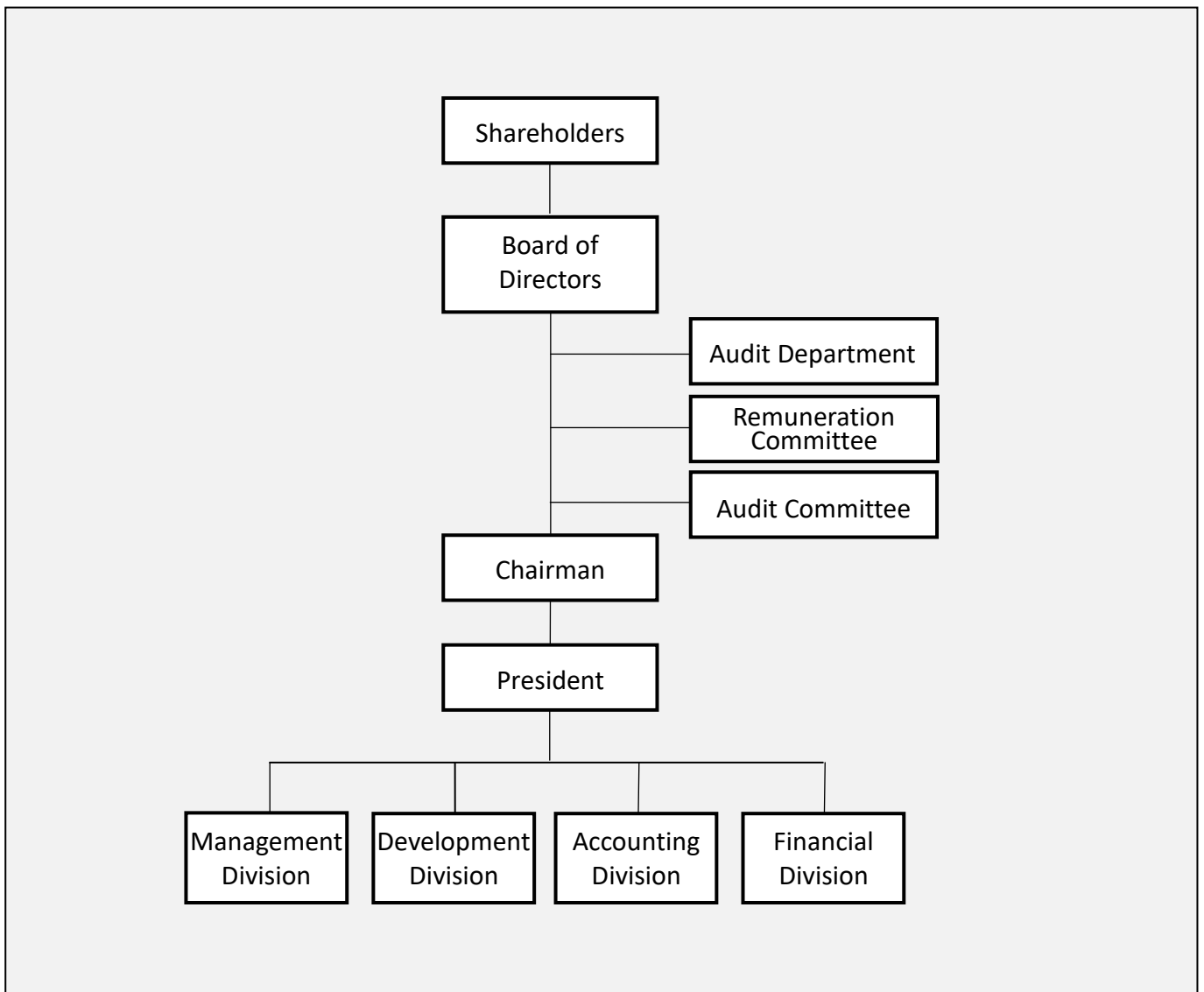
1999	<ul style="list-style-type: none"><li>• CTCI Corp. and CTCI Investment Corp. co-founded ECOVE Environment Corp.</li></ul>
2001	<ul style="list-style-type: none"><li>• In order to deal with waste business, ECOVE Environment Corp. wholly-owned to establish ECOVE Waste Management Corp.</li></ul>
2007	<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></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></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> </ul>
2019	<ul style="list-style-type: none"> <li>• ECOVE Environment Corp. awarded the fifth "Top 5% of Corporate Governance Evaluation" in TPEX-listed group and "Top 10% of non-financial electronics category with a market value of over 10 billion NT dollars" in TPEX &amp; TWSE-listed group, and is the only TPEX-listed company.</li> <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 Plant received "2018 EfW Premium Performance/Regional Cooperation Award" from EPA</li> <li>• Taoyuan 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 Resource Recycling Center 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. 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 2 consecutive years.</li> <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 Resource Recycling Center won the High Distinction Award, and Taoyuan South Region Plant and Houli Plant won the Excellence Award in 2019 EfW Plant Performance Annual Evaluation from Environmental Protection Administration</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 Resource Recycling Center 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>

### 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

Title	Nationality	Name	Male/ Female	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	Dec. 08, 1999 (Jun. 26, 2017)	3	Jun. 26, 2017 (Dec. 08, 1999)	38,457,105	55.67	38,457,105 (978)	55.67 (0.0014)	250	0.0004	0	0	-MBA, EMBA Program in Finance, National Taiwan University -M.S., Civil Engineering, National Central University -B.S., Environmental Engineering and Science, Feng-Chia University -President, ECOVE Environment Corp. -Chairman, ECOVE Environmental Services Corp. -Chairman, ECOVE Wujih Energy Corp. -Chairman, ECOVE Miaoli Energy Corp. -Chairman, ECOVE Waste Management Corp. -Managing Director, ECOVE Environment Consulting Corp. -Director, SINO GAL Waste Services Co., Ltd. -Chairman, ECOVE Solar Energy Corp.	-Director, 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, CTCI Foundation	-	-	-
Director	R.O.C.	Y. P. Shih (Rep. of CTCI Corporation)	Male	Dec. 08, 1999 (Jun. 26, 2017)	3	Jun. 26, 2017 (Dec. 08, 1999)	38,457,105	55.67	38,457,105 (16,444)	55.67 (0.0238)	0	0	0	0	-M.S., Civil Engineering, University of Washington -B.S., Environmental Engineering, National Chung Hsing University -Leader, Environmental Protection Administration, Executive Yuan	-President, ECOVE Environment Corp. -Chairman, ECOVE Environmental Services Corp. -Chairman, ECOVE Wujih Energy Corp. -Chairman, ECOVE Miaoli Energy Corp. -Chairman, ECOVE	-	-	-

															<ul style="list-style-type: none"> <li>-Technical Specialist, Environmental Protection Administration, Executive Yuan</li> <li>-President, ECOVE Waste Management Corp.</li> <li>-Vice President, ECOVE Environment Corp.</li> </ul>	<ul style="list-style-type: none"> <li>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 &amp; President, 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>-Director, ECOVE South Corp. Ltd.</li> </ul>			
Director	R.O.C.	Kuan Shen Wang	Male	May 28, 2020	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> </ul>	<ul style="list-style-type: none"> <li>-Managing Director, United Capital Management</li> <li>-Independent Director, Quanta Storage Inc.</li> <li>-Supervisor, Chime Ball Technology Co., Ltd.</li> </ul>	-	-	-
Director	R.O.C.	Ping Shen	Male	May 28, 2020	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 Bank</li> <li>-President, CDIB &amp; Partners Investment Holding Corp.</li> </ul>	<ul style="list-style-type: none"> <li>-Independent Director, Far Eastern International Bank</li> <li>-Independent Director, Far Eastern New Century Corporation</li> <li>-Independent Director, ELITE Material Co., Ltd.</li> </ul>			
Director	R.O.C.	Yangming Liu	Male	Sep. 30, 2009	3	Sep. 30, 2009	0	0	0	0	0	0	0	0	<ul style="list-style-type: none"> <li>-Attorney at-law in Taiwan</li> <li>-Attorney at-law in China</li> <li>-EMBA National Taiwan University</li> <li>-L.L.B. Fujen Catholic University</li> <li>-Arbitrator of CAAI</li> <li>-Arbitrator of SHIAC</li> </ul>	<ul style="list-style-type: none"> <li>-Senior Partner, LIU &amp; Co. Law Offices</li> <li>-Director, Sunshine Social Welfare Foundation</li> <li>-Director, Association of Cross-Strait Legal Exchange</li> </ul>	-	-	-



Director	R.O.C.	Eugene Chien	Male	Jun. 22, 2015	3	Jun. 22, 2015	0	0	0	0	0	0	0	0	0	<ul style="list-style-type: none"> <li>-Ph. D. Aeronautics and Astronautics, New York University, USA</li> <li>-Minister of Foreign Affairs/Minister of Transportation and Communications</li> <li>-Minister of the Environmental Protection Administration</li> <li>-Representative, Taipei Representative Office in the U.K./Legislator, Legislative Yuan (Parliament)</li> <li>-Professor and Dean, College of Engineering, Tamkang University</li> </ul>	<ul style="list-style-type: none"> <li>-Chairman, Taiwan Institute for Sustainable Energy(TAISE)</li> <li>-Chairman, CTCI Education Foundation</li> <li>-Independent Director of EVA Airways Corp.</li> <li>-Independent Director of Far Eastern Department Stores Ltd.</li> </ul>	-	-	-
Independent Director	R.O.C.	Shuh Woei Yu	Male	Jun. 26, 2017	3	Jun. 26, 2017	0	0	0	0	0	0	0	0	0	<ul style="list-style-type: none"> <li>-Doctor of Engineering, Tulane University</li> <li>-Bachelor of Science, Department of Chemical Engineering, National Taiwan University</li> <li>-General Director, Center for Environmental Safety and Health Technology Development, Industrial Technology Research Institute</li> <li>-General Director, Center for Industrial Safety and Health Technology Development, Industrial Technology Research Institute</li> <li>-Professor, Graduate Institute of Environmental Engineering, National Central University</li> <li>-Professor, Department of Chemical Engineering, National Central University</li> </ul>	<ul style="list-style-type: none"> <li>-Chairman, Safety and Health Technology Center</li> </ul>	-	-	-
Independent	R.O.C.	James Tsai	Male	May 28,	3	Jun. 26,	0	0	0	0	0	0	0	0	0	<ul style="list-style-type: none"> <li>-Master in Accounting, Graduate Institute of</li> </ul>	<ul style="list-style-type: none"> <li>-Associate Professor, Department of</li> </ul>	-	-	-

Director				2020		2017										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	Accounting, National Chengchi University -Board Director, Trans Globe Life Insurance Inc. -Chairman, Jia Guang Enterprise Co., Ltd. -Chairman, Wan Shi Da Enterprise Co., Ltd. Board Director, Orient Recreation and Development Corp. -Board Director, FCB Leasing Co., Ltd. -Board Director, FCB International Leasing Co., Ltd. -Board Director, Tuntex Incorporation -Independent Director of the Board, Tanvex BioPharma, Inc. -Independent Director of the Board, Sunny Friend Environmental Technology Co., Ltd. -Independent Director of the Board, Chien Kuo Construction Co., Ltd.			
Independent Director	R.O.C.	Shan-Shan Chou	Female	May 28, 2020	3	May 28, 2020	0	0	0	0	0	0	0	0	0	-Doctor, Institute of Environmental Engineering, National Chiao Tung University -Chairman, WaterPark Environment Corporation -Director, Industrial Technology Research Institute Adjunct Associate -Associate Professor, College of Engineering, National Chiao Tung University -Chairman, KuanShan WaterPark Environmental Protection Technology Co., Ltd.	-Independent Director, GSD Technologies Co., Ltd. -Executive Director, Environmental Technology & Smart System Research Center, National Yang Ming Chiao Tung University -General Secretary, Water Affairs Organization, Taiwan	-	-	-

### 3.2.2 Major shareholders of the institutional shareholders

March 31, 2021

Name of institutional shareholders	Major shareholders of the institutional shareholders
CTCI Corporation	CTBC BANK CO., LTD. (CTCI Corporation Employee Stock Ownership Trust) (8.55%)、CTCI Foundation (7.97%)、Fubon Life Insurance Co., Ltd. (7.88%)、CTBC BANK CO., LTD. (Sustainability Employee Stock Ownership Trust) (4.90%)、Eastspring Investments - Global Emerging Markets Customized Equity Fund(2.18%)、Chunghwa Post Co., Ltd. (2.12%)、USI Corporation (1.98%)、Asia Polymer Corporation (1.89%)、Union Cement Traders Inc. (1.75%)、Nan Shan Life Insurance (1.56%)

### 3.2.3 Major shareholders of the major shareholders that are juridical persons

March 31, 2021

Name of juridical persons	Major shareholders of the juridical persons
CTBC BANK CO., LTD. (CTCI Corporation Employee Stock Ownership Trust) (8.55%)	N/A
CTCI Foundation (7.97%)	CPC CORPORATION, TAIWAN(4.44%)、TAIWAN SUGAR CORPORATION(4.44%)、TAIWAN POWER COMPANY(4.44%)、TAIWAN FERTILIZER CO., LTD.(4.44%)、BES ENGINEERING CORPORATION(4.44%)、TAIWAN INDUSTRIAL DEVELOPMENT CORPORATION(4.44%)、TATUNG CO.(4.44%)、TAIWAN CEMENT CORPORATION(4.44%)、YULON MOTOR CO., LTD.(4.44%)、CHINA MAN-MADE FIBER CORPORATION(4.44%)、FORMOSA PLASTICS CORPORATION(4.44%)、ASIA CEMENT CORPORATION(4.44%)、SESODA CORPORATION(4.44%)、Pioneer Chemical Corp.(4.44%)
Fubon Life Insurance Co., Ltd. (7.88%)	Fubon Financial Holding Co., Ltd. (100%)
CTBC BANK CO., LTD. (Sustainability Employee Stock Ownership Trust) (4.90%)	N/A
Eastspring Investments - Global Emerging Markets Customized Equity Fund(2.18%)	N/A
Chunghwa Post Co., Ltd. (2.12%)	Ministry of Transportation and Communications (100%)
USI Corporation(1.98)	Shing Lee Enterprise (Hong Kong) Limited(14.62%)、Wholegainer Company Limited(9.25%)、Asia Polymer Corporation(8.53%)、Yueh Hsing Hua Investment Co., Ltd.(1.73%)、Lin Su Shan Shan(1.67%)、Citibank (Taiwan) Limited as custodian of Norges Bank Investment Account(1.60%)、Taixing Investment Co., Ltd.(1.50%)、Yu Wen-Hsuan(1.41%)、Yu Wen-Tsung(1.41%)、Yu Wen-Yu(1.41%)

Asia Polymer Corporation (1.89%)	Union Polymer Int'l Investment Corp. (36.08%) 、 Tai Lien International Investment Co., Ltd. (3.78%) 、 UBS Europe SE (2.22%) 、 J.P. MORGAN SECURITIES PLC (1.01%) 、 China General Terminal & Distribution Corporation (0.89%) 、 JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (0.64%) 、 Vanguard Emerging Markets Stock Index Fund , a series of Vanguard Star Funds (0.63%) 、 Credit Suisse International (0.59%) 、 ARPHIE CORP. (0.51%) 、 Citibank (Taiwan) as custodian of Dimension Emerging Market Assessment Fund Investment Account (0.5%)
Union Cement Traders Inc. (1.75%)	TCC Investment Corporation
Nan Shan Life Insurance (1.56%)	First Commercial Bank(55.56%) 、 Runcheng Investment Holdings Co., Ltd.(33.99%) 、 Run hwa dyeing and weaving factory co., ltd.(1.34%) 、 Y. Z. Du(1.16%) 、 Run tai hing co., ltd.(0.97%) 、 Runtai Innovation International Co., Ltd.(0.23%) 、 Runtai Global Co., Ltd.(0.21%) 、 Yuanxin Investment Co., Ltd.(0.16%) 、 Runtai Leasing Co., Ltd.(0.13%) 、 Jipin Investment Co., Ltd.(0.11%)

Professional qualifications and independence analysis of directors and supervisors

March 31, 2021

Name/Gender	Criteria			Independence Criteria(Note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			1	2	3	4	5	6	7	8	9	10	11	12	
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company													
J. J. Liao/Male	-	✓	✓	-	-	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	-
Y. P. Shih/Male	-	-	✓	-	-	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	-
Kuan Shen Wang /Male	-	-	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Bind Shen/Male	-	-	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Yangming Liu/Male	-	✓	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Eugene Chien/Male	-	-	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Shuh Woei Yu/Male	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
James Tsai/Male	✓	✓	✓	-	-	✓	-	✓	✓	✓	✓	✓	✓	✓	-	3
Shan-Shan Chou/Female	✓	-	✓	-	-	✓	-	✓	✓	✓	✓	✓	✓	✓	-	1

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a officer of listed in 1, or not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs of listed in 2. & 3.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings. (However, if the company and its parent, subsidiary, or subsidiary of the same parent company are independent directors established by this law or local laws, they

are not limited to this.)

6. Directors, supervisors or employees of other companies who are not controlled by the same person or more than half of the shares of the company are controlled by the same person a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company. (However, if the company and its parent, subsidiary, or subsidiary of the same parent company are independent directors established by this law or local laws, they are not limited to this.)
7. Directors, supervisors or employees of other companies or organizations who are not the same person or spouse with the company's chairman, general manager or equivalent. (The company or a subsidiary of the same parent company and an independent director established by this law or local laws and regulations concurrently serve each other, not limited to this)
8. Directors, supervisors, officer or shareholders holding more than 5% of the shares of specific companies or organizations that do not have financial or business relationships with the company. (However, if a specific company or institution holds more than 20% of the total issued shares of the company, but not more than 50%, and it is an independent director established by the company and its parent company, subsidiary or subsidiary of the same parent company in accordance with this law or local national laws and regulations Those who serve each other are not limited to this).
9. Professionals, sole proprietorships, partnerships, business owners of companies or institutions that do not provide audits for companies or their affiliates or business, legal, financial, accounting and other related services that have not received NT \$ 500,000 in cumulative compensation in the past two years , Partners, directors, supervisors, officers and their spouses. However, members of the Remuneration Committee, Public Acquisition Review Committee, or M & A Special Committee that perform their duties in accordance with the relevant laws and regulations of the Securities Exchange Act or the Corporate M & A Act are not limited to this.
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
11. Not been a person of any conditions defined in Article 30 of the Company Law.
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

3.2.4 Management Team

March 31, 2020

Title	Nationality	Name	Male/Female	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	R.O.C.	Y. P. Shih	Male	May 28, 2020	16,444	0.0238	0	0	0	0	-M.S., Civil Engineering, University of Washington -B.S., Environmental Engineering, National Chung Hsing University -Leader, Environmental Protection Administration, Executive Yuan -Technical Specialist, Environmental Protection Administration, Executive Yuan -President, ECOVE Waste Management Corp. -Vice President, ECOVE Environment Corp.	-Chairman, ECOVE Environmental Services Corp. -Chairman, ECOVE Wujih Energy Corp. -Chairman, ECOVE Miaoli Energy Corp. -Chairman, ECOVE Waste Management Corp. -Managing Director, ECOVE Environment Consulting Corp. -Director, SINOGAL-Waste Services Co., Ltd. -Director, BORETECH Resource Recovery Engineering Co., Ltd. (Cayman) -Chairman & President, Yuan Ding Resources Management Corp. -Chairman, ECOVE Solvent Recycling Corp. -Chairman, ECOVE Solar Energy Corp. -Chairman, ECOVE Solar Power Corp. -Director, ECOVE South Corp. Ltd.	-	-	-
Financial Officer	R.O.C.	Catherine Huang	Female	Aug. 15, 2017	40,044	0.0580	0	0	0	0	-Bachelor of International Trade, Tunghai University -Master of Library and Information Study, McGill University -Financial & Accounting Manager, Sinogal Waste Services Co., Ltd. -Section Manager of Finance Dept., CTCI Corp.	-	-	-	
Accounting Officer	R.O.C.	Tanching Yao	Female	Nov. 3, 2015	0	0	0	0	0	0	-LYIT Department of International Trade -Section manager of Accounting Dept., CTCI Corp. -Accounting Officer of BoReTech Co., Ltd. -Accounting Officer of ECOVE Miaoli Energy Corp. -Accounting Officer of ECOVE Solar Energy Corp. -Accounting Officer of Yuan Ding Resources Management Corp. -Accounting Officer of ECOVE Solvent Recycling Corp.	-	-	-	

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

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

December 31st, 2020; 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	Cash	Stock		Cash	Stock	ECOVE
Chairman	J. J. Liao [Note 1]																						
Director	Institutional Director	CTCI Corporation																					
	Institutional Director	Parkwell Investment Corp. [Note 2]																					
	Director	Y. P. Shih [Note 1]																					
	Director	Eugene Chien	4,048	4,048	0	0	5,200	5,200	720	1,248	1.18	1.25	15,450	15,450	512	512	143	0	143	0	3.10	3.16	None
	Director	Yangming Liu																					
	Director	Wen-Whe Pan [Note 3]																					
	Director	Kuan Shen Wang [Note 2]																					
	Director	Ping Shen [Note 4]																					
Independent director	Shean-Bii Chiu [Note 3]	4,400	4,400	0	0	0	0	384	384	0.57	0.57	0	0	0	0	0	0	0	0	0.57	0.57	None	



Independent director	Shuh Woei Yu																				
Independent director	James Tsai																				
Independent director	Shan-Shan Chou																				
<p>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.</p> <p>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</p>																					

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

[Note 2] Mr. Kuan Shen Wang is representative of juridical person of Parkwell Investment Corp. Being the director since the 8<sup>th</sup> term BOD as a natural person.

[Note 3] Resigns after the expiry of the seventh term of directors

[Note 4] Inaugurated in the eighth term of directors

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	J. J. Liao, Parkwell Investment Corp., Y. P. Shih, Wen Whe Pan, Kuan Shen Wang, Ping Shen, Shean-Bii Chiu, Shan-shan Chou	Parkwell Investment Corp., Y. P. Shih, Wen Whe Pan, Kuan Shen Wang, Ping Shen, Shean-Bii Chiu, Shan-shan Chou	Parkwell Investment Corp., Wen Whe Pan, Kuan Shen Wang, Ping Shen, Shean-Bii Chiu, Shan-shan Chou	Parkwell Investment Corp., Wen Whe Pan, Kuan Shen Wang, Ping Shen, Shean-Bii Chiu, Shan-shan Chou
NT\$1,000,000 ~ NT\$2,000,000	Yangming Liu, Eugene Chien, Shuh Woei Yu, James Tsai	J. J. Liao, Yangming Liu, Eugene Chien, Shuh Woei Yu, James Tsai	Yangming Liu, Eugene Chien, Shuh Woei Yu, James Tsai	Yangming Liu, Eugene Chien, Shuh Woei Yu, James Tsai
NT\$2,000,000 ~ NT\$3,500,000	-	-	-	-
NT\$3,500,000 ~ NT\$5,000,000	CTCI Corporation	CTCI Corporation	CTCI Corporation	CTCI Corporation
NT\$5,000,000 ~ NT\$10,000,000	-	-	Y. P. Shih J. J. Liao	Y. P. Shih J. J. Liao
NT\$10,000,000 ~ NT\$15,000,000	-	-	-	-
NT\$30,000,000 ~ NT\$50,000,000	-	-	-	-
NT\$50,000,000 ~ NT\$100,000,000	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	-	-	-	-

### 3.3.2 Compensation of President and Executive Vice President

December 31<sup>st</sup>, 2020; Unit: NT\$ thousands; thousand shares

Title	Name	Salary(A)		Pension Fund (B) [Note 1]		Bonuses and Allowances (C)		Compensation of employees (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation paid to the president and executive vice president from an invested company other than the company's subsidiary
		ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE		All Consolidated Entities		ECOVE	All Consolidated Entities	
								Cash	Stock	Cash	Stock			
Chairman of Strategic Planning Committee	J.J Liao	8,917	8,917	512	512	6,533	6,533	143	-	143	-	1.91	1.91	None
President	Yun-Peng Shih													

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

Remuneration class

Bracket	Name of President and Executive Vice President	
	ECOVE	All Consolidated Entities
Under NT\$ 1,000,000	-	-
NT\$1,000,000 ~ NT\$2,000,000	-	-
NT\$2,000,000 ~ NT\$3,500,000	-	-
NT\$3,500,000 ~ NT\$5,000,000	-	-
NT\$5,000,000 ~ NT\$10,000,000	Yun-Peng Shih	Yun-Peng Shih
NT\$10,000,000 ~ NT\$15,000,000	J.J Liao	J.J Liao
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	199	199	0.02
	President	Yun-Peng Shih				
	Finance Manager	Chung-Lei Huang				
	Accounting Manager	Tan-Ching Yao				

Note: The distributed amount is based on the total amount approved by Board of Directors on March 8, 2021 and calculated accordingly to each executive officers' on-job days in the previous year.

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

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

Unit: NT\$ thousands

YEAR	ECOVE		All Consolidated Entities	
	Total Remuneration	Ratio to net income (%)	Total Remuneration	Ratio to net income (%)
2019	26,323	3.24	26,827	3.31
2020	30,858	3.66	31,386	3.73

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 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 9 meetings of the board of directors were held in the previous period, Directors' attendance was as follows: (Disclosure period: January 1, 2020 ~ March 31, 2021)

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Chairman	J. J. Liao (Rep. of CTCL Corporation)	9	0	100	Was elected for the first time on Jun. 26, 2017. Renewed on May. 28, 2010. Shall attend the board of directors 9 times during the disclosure period.
Director	Y. P. Shih (Rep. of CTCL Corporation)	9	0	100	Was elected for the first time on Jun. 26, 2017. Renewed on May. 28, 2010. Shall attend the board of directors 9 times during the disclosure period.
Director	Eugene Chien	9	0	100	Was elected for the first time on Jun. 22, 2015. Renewed on May. 28, 2010. Shall attend the board of directors 9 times during the disclosure period.
Director	Ping Shen	6	0	100	Was elected for the first time on May. 28, 2020. Shall attend the board of directors 6 times during the disclosure period.
Director	Yangming Liu	9	0	100	Was elected for the first time on Sep. 30, 2009. Renewed on May. 28, 2010. Shall attend the board of directors 6 times during the disclosure period.
Director	Kuan Shen Wang	5	1	83	Was elected for the first time on May. 28, 2020 as a natural person. Shall attend the board of directors 6 times during the disclosure period.
Independent Director	Shuh Woei Yu	9	0	100	Was elected for the first time on Jun. 26, 2017. Renewed on May. 28, 2010. Shall attend the board of directors 9 times during the disclosure period.
Independent Director	James Tsai	9	0	100	Was elected for the first time on Jun. 26, 2017. Renewed on May. 28, 2010. Shall attend the board of directors 9 times during the disclosure period.
Independent Director	Shan-Shan Chou	6	0	100	Was elected for the first time on Jun. 26, 2017. Shall attend the board of directors 6 times during the disclosure period.
Director	Kuan Shen Wang (Rep. of Parkwell Investment Corp.)	3	0	100	Resigned on May 28, 2020. Shall attend the board of directors 3 times during the disclosure period.
Independent Director	Shean Bii Chiu	3	0	100	Resigned on May 28, 2020. Shall attend the board of directors 3 times during the disclosure period.
Director	Wen Whe Pan	2	1	66	Resigned on May 28, 2020. Shall attend the board of directors 3 times 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: J. J. Liao and Y. P. Shih

Contents of motion: The 18th meeting of the 7th term Board of Directors (2020.03.09): Admit of the endorsement of external guarantees.

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

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

Contents of motion: The 18th meeting of the 7th term Board of Directors (2020.03.09): Approval of the issuance of the 2020 employee stock options 1500 units plan.

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

(3)Directors' Names: Y. P. Shih

Contents of motion: The 1st meeting of the 8th term Board of Directors (2020.05.28): Approval of the appointment of the general manager of the company.

Causes for avoidance and voting should be specified: Director Y. P. Shih recused himself during discussion of and voting on this item because of the interested party relationship.

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

Contents of motion: The 1st meeting of the 8th term Board of Directors (2020.05.28): Approval of the appointment of the spokesman of the company.

Causes for avoidance and voting should be specified: Director Y. P. Shih recused himself during discussion of and voting on this item because of the interested party relationship.

(5)Directors' Names: Shuh Woei Yu, James Tsai and Shan-Shan Chou

Contents of motion: The 1st meeting of the 8th term Board of Directors (2020.05.28): Approval of the appointment of Compensation Committee Members

Causes for avoidance and voting should be specified: independent director Shuh Woei Yu, James Tsai and Shan-Shan Chou recused themselves during discussion of and voting on this item because of the interested party relationship.

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

Contents of motion: The 4th meeting of the 8th term Board of Directors (2020.10.30): Approved to transfer shares of the Company and ECOVE Environment Services Corp.

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

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

Contents of motion: The 5th meeting of the 8th term Board of Directors (2020.12.14): Approval of the average salary increase rate of 2021.

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

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

Contents of motion: The 5th meeting of the 8th term Board of Directors (2020.12.14): Approval of the remuneration of the management officers of the Company.

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

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

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

Causes for avoidance and voting should be specified: Director J. J. Liao and Y. P. Shih, as a director of



ECOVE Solvent Recycling Corp., has an interest in the case, so they avoided the discussion and did not participate in the voting.

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

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

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

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

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

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

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

(2) The company established the "Board Performance Evaluation Method" on December 13, 2016 by the resolution of the Board of Directors, which was revised in 2019, and expanded the scope of evaluation from the overall board of directors to individual directors and functional committees (Salary and Remuneration Committee and audit committee). The company has been executed by the general management office in January 2021 and completed the "2020 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 6th BOD of the 8th term on March 8, 2021, and revealed the corporate governance operations in the annual report and the company's website.

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

Evaluation of the implementation of the board of directors

Evaluation cycle	During evaluation	Assessment scope	Evaluation method	Evaluation content
At least once every three years by external professional independent institution or experts and scholars team. The internal performance evaluation of the board of directors shall be completed before the end of the first quarter of the following year.	January 1, 2020 to December 31, 2020	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, appointing external professional organizations, experts or other appropriate methods to conduct performance evaluation. ECOVE's annual board performance evaluation (including results and responses) and the most recent appointment of an external professional agency to perform board performance evaluation (including results and responses) have been detailed in the corporate governance operations of this annual report and the company's	Performance evaluation of the board of directors: divided into 5 aspects ("degree of participation in company operations", "quality of board decisions", "composition and structure of the board of directors," "election of directors and continuous improvement" and "internal control"), 26 indicators. Board member assessment self-assessment: divided into 6 aspects ("mastery of company goals and tasks", "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

			website, please refer to it. ( <a href="http://www.ecove.com">http://www.ecove.com</a> )	"committee composition and member selection"), 15 indicators. Self-assessment of audit committee performance assessment: divided into 5 aspects ("participation in company operations", "cognition of committee responsibilities", "improving the quality of committee decision-making", "committee composition and selection of members" and "internal control"), 19 indicators.
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The status of independent directors attending the board of directors in the most recent year (Disclosure period: January 1, 2020 ~ March 31, 2021)

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

Name of Independent Director	The 18th Meeting of the 7 <sup>th</sup> term BOD 2020.03.09	The 19th Meeting of the 7 <sup>th</sup> term BOD 2020.04.30	The 20th Meeting of the 7 <sup>th</sup> term BOD 2020.04.30	The 1 <sup>st</sup> Meeting of the 8 <sup>th</sup> term BOD 2020.05.28	The 2 <sup>nd</sup> Meeting of the 8 <sup>th</sup> term BOD 2020.05.28	The 3 <sup>rd</sup> Meeting of the 8 <sup>th</sup> term BOD 2020.07.31	The 4 <sup>th</sup> Meeting of the 8 <sup>th</sup> term BOD 2020.10.30	The 5 <sup>th</sup> Meeting of the 8 <sup>th</sup> term BOD 2020.12.14	The 6 <sup>th</sup> Meeting of the 8 <sup>th</sup> term BOD 2021.03.08
Shean Bii Chiu (Note: resigned on May. 28, 2010. Shall attend 3 times during the disclosure period.)	◎	◎	◎	-	-	-	-	-	-
Shuh Woei Yu	◎	◎	◎	◎	◎	◎	◎	◎	◎
James Tsai	◎	◎	◎	◎	◎	◎	◎	◎	◎
Shan-Shan Chou (Note: Was elected for the first time on Jun. 26, 2017. Shall attend the board of directors 6 times during the disclosure period.)	-	-	-	◎	◎	◎	◎	◎	◎

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 7 meetings of the Audit Committee were held in the previous period. Independent Directors' attendance was as follows: (Disclosure period: January 1, 2020 ~ March 31, 2021)

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Independent Director	Shean Bii Chiu	2	0	100	Was elected for the first time on Sep. 30, 2009 and resigned at the expiry of May. 28, 2020. Shall attend the audit committee twice during the disclosure period.
Independent Director	Shuh Woei Yu	7	0	100	Was elected for the first time on Jun. 26, 2017 and re-elected on May. 28, 2020. Shall attend the audit committee 7 times during the disclosure period.
Independent Director	James Tsai	7	0	100	Was elected for the first time on Jun. 26, 2017 and re-elected on May. 28, 2020. Shall attend the audit committee 7 times during the disclosure period.
Independent Director	Shan-Shan Chou	5	0	100	Was re-elected for the first time on May. 28, 2020. Shall attend the audit committee 5 times during the disclosure period.

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 2020 Business Report, Financial Statements (both consolidated and individual), and proposal for allocation of profits, with the financial statements having been audited and certified by Mr. Shyu-Rong Ueng and Mr. Yi-Fan Lin, the CPA of the PricewaterhouseCoopers. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members.

◆ Assessment of the effectiveness of the internal control system

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

correct violations.

Other mentionable items:

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

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

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

BOD Meetings	Sessions, contents of motions/ the Audit Committee' resolutions and the Company's response to the Audit Committee's opinion	The matter referred to in Article 14-5 of Securities and Exchange Act	Resolution that was not approved by the Audit Committee but be undertaken upon the consent of two-thirds or more of all directors
The 18 <sup>th</sup> meeting of the 7 <sup>th</sup> term BOD 2020.03.0	1. Admit of the endorsement of external guarantees.	V	X
	2. Approval of the distribution plan of the 2019 directors' and employees' remuneration.	V	X
	3. Approval of the Fiscal 2019 business report, financial reports and consolidated reports.	V	X
	4. Approval of the distribution plan of Fiscal 2019 earnings.	V	X
	5. Approval of "Statement of Internal Control System for the Year 2019".	V	X
	6. Approval of the amendment to the Company's "Internal Control Systems", "internal rules" and "Internal Audit Systems".	V	X
	7. Approval of the issuance of the 2020 employee stock options plan.	V	X
The Audit Committee' resolutions (2020.03.09, The 15th meeting of the 2nd term) : All members of the Audit Committee agreed 1. ~7.			
The Company's response to the Audit Committee's opinion : 1.The above 2. ~6. All present members of the board director adopted the resolution. 2.The above 1. & 7. All present members of the board except for the director, who avoided the conflict of interest, adopted the resolution. (Avoidance director : J. J. Liao and Y. P. Shih).			
The 20 <sup>th</sup> meeting of the 7 <sup>th</sup> term BOD 2020.04.30	1. Approval of PWC adjusting the company's Financial Statement Certified Accountant.	V	X
	The Audit Committee' resolutions (2020.04.30, The 16th meeting of the 2nd term) : All members of the Audit Committee agreed 1. ~2.		
The Company's response to the Audit Committee's opinion : All present members of the board director adopted the resolution.			
The 3 <sup>th</sup> meeting of the 8 <sup>th</sup> term BOD 2020.07.31	1. Approval of equity participation on capital injection of ECOVE Solar Energy Corp.	V	X
	The Audit Committee' resolutions (2020.07.31, The 1st meeting of the 3rd term) : All members of the Audit Committee agreed 1. ~2.		
The Company's response to the Audit Committee's opinion : All present members of the board director adopted the resolution.			
The 4 <sup>th</sup> meeting of the 8 <sup>th</sup> term BOD 2020.10.30	1. Admit of the endorsement of external guarantees.	V	X
	2. Admit of the Changes in credit amount.	V	X
	3. Approval of loan ECOVE Solar Energy Corp. for working capital requirement.	V	X
	4. Approval of the update of the company's paid-in capital registration.	V	X

	5. Approved of transferring shares of the Company and ECOVE Environment Services Corp. by increasing capital to issue new shares.	V	X
	The Audit Committee' resolutions (2020.10.30, The 3rd meeting of the 3rd term) : All members of the Audit Committee agreed 1. ~5.		
	The Company's response to the Audit Committee's opinion : 1.The above 1. ~4. All present members of the board director adopted the resolution. 2.The above 5. All present members of the board except for the director, who avoided the conflict of interest, adopted the resolution. (Avoidance director : J. J. Liao and Y. P. Shih).		
The 5 <sup>th</sup> meeting of the 8 <sup>th</sup> term BOD 2020.12.14	1. Approval of the budget of 2021.	V	X
	2. Approval of the Audit Plan of 2021.	V	X
	3. Approval of the amendment to the Company's "Procedure of Practice for Corporate Social Responsibility".	V	X
	4. Approval of the amendment to the Company's "Risk Management Guidelines".	V	X
	The Audit Committee' resolutions (2020.12.14, The 4th meeting of the 3rd term) : All members of the Audit Committee agreed 1. ~4.		
	The Company's response to the Audit Committee's opinion : All present members of the board adopted the resolution.		
The 6 <sup>th</sup> meeting of the 8 <sup>th</sup> term BOD 2021.03.08	1. Admit of the endorsement of external guarantees.	V	X
	2. Admit of the Changes in credit amount.	V	X
	3. Approval of the distribution plan of the 2020 directors' and employees' remuneration.	V	X
	4. Approval of the Fiscal 2020 business report, financial reports and consolidated reports.	V	X
	5. Approval of the distribution plan of Fiscal 2020 earnings.	V	X
	6. Approval of "Statement of Internal Control System for the Year 2020".	V	X
	7. Approval of the amendment to the Company's "Internal Control Systems".	V	X
	8. Approval of the update of the company's paid-in capital registration.	V	X
	9. Approval of the "Procedure for Acquisition and Disposition of Assets", of the ECOVE Waste Management Corp., ECOVE Environment Services Corp., ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corp., and Approval of the "Procedure for Loaning of Funds" of the ECOVE Waste Management Corp., ECOVE Environment Services Corp..	V	X
	10. Approve to issue 2021 unsecured ordinary corporate bonds (including green bonds), with a total amount not exceeding NT\$2 billion.	V	X
	The Audit Committee' resolutions (2021.03.08, The 5th meeting of the 3rd term) : All members of the Audit Committee agreed 1. ~10.		
The Company's response to the Audit Committee's opinion : 1.The above 2. ~10. All present members of the board adopted the resolution. 2.The above 1. All present members of the board except for the director, who avoided the conflict of interest, adopted the resolution. (Avoidance director : J. J. Liao and Y. P. Shih)			

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

3. Communications between Independent Directors and the Company's Internal Audit officer and CPA

(1)After having presented the audit and follow-up reports to the Chairman, the Internal Audit officer submits the same reports via e-mail for review by the Independent Directors on a monthly basis. The Internal Audit officer communicates with the Independent Directors in person quarterly in 2019. There were no objections raised by the independent directors in 2019.

(2)The Internal Audit officer presents the findings of audit reports in the meetings of the Audit Committee and Board of Directors. All the Independent Directors have adequate access to how audit performs. During 2019, the communication channel between Independent Directors and the Internal Audit officer functioned well.

(3)The CPAs present audit reports and findings to the Independent Directors. Finance manager, Accounting manager and Internal Audit officer attend the Audit Committee meetings and reply to Independent Directors immediately if they have any questions. During 2019, the communication channel between Independent Directors and CPAs functioned well.

(2) The State of participation in board meetings by the supervisors: None

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 17th meeting of the 6th term Board of Directors of the Nov. 02, 2016.	None
2. Ownership structure and shareholder's equity (1) Does the Company set up the internal standard operation procedure to handle issues such as shareholder's advices, questions, disputes and accusations for implementation accordingly?  (2) Does the Company have control over the major shareholders, who control the Company and have the name list of the major shareholders who have the ultimate control over the Company?	V		(1) The Company has the procedures for processing shareholder suggestions, questions, disputes, and litigation and processes related matters accordingly.  (2) The Company requires its internal personnel (such as directors, managers, and shareholders holding more than 10% of the shares of the Company's capital, etc.) to report changes in their shares every month and disclose these changes on MOPS in accordance with Article 25 of the Securities and Exchange Act. In the event that the Company has acquired a list of shareholders due to regulations for the cessation of stock transactions, it shall also investigate the main shareholders of the Company and the ultimate owners of those major shareholders and disclose them in the annual	None  None

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



Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
			<p>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.</p> <p>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.</p> <p>The following measures have been taken by the Company to implement diversification of the members of the Board of Directors:</p> <p>a. Directors who concurrently serve as company managers should not exceed one third of the number of directors: 2 of the company’s directors are concurrently company managers, and they do not exceed one third of the number of directors.</p> <p>b. All independent directors have a tenure of no more than 9 years: 3 independent directors of the company, accounting for 33%, of which two independent directors have a tenure of less than 6 years, and one independent director has a tenure of less than 3 years.</p> <p>c. At least one female director: The company elected a female independent director on May 28, 2020.</p> <p>d. The company is an investment holding company. In accordance with the requirements of a single business "general investment" project, the board members have diversified professional backgrounds, including financial investment, accountants, practicing lawyers, sustainable energy, engineering, environmental protection and water resources.</p>	

Evaluation Item	Operation Status															Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons																																																																																																																																																						
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			The Company's implementation of the board member diversity policy :																																																																																																																																																																			
			<table border="1"> <thead> <tr> <th rowspan="2">Core Item Name of Director</th> <th>Note 1</th> <th>Note 2</th> <th>Note 3</th> <th>Note 4</th> <th>Note 5</th> <th>Note 6</th> <th>Note 7</th> <th>Note 9</th> <th>Note 9</th> <th>Note 10</th> <th>Note 11</th> <th>Note 12</th> <th>Note 13</th> <th>Note 14</th> </tr> </thead> <tbody> <tr> <td>J. J. Liao</td> <td>Male</td> <td>v</td> <td></td> <td>51 to 60</td> <td>Engineering and Environmental Protection</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td></td> </tr> <tr> <td>Y. P. Shih</td> <td>Male</td> <td>v</td> <td></td> <td>61 to 70</td> <td>Engineering and Environmental Protection</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td></td> </tr> <tr> <td>Eugene Chien</td> <td>Male</td> <td></td> <td></td> <td>71 to 75</td> <td>Sustainable Energy</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td></td> </tr> <tr> <td>Kuan-Sheng Wang</td> <td>Male</td> <td></td> <td></td> <td>51 to 60</td> <td>Investment</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td></td> </tr> <tr> <td>Bing Shen</td> <td>Male</td> <td></td> <td></td> <td>71 to 75</td> <td>Finance</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td></td> </tr> <tr> <td>Yang-Ming Liu</td> <td>Male</td> <td></td> <td></td> <td>51 to 60</td> <td>Lawyer</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td></td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> </tr> <tr> <td>Shuh Woei Yu Independent Director</td> <td>Male</td> <td></td> <td>Within 4 years</td> <td>71 to 75</td> <td>Industrial Safety</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td></td> </tr> <tr> <td>James Tsai Independent Director</td> <td>Male</td> <td></td> <td>Within 4 years</td> <td>61 to 70</td> <td>Accountant</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td></td> </tr> <tr> <td>Shan-Shan Chou Independent Director</td> <td>Female</td> <td></td> <td>Within 1 year</td> <td>51 To 60</td> <td>Water resources</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td></td> </tr> </tbody> </table>													Core Item Name of Director	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 9	Note 9	Note 10	Note 11	Note 12	Note 13	Note 14	J. J. Liao	Male	v		51 to 60	Engineering and Environmental Protection	v	v	v	v	v	v	v	v		Y. P. Shih	Male	v		61 to 70	Engineering and Environmental Protection	v	v	v	v	v	v	v	v		Eugene Chien	Male			71 to 75	Sustainable Energy	v	v	v	v	v	v	v	v		Kuan-Sheng Wang	Male			51 to 60	Investment	v	v	v	v	v	v	v	v		Bing Shen	Male			71 to 75	Finance	v	v	v	v	v	v	v	v		Yang-Ming Liu	Male			51 to 60	Lawyer	v	v	v	v		v	v	v	v	Shuh Woei Yu Independent Director	Male		Within 4 years	71 to 75	Industrial Safety	v	v	v	v	v	v	v	v		James Tsai Independent Director	Male		Within 4 years	61 to 70	Accountant	v	v	v	v	v	v	v	v		Shan-Shan Chou Independent Director	Female		Within 1 year	51 To 60	Water resources	v	v	v	v	v	v	v	v		
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			<p>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</p>																																																																																																																																																																			

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
(2) In addition to the establishment of the Remuneration Committee and Audit Committee, does the Company have other functional committees?	V		<p>Note 5: Industry experience  Note 6: Operational judgment  Note 7: Accounting and financial analysis capabilities  Note 8: Management capabilities  Note 9: Crisis management capability  Note 10: Industry knowledge  Note 11: International market outlook  Note 12: Leadership  Note 13: Decision-making capacity  Note 14: Legal capacity</p> <p>(2) The Company has established the Remuneration Committee and Audit Committee, but no other functional committees.</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?	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", the Company has executed and completed the "2020 annual performance evaluation of the board of directors" by the General Management Office in January 2021.  The period of "2020 Annual Board Performance Evaluation" is from January 1, 2020 to December 31, 2020. The scope of the evaluation includes the performance evaluation of the entire board of directors and individual directors and functional committees. The evaluation</p>	

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>method includes the board and functionality. Self-evaluation within the committee and self-evaluation of directors. Detailed assessment aspects, assessment grades and assessment results, etc., have been reported to the 6th board of directors of the 8th term on March 8, 2021, and will be used as reference for individual directors' remuneration and nomination renewal.</p> <p>The company's "2020 Annual Board Performance Evaluation Report" was also disclosed on the company's website.</p> <p>(4) To fulfill Corporate Governance, the Company has established “Evaluation of engaged Certified Public Accountant Regulation” in the 8th meeting of the 5th board of director on December 18, 2012. According to this regulation, the Company exams and evaluates CPA’s independence and capability annually, and submit a report to the Audit Committee and Board of Directors. The report was approved by the Audit Committee in the 5th meeting of the 3rd on March 8, 2020 and by the Board of Directors in the 8th meeting of the 6th on March 9, 2020, the evaluation items please refer to the [Note 1].</p> <p>After assessed, CPAs Shih-Jung Weng 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>	
4. Has the TWSE-listed or TPEX-listed company established qualified and appropriate personnel and appoint the Company Secretary responsible for corporate governance affairs	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 12th meeting of the 7th term BOD on March 8, 2019. The new company secretary has more than three years of experience as a financial manager in a public offering company. The	None

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
(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>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.</p> <p>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 "Company Secretary" completed the 12-hour training in 2020 years, and the detailed training content has been declared to the public information observatory. Its 2020 business execution focuses are as follows:</p> <ol style="list-style-type: none"> <li>(1) All 9 directors will have at least 6 hours of training.</li> <li>(2) Hold annual general shareholders meeting at the end of May.</li> <li>(3) 3 meetings of the salary and compensation committees, 6 meetings of audit committees and 8 meetings of the board of directors.</li> <li>(4) The self-evaluation of the performance of the board of directors was carried out, and the evaluation results showed that all directors believed that the board of directors of the company was in good working order.</li> <li>(5) Responsible for corporate governance evaluation, and obtained the top 5% companies from the 1st to the 6th “Corporation Governance</li> </ol>	

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

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
<p>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>			<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 2020 annual financial report was declared and completed in March 9, 2021. The first, second and third quarters of the 2020 annual financial report and the operating conditions of each month were completed within the stipulated period, and no announcement was made in advance.</p>	
<p>8. Is there other important information, which helps to understand the governance and operation of the company, which includes but not limited to the rights and interest of the staff, cares for the employees, investor relations, relation with the suppliers, rights of the stakeholders, trainings received by the directors and</p>	V		<p>(1) The Company does not discriminate between gender, race, nationality, etc. in the recruitment and appointment of employees. Each employee shall enjoy labor insurance, national health insurance, appropriation of statutory pension fund, and the subsidiaries set up a common employee welfare committee.</p> <p>(2) The Company has provided the directors with information on related advanced study courses and appointed external professional institutions to open courses.</p> <p>(3) In accordance with the "Risk Management Standards", the company</p>	None

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
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>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 results issued by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year.	V		According to the results of the 7 <sup>th</sup> (2020) corporate governance evaluation recently released by the Corporate Governance Center, the company’s priority intends to strengthen: to meet the requirements of the indicator 3.6, the English interim financial report will be disclosed within two months after the Chinese one.	None



[Note 1] Assessments on the Independence of CPA

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

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

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

#### 1. Remuneration Committee members' information

Identity (Note1)	Criteria	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note 2)										Number of Other Public Companies in Which the Individual is Concurrently Serving as a member of Remuneration Committee	Remark (Note 3)	
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10			
Independent Director	Shean Bii Chiu	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	N/A
Independent Director	Shuh Woei Yu	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	N/A
Independent Director	James Tsai	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	N/A
Independent Director	Shan-shan Chou	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	N/A

Note: Mr. Shean Bii Chiu resigned as independent director of the company on May.28 2020.

Note 1: Please fill out director, independent director, or other.

Note 2: Members who meet the following conditions during the first two elections and during their tenure of office, please mark "✓" in the space below each condition code

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a officer of listed in 1, or not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three

subparagraphs of listed in 2. & 3.

5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings. (However, if the company and its parent, subsidiary, or subsidiary of the same parent company are independent directors established by this law or local laws, they are not limited to this.)
6. Directors, supervisors or employees of other companies who are not controlled by the same person or more than half of the shares of the company are controlled by the same person a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company. (However, if the company and its parent, subsidiary, or subsidiary of the same parent company are independent directors established by this law or local laws, they are not limited to this.)
7. Directors, supervisors or employees of other companies or organizations who are not the same person or spouse with the company's chairman, general manager or equivalent. (The company or a subsidiary of the same parent company and an independent director established by this law or local laws and regulations concurrently serve each other, not limited to this)
8. Directors, supervisors, officer or shareholders holding more than 5% of the shares of specific companies or organizations that do not have financial or business relationships with the company. (However, if a specific company or institution holds more than 20% of the total issued shares of the company, but not more than 50%, and it is an independent director established by the company and its parent company, subsidiary or subsidiary of the same parent company in accordance with this law or local national laws and regulations Those who serve each other are not limited to this).
9. Professionals, sole proprietorships, partnerships, business owners of companies or institutions that do not provide audits for companies or their affiliates or business, legal, financial, accounting and other related services that have not received NT \$ 500,000 in cumulative compensation in the past two years , Partners, directors, supervisors, officers and their spouses. However, members of the Remuneration Committee, Public Acquisition Review Committee, or M & A Special Committee that perform their duties in accordance with the relevant laws and regulations of the Securities Exchange Act or the Corporate M & A Act are not limited to this.
10. Not been a person of any conditions defined in Article 30 of the Company Law.

2. The state of operations of the Remuneration Committee

a. This committee is comprised of 3 members.

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

A total of 4 meetings of the Remuneration Committee were held in the previous period: (Jan. 01, 2020~March 31, 2021)

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Convener	Shean Bii Chiu	1	0	100	Resigned on May 28, 2020. During disclosure period, shall attend the Salary and Compensation Committee once.
Convener /Member	Shuh Woei Yu	4	0	100	Elected for the first time on June 26, 2017, and re-elected and served as convener on May 28, 2020. During disclosure period, shall attend the Salary and Compensation Committee 4 times.
Member	James Tsai	4	0	100	Elected for the first time on June 26, 2017, and re-elected on May 28, 2020. During disclosure period, shall attend the Salary and Compensation Committee 4 times.
Member	Shan-shan Chou	3	0	100	Newly elected on May 28, 2020, shall attend the Salary and Compensation Committee 3 times during disclosure period

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 10 <sup>th</sup> meeting of the 3 <sup>th</sup> term 2020.03.09	1. The distribution plan of the 2019 directors' and employees' remuneration.	All members of the committee agreed	Submitted to the BOD, approved by all attend directors
	2. Revised the "Organizational Regulations of the Remuneration Committee".		
	3. The issuance of the 2020 employee stock options plan.	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 1st meeting of the 4 <sup>th</sup> term 2020.05.28	1. Revised the Remuneration of the company's directors and related standards.	All members of the committee agreed	Submitted to the BOD, approved by all attend directors
The 2 <sup>nd</sup> meeting of the 4 <sup>th</sup> term 2020.12.14	1. The average salary increase rate of 2021.	All members of the committee agreed	Submitted to the BOD, approved by all attend directors, except for the director who avoided the conflict of interest
	2. The remuneration of the management officers of the Company.		
The 3 <sup>rd</sup> meeting of the 4 <sup>th</sup> term 2021.03.08	1. The distribution plan of the 2020 directors' and employees' remuneration.	All members of the committee agreed	Submitted to the BOD, approved by all attend directors
	2. Revised the "Guidelines for Directors and Managers' Performance Evaluation and Salary and Remuneration System".	All members of the committee agreed	Submitted to the BOD, approved by all attend directors
	3. Revised the employees & management officers' average salary increase rate of 2021.	All members of the committee agreed	Submitted to the BOD, approved by all attend directors, except for the director who avoided the conflict of interest

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

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

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Statement	
progress of such activities to the Board of Directors?			<p>social responsibility activities.</p> <p>In 2019, in order to integrate resources and coordinate the planning and implementation of various issues, the CSR committee was renamed as Sustainable Development Committee which included the functions of risk management, environment protection, social responsibility and corporate governance to ensure the company develop continuously. The Committee is composed of department heads of ECOVE, chairmen and general managers. The regular meeting is held once of half year and reports to the board of directors regularly once a year to review the CSR results of the current year and discuss the main the issues for the next year.</p> <p>Operation and Execution Process:</p> <p><b>2020 Report Topics:</b> Power generation efficiency, renewable energy development, recycling development, professional R&amp;D and technology, ethics and moral integrity, air pollution prevention and control, employee welfare and salary, talent retention and recruitment.</p> <p><b>2021 Planned Topics:</b> Power generation efficiency, renewable energy development, professional R&amp;D and technology, ethics and moral integrity, air pollution prevention and control, employee welfare and salary, talent retention and recruitment, supply chain management, occupational safety and health, career and education training, human rights and labor-employment relations.</p>	



Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Statement	
<p>3. Environment Issue</p> <p>(1) Does the company establish proper environmental management systems based on the characteristics of their industries?</p> <p>(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</p> <p>(3) Does the company evaluate the potential risks and opportunities of climate change on its now and future operations and respond to the climate-related issues with</p>	V		<p>(1) As a member of the society, ECOVE is committed to energy-saving and carbon reduction. From the view of the entire resource recycling industry, the Company is constantly pursuing the development and application of new technologies to reduce energy consumption and prevent pollution. In daily operations, the Company advocates the importance of reducing waste, electricity, water and energy.</p> <p>(2) For pollution prevention, the EfW plants operated by the Company have established quality and environmental management systems (ISO 9001 and ISO 14001). For resource recycling, 2020 statistics show that the plants have sold a total of 1,337,693 MWh of electricity back to Taiwan Power Company, which every additional kilowatt-hour of electricity can reduce carbon dioxide emissions for the environment. According to the calculation of the electricity emission coefficient, it can reduce about 700,000 metric tons of CO2 in 2020. In 2020, the Company processed a total of 1,894,816 metric tons of waste at the contracted EfW plants. According to the statistics of the Environmental Protection Agency of the Executive Yuan in 2020, Taiwan produces approximately 1.13 kilograms of garbage per person a day. ECOVE ESC processed a volume of general waste generated by approximately 3.65 million people in a year.</p> <p>(3) Among the top-five risks indicated in the Global Risks Report 2020 issued by the World Economic Forum ("WEF"), three of them are related to climate change. The impact of climate change on businesses has been growing. Therefore, we have set up Risk Management Standard in 2017. By continuously identifying relevant risk issues, such as information safety, occupational safety and health circle, projects (including climate change issue), organization</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	
any initiatives?			<p>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 three major business areas: waste management &amp; incineration, 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 2020 was about 121 million which is 188% increase over the previous year. Please refer to the CSR report of the Company for further details.</p>	
(4) Does the company record the greenhouse gas emissions, water consumption and total weight of waste, as well as establish company strategies for energy efficiency, carbon, GHG reduction, conserving water and			<p>(4) With regard to greenhouse gases, according to the 2020 self-inspection, the EfW plants operated by the Company emitted a total of 743,345 metric tons of carbon dioxide. The amount was less around 55,130 metric tons of carbon dioxide than 2019. ECOVE still achieved a similar level of unit GHG emission with 2019 (0.36 tons/tones). Our O&amp;M EfW plants emitted a total of 687,495 metric tons of carbon dioxide.</p> <p>ECOVE Keelung Plant has obtained the ISO 14064-1 verification of greenhouse gas emissions. Miaoli Plant and Tainan Plant have obtained the PAS 2050 certification and submitted carbon</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																							
other waste management?			<p>emission reduction plans for main sources of emissions in order to effectively reduce greenhouse gas emissions. With 2014 set as the base year, the goal is to cut down the total annual carbon emission by 1 percent.</p> <p>In terms of water consumption, statistics for 2019 and 2020 are as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Water consumption</td> <td>1,334,147</td> <td>1,373,958</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 2019 and 2020 are as follows:</p> <table border="1"> <thead> <tr> <th colspan="2">Item</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>General waste</td> <td>Entered quantity(tons)</td> <td>1,530,323</td> <td>1,506,140</td> </tr> <tr> <td>General industrial waste</td> <td>Entered quantity(tons)</td> <td>411,387</td> <td>389,112</td> </tr> <tr> <td>Subtotal</td> <td>Total entered</td> <td>1,941,709</td> <td>1,895,252</td> </tr> </tbody> </table>	Year	2019	2020	Water consumption	1,334,147	1,373,958	Item		2019	2020	General waste	Entered quantity(tons)	1,530,323	1,506,140	General industrial waste	Entered quantity(tons)	411,387	389,112	Subtotal	Total entered	1,941,709	1,895,252	
Year	2019	2020																								
Water consumption	1,334,147	1,373,958																								
Item		2019	2020																							
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General industrial waste	Entered quantity(tons)	411,387	389,112																							
Subtotal	Total entered	1,941,709	1,895,252																							

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></td> <td>quantity(tons)</td> <td></td> <td></td> </tr> <tr> <td></td> <td>Total processed quantity(tons)</td> <td>1,935,434</td> <td>1,894,816</td> </tr> </table> <p>Note: The difference between entered and processed quantity is mainly from water evaporation or adjustment of storage pits.</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 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>		quantity(tons)				Total processed quantity(tons)	1,935,434	1,894,816	
	quantity(tons)											
	Total processed quantity(tons)	1,935,434	1,894,816									

<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>(4) Does the company provide its employees with career development and training sessions?</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”.</p> <p>(2) Under a fair and competitive compensations and benefits structure, the Company conducts both internal and external review structure in setting compensations. Besides providing higher salaries than the local minimum wages, we also strive for internal, external, and individual fairness. We conduct prudent assessment through internal and external evaluation mechanism to tie compensations with performance. The Company conducts annual performance evaluation for all employees in the fourth quarter. Standards of salary adjustments and bonus payments do not differ based on the type of employment, gender, or age.</p> <p>(3) The company passed ISO 45001 and CNS 45001. Every year, the company has a safety and health education and training plan and implements it in accordance with its plan. It also has Safety and Health Ring series activities, through which all employees participate to establish a safety culture. Moreover, there is a "CSR hour" platform to softly announce colleagues guide.</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</p>	<p>None</p>
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<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>(6) Does the Company formulate 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>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>(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) The Company requires all its suppliers to fully comply with local laws and regulations when performing services for the company. In addition, the Company has established a set of supplier/contractor social responsibility principles and requests them to bear related social responsibilities. The Company has consistently promoted concepts such as the prohibition of child labor, protection of human rights, non-discrimination, fair treatment, legal working hours and wages, and environmental friendly management. As for the requirement for labor rights, environmental protection, safety and health risk control on our supply chain, we adopt various measures to facilitate the suppliers and contractors to improve and to enhance service quality and management standards. This helps to reduce the management risks and operating costs, suppliers, and contractors, and thereby forging solid, reliable partnerships that promote sustainable growth. The contract between the company and its major suppliers already includes that if the supplier involves a violation of its corporate social responsibility policy and has a significant impact on the environment and society, the company may terminate or release the terms of the contract at any time.</p>	
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Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Statement	
5. Does the Company follow internationally recognized guidelines to prepare and disclose non-financial information of the company, such as the Corporate Social Responsibility report? Is such report assured or verified by a neutral third party? Is this report assured or verified by a neutral third party?	V		The Company follows the internationally recognized GRI Standard to disclose relevant information, and CSR report is prepared on a yearly basis. In addition, the Company appointed SGS, a third-party verification unit, to conduct verification of high-level assurance and obtained the certification.	None
6. If the Company has established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies," please describe any discrepancy between the principles and their implementation: The Company has established Corporate Social Responsibility Implementation Principles in accordance with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies for all employees, managers, and members of the board to follow. Its operation has no difference between "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies."				
7. Other important information to facilitate better understanding of the Company's corporate social responsibility 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 2020, the total number of employee training hours was approximately 17,728.5 hours. There were 7,492 instances of training and a total investment of 3.5 million. The Company's emphasis on education and training is visible. In addition, since 2020 the Company integrates the existing GTS system (online internal training system), knowledge database and external resources to set up a new platform for internal training –CTCI University. ECOVE expands the field of knowledge to 6 colleges as university system—College of QHSE, Engineering, Integration, Management, Leadership				

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>and General Education to help 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.</p> <p>(2) Implement Safety and Health: ECOVE adheres to the spirit of safety and health, and has formulated 7 major safety and security policies: "Safety First", "Improve Employee's Health and Well-being", "Environmental Protection and Sustainable Development", and "Implement Risk Management Mechanism", "Fulfilling Regulations and Contract Requirements", "Promoting Full Participation and Training", "Continuous Improvement of the Safety and Health Environment System".</p> <p>(3) Responding to international initiatives: ECOVE actively connects with external initiatives and combines talent training. Outstanding new-generation colleagues serve as initiative ambassadors to raise colleagues' attention to issues such as climate change and ecological environment. Through participating in activities, environmental issues are integrated into daily life. Under the global climate change, everyone has the ability and responsibility to change the world. As long as we care about the land where we live with our heart and action, we can support our planet.</p> <p>(4) One Plant One Step: Environmental Education for Sustainability: In order to let our next generation understand the relationship between human and natural environment and human-made environment (including society, economy, etc.) Meanwhile, we will cultivate basic concepts, values and a sustainable lifestyle for the environment. Since 2018, ECOVE has cooperated with CTCI Education Foundation and implements the three-year plan of "One Plant One Step: Environmental Education for Sustainability", proactively promote environmental education from schools started from elementary around Taiwan. 2020 was the third year of this plan. The enthusiasm and dedication of ECOVE environmental education team received the teachers and students' affirmation. In 2020, more than 40% invitations were from the former schools. Because of its outstanding performance, it's deeply loved by elementary schools. In 2021, it cooperates with CTCI Education Foundation again to implement the five-year plan of "One Plant One Step: Environmental Education for Sustainability", which hopes that the seeds of environmental education can be planted continuously in these little masters of the future.</p> <p>(5) Environmental education facilities and places, helping to develop a green future: ECOVE actively participates in getting the certification of environmental</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>education facilities and places. Based on the local characteristics of culture, geography and ecologic, combined with energy-saving, water-saving and carbon-reducing design, it has been designed into a diversified curriculum. At present, ECOVE has obtained 5 certificated places, of which Miaoli EfW and STSP EfW Plants have been awarded the highest five stars. ECOVE's environmental education facilities, in addition to train colleagues who are certified as lecturers, also have rich interactive experience content, which attracts more than 1,700 people for environmental education on average every quarter.</p>				
<p>I. Inspection standards for passage of CSR reports:  The "ECOVE 2019 CSR Report" was completed in 2020 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.  ECOVE and its subsidiaries have acquired the following certifications for quality, safety, health, and environmental management in 2019 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 EfW Plant 2019.11.21 ~ 2022.11.21, Southern Taoyuan EfW Plant 2020.03.21 ~ 2023.03.21, Miaoli EfW Plant 2018.09.04 ~ 2021.10.02, Houli EfW Plant 2020.06.17 ~ 2023.06.17, Wujih EfW Plant 2018.03.17 ~ 2021.03.16, Tainan EfW Plant 2018.04.25 ~ 2021.04.24, STSP EfW Plant 2020.09.29 ~ 2023.09.29)</li> <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 2019.01.10 ~ 2021.12.27, Southern Taoyuan EfW Plant 2020.03.21 ~ 2023.03.21, Miaoli EfW Plant 2018.09.04 ~ 2021.10.02, Houli EfW Plant 2020.06.19 ~ 2023.06.19, Wujih EfW Plant 2018.03.17 ~ 2021.03.16, Tainan EfW Plant 2018.04.25 ~ 2021.04.24, STSP EfW Plant 2020.09.29 ~ 2023.09.29)</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 ~ 2023.01.10, Miaoli 2020.1.11 ~ 2023.01.10)</li> <li>• Keelung, Miaoli and Houli EfW Plant and Tainan Science Park Resource Recycling Center operated by ECOVE Environment Services Corp., has acquired the Environmental Protection Agency Environmental Education Facilities Site Certificate (Keelung Plant 2019/12/29 ~ 2024/12/28、Miaoli EfW Plant 2019/12/29 ~ 2024/12/28、Houli EfW Plant 2017/12/1 ~ 2022/11/30、Tainan Science Park Resource Recycling Center 2020/12/21 ~ 2025/12/20)</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	
			<ul style="list-style-type: none"> <li>Keelung, Southern Taoyuan, Miaoli, Houli and Tainan EfW Plant and Tainan Science Park Resource Recycling Center operated by ECOVE Environment Services Corp., has acquired the Badge of Accredited Healthy Workplace Certificate (Keelung Plant 2020/01/01 ~ 2022/12/31、Southern Taoyuan EfW Plant 2020/01/01 ~ 2022/12/31、Miaoli EfW Plant 2020/01/01 ~ 2022/12/31、Houli EfW Plant 2020/01/01 ~ 2022/12/31、Tainan EfW Plant 2021/01/01 ~ 2023/12/31、Tainan Science Park Resource Recycling Center 2019/01/01 ~ 2021/12/31)</li> <li>ECOVE Waste Management Corp. has acquired ISO 9001:2015 quality management system certificate (2019.10.12 ~ 2022.10.12)</li> <li>ECOVE Waste Management Corp. has acquired ISO 14001:2015 environmental management system certificate (2019.10.02 ~ 2022.10.02)</li> <li>ECOVE Waste Management Corp. has acquired ISO 45001:2015 occupational health and safety management system certificate (2019.08.29 ~ 2022.08.29)</li> <li>ECOVE Waste Management Corp. has acquired Taiwan Occupational Safety and Health Management System Certificate (2020/09/03 ~ 2023/09/02)</li> </ul>	

### 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</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 (including the audit object, scope, items, frequency, etc.), based on the audit, and the procedure for reporting the audit results, 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</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	
assessment mechanism for the risk of dishonesty, regularly analyzes and evaluates business activities with a high risk of dishonesty in the business scope, and accordingly formulates a plan to prevent dishonesty to the board of directors (at least once a year)?			<p>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 implementation of the system continue to be effective. The internal auditors of the company regularly check the compliance with the system in the preceding paragraph and make an audit report to the board of directors.</p> <p>On Dec. 14, 2020, the 5<sup>th</sup> term of the 8<sup>th</sup> session of the board of directors of the company submitted the "2020 Promotion of Corporate Integrity Management Policy Report". The summary of the implementation is as follows:</p> <ol style="list-style-type: none"> <li>1. Smooth reporting channels and express the determination to expose the fraud. (For example, set up a. Third-party reporting platform b. Employee opinion platform c. Organize a symposium on communication between senior executives and grassroots employees.)</li> <li>2. Deepen the connection between integrity and ethics. (For example, a. Continue to promote the "Ethical Behavior Rules", "Employee Reporting Channels" and "Receiving Rules" b. All employees re-signed the "Employee Ethics Commitment Letter" c. All employees are required to participate in online courses and test the "Employee Ethics Commitment Letter" every 6 months d. " incorporate the corporate culture of integrity into the annual employee self-assessment performance, accounting for 20%".)</li> <li>3. Strengthen honest business behavior with suppliers. (For example, a. With reference to international norms of human rights, labor standards, environment and anti-corruption, formulate "Supplier Code of Conduct" b. When the supplier participates in the quotation and decides to open</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?			<p>the bid, shall not allow any type of improper benefits such as commission payment to the relevant personnel to facilitate the conclusion of the contract c. When making a factory visit to the factory, it is also checked whether it is implemented and complied with the Supplier Code of Conduct.)</p> <p>The company will continue to promote annual integrity management issues in 2021.</p> <p>(3) The company's "Ethical Corporate Management Best Practice Principles" has set up a plan to prevent dishonesty, and regularly review the laws and practical operations to cooperate with the revision; in addition, cooperate with the revision of the "Guidelines for Ethical Conduct", "Accusation Management Regulations" and "Employees "Rewards and punishment measures", etc., as the basis for implementing the "prevention of dishonesty" violations and punishment and appeals.</p>	
<p>2. Fulfill operations integrity policy</p> <p>(1) Has the company assessed the ethical record of the counterparty and specified the terms of integrity in its contract with the counterparty?</p> <p>(2) Whether the company has set up a special unit under the board of directors to promote enterprise ethical management, and regularly (at</p>	V		<p>(1) In addition to prudently assessing the integrity records of the transaction partners, the company also signed a consent form when signing the contract with the supplier (or contractor), which includes agreeing to "abide by the relevant laws of the country and transaction-related countries"</p> <p>(2) The company's general management office (non-affiliated with the BOD) is responsible for the preparation and promotion of corporate ethical management plans and subsequent implementation matters. The general</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	
least once a year) report to the board of directors on its ethical management policy and prevention of dishonesty behavior plans and supervision and implementation?			<p>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. The implementation of The 4th Meeting of the 8<sup>th</sup> term BOD of the company's "2020 annual promotion of corporate ethical management policy" is as follows:</p> <ol style="list-style-type: none"> <li>1. Smooth reporting channels and determination to expose fraud (For example, (1) continue to set up "third-party reporting platform." (2) Continue to set up "employee opinion platform." (3) Organize a communication symposium between senior executives and grassroots employees. )</li> <li>2. Implement advocacy and deepen employee beliefs in integrity (ex. (1) Continue to promote the "Ethical Behavior Rules", "Employee Reporting Channels" and "Receiving courtesies Rules". (2) All employees re-signed the "Employee Ethics Commitment Letter". (3) All employees are required to participate in online courses every six months and have the "Employee Ethics Commitment" tested. (4) Incorporate the corporate culture of integrity into the annual employee self-assessment performance for 20 %.)</li> <li>3. Strengthen the integrity of business operations with manufacturers (for example, (1) refer to the international relevant human rights, labor standards, environment and anti-corruption and other normative spirits and formulate a "supplier code of conduct". (2) At the time of bid</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	
<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 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>opening and deciding, have the manufacturer not to make any type of improper benefits such as commissions to the relevant person to complete the contract. (3) While visiting the factory, check if it's implemented and abided by the "Supplier Code of Conduct." In 2021, 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 internal audit unit draws up an annual audit plan based on the results of the risk assessment, executes yearly audit plans, and sends the audit reports and the follow-up audit reports to the independent directors on a monthly basis. The audit unit also has to attend the Audit Committee and the Board of Directors' Meetings to report the defects and irregularities found during the inspection, and urge relevant units to take appropriate improvement measures and track the results quarterly until the improvements are completed.</p>	

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies" and reasons
	Yes	No	Summary Statement	
(5) Does the company regularly hold internal and external educational trainings on operational integrity?			(5) The Company educates new employees on the ideals of "ethical governance" and organizes legal courses from time to time to enhance the promotion of ethical corporate management. In 2020, 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, the Company also held a 2-hour online course (test included) regarding Article 101 of the Government Procurement Act for all employees in 2020 and 834 employees were participated in the course.	
3. Operation of the integrity channel (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?  (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	V		(1) The Company has established "Accusation Management Regulations" to be implemented along with the "Employee Reward and Punishment Regulations". The "Accusation Management Regulations" have established clear reporting channels and assigned dedicated personnel to investigate the reported misconducts. There are two types of prosecution channels that can be reported to the company. One is the "Third Party Reporting Platform" and the other is the "Employee Opinion Platform" built on the company's website.  (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.	None



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 provide proper whistleblower protection?			(3) The Company requires "all related personnel who have knowledge of the reported case shall be obligated to maintain the confidentiality of the reporter."	
4. Strengthening information disclosure (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?	V		(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.	None
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.				
6. Other important information to facilitate understanding of the company's good faith management implementation.(e.g. To announce the company's determination to implement good faith management to business vendors, to invite vendors to participate in related education, and to review and revise the company's ethical corporate management best practice principles): The Company strictly observed "Company Act"," Securities and Exchange Act", related rules for TWSE/ TPEX -Listed Companies and other commerce ordinances to implement the good faith management. Review and revise the Company's internal management principles including "Corporate Governance Principles", "Ethical Corporate Management Best Practice Principles", "Code of Ethics for Directors and Managers", "Employee Code of Ethics and Conduct", and based on the development of ethical corporate management principles.				

#### 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 Organization	Course	Training Hours
Chairman	J. J. Liao	2020/08/05	2020/08/05	Republic of China Securities and Futures Market Development Foundation	5G key technologies and application opportunities	3.0
		2020/07/30	2020/07/30	Taiwan Institute for Sustainable Energy(TAISE)	The 21th CEO lecture and special speech	2.0
		2020/05/13	2020/05/13	Taiwan Institute for Sustainable Energy(TAISE)	The 20th CEO lecture and special speech	2.0
		2020/05/06	2020/05/06	Taiwan Corporate Governance Association	Analysis of Financial Situation in Response to Stressful Events-Taking the Sino-U.S. Trade War and the Novel Coronavirus as an Example	3.0
		2020/02/05	2020/02/05	Taiwan Institute for Sustainable Energy(TAISE)	The 19th CEO lecture and special speech	2.0
Director/ President	Y. P. Shih	2020/08/05	2020/08/05	Republic of China Securities and Futures Market Development Foundation	5G key technologies and application opportunities	3.0
		2020/05/06	2020/05/06	Taiwan Corporate Governance Association	Analysis of Financial Situation in Response to Stressful Events-Taking the Sino-U.S. Trade War and the Novel Coronavirus as an Example	3.0
Independent Director	Shan-Shan Chou	2020/08/10	2020/08/10	Republic of China Securities and Futures Market Development Foundation	Intellectual property rights management and company operating risks	3.0
		2020/08/05	2020/08/05	Republic of China Securities and Futures Market Development Foundation	5G key technologies and application opportunities	3.0
Independent Director	Shuh Woei Yu	2020/08/05	2020/08/05	Republic of China Securities and Futures Market Development Foundation	5G key technologies and application opportunities	3.0
		2020/05/06	2020/05/06	Taiwan Corporate Governance Association	Analysis of Financial Situation in Response to Stressful Events-Taking the Sino-U.S. Trade War and the Novel Coronavirus as an Example	3.0
Independent Director	James Tsai	2020/11/18	2020/11/18	Taiwan Corporate Governance Association	Taiwan crisis trend and enterprise risk prediction	3.0
		2020/11/18	2020/11/18	Taiwan Corporate Governance Association	How to effectively protect business secrets	3.0
		2020/07/08	2020/07/08	Taiwan Financial Research and Training Institute	Corporate Governance Forum-International Trends in Preventing Money Laundering and Combating Terrorism	3.0
		2020/05/06	2020/05/06	Taiwan Corporate Governance Association	Analysis of Financial Situation in Response to Stressful	3.0

					Events-Taking the Sino-U.S. Trade War and the Novel Coronavirus as an Example	
		2020/11/18	2020/11/18	Taiwan Corporate Governance Association	Taiwan crisis trend and enterprise risk prediction	3.0
Director	Kuan Shen Wang	2020/08/05	2020/08/05	Republic of China Securities and Futures Market Development Foundation	5G key technologies and application opportunities	3.0
		2020/05/06	2020/05/06	Taiwan Corporate Governance Association	Analysis of Financial Situation in Response to Stressful Events-Taking the Sino-U.S. Trade War and the Novel Coronavirus as an Example	3.0
Director	Minyang Liu	2020/08/05	2020/08/05	Republic of China Securities and Futures Market Development Foundation	5G key technologies and application opportunities	3.0
		2020/05/06	2020/05/06	Taiwan Corporate Governance Association	Analysis of Financial Situation in Response to Stressful Events-Taking the Sino-U.S. Trade War and the Novel Coronavirus as an Example	3.0
Director	Bing Shen	2020/08/05	2020/08/05	Republic of China Securities and Futures Market Development Foundation	5G key technologies and application opportunities	3.0
		2020/05/06	2020/05/06	Taiwan Corporate Governance Association	Analysis of Financial Situation in Response to Stressful Events-Taking the Sino-U.S. Trade War and the Novel Coronavirus as an Example	3.0
Director	Eugene Chien	2020/08/05	2020/08/05	Republic of China Securities and Futures Market Development Foundation	5G key technologies and application opportunities	3.0
		2020/07/31	2020/07/31	Taiwan Corporate Governance Association	A New Perspective on Corporate Governance by the Board of Directors-Advanced Subsidiary and Practice of Information and Network Security	3.0
		2020/07/30	2020/07/30	Taiwan Institute for Sustainable Energy(TAISE)	The 21th CEO lecture and special speech	2.0
		2020/07/22	2020/07/22	Taiwan Financial Research and Training Institute	Seminar on Board Operation Practice and Corporate Governance	3.0
		2020/05/13	2020/05/13	Taiwan Institute for Sustainable Energy(TAISE)	The 20th CEO lecture and special speech	2.0
		2020/02/05	2020/02/05	Taiwan Institute for Sustainable Energy(TAISE)	The 19th CEO lecture and special speech	2.0

(2) 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 provided the Regulation to all Directors and Supervisors, and also disseminates all employees.

(3) Code of Corporate Social Responsibility Best Practice Principles

**ECOVE Environment Corporation**  
**Corporate Social Responsibility Best Practice Principles**

**Amended on Dec. 14, 2020**

**Amended on Dec. 16, 2014**

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

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

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

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

Relevant information relating to CSR which it discloses includes:

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

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

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

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

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

(4) Code of Ethics and Conduct

## **ECOVE Environment Corporation Code of Ethics and Conduct**

### 1.0 Purpose

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

### 2.0 Scope

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

### 3.0 Definition

3.1 Vendor: Including suppliers, third parties and subcontractors.

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

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

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

### 4.0 Responsibility

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

### 5.0 Operation Procedure

5.1 Prohibition of bribes offering and acceptance, and blackmailing

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

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

5.2 Preventing conflicts of interest

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

5.2.1 Avoid personal gain during business operations :

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



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

### 5.5.1 Ethical Decision Making

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

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

### 5.5.2 Questions to consider)

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

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

## 5.6 Reporting and disciplinary procedures for violation

### 5.6.1 Disciplinary system

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

### 5.6.2 Reporting system

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

## 6.0 Reference Document

KCP-174 ECOVE Employees Reward and Punishment Regulations

KCP-173 Accusation Management Regulations

(5) Code of Accusation Management Regulations

## **ECOVE Environment Corporation Accusation Management Regulations**

### 1.0 Purpose

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

### 2.0 Scope

#### 2.1 Accuser

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

#### 2.2 Scope of accusation

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

### 3.0 Definition

#### 3.1 Individual accusation

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

#### 3.2 Joint accusation

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

#### 3.3 Blackmail

The accusation letter proposed anonymously.

### 4.0 Responsibility

#### 4.1 Human Resources Unit

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

#### 4.2 Investigation Group

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

#### 4.3 Management Division

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

#### 4.4 Each Division

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

### 5.0 Operation context

#### 5.1 Operation procedure

Subject to Attachment 1 - Flow Chart of this Regulation.

## 5.2 Accusation

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

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

## 5.3 Case acceptance

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

## 5.4 Investigation

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

## 5.5 Punishment

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

## 5.6 Response

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

content shall include the reminder on relevant legal responsibility.

5.7 Confidentiality obligation

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

6.0 Reference document

KCP-174 Employees Reward and Punishment Regulations

7.0 Attachment

Attachment 1 Work Flow

Attachment 2 Accusation Preliminary Examination Proposal

### 3.4.9 Internal Control System

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

  
ECOVE Environment Corporation  
Statement of Internal Control System

Date: March 8, 2021

ECOVE Environment Corporation (ECOVE) states the following with regard to its internal control system during fiscal year 2020, based on the findings of a self-assessment:

1. ECOVE is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. ECOVE has established such a system aimed at providing reasonable assurance of the achievement of the following objectives :
  - (1) Effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security).
  - (2) Reliability, timeliness, transparency, and regulatory compliance of reporting.
  - (3) Compliance with applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may be subject to changes in environment or circumstances. The internal control system of ECOVE contains self-monitoring mechanisms, however, and ECOVE takes immediate remedial actions in response to any identified deficiencies.
3. ECOVE judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations divide internal control into five elements based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each element further contains several items. Please refer to the Regulations for details.
4. ECOVE has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, ECOVE believes that, as of December 31, 2020, its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for (1) knowing about the achievement degree of operational effectiveness and efficiency, (2) reliability timeliness, transparency, and regulatory compliance of reporting, and (3) compliance with applicable laws, regulations, and bylaws, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
6. This Statement will be a major part of ECOVE's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors Meeting of ECOVE held on March 8, 2021, the nine attending directors all affirmed the content of this Statement.

ECOVE Environment Corporation

Chairman (J.J.Liao) :  (signature)

President (Y. P. Shih) :  (signature)



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

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

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings

1. Major resolutions of Shareholders' Meeting of Year 2020 (May 28, 2020)

Major Resolutions of Shareholders' Meeting	Action Arisen
1. Adoption of the Company's 2019 Business Report, Financial Statements and Consolidated Financial Statements.	The resolution has been made and implemented.
2. Adoption of the Company's distribution plan of 2019 earnings. (In accordance with the total amount of common shares outstanding, the cash dividend per share was NT\$10.83)	The ex-dividend date was on August 1, 2020, and cash dividend was paid on August 19, 2020.
3. Election of board directors for the 8th term.	9 Directors (including 3 independent directors) have been elected.
4. Approval of removing the non-competition restrictions on board directors newly-elected.	The resolution has been made and implemented.
5. Approval of amendment to the "Articles of Incorporation" of the Company.	The resolution has been made and implemented.

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

2020.03.09 Admit of the endorsement of external guarantees.

Approval of the distribution plan of the 2019 directors' and employees' remuneration.

Approval of the Fiscal 2018 business report, financial reports and consolidated reports.

Approval of the distribution plan of Fiscal 2019 earnings.

Approval of "Statement of Internal Control System for the Year 2019".

Approval of the amendment to the Company's "Articles of Incorporation".

Approval of the election of board directors for the 8<sup>th</sup> term.

Approval of the removing the non-competition restrictions on board directors newly-elected.

Approval of the convening of the 2021 Annual General Meeting.

Approval of the place and the period of time for shareholders to submit proposal and nominate director candidates of the 2021 Annual General Meeting.

Approval of the amendment to the Company's "Internal Control Systems" and "Internal Audit Systems".

Approval of the issuance of the 2020 employee stock options plan.

2020.04.10 Passed the qualifications of the company's eighth director (including independent directors) nominee

2020.04.30 Agree PWC to adjust the company's Financial Statement Certified Accountant.

By authorizing the chairman of the board to change the meeting place of the company's 2020 shareholders' meeting in response to epidemic prevention operations

Report on Consolidated financial reports as of March 31, 2020.

2020.05.28 Election of J.J. Liao as Chairman of 8<sup>th</sup> term.

Approval of the appointment of the President of the Company.

Approval of the appointment of the spokesman of the Company.

Approval of the appointment of the members of the "Remuneration Committee".

Approval of the ex-dividend record date of Aug. 01, 2021.



- 2020.05.28 Revised the Remuneration of the company's directors and related standards.
- 2020.07.31 Report on Consolidated financial reports as of June 30, 2020.  
Agree to participate in major subsidiary's (ECOVE Solar Energy Corp.) cash capital increase.
- 2020.10.30 Report on Consolidated financial reports as of Sept. 30, 2020.  
Admit of the endorsement of external guarantees.  
Admit of the Changes in credit amount.  
Approval of loan ECOVE Solar Energy Corp. for working capital requirement.  
Approval of the update of the company's paid-in capital registration.  
Approved to transfer shares of the Company and ECOVE Environment Services Corp.
- 2020.12.14 Approval of the budget of 2021.  
Approval of the Audit Plan of 2021.  
Approval of the amendment to the Company's "Ethical Corporate Management Best Practice Principles".  
Approval of the amendment to the Company's "Procedure of Practice for Corporate Social Responsibility".  
Approval of the amendment to the Company's "Risk Management Guidelines".  
Approval of the average salary increase rate for employees of 2021.  
Approval of the remuneration of the management officers of the Company.
- 2021.03.08 Admit of the endorsement of external guarantees.  
Admit of the Changes in credit amount.  
Approval of the distribution plan of the 2020 directors' and employees' remuneration.  
Approval of the Fiscal 2020 business report, financial reports and consolidated reports.  
Approval of the distribution plan of Fiscal 2020 earnings.  
Approval of "Statement of Internal Control System for the Year 2020".  
Approval of amendment to the "Articles of Incorporation" of the Company.  
Approval of the amendment to the Company's "Internal Control Systems".  
Approval of the convening of the 2021 Annual General Meeting.  
Approval of the place and the period of time for shareholders to submit proposal of the 2021 Annual General Meeting.  
Approval of the update of the company's paid-in capital registration.  
Approval of amendment to the "Guidelines for Directors and Managers' Performance Evaluation and Salary and Remuneration System".  
Approved the revision of the average salary rate for employees of 2021.  
Approval of the "Procedure for Acquisition and Disposition of Assets", of the ECOVE Waste Management Corp., ECOVE Environment Services Corp., ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corp., and Approval of the "Procedure for Loaning of Funds" of the ECOVE Waste Management Corp., ECOVE Environment Services Corp..  
Approve to issue 2021 unsecured ordinary corporate bonds (including green bonds), with a total amount not exceeding NT\$2 billion.

3.4.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None

3.4.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, President, and Heads of Accounting, Finance, Internal Audit and R&D: None (Note: The board of directors of the company was fully re-elected at the 2020 shareholders' meeting, but the chairman and general manager were re-appointed.)

### 3.5 Professional fee of CPA

#### 3.5.1 Information of CPA

Accounting Firm	Name of CPA		Audit Period	Note
PriceWaterHouseCoopers	Shyu-Rong Ueng	Yi-Fan Lin	2020.01.01-2020.12.31	PriceWaterHouseCoopers

#### 3.5.2 Public Expenses of CPA

Unit: NT\$ thousands

	Item	Audit Fee	Non-audit Fee	Total
1	Amount (NTD) Less than 2,000,000			
2	2,000,000 ~ 4,000,000 (inclusive of 2,000,000)	1,260	937	2,197
3	4,000,000 ~ 6,000,000 (inclusive of 4,000,000)			
4	6,000,000 ~ 8,000,000 (inclusive of 6,000,000)			
5	8,000,000 ~ 10,000,000 (inclusive of 8,000,000)			
6	More than 10,000,000 (inclusive of 10,000,000)			

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Audit Period	Note
			System Design	Registration	Human Resource	Other	Total		
PriceWaterHouseCoopers	Shyu-Rong Ueng	1,260	0	30	0	907	937	2020.01.01-2020.12.31	Note1
	Yi-Fan Lin							2020.01.01-2020.12.31	

Note1: The amounts of non-audit fees as well as details of non-audit services shall be disclosed : Translation fee of financial reports NT\$560 thousand, employee stock option issuance report service fee NT\$150 thousand, and the consultant fee of Consolidated Financial Report Template NT\$197 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**

Unit: Share

Title	Name	2020		As of March 31, 2021	
		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)	39,978	0	(39,000)	0
Director	Representative: Y. P. Shih	16,444	0	0	0
Director	Parkwell Investment Corp.(Note 2)	0	0	0	0
	Representative: Kuan Shen Wang	0	0	0	0
Director	Yangming Liu	0	0	0	0
Director	Eugene Chien	0	0	0	0
Director	Bing Shen(Note 3)	0	0	0	0
Director	Kuan Shen Wang (Note 3)	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(Note 3)	0	0	0	0
Director	Wen Whe Pan(Note 2)	0	0	0	0
Independent Director	Shean Bii Chiu(Note 2)	0	0	0	0
Financial Officer	Catherine Huang	2,044	0	0	0
Accounting Officer	Tanching Yao	0	0	0	0

Note 1 : Shareholders holding more than 10% of shares, only CTCI Corp.

Note 2 : On May 28, 2020, the term expires and resigns, only revealing the shareholding changes during the tenure of the company's directors.

Note 3 : Elected for the first time in the shareholders' meeting on May 28, 2020, only revealing the changes during the period of the company's director.

3.8.2 Shares Trading with Related Parties: None

3.8.3 Shares Pledge with Related Parties: None

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

As of March 30, 2021

Name	Shareholding		Spouse & Minor		Shareholding by Nominee Arrangement		The names and relationships of the top ten shareholders who have a relationship with Financial Accounting Standards Bulletin No. 6 or a relative within spouse, the second degree of kinship , etc.		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
CTCI Corporation	38,457,105	55.67	0	0	0	0	GRQ Investment Corporation	The parent company of GRQ Investment Corp.	-
Rep. : Michael Yang	0	0	0	0	0	0	None	None	-
Fubon Life Insurance Co., Ltd.	4,567,507	6.61	0	0	0	0	Fu bon Financial Holding Venture Capital Corp.	Subsidiary of Fubon Financial Holding Co Ltd.	-
Rep. : M. H. Tsai	0	0	0	0	0	0	None	None	-
Parkwell Investment Corp.	1,060,000	1.53	0	0	0	0	None	None	-
Rep. : S. J. Chiu	3,000	0.004	0	0	0	0	None	None	-
Fubon Financial Holding Venture Capital Corp.	469,856	0.68	0	0	0	0	Fubon Life Insurance Co., Ltd.	Subsidiary of Fubon Financial Holding Co Ltd.	-
Rep. : M. C. Tsai	0	0	0	0	0	0	None	None	-
Taiwan Life Insurance Co, Ltd.	337,774	0.49	0	0	0	0	None	None	-
Rep. : S. G. Huang	0	0	0	0	0	0	None	None	-
Bank SinoPac Company Limited	248,000	0.36	0	0	0	0	SinoPac Securities Corp.	Subsidiary of SinoPac Financial Holdings Company	-
Rep. : Chia-Hsien Chen	0	0	0	0	0	0	None	None	-
GRQ Investment Corp.	243,918	0.35	0	0	0	0	CTCI Corporation	Subsidiary of CTCI Corp.	-
Rep. : John T. Yu	0	0	0	0	0	0	CTCI Corporation	Director of CTCI Corp.	-
SinoPac Securities Corp.	239,000	0.35	0	0	0	0	Bank SinoPac Company Limited	Subsidiary of SinoPac Financial Holdings Company	-
Rep. : Stanley Chu	0	0	0	0	0	0	None	None	-
C. M. Chang	238,000	0.34	218,000	0	0	0	Z. M. Wen	The second degree of kinship	-
Z. M. Wen	237,000	0.34	0	0	0	0	C. M. Chang	The second degree of kinship	-

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

As of March 31, 2021

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

\*Under equity method.

## IV. Capital Overview

### 4.1 Capital and Shares

#### 4.1.1 Source of Capital

##### (1) Issued Shares

As of March 31, 2020

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	690,285,640	690,285,640	ESOP	None	Note 21

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

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Share	69,083,998	10,916,002	80,000,000	Listed on the OTC from May 27, 1999. The cut-off date for the outstanding shares is March 30, 2021

#### 4.1.2 Status of Shareholders

As of March 31, 2021

Item	Government Agencies	Financial Institutions	Other Juridical Person	Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	1	11	66	9,386	55	9,519
Shareholding (shares)	3,000	5,223,281	41,541,824	20,905,623	1,410,270	69,083,998
Percentage (%)	0	7.57	60.13	30.25	2.05	100

#### 4.1.3 Shareholding Distribution Status

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

As of March 30, 2021

Class of Shareholding (Unit : Share)	Number of Shareholders	Shareholding (Shares)	Percentage (%)
1 ~ 999	3,542	683,287	0.99
1,000 ~ 5,000	5,173	8,938,806	12.94
5,001 ~ 10,000	434	3,284,246	4.75
10,001 ~ 15,000	154	1,948,911	2.82
15,001 ~ 20,000	71	1,289,000	1.87
20,001 ~ 30,000	55	1,425,119	2.06
30,001 ~ 40,000	27	929,382	1.35
40,001 ~ 50,000	13	563,907	0.82
50,001 ~ 100,000	27	1,916,535	2.77
100,001 ~ 200,000	10	1,368,645	1.98
200,001 ~ 400,000	9	2,181,692	3.16
400,001 ~ 600,000	1	469,856	0.68
600,001 ~ 800,000	0	0	0.00
800,001 ~ 1,000,000	0	0	0.00
1,000,001 or over	3	44,084,612	63.81
Total	9,519	69,083,998	100.00

#### 4.1.4 List of Major Shareholders

As of March 30, 2021

Shareholder's Name	Shareholding	
	Shares	Percentage (%)
CTCI Corporation	38,457,105	55.67
Fubon Life Insurance Co., Ltd.	4,567,507	6.61
Parkwell Investment Limited	1,060,000	1.53
Fubon Financial Holding Venture Capital Corp.	469,856	0.68
Taiwan Life Insurance Co, Ltd.	337,774	0.49
Bank SinoPac Company Limited	248,000	0.36
GRQ Investment Corporation	243,918	0.35
SinoPac Securities Corp.	239,000	0.35
C. M. Chang	238,000	0.34
Z. M. Wen	237,000	0.34

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

Item	Year	2019	2020(Note 1)	As of March 31, 2021(Note 2)
<b>Market Price per Share</b>				
Highest Market Price		217.50	230.00	223.00
Lowest Market Price		171.00	170.50	212.50
Average Market Price		197.63	209.68	218.00
<b>Net Worth per Share</b>				
Before Distribution		74.31	75.06	N/A
After Distribution		63.48	64.06	N/A
<b>Earnings per Share</b>				
Weighted Average Shares		67,105	67,197	N/A
Diluted Earnings Per Share		12.09	12.53	N/A
<b>Dividends per Share</b>				
Cash Dividends		10.83	11.00	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		16.24	16.73	N/A
Price / Dividend Ratio		18.12	19.06	N/A
Cash Dividend Yield Rate		5.52	5.25	N/A

Note 1: The Board of Directors has approved the 2020 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 8 March 2021, the Company has decided to distribute the cash dividends NT\$759,482 thousand (NT\$11.00 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:

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 1.5% to 5% of the income before tax to pay to the employees as remuneration, and distribute no more than 1.5% 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.

- 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 2020, the Board of Directors approved NT\$ 5,200 thousands for the directors' remuneration and NT\$305 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 2019 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\$329,256	NT\$329,256	0
Remuneration for Directors (Cash)	NT\$5,200,000	NT\$5,200,000	0

The actual distribution of employee Remuneration and Directors compensation in 2019 is based on Shareholders' Resolution and corresponds to actual reserve.

- E. The Information of Top Ten Recipients of Employee Bonuses in 2019:

Name	Title	Amount(NT\$)
J.J Liao	Chairman of Business Strategy Committee	329,256
Y. P. Shih	President	
Mike Chiu	Manager	
Chia-Lin Chan	Audit Manager	
Chung-Lei Huang	Finance Manager	
Tan-Ching Yao	Accounting Manager	
C.N Jiang	Stock Affair Specialist	
C.T Lee	Executive Specialist	

Note 1: The total number of employees in the company that meet the needs of the employees in the year of 2020 is 8, which reveals the distribution of 2019 employees' remuneration in 2020.

#### 4.2 Issuance of Corporate Bonds: None

#### 4.3 Preferred Shares: None

#### 4.4 Issuance of Depository Receipt: None

#### 4.5 Employee Stock Options

##### 4.5.1 Issuance of Employee Stock Options

As of March 31, 2021

Type of Stock Option	2018 ESOP	2019 ESOP	2020 ESOP
Effective Date by Regulatory Agency	2018/06/27	2019/06/26	2020/04/13
Issue date	2018/07/09	2019/07/24	2020/04/13
Units issued	1,500 units	1,500 units	1,500 units
Option shares to be issued as a percentage of outstanding shares (%)	2.17	2.17	2.17
Duration	The duration for options is 6 years, during which employees may not transfer, pledge, or gift their options except to heirs. Upon the expiration of the grant period, unexercised options are deemed forfeited and the subscribers may no longer claim right to exercise the option and purchase those shares.		
Conversion measures	Issue new common share		
Conditional conversion periods and percentages	Subscribers may exercise their options by the following schedule and proportion: The availability period      The ceiling of option exercisable (accumulate)		
		<u>Regular</u>	<u>Reward</u>
	Less than 2 years	0%	0%
	In 2 years after the grant	50%	25%
	In 3 years after the grant	75%	50%
In 4 years after the grant	100%	100%	
Converted shares	319178 Shares	0 Shares	0 Shares
Exercised amount	NT\$47,146,932	NT\$0	NT\$0
Number of shares yet to be converted	1,180,822 Share	1,500,000 Share	1,500,000 Share
Adjusted exercise price for those who have yet	NT\$147.4	NT\$191.1	NT\$193

to exercise their rights			
Unexercised shares as a percentage of total issued shares (%)	1.71	2.17	2.17
Impact on possible dilution of shareholdings	The ESOP is implemented by 4 years after the 2-year expiration date of issuing. The original shareholders' equity will be diluted year by year. Dilution to Shareholders' Equity is still limited.		

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

As of March 31, 2021

	Title	Name	No. of Option Shares (share)	Option Shares as a Percentage of Shares issued (%)	Exercised				Unexercised(Note 1)			
					No. of Shares Converted (share)	Strike Price (NT\$)	Amount (NT\$ thousands)	Converted Shares as a Percentage of Shares issued (%)	No. of Shares Converted (share)	Strike Price (NT\$)	Amount (NT\$ thousands)	Converted Shares as a Percentage of Shares issued (%)
Managements	Chairman of Management Strategy Committee	J. J. Liao	549,032	0.79	46,650	147.4	6876	0.07	502,382	2018 ESOP NT\$147.4	90,382	0.73
	President	S. Y. Shih										
	Accounting Officer	Tanching Yao										
	Financial Officer	Catherine Huang										
Employees	Manager	Mike Chiou	44,330	0.07	3,057	147.4	451	0.004	62,339	2020 ESOP NT\$193	11,024	0.09
	Audit Officer	Charelene Chan										
	Specialist	C. N. Jiang										
	Specialist	C. T. Lee										

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

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

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

#### 4.6 Status of New Restricted Employee Shares: 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 Environment Services Corp. ("ECOVE Environment Services") and issued new shares for the conversion in 2020. The share conversion was reported to the Financial Supervisory Commission and effective by Letter Chin-Kuan-Cheng-Fa No.1090377673 on December 23, 2020 with the conversion record date on December 31, 2020. The registration of the

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

In accordance with provisions of Article 9, paragraph 1, sub-paragraph 8 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the Company has engaged the lead underwriter to provide an assessment opinion as to whether any of the aspects of the share conversion would have an effect on the finance, business, and shareholders' equity of the Company by the first quarter of 2020. The opinion is as follows:

(1) Impact on finance:

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

(2) Impact on business:

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

(3) Impact on shareholders' equity:

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

(4) Whether the expected benefits from merger appear:

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

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

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

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

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

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

1. Implementation status:

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

2. Basic information about the acquired company :

Company Name		ECOVE Environment Services Corporation
Company Address		10F., 89, Sec. 6, Zhongshan North Rd., Taipei, Taiwan
Principal		Y. P. Peng
Paid-in Capital		NT\$151,000,000
Main Business Items		Operation and management of garbage recycling plant and maintenance of machinery and equipment, etc.
Main Products (service items)		(1) Operation management, rectification, supervision, annual repair and maintenance services of environmental protection and pollution prevention treatment plants and power plants (2) Repair, maintenance, and technical consulting services for facilities such as water, electricity, environmental control, fire protection, signs, communications, automatic toll collection, etc. (3) Repair, maintenance and energy-saving planning of utilities (such as hospitals, airports), firefighting, air-conditioning, electrical and mechanical equipment (4) Updating and upgrading of software and hardware of electromechanical equipment system and automation control system
Financial Information for the most Recent Year	Total Assets	NT\$1,957,843,763
	Total Liabilities	NT\$1,112,915,279
	Total Shareholders' Equity	NT\$844,928,484
	Operating Income	NT\$3,595,947,728
	Operating Revenue	NT\$430,909,712
	Operating Profit and Loss	NT\$336,766,192
	Current Profit and Loss	NT\$346,575,432
Earnings per Share	NT\$22.95	

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

#### **4.8 Implementation of Capital Utilization Plan:**

##### **A. Description of the Plan:**

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

##### **B. Implementation Status:**

1. With respect to funds usage under the share issuance plan or private placement plan referred to in the preceding subparagraph in this year and as of the prior quarter of the annual report publication date, the status of implementation and comparison of actual benefits with expected benefits:

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

- (1) In financial aspect:

The Company issued new shares by way of capital increase for the share conversion with ECOVE Environment Services Company. Based on the pro forma consolidated financial statements reviewed by CPAs for the third quarter of 2020, the net worth attributable to owners of parent was NT\$72.51 per share, representing a slight decrease of NT\$0.89 as compared to the net worth attributable to owners of parent of NT\$73.49 per share in 2020Q3, which was prior to the share conversion. It is expected that by deepening the integration of Group internal resources as well as using investment tax credit in BOT or ROT projects by ECOVE Environment Services to offset income tax, there will be benefit in operating performance of the Company and its subsidiaries, which will enhance the market competitiveness.

Implementation status: Meet expectation.

- (2) In business aspect:

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

Implementation status: Meet expectation.



(3) In human resource aspect:

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

Implementation status: Meet expectation.

(4) In information technology aspect:

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

Implementation status: Meet expectation.

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

## V. Operations Overview

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

### 5.1 Business content

#### 5.1.1 Business Scope:

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

###### a. Revenue distribution

Unit: NT\$ thousands

Year Item	2019		2020	
	Amount	%	Amount	%
Waste Treatment	2,136,055	40.14	2,254,862	40.00
Electricity	1,573,058	29.56	1,654,013	29.34
Concession Service	573,898	10.79	570,762	10.12
Waste Collection	70,507	1.32	73,172	1.30
Others	968,041	18.19	1,084,781	19.24
Total	5,321,559	100.00	5,637,590	100.00

##### (2) ECOVE Environment Corporation: General investment

##### (3) ECOVE Environment Services Corporation

###### a. Main Businesses

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

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

###### b. Revenue distribution

Unit: NT\$ thousands

Year Item	2019		2020	
	Amount	%	Amount	%
EfW plant related income	2,596,156	76.04	2,643,854	73.52
Others	818,170	23.96	952,094	26.48
Total	3,414,326	100.00	3,595,948	100.00

###### c. The Company's Current Products and Services

- i. Repairs, maintenance and technical consulting services for facilities such as electricity, environmental control and solar power plant.
- ii. Repairs, maintenance and power conservation planning for water and electricity supply for public facilities (e.g. High-tech industry, hospitals and airports), fire-fighting equipment, air-conditioning and mechanical and electric equipment.
- iii. Operations, management, supervision, annual overhauls and maintenance for environmental

- and pollution prevention processing plants and power plants.
  - iv. Updates and upgrades for hardware and software and automation control systems in mechanical and electrical equipment systems.
- d. New Products and Services Under Development
- i. Intelligent management technologies (such as electronic inspection systems and operation performance systems etc.) and thermal sludge drying technologies for EfW plants.
  - ii. Energy-saving waste solvent assisted combustion technologies for hazardous and medical waste in EfW furnaces and the use of high performance sodium bicarbonate dry spray exhaust treatment system technologies.

(4) ECOVE Wujih Energy Corporation

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

Unit: NT\$ thousands

Item \ Year	2019		2020	
	Amount	%	Amount	%
Electricity	86,399	11.49	93,644	11.81
Waste Treatment	428,652	56.99	461,238	58.14
Concession Service	237,132	31.52	238,406	30.05
Total	752,182	100.00	793,288	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	2019		2020	
	Amount	%	Amount	%
Waste Treatment	1,190,894	91.23	1,215,900	88.84
Waste Collection	103,914	7.96	103,857	7.59
Comprehensive planning to clean up revenue (Reuse included)	10,563	0.81	48,911	3.57
Total	1,305,371	100.00	1,368,668	100.00

- c. The Company's Current Products and Services
  - i. Waste acceptance and management: Management services consist mainly of the acceptance, reporting, coordination and commissioned processing of general waste and general industrial

waste. As well as the disposal and transshipment of waste and ashes from various municipalities, EfW plants, science and industrial parks (general and hazardous industrial waste included), various institutions and schools.

- ii. Waste resource recycling and reuse: The waste that is with market scale and mature recycling technology is the main target, such as resource recovery of waste isopropyl alcohol generated after being used in high-tech industry and fertilize food waste generated by the cities and enterprises. By integrating resources and improving technology, the Company provides technical service and operation maintenance service.

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

F. ECOVE Miaoli Energy Corporation

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

- b. Revenue distribution

Unit: NT\$ thousands

Item \ Year	2019		2020	
	Amount	%	Amount	%
Concession Service	336,766	100.00	332,356	100.00
Total	336,766	100.00	332,356	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	2019		2020	
	Amount	%	Amount	%
Electricity	153,403	100.00	206,332	100.00
Total	153,403	100.00	206,332	100.00

- c. The Company's Current Products and Services
  - i. Energy technical services.
  - ii. Electric power supply.

- d. New Products and Services Under Development  
Renewable energy power and voucher transaction

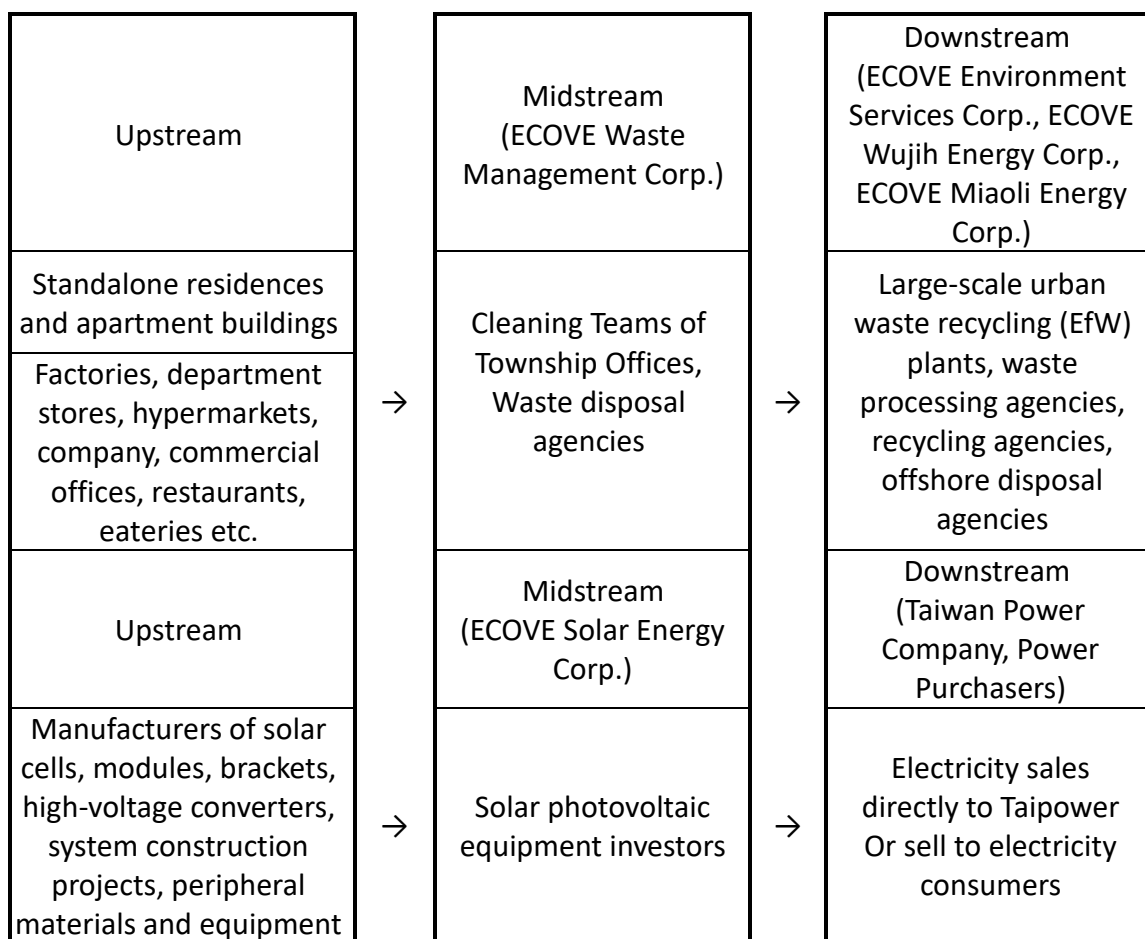
### 5.1.2 Industry Overview

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

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

The 24 EfW plants in Taiwan processed a total of 6,471,615 metric tons of waste in 2020. The waste accepted by ECOVE O&M EfW plants amounted to 1,895,252 metric tons and the total processed waste amounted to 1,895,252 metric tons. General waste constituted 1,506,140 metric tons of processed waste and general industrial waste amounted to 389,112 metric tons. ECOVE Environment Services Corporation processed the equivalent of waste produced by 3.65 million people in a year. ECOVE Waste Management Corporation accepted a total of 312,920 metric tons of waste, which constituted around 29%. 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 65, with a cumulative power generation of 281,919 kilowatts. In domestic, through the open bidding mechanism, we have established good cooperative relations with the public sector and accumulated rich experience. The ground-based representative performance is the land reclamation and reuse of the land fill. The roof-type cases are mainly built in the high-speed rail, the MRT systems and Kaohsiung port around the North, Central and South in Taiwan. Regarding overseas market, there is also a large solar power plant in New Jersey which is the third largest investment case of Taiwanese company in the eastern U.S.

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



### (3) Business Development Trends:

#### a. O&M of EfW plants

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

#### b. Acceptance and management of general industrial waste

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

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

#### c. Waste Disposal

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

#### d. Resource Recycling and Reuse

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

#### e. Renewable Energy

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

### (4) Competition:

- a. As we look ahead to the contracted O&M services for waste resource recycling plants in the domestic market, the Company's subsidiary ECOVE Environment Services Corp. shall actively

participate in the market for contract renewal for O&M of EfW plants across Taiwan to expand our market share in Taiwan and provide services to more people in Taiwan.

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

### 5.1.3 Overview of Technologies and R&D

- (1) Integrate new external technologies and develop new technologies in related fields including waste management and incineration, resource recycling, and renewable energy in order to optimize the final disposal of waste (such as increasing power generation efficiency of incinerators, integration of new incineration technologies, exhaust gas reflux denitration etc.), increase reuse rates of waste resources (such as recycled water, sorting and selection of waste, purification of waste solvents, biomass and biogas fuel centers, etc.), increase the added value of resources from waste (such as purification of waste motor oil to base stock), and increase energy production efficiency (such as increasing the power generation efficiency of the EfW plants, technology of boiler cleaning robot, cleaning technology for on-line boiler, increasing the efficiency of solar panels and the survey and adoption of generators with optimal power generation efficiency etc.).
- (2) In response to the Industry 4.0 trends in global technology, ECOVE integrated with the development of intelligent management, control and maintenance technologies (such as remote central control room, emergency repair event inspection, high-temperature camera furnace inspection, advanced combustion control system, robot boiler slag removal, fixed shock wave ash cleaning and personnel safety positioning system etc.). The important operational information of each factory can also be accessed at anytime and anywhere through mobile devices (such as electronic inspection, IOI added LINE platform, etc.), so that anomalies can be timely grasped and improved operational management effectiveness. In addition, it can also improve staff training and teaching effectiveness (such as VR education and training of 3D models, navigation and teaching applications, and expert systems, etc.).
- (3) The fact that solar power generation has become the mainstream of new power generation systems and is an effective measure for energy saving and carbon reduction. In 2020, ECOVE will not only continue to improve and update technology, but also invest a lot of manpower and material resources in the research and development of solar photovoltaic monitoring and maintenance systems. Moreover, ECOVE creates a set of customized solar photoelectric cloud monitoring system and establishes a solar photoelectric system drone aerial photography thermal image abnormality detection process, which can grasp the performance of solar power plants at all times. The cloud monitoring system can immediately notify the relevant person when an abnormality occurs, then dispatch the drone for on-site inspection and confirmation in the

shortest time to eliminate the situation and restore power generation efficiency with the most efficient and economical way.

As of now, we have acquired a total of 37 domestic patents and 11 patents in Mainland China.

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

i. Research and Development Expenses in Past Two Years

Unit: NT\$ thousands

Item/Year	2019	2020
Operating Revenue	3,414,326	3,595,948
R&D Expense	7,062	7,018
R&D Expense as percentage of Operating Revenue (%)	0.21	0.20

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

ii. Successfully developed technologies and products in recent years

Year	Research and development achievements
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>
2019	<ul style="list-style-type: none"> <li>a. Acquired a new patent of "Ratchet omni wheels" in Taiwan.</li> <li>b. Acquired a new patent of "Unmanned aerial vehicle automatic patrol system" in Taiwan.</li> <li>c. Acquired a new patent of "Plant operation and maintenance expert system" in Taiwan.</li> <li>d. Acquired a new patent of "Flat car net safety covering and recovering device" in Taiwan.</li> <li>e. Acquired a new patent of "Low-concentration isopropanol-enriched distillation tower combined with circulating super-gravity centrifugal rectification system" in Taiwan</li> </ul>
2018	<ul style="list-style-type: none"> <li>a. Acquired a new patent of "Multi-Purpose Heat Exchanger Ash-Cleaning Robot" in Taiwan</li> <li>b. Acquired a new patent of "Clinker-Prevention Side Wall of Incinerator with Independent Heat Recovery System" in Taiwan</li> <li>c. Acquired a new patent of "Self-Guided Multi-Purpose Heat Exchanger Ash-Cleaning Robot" in Taiwan</li> </ul>

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



Project Plant	Project
Keelung	Added variable frequency controls on the primary air fan
Southern Taoyuan	Improvement of the circuit breaker control logic on the primary side of the main transformer (GCB101) to reduce low amounts of electricity usage and lower electricity bills
Southern Taoyuan	Installation of a dry calcium hydroxide injection system in the waste gas processing system to increase the efficiency of waste gas processing.
Southern Taoyuan	Reduced the minimum operating speed of the IDF to reduce the amount of fuel required for ignition.
Wujih	Installation of a sodium hydroxide injection system in the flue gas processing system to increase the efficiency of flue gas processing.
Wujih	Modified the ammonia solution control from the original motor control to variable frequency control to lower expenditure on consumables.
Wujih	Improve the ejection supply and control model to reduce the ratio of low-pressure steam required for the deaerator from the high-pressure steam supply and increase power generation efficiency.
Wujih	Use the original chilling system to create a simple cooling room to cooling the control panels and cease the usage of onsite air-conditioning units to save energy.
Wujih	Improve the water discharge valves of the soot blower to lower the number of boiler shut down caused by superheater tube failure.
Wujih	Renewed cooling tower fan
Tainan	Reevaluated and analyzed the distribution of the air-conditioning system of the plant and increased the temperature of the chiller by 2 degrees. Installed split air-conditioners in areas with low usage efficiency to reduce the load of the chiller and optimize the air-conditioning system for power conservation.
Tainan	Upgraded the PLC of the steam turbine.
Tainan	Upgraded the PLC of the bag filter.
Tainan	Renewed ACC fan
Miaoli	Replaced the regular A/C power supply to key motor controls with uninterruptible power supply to prevent trips from sudden drops in voltage and insufficient suction of the magnetic switch.
Miaoli	Adding a three-axle vibration sensor on the vibrating conveyor to monitor the ash bridging status.
Miaoli	Converted the variable frequency controls on the secondary air fan to save energy and resolve current issues of remaining secondary air flow to the storage pit.
Miaoli	Adjusted the settings for SAH temperature restricted by the valve discharge pressure that in response to changes in the calorific value of waste. The settings could not be lowered to the minimum design value and a pump was added on the discharge pipe extending from the bottom of the surge tank to the first stage SAH for the water discharge pressure to meet the original design requirements and for the SAH temperature to be lowered to the original design value in order to resolve the issue of overheated boiler bed.

Project Plant	Project
Miaoli	Upgraded the air compressor to the variable-frequency air compressor
Houli	Adopted cooling water temperature control for the operations of the cooling water fan.

#### 5.1.4 Short & Long Term Development Plans

##### (1) ECOVE Environment Corporation

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

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

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

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

###### i. Taiwan

- (a) In addition to continuously pursue deferment and rectification of ROT or OT projects in EfW plants in Taiwan with expiring operation contracts, cooperates with the group's BOT project for new incinerator and provides upgrade, maintenance and other technical services for the mechanical and electric equipment in old EfW plants.
- (b) Obtained the BOT project of the resource processing center in Zhangbin Industrial Zone and established the project concession company-Radium ECOVE Corp. with the bidding members according to the contract. Furthermore, implemented the construction and operation of the facility during the concession.
- (c) Actively pursue diversified general waste disposal project from government.

- (d) Maintain and intensify current services for mechanical and electric equipment at Taoyuan International Airport to open up more opportunities for services.
  - (e) Actively pursue T&C service opportunities in routes that are near completion in response to the continued construction and plans for urban (New Taipei City, Taoyuan and Taichung) MRT systems while pursuing maintenance work for general mechanical and electric equipment (mechanical and electric equipment/fire-fighting/air-conditioning).
  - (f) 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.
  - (g) Accumulate experience from own 45MW solar photovoltaic plants' O&M and expand to gain external business opportunities.
- ii. Overseas:
- (a) The Company has won the tender for the O&M of the EfW power generation plant and special and hazardous waste processing station in Macao. These will be used as the base for pursuing design or improvement projects in related environmental protection sectors of the Macao government.
  - (b) The third-party operation supervision of the existing market of execution area develops steady.
  - (c) 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 aims to provide a diversity and one-stop (planning management, removal, treatment, disposal and reuse, resource utilization etc.) of solutions for waste disposal in the Taiwan business with the status of waste removal and management specialists.
  - b. The mid to long-term business plan will assist the matching of sources of production to the recycling and reuse way to achieve the goal of waste reduction with the experience and familiarity of the waste management market. Moreover, continuously increase the recycling and reuse of waste resources, expand the scope of waste business, and move forward towards the goal of recycling and diversification of waste resources to expand the business foundation.
- (5) ECOVE Miaoli Energy Corporation
- a. With regard to the short-term business plans, we shall seek to satisfy, as a principle, the minimum annual processing volume of 155,125 metric tons of the county government and maximize profits from power sales.

- b. Achieve high efficiency in power generation through the mid to long-term target of maintaining average waste acceptance and stable mechanical operation rates.

(6) ECOVE Solar Energy Corporation

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

## 5.2 Market and Sales Overview

### 5.2.1 Market Analysis

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

##### a. By Major business Categories

Unit: NT\$ thousands

Area \ Year	2019		2020	
	Amount	%	Amount	%
Taiwan	4,285,199	80.53	4,622,653	82.00
Macau	860,947	16.18	879,581	15.60
China	83,219	1.56	60,064	1.07
USA	92,194	1.73	75,292	1.33
Total	5,321,559	100.00	5,637,590	100.00

#### (2) ECOVE Environment Corporation

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

#### (3) ECOVE Environment Services Corporation

##### a. By Major business Categories

Unit: NT\$ thousands

Area \ Year	2019		2020	
	Amount	%	Amount	%
Taiwan	3,195,550	93.59	3,315,233	92.19
Macau	172,027	5.04	248,817	6.92
China	46,749	1.37	31,898	0.89
Total	3,414,326	100.00	3,595,948	100.00

##### b. Market Share

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

- i. There are currently 24 large-scale waste resource recycling plants in Taiwan and the designed capacity of the ones operated and maintained by ECOVE ESC has reached a market share of 26% compared with the total designed capacity in Taiwan; it is the largest in Taiwan.
- ii. The third-party supervision projects for EfW plants in China are 4 in total and designed capacity amounts to 12,060 metric tons/day. We are the leader in the industry in China.

##### 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. The mainland’s incineration market tends to “the state enterprises advance, the private sectors retreat”. The investment and operation of incineration plants are mostly transferred to large state-owned enterprises, resulting in a gradual weakening of regulatory requirements. ECOVE will continue to cultivate in existing projects.
  - iii. 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.
  - iv. 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	2019		2020	
	Amount	%	Amount	%
Taiwan	752,182	752,182	793,288	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 2020, current domestic medium to large-scale urban EfW plants in operations process a total of approximately 6.46 million metric tons of waste a year. The annual processing capacity of Wujih Plant is approximately 300,000 metric tons and it constitutes 4.6% 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 2.68 billion kilowatt/hours while the Wujih Plant sells approximately 152 million kilowatt/hours per year, constituting 5.7% of the total amount of electricity sold. In terms of power generation, the annual power generated amounts to approximately 186 million kilowatt/hours, which is 5.5% of the 3.39 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. Therefore the current status of supply and demand remains stable.

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 seven 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	2019		2020	
	Amount	%	Amount	%
Taiwan	1,305,371	100.00	1,368,668	100.00

b. Market Share

ECOVE WMC is a company dedicated to industrial waste clearance and disposal. In 2020, ECOVE WMC received a total of 308,792 metric tons of waste for O&M. Its national market share in industrial waste collection and processing services is approximately 25%.

c. Future Supply, Demand and Growth of the Market

New big processing facilities in Taiwan are in development. In the next 5 years, half of them will enter the rectification period one after another. The current processing capacity is lower than the production of waste.

d. Competitive Niches

Based on the core values accumulated from 20 years of waste collection, management and disposal operations, ECOVE WMC independently developed a waste management information system along with an integrated clearing management system to allow waste disposal operators who enter the plants to jointly use the system online in order to improve management efficiency and competitiveness.

ECOVE WMC continually invested in the waste recycling business in 2020, seeking iconic resource recycling business opportunities by using existing producer information and plans to use the rich experience as a stepping stone to enter resource recovery business, in order to provide a more completed service for the producers or waste disposal operators.

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

i. Favorable Factors

(a) Advantages in integration

The Company has capabilities for the management, disposal, and market development of waste and is able to satisfy customers' requirements for waste disposal. Also, the Company continuously develops the recycling business field, integrates the understanding of market information, and directs the waste to reuse treatment to achieve waste reduction.

(b) Brand Advantages

Our performance always meet client demands and we enjoy a favorable reputation in the industry which reassures clients that they can safely allow the Company to dispose of their waste.

(c) Low Financial Risks

Our clients have all undergone extensive evaluation by the Company to ensure the health of their financial status and therefore the risks of bad debts is low.

ii. Unfavorable Factors and Countermeasures

(a) High Dependence on Policy

The Company's business would be affected if the government becomes lax in amendments and execution of environmental protection laws.

Countermeasure: Stay abreast of government policies as well as the regulations and execution of related laws in order to make flexible adjustments in business



operations to comply with policies and regulations.

(b) Decline of Processing capacity

Urban lifestyle changes, household waste content has become more complicated. The increase in thermal energy of general waste has led to a decline in the processing capacity, which will affect the company's business.

Countermeasure: In response to the limitation of the calorific value of the incineration plant, the high calorific value waste is screened out and the reuse mode is introduced. The waste removal and dispatching into the plant are mainly general business waste low-like calorific value domestic waste.

(6) ECOVE Miaoli Energy Corporation

a. By Major business Categories

Unit ; NT\$ thousands

Area \ Year	2019		2020	
	Amount	%	Amount	%
Taiwan	336,766	100.00	332,356	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 2020, current domestic medium to large-scale urban EfW plants in operations process a total of approximately 6.40 million metric tons of waste a year. The annual processing capacity of Miaoli Plant is approximately 160,000 metric tons and it constitutes 2.5% of the total processing capacity of the 24 EfW plants in Taiwan. In terms of the volume of electricity sales, the total amount electricity sold by EfW plants in an entire year amounts to approximately 2.68 billion kilowatt-hours while Miaoli Plant sells approximately 76.71 million kilowatt-hours per year, constituting 2.9% of the total amount of electricity sold. In terms of power generation, the annual power generated amounts to approximately 93.43 million kilowatt-hours, which is 2.8% of the 3.39 billion kilowatt-hours generated by the 24 EfW plants in a year.

c. Future Supply, Demand and Growth of the Market

Miaoli County Government ensures delivery of 155,125 ton/ year. In addition to the previous plans for waste disposal, Nantou County and Hsinchu County has been included in 2020 and the waste processing volume remains at 480 ton /day. There is no shortage of waste delivery to satisfy the total required amount for operations at the EfW plant.

d. Competitive Niches

The Company's partnered team - ECOVE ESC - is a professional O&M company of EfW plants and it O&M total seven 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	2019		2020	
	Amount	%	Amount	%
Taiwan	153,403	100.00	206,332	100.00
Total	153,403	100.00	206,332	100.00

b. Market Share

ECOVE Solar Energy Corp. is a professional solar power plant construction and operation company. By the end of 2020, the cumulative domestic solar installation capacity was approximately 98.56MWp, accounting for about 2% of the domestic market.

c. Future Supply, Demand and Growth of the Market

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

d. Competitive Niches

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

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

i. Favorable Factors

(a) Advantages in integration

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

(b) Brand advantages

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

(d) Low financial risks

ii. Unfavorable Factors and Countermeasures

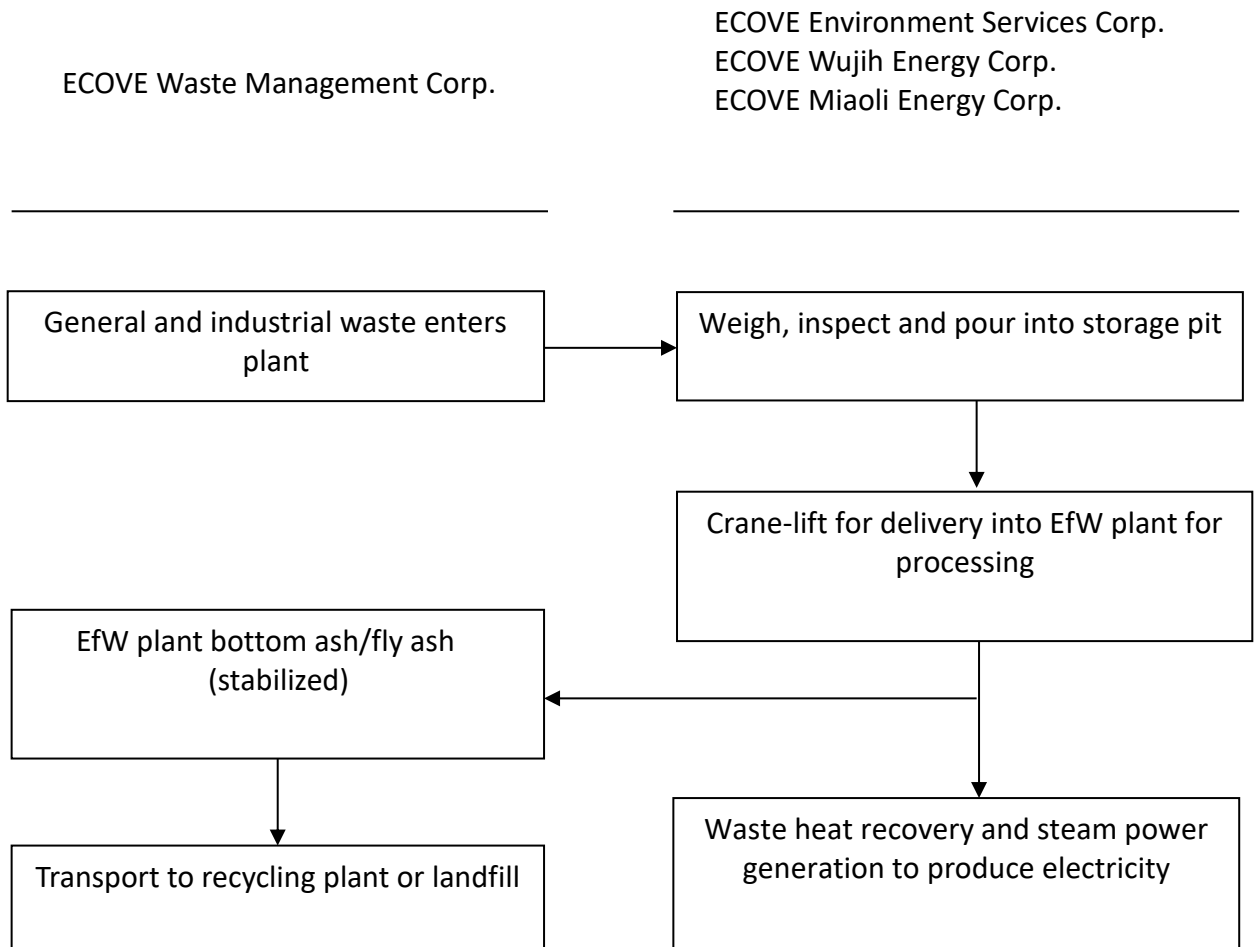
(a) High police dependence

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

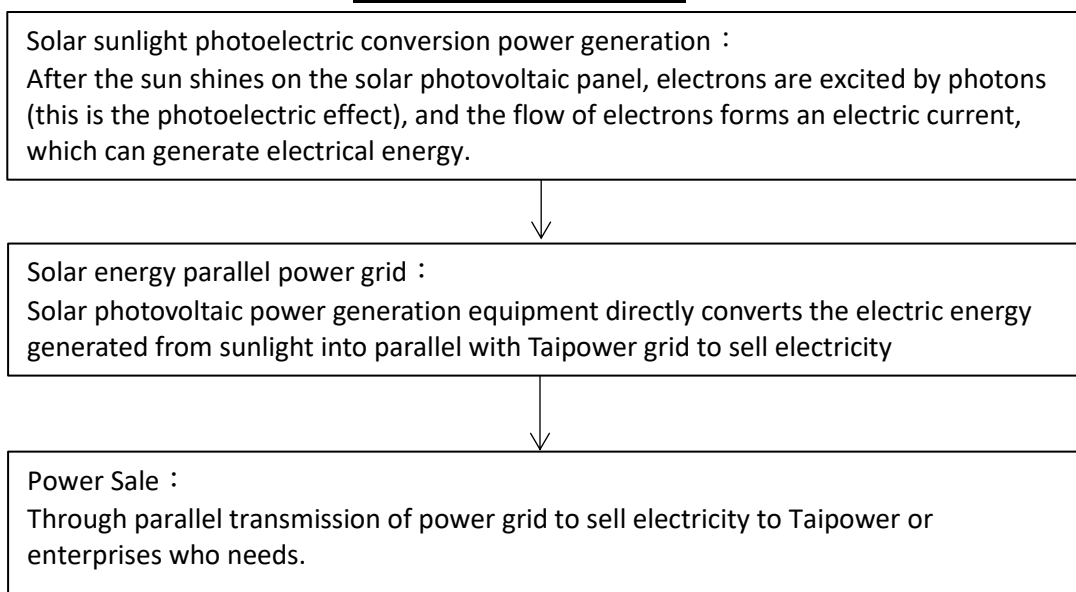
Countermeasures:

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

5.2.2 The Company's Main Services Purposes and Service Sequences



ECOVE Solar Energy Corp.



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

(2) ECOVE Environment Services Corporation

a. Usage of Primary Products (Services)

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

b. Production Process of Primary Products (Services)

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

(3) ECOVE Wujih Energy Corporation

a. Usage of Primary Products (Services)

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

b. Production Process of Primary Products (Services)

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

(4) ECOVE Waste Management Corporation

a. Usage of Primary Products (Services)

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

b. Production Process of Primary Products (Services)

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

(5) ECOVE Miaoli Energy Corporation

a. Usage of Primary Products (Services)

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

b. Production Process of Primary Products (Services)

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

(6) ECOVE Solar Energy Corporation

a. Usage of Primary Products (Services)

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

b. Production Process of Primary Products (Services)

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

5.2.3 State of Supply of Main Materials:

ECOVE Environment Corp. is an investment holding company and its subsidiaries ECOVE Environment Services, ECOVE Wujih Energy, ECOVE Waste Management and ECOVE Miaoli Energy are all environmental protection services providers. 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	2019				2020			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Taiwan Power Company	717,751	13.49	None	Taiwan Power Company	941,190	16.69	None
2	Environmental Protection Bureau of Taichung City Government	388,463	7.30	None	Environmental Protection Bureau of Taichung City Government	318,221	5.64	None
3	Environmental Protection Bureau Miaoli County Government	336,766	6.33	None	Environmental Protection Bureau Miaoli County Government	332,356	5.90	None
4	Taiwan Sugar Corp.	315,990	5.94	None	Taiwan Sugar Corp.	311,714	5.53	None
5	Others	3,562,589	66.94	None	Others	3,734,109	66.24	None
	Total	5,321,559	100.00		Total	5,637,590	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	2019		2020	
	Local	Export	Local	Export
Waste Treatment	2,136,055	0	2,254,862	0
Electricity	1,000,085	572,973	1,072,770	581,243
Concession Service	573,898	0	570,762	0
Waste Collection	70,507	0	73,172	0
Others	504,654	463,387	651,087	433,694
Total	4,285,199	1,036,360	4,622,653	1,014,937

## (2) ECOVE Environment Services Corporation

Unit: NT\$ thousands

Shipments & Sales Major Products	Year	2019		2020	
		Local	Export	Local	Export
EfW plant related income		2,596,156	0	2,643,854	0
Others		660,382	157,788	671,379	280,715
Total		3,256,538	157,788	3,315,233	280,715

## (3) ECOVE Wujih Energy Corporation

Unit: NT\$ thousands

Shipments & Sales Major Plant	Year	2019		2020	
		Local	Export	Local	Export
The plant of Wujih		752,182	0	793,288	0
Total		752,182	0	793,288	0

## (4) ECOVE Waste Management Corporation

Unit: NT\$ thousands

Shipments & Sales Major Products	Year	2019		2020	
		Local	Export	Local	Export
Waste Treatment		1,190,894	0	1,215,900	0
Waste Collection		103,914	0	103,857	0
Comprehensive planning to clean up revenue		10,563	0	48,911	0
Total		1,305,371	0	1,368,668	0

## (5) ECOVE Miaoli Energy Corporation

Unit: NT\$ thousands

Shipments & Sales Major Plant	Year	2019		2020	
		Local	Export	Local	Export
The plant of Miaoli		336,766	0	332,356	0
Total		336,766	0	332,356	0



### 5.3 Employee Information

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

Year		2019	2020	As of Mar. 31 <sup>st</sup> , 2021
Number of Employees	Regular Employees	687	801	814
	Contracted Employees	90	6	3
	Total	777	807	817
Average Age		41.9	41.3	43.0
Average service seniority		12.9	8.3	9.8
Ratio of employees at each level of educational degree	Doctor	0.13	0.12	0.37
	Master	14.03	14.64	14.57
	Bachelor	64.99	66.63	65.12
	Senior High School	18.15	17.85	17.14
	Below Senior High School	2.70	2.48	2.82

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

#### 5.3.2 Safety of the Work Environment and Employees' Personal Safety

##### (1) Safety, Health and Environmental Policy

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

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

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

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

(2) Safety, Health and Environmental Organization

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

(3) Safety, Health and Environmental Management System

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

(4) Safety, Health and Environmental Management Operations

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

(5) Statistical Analysis of Occupational Hazards

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

it will enter the evaluation of the people's assessment meeting. The employee will calculate the minimum performance of the project in the quarter, and The Occupational Safety and Health Committee worked together to develop improvement plans; in the statistical analysis, it was found that the reporting of false alarms should be given more encouragement in order to effectively and prioritize improvements to reduce the occurrence of worker safety accidents. Therefore, the company performed safety and health performance management. The KPI project specifically incorporates activities such as internal dynamic inspections and joint audits. It is expected that problems can be detected by digging around to use false alarm events or staff counseling to prevent the occurrence of workers' safety incidents, and set annual safety and health goals. Let all my colleagues recognize and work together toward the goal. The company encourages various projects to participate in the Ministry of Labor to organize statistical work on non-disaster time. It has successively been awarded with no-fault labor time certification. The company encourages projects to participate in the Zero-Accident Work Hours activities organized by the Ministry of Labor, and successively wins the Zero-Accident Work hours certificates every year. Statistics of the total cumulative Zero-Accident Work hours of the incineration plants operated and managed by ECOVE as of Dec. 2020, which are 1,049,787 hours at Keelung plant, 367,361 hours at Southern Taoyuan plant, 172,867 hours at Taoyuan International Airport plant, 469,134 hours at Miaoli plant, 1,519,806 at Houli plant, 1,196,678 hours at Wujih plant, 1,817,137 hours at Tainan plant, 1,126,462 at STSP plant, 354,184 hours at Kong Shan plant. ECOVE ESC upholds the "people-oriented" core value, invests the necessary manpower and resources for the safety and health of employees, and creates a safe and healthy working environment. Continued business philosophy, to meet every disaster-free working hours and go all out.

#### (6) Awards

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

- Awarded the "2019 Promote Occupational Safety and Health Excellent Persons Achievement Award" by the Ministry of Labor
- Awarded the "2020 Promote Occupational Safety and Health Excellent Persons Achievement Award" by the Ministry of Labor
- STSP EfW Plant was awarded "2019 Southern Science Park Occupational Safety and Health Excellence Unit Award
- Awarded by the Industrial Safety and Health Association (ISHA) of the R.O.C. entrusted by the Ministry of Labor:
  - ✓ Houli EfW Plant was awarded the 1.44 million zero-accident work hours certificate.
  - ✓ Keelung EfW Plant was awarded the 970,000 zero-accident work hours certificate
  - ✓ Miaoli EfW Plant was awarded the 360,000 zero-accident work hours certificate
  - ✓ Wujih EfW Plant was awarded the 1.20 million zero-accident work hours certificate.
  - ✓ Tainan EfW Plant was awarded the 1.68 million n zero-accident work hours certificate.
  - ✓ STSP EfW Plant was awarded the 1.08 million zero-accident work hours certificate issued by ISHA of the R.O.C. entrusted by the Ministry of Labor.
- Other awards:
  - ✓ "2020 National Workplace Safety and Health Week Series Implementation Plan" certificate by the Ministry of Labor.
  - ✓ "2019 Appreciation for Enterprise Devoting Safety and Health\_Assisting small&medium-sized enterprises' work environment counsel and improvement." Thank-you medals for enthusiastic public welfare activities by the Ministry of Labor.
  - ✓ Labor Affairs Bureau of Tainan City Government issued the "2020 Certificate of Appreciation for Enterprise Devoting Safety and Health Promotion".
  - ✓ Miaoli Plant rewarded "AED+CPR site mark certificate" by Miaoli County Government

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

### 5.3.3 Code of Ethics for Employees

#### (1) Purpose

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

#### (2) Area

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

#### (3) Principle of good faith

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

#### (4) The principle of fairness

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

#### (5) Work environment

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

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

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

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

(2) Compete with the company.

#### (7) Fair trade

(1) The employees of the company should treat the objects of business transaction fairly; when dealing with related parties, there should be no special preferential treatment.

(2) In the performance of their duties, the employees of the company shall not be in the interest of themselves or a third party, but have requirements, contract, delivery or acceptance of any form of gift, entertainment, rebate, bribe or other improper interest. However, the gift or entertainment provided by the courtesy of social etiquette or company regulations is not limited to this.

#### (8) Insider trading

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

#### (9) Confidentiality responsibility

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

The information that should be kept confidential in the preceding paragraph includes information

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

(10) Correct document records and reports

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

(11) Protecting and Using Company Assets Properly

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

(12) Political Contributions and Activities

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

(13) Copyright

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

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

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

(15) Exemption from applicable procedures

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

(16) 16. Execution

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

#### 5.4 Environmental Protection Expenditure Information

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

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

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

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

December 31, 2020; 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	166,183	Compliance with related laws and regulations on EfW plant, air and wastewater pollution prevention

- D. ECOVE Waste Management Corporation

December 31, 2020; Unit: NT\$1,000

Equipment Name	Quantity	Obtainment Date	Investment Cost	Book Value	Usage and Anticipated Benefit
Waste Disposal Trucks	47	2001.08-2019.09	99,039	31,938	The business objective is to comply with the environmental protection laws and regulations applicable to the waste removal industry

- E. ECOVE Miaoli Energy Corporation

December 31, 2020; 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	870,334	Compliance with related laws and regulations on EfW plant, air and wastewater pollution prevention

- i. 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:

The Company and its subsidiaries have not sustained losses or fines due to pollution of the environment in the past year and up to the date of report.

- F. ECOVE Solar Energy: Not Applicable

(3) 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 losses and countermeasures:

Taichung City Environmental Protection Bureau determined that ECOVE's subsidiary Wujih Energy Corp. violated the Air Pollution Prevention and Control Law and imposed a fine of NT\$20 million. Wujih Energy Corp. believed that the reasons for the penalty were inconsistent with the facts and requested judicial relief. The whole case is under trial.

## 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 2020 was close to NT\$3.50 million and the total annual training hours for all employees exceeded 17,728 hours. The man-hours and expenses for various types of training are as follows:

Type	Sessions	Total Participants	Total hours (hour)	Total Expenses (NT\$1,000)
Training for New Employees	23	91	101	0
Professional Skills Training	491	5122	14274	2956.4
Managerial Training	15	362	1121.5	370.6
Self-Development Training	36	1917	2232	173.0
Total	565	7492	17728.5	3500

- A. Training for new hires: New hires are trained in several topics, including the general conditions of the Company, work rules, related regulations on quality, safety, health, and environmental management, and corporate culture.
- B. Training of professional skills: Each department provides internal training that includes lectures and hands-on practice for their employees or assigns them to attend external courses and related training on professional subjects in accordance with their job description, company business development requirements, or contractual or regulatory requirements to increase their professional capacities.
- C. Training of management skills: The Human Resources Department and the business unit organize management courses in accordance with the status and development



requirements of the Company and allow unit supervisors to assign personnel to participate in the courses.

- D. Self-improvement training: The Company provides English language training courses to improve employees' international communication capabilities and on-the-job training at domestic or foreign institutes to enhance employees' professional knowledge.
- E. Related employee training courses are implemented in accordance with the "Employee Education Management Regulations".

### (3) Implementation Status of the Pension System

The "Labor Pension Regulations" of the employee pension system is established in accordance with regulations in the Labor Standards Act. Dedicated labor pension fund accounts are also established to set aside workers' retirement reserve funds each month to be deposited at the dedicated accounts in the Bank of Taiwan.

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; 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 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 losses.

## 5.6 Important Contracts

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

### (1) ECOVE Environment Services Corporation

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

## (2) ECOVE Wujih Energy Corporation

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

## (3) ECOVE Waste Management Corporation

Nature of Contract	Counterparty	Commencement /Expiration Date	Content	Restrictions
Waste disposal and processing	Taiwan Semiconductor Manufacturing Company	2016.05.01 ~2019.04.30	Industrial waste disposal and processing	None
Waste management services	Rong Cheng Environmental Protection Enterprise Co., Ltd.	2021.01.01 ~2021.12.31	Entrusted with Keelung Plant for waste treatment	None
Waste management services	Tan Fa Cleaning Services Co., Ltd.	2021.01.01 ~2021.12.31	Entrusted with Wujih Plant for waste treatment	None
Commission general business Waste Management Supervision Service Plan	EPB of Miaoli County Government	2021.02.01 ~2023.01.31 (If no objection, one year extension)	Management and supervision of general business waste	None
Operations Services	ECOVE Solvent Recycling Corporation	2019.07.01 ~2028.06.30	Operations and Maintenance Services	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 System Electricity Sales	Taiwan Power Company	The annual contract which commenced on Jan. 4, 2010 is automatically renewed each year before its expiry if both parties have no objections	According to the regulations in the Energy Administration Act, the electricity produced by the qualified cogeneration system at Miaoli Plant is sold to Taiwan Power Company	None
Operations Services	ECOVE Environment Services Corp.	2008.02.29 ~2028.02.28	The operations of Miaoli BOT EfW Plant shall be 20 years starting on the commercial operations date (February 29, 2008)	None

(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 solar power plant is sold to Taiwan Power Company	None
Sales of Renewable Energy-Taipei MRT Beitou	Taiwan Power Company	2018.12.24 ~2038.12.23	According to the "Renewable Energy Development Act," the electricity produced by each	None

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

## VI. Financial Information

### 6.1 Condensed Financial Statement for the Recent 5 Years

#### 6.1.1 Condensed Consolidated Balance Sheet–International Financial Reporting Standards

Unit: NT\$ thousands

Year		Five-Year Financial Summary				
		2016	2017	2018	2019	2020
Item						
Current Assets		3,881,133	3,705,572	3,574,782	3,555,853	3,736,158
Property, Plant and Equipment		54,433	73,244	2,131,233	2,858,838	3,484,650
Intangible Assets		0	0	136,153	136,153	136,153
Other Assets		3,385,661	3,278,313	3,233,539	2,989,976	2,529,035
Total Assets		7,321,227	7,057,129	9,075,707	9,540,817	9,885,996
Current Liabilities	Before distribution	1,417,281	1,326,188	1,496,920	1,734,603	2,264,945
	After distribution	2,174,453	1,973,501	2,222,998	2,461,352	[Note2]
Non-current Liabilities		785,792	639,172	500,059	2,157,428	2,213,411
Total Liabilities	Before distribution	2,056,453	1,826,247	3,654,348	3,948,014	4,235,553
	After distribution	2,813,625	2,473,560	4,380,426	4,674,763	[Note2]
Equity Attributable to Shareholders of The Parent		4,682,057	4,683,639	4,878,238	4,986,366	5,181,188
Capital Stock		664,614	668,106	671,051	671,051	690,286
Capital Surplus		2,126,850	2,161,029	2,193,473	2,208,031	2,310,642
Retained Earnings	Before distribution	1,888,608	1,886,788	2,015,957	2,094,797	2,203,589
	After distribution	1,131,435	1,239,475	1,289,879	1,368,048	[Note2]
Other Equities		1,985	-32,284	-2,243	12,487	-23,272
Treasury Stocks		0	0	0	0	-57
Non-controlling Interests		582,717	547,243	543,121	606,437	469,255
Total Equity	Before distribution	5,264,774	5,230,882	5,421,359	5,592,803	5,650,443
	After distribution	4,507,602	4,583,569	4,695,281	4,866,054	[Note2]

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

Note2: The 2020 earnings distribution has not been resolved by the Shareholder's Meeting, hence not applicable.

2. Condensed Balance Sheet - International Financial Reporting Standards

Unit: NT\$ thousands

Year		Five-Year Financial Summary				
		2016	2017	2018	2019	2020
Item						
Current Assets		749,527	887,292	353,227	554,866	499,996
Property, Plant and Equipment		0	0	0	0	0
Intangible Assets		0	0	0	0	0
Other Assets		3,957,046	3,820,164	4,555,817	4,462,929	4,716,417
Total Assets		4,706,573	4,707,456	4,909,044	5,017,795	5,216,413
Current Liabilities	Before distribution	20,858	21,610	28,059	27,519	30,618
	After distribution	778,031	668,923	754,137	754,268	[Note 2]
Non-current Liabilities		3,658	2,207	2,747	3,910	4,607
Total Liabilities	Before distribution	24,516	23,817	30,806	31,429	35,225
	After distribution	781,689	671,130	756,884	758,178	[Note 2]
Equity Attributable to Shareholders of The Parent		4,682,057	4,683,639	4,878,238	4,986,366	5,181,188
Capital Stock		664,614	668,106	671,051	671,051	690,286
Capital Surplus		2,126,850	2,161,029	2,193,473	2,208,031	2,310,642
Retained Earnings	Before distribution	1,888,608	1,886,788	2,015,957	2,094,797	2,203,589
	After distribution	1,131,435	1,239,475	1,289,879	1,368,048	[Note 2]
Other Equities		1,985	-32,284	-2,243	12,487	-23,272
Treasury Stocks		0	0	0	0	-57
Non-controlling Interests		0	0	0	0	0
Total Equity	Before distribution	4,682,057	4,683,639	4,878,238	4,986,366	5,181,188
	After distribution	3,924,884	4,036,326	4,152,160	4,259,617	[Note 2]

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

Note2: The 2020 earnings distribution has not been resolved by the Shareholder's Meeting, hence not applicable.

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

Unit: NT\$ thousands

Item \ Year	Five-Year Financial Summary				
	2016	2017	2018	2019	2020
Operating Revenues	4,955,565	4,479,587	4,847,096	5,321,559	5,637,590
Gross Profit	1,800,412	1,259,257	1,307,638	1,344,404	1,390,915
Operating Income	1,627,183	1,077,417	1,128,916	1,172,047	1,210,328
Non-Operating Income & Expenses	30,943	38,926	105,854	102,788	72,005
Income Before Income Tax	1,658,126	1,116,343	1,234,770	1,274,835	1,282,333
Net Income from continuing operations	1,430,668	959,424	980,472	1,062,150	1,048,089
Net Income(Loss)	1,430,668	959,424	980,472	1,062,150	1,048,089
Other Comprehensive Income (Income after tax)	-31,661	-53,608	-3,707	25,249	-1,775
Total Comprehensive Income	1,399,007	905,816	976,765	1,066,988	993,299
Net Income Attributable to Shareholders of The Parent	848,097	761,339	806,912	811,312	842,254
Net Income Attributable to Non-controlling Interests	582,571	198,085	173,560	250,838	205,835
Total Comprehensive Income (Loss) Attributable to Shareholders of the Parent	818,884	721,084	806,087	819,645	799,782
Total Comprehensive Income (Loss) Attributable to Non-controlling Interests	580,123	184,732	170,678	247,343	193,517
Earnings Per Share (NT\$)	12.80	11.41	12.04	12.09	12.53



Condensed Income Statement - International Financial Reporting Standards

Unit: NT\$ thousands

Item \ Year	Five-Year Financial Summary				
	2016	2017	2018	2019	2020
Operating Revenues	880,677	791,864	788,260	814,178	854,942
Gross Profit	880,677	791,864	788,260	814,178	854,942
Operating Income	832,195	742,069	737,985	764,515	804,276
Non-Operating Income & Expenses	19,023	21,923	78,090	54,255	49,468
Income Before Income Tax	851,218	763,992	816,075	818,770	853,744
Net Income from continuing operations	848,097	761,339	806,912	811,312	842,254
Net Income(Loss)	848,097	761,339	806,912	811,312	842,254
Other Comprehensive Income (Income after tax)	-29,213	-40,255	-825	8,333	-42,472
Total Comprehensive Income	818,884	721,084	806,087	819,645	799,782
Net Income Attributable to Shareholders of The Parent	848,097	761,339	806,912	811,312	842,254
Net Income Attributable to Non-controlling Interests	0	0	0	0	0
Total Comprehensive Income (Loss) Attributable to Shareholders of the Parent	818,884	721,084	806,087	819,645	799,782
Total Comprehensive Income (Loss) Attributable to Non-controlling Interests	0	0	0	0	0
Earnings Per Share (NT\$)	12.80	11.41	12.04	12.09	12.53

Auditors' Opinions in Past Five Years:

CPA Firm/Year	2016	2017	2018	2019	2020
PriceWaterhouseCoopers	Shyh-Rong Ueng Shu-Chiung Chang	Shyh-Rong Ueng Shu-Chiung Chang	Shyh-Rong Ueng Shu-Chiung Chang	Shyh-Rong Ueng Shu-Chiung Chang	Shyh-Rong Ueng Yi-Fan Lin
	unqualified opinion	unqualified opinion	unqualified opinion	modified unqualified opinion	modified unqualified opinion

## 6.2 Financial Analysis for the Recent 5 Years

### 6.2.1 Consolidated Financial Ratio Analysis -International Financial Reporting Standards

Item		Year	Five-Year Financial Summary				
			2016	2017	2018	2019	2020
Financial Structure (%)	Debt to Asset Ratio		28.09	25.88	40.27	41.38	42.84
	Long-term Funds to Properties, Plants and Equipment Ratio		10,846.26	7,824.45	355.61	273.06	222.27
Liquidity (%)	Current ratio		273.84	279.42	238.81	205	164.96
	Quick ratio		262.32	259.95	216.74	195.5	157.25
	Interest Coverage Ratio		28,575.46	29,163.86	16,601.00	3,840.38	3,862.38
Operating Performance	Accounts Receivable Turnover (times)		4.93	4.6	4.71	4.75	4.42
	Average Collection Period (days)		74.03	79.34	77.49	76.84	82.57
	Inventory Turnover (times)		N/A	N/A	N/A	N/A	N/A
	Accounts Payable Turnover (times)		4.13	4.68	5.86	6.41	6.10
	Average Inventory Turnover Period (Days)		N/A	N/A	N/A	N/A	N/A
	Properties, Plant and Equipment Turnover (times)		93.94	70.17	4.4	2.13	1.79
	Total Assets Turnover (times)		0.66	0.62	0.6	0.57	0.58
Profitability	Return on Assets (%)		11.39	10.63	10.08	9.01	8.95
	Return on Equity (%)		18.6	16.26	16.88	16.45	16.57
	Income before tax to Capital Ratio (%)		249.49	167.09	184.01	189.98	185.77
	Net Margin (%)		17.11	17	16.64	15.25	14.94
	Earnings per share (NT\$)		12.8	11.41	12.04	12.09	12.53
Cash flow	Cash flow Ratio (%)		61.68	90.49	104.61	89.89	12.84
	Cash flow adequacy Ratio (%)		215.38	183.67	131.8	112.15	105.92
	Cash reinvestment Ratio (%)		3.9	7.58	9.29	8.19	-9.13
Leverage	Operating leverage		3.05	4.16	4.29	4.54	4.66
	Financial leverage		1	1	1.01	1.03	1.03

## 6.2.2 Financial Ratio Analysis -International Financial Reporting Standards

Item		Year	Five-Year Financial Summary				
			2016	2017	2018	2019	2020
Financial Structure (%)	Debt to Asset Ratio		0.52	0.51	0.63	0.63	0.68
	Long-term Funds to Properties, Plants and Equipment Ratio		N/A	N/A	N/A	N/A	N/A
Liquidity (%)	Current ratio		3,593.47	4,105.93	1,258.87	2,016.30	1,633.01
	Quick ratio		3,593.47	4,105.93	1,258.87	2,016.30	1,633.01
	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)		0.19	0.17	0.16	0.16	0.16
Profitability	Return on Assets (%)		18.51	16.17	16.78	16.35	16.46
	Return on Equity (%)		18.6	16.26	16.88	16.45	16.57
	Income before tax to Capital Ratio (%)		128.08	114.35	122.15	122.01	123.68
	Net Margin (%)		96.03	96.15	102.37	99.65	98.52
	Earnings per share (NT\$)		12.8	11.41	12.04	12.09	12.53
Cash flow	Cash flow Ratio (%)		1,296.98	4,882.29	2,793.22	4,570.41	1,890.25
	Cash flow adequacy Ratio (%)		93.86	103.04	99.21	118.69	152.41
	Cash reinvestment Ratio (%)		[Note 1]	6.36	2.34	10.66	-0.55
Leverage	Operating leverage		1.06	1.07	1.07	1.06	1.06
	Financial leverage		1	1	1	1	1

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

The formulas for the above table:

1. Financial Structure

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

2. Liquidity

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

3. Operating Performance

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

4. Profitability Analysis

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

5. Cash Flow

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

6. Leverage Ratio

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

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

#### Audit Committee's Review Report

The Board of Directors has prepared the Company's 2019 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: Shean Bii Chiu



Dated March 11<sup>th</sup>, 2020.

### 6.4 Consolidated Financial Statements and Independent Auditors' Report in the Most Recent Year

Please refer to the Appendix 1

### 6.5 Financial Statements and Independent Auditors' Report in the Most Recent Year

Please refer to the Appendix 2

### 6.6 Impact of the Financial Distress Occurred to 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	2019	2020	Difference		Note
			Amount	%	
Current Assets	3,555,853	3,736,158	180,305	5.07	
Non-current Assets	5,984,964	6,149,838	164,874	2.75	
<b>Total Assets</b>	<b>9,540,817</b>	<b>9,885,996</b>	<b>345,179</b>	<b>3.62</b>	
Current Liabilities	1,734,603	2,264,945	530,342	30.57	[Note 1]
Non-current Liabilities	2,213,411	1,970,608	(242,803)	(10.97)	
<b>Total Liabilities</b>	<b>3,948,014</b>	<b>4,235,553</b>	<b>287,539</b>	<b>7.28</b>	
Equity attributable to owners of the parent	4,986,366	5,181,188	194,822	3.91	
Non-controlling interest	606,437	469,255	(137,182)	(22.62)	[Note 2]
<b>Total Equity</b>	<b>5,592,803</b>	<b>5,650,443</b>	<b>57,640</b>	<b>1.03</b>	

[Note 1] Increase in current liabilities: Mainly due to ECOVE Solar Energy Corp.(consolidated) short-term loans increased 458.216 million dollars.

[Note 2] Decrease in non-controlling interest: After ECOVE issued new shares at the end of 2020 and exchanged minority shares of subsidiary ECOVE ESC, it obtained 100% equity of subsidiary ECOVE ESC, resulting in a decrease in non-controlling interests.

#### 7.1.2 The evaluation basis of the balance sheet valuation items

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

## 7.2 Financial Performance Analysis

### 7.2.1 Analysis & Comparison of Financial Performance

Unit: NT\$ thousands

Item	Year	2019	2020	Difference		Difference Analysis Explanation
				Amount	%	
Operating Revenue		5,321,559	5,637,590	316,031	5.94	[Note 1]
Less: Sales Returns		0	0	0	0.00	
Net Operating Revenue		5,321,559	5,637,590	316,031	5.94	
Operating Costs		(3,977,155)	(4,246,675)	(269,520)	6.78	[Note 1]
Gross Profit		1,344,404	1,390,915	46,511	3.46	
Operating Expenses		(172,357)	(180,587)	(8,230)	4.77	
Operating Income		1,172,047	1,210,328	38,281	3.27	
Non-operating Income and expenses		102,788	72,005	(30,783)	(29.95)	[Note 2]
Profit before Income Tax		1,274,835	1,282,333	7,498	0.59	
Income Tax Expense		(212,685)	(234,244)	(21,559)	10.14	
Non-controlling Interest		(250,838)	(205,835)	45,003	(17.94)	[Note 3]
Income attributable to owners of the parent		811,312	842,254	30,942	3.81	

[Note 1] Operating revenue and costs increased: Due to the increasing prices of business waste receiving in 2020 and new cases of subsidiary ECOVE ESC & ECOVE SEC, the operating revenue and costs has increased.

[Note 2] Non-operating income and expenses decreased: Due to the subsidiary obtained accident compensation in 2019, the non-operating income was higher than 2020.

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

### 7.3 Cash Flow Analysis

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

Item	Year		
	Dec.31, 2019	Dec. 31, 2020	Difference ratio (%)
Cash Flow Ratio (%)	89.89	12.84	(85.72)
Fund Flow Adequacy Ratio (%)	112.15	105.92	(5.56)
Cash Re-investment Ratio (%)	8.19	(9.13)	(211.48)

Explanation to changes:

1. Cash flow ratio and fund flow adequacy ratio decreased because current liabilities increased.
2. Cash re-investment ratio decreased because cash dividends increased.

#### 7.3.2 Analysis of Cash Liquidity

The consolidated cash inflow of Year 2020 is NT\$1,145,898 thousands. The cash balance in the end of the year is NT\$533,625 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
533,625	1,601,405	(54,555)	479,070	-	-

1. Analysis of change in cash flow in Year 2021:
  - (1) Operating activities: The stable business growth will create net cash inflow.
  - (2) Investing activities: The cash outflow is mainly due to new business investment.
  - (3) Financing activities: The cash outflow is mainly due to cash dividends distribution.
2. Liquidity analysis and remedial measures against cash deficit: N/A

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

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

#### (1) Reinvestment Policy:

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

#### (2) Reinvestment Profits or Losses and Improvement Plans

The Company adopts the equity method for reinvestments based on long-term strategic goals. The profits generated by reinvestments in 2020 amounted to NT\$ 56,689 thousands based on the equity method. The Company shall continue to conduct prudent assessments of investment projects based on the principle of long-term strategies.



### (3) Investment Plans in the Upcoming Year

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

## 7.6 Risk Management and Assessment

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

#### (1) Assessment and analysis of interest rate changes

Unit: NT\$ thousands

Item	2019	2020
Interest Income	11,990	2,970
Interest Expense	33,505	29,348
Investment gain on money market fund	2,672	5,947
Sales	5,321,559	5,637,590
Net Income before Tax	1,274,835	1,282,333

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

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

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

#### A. ECOVE Environment Corporation

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

The concrete methods as below,

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

#### 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. In addition, the BOT of Miaoli County's waste incineration plant was raised with the Mega Commercial Bank to raise funds for medium and long term loans projects. The loan was fully repaid in April 2019. 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. The company bade various projects and arranged mid-term to long-term project loans with Shanghai Commercial & Savings Bank, KGI bank and Chang Hwa Bank. 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	2019	2020
Consumer price index (CPI)	102.55	102.31
Consumer Price Index Annual Growth Rate (%)	0.56	(0.23)

Source: Directorate General of Budget, Accounting and Statistics, Executive Yuan

Taiwan's economic indicators all improved in 2020, the consumer price index was 102.31 with an annual growth rate of -0.23%. The CPI of last year made the international crude oil and raw

material prices fall due to the epidemic. It turned positive in Nov. It is predicted that the low base of comparison and the continuous rise of international crude oil will drive the price of raw materials to rise. The annual growth rate is about 1.33%. The Taiwan Institute of Economic Research believes that as countries successively approve vaccines for marketing and vaccinations, the impact of the epidemic is expected to gradually fade in 2021. Coupled with the low base period effect, it is expected that the annual economic growth rate of 2021 will be better than 2020.

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

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

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

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

Integrate and search for external new technologies and cooperate in the development of heat treatment technologies for industrial waste. Advanced gasification and cracking technologies are better options for processing specific waste and effectively lower pollution of gas emissions. For example, waste-derived fuels and waste plastics, etc. adopt gasification and cracking technologies including plasma gasification, fluidized bed gasification, catalytic cracking and vacuum cracking. Develop intelligent auxiliary systems (such as "staff safety positioning system" which real-timely detects employees' position and status in high-risk work environment has been developed and will be fully introduced for all plants. The amount of investment this year was approximately NT\$7.0 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 in Recent Years Technology and in Industry Relating to Corporate Finance and Sales: None

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

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

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

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

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

As of the publication date of the annual report, the company's legal person director CTCI holds 55.67% 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 Other risks:

The risk of cyber-attacks:

In order to maintain corporate governance, reduce operational and security risks, and provide customers with sustainable and high-quality services, we rent the Chunghwa Telecom HiLink VPN network, which is a closed-enterprise dedicated physical circuit network that can block Internet hacker intrusions and viruses attack. In terms of data security, unified and centralized management reduces the possibility of data leakage or theft during data transmission. The information room was also entrusted to Chunghwa Telecom's IDC machine room, which has the international ISO / IEC 27001 information security management system and the NCC "ISO / IEC 27011 add-on audit form" ... and other high-level professional computer room security management mechanisms. In addition, the introduction of an international enterprise resource integration system (SAP ERP) and a web conference system (CISCO WEBEX), actively and effectively using manpower and information technology to achieve the dual goals of reducing costs and enhancing corporate competitiveness. The development of the Internet, in addition to changing the daily habits of the people and the business model of the enterprise, has also caused cybercrime, information security problems and new forms of security threats. The main projects include:

- (1) Fraud groups use fake emails to trick employees to send money or transactions, or personal information.
- (2) Combining hackers with criminal groups, through e-mails, text messages, social software, and communication software, distributing content with malicious links to induce employees to be deceived.
- (3) The hacker initiates a large-scale number of connection requests through the network, blocking the company's normal network operation.
- (4) Internal employees copy the company's sensitive information to the portable storage device, and the data is leaked due to loss, theft or sale.

The company faces various possible security threats, in order to reduce the probability and impact of risk occurrence, improve the company's continuous operating capabilities, and in reference to the spirit of ISO / IEC 27001 in the system, add "Information Security Management Guidelines" to protect the company Information assets, pursuing the purpose of sustainable operation, and through risk assessment and security audit operations, clarify and manage high-risk matters to reduce the possibility and impact of information risks. In terms of technology and systems, various security protection measures have also been introduced to reduce threats and carry out risk management and control, including:

Key measures for information security management	
For the hard drives in scrapped computers, a special erasing machine (US DoD 5200.22 specification) is used to prevent intentional persons from tracking or recovering or manually dismantling and destroying the records of the hard drives.	Chunghwa Telecom's HiLink VPN network is used between companies and operating plants or projects, which is a closed-circuit enterprise dedicated physical circuit network that can block Internet hackers and virus attacks.
Continue to conduct social engineering attack simulation drills and provide security education and training to enhance employees' awareness of email protection.	Provide file server service for each factory or project to backup and store electronic data
The client installs supervisory software, blocks the connection of the USB storage device and installs the software by itself.	Provide NAS department-level storage for backup and storage of electronic data by colleagues belonging to the main department.
Anti-virus software is installed on each server and personal computer to automatically and regularly scan the computer to protect the security of the computer	Provide NAS personal cloud service (private cloud) for specific colleagues to backup important data.
Install anti-virus software and spam filtering software in the mail gateway to reduce the risk of mail being attacked.	Introduce Chunghwa Telecom's cloud services, combined with firewalls, to control network traffic and applications. Develop internal network protection and data collection and security monitoring and management mechanisms.
Protect the confidentiality of documents through smart document management and control system and disk encryption technology.	Regularly perform internal / external audits. In addition to serving as the basis for improving the operation of the security system, you can improve the operation of the security management system.

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

7.6.13 For litigation or non-litigation events, the company and its directors, supervisors, general managers, substantive persons in charge, major shareholders with more than 10% shareholding, and affiliated companies shall be determined by judgments or major lawsuits that are still in the affiliation. , Non-litigation or administrative disputes, the results of which may have a significant impact on shareholder rights or securities prices, should disclose the facts in dispute, the amount of the subject matter, the start date of the lawsuit, the main parties involved in the litigation, and the handling conditions as of the publication date of the annual report:

- (1) The company and its directors, supervisors, general managers, substantive persons in charge, major shareholders with more than 10% shareholding:

- a. During 2014, the parent company CTCI and Dayu mechanical engineering Co., Ltd. contracted for “Oriental Petrochemical Guanyin 2<sup>nd</sup> PTA LINE plant 3 project 19 district for the prefabrication and installation of the above-ground pipes” and “Prefabrication and installation of underground pipelines for the renovation and expansion plan of Tongxiao Power Plant”. In 2017, Dayu filed a lawsuit against CTCI for the contracted Tongxiao project, claiming that it had an unclaimed project payment of NT\$1.2 million. Although CTCI did not dispute that Dayu still has the project funds that can be claimed in the lawsuit, it claimed that because Dayu inability to continue the work in the Guanyin project caused damage to CTCI, it was CTCI set off such damages to Dayu. In order to counter the countervailing defense of CTCI, Dayu asserted that it also suffered damages due to the delay of the CTCI Project and violation of the obligation of cooperation in the Guanyin Project. In 108 years, it filed a separate lawsuit with the Taipei District Court for CTCI. Compensation for damages totaling \$120,771,010. The original ruling determined that this document should not be submitted to arbitration, and this document is still undergoing first-instance procedures.

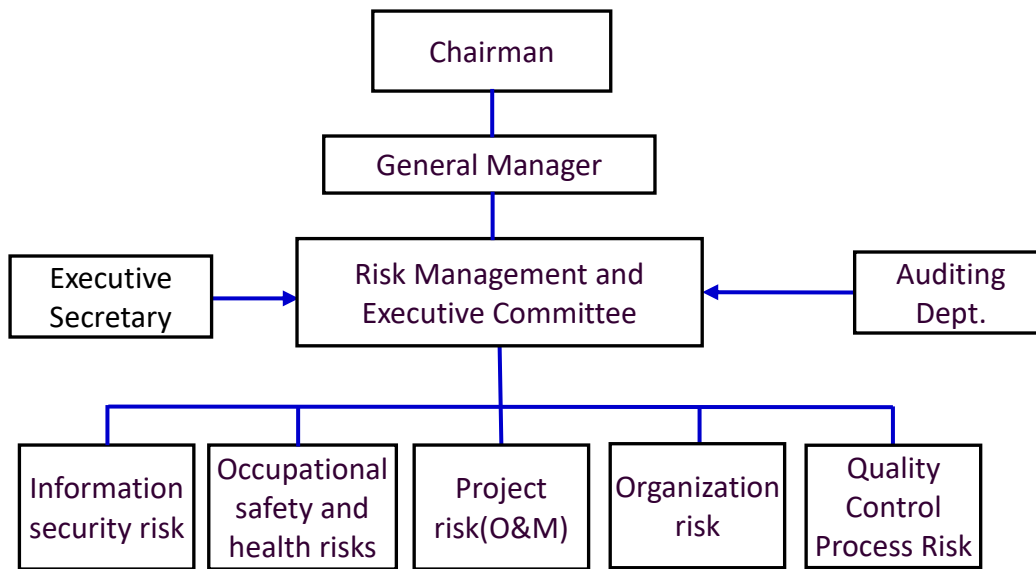
In conclusion, CTCI may be involved in the cases specified above, but these cases only involve CTCI itself and not the Company. If CTCI losses in these cases, CTCI will not have material impact on the shareholder equity or stock transaction prices of the Company and it shall not constitute violations of the principle of good faith.

(1) Affiliated enterprises:

- a. ECOVE Environment Services Corporation (hereinafter referred to as the Company) received a disposition (the original disposition) in the Bei-Huan-Kong No. 1031588875 Letter from New Taipei City Environmental Protection Department dated October 28, 2014 and the No. 1031041606 Appeal Decision Document from New Taipei City Government which ordered the Company to pay an additional NT\$54.267 million in Air Pollution Control Fees. The Company rejected the disposition and filed a petition to cancel the original disposition and appeal document on July 6, 2015. The case is now in progress at the Taipei High Administrative Court. The attorney appointed by the Company determined that the original disposition was illegal and ineffective and therefore the expenses have not been included in the financial statements.

## 7.6.14 Risk management organization framework

### a. Organization chart



### b. Job Description

#### (1) Chairman

It is served by the Chairman of ECOVE Environment Corp.

#### (2) General manager

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

#### (3) Risk Management Executive Committee

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

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

#### (4) Each Unit Risk Management Committee

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

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

company

- e. Communicate the risk management instructions to the members

(5) All employees

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

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

(6) Executive Secretary

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

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

(7) Auditing Department

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

#### 7.6.15 Other Major Risks

(1) Risks Associated with Limited Growth in Operations

A. ECOVE Waste Management Corporation:

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



- B. ECOVE Wujih Energy Corporation:  
Taichung City Government delivers a guaranteed amount of processable waste to Wujih Plant in accordance with contract regulations. In addition, ECOVE Wujih Energy is allowed to collect general industrial waste independently for processing at the plant in accordance with the contract and environmental assessment regulations. The total amount of waste delivered by Party A plus the general industrial waste collected by Party B and the operation of the EfW plant have now been balanced but the Company should still note the risks of changes in the volume of waste.
- C. ECOVE Environment Services Corporation:  
Starting in 2018, operations of EfW plants currently not operated by ECOVE Environment Services are up for renewed tenders as contracts expire one by one. ECOVE Environment Services shall work hard to obtain these contracts to increase operational growth rate. In addition to operating EfW plants, ECOVE Environment Services also actively pursues the update and upgrade services for mechanical and electrical equipment, maintenance contracts mechanical and electrical equipment of track MRT systems, operation services for the water resource industry and solar power station O&M. The aforementioned markets have tremendous potential for development. In addition to the aforementioned domestic businesses, ECOVE Environment Services is also actively pursuing opportunities related to EfW plant processing facilities in China and Southeast Asia.
- D. ECOVE Miaoli Energy Corporation:  
Miaoli County Government delivers a guaranteed amount of processable waste to Miaoli Plant in accordance with contract regulations. However, due to the exceptional performance of waste reduction efforts in Miaoli County, the amount of waste produced by the County cannot satisfy the requirements for daily EfW by the Plant. In recent years, the Miaoli Plant has been allowed to accept general industrial waste for full-load operations of the EfW plant and maximize the profits in the sale of electricity. The current waste delivery and operation of the EfW plant have been balanced but the Company should still note the risk of long-term shortage in the volume of waste.
- E. ECOVE Solar Energy Corporation:  
In response to the government's renewable energy policy, more and more aggressive investors have increased. Furthermore, the purchase price of electricity in long-term has continually decreased, which will reduce the investment benefits. Market mechanism will be disrupted by now competitors' low-price competition. All of the above and environmental protection and controversy issues take turn to affect the construction schedule and expected revenue.

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

- A. ECOVE Wujih Energy Corporation:
- a. The source of the bottom ash at Wujih Plant includes the waste delivered by the City Government and the general industrial waste it independently collects. The City Government portion is delivered to designated landfills or other places while the independently collected portion is delivered to approve reuse processing plants in compliance with current environmental protection policies. Therefore there is no risk in the disposal of bottom ash.
  - b. According to the provisions in the Company's contract with Taichung City Government,

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

B. ECOVE Environment Services Corporation:

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

C. ECOVE Miaoli Energy Corporation:

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

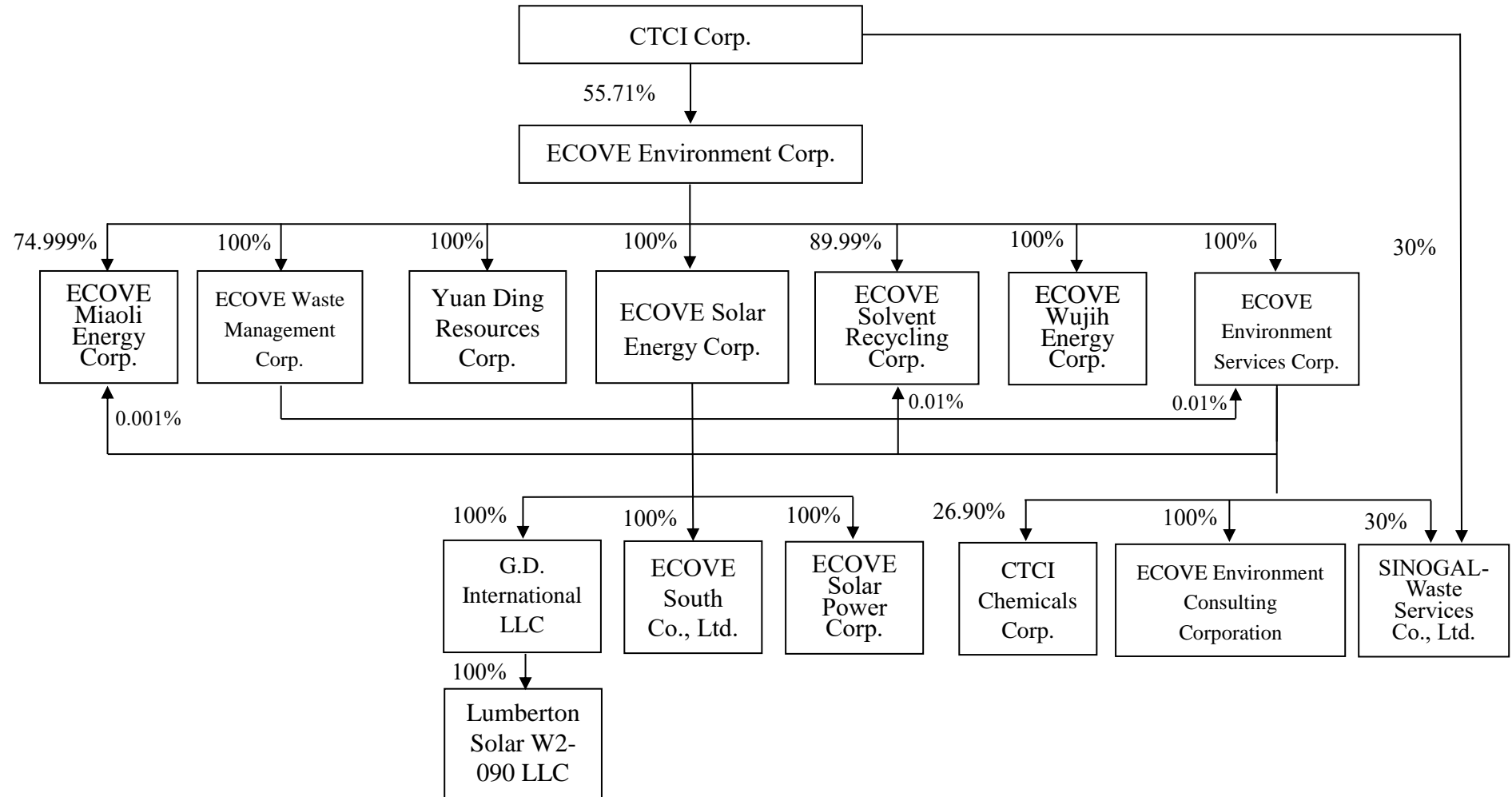
**7.7 Other: None**

## VIII. Special Disclosure

### 8.1 Summary of Affiliated Companies

#### 8.1.1 Consolidated Business Report of Affiliates

##### i. Organizational chart of the affiliates



ii. General information of the affiliates:

March 31, 2021 ; Unit: \$Thousands

Company	Date of Incorporation	Address	Common Stock Issued	Major Business Activities
CTCI Corp.	1979.04.06	89, Sec. 6, Zhongshan North Rd., Taipei	NTD 7,633,511	The design, survey, construction and inspection of various engineering and construction projects, plants, machinery and equipment and environmental protection projects.
ECOVE Environment Services Corp.	1994.05.24	10Fl, 89, Sec. 6, Zhongshan North Rd., Taipei	NTD 151,000	Refuse EfW plant's operation, machinery and equipment maintenance, etc.
ECOVE Wujih Energy Corp.	2000.05.19	10Fl, 89, Sec. 6, Zhongshan North Rd., 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	10Fl, 89, Sec. 6, Zhongshan North Rd., Taipei	NTD 600,000	Waste services equipment installation, co-generation, waste services and other environmental services, etc.
ECOVE Environment Consulting Corp.	2013.08.02	Room 2206-G, NO.89, East Yunling Rd., Putuo District, Shanghai	USD 140	Technical development, advisory and service in environmental field; environmental pollution control equipment and related parts wholesale, import and export, etc.
Yuan Ding Resources Corp.	2013.12.13	10Fl, 89, Sec. 6, Zhongshan North Rd., Taipei	NTD 45,000	Waste services, waste clean, other environmental services, and environmental pollution services, etc.
ECOVE Solvent Recycling Corp.	2013.07.15	No. 7-1, Guojian 3rd Rd., Guanyin Dist., Taoyuan	NTD 90,000	Basic chemical industry and other chemical materials manufacturing
ECOVE Solar Energy Corp.	2011.06.02	13F., No. 366, Bo-ai 1st Rd., Sanmin Dist., Kaohsiung	NTD 1,046,211	Energy technology service industry
ECOVE Solar Power Corp.	2013.08.09	13F., No. 366, Bo-ai 1st Rd., Sanmin Dist., Kaohsiung	NTD 306,000	Energy technology service industry

ECOVE South Co. Ltd.	2013.02.06	13F., No. 366, Bo-ai 1st Rd., Sanmin Dist., Kaohsiung	NTD 30,500	Energy technology service industry
G.D. International ,LLC	2011.12.12	251 Little Falls Drive, Wilmington, DE 19808, U.S.A.	USD 11,053	Energy technology service industry
LUMBERTON SOLAR W2-090, LLC	100.10.28	Wilentz,Goldman &Spitzer,P.A.,90 Woodbridge Center Drive, Woodbridge, New Jersey	USD 10,942	Energy technology service industry

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 31, 2021

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

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

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

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

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

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

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



### 8.1.2 Operation overview of the Company and affiliates

December 31<sup>st</sup>, 2020; 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	1,957,844	1,112,915	844,928	3,595,948	336,766	346,575	22.95
ECOVE Wujih Energy Corporation	300,000	1,213,396	331,990	881,405	793,288	319,886	255,554	8.52
ECOVE Miaoli Energy Corporation	600,000	1,347,363	133,989	1,213,374	332,356	157,750	126,817	2.11
ECOVE Waste Management Corporation	20,000	533,962	425,188	108,774	1,368,668	58,321	53,858	26.93
SINO GAL-Waste Services Co., Ltd.	14,055	491,120	266,963	224,157	746,356	244,995	212,860	0.00
Yuan Ding Resources Corporation	45,000	39,468	80	39,388	0	-137	53	0.01
ECOVE Environment Consulting Corporation	3,714	40,072	27,527	12,545	60,064	6,975	6,616	0.00
ECOVE Solar Energy Corporation	1,046,211	2,521,302	1,232,928	1,288,374	206,332	30,657	74,513	0.71
ECOVE Solar Power Corporation	306,000	1,174,916	815,706	359,210	174,156	64,816	44,060	1.44
ECOVE South Co., Ltd.	30,500	141,816	107,312	34,504	15,457	4,642	3,185	0.00
G.D. International, LLC	310,551	368,473	154	368,319	0	-180	15,572	0.00
LUMBERTON SOLAR W2-090, LLC	307,435	687,558	319,788	367,770	75,292	12,652	15,751	0.00
ECOVE Solvent Recycling Corporation	90,000	205,871	115,852	90,019	91,801	17,058	14,358	1.60
CTCI Chemical Corporation	71,000	538,299	285,651	252,649	459,058	71,824	56,472	7.95

### 8.1.3 Consolidated Financial Statements of Affiliated Enterprises of the Company

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

(1) Endorsements or guarantees for others: (as of March 31st, 2021) :

No. [Note1]	Endorser	Endorsed	Relationship [Note2]	The highest balance of endorsement of single enterprise [Note3]	The highest endorsement balance for the current period [Note4]	Endorsement balance at the end of the period	Amount of endorsement by property	The ratio of the accumulated endorsement amount to the net value of the latest financial statement (%)	Endorsement maximum limit [Note3]
1	ECOVE Solar Energy Corporation	ECOVE South Co. Ltd.	2	The endorsement for a single enterprise shall not exceed four times the net value of the company's most recent financial statements verified by an accountant	14,000	14,000	-	1.09%	The total amount of ECOVE Solar Energy Corporation external endorsement shall not exceed six times the net value of the most recent financial statement audited by an independent certified public accountant. The maximum limit is \$7,730,243.
1	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	2	The endorsement for a single enterprise shall not exceed four times the net value of the company's most recent financial statements verified by an accountant	687,076	687,076	-	53.33%	The total amount of ECOVE Solar Energy Corporation external endorsement shall not exceed six times the net value of the most recent financial statement audited by an independent certified public accountant. The maximum limit is \$7,730,243.
2	ECOVE Solar Power Corporation	ECOVE Solar Energy Corporation	3	The endorsement for a single enterprise shall not exceed four times the net value of the company's most recent financial statements verified by an accountant	12,420	12,420	-	3.46%	The total amount of ECOVE Solar Power Corporation external endorsement shall not exceed six times the net value of the most recent financial statement audited by an independent certified public accountant. The maximum limit is \$2,155,261.

Note 1 : Number for items explain as follows :

■ Company : 0

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

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

1. Companies with business dealings.
2. A company in which the company directly or indirectly holds more than 50% of the voting shares.
3. A company that directly or indirectly holds more than 50% of the voting rights in the company.
4. Between companies where the company directly or indirectly holds more than 90% of the voting shares.
5. Based on the needs of contracting projects, the same industry or jointly create a company with mutual insurance in accordance with the contract.

6. Companies that are endorsed and guaranteed by all capital shareholders based on their shareholding ratio due to a joint investment relationship.

7. Inter-industry engages in joint and several guarantees of performance guarantees for sales contracts of pre-sale houses in accordance with the Consumer Protection Law.

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

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

## (2) Lending to others: (as of March 31st, 2021)

Unit: NTD thousands

No. [Note1]	Lender	Borrower	Account item [Note2]	The highest balance during period [Note3]	Ending balance [Note8]	Interest rate	Nature of Lending [Note4]	Amount for operation [Note5]	Reason of short-term financing [Note6]	Allowa nce for bad debts	Collateral		Limit on lending for single enterprise [Note7]	Ceiling for total amount [Note7] Name
											Name	Value		
1	ECOVE Solar Energy Corporation	ECOVE South Co. Ltd.	Accounts receivable-related parties	80,000	80,000	1.48%	2	0	For operational needs	0	NA	0	515,350	515,350
1	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Accounts receivable-related parties	80,000	80,000	-	2	0	For operational needs	0	NA	0	515,350	515,350

Note 1 : Number for items explain as follows :

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

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

Note 3 : The highest balance during period

Note 4 : Description for Lending to others as follows :

- 1 : Having business relationship
- 2 : Operational needs

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

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

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

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

(3) Derivative Transactions Information: None

**8.1.4** Consolidated Financial Statements of Affiliated Enterprises of the Company:  
Please refer to Appendix I and Appendix II.

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

**8.3 Holding or disposal of this company's shares by a subsidiary company in the last year, up to the publication date of this report:** 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	2020 Goal	2020 Actual Achievements	Difinition
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>• ECOVE Environment Corp. awarded the sixth “Top 5% of Corporate Governance Evaluation” from TPEX-listed group for 6 consecutive years</li> <li>• ECOVE Environment Corp. awarded “2020 Top 50% Taiwan Corporate Sustainability Awards” from Taiwan Institute for Sustainable Energy (TAISE)</li> <li>• ECOVE Environment Corp. ranked 3rd in the World Magazine “Excellence in CSR medium-size enterprise sector”</li> <li>• ECOVE Environment Corp. awarded "EPB 2nd Annual Enterprise Environment Protection Award" from Environmental Protection Administration, Executive Yuan</li> </ul> <p>Other awards:</p> <ul style="list-style-type: none"> <li>• Awarded the "2020 Kaohsiung City Optoelectronic Smart Building Mark" by the Kaohsiung City Government Works Bureau</li> </ul>	
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 the “2019 Promote Occupational Safety and Health Excellent Persons Achievement Award” by the Ministry of Labor</li> <li>• Awarded the “2020 Promote Occupational Safety and Health Excellent Persons Achievement Award” by the Ministry of Labor</li> <li>• STSP EfW Plant was awarded “2019 Southern Science Park Occupational Safety and Health Excellence Unit Award</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>• Houli EfW Plant was awarded the 1.44 million zero-accident work hours certificate.</li> <li>• Keelung EfW Plant was awarded the 970,000 zero-accident work hours certificate</li> <li>• Miaoli EfW Plant was awarded the 360,000 zero-accident work hours certificate</li> </ul>	This year each project participated social corporate responsibility Award $\geq 3$

		<ul style="list-style-type: none"> <li>• Wujih EfW Plant was awarded the 1.20 million zero-accident work hours certificate.</li> <li>• Tainan EfW Plant was awarded the 1.68 million n zero-accident work hours certificate.</li> <li>• STSP EfW Plant was awarded the 1.08 million zero-accident work hours certificate issued by ISHA of the R.O.C. entrusted by the Ministry of Labor.</li> </ul> <p>Other awards:</p> <ul style="list-style-type: none"> <li>• "2020 National Workplace Safety and Health Week Series Implementation Plan" certificate by the Ministry of Labor.</li> <li>• "2019 Appreciation for Enterprise Devoting Safety and Health_Assisting small&amp;medium-sized enterprises' work environment counsel and improvement." Thank-you medals for enthusiastic public welfare activities by the Ministry of Labor.</li> <li>• Labor Affairs Bureau of Tainan City Government issued the "2020 Certificate of Appreciation for Enterprise Devoting Safety and Health Promotion".</li> <li>• Miaoli Plant rewarded "AED+CPR site mark certificate" by Miaoli County Government Health Bureau.</li> <li>• Tainan Plant rewarded "AED+CPR site mark certificate" by Tainan City Government Health Bureau.</li> </ul>	
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#### 8.4.2 Pledged Items for Listing:

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

Pledged Items for Listing	Implementation of Pledged Items
<p>I. The Company pledges to incorporate in the "Operating Procedures on the Asset Acquisition or Disposal" that "the Company may not relinquish future annual capital increases in the three controlled companies, namely, ECOVE Waste Management Corp., ECOVE Wujih Energy Corporation and Sino Environmental Services Corp.; in the event that the Company is required to relinquish capital increase or disposition of the aforementioned companies in the future due to strategic alliance considerations or under the approval of Taipei Exchange, a special resolution is required in the Meeting of the Board of Directors of ECOVE Environment Corp.." In addition, in the event of any amendments to the processing regulations, they shall be disclosed on the important information announcements on the Market Observation Post System and reported to the Taipei Exchange for</p>	<p>The Company had passed amendments "Operating Procedures on the Asset Acquisition or Disposal" in the No. 4-13 Meeting of the Board of Directors and the Shareholders' Meeting on March 24, 2010. The amendment stipulates that the Company may not relinquish future annual capital increases in the three controlled companies; in the event that the Company is required to relinquish capital increase or disposition of the aforementioned companies in the future due to strategic alliance considerations or under the approval of Taipei Exchange, a special resolution is required in the Meeting of the Board of Directors of the Company. (Related attachments have been submitted in the 2010 Q2 Application)</p> <p>As of the 1st quarter of 2021, the</p>

Pledged Items for Listing	Implementation of Pledged Items
future reference.	Company has never relinquished participation in capital increases or disposed of ECOVE Waste Management Corp., ECOVE Wujih Energy Corp., and ECOVE Environmental Services Cprp.
II. The Company pledges to disclose operating income that originates from the parent company CTCI Corporation in the notes of the consolidated financial statements of each quarter starting from the 2009 consolidated financial statements. However, the reason of payment operating costs to CTCI Corporation were not indicated; the CPA should be asked to review the aforementioned items in the audit (or review) of financial statements in each quarter.	The Company has operating income from the parent company CTCI Corporation but no related operating costs because the relative cost of such income is the cost of contracting, repairs and procurement paid by ECOVE Environmental Services Corp. to non-affiliates in the process of providing services as well as the related personnel and administrative expenses from operations. The CPA of PricewaterhouseCoopers Taiwan has been asked to review the aforementioned items and the supplementary description has been provided in the affiliate transaction report in the disclosure items of the consolidated financial statements from 2009 to 2015. Related content shall continue to be disclosed in the upcoming financial statements for the 1st quarter of 2021.

8.4.3 Material Event Impact on Shareholders' Equity or Share Price in Recent Years until the Annual Report being published:

The company's shareholders' meeting was held on May 28, 2020 to elect the eighth directors. The elected directors were: Director J.J.Liao (representative of CTCI), Director Y.P. Shih (representative of CTCI), Director Eugene Chien, Director Bing Shen, Director Yang-Ming Liu, Director Kuan-Sheng Wang, Independent Director Shuh Woei Yu, Independent Director James Tsai and Independent Director Shan-Shan Chou. Also on the same day, the eighth session of the first board of directors was held, and Director J.J.Liao was elected as the eighth chairman, approved Y.P. Shih as the general manager (concurrently serving as the spokesperson), and approved independent director Shuh Woei Yu, independent director James Tsai and independent director Shan-Shan Chou Directors are members of the Compensation Committee

**IX. Appendix**

# APPENDIX I

**ECOVE ENVIRONMENT CORPORATION  
AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2020 AND 2019**

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For the convenience of readers and for information purpose only, the auditor's 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 auditor's report and financial statements shall prevail.



INDEPENDENT AUDITOR'S REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of ECOVE Environment Corporation

***Opinion***

We have audited the accompanying consolidated balance sheets of ECOVE Environment Corporation and its subsidiaries (the "Group") as at December 31, 2020 and 2019, 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 reports of other auditors (please refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

***Basis for opinion***

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

***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2020 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.

Key audit matters for the Group's 2020 consolidated financial statements are stated as follows:

**Accuracy of service revenue**

Description

Refer to Note 4(28) 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 and self-undertook services. The cash amount of service revenue was NT\$2,729,117 thousand, constituting 48% of operating revenue for the year ended December 31, 2020. Due to the fact that the recognition of this type of revenue is subject to the accuracy of the reports used and manual calculation, we consider the accuracy of service revenue a key audit matter.

How our audit addressed the matter

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

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

***Other matter – Reference to the audits of other auditors***

We did not audit the financial statements of certain investees accounted for using equity method that are included in the consolidated financial statements. The balance of these investments accounted for using equity method was NT\$83,664 thousand and NT\$48,614 thousand, constituting 0.8% and 0.5% of consolidated total assets as of December 31, 2020 and 2019, respectively, and the share of loss of associates and joint ventures accounted for using equity method was (NT\$950) thousand and (NT\$722) thousand, constituting (0.09%) and (0.07%) of consolidated total comprehensive income for the years





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then ended, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other auditors.

***Other matter - non-consolidated financial statements***

We have audited and expressed an unqualified opinion with *Other matter* section on the non-consolidated financial statements of ECOVE Environment Corporation as at and for the years ended December 31, 2020 and 2019.

***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.

***Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



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

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's 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.




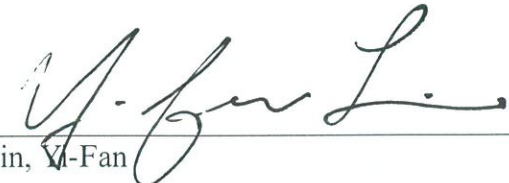


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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

  
Weng, Shih-Jung

  
Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 9, 2021

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

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

**ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 533,625	6	\$ 1,679,523	18
1110	Financial assets at fair value through profit or loss - current	6(2)	1,405,767	14	10,933	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	129,482	1	124,032	1
1136	Current financial assets at amortised cost	6(4)	108,925	1	247,014	2
1140	Current contract assets	6(24)	512,733	5	342,720	4
1150	Notes receivable, net		88	-	481	-
1170	Accounts receivable, net	6(5)	840,100	9	851,456	9
1180	Accounts receivable - related parties, net	7	-	-	571	-
1200	Other receivables		908	-	103,685	1
1210	Other receivables - related parties	7	30,084	-	30,818	-
130X	Inventories		74,927	1	72,507	1
1410	Prepayments	6(6)	99,519	1	92,113	1
11XX	<b>Total current assets</b>		<u>3,736,158</u>	<u>38</u>	<u>3,555,853</u>	<u>37</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	543	-	543	-
1550	Investments accounted for using equity method	6(7)	482,853	5	418,868	4
1600	Property, plant and equipment, net	6(8) and 8	3,484,650	35	2,858,835	30
1755	Right-of-use assets	6(9)	81,511	1	102,256	1
1780	Intangible assets	6(10)	136,153	1	136,153	2
1840	Deferred income tax assets	6(31)	27,162	-	26,367	-
1900	Other non-current assets	6(11) and 8	1,936,966	20	2,441,942	26
15XX	<b>Total non-current assets</b>		<u>6,149,838</u>	<u>62</u>	<u>5,984,964</u>	<u>63</u>
1XXX	<b>Total assets</b>		<u>\$ 9,885,996</u>	<u>100</u>	<u>\$ 9,540,817</u>	<u>100</u>

(Continued)

**ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(12)	\$ 464,700	5	\$ 305,000	3
2110	Short-term notes and bills payable	6(13)	147,925	2	-	-
2130	Current contract liabilities	6(24)	9,729	-	50,005	1
2150	Notes payable		23	-	-	-
2170	Accounts payable	6(14)	694,711	7	652,577	7
2180	Accounts payable - related parties	7	17,021	-	27,892	-
2200	Other payables	6(15)	389,474	4	421,493	4
2220	Other payables - related parties	7	2,577	-	3,365	-
2230	Income tax liabilities		240,350	2	96,809	1
2280	Current lease liabilities	7	16,791	-	25,523	-
2300	Other current liabilities	6(16)(17)	281,644	3	151,939	2
21XX	<b>Total current liabilities</b>		<u>2,264,945</u>	<u>23</u>	<u>1,734,603</u>	<u>18</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(17)	1,148,610	12	1,427,563	15
2570	Deferred income tax liabilities	6(31)	196,240	2	210,864	2
2580	Non-current lease liabilities	7	39,849	-	44,102	-
2600	Other non-current liabilities	6(18)	585,909	6	530,882	6
25XX	<b>Total non-current liabilities</b>		<u>1,970,608</u>	<u>20</u>	<u>2,213,411</u>	<u>23</u>
2XXX	<b>Total liabilities</b>		<u>4,235,553</u>	<u>43</u>	<u>3,948,014</u>	<u>41</u>
<b>Equity attributable to owners of parent</b>						
Share capital						
		6(21)				
3110	Common stock		689,762	7	671,051	7
3140	Advance receipts for share capital		524	-	-	-
Capital surplus						
		6(22)				
3200	Capital surplus		2,310,642	23	2,208,031	23
Retained earnings						
		6(23)				
3310	Legal reserve		764,812	8	684,320	7
3320	Special reserve		-	-	2,243	-
3350	Unappropriated retained earnings		1,438,777	15	1,408,234	15
Other equity interest						
3400	Other equity interest		( 23,272)	( 1)	12,487	-
3500	Treasury shares	6(21)	( 57)	-	-	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>5,181,188</u>	<u>52</u>	<u>4,986,366</u>	<u>52</u>
36XX	Non-controlling interest	4(3)	<u>469,255</u>	<u>5</u>	<u>606,437</u>	<u>7</u>
3XXX	<b>Total equity</b>		<u>5,650,443</u>	<u>57</u>	<u>5,592,803</u>	<u>59</u>
Significant contingent liabilities and unrecognised contract commitments						
		9				
Significant events after the balance sheet date						
		11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 9,885,996</u>	<u>100</u>	<u>\$ 9,540,817</u>	<u>100</u>

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(Expressed in thousands of New Taiwan dollars)

Items	Notes	Year ended December 31				
		2020		2019		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(24) and 7	\$ 5,637,590	100	\$ 5,321,559	100
5000	Operating costs	6(29)(30) and 7	( 4,246,675)	( 75)	( 3,977,155)	( 75)
5900	Gross profit		<u>1,390,915</u>	<u>25</u>	<u>1,344,404</u>	<u>25</u>
	Operating expenses	6(29)(30) and 7				
6200	General and administrative expenses		( 180,587)	( 3)	( 172,357)	( 3)
6000	Total operating expenses		( 180,587)	( 3)	( 172,357)	( 3)
6900	Operating profit		<u>1,210,328</u>	<u>22</u>	<u>1,172,047</u>	<u>22</u>
	Non-operating income and expenses					
7100	Interest income	6(25) and 7	2,970	-	11,990	-
7010	Other income	6(26) and 7	36,690	1	85,137	2
7020	Other gains and losses	6(27)	5,552	-	6,997	-
7050	Finance costs	6(28) and 7	( 29,896)	( 1)	( 34,083)	( 1)
7060	Share of profit of associates and joint ventures accounted for using equity method	6(7)	<u>56,689</u>	<u>1</u>	<u>32,747</u>	<u>1</u>
7000	Total non-operating income and expenses		<u>72,005</u>	<u>1</u>	<u>102,788</u>	<u>2</u>
7900	<b>Profit before income tax</b>		<u>1,282,333</u>	<u>23</u>	<u>1,274,835</u>	<u>24</u>
7950	Income tax expense	6(31)	( 234,244)	( 4)	( 212,685)	( 4)
8200	<b>Profit for the year</b>		<u>\$ 1,048,089</u>	<u>19</u>	<u>\$ 1,062,150</u>	<u>20</u>

(Continued)



ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(Expressed in thousands of New Taiwan dollars)

Items	Notes	Year ended December 31				
		2020		2019		
		AMOUNT	%	AMOUNT	%	
<b>Other comprehensive income</b>						
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>						
8311	Losses on remeasurements of defined benefit plans	6(19)	(\$ 9,007)	-	(\$ 7,367)	-
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	5,450	-	31,158	-
8320	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		51	-	( 1)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	1,731	-	1,459	-
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		( 1,775)	-	25,249	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
8361	Cumulative translation differences of foreign operations		( 53,015)	( 1)	( 20,411)	-
8300	<b>Total other comprehensive (loss) income for the year</b>		<b>(\$ 54,790)</b>	<b>( 1)</b>	<b>\$ 4,838</b>	<b>-</b>
8500	<b>Total comprehensive income for the year</b>		<b>\$ 993,299</b>	<b>18</b>	<b>\$ 1,066,988</b>	<b>20</b>
Profit attributable to:						
8610	Owners of the parent		\$ 842,254	15	\$ 811,312	15
8620	Non-controlling interest		205,835	4	250,838	5
	Total		<u>\$ 1,048,089</u>	<u>19</u>	<u>\$ 1,062,150</u>	<u>20</u>
Comprehensive income attributable to:						
8710	Owners of the parent		\$ 799,782	15	\$ 819,645	15
8720	Non-controlling interest		193,517	3	247,343	5
	Total		<u>\$ 993,299</u>	<u>18</u>	<u>\$ 1,066,988</u>	<u>20</u>
Earnings per share (in dollars):						
9750	Basic earnings per share	6(32)	\$ 12.53		\$ 12.09	
9850	Diluted earnings per share		\$ 12.45		\$ 12.06	

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

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

	Notes	Equity attributable to owners of the parent											
		Capital		Retained Earnings				Other Equity Interest					
		Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interest	Total equity
<b>Year ended December 31, 2019</b>													
Balance at January 1, 2019		\$ 671,051	\$ -	\$ 2,193,473	\$ 603,629	\$ 32,284	\$ 1,380,044	\$ 3,626	(\$ 5,869)	\$ -	\$ 4,878,238	\$ 543,121	\$ 5,421,359
Profit for the year		-	-	-	-	-	811,312	-	-	-	811,312	250,838	1,062,150
Other comprehensive income (loss)		-	-	-	-	-	(5,508)	(16,307)	30,148	-	8,333	(3,495)	4,838
Total comprehensive income (loss)		-	-	-	-	-	805,804	(16,307)	30,148	-	819,645	247,343	1,066,988
Appropriations of 2018 earnings	6(23)	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	80,691	-	(80,691)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	(30,041)	30,041	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(726,078)	-	-	(726,078)	(184,766)	(910,844)	
Share-based payment transactions	6(22)	-	-	14,421	-	-	-	-	-	14,421	879	15,300	
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	-	(886)	-	886	-	-	-	
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	-	137	-	-	-	-	3	-	140	(140)	-
Balance at December 31, 2019		\$ 671,051	\$ -	\$ 2,208,031	\$ 684,320	\$ 2,243	\$ 1,408,234	(\$ 12,681)	\$ 25,168	\$ -	\$ 4,986,366	\$ 606,437	\$ 5,592,803
<b>Year ended December 31, 2020</b>													
Balance at January 1, 2020		\$ 671,051	\$ -	\$ 2,208,031	\$ 684,320	\$ 2,243	\$ 1,408,234	(\$ 12,681)	\$ 25,168	\$ -	\$ 4,986,366	\$ 606,437	\$ 5,592,803
Profit for the year		-	-	-	-	-	842,254	-	-	-	842,254	205,835	1,048,089
Other comprehensive income (loss)		-	-	-	-	-	(6,713)	(41,035)	5,276	-	(42,472)	(12,318)	(54,790)
Total comprehensive income (loss)		-	-	-	-	-	835,541	(41,035)	5,276	-	799,782	193,517	993,299
Appropriations of 2019 earnings	6(23)	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	80,492	-	(80,492)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	(2,243)	2,243	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(726,749)	-	-	(726,749)	(235,671)	(962,420)	
Capital reduction of subsidiary	4(3)	-	-	-	-	-	-	-	-	-	(37,500)	(37,500)	
Share-based payment transactions	6(22)	-	-	24,586	-	-	-	-	-	-	24,586	1,439	26,025
Employee stock options exercised	6(21)(22)	2,114	524	36,238	-	-	-	-	-	-	38,876	-	38,876
Adjustments of changes in investments accounted for using equity method	6(7)	-	-	561	-	-	-	-	-	-	561	41	602
Increase in non-controlling interests by issuing ordinary shares	6(21)	16,597	-	41,226	-	-	-	-	-	-	57,823	(59,008)	(1,185)
Acquire of parent company's shares by subsidiaries recognised as treasury shares	6(21)	-	-	-	-	-	-	-	-	(57)	(57)	-	(57)
Balance at December 31, 2020		\$ 689,762	\$ 524	\$ 2,310,642	\$ 764,812	\$ -	\$ 1,438,777	(\$ 53,716)	\$ 30,444	(\$ 57)	\$ 5,181,188	\$ 469,255	\$ 5,650,443

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2020	2019
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 1,282,333	\$ 1,274,835
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(29)	262,731	189,789
Depreciation - right-of-use assets	6(9)(29)	29,824	35,419
Amortisation	6(29)	13,957	9,675
Interest expense	6(28)	29,348	33,505
Interest expense - lease liability	6(9)(28)	548	578
Dividend income	6(26)	( 7,172 )	( 8,857 )
Interest income	6(25)	( 2,970 )	( 11,990 )
Salary expense - employee stock options	6(20)(30)	26,025	14,677
Gain on valuation of financial assets	6(27)	( 5,282 )	( 2,849 )
Profit from lease modification	6(27)	( 627 )	( 28 )
Share of profit of associates and joint ventures accounted for using equity method	6(7)	( 56,689 )	( 32,747 )
(Gain) loss on disposal of property, plant and equipment	6(27)	( 2,374 )	411
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		( 1,409,657 )	170,448
Current contract assets		( 170,013 )	23,363
Notes receivable, net		393	840
Accounts receivable, net		11,356	( 176,368 )
Accounts receivable - related parties, net		571	1,146
Other receivables		102,356	( 45,270 )
Other receivables - related parties		734	16,848
Inventories		( 2,420 )	( 8,653 )
Prepaid expenses		( 7,406 )	10,207
Other non-current assets		345,841	333,383
Changes in operating liabilities			
Current contract liabilities		( 40,276 )	( 90,575 )
Notes payable		23	( 1,032 )
Accounts payable		42,134	116,780
Accounts payable - related parties		( 10,871 )	4,481
Other payables		( 30,056 )	( 40,109 )
Other payables - related parties		( 788 )	( 3,116 )
Other current liabilities		16,444	6,620
Other non-current liabilities		( 22,744 )	( 11,566 )
Cash inflow generated from operations		395,273	1,809,845
Interest received		3,087	12,488
Dividends received		32,642	23,067
Interest paid		( 31,311 )	( 39,840 )
Income tax paid		( 108,944 )	( 246,360 )
Net cash flows from operating activities		<u>290,747</u>	<u>1,559,200</u>

(Continued)

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets measured at fair value		\$ -	\$ 9,326
Decrease in financial assets at amortised cost		138,089	50,837
Increase in other receivables - related parties		-	( 23,000 )
Interest received		304	75
Increase in investments accounted for using equity method	6(7)	( 36,000 )	-
Acquisition of property, plant and equipment	6(8)	( 36,485 )	( 122,081 )
Proceeds from disposal of property, plant and equipment		2,577	72
Increase in refundable deposits		( 9,979 )	( 617 )
Increase in other non-current assets		( 683,910 )	( 662,727 )
Capital reduction of subsidiary		( 37,500 )	-
Net cash flows used in investing activities		( 662,904 )	( 748,115 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term loans		( 2,853,600 )	( 256,300 )
Increase in short-term loans		3,013,300	509,300
Increase in short-term notes payable		147,925	-
Proceeds from long-term loans		236,546	185,700
Repayment of long-term loans		( 379,715 )	( 168,856 )
Repayment of lease liabilities		( 21,913 )	( 30,244 )
Increase (decrease) in deposits received (shown in other non-current liabilities)		8,445	( 3,480 )
Cash dividends paid		( 962,420 )	( 910,844 )
Employee stock options exercised		38,876	-
Acquire non-controlling interests by issuing ordinary shares	6(21)	( 1,185 )	-
Net cash flows used in financing activities		( 773,741 )	( 674,724 )
Net (decrease) increase in cash and cash equivalents		( 1,145,898 )	136,361
Cash and cash equivalents at beginning of year		1,679,523	1,543,162
Cash and cash equivalents at end of year		\$ 533,625	\$ 1,679,523

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, 2020 AND 2019

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

1. HISTORY AND ORGANISATION

- (1) ECOVE Environment Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on December 13, 1999. The consolidated investee-Chang Ting Corporation was incorporated in December, 2005.
- (2) The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in waste management. The Company’s shares were issued through an initial public offering on December 3, 2007, and have been listed in the Taiwan OTC market since May 27, 2010.
- (3) CTCI Corporation, the Company’s ultimate parent company, holds 55.71% equity interest in the Company as of December 31, 2020.

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

These consolidated financial statements were authorised by the Board of Directors on March 8, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

Note: Earlier application from January 1, 2020 is allowed by the FSC.

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### (1) Compliance statement

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

##### (2) Basis of preparation

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

- (a) Financial assets at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities 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 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 unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

- (d) 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 recognised in profit or loss. All amounts previously recognised 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 recognised 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, 2020	December 31, 2019	
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Environmental engineering	100.00	100.00	
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	74.999	74.999	Note 5
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	93.15	Note 6
ECOVE Waste Management Corp.	ECOVE Environment Service Corp.	Environmental engineering	-	0.01	Note 6
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Environmental engineering	100.00	100.00	Note 2
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Environmental engineering	100.00	100.00	Note 3
ECOVE Environment Service Corp.	SINOGAL-Waste Services Co., Ltd.	Environmental engineering	30.00	30.00	Note 1
ECOVE Environment Service Corp.	ECOVE Environment Consulting Corp.	Environmental engineering	100.00	100.00	
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	89.99	89.99	
ECOVE Environment Service Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	0.01	0.01	
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 Central Corporation Ltd.	Energy sector	-	-	Note 4
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 Group was restructured in May 2019, whereby Ecove Environmental Services Corp. sold its originally held 2% equity of ECOVE Wujih Energy Corp. to ECOVE Environment Corp.
- Note 3: The Group was restructured in May 2019, whereby ECOVE Waste Management Corp. sold its originally held 40% equity of Yuan Ding Resources Corp. to ECOVE Environment Corp.
- Note 4: ECOVE Central Corporation Ltd. conducted a simple merger with ECOVE Solar Energy Corporation and then dissolved under the approval of the Ministry of Economic Affairs due to the restructure of the Group in October 2019.
- Note 5: The resolution of capital reduction amounting to \$150,000 was proposed by the Board of Directors of the subsidiary, ECOVE Miaoli Energy Corporation, during its meeting in March 2020, and resolved by the shareholders in May 2020.
- Note 6: The Board of Directors of the Company during its meeting in October 2020 resolved to issue 1,659,672 ordinary shares on December 31, 2020 to the shareholders of the subsidiary, ECOVE Environment Services Corp., excluding the Company, in order to acquire a 6.85% equity interest in ECOVE Environment Services Corp. (including 1,000 shares held by the subsidiary, ECOVE Waste Management Corp.).

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, 2020 and 2019, the non-controlling interest amounted to \$469,255 and \$606,437, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2020		December 31, 2019	
		Amount	Ownership (%)	Amount	Ownership (%)
ECOVE Miaoli Energy Corp.	Taiwan	\$ 303,343	25.00%	\$ 339,354	25.00%
SINOGAL-Waste Services Co., Ltd.	Macau	156,910	70.00%	203,420	70.00%

Summarised financial information of the subsidiaries:

Balance sheets

	<u>ECOVE Miaoli Energy Corp.</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets	\$ 285,605	\$ 281,104
Non-current assets	1,061,757	1,206,458
Current liabilities	( 68,765)	( 58,486)
Non-current liabilities	( 65,223)	( 71,662)
Total net assets	<u>\$ 1,213,374</u>	<u>\$ 1,357,414</u>

	<u>SINOGAL-Waste Services Co., Ltd.</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets	\$ 477,095	\$ 512,877
Non-current assets	12,815	14,941
Current liabilities	( 194,038)	( 165,235)
Non-current liabilities	( 71,715)	( 71,982)
Total net assets	<u>\$ 224,157</u>	<u>\$ 290,601</u>

Statements of comprehensive income

	<u>ECOVE Miaoli Energy Corp.</u>	
	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Revenue	\$ 332,356	\$ 336,766
Profit before income tax	158,372	168,330
Income tax expense	( 31,555)	( 33,665)
Profit for the year	126,817	134,665
Other comprehensive (loss) income, net of tax	( 59)	5
Total comprehensive income for the year	<u>\$ 126,758</u>	<u>\$ 134,670</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 31,690</u>	<u>\$ 33,668</u>
Dividends paid to non-controlling interest	<u>\$ 30,301</u>	<u>\$ 29,025</u>

	SINO GAL-Waste Services Co., Ltd.	
	Year ended December 31	
	2020	2019
Revenue	\$ 746,356	\$ 786,378
Profit before income tax	213,584	273,193
Income tax (expense) benefit	( 724)	709
Profit for the year	212,860	273,902
Other comprehensive loss, net of tax	( 16,237)	( 5,547)
Total comprehensive income for the year	<u>\$ 196,623</u>	<u>\$ 268,355</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 137,798</u>	<u>\$ 187,849</u>
Dividends paid to non-controlling interest	<u>\$ 184,308</u>	<u>\$ 119,578</u>

Statements of cash flows

	ECOVE Miaoli Energy Corp.	
	Year ended December 31	
	2020	2019
Net cash provided by operating activities	\$ 201,477	\$ 268,100
Net cash (used in) provided by investing activities	( 86)	12
Net cash used in financing activities	( 272,467)	( 161,328)
(Decrease) increase in cash and cash equivalents	( 71,076)	106,784
Cash and cash equivalents, beginning of year	<u>108,366</u>	<u>1,582</u>
Cash and cash equivalents, end of year	<u>\$ 37,290</u>	<u>\$ 108,366</u>

	SINO GAL-Waste Services Co., Ltd.	
	Year ended December 31	
	2020	2019
Net cash provided by operating activities	\$ 279,466	\$ 136,372
Net cash provided by (used in) investing activities	86,036	( 8,144)
Net cash used in financing activities	( 263,267)	( 168,673)
Increase (decrease) in cash and cash equivalents	<u>102,235</u>	<u>( 40,445)</u>
Cash and cash equivalents, beginning of year	<u>11,516</u>	<u>51,961</u>
Cash and cash equivalents, end of year	<u>\$ 113,751</u>	<u>\$ 11,516</u>

#### (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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 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 for trading purposes;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

(6) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at 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 Group measures the financial assets at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial assets at fair value with any gain or loss recognised 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 recognise 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 recognised and derecognised 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 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 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 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.

(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) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income, at each reporting date, the Group 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 Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

(12) 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.

(13) 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 recognised at cost.
- B. The Group'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 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 recognise 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 recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised 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 recognised 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 recognised 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 recognised 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 recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

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

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

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

(15) 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 Group. 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. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised 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 recognised as an adjustment to the right-of-use asset.

(16) Intangible assets

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

(17) 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 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 is evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(18) Borrowings

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

(19) 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.

(20) Derecognition of financial liabilities

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

(21) 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 recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Provisions for other liabilities

Provisions-accrued recovery costs are recognised 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 recognised for future operating losses.

(23) Employee benefits

A. Pensions

(a) Defined contribution plans

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

(b) Defined benefit 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 recognised 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 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. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

## C. Employees' compensation 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.

### (24) Employee share-based payment

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

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

(26) 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.

(27) 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.

(28) 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 recognises 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 recognised at its fair value. Such considerations are recognised 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 recognises 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 recognises an intangible asset to the extent that it receives a right (a licence) 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 recognised 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 recognises revenue and accounts receivable at the amount that it has a right to bill each month.

#### B. Service revenue

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

#### C. Other revenue

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

#### D. Revenue from the electricity production of solar power

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

#### (29) Government grant

The government grant is recognised when the Group is reasonably convinced the company will comply with the conditions attached to the government grant and will recognise 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 recognised as current profit and loss on a systematic basis during the period in which the related expenses are incurred.

#### (30) 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, 2020</u>	<u>December 31, 2019</u>
Cash on hand and revolving funds	\$ 10,324	\$ 10,048
Checking accounts and demand deposits	330,100	1,550,737
Time deposits	193,201	118,738
Total	<u>\$ 533,625</u>	<u>\$ 1,679,523</u>

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

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

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

<u>Items</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current items		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 1,404,333	\$ 10,393
Valuation adjustment	1,434	540
Total	<u>\$ 1,405,767</u>	<u>\$ 10,933</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>	
	<u>2020</u>	<u>2019</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	<u>\$ 5,282</u>	<u>\$ 2,849</u>

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, 2020	December 31, 2019
Current items:		
Equity instruments		
Listed stocks	\$ 96,118	\$ 96,118
Valuation adjustment	33,364	27,914
Total	\$ 129,482	\$ 124,032
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 2,342	\$ 2,342
Valuation adjustment	(1,799)	(1,799)
Total	\$ 543	\$ 543

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

	Year ended December 31	
	2020	2019
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 5,450	\$ 31,158
Cumulative gains (losses) reclassified to retained earnings due to derecognition	\$ -	(\$ 922)
Dividend income recognised in profit or loss		
Held at end of year	\$ 7,172	\$ 8,857

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 amortised cost

Items	December 31, 2020	December 31, 2019
Current items:		
Time deposits with original maturity over 3 months	\$ 108,925	\$ 247,014

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

B. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$108,925 and \$247,014, respectively.

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

(5) Accounts receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>January 1, 2019</u>
Accounts receivable	\$ 538,096	\$ 561,389	\$ 396,442
Long-term accounts receivable - due in one year	302,004	290,067	278,646
	<u>\$ 840,100</u>	<u>\$ 851,456</u>	<u>\$ 675,088</u>

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>January 1, 2019</u>
1 to 90 days	\$ 498,318	\$ 510,075	\$ 52,797
91 to 120 days	26,328	37,734	622,275
121 to 180 days	12,793	14,054	-
Over 180 days	745	7	1,337
	<u>\$ 538,184</u>	<u>\$ 561,870</u>	<u>\$ 676,409</u>

The above ageing analysis was based on invoice date.

B. As of December 31, 2020 and 2019, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2019, the balance of receivables from contracts with customers amounted to \$675,088.

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

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

E. For the year ended December 31, 2020, the estimated accounts receivable that meet the definition of contract assets were reclassified to contract assets.

(6) Prepayments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Prepayments for material purchases	\$ 7,178	\$ 23,541
Sub-contract costs payable	31,411	5,226
Prepaid rents	1,990	2,652
Prepaid insurance premiums	7,582	7,890
Others	51,358	52,804
	<u>\$ 99,519</u>	<u>\$ 92,113</u>



(7) Investments accounted for using the equity method

	<u>2020</u>	<u>2019</u>
At January 1	\$ 418,868	\$ 405,718
Addition of investments accounted for under the equity method	36,000	-
Share of profit or loss of investments accounted for using the equity method	56,689	32,747
Earnings distribution of investments accounted for using equity method	( 25,470)	( 14,210)
Changes in capital surplus	602	624
Changes in other equity items	( 3,836)	( 6,011)
At December 31	<u>\$ 482,853</u>	<u>\$ 418,868</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Associates:		
CTCI Chemicals Corp.	\$ 67,975	\$ 65,631
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	331,214	304,623
Ever Ecove Corporation	77,826	48,614
Jing Ding Green Energy Technology Co., Ltd.	5,838	-
	<u>\$ 482,853</u>	<u>\$ 418,868</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, 2020	December 31, 2019		
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	20.00%	20.00%	Strategic Investment	Equity method

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

Balance sheet

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets	\$ 192,361	\$ 294,347
Non-current assets	1,081,546	852,027
Current liabilities	( 2,316)	( 12,411)
Total net assets	<u>\$ 1,271,591</u>	<u>\$ 1,133,963</u>
Share in associate's net assets	\$ 254,319	\$ 226,793
Land-use right	-	255
Goodwill	75,505	75,505
Others	1,390	2,070
Carrying amount of the associate	<u>\$ 331,214</u>	<u>\$ 304,623</u>

Statement of comprehensive income

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Revenue	\$ -	\$ -
Profit for the year from continuing operations	176,367	89,405
Other comprehensive loss, net of tax	( 19,438)	( 34,034)
Total comprehensive income	<u>\$ 156,929</u>	<u>\$ 55,371</u>

- (c) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of December 31, 2020 and 2019, the carrying amount of the Group's individually immaterial associates amounted to \$151,639 and \$114,245, respectively.

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Profit for the year from continuing operations	\$ 14,244	\$ 14,283
Other comprehensive income (loss)	51	( 1)
Total comprehensive income	<u>\$ 14,295</u>	<u>\$ 14,282</u>

- B. In September 2020, the Board of Directors of the Company's subsidiary, ECOVE Environment Service Corp., resolved to invest an expected aggregate amount of \$650 million in Jing Ding Green Energy Technology Co., Ltd. In 2020, the subsidiary invested \$6 million. As of December 31, 2020, the subsidiary has invested \$6 million for a shareholding ratio of 30%.

C. In July 2018, the Board of Directors of the Company resolved to invest an expected aggregate amount of \$100 million in EVER ECOVE Corporation. In 2020, the Company invested \$30 million. As of December 31, 2020, the Company has invested \$80 million for a shareholding ratio of 5%.

(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Transportation</u>	<u>Unfinished construction</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2020</u>							
Cost	\$ 169,755	\$ 516	\$ 2,783,947	\$ 107,005	\$ 153,011	\$ 15,633	\$ 3,229,867
Accumulated depreciation	-	( 276)	( 287,085)	( 75,247)	-	( 8,424)	( 371,032)
	<u>\$ 169,755</u>	<u>\$ 240</u>	<u>\$ 2,496,862</u>	<u>\$ 31,758</u>	<u>\$ 153,011</u>	<u>\$ 7,209</u>	<u>\$ 2,858,835</u>
<u>Year ended</u>							
<u>December 31, 2020</u>							
Opening net book amount	\$ 169,755	\$ 240	\$ 2,496,862	\$ 31,758	\$ 153,011	\$ 7,209	\$ 2,858,835
Additions	-	-	79,180	11,769	-	1,486	92,435
Transfers	-	15,885	972,241	-	( 153,011)	8,321	843,436
Disposals	-	-	( 142)	( 61)	-	-	( 203)
Depreciation charge	-	( 641)	( 248,472)	( 10,213)	-	( 3,405)	( 262,731)
Net exchange differences	( 7,406)	-	( 39,641)	1	-	( 76)	( 47,122)
Closing net book amount	<u>\$ 162,349</u>	<u>\$ 15,484</u>	<u>\$ 3,260,028</u>	<u>\$ 33,254</u>	<u>\$ -</u>	<u>\$ 13,535</u>	<u>\$ 3,484,650</u>
<u>At December 31, 2020</u>							
Cost	\$ 162,349	\$ 16,402	\$ 3,783,530	\$ 110,146	\$ -	\$ 20,273	\$ 4,092,700
Accumulated depreciation	-	( 918)	( 523,502)	( 76,892)	-	( 6,738)	( 608,050)
	<u>\$ 162,349</u>	<u>\$ 15,484</u>	<u>\$ 3,260,028</u>	<u>\$ 33,254</u>	<u>\$ -</u>	<u>\$ 13,535</u>	<u>\$ 3,484,650</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Transportation</u>	<u>Unfinished construction</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2019</u>							
Cost	\$ 171,883	\$ 516	\$ 1,916,471	\$ 103,234	\$ 108,997	\$ 14,560	\$ 2,315,661
Accumulated depreciation	-	( 111)	( 112,502)	( 65,938)	-	( 5,877)	( 184,428)
	<u>\$ 171,883</u>	<u>\$ 405</u>	<u>\$ 1,803,969</u>	<u>\$ 37,296</u>	<u>\$ 108,997</u>	<u>\$ 8,683</u>	<u>\$ 2,131,233</u>
<u>Year ended</u>							
<u>December 31, 2019</u>							
Opening net book amount	\$ 171,883	\$ 405	\$ 1,803,969	\$ 37,296	\$ 108,997	\$ 8,683	\$ 2,131,233
Additions	-	-	72,255	4,530	44,014	1,282	122,081
Transfers	-	-	809,632	-	-	-	809,632
Disposals	-	-	( 472)	-	-	( 11)	( 483)
Depreciation charge	-	( 165)	( 176,810)	( 10,069)	-	( 2,745)	( 189,789)
Net exchange differences	( 2,128)	-	( 11,712)	1	-	-	( 13,839)
Closing net book amount	<u>\$ 169,755</u>	<u>\$ 240</u>	<u>\$ 2,496,862</u>	<u>\$ 31,758</u>	<u>\$ 153,011</u>	<u>\$ 7,209</u>	<u>\$ 2,858,835</u>
<u>At December 31, 2019</u>							
Cost	\$ 169,755	\$ 516	\$ 2,783,947	\$ 107,005	\$ 153,011	\$ 15,633	\$ 3,229,867
Accumulated depreciation	-	( 276)	( 287,085)	( 75,247)	-	( 8,424)	( 371,032)
	<u>\$ 169,755</u>	<u>\$ 240</u>	<u>\$ 2,496,862</u>	<u>\$ 31,758</u>	<u>\$ 153,011</u>	<u>\$ 7,209</u>	<u>\$ 2,858,835</u>

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 \$2,115 and \$7,911, respectively, and the interest rates for capitalisation ranged from 0.85%~2.0364% and 0.95%~2.0364% for the years ended December 31, 2020 and 2019, respectively.

(9) Leasing arrangements – lessee

- A. The Group leases various assets including land, buildings, machinery and equipment, and business vehicles. Rental contracts are typically made for periods of 1 to 8 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise staff dormitory. On December 31, 2020 and 2019, payments of lease commitments for short-term leases amounted to \$12,284 and \$10,966, respectively.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 50,490	\$ 54,969
Buildings	20,509	31,387
Transportation	7,182	11,840
Other equipment	3,330	4,060
	<u>\$ 81,511</u>	<u>\$ 102,256</u>

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 9,671	\$ 9,421
Buildings	12,419	17,837
Transportation	6,676	6,741
Other equipment	1,058	1,420
	<u>\$ 29,824</u>	<u>\$ 35,419</u>

- D. As of December 31, 2020 and 2019, right-of-use assets-land amounting to \$25,371 and \$31,346 pertain to land use right obtained by ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corporation for the refuse incineration plant according to the service concession arrangements, respectively. Please refer to Note 6(11)A for details.
- E. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were \$16,207 and \$39,573, respectively.

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

	Year ended December 31	
	2020	2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 548	\$ 578
Expense on short-term lease contracts	12,284	10,966
Expense on leases of low-value assets	944	1,132
Expense on variable lease payments	48,532	30,165

G. For the years ended December 31, 2020 and 2019, the Group's total cash outflow for leases amounted to \$83,673 and \$72,507, respectively.

H. Variable lease payments

(a) Some of the Group's lease contracts contain variable lease payment terms that are linked to electricity production of solar power. Various lease payments that depend on the electricity production of solar power are recognised as costs in the period in which the event or condition that triggers those payments occurs.

(b) A 1% increase in electricity production of solar power with such variable lease contracts would increase total lease payments by approximately 1%.

(10) Intangible assets

	December 31, 2020	December 31, 2019
Goodwill	\$ 136,153	\$ 136,153
Accumulated impairment	-	-
	<u>\$ 136,153</u>	<u>\$ 136,153</u>

A. 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.

B. 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	
	2020	2019
Gross margin	18.18%~25.84%	16.08%~27.81%
Growth rate	20%~25%	18.67%~450%
Discount rate	7.10%	5.30%

(11) Other non-current assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Long-term accounts receivable	\$ 1,846,210	\$ 2,136,277
Less: Current portion	( 302,004)	( 290,067)
	1,544,206	1,846,210
Refundable deposits	31,061	21,082
Prepayments for business facilities	211,417	367,916
Restricted bank deposits	41,300	44,327
Contract fulfillment cost	74,265	120,909
Others	34,717	41,498
	<u>\$ 1,936,966</u>	<u>\$ 2,441,942</u>

A. The Group entered into contracts with certain governments (grantors) for service concession arrangements. The consideration received or receivable from the grantor in respect of the service concession arrangement is recognised at its fair value. Such considerations are recognised as a financial asset based on how the considerations from the grantor to the operator are made as specified in the arrangement. Assets that are expected to be realised within twelve months from the balance sheet date are classified as “accounts receivable” (please refer to Note 6(5)); assets that are expected to be realised over twelve months from the balance sheet date are classified as “long-term accounts receivable”. The other terms of the agreement 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 has continued for 20 years since the plant began operating.
- (b) The subsidiary, ECOVE Miaoli Energy Corp., obtained the operation for the construction of Miaoli County Refuse Incineration Plant by build - operate - transfer (BOT) mode since August, 2002. In September, 2002, the “Waste Incineration Commission Contract” between ECOVE Miaoli Energy Corp. and Miaoli County Government had been signed. The operating period is for 20 years starting February 29, 2008. However, according to the contract, if it is expired in advance or extended during construction or operation, duration of the operation will be deemed to be matured or extended. In order to work the “Waste Incineration Miaoli County Commission Contract”, ECOVE Miaoli Energy Corp. obtained the land-use right of Miaoli Refuse Incineration Plant. Therefore, duration of the land-use right is from September 13, 2002 to March 12, 2026.



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

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

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

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

(12) Short-term borrowings

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Secured borrowings	\$ 464,700	1.00% ~ 1.23%	Note 1, 2

Type of borrowings	December 31, 2019	Interest rate range	Collateral
Secured borrowings	\$ 305,000	0.95% ~ 1.70%	Note 1, 2, 3

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, 2020 and 2019 amounting to \$850,000 and \$1,214,480, respectively.

Note 3: ECOVE Solvent Recycling Corporation committed that if the construction has finished, ECOVE Solvent Recycling Corporation will complete the registration of ownership on the construction and pledge with the land of construction in first priority to Chang Hwa Bank. The loan was repaid in March 2020.

(13) Short-term notes and bills payable

	December 31, 2020	December 31, 2019
Commercial paper payable	\$ 148,000	\$ -
Discount on commercial papers payable	( 75)	-
	\$ 147,925	\$ -
Interest rate	0.95%	-

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

(14) Accounts payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Materials payable	\$ 7,884	\$ 44,954
Sub-contract costs payable	109,685	178,377
Incinerator equipment costs payable	64,357	41,517
Maintenance costs payable	411,330	310,079
Others	101,455	77,650
	<u>\$ 694,711</u>	<u>\$ 652,577</u>

(15) Other payables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accrued payroll	\$ 290,800	\$ 271,018
Other payables	98,674	150,475
	<u>\$ 389,474</u>	<u>\$ 421,493</u>

(16) Other current liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Long-term liabilities-current portion	\$ 247,409	\$ 134,149
Others	34,235	17,790
	<u>\$ 281,644</u>	<u>\$ 151,939</u>

(17) Long-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Secured borrowings	\$ 1,396,019	\$ 1,561,712
Less: Current portion	( 247,409)	( 134,149)
	<u>\$ 1,148,610</u>	<u>\$ 1,427,563</u>
Facility amount	\$ 2,855,785	\$ 2,033,525
Interest rate	<u>1.0964%~2.63488%</u>	<u>1.49%~4.385%</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, 2020 and 2019 amounting to \$1,997,784 and \$1,664,080, respectively.

(18) Other non-current liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Net defined benefit liability	\$ 60,227	\$ 49,555
Accrued recovery costs	162,745	104,823
Guaranteed deposits received	192,853	184,408
Deferred revenue	133,507	157,648
Others	36,577	34,448
	<u>\$ 585,909</u>	<u>\$ 530,882</u>

A. Accrued recovery cost

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

(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 recognised in the balance sheet are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations	\$ 281,601	\$ 274,104
Fair value of plan assets	( 221,374)	( 224,549)
Net defined benefit liability	<u>\$ 60,227</u>	<u>\$ 49,555</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, 2020</u>			
At January 1	\$ 274,105	(\$ 224,550)	\$ 49,555
Current service cost	5,956	-	5,956
Interest expense (income)	<u>1,915</u>	<u>( 1,572)</u>	<u>343</u>
	<u>281,976</u>	<u>( 226,122)</u>	<u>55,854</u>
Remeasurements:			
Change in financial assumptions	10,678	-	10,678
Experience adjustments	<u>6,013</u>	<u>( 7,684)</u>	<u>( 1,671)</u>
	<u>16,691</u>	<u>( 7,684)</u>	<u>9,007</u>
Pension fund contribution	-	( 4,634)	( 4,634)
Paid pension	<u>( 17,066)</u>	<u>17,066</u>	<u>-</u>
At December 31	<u>\$ 281,601</u>	<u>( \$ 221,374)</u>	<u>\$ 60,227</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, 2019</u>			
At January 1	\$ 250,739	(\$ 210,327)	\$ 40,412
Current service cost	6,014	-	6,014
Interest expense (income)	<u>2,482</u>	<u>( 2,097)</u>	<u>385</u>
	<u>259,235</u>	<u>( 212,424)</u>	<u>46,811</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	( 29)	( 29)
Change in financial assumptions	7,958	-	7,958
Experience adjustments	<u>6,912</u>	<u>( 7,474)</u>	<u>( 562)</u>
	<u>14,870</u>	<u>( 7,503)</u>	<u>7,367</u>
Pension fund contribution	-	( 4,623)	( 4,623)
Paid pension	-	-	-
At December 31	<u>\$ 274,105</u>	<u>( \$ 224,550)</u>	<u>\$ 49,555</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, 2020 and 2019 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, 2020</u>	<u>December 31, 2019</u>
Discount rate	0.30%	0.60% ~ 0.70%
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 5<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, 2020				
Effect on present value of defined benefit obligation	(\$ <u>6,744</u> )	<u>\$ 6,985</u>	<u>\$ 6,085</u>	(\$ <u>5,918</u> )
December 31, 2019				
Effect on present value of defined benefit obligation	(\$ <u>6,441</u> )	<u>\$ 6,682</u>	<u>\$ 5,873</u>	(\$ <u>5,702</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, 2021 amount to \$4,743.

**B. Defined contribution pension plan**

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2020 and 2019 were \$29,514 and \$28,735, 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, 2020 and 2019 were \$9,690 and \$9,346, respectively.

**(20) Share-based payment**

- A. For the years ended December 31, 2020 and 2019, the Company’s share-based payment arrangements were as follows:

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

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

- (a) Sixth plan of employee stock options:

	Year ended December 31			
	2020		2019	
	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	1,408	NT\$ 155.00	1,448	NT\$ 173.50
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	( 42)	-	( 40)	-
Options exercised	( 264)	NT\$ 147.40	-	-
Options revoked	-	-	-	-
Options outstanding at end of year	<u>1,102</u>	NT\$ 147.40	<u>1,408</u>	NT\$ 155.00
Options exercisable at end of year	<u>249</u>	NT\$ 147.40	<u>-</u>	-

(b) Seventh plan of employee stock options:

	Year ended December 31			
	2020		2019	
	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	1,466	NT\$ 201.00	-	-
Options granted	-	-	1,500	NT\$ 212.50
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	( 43)	-	( 34)	-
Options exercised	-	-	-	-
Options revoked	-	-	-	-
Options outstanding at end of year	<u>1,423</u>	NT\$ 191.10	<u>1,466</u>	NT\$ 201.00
Options exercisable at end of year	<u>-</u>	-	<u>-</u>	-

(c) Eighth plan of employee stock options:

	Year ended	
	December 31, 2020	
	No. of units	Weighted-average
	(in thousands)	exercise price
		(in dollars)
<u>Stock options</u>		
Options outstanding at beginning of year	-	-
Options granted	1,500	NT\$ 203.00
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-
Options waived	( 27)	-
Options exercised	-	-
Options revoked	-	-
Options outstanding at end of year	<u>1,473</u>	NT\$ 193.00
Options exercisable at end of year	<u>-</u>	-

C. The weighted-average stock price of stock options at exercise dates for the year ended December 31, 2020 was NT\$212.47 (in dollars).

D. As of December 31, 2020 and 2019, the range of exercise prices of stock options outstanding was \$147.4~\$193.0 and \$173.5~\$212.5 (in dollars), respectively; the weighted-average remaining contractual period was as follows:

Type of arrangement	December 31, 2020	December 31, 2019
Sixth plan of employee stock options	3.5 years	4.5 years
Seventh plan of employee stock options	4.5 years	5.5 years
Eighth plan of employee stock options	5.25 years	-

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

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



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

	Year ended December 31	
	2020	2019
Equity-settled	\$ 26,025	\$ 14,677

(21) Share capital

A. As of December 31, 2020, the Company's authorised capital was \$800,000, consisting of 80 million shares of ordinary stock (including 6 million shares reserved for employee stock options), and the paid-in capital was \$690,286 with a par value of NT\$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2020	2019
At January 1	67,105,148	67,105,148
Employee stock options exercised	263,744	-
Acquire non-controlling interests by issuing ordinary shares	1,659,672	-
At December 31	69,028,564	67,105,148

B. As of December 31, 2020 and 2019, the associate of the Group held 276 thousand shares.

C. The Company issued 1,659,672 ordinary shares on December 31, 2020 (2% of the total ordinary share capital issued) to the shareholders of ECOVE Environment Service Corp. as part of the purchase consideration for 6.85% of its ordinary share capital. The ordinary shares issued have the same rights as other shares in issue. The fair value of the shares issued amounted to \$363,468 (NT\$219 per share). The related transaction costs amounting to \$1,185 have been netted off with the deemed proceeds.

D. The shares of the Company held by the subsidiary, ECOVE Waste Management Corp., were the ordinary shares issued by the Company on December 31, 2020 to acquire the shares of ECOVE Environment Services Corp. from ECOVE Waste Management Corp. through the share swap. As of December 31, 2020, the carrying amount of the shares of the Company held by ECOVE Waste Management Corp. amounted to \$57. The details are as follows:

	December 31, 2020	
	Carrying amount	Market value
Number of shares	(in dollars/share)	(in dollars/share)
ECOVE Waste Management Corp.	1,605 NT\$ 35.34	NT\$ 219

(22) Capital surplus

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

B. Changes in capital surplus are as follows:

	Share premium	Employee stock options	Others	Total
At January 1, 2020	\$ 2,186,678	\$ 19,667	\$ 1,686	\$ 2,208,031
Employee stock options exercised	36,238	-	-	36,238
Share-based payment transaction	-	24,586	-	24,586
Transactions with non-controlling interest	42,912	-	( 1,686)	41,226
Adjustments of changes in investments accounted for using equity method	-	561	-	561
At December 31, 2020	<u>\$ 2,265,828</u>	<u>\$ 44,814</u>	<u>\$ -</u>	<u>\$ 2,310,642</u>

	Share premium	Employee stock options	Others	Total
At January 1, 2019	\$ 2,188,235	\$ 5,238	\$ -	\$ 2,193,473
Share-based payment transaction	-	14,421	-	14,421
Difference between consideration and carrying amount of subsidiaries acquired or disposed	( 1,557)	8	1,686	137
At December 31, 2019	<u>\$ 2,186,678</u>	<u>\$ 19,667</u>	<u>\$ 1,686</u>	<u>\$ 2,208,031</u>

(23) Retained earnings

A. When net profit occurs in the annual accounts, the Company may, after reserving a sufficient amount of the income before tax to cover the accumulated losses, upon the resolution of the Board of Directors, distribute at least 0.01% of the income before tax as employees' remuneration,

and distribute no more than 2% of the income before tax as directors' remuneration. The remuneration could be in the form of stock or cash, and the employees' remuneration could be distributed to the employees of subsidiaries of the Company under certain conditions. A report of the distribution of employees' compensation or the directors' remuneration shall be submitted to the shareholders at the shareholders' meeting.

- B. The Company shall, after all taxes and dues have been paid and its losses have been covered and at the time of allocating surplus profits, first set aside 10% of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. Furthermore, in accordance with the provisions of laws and regulations and the rules prescribed by the central competent authority, a special reserve shall be set aside. If there is recovery of the balance of special reserve, the recovered amount shall be included in the distribution of the profit for the current year.

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

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

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

D. Special reserve

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

E. The appropriations of 2019 and 2018 earnings had been resolved at the stockholders' meeting on May 28, 2020 and May 30, 2019, respectively. Details are summarised below:

	2019	2018
Legal reserve	\$ 80,492	\$ 80,691
Reversal of special reserve	( 2,243)	( 30,041)
Cash dividends	726,749	726,078
Total	<u>\$ 804,998</u>	<u>\$ 776,728</u>

F. The Company recognised dividends of \$726,749 (NT10.83 per share) and \$726,078 (NT\$10.82 per share) in 2019 and 2018, respectively.

G. The appropriations of 2020 earnings had been proposed by Board of Directors during its meeting on March 8, 2021.

Details are summarised below:

	2020	
	Amount	Dividends per share (in NT dollars)
Legal reserve	\$ 83,554	NT\$ -
Special reserve	23,272	-
Cash dividends	759,482	11
Total	<u>\$ 866,308</u>	<u>NT\$ 11</u>

The appropriations of 2020 earnings has not yet been resolved at the stockholders' meeting.

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

(24) Operating revenue

	Year ended December 31,	
	2020	2019
Operating revenue	\$ 2,254,862	\$ 2,136,055
Electricity	1,654,013	1,573,058
Waste collection	73,172	70,507
Others	1,084,781	968,041
	<u>5,066,828</u>	<u>4,747,661</u>
Service concession arrangements		
Operating revenue	474,255	465,971
Finance revenue	96,507	107,927
	<u>570,762</u>	<u>573,898</u>
	<u>\$ 5,637,590</u>	<u>\$ 5,321,559</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, 2020	Domestic	China	Macau	United States	Total
Total segment revenue	\$ 6,297,290	\$ 91,962	\$ 995,173	\$ 75,292	\$ 7,459,717
Inter-segment revenue	( 1,674,637)	( 31,898)	( 115,592)	-	( 1,822,127)
Revenue from external customer contracts	<u>\$ 4,622,653</u>	<u>\$ 60,064</u>	<u>\$ 879,581</u>	<u>\$ 75,292</u>	<u>\$ 5,637,590</u>
Timing of revenue recognition					
Over a period time	<u>\$ 4,622,653</u>	<u>\$ 60,064</u>	<u>\$ 879,581</u>	<u>\$ 75,292</u>	<u>\$ 5,637,590</u>

Year ended					
December 31, 2019	Domestic	China	Macau	United States	Total
Total segment revenue	\$ 5,865,052	\$ 133,102	\$ 958,405	\$ 92,194	\$ 7,048,753
Inter-segment revenue	( 1,579,853)	( 49,883)	( 97,458)	-	( 1,727,194)
Revenue from external customer contracts	<u>\$ 4,285,199</u>	<u>\$ 83,219</u>	<u>\$ 860,947</u>	<u>\$ 92,194</u>	<u>\$ 5,321,559</u>
Timing of revenue recognition					
Over a period time	<u>\$ 4,285,199</u>	<u>\$ 83,219</u>	<u>\$ 860,947</u>	<u>\$ 92,194</u>	<u>\$ 5,321,559</u>

B. Contract assets and liabilities

(a) Contract assets:

	December 31, 2020	December 31, 2019	January 1, 2019
Estimated accounts receivable	\$ 512,733	\$ 342,720	\$ 366,083
Executory contract cost	<u>74,265</u>	<u>120,909</u>	<u>164,183</u>
	<u>\$ 586,998</u>	<u>\$ 463,629</u>	<u>\$ 530,266</u>

(b) Contract liabilities:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>January 1, 2019</u>
Receipts in advance	\$ 9,729	\$ 50,005	\$ 140,580

(c) Revenue recognised that was included in the contract liability balance at the beginning of the year

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Receipts in advance	\$ 44,827	\$ 120,937

C. Assets recognised from costs to fulfill a contract

When the Company entered into the operation and maintenance service of refuse incineration plant contracts with customers in 2017, the construction cost incurred at the beginning should be recognised as other non-current assets in the balance sheet under IFRS 15.

As at December 31, 2020 and 2019, the balance was \$74,265 and \$120,909, respectively, and the amounts amortised to cost were \$70,703 and \$58,746 for the years ended December 31, 2020 and 2019, respectively.

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

(25) Interest income

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Interest income from bank deposits	\$ 2,666	\$ 11,895
Other interest income	304	95
	<u>\$ 2,970</u>	<u>\$ 11,990</u>

(26) Other income

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Dividend income	\$ 7,172	\$ 8,857
Income from government grants	13,083	13,820
Income from sale of scraps	3,019	3,170
Other income, others	13,416	59,290
	<u>\$ 36,690</u>	<u>\$ 85,137</u>

(27) Other gains and losses

	Year ended December 31	
	2020	2019
Gains (losses) on disposals of property, plant and equipment	\$ 2,374	(\$ 411)
Foreign exchange (losses) gains	( 2,480)	4,863
Gains on financial assets at fair value through profit or loss	5,282	2,849
Gains arising from lease modifications	627	28
Miscellaneous disbursements	( 251)	( 332)
	<u>\$ 5,552</u>	<u>\$ 6,997</u>

(28) Finance cost

	Year ended December 31	
	2020	2019
Interest expense	\$ 29,348	\$ 33,505
Interest expense arising from lease liabilities	548	578
	<u>\$ 29,896</u>	<u>\$ 34,083</u>

(29) Expenses by nature

	Year ended December 31	
	2020	2019
Employee benefit expense	\$ 1,091,403	\$ 1,101,260
Depreciation charges on property, plant and equipment	262,731	189,789
Depreciation charges on right-of-use asset	29,824	35,419
Amortisation	13,957	9,675
Incinerator equipment costs	503,860	468,373
Materials	757,601	753,704
Sub-contract costs	1,071,485	1,008,821
Insurance	59,942	69,349
Air pollution fee	20,000	300
Other expenses	616,459	512,822
	<u>\$ 4,427,262</u>	<u>\$ 4,149,512</u>

(30) Employee benefit expense

	Year ended December 31	
	2020	2019
Salaries	\$ 913,446	\$ 930,387
Employee stock options	26,025	14,677
Labor and health insurance fees	61,342	61,204
Pension costs	45,503	44,480
Other personnel expenses	45,087	50,512
	<u>\$ 1,091,403</u>	<u>\$ 1,101,260</u>

- A. As of December 31, 2020 and 2019, the Group had 976 and 973 employees, respectively.
- B. When net profit occurs in the annual accounts, the Company may, after reserving a sufficient amount of the income before tax to cover the accumulated losses, upon the resolution of the Board of Directors, distribute at least 0.01% of the income before tax as employees' compensation, and distribute no more than 2% of the income before tax as directors' remuneration. The remuneration could be in the form of stock or cash, and the employees' compensation could be distributed to the employees of subsidiaries of the Company under certain conditions. A report of the distribution of employees' compensation or the directors' remuneration shall be submitted to the shareholders at the shareholders' meeting.
- C. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at \$304 and \$329, respectively; directors' and supervisors' 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' 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, 2020. The employees' compensation and directors' and supervisors' remuneration have not yet been resolved by the Board of Directors. The employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2019 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2019 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	
	2020	2019
Current tax:		
Current tax on profits for the year	\$ 247,624	\$ 216,195
Prior year income tax overestimation	( 69)	( 7,976)
Total current tax	247,555	208,219
Deferred tax:		
Origination and reversal of temporary differences	( 13,688)	3,951
Effect of exchange rate changes	377	515
Income tax expense	<u>\$ 234,244</u>	<u>\$ 212,685</u>

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

	Year ended December 31	
	2020	2019
Remeasurement of defined benefit obligations	<u>\$ 1,731</u>	<u>(\$ 1,459)</u>

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2020	2019
Tax calculated based on profit before tax and statutory tax rate (note)	\$ 247,022	\$ 225,281
Expenses disallowed by tax regulation	( 12,709)	( 4,620)
Prior year income tax overestimation	( 69)	( 7,976)
Income tax expense	<u>\$ 234,244</u>	<u>\$ 212,685</u>

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

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

	2020			
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>December 31</u>
Deferred tax assets:				
- Temporary differences:				
Unused compensated absences	\$ 5,000	(\$ 1,565)	\$ -	\$ 3,435
Unrealised pension costs	7,785	63	1,731	9,579
Unrealised maintenance costs	11,224	1,608	-	12,832
Unrealised repairs and maintenance expense	952	( 952)	-	-
Unrealised cost of services	-	20	-	20
Unrealised gains on disposal of fixed assets	1,406	( 110)	-	1,296
	<u>\$ 26,367</u>	<u>(\$ 936)</u>	<u>\$ 1,731</u>	<u>\$ 27,162</u>
- Deferred tax liabilities:				
Unrealised foreign investment gain	(\$ 32,814)	(\$ 242)	\$ -	(\$ 33,056)
Unrealised exchange loss	( 1,335)	269	-	( 1,066)
Unrealised concession arrangements gain	( 176,715)	14,597	-	( 162,118)
	<u>(\$ 210,864)</u>	<u>\$ 14,624</u>	<u>\$ -</u>	<u>(\$ 196,240)</u>
	<u>(\$ 184,497)</u>	<u>\$ 13,688</u>	<u>\$ 1,731</u>	<u>(\$ 169,078)</u>

	2019			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Unused compensated absences	\$ 4,625	\$ 375	\$ -	\$ 5,000
Unrealised pension costs	6,263	63	1,459	7,785
Unrealised maintenance costs	10,538	686	-	11,224
Unrealised repairs and maintenance expense	-	952	-	952
Unrealised exchange loss	( 647)	647	-	-
Unrealised gains on disposal of fixed assets	1,516	( 110)	-	1,406
	<u>\$ 22,295</u>	<u>\$ 2,613</u>	<u>\$ 1,459</u>	<u>\$ 26,367</u>
- Deferred tax liabilities:				
Unrealised foreign investment gain	(\$ 22,909)	(\$ 9,905)	\$ -	(\$ 32,814)
Unrealised exchange gain	-	( 1,335)	-	( 1,335)
Unrealised concession arrangements gain	( 181,391)	4,676	-	( 176,715)
	<u>(\$ 204,300)</u>	<u>(\$ 6,564)</u>	<u>\$ -</u>	<u>(\$ 210,864)</u>
	<u>(\$ 182,005)</u>	<u>(\$ 3,951)</u>	<u>\$ 1,459</u>	<u>(\$ 184,497)</u>

D. As of December 31, 2020, except for ECOVE Waste Management Corporation's income tax returns through 2017, the Company's and its subsidiaries' income tax returns through 2018 have been assessed and approved by the Tax Authority.

(32) Earnings per share

Year ended December 31, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share:</u>			
Profit attributable to owners of the parent	\$ 842,254	67,197	<u>NT\$ 12.53</u>
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	473	
Employees' bonus	-	<u>1</u>	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 842,254</u>	<u>67,671</u>	<u>NT\$ 12.45</u>
Year ended December 31, 2019			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share:</u>			
Profit attributable to owners of the parent	\$ 811,312	67,105	<u>NT\$ 12.09</u>
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	159	
Employees' bonus	-	<u>2</u>	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 811,312</u>	<u>67,266</u>	<u>NT\$ 12.06</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Parent and ultimate controlling party

The Company is controlled by CTCI Corporation (incorporated in R.O.C.), which owns 55.71% of the Company's shares. The remaining 44.29% of the shares are widely held by the public.

### (2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
CTCI Corp.	Ultimate parent company
CTCI Chemical Corp.	Associate
CTCI Machinery Corp.	Associate
Ever Ecove Corporation	Associate
E&C Engineering Corp.	Associate
CTCI Shanghai Co., Ltd.	Associate
CTCI (Thailand) Co., Ltd.	Associate

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

#### A. Operating revenue

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Operating revenue:		
Ultimate parent company	\$ 1,979	\$ 9,543
Associates	-	22
	<u>\$ 1,979</u>	<u>\$ 9,565</u>

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

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

#### B. Purchases of goods and services

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Purchases of goods and services:		
Ultimate parent company	\$ 5,673	\$ 5,399
Associates	166,969	158,629
	<u>\$ 172,642</u>	<u>\$ 164,028</u>

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

C. Period-end balances arising from sales of services

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable:		
Ultimate parent company	\$ <u>                    -</u>	\$ <u>                    571</u>

D. Period-end balances arising from purchases of services

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts payable:		
Ultimate parent company	\$ <u>                  5,152</u>	\$ <u>                  5,278</u>
Associates	<u>                  11,869</u>	<u>                  22,614</u>
	<u>\$ <u>                 17,021</u></u>	<u>\$ <u>                 27,892</u></u>

E. Other receivables - related parties

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other receivables:		
Associates (Note)	\$ <u>                    84</u>	\$ <u>                    818</u>

Note: The receivable is a result of the personnel's transfer from related parties, interest income and apportioned office expenses.

F. Loans to related parties

(a) Outstanding balance

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
CTCI Machinery Corp.	\$ <u>                 30,000</u>	\$ <u>                 30,000</u>

(b) Interest income

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Associates (Note)	\$ <u>                  304</u>	\$ <u>                    94</u>

Note: The terms of lending include interest to be calculated and received monthly, using the annual rate of 1.01% for the years ended December 31, 2020 and 2019.

G. Other income

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Associates	\$ <u>                  785</u>	\$ <u>                 1,703</u>

Note: The income is a result of the personnel's transfer from related parties and sales of scraps.

H. Operating expenses

	Year ended December 31	
	2020	2019
Ultimate parent company	\$ 9,317	\$ 14,603
Associates	539	26
	<u>\$ 9,856</u>	<u>\$ 14,629</u>

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

I Other payables-related parties

	December 31, 2020	December 31, 2019
Ultimate parent company	\$ 2,577	\$ 3,337
Associates	-	28
	<u>\$ 2,577</u>	<u>\$ 3,365</u>

J. Leasing arrangements - leasee

(a) As of December 31, 2020, 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	\$252/year	2019.1.1~2028.12.31
Associates	Buildings and structures	\$285/year	2010.7.22~2029.7.21

(b) Acquisition of right-of-use assets

	Year ended December 31,	
	2020	2019
Ultimate parent company	\$ -	\$ 1,781

(c) Lease liabilities

	December 31, 2020	December 31, 2019
Ultimate parent company	\$ 1,428	\$ 1,641
Associates	2,358	2,621
	<u>\$ 3,786</u>	<u>\$ 4,262</u>

(d) Interest expense on lease liabilities

	Year ended December 31	
	2020	2019
Ultimate parent company	\$ 14	\$ 55
Associates	36	19
	<u>\$ 50</u>	<u>\$ 74</u>

K. Property transactions

Acquisition of prepayments for business facilities

	Year ended December 31	
	2020	2019
Associates	<u>\$ 17,440</u>	<u>\$ 61,711</u>

L. Endorsements and guarantees for others

	December 31, 2020	December 31, 2019
	Associates	<u>\$ 220,500</u>

(4) Key management compensation

	Year ended December 31	
	2020	2019
Salaries and other short-term employee benefits	\$ 47,205	\$ 37,176
Post-employment benefits	1,061	1,500
Total	<u>\$ 48,266</u>	<u>\$ 38,676</u>



## 8. PLEDGED ASSETS

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

Assets	Book value		Purposes
	December 31, 2020	December 31, 2019	
Property, plant and equipment	\$ 732,910	\$ 681,701	Guarantee for long-term and short-term loans
Other non-current assets			
Prepayments for business facilities	-	200,920	Guarantee for long-term loans
Guarantee deposits paid	31,061	21,082	Guarantee for bid, rent, performance guarantee, tender bond and staff dormitory
Restricted bank deposits	41,300	44,327	"
	<u>\$ 805,271</u>	<u>\$ 948,030</u>	

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

In addition to those items which have been disclosed in Note 6(11), the significant commitments and contingent liabilities of the Group as of December 31, 2020 are as follows:

- (1) The subsidiaries had entered into lines of credit agreements with several banks for guarantee payments under various service contracts. The subsidiaries had either issued guarantee notes or promissory notes for amounts drawn down under the line of credit agreements. As of December 31, 2020, the total amount of guarantee notes issued amounted to \$7,811,391.
- (2) As of December 31, 2020, for contractual guarantee, performance guarantee, waste collection and other guarantees, the subsidiaries have a performance letter of guarantee issued by the bank amounting to \$994,806.
- (3) As of December 31, 2020, the subsidiaries had outstanding commitments for service contracts amounting to \$160,919.
- (4) As of December 31, 2020, the subsidiaries had unused letters of credit for importing materials and sub-contract amounting to \$17,790.
- (5) On October 28, 2014, the Environmental Protection Bureau New Taipei City Government requested the subsidiary, ECOVE Environmental Service Corp. to pay a substantial amount of air pollution control fee of \$54,267 in accordance with the action stated in Bei-Huan-Kong-Zi Letter No. 1031588875 (the original action) and the judgement rendered by an administrative court of New Taipei City Government. ECOVE Environmental Service Corp., disagreed and filed an appeal for

revocation of the original action and administrative decision on July 6, 2015, and was dismissed by Taiwan High Administrative Court. Therefore, ECOVE Environmental Service Corp., filed an appeal to Supreme Administrative Court. On January 31, 2018, the Supreme Administrative Court reversed the Taiwan High Administrative Court's ruling and remanded the case to the Taiwan High Administrative Court. On November 14, 2019, the Taiwan High Court rendered a judgement to revoke both the subsequent decision on the administrative appeal and the original penalty, that is, the Environmental Protection Department of the New Taipei City Government shall "return" \$54,267 to the plaintiff, ECOVE Environment Services Corp., but dismissed the remaining appeals made by the plaintiff. In March 2020, ECOVE Environment Services Corp. received the payment for the air pollution control fee amounting to \$54,267.

#### 10. SIGNIFICANT DISASTER LOSS

None.

#### 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- A. The appropriation of 2020 earnings had been proposed at the Board of Directors' meeting on March 8, 2021. Please refer to Note 6(23)G for detailed information.
- B. The Board of Directors of the Company during its meeting on March 8, 2021 adopted a resolution to issue the unsecured convertible bonds (including green bonds) in one or more issuance(s) with an aggregate amount not exceeding \$2 billion.

#### 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, 2020 and 2019 were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Total borrowings	\$ 2,008,644	\$ 1,866,712
Total equity	\$ 5,650,443	\$ 5,592,803
Gearing ratio	<u>36%</u>	<u>33%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2020</u>	<u>December 31, 2019</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	\$ 1,405,767	\$ 10,933
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	130,025	124,575
	<u>\$ 1,535,792</u>	<u>\$ 135,508</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 533,625	\$ 1,679,523
Financial assets at amortised cost	108,925	247,014
Notes receivable	88	481
Accounts receivable	840,100	851,456
Accounts receivable - related parties	-	571
Other receivables	908	103,685
Other receivables - related parties	30,084	30,818
Guarantee deposits paid	31,061	21,082
Long-term accounts receivable	1,544,206	1,846,210
Other financial assets	41,300	44,327
	<u>\$ 3,130,297</u>	<u>\$ 4,825,167</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 464,700	\$ 305,000
Short-term notes and bills payable	147,925	-
Notes payable	23	-
Accounts payable	694,711	652,577
Accounts payable - related parties	17,021	27,892
Other payables	389,474	421,493
Other payables - related parties	2,577	3,365
Long-term borrowings (including current portion)	1,396,019	1,561,712
Guarantee deposits received	192,853	184,408
	<u>\$ 3,305,303</u>	<u>\$ 3,156,447</u>
Lease liability	<u>\$ 56,640</u>	<u>\$ 69,625</u>

#### B. Risk management policies

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

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

##### (a) Market risk

##### Foreign exchange risk

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

currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2020		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 1,162	28.097	\$ 32,649
MOP : NTD	30,697	3.514	107,869
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1,395	3.514	4,902
	December 31, 2019		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 416	30.150	\$ 12,530
MOP : NTD	47,563	3.754	178,527
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	4,103	3.754	15,400

- v. The unrealised exchange (loss) gain arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2020 and 2019 amounted to (\$1,545) and \$2,752, respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

		Year ended December 31, 2020		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD : NTD	1.00%	\$ 326	\$ -
	MOP : NTD	1.00%	1,079	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	MOP : NTD	1.00%	49	-
		Year ended December 31, 2019		
		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%	\$ 125	\$ -
	MOP : NTD	1.00%	1,785	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	MOP : NTD	1.00%	154	-

### 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, 2020 and

2019, 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, 2020 and 2019, the provision matrix is as follows:

	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At December 31, 2020</u>			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	\$ 2,262,264	\$ 122,042	\$ 2,384,306
Loss allowance	\$ -	\$ -	\$ -
<u>At December 31, 2019</u>			
Expected loss rate	0%~0.03%	0%~0.03%	
Total book value	\$ 2,584,783	\$ 112,883	\$ 2,697,666
Loss allowance	\$ -	\$ -	\$ -

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

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

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

<u>December 31, 2020</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 465,540	\$ -
Short-term notes and bills payable	148,033	-
Accounts payable (including related parties)	711,732	-
Other payables (including related parties)	392,051	-
Lease liabilities	17,781	41,242
Long-term borrowings (including current portion)	251,466	1,249,155
Other non-current liabilities	192,853	-

Non-derivative financial liabilities

<u>December 31, 2019</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 306,595	\$ -
Accounts payable (including related parties)	680,469	-
Other payables (including related parties)	424,858	-
Lease liabilities	29,201	45,899
Long-term borrowings (including current portion)	137,215	1,617,248
Other non-current liabilities	184,408	-

(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, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,405,767	\$ -	\$ -	\$ 1,405,767
Financial assets at fair value through other comprehensive income				
Equity securities	<u>129,482</u>	<u>-</u>	<u>543</u>	<u>130,025</u>
	<u>\$ 1,535,249</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 1,535,792</u>
December 31, 2019	<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	\$ 10,933	\$ -	\$ -	\$ 10,933
Financial assets at fair value through other comprehensive income				
Equity securities	<u>124,032</u>	<u>-</u>	<u>543</u>	<u>124,575</u>
Total	<u>\$ 134,965</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 135,508</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, 2020 and 2019, there were no transfers between Level 1 and Level 2.

F. For the years ended December 31, 2020 and 2019, there were no transfers into or out from Level 3.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

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

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

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

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

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

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

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

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

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

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

#### (2) Information on investees

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

#### (3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

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

#### (4) Major shareholders information

Please refer to table 11.

#### 14. OPERATING SEGMENT FINANCIAL INFORMATION

##### (1) General information

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

##### (2) Information about segmental income, assets and liabilities

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

	Year ended December 31	
	2020	2019
Revenue from external customers	\$ 5,637,590	\$ 5,321,559
Inter-segment revenue	1,822,127	1,727,194
Total segment revenue	\$ 7,459,717	\$ 7,048,753
Segment income	\$ 1,210,328	\$ 1,172,047
Depreciation	\$ 292,555	\$ 225,208
Amortisation	\$ 13,957	\$ 9,675

##### (3) Reconciliation information of segmental income

A reconciliation of adjusted EBITDA for reportable segment and income from continuing operations before income tax for the years ended December 31, 2020 and 2019 is provided as follows:

	For the years ended December 31	
	2020	2019
Adjusted EBITDA for reportable segment	\$ 1,210,328	\$ 1,172,047
Finance costs, net	( 29,896)	( 34,083)
Others	101,901	136,871
Income from continuing operations before income tax	\$ 1,282,333	\$ 1,274,835

##### (4) Information on products and services

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

(5) Geographical information

Geographical information for the years ended December 31, 2020 and 2019 is as follows:

	Year ended December 31,			
	2020		2019	
	Operating revenue	Non-current assets	Operating revenue	Non-current assets
Taiwan	\$ 4,622,653	\$ 4,847,395	\$ 4,285,199	\$ 4,639,766
Macau	879,581	13,293	860,947	14,797
China	60,064	1,515	83,219	2,302
USA	75,292	647,951	92,194	746,168
Total	<u>\$ 5,637,590</u>	<u>\$ 5,510,154</u>	<u>\$ 5,321,559</u>	<u>\$ 5,403,033</u>

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

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2020 and 2019 is as follows:

	Year ended December 31,	
	2020	2019
Customer A	\$ 941,190	\$ 717,751
Customer B	332,356	336,766
Customer C	318,221	388,463
Customer D	311,714	315,990

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Loans to others  
Year ended December 31, 2020

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2020 (Note 3)	Balance at December 31, 2020 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote	
												Item	Value				
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Other receivables-related parties	Yes	\$ 400,000	\$ 200,000	\$ 200,000	0.93%	2	\$ -	For operational needs	\$ -	-	\$ -	\$ 518,119	\$ 2,072,475	-
1	ECOVE Environment Services Corp.	ECOVE Solvent Recycling Corporation	"	"	36,000	30,000	-	-	"	"	"	-	-	-	84,493	337,971	-
1	"	CTCI Machinery Corp.	"	"	30,000	30,000	30,000	1.01%	"	"	"	-	-	-	84,493	337,971	-
1	"	E&C Engineering Corp.	"	"	30,000	30,000	-	-	"	"	"	-	-	-	84,493	337,971	-
2	ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	"	"	94,000	80,000	23,000	1.48%	"	"	"	-	-	-	515,350	515,350	-
2	"	ECOVE Solar Power Corporation	"	"	90,000	80,000	-	-	"	"	"	-	-	-	515,350	515,350	-

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

(1) The Company is '0'.

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

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

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2020.

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

(1) The Business association is '1'.

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

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

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

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

- (1) The limit on loans granted to a single party shall not exceed 10% of the Company's net assets value.
- (2) The ceiling on totals loans shall not exceed 40% of the Company's net assets value.
- (3) The limit on loans granted to a single party of ECOVE Solar Energy Corporation shall not exceed 40% of its net assets value.
- (4) The ceiling on totals loans of ECOVE Solar Energy Corporation shall not exceed 40% of its net assets value.

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2020

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2020 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2020 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Relationship with the endorser/ guarantor (Note 2)	Company name											
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	2	\$ 10,362,376	\$ 2,258,971	\$ 2,249,108	\$ 1,153,665	\$ -	43.41%	\$ 15,543,564	Y	N	N	-
0	"	ECOVE Solar Power Corporation	2	10,362,376	683,000	683,000	345,319	-	13.18%	15,543,564	Y	N	N	-
0	"	EVER ECOVE Corporation	6	10,362,376	220,500	220,500	88,000	-	4.26%	15,543,564	N	N	N	-
0	"	ECOVE South Corporation Ltd.	2	10,362,376	150,000	150,000	66,700	-	2.90%	15,543,564	Y	N	N	-
0	"	ECOVE Solvent Recycling Corporation	2	10,362,376	213,400	157,600	100,523	-	3.04%	15,543,564	Y	N	N	-
1	ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	2	5,153,495	14,000	14,000	11,200	-	1.09%	7,730,243	N	N	N	-
1	"	ECOVE Solar Power Corporation	2	5,153,495	757,076	757,076	447,727	-	58.76%	7,730,243	N	N	N	-
2	ECOVE Solar Power Corporation	ECOVE Solar Energy Corporation	3	1,436,840	12,420	12,420	12,420	-	3.46%	2,155,261	N	N	N	-

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

(1) The Company is '0'.

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

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

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

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

(1) The limit on endorsements and guarantees granted to a single party shall not exceed 200% of the Company's net assets value in last financial statement which was audited by accountant.

(2) The ceiling on total endorsements and guarantees shall not exceed 300% of the Company's net assets value in last financial statement which was audited by accountant.

(3) The limit on endorsements and guarantees granted to a single party shall not exceed 400% of ECOVE Solar Energy Corporation and ECOVE Solar Power Corporation's net assets value in last financial statement which was audited by accountant.

(4) The ceiling on total endorsements and guarantees shall not exceed 600% of ECOVE Solar Energy Corporation and ECOVE Solar Power Corporation's net assets value in last financial statement which was audited by accountant.

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

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

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

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



ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

December 31, 2020

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)		Relationship with the securities issuer (Note 2)	General ledger account	December 31, 2020				Footnote (Note 4)
	Type	Name			Number of shares/ denominations	Book value (Note 3)	Ownership (%)	Fair value	
ECOVE Environment Corp.	Beneficiary certificates	Prudential Financial Money Market	None	Financial assets at fair value through profit or loss - current	6,475,471	\$ 103,195	-	\$ 103,315	-
				Adjustment		<u>120</u>			
						<u>\$ 103,315</u>			
"	"	FSITC Taiwan Money Market Fund	"	Financial assets at fair value through profit or loss - current	5,186,230	\$ 80,000	-	80,042	-
				Adjustment		<u>42</u>			
						<u>\$ 80,042</u>			
"	"	Capital Money Market Fund	"	Financial assets at fair value through profit or loss - current	2,030,294	\$ 33,008	-	33,024	-
				Adjustment		<u>16</u>			
						<u>\$ 33,024</u>			
"	Common Stock	Taiwan Cement Corp.	"	Financial assets at fair value through other comprehensive income-current	531,205	\$ 16,671	-	22,842	-
				Adjustment		<u>6,171</u>			
						<u>\$ 22,842</u>			
"	"	Teamwin Opto-Electronics Co., Ltd.	"	Financial assets at fair value through other comprehensive income-non-current	150,000	\$ 2,261	2.46%	\$ 475	-
"	"	Eastern Pacific Energy Sdn. Bhd	The Chairman of the Company is the Board of Director	"	10,000	81	10.00%	<u>68</u>	-
		Less: Accumulated impairment				<u>(1,799)</u>			
						<u>\$ 543</u>		<u>\$ 543</u>	-

Securities held by	Marketable securities (Note 1)		Relationship with the securities issuer (Note 2)	General ledger account	December 31, 2020				Footnote (Note 4)
	Type	Name			Number of shares/ denominations	Book value (Note 3)	Ownership (%)	Fair value	
ECOVE Wujih Energy Corp.	Common Stock	Taiwan Cement Corp.	None	Financial assets at fair value through other comprehensive income-current	534,295	\$ 22,975	-	\$ 22,975	-
"	Beneficiary certificates	FSITC Taiwan Money Market Fund	"	Financial assets at fair value through profit or loss - current	3,694,230	57,015	-	57,015	-
"	"	Taishin 1699 Money Market Fund	"	"	11,656,485	159,063	-	159,063	-
"	"	Capital Money Market Fund	"	"	8,794,966	143,054	-	143,054	-
"	"	Franklin Templeton Money Market Fund	"	"	2,685,577	28,006	-	28,006	-
ECOVE Environment Services Corp.	"	Taishin 1699 Money Market Fund	"	"	31,167,316	425,306	-	425,306	-
"	"	Jih Sun Money Market Fund	"	"	5,927,679	88,619	-	88,619	-
"	Common Stock	CTCI Corp.	Ultimate parent company	Financial assets at fair value through other comprehensive income-current	1,028	40	-	40	-
"	"	Taiwan Cement Corp.	None	"	1,406,754	60,490	-	60,490	-
ECOVE Waste Management Corp.	"	Taiwan Cement Corp.	"	"	538,039	23,135	-	23,135	-
"	"	ECOVE Environment Corp.	Parent company	"	1,605	351	-	351	-
"	Beneficiary certificates	Prudential Financial Money Market	None	Financial assets at fair value through profit or loss - current	376,704	6,010	-	6,010	-
"	"	Jih Sun Money Market Fund	"	"	7,249,584	108,381	-	108,381	-
"	"	Franklin Templeton Money Market Fund	"	"	8,039,900	83,844	-	83,844	-
ECOVE Mioali Energy Corporation	"	FSITC Taiwan Money Market Fund	"	"	1,231,751	19,010	-	19,010	-
"	"	Taishin 1699 Money Market Fund	"	"	1,613,021	22,011	-	22,011	-
"	"	Franklin Templeton Money Market Fund	"	"	942,277	9,827	-	9,827	-
Yuan Ding Resources Corp.	"	Jih Sun Money Market Fund	"	"	2,624,764	39,240	-	39,240	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year ended December 31, 2020

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2020		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2020		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
ECOVE Environment Corp.	Prudential Financial Money Market	Financial assets at fair value through profit or loss	-	-	-	\$ -	18,858,750	\$ 300,000	12,383,279	\$ 197,132	\$ 196,805	\$ 327	6,475,471	\$ 103,195
"	FSITC Taiwan Money Market Fund	"	-	-	-	-	20,259,459	312,000	15,073,229	232,339	232,000	339	5,186,230	80,000
"	Capital Money Market Fund	"	-	-	-	-	12,085,446	196,000	10,055,152	163,152	162,992	160	2,030,294	33,008
ECOVE Environmental Services Corp.	Taishin 1699 Money Market Fund	"	-	-	-	-	79,291,573	1,080,000	48,124,257	655,557	654,930	627	31,167,316	425,070
"	Jih Sun Money Market Fund	"	-	-	-	-	22,824,412	340,000	16,896,734	252,050	251,686	364	5,927,678	88,314
"	Capital Money Market Fund	"	-	-	-	-	12,952,333	210,000	12,952,333	210,109	210,000	109	-	-
ECOVE Wujih Energy Corp.	Taishin 1699 Money Market Fund	"	-	-	-	-	35,408,310	482,000	23,751,825	323,410	323,000	410	11,656,485	159,000
"	FSITC Taiwan Money Market Fund	"	-	-	-	-	33,172,562	511,000	29,478,332	454,550	454,000	550	3,694,230	57,000
"	Capital Money Market Fund	"	-	-	-	-	16,388,684	266,000	7,593,718	123,138	123,000	138	8,794,966	143,000
ECOVE Waste Management Corp.	Jih Sun Money Market Fund	"	-	-	-	-	22,094,025	329,000	14,844,441	221,125	220,991	134	7,249,584	108,009
"	Taishin 1699 Money Market Fund	"	-	-	-	-	11,202,995	152,700	11,202,995	152,769	152,700	69	-	-
"	Prudential Financial Money Market	"	-	-	-	-	10,941,138	174,000	10,564,434	168,069	168,000	69	376,704	6,000

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2020		Addition (Note 3)		Number of shares	Disposal (Note 3)		Gain (loss) on disposal	Balance as at December 31, 2020	
					Number of shares	Amount	Number of shares	Amount		Selling price	Book value		Number of shares	Amount
ECOVE Waste Management Corp.	FSITC Taiwan Money Market Fund	"	-	-	-	\$ -	20,980,966	\$ 322,800	20,980,966	\$ 323,067	\$ 322,800	\$ 267	-	\$ -
"	Franklin Templeton Money Market Fund	"	-	-	-	-	13,902,668	144,700	5,862,768	61,037	60,924	113	8,039,900	83,776
ECOVE Miaoli Energy Corp.	Taishin 1699 Money Market Fund	"	-	-	-	-	28,807,655	392,000	27,194,634	370,410	369,995	415	1,613,021	22,005

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

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

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

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

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

Year ended December 31, 2020

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	
ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	Affiliate	(Waste disposal revenue)	( \$ 461,238 )	( 58% )	30 days quarterly	No significant difference	\$ 75,920	27,935%	-
ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	(Operating revenue)	( 688,788 )	( 19% )	"	"	125,044	35,615%	-
"	ECOVE Wujih Energy Corp.	"	"	( 271,866 )	( 8% )	"	"	65,090	18,539%	-
"	ECOVE Mioali Energy Corp.	"	"	( 155,285 )	( 4% )	"	"	24,505	6,979%	-
"	CTCI Chemicals Corp.	"	Purchase	142,778	4%	"	"	( 11,764 )	( 3,351% )	-
ECOVE Waste Management Corp.	ECOVE Environment Services Corp.	"	Waste disposal cost	688,788	53%	"	"	( 125,044 )	( 61% )	-
"	ECOVE Wujih Energy Corp.	"	"	461,238	36%	"	"	( 75,920 )	( 37% )	-
ECOVE Wujih Energy Corp.	ECOVE Environment Services Corp.	"	Cost of services	271,866	60%	"	"	( 65,090 )	( 56% )	-
ECOVE Mioali Energy Corp.	ECOVE Environment Services Corp.	"	"	155,285	93%	"	"	( 24,505 )	( 100% )	-

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the 'Unit price' and 'Credit' term columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES  
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
 December 31, 2020

Table 6

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	Affiliate	\$ 125,044	3.97	\$ -	-	\$ -	\$ -
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	A subsidiary	204,511	Note 3	-	Note 3	-	-

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties....

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

Note 3: It pertains to other accounts receivable arising from lending capital and directors' remuneration receivable.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES  
Significant inter-company transactions during the reporting period  
Year ended December 31, 2020

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	1	Other accounts receivable	\$ 204,511	-	2.07%
0	"	ECOVE Solar Energy Corporation	1	Endorsements and guarantees	2,249,108	-	N/A
0	"	ECOVE Solar Power Corporation	1	"	683,000	-	N/A
0	"	ECOVE South Corporation Ltd.	1	"	150,000	-	N/A
0	"	ECOVE Solvent Recycling Corporation	1	"	157,600	-	N/A
1	ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	3	Operating revenue	461,238	30 days quarterly	8.18%
2	ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	"	688,788	"	12.22%
2	"	ECOVE Miaoli Energy Corp.	"	"	155,285	"	2.75%
2	"	ECOVE Wujih Energy Corp.	"	"	271,866	"	4.82%
2	"	SINOGAL-Waste Services Co., Ltd.	"	"	58,330	"	1.03%
2	"	ECOVE Waste Management Corp.	"	Accounts receivable	125,044	"	1.26%
3	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	"	Endorsements and guarantees	757,076	-	N/A
4	SINOGAL-Waste Services Co., Ltd.	ECOVE Environment Services Corp.	2	Operating revenue	57,262	30 days quarterly	1.02%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES  
Information on investees (not including investees in Mainland China)  
Year ended December 31, 2020

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	\$ 450,435	\$ 450,435	30,000,000	100.00%	\$ 881,405	\$ 255,553	\$ 255,553	A subsidiary
ECOVE Environment Corp.	ECOVE Environment Services Corp.	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance, etc.	356,518	339,921	15,100,000	100.00%	861,678	346,575	321,276	A subsidiary
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Taiwan	Waste services, equipment and mechanical installation, waste clear, international trade and other environmental services, etc.	20,000	20,000	2,000,000	100.00%	108,423	53,858	53,858	A subsidiary
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	899,985	1,012,483	44,999,200	74.999%	910,014	126,817	95,111	A subsidiary
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Taiwan	Waste services, waste clean, other environmental services, and environmental pollution services, etc.	42,696	42,696	4,500,000	100.00%	39,388	53	53	A subsidiary
ECOVE Environment Corp.	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	Share holding and investment	309,489	309,489	13,333,333	20.00%	331,214	181,513	42,445	An investee using equity method



Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Taiwan	Energy technology services etc.	\$ 1,312,348	\$ 1,062,348	104,621,082	100.00%	\$ 1,412,064	\$ 74,513	\$ 74,513	A subsidiary
ECOVE Environment Corp.	EVER ECOVE Corporation	Taiwan	Waste services, waste clean and co-generation	80,000	50,000	8,000,000	5.00%	77,826 (	15,752) (	788)	An investee using equity method
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	86,480	86,480	8,099,000	89.99%	93,470	14,358	12,921	A subsidiary
ECOVE Environment Services Corp.	CTCI Chemicals Corp.	Taiwan	Industrial chemicals' wholesale manufacturing and retail.	24,851	24,851	1,910,241	26.90%	67,975	56,472	15,194	Associate
ECOVE Environment Services Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	11	13	800	0.001%	16	126,282	2	Affiliate
ECOVE Environment Services Corp.	SINOGAL-Waste Services Co., Ltd.	Macau	Management of waste recycling site and maintenance of related mechanical and equipment etc.	4,964	4,964	-	30.00%	67,247	212,860	63,927	A subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
ECOVE Environment Services Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	\$ 10	\$ 10	1,000	0.01%	\$ 10	\$ 14,358	\$ 1	Affiliate
ECOVE Environment Services Corp.	Jing Ding Green Energy Technology Co., Ltd.	Taiwan	Wastewater sludge treatment	6,000	-	600,000	30.00%	5,838 (	541) (	162)	An investee using equity method
ECOVE Waste Management Corp.	ECOVE Environmental Services Corp.	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance, etc.	-	53	-	-	-	346,575	22	Affiliate
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Taiwan	Energy technology services etc.	306,000	230,000	30,600,000	100.00%	359,210	44,060	44,060	A subsidiary
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Taiwan	Energy technology services etc.	30,500	30,500	3,050,000	100.00%	34,504	3,185	3,185	A subsidiary
ECOVE Solar Energy Corporation	G.D. International, LLC.	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	368,319	15,572	15,572	A subsidiary
G.D. International, LLC.	Lumberton Solar W2-090, LLC	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	367,770	15,751	15,751	A subsidiary

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2020

Table 9

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 2)(2)B	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
				Remitted to Mainland China	Remitted back to Taiwan	Investment income							
ECOVE Environment Consulting Corp.	Technical development, advisory and service in environmental field; environmental pollution control equipment and related parts wholesale, import and export, etc.	\$ 4,147	1	\$ 4,147	-	-	\$ 4,147	\$ 6,616	100.00%	\$ 9,807	\$ 12,705	\$ 33,286	-
<u>Company name</u>	<u>as of December 31, 2020</u>	<u>Investment amount approved by the Ministry of Economic Affairs (MOEA)</u>	<u>Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA</u>										
ECOVE Environment Corp.	\$ 4,147	\$ 4,147	\$ 3,108,713										

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2020 column:

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

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

Note 4: Invested by ECOVE Environment Services Corp.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas  
Year ended December 31, 2020

Table 10

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at December 31, 2020	%	Balance at December 31, 2020	Purpose	Maximum balance during the year ended December 31, 2020	Balance at December 31, 2020	Interest rate	Interest during the year ended December 31, 2020	Others
ECOVE Environment Consulting Corp.	(\$ 31,898)	0.89%	-	-	(\$ 24,332)	4.5%	\$ -	-	\$ -	\$ -	-	\$ -	-

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Major shareholders information

December 31, 2020

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
CTCI Corp.	38,457,105	55.71%
Fubon Life Assurance Co., Ltd.	4,567,507	6.61%

(1) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis.

(2) If the aforementioned data contains shares which were held in trust by the shareholders, the data was disclosed as a separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, at the same time, the shareholder has the power to decide how to allocate the trust assets. For the information on reported share equity of insider, please refer to Market Observation Post System.

# APPENDIX II

**ECOVE ENVIRONMENT CORPORATION  
NON-CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR' S REPORT  
DECEMBER 31, 2020 AND 2019**

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For the convenience of readers and for information purpose only, the auditor's 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 auditor's report and financial statements shall prevail.



資誠

## INDEPENDENT AUDITOR'S REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of ECOVE Environment Corporation

### *Opinion*

We have audited the accompanying non-consolidated balance sheets of ECOVE Environment Corporation ( the "Company") as of December 31, 2020 and 2019, and the related non-consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to *Other matter* section), the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### *Basis for opinion*

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

### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2020 non-consolidated financial statements. These matters were addressed in the context of our audit of the non-consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.



Key audit matters for the Company's 2020 non-consolidated financial statements are stated as follows:

***Service revenue of subsidiaries accounted for using the equity method***

As at December 31, 2020, the investments in subsidiaries, ECOVE Wujih Energy Corp., ECOVE Environmental Services Corp., ECOVE Waste Management Corp., ECOVE Miaoli Energy Corp. and SINOGAL-Waste Services Co., Ltd., accounted for using the equity method amounted to \$2,761,520 thousand, constituting 53% of the Company's total assets and are material to the non-consolidated financial statements. Thus, we consider the accuracy of service revenue of subsidiaries accounted for using the equity method as a key audit matter.

Description

Refer to consolidated financial statements Note 4(28) for accounting policies on operating revenue.

Subsidiaries operating revenue mainly arises from service revenue and electricity sales revenue. The service revenue mainly arises from contracts entered into with certain governments (grantors) that involve charging for the service per unit in accordance with contracts and self-undertook services. As the relevant revenue is the main operating income of each subsidiary and is material to investment income and losses, we consider the accuracy of service revenue of subsidiaries a key audit matter.

How our audit addressed the matter

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

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





***Other matter – Reference to the audits of other auditors***

We did not audit the financial statements of certain investees accounted for using equity method that are included in the non-consolidated financial statements. The balance of the investees accounted for using equity method was NT\$77,826 thousand and NT\$48,614 thousand, constituting 1% and 1% of non-consolidated total assets as of December 31, 2020 and 2019, respectively, and the share of loss of associates and joint ventures accounted for using equity method of the investees was (NT\$788) thousand and (NT\$722) thousand for the years ended December 31, 2020 and 2019, constituting (0.1%) and (0.09%) of non-consolidated total comprehensive income for the years then ended, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other auditors.

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

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

***Auditor's responsibilities for the audit of the non-consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted audit standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.



資誠

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

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

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




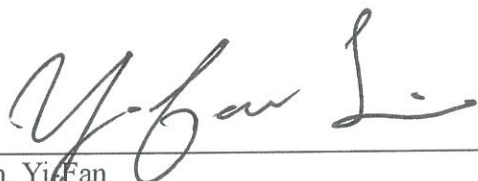


資誠

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

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

  
Weng, Shih-Jung

  
Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 9, 2021

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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 non-consolidated financial statements and independent auditor's report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

ECOVE ENVIRONMENT CORPORATION  
NON-CONSOLIDATED BALANCE SHEETS  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 16,851	-	\$ 293,202	6
1110	Financial assets at fair value through profit or loss - current	6(2)	216,381	4	-	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	22,842	1	21,880	-
1200	Other receivables		251	-	230	-
1210	Other receivables - related parties	7	243,663	5	239,554	5
1410	Prepayments		8	-	-	-
11XX	<b>Total current assets</b>		<u>499,996</u>	<u>10</u>	<u>554,866</u>	<u>11</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	543	-	543	-
1550	Investments accounted for using equity method	6(4)	4,715,482	90	4,461,061	89
1755	Right-of-use assets	6(5)	392	-	1,325	-
15XX	<b>Total non-current assets</b>		<u>4,716,417</u>	<u>90</u>	<u>4,462,929</u>	<u>89</u>
1XXX	<b>Total assets</b>		<u>\$ 5,216,413</u>	<u>100</u>	<u>\$ 5,017,795</u>	<u>100</u>

(Continued)

ECOVE ENVIRONMENT CORPORATION  
NON-CONSOLIDATED BALANCE SHEETS  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2200	Other payables		\$ 18,309	1	\$ 18,547	1
2220	Other payables - related parties	7	1,010	-	1,371	-
2230	Income tax liabilities		11,251	-	6,828	-
2280	Current lease liabilities	7	48	-	773	-
21XX	<b>Total current liabilities</b>		<u>30,618</u>	<u>1</u>	<u>27,519</u>	<u>1</u>
<b>Non-current liabilities</b>						
2580	Non-current lease liabilities	7	350	-	533	-
2640	Accrued pension liabilities	6(6)	<u>4,257</u>	<u>-</u>	<u>3,377</u>	<u>-</u>
25XX	<b>Non-current liabilities</b>		<u>4,607</u>	<u>-</u>	<u>3,910</u>	<u>-</u>
2XXX	<b>Total liabilities</b>		<u>35,225</u>	<u>1</u>	<u>31,429</u>	<u>1</u>
<b>Equity</b>						
Share capital		6(8)				
3110	Common stock		689,762	13	671,051	13
3140	Advance receipts for share capital		524	-	-	-
Capital surplus		6(9)				
3200	Capital surplus		2,310,642	44	2,208,031	44
Retained earnings		6(10)				
3310	Legal reserve		764,812	15	684,320	14
3320	Special reserve		-	-	2,243	-
3350	Unappropriated retained earnings		1,438,777	27	1,408,234	28
Other equity interest						
3400	Other equity interest		( 23,272)	-	12,487	-
3500	Treasury shares		( 57)	-	-	-
3XXX	<b>Total equity</b>		<u>5,181,188</u>	<u>99</u>	<u>4,986,366</u>	<u>99</u>
	Significant events after the balance sheet date	11				
	Significant contingent liabilities and unrecognized contract commitments	9				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 5,216,413</u>	<u>100</u>	<u>\$ 5,017,795</u>	<u>100</u>

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

**ECOVE ENVIRONMENT CORPORATION**  
**NON-CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

				Year ended December 31			
Items		Notes	2020		2019		
			AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(4)	\$ 854,942	100	\$ 814,178	100	
	Operating expenses						
6200	General and administrative expenses	6(14)(15) and 7	( 50,666)	( 6)	( 49,663)	( 6)	
6900	Operating profit		804,276	94	764,515	94	
	Non-operating income and expenses						
7100	Interest income	6(11)	2,050	-	2,526	1	
7010	Other income	6(12) and 7	46,381	6	51,114	6	
7020	Other gains and losses	6(13)	1,042	-	636	-	
7050	Finance costs	6(5) and 7	( 5)	-	( 21)	-	
7000	Total non-operating income and expenses		49,468	6	54,255	7	
7900	<b>Profit before income tax</b>		853,744	100	818,770	101	
7950	Income tax expense	6(16)	( 11,490)	( 1)	( 7,458)	( 1)	
8200	<b>Profit for the year</b>		\$ 842,254	99	\$ 811,312	100	
	<b>Other comprehensive income</b>						
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>						
8311	Losses on remeasurements of defined benefit plan	6(6)	(\$ 352)	-	(\$ 73)	-	
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	962	-	6,072	1	
8330	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		( 2,047)	-	18,641	2	
8310	Other comprehensive income that will not be reclassified to profit or loss		( 1,437)	-	24,640	3	
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
8361	Cumulative translation differences of foreign operations		( 41,035)	( 5)	( 16,307)	( 2)	
8300	<b>Other comprehensive (loss) income for the year</b>		(\$ 42,472)	( 5)	\$ 8,333	1	
8500	<b>Total comprehensive income for the year</b>		\$ 799,782	94	\$ 819,645	101	
	Earnings per share (in dollars):	6(17)					
9750	Basic earnings per share		\$ 12.53		\$ 12.09		
9850	Diluted earnings per share		\$ 12.45		\$ 12.06		

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

ECOVE ENVIRONMENT CORPORATION  
NON-CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital			Retained Earnings			Other Equity Interest			Treasury shares	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			
<b>Year ended December 31, 2019</b>												
Balance at January 1, 2019		\$ 671,051	\$ -	\$ 2,193,473	\$ 603,629	\$ 32,284	\$ 1,380,044	\$ 3,626	(\$ 5,869)	\$ -	\$ 4,878,238	
Profit for the year		-	-	-	-	-	811,312	-	-	-	811,312	
Other comprehensive income (loss)		-	-	-	-	-	( 5,508 )	( 16,307 )	30,148	-	8,333	
Total comprehensive income (loss)		-	-	-	-	-	805,804	( 16,307 )	30,148	-	819,645	
Appropriations of 2018 earnings (Note1)	6(10)											
Legal reserve		-	-	-	80,691	-	( 80,691 )	-	-	-	-	
Reversal of special reserve		-	-	-	-	( 30,041 )	30,041	-	-	-	-	
Cash dividends		-	-	-	-	-	( 726,078 )	-	-	-	( 726,078 )	
Share-based payment transactions		-	-	14,421	-	-	-	-	-	-	14,421	
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	-	( 886 )	-	886	-	-	
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	-	137	-	-	-	-	3	-	140	
Balance at December 31, 2019		\$ 671,051	\$ -	\$ 2,208,031	\$ 684,320	\$ 2,243	\$ 1,408,234	(\$ 12,681)	\$ 25,168	\$ -	\$ 4,986,366	
<b>Year ended December 31, 2020</b>												
Balance at January 1, 2020		\$ 671,051	\$ -	\$ 2,208,031	\$ 684,320	\$ 2,243	\$ 1,408,234	(\$ 12,681)	\$ 25,168	\$ -	\$ 4,986,366	
Profit for the year		-	-	-	-	-	842,254	-	-	-	842,254	
Other comprehensive income (loss)		-	-	-	-	-	( 6,713 )	( 41,035 )	5,276	-	( 42,472 )	
Total comprehensive income (loss)		-	-	-	-	-	835,541	( 41,035 )	5,276	-	799,782	
Appropriations of 2019 earnings (Note2)	6(10)											
Legal reserve		-	-	-	80,492	-	( 80,492 )	-	-	-	-	
Reversal of special reserve		-	-	-	-	( 2,243 )	2,243	-	-	-	-	
Cash dividends		-	-	-	-	-	( 726,749 )	-	-	-	( 726,749 )	
Share-based payment transactions	6(7)(15)	-	-	3,548	-	-	-	-	-	-	3,548	
Employee stock options exercised		2,114	524	36,238	-	-	-	-	-	-	38,876	
Adjustments of changes in investments accounted for using equity method	6(4)	-	-	21,599	-	-	-	-	-	-	21,599	
Ordinary share issuance-other	6(4)	16,597	-	41,226	-	-	-	-	-	-	57,823	
Acquisition of parent company's shares by subsidiaries recognised as treasury shares	6(8)	-	-	-	-	-	-	-	-	( 57 )	( 57 )	
Balance at December 31, 2020		\$ 689,762	\$ 524	\$ 2,310,642	\$ 764,812	\$ -	\$ 1,438,777	(\$ 53,716)	\$ 30,444	(\$ 57)	\$ 5,181,188	

Note 1: The directors' and supervisors' remuneration of \$5,200 and the employees' bonus of \$343 for the year ended December 31, 2018 has been deducted from the statement of comprehensive income.

Note 2: The directors' and supervisors' remuneration of \$5,200 and the employees' bonus of \$329 for the year ended December 31, 2019 has been deducted from the statement of comprehensive income.

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

ECOVE ENVIRONMENT CORPORATION  
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2020	2019
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 853,744	\$ 818,770
Adjustments			
Adjustments to reconcile profit (loss)			
Salary expense-employee stock options	6(7)(15)	3,548	1,947
Depreciation - right-of-use assets	6(5)(14)	580	754
Interest income	6(11)	( 2,050 )	( 2,526 )
Dividend income	6(12)	( 1,265 )	( 1,563 )
Gain on valuation of financial assets	6(2)(13)	( 1,071 )	( 712 )
Profit from lease modification	6(13)	( 16 )	( 5 )
Share of profit of associates and joint ventures accounted for using equity method	6(4)	( 854,942 )	( 814,178 )
Interest expense - lease liability	6(5) and 7	5	21
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		( 215,310 )	2,757
Other receivables		( 39 )	260
Other receivables - related parties		( 4,105 )	( 7,357 )
Prepayments		( 8 )	891
Changes in operating liabilities			
Notes payable		-	( 480 )
Other payables		( 238 )	( 255 )
Other payables - related parties		( 361 )	79
Accrued pension liabilities		528	557
Cash outflow generated from operations		( 221,000 )	( 1,040 )
Interest received		68	937
Dividends received		806,756	1,265,949
Income tax paid		( 7,067 )	( 8,118 )
Income tax refund received		-	3
Net cash flows from operating activities		<u>578,757</u>	<u>1,257,731</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Interest received		1,996	1,647
Other receivables - related parties		-	( 113,000 )
Proceeds from disposal of financial assets measured at fair value through other comprehensive income		-	4,209
Increase in investments accounted for using the equity method	6(4)	( 280,000 )	( 341,046 )
Proceeds from capital return of investments accounted for using equity method	6(4)	112,498	-
Net cash flows used in investing activities		<u>( 165,506 )</u>	<u>( 448,190 )</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Repayment of lease liabilities		( 544 )	( 790 )
Acquire equity in subsidiaries by issuing ordinary shares		( 1,185 )	-
Employee stock options exercised		38,876	-
Cash dividends paid	6(10)	( 726,749 )	( 726,078 )
Net cash flows used in financing activities		<u>( 689,602 )</u>	<u>( 726,868 )</u>
Net (decrease) increase in cash and cash equivalents		( 276,351 )	82,673
Cash and cash equivalents at beginning of year		293,202	210,529
Cash and cash equivalents at end of year		<u>\$ 16,851</u>	<u>\$ 293,202</u>

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



ECOVE ENVIRONMENT CORPORATION  
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

1. HISTORY AND ORGANISATION

- (1) ECOVE Environment Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on December 13, 1999, and the consolidated investee-Chang Ting Corporation was incorporated in December, 2005.
- (2) The Company is primarily engaged in waste management. However, the Board of Directors resolved to change its main activity to investment holding on March 27, 2007. The Company’s shares were issued through an initial public offering on December 3, 2007, and have been listed in the Taiwan OTC market since May 27, 2010.
- (3) CTCI Corporation, the Company’s ultimate parent company, holds 55.71% equity interest in the Company as of December 31, 2020.

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

These non-consolidated financial statements were authorised by the Board of Directors on March 8, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

Note : Earlier application from January 1, 2020 is allowed by the FSC.

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2	January 1, 2021

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### (1) Compliance statement

The non-consolidated financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

##### (2) Basis of preparation

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

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

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

##### (3) Classification of current and non-current items

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

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

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

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

(4) Cash equivalents

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

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

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

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
  - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
  - (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following

the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

- (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(7) 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.

(8) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(9) Investments accounted for using equity method/ subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealised gains on transactions between the Company and its subsidiaries had been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profits or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the associate, the Company continues recognizing its share of further losses.
- D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

- E. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- F. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- G. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the non-consolidated financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the non-consolidated financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(10) 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.

(11) Impairment of non-financial assets

- A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer

exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

- B. The recoverable amounts of goodwill is evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

## (12) Employee benefits

### A. Pensions

#### (a) Defined contribution plan

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

#### (b) Defined benefit plan

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

Termination benefits are employee benefits provided in exchange for the termination of employment when a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense when it can no longer withdraw an offer of termination benefits or it recognises related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months

after balance sheet date shall be discounted to their present value.

C. 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.

(13) Employee share-based payment

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

(14) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the non-consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.



E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(15) 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.

(16) 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.

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

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Checking accounts	\$ 484	\$ 5
Demand deposits	9,367	289,247
Time deposits	7,000	3,950
	<u>\$ 16,851</u>	<u>\$ 293,202</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 Company has no cash and cash equivalents pledged to others.

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

Items	December 31, 2020	December 31, 2019
Currents items		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 216,203	\$ -
Valuation adjustment	178	-
	\$ 216,381	\$ -

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

	Year ended December 31	
	2020	2019
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 1,071	\$ 712

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, 2020	December 31, 2019
Current items:		
Equity instruments		
Listed stocks	\$ 16,671	\$ 16,671
Valuation adjustment	6,171	5,209
Total	\$ 22,842	\$ 21,880
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 2,342	\$ 2,342
Valuation adjustment	( 1,799)	( 1,799)
Total	\$ 543	\$ 543

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

	Year ended December 31	
	2020	2019
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 962	\$ 6,072
Cumulative gains (losses) reclassified to retained earnings due to derecognition	\$ -	(\$ 388)
Dividend income recognised in profit or loss		
Held at end of year	\$ 1,265	\$ 1,563

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

(4) Investments accounted for using the equity method

	2020	2019
At January 1	\$ 4,461,061	\$ 4,555,274
Addition of investments accounted for using the equity method	339,008	341,046
Refund of Capital reduction of subsidiary	( 112,498)	-
Share of profit or loss of investments accounted for using the equity method	854,942	814,178
Earnings distribution of investments accounted for using equity method	( 805,491)	( 1,264,386)
Changes in capital surplus	21,599	12,611
Changes in other equity items	( 43,139)	2,338
At December 31	\$ 4,715,482	\$ 4,461,061
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiaries:		
ECOVE Wujih Energy Corp.	\$ 881,405	\$ 942,498
ECOVE Environmental Services Corp.	861,678	764,386
ECOVE Waste Management Corp.	108,423	101,418
ECOVE Miaoli Energy Corp.	910,014	1,018,043
Yuan Ding Resources Corp.	39,388	39,335
ECOVE Solar Energy Corporation	1,412,064	1,161,595
ECOVE Solvent Recycling Corporation	93,470	80,549
Associates:		
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	331,214	304,623
EVER ECOVE Corporation	77,826	48,614
	\$ 4,715,482	\$ 4,461,061

## 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, 2020	December 31, 2019		
ECOVE Wujih Energy Corp.	Taiwan	100%	100%	Subsidiary (Note 1)	Equity method
ECOVE Environmental Services Corp.	"	100%	93.15%	Subsidiary (Note 2)	"
ECOVE Waste Management Corp.	"	100%	100%	"	"
ECOVE Miaoli Energy Corp.	"	74.999%	74.999%	"	"
ECOVE Solar Energy Corporation	"	100%	100%	"	"

Note 1: On May 27, 2019, the Company acquired 2% of the shares of ECOVE Environmental Services Corp. by cash. ECOVE Wujih Energy Corp. then became a wholly-owned subsidiary of the Company.

Note 2: On December 31, 2020, the Company issued ordinary shares to the shareholders of the subsidiary, ECOVE Environment Services Corp., excluding the Company, in order to acquire a 6.85% equity interest in ECOVE Environment Services Corp., which then became a wholly-owned subsidiary of the Company.

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

### Balance sheet

	ECOVE Wujih Energy Corp.	
	December 31, 2020	December 31, 2019
Current assets	\$ 688,605	\$ 524,052
Non-current assets	524,791	690,319
Current liabilities	( 225,334)	( 154,593)
Non-current liabilities	( 106,657)	( 117,280)
Total net assets	<u>\$ 881,405</u>	<u>\$ 942,498</u>
Share in subsidiary's net assets	<u>\$ 881,405</u>	<u>\$ 942,498</u>
Carrying amount of the subsidiary	<u>\$ 881,405</u>	<u>\$ 942,498</u>

ECOVE Environmental Services Corp.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets	\$ 1,635,468	\$ 1,509,230
Non-current assets	322,376	459,087
Current liabilities	( 935,884)	( 989,280)
Non-current liabilities	( 177,031)	( 176,888)
Total net assets	<u>\$ 844,929</u>	<u>\$ 802,149</u>
Share in subsidiary's net assets	<u>\$ 844,929</u>	<u>\$ 747,217</u>
Carrying amount of the subsidiary	<u>\$ 861,678</u>	<u>\$ 764,386</u>

ECOVE Waste Management Corp.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets	\$ 482,417	\$ 329,218
Non-current assets	51,544	53,313
Current liabilities	( 267,293)	( 132,707)
Non-current liabilities	( 157,894)	( 148,406)
Total net assets	<u>\$ 108,774</u>	<u>\$ 101,418</u>
Share in subsidiary's net assets	<u>\$ 108,774</u>	<u>\$ 101,418</u>
Carrying amount of the subsidiary	<u>\$ 108,423</u>	<u>\$ 101,418</u>

ECOVE Miaoli Energy Corp.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets	\$ 285,605	\$ 281,104
Non-current assets	1,061,757	1,206,458
Current liabilities	( 68,765)	( 58,486)
Non-current liabilities	( 65,223)	( 71,662)
Total net assets	<u>\$ 1,213,374</u>	<u>\$ 1,357,414</u>
Share in subsidiary's net assets	<u>\$ 910,014</u>	<u>\$ 1,018,043</u>
Carrying amount of the subsidiary	<u>\$ 910,014</u>	<u>\$ 1,018,043</u>

ECOVE Solar Energy Corporation		
	December 31, 2020	December 31, 2019
Current assets	\$ 81,183	\$ 66,355
Non-current assets	2,404,549	1,887,032
Current liabilities	( 737,469)	( 387,404)
Non-current liabilities	( 459,890)	( 528,079)
Total net assets	<u>\$ 1,288,373</u>	<u>\$ 1,037,904</u>
Share in subsidiary's net assets	<u>\$ 1,288,373</u>	<u>\$ 1,037,904</u>
Carrying amount of the subsidiary	<u>\$ 1,412,064</u>	<u>\$ 1,161,595</u>

Statement of comprehensive income

ECOVE Wujih Energy Corp.		
Year ended December 31		
	2020	2019
Revenue	\$ 793,288	\$ 752,182
Profit for the year from continuing operations	\$ 255,553	\$ 243,178
Other comprehensive income, net of tax	2,056	5,087
Total comprehensive income	<u>\$ 257,609</u>	<u>\$ 248,265</u>
Dividends received from subsidiary	<u>\$ 318,782</u>	<u>\$ 573,301</u>

ECOVE Environmental Services Corp.		
Year ended December 31		
	2020	2019
Revenue	\$ 3,595,948	\$ 3,414,326
Profit for the year from continuing operations	\$ 346,575	\$ 348,483
Other comprehensive (loss) income, net of tax	( 16,090)	5,901
Total comprehensive income	<u>\$ 330,485</u>	<u>\$ 354,384</u>
Dividends received from subsidiary	<u>\$ 286,775</u>	<u>\$ 492,374</u>

	ECOVE Waste Management Corp.	
	Year ended December 31	
	2020	2019
Revenue	\$ 1,368,668	\$ 1,305,371
Profit for the year from continuing operations	\$ 53,858	\$ 54,420
Other comprehensive income, net of tax	628	5,342
Total comprehensive income	\$ 54,486	\$ 59,762
Dividends received from subsidiary	\$ 49,095	\$ 72,555

	ECOVE Miaoli Energy Corp.	
	Year ended December 31	
	2020	2019
Revenue	\$ 332,356	\$ 336,766
Profit for the year from continuing operations	\$ 126,817	\$ 134,665
Other comprehensive (loss) income, net of tax	( 59)	5
Total comprehensive income	\$ 126,758	\$ 134,670
Dividends received from subsidiary	\$ 90,901	\$ 87,075

	ECOVE Solar Energy Corporation	
	Year ended December 31	
	2020	2019
Revenue	\$ 206,332	\$ 153,403
Profit for the year from continuing operations	\$ 74,513	\$ 53,301
Other comprehensive loss, net of tax	( 26,551)	( 7,525)
Total comprehensive income	\$ 47,962	\$ 45,776
Dividends received from subsidiary	\$ 47,971	\$ 39,081

## B. Associates

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

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2020	December 31, 2019		
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Is.	20.00%	20.00%	Associate	Equity method

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

### Balance sheets

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	December 31, 2020	December 31, 2019
Current assets	\$ 192,361	\$ 294,347
Non-current assets	1,081,546	852,027
Current liabilities	( 2,316)	( 12,411)
Total net assets	<u>\$ 1,271,591</u>	<u>\$ 1,133,963</u>
Share in associate's net assets	\$ 254,319	\$ 226,793
Goodwill	75,505	75,505
Others	1,390	2,325
Carrying amount of the associate	<u>\$ 331,214</u>	<u>\$ 304,623</u>

### Statements of comprehensive income

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	Year ended December 31	
	2020	2019
Revenue	\$ -	\$ -
Profit for the year from continuing operations	176,367	89,405
Other comprehensive loss, net of tax	( 19,438)	( 34,034)
Total comprehensive income	<u>\$ 156,929</u>	<u>\$ 55,371</u>



C. Explanation of the Company's holding-ECOVE Solar Energy Corporation

- (a) The Board of Directors had resolved to invest in ECOVE Solar Energy Corporation in August 2019, and the Company invested in ECOVE Solar Energy Corporation amounting to \$300,000 in September 2019.
  - (b) The Board of Directors had resolved to invest in ECOVE Solar Energy Corporation in July 2020, and the Company invested in ECOVE Solar Energy Corporation amounting to \$250,000 in September 2019.
- D. On May 27, 2019, the Company acquired 2% of the shares of ECOVE Wujih Energy Corp. for \$25,350 from ECOVE Environment Services Corporation.
- E. On May 27, 2019, the Company acquired 40% of the shares of Yuan Ding Resource Corp. for \$15,696 from ECOVE Waste Management Corporation.
- F. In July 2018, the Board of Directors of the Company resolved to invest an expected aggregate amount of \$100 million in EVER ECOVE Corporation. In 2020, the Company invested \$30 million. As of December 31, 2020, the Company has invested \$80 million for a shareholding ratio of 5%.
- G. The Board of Directors of the Company during its meeting in October 2020 resolved to issue 1,659,672 shares of ordinary shares on December 31, 2020 to the shareholders of the subsidiary, ECOVE Environment Services Corp., excluding the Company, in order to acquire a 6.85% equity interest (amounted to \$59,008) in ECOVE Environment Services Corp. (including 1,000 shares held by the subsidiary, ECOVE Waste Management Corp.).
- H. The resolution for the capital reduction amounting to \$150,000 was proposed by the Board of Directors of the subsidiary, ECOVE Miaoli Energy Corporation, during its meeting in March 2020, and resolved by the shareholders in May 2020.

(5) Leasing arrangements — lessee

A. The Company leases buildings. Rental contracts are typically made for periods of 1 to 8 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	<u>\$ 392</u>	<u>\$ 1,325</u>

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	<u>\$ 580</u>	<u>\$ 754</u>

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

	<u>Year ended December 31</u>	
<u>Items affecting profit or loss</u>	<u>2020</u>	<u>2019</u>
Interest expense on lease liabilities	<u>\$ 5</u>	<u>\$ 21</u>

D. For the years ended December 31, 2020 and 2019, the Company's total cash outflow for leases were \$544 and \$790, respectively.

(6) Pensions

A. Defined benefit pension plan

(a) The Company has 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 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, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations	\$ 5,957	\$ 4,847
Fair value of plan assets	( 1,700)	( 1,470)
Net defined benefit liability	<u>\$ 4,257</u>	<u>\$ 3,377</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>For the year ended December 31, 2020</u>			
At January 1	\$ 4,847	(\$ 1,470)	\$ 3,377
Current service cost	676	-	676
Interest expense (income)	<u>34</u>	<u>( 11)</u>	<u>23</u>
	<u>5,557</u>	<u>( 1,481)</u>	<u>4,076</u>
Remeasurements:			
Change in financial assumptions	92	-	92
Experience adjustments	<u>308</u>	<u>( 48)</u>	<u>260</u>
	<u>400</u>	<u>( 48)</u>	<u>352</u>
Pension fund contribution	<u>-</u>	<u>( 171)</u>	<u>( 171)</u>
At December 31	<u>\$ 5,957</u>	<u>\$ 1,700</u>	<u>\$ 4,257</u>

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>For the year ended December 31, 2019</u>			
At January 1	\$ 4,011	(\$ 1,264)	\$ 2,747
Current service cost	684	-	684
Interest expense (income)	<u>36</u>	<u>( 11)</u>	<u>25</u>
	<u>4,731</u>	<u>( 1,275)</u>	<u>3,456</u>
Remeasurements:			
Change in financial assumptions	46	-	46
Experience adjustments	<u>70</u>	<u>( 43)</u>	<u>27</u>
	<u>116</u>	<u>( 43)</u>	<u>73</u>
Pension fund contribution	<u>-</u>	<u>( 152)</u>	<u>( 152)</u>
At December 31	<u>\$ 4,847</u>	<u>\$ 1,470</u>	<u>\$ 3,377</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, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Year ended December 31	
	2020	2019
Discount rate	0.30%	0.70%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with the 5<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	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
December 31, 2020				
Effect on present value of defined benefit obligation	<u>(\$ 58)</u>	<u>\$ 59</u>	<u>\$ 43</u>	<u>(\$ 42)</u>
December 31, 2019				
Effect on present value of defined benefit obligation	<u>(\$ 57)</u>	<u>\$ 58</u>	<u>\$ 45</u>	<u>(\$ 44)</u>

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once.

The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

- (g) Expected contributions to the defined benefit pension plan of the Company for 2021 amount to \$156.

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, 2020 and 2019 were \$589 and \$693, respectively.

(7) Share-based payment

- A. For the years ended December 31, 2020 and 2019, the Company’s share-based payment arrangements were as follows:

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

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

(a) Sixth plan of employee stock options :

Stock options	Year ended December 31					
	2020			2019		
	No. of units (in thousands)	Weighted-average exercise price (in dollars)		No. of units (in thousands)	Weighted-average exercise price (in dollars)	
Options outstanding at beginning of year	1,408	NT\$	155.00	1,448	NT\$	173.50
Options granted	-		-	-		-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-		-	-		-
Options waived	( 42)		-	( 40)		-
Options exercised	( 264)	NT\$	147.40	-		-
Options revoked	-		-	-		-
Options outstanding at end of year	<u>1,102</u>	NT\$	147.40	<u>1,408</u>	NT\$	155.00
Options exercisable at end of year	<u>249</u>	NT\$	147.40	<u>-</u>		-

(b) Seventh plan of employee stock options:

Stock options	Year ended December 31			
	2020		2019	
	No. of units (in thousands)	Weighted-average exercise price (in dollars)	No. of units (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at beginning of year	1,466	NT\$ 201.00	-	-
Options granted	-	-	1,500	NT\$ 212.50
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	( 43)	-	( 34)	-
Options exercised	-	-	-	-
Options revoked	-	-	-	-
Options outstanding at end of year	<u>1,423</u>	NT\$ 191.10	<u>1,466</u>	NT\$ 201.00
Options exercisable at end of year	<u>-</u>	-	<u>-</u>	-

(c) Eighth plan of employee stock options:

Stock options	Year ended December 31, 2020	
	No. of units (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at beginning of year	-	-
Options granted	1,500	NT\$ 203.00
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-
Options waived	( 27)	-
Options exercised	-	-
Options revoked	-	-
Options outstanding at end of year	<u>1,473</u>	NT\$ 193.00
Options exercisable at end of year	<u>-</u>	-

C. The weighted-average stock price of stock options at exercise dates for the year ended December 31, 2020 was NT\$212.47 (in dollars).

D. As of December 31, 2020 and 2019, the range of exercise prices of stock options outstanding was \$147.4~\$193.0 and \$173.5~\$212.5 (in dollars), respectively; the weighted-average remaining contractual period was as follows:

Type of arrangement	December 31, 2020	December 31, 2019
Sixth plan of employee stock options	3.5 years	4.5 years
Seventh plan of employee stock options	4.5 years	5.5 years
Eighth plan of employee stock options	5.25 years	-

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

Type of arrangement	Grant date	Market value	Exercise price	Expected price volatility	Expected duration	Expected dividend yield rate	Risk-free interest rate	Fair value per unit (in dollars)
Sixth plan of employee stock options	2018.7.9	NT\$173.5	NT\$173.5	11.38%~12.71%	4~5 years	0%	0.66%~0.71%	NT\$ 17.88-22.44
Seventh plan of employee stock options	2019.7.24	NT\$212.5	NT\$212.5	10.38%~11.00%	4~5 years	0%	0.56%~0.58%	NT\$ 20.57-23.68
Eighth plan of employee stock options	2020.4.13	NT\$203.0	NT\$203.0	11.58%~12.02%	4~5 years	0%	0.41%~0.45%	NT\$ 20.26-23.79

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

	Year ended December 31	
	2020	2019
Equity-settled	\$ 3,548	\$ 1,947

#### (8) Share capital

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

	2020	2019
At January 1	67,105,148	67,105,148
Employee stock options exercised	263,744	-
Increase in non-controlling interests by issuing ordinary shares	1,659,672	-
At December 31	69,028,564	67,105,148



- B. As of December 31, 2020, the Company's authorized capital was \$800,000, consisting of 80 million shares of ordinary stock (including 6 million shares reserved for employee stock options), and the paid-in capital was \$690,286 with a par value of NT\$10 (in dollars) per share.
- C. The Company issued 1,659,672 shares of ordinary shares on December 31, 2020 (2% of the total ordinary share capital issued) to the shareholders of ECOVE Environment Service Corp. as part of the purchase consideration for 6.85% of its ordinary share capital. The ordinary shares issued have the same rights as other shares in issue. The fair value of the shares issued amounted to \$363,468 (NT\$219 per share). The related transaction costs amounting to \$1,185 have been netted off with the deemed proceeds.
- D. The shares of the Company held by the subsidiary, ECOVE Waste Management Corp. were the ordinary shares issued by the Company on December 31, 2020 to acquire the shares of ECOVE Environment Services Corp. from ECOVE Waste Management Corp. through the share swap. As of December 31, 2020, the carrying amount of the shares of the Company held by ECOVE Waste Management Corp. amounted to \$57. The details are as follows:

	December 31, 2020	
	Carrying amount	Market value
Number of shares	(in dollars/share)	(in dollars/share)
ECOVE Waste Management Corp.	1,605 NT\$ 35.34	NT\$ 219

(9) Capital surplus

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

B. Changes in capital surplus are as follows:

	<u>Share premium</u>	<u>Employee stock options</u>	<u>Others</u>	<u>Total</u>
At January 1, 2020	\$ 2,186,678	\$ 19,667	\$ 1,686	\$ 2,208,031
Share-based payment transaction	-	3,548	-	3,548
Transactions with non-controlling interest	42,912	-	( 1,686)	41,226
Adjustments of changes in investments accounted for using equity method	-	21,599	-	21,599
Employee stock options exercised	<u>36,238</u>	<u>-</u>	<u>-</u>	<u>36,238</u>
At December 31, 2020	<u>\$ 2,265,828</u>	<u>\$ 44,814</u>	<u>\$ -</u>	<u>\$ 2,310,642</u>
	<u>Share premium</u>	<u>Employee stock options</u>	<u>Others</u>	<u>Total</u>
At January 1, 2019	\$ 2,188,235	\$ 5,238	\$ -	\$ 2,193,473
Share-based payment transaction	-	14,421	-	14,421
Difference between consideration and carrying amount of subsidiaries acquired or disposed	( <u>1,557</u> )	<u>8</u>	<u>1,686</u>	<u>137</u>
At December 31, 2019	<u>\$ 2,186,678</u>	<u>\$ 19,667</u>	<u>\$ 1,686</u>	<u>\$ 2,208,031</u>

C. Please refer to Note 6(7) for detailed information about capital surplus from employee stock options.

(10) Retained earnings

A. When net profit occurs in the annual accounts, the Company may, after reserving a sufficient amount of the income before tax to cover the accumulated losses, upon the resolution of the Board of Directors, distribute at least 0.01% of the income before tax as employees' remuneration, and distribute no more than 2% of the income before tax as directors' remuneration. The remuneration could be in the form of stock or cash, and the employees' remuneration could be distributed to the employees of subsidiaries of the Company under certain conditions. A report of the distribution of employees' compensation or the directors' remuneration shall be submitted to the shareholders at the shareholders' meeting.

- B. The Company shall, after all taxes and dues have been paid and its losses have been covered and at the time of allocating surplus profits, first set aside 10% of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. Furthermore, in accordance with the provisions of laws and regulations and the rules prescribed by the central competent authority, a special reserve shall be set aside. If there is recovery of the balance of special reserve, the recovered amount shall be included in the distribution of the profit for the current year.

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

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

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

D. Special reserve

- (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Order No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. The appropriations of 2019 and 2018 earnings had been resolved at the stockholders' meeting on May 28, 2020 and May 30, 2019, respectively. Details are summarised below:

	2019	2018
Legal reserve	\$ 80,492	\$ 80,691
Reversal of special reserve	( 2,243)	( 30,041)
Cash dividends	<u>726,749</u>	<u>726,078</u>
	<u>\$ 804,998</u>	<u>\$ 776,728</u>

F. The Company recognised dividends of \$726,749 (NT\$10.83 per share) and \$726,078 (NT\$10.82 per share) in 2019 and 2018, respectively.

G. The appropriations of 2020 earnings had been proposed by Board of Directors during its meeting on March 8, 2021. Details are summarised below:

	2020	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 83,554	NT\$ -
Special reserve	23,272	-
Cash dividends	<u>759,482</u>	<u>11</u>
	<u>\$ 866,308</u>	<u>NT\$ 11</u>

The appropriations of 2020 earnings has not yet been resolved at the stockholders' meeting.

H. For information relating to employees' compensation (bonuses) and directors' and supervisors' remuneration, please refer to Note 6 (15).

(11) Interest income

	Year ended December 31	
	2020	2019
Interest income from bank deposits	\$ 50	\$ 754
Other interest income	<u>2,000</u>	<u>1,772</u>
	<u>\$ 2,050</u>	<u>\$ 2,526</u>

(12) Other income

	Year ended December 31	
	2020	2019
Dividend income	\$ 1,265	\$ 1,563
Other income, others	<u>45,116</u>	<u>49,551</u>
	<u>\$ 46,381</u>	<u>\$ 51,114</u>

(13) Other gains and losses

	Year ended December 31	
	2020	2019
Foreign exchange losses	(\$ 45)	(\$ 81)
Gains on financial assets at fair value through profit or loss	1,071	712
Gains arising from lease modifications	16	5
	<u>\$ 1,042</u>	<u>\$ 636</u>

(14) Expenses by nature

	Year ended December 31	
	2020	2019
Employee benefit expense	\$ 42,929	\$ 39,045
Services	2,306	2,104
Insurances	114	119
Other expenses	5,317	8,395
	<u>\$ 50,666</u>	<u>\$ 49,663</u>

(15) Employee benefit expense

	Year ended December 31	
	2020	2019
Salaries	\$ 31,236	\$ 28,958
Employee stock options	3,548	1,947
Labor and health insurance fees	1,312	1,190
Pension costs	1,288	1,402
Directors' remuneration	5,200	5,200
Other personnel expenses	345	348
	<u>\$ 42,929</u>	<u>\$ 39,045</u>

A. As of December 31, 2020 and 2019, the Company had 15 employees with 7 directors who were not employees concurrently for both years.

(a) The average employee benefit expenses for 2020 and 2019 was \$4,716 and \$4,231, respectively.

(b) The average employee salaries for 2020 and 2019 was \$3,905 and \$3,620, respectively.

(c) Changes in average employees' salaries adjustment was 8%.

(d) Since the Company has set up the audit committee, it has no supervisors' remuneration for the years ended December 31, 2020 and 2019.

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, 2020 and 2019, employees' compensation was accrued at \$304 and \$329, respectively; directors' and supervisors' 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' 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, 2020. The employees' compensation and directors' and supervisors' remuneration have not yet been resolved by the Board of Directors. The employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2019 amounting to \$329 and \$5,200, respectively, as resolved by the Board of Directors were in agreement with those amounts recognised in the 2019 financial statements.

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

D. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 1.5% ~ 5% for employees' compensation and shall not be higher than 1.5% for directors' remuneration.

The Company's overall salary positioning is set at better than the market level to attract the outstanding talents in the market. The Company refers to market salary surveys and pay levels in the same industry to ensure a highly competitive salary structure in order to motivate and retain high performing employees. In addition to strictly complying 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.

(16) Income tax

A. Income tax expense:

	Year ended December 31	
	2020	2019
Current tax:		
Current tax on profits for the year	\$ 11,440	\$ 10,201
Prior year income tax under (over) estimation	50	( 2,743)
Income tax expense	<u>\$ 11,490</u>	<u>\$ 7,458</u>

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2020	2019
Tax calculated based on profit before tax and statutory tax rate	\$ 170,749	\$ 163,755
Prior year income tax under (over) estimation	50	( 2,743)
Effect of exempt income	( 159,309)	( 153,554)
Income tax expense	<u>\$ 11,490</u>	<u>\$ 7,458</u>

C. As of December 31, 2020, the Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(17) Earnings per share

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share:</u>			
Profit attributable to owners of the parent	\$ 842,254	67,197	NT\$ 12.53
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	473	
Employees' bonus	-	1	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 842,254</u>	<u>67,671</u>	<u>NT\$ 12.45</u>

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share:</u>			
Profit attributable to owners of the parent	\$ 811,312	67,105	NT\$ 12.09
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	159	
Employees' bonus	-	2	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 811,312</u>	<u>67,266</u>	<u>NT\$ 12.06</u>



## 7. RELATED PARTY TRANSACTIONS

### (1) Parent and ultimate controlling party

The Company is controlled by CTCI Corporation (incorporated in R.O.C.), which owns 55.71% of the Company's shares. The remaining 44.29% of the shares are widely held by the public.

### (2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
CTCI Corp.	Ultimate parent company
ECOVE Wujih Energy Corp.	Subsidiary
ECOVE Environmental Services Corp.	Subsidiary
ECOVE Waste Management Corp.	Subsidiary
ECOVE Miaoli Energy Corp.	Subsidiary
ECOVE Solar Energy Corp.	Subsidiary
ECOVE Solar Power Corp.	Subsidiary
ECOVE South Co., Ltd.	Subsidiary
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Associate
EVER ECOVE Corp.	Associate

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

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

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
ECOVE Wujih Energy Corp.	\$ 18,437	\$ 14,288
ECOVE Environmental Services Corp.	18,163	26,814
Subsidiaries	7,417	6,524
	<u>\$ 44,017</u>	<u>\$ 47,626</u>

#### B. Other revenue / receivables from related parties

##### (a) Receivables from related parties

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
-Loans to related parties		
ECOVE Solar Energy Corporation	\$ 200,000	\$ 200,000
-Others (Note)		
ECOVE Solar Energy Corporation	4,511	2,886
ECOVE Environmental Services Corp.	19,607	21,279
ECOVE Wujih Energy Corp.	16,191	11,824
Subsidiaries	3,354	2,965
Associate	-	600
	<u>\$ 243,663</u>	<u>\$ 239,554</u>

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

(b) Other revenue

	Year ended December 31	
	2020	2019
Interest revenue		
ECOVE Solar Energy Corporation (Note)	\$ <u>2,000</u>	\$ <u>1,772</u>
Personnel transfers revenue		
Associates	\$ <u>167</u>	\$ <u>1,427</u>
Directors' compensation and transportation allowance		
Subsidiaries	\$ <u>932</u>	\$ <u>498</u>

Note: The terms of lending include interest to be calculated and received monthly, using the annual rate of 0.93%~1.01% and 1.01% for the years ended December 31, 2020 and 2019, respectively.

C. Operating expenses / other payables

(a) Operating expenses

	Year ended December 31	
	2020	2019
CTCI Corp. (Notes 1 and 2)	\$ 3,153	\$ 4,795
Subsidiaries (Notes 2 and 3)	<u>381</u>	<u>685</u>
	\$ <u>3,534</u>	\$ <u>5,480</u>

Note 1: For the years ended December 31, 2020 and 2019, the Company paid directors' and supervisors' remuneration amounting to \$200 for both years.

Note 2: Pertains to personnel transfers from related parties, information system service expense and office rent.

Note 3: Represents amortisation of rent and administrative expense of the office in Neihu.

(b) As of December 31, 2020 and 2019, the Company has unpaid obligations to related parties as follows (shown in "other payables") :

	December 31, 2020	December 31, 2019
CTCI Corp.	\$ 919	\$ 1,315
Subsidiaries	<u>91</u>	<u>56</u>
	\$ <u>1,010</u>	\$ <u>1,371</u>

D. Lease transactions – lessee

(a) As of December 31, 2020, the main lease contracts between the Company and the related parties are as follows:

<u>Lessor</u>	<u>Lease object</u>	<u>Payment method</u>	<u>Lease term</u>
Ultimate parent company	Buildings and structures	\$ 50/year	2019.12.1~2028.12.31

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

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Ultimate parent company	\$ -	\$ 445

(c) Lease liabilities

(i) Outstanding balance:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Ultimate parent company	\$ 398	\$ 860
Subsidiaries	-	446
	<u>\$ 398</u>	<u>\$ 1,306</u>

(ii) Interest expense

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Ultimate parent company	\$ 3	\$ 13
Subsidiaries	2	8
	<u>\$ 5</u>	<u>\$ 21</u>

E. Acquisition of financial assets

	<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>	<u>Year ended</u>
				<u>December 31, 2019</u>
				<u>Proceeds</u>
ECOVE Environmental Services Corp.	Investments accounted for using equity method	600,000	ECOVE Wujih Energy Corp.	<u>\$ 25,350</u>
ECOVE Waste Management Corp.	Investments accounted for using equity method	1,800,000	Yuan Ding Resources Corp.	<u>\$ 15,696</u>

F. Endorsements and guarantees for others

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
ECOVE Solar Energy Corporation	\$ 2,249,108	\$ 2,106,562
Subsidiaries	990,600	622,800
Associate	<u>220,500</u>	<u>220,500</u>
	<u>\$ 3,460,208</u>	<u>\$ 2,949,862</u>

(4) Key management compensation

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Salaries and other short-term employee benefits	\$ 28,516	\$ 24,951
Termination benefits	404	764
	<u>\$ 28,920</u>	<u>\$ 25,715</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

As of December 31, 2020, the Company had outstanding notes payable for bank financing amounting to \$300,000.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) The appropriations of 2020 earnings had been proposed at the Board of Directors' meeting on March 8, 2021. Please refer to Note 6(10)G for detailed information.

(2) The Board of Directors of the Company during its meeting on March 8, 2021 adopted a resolution to issue the unsecured convertible bonds (including green bonds) in one or more issuance(s) with aggregate amount not exceeding NT\$2 billion.

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, 2020</u>	<u>December 31, 2019</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	\$ 216,381	\$ -
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	23,385	22,423
	<u>\$ 239,766</u>	<u>\$ 22,423</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 16,851	\$ 293,202
Other receivables	251	230
Other receivables-related parties	243,663	239,554
	<u>\$ 260,765</u>	<u>\$ 532,986</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Other payables	\$ 18,309	18,547
Other payables-related parties	1,010	1,371
	<u>\$ 19,319</u>	<u>\$ 19,918</u>
Lease liabilities	<u>\$ 398</u>	<u>\$ 1,306</u>

B. Risk management policies

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

specific areas and matters.

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

#### (a) Market risk

##### Foreign exchange risk

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

	<u>December 31, 2020</u>		
	Foreign currency amount <u>(in thousands)</u>	Exchange rate	Book value <u>(NTD)</u>
(Foreign currency : functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 27	28.097	\$ 767

	<u>December 31, 2019</u>		
	Foreign currency amount <u>(in thousands)</u>	Exchange rate	Book value <u>(NTD)</u>
(Foreign currency : functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 131	30.150	\$ 3,950

The unrealised exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2020 and 2019 amounted to \$2 and (\$37), respectively.

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

For the year ended December 31, 2020		
Sensitivity analysis		
Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)		
<u>Financial assets</u>		
<u>Monetary items</u>		
USD : NTD	1.00% \$	8 \$ -

For the year ended December 31, 2019		
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% \$	39 \$ -

#### Price risk

The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

#### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contractual cash flow of debt instruments classified as financial assets at fair value through other comprehensive income.
- ii. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due over 30 days based on the terms, there has been

a significant increase in credit risk on that instrument since initial recognition.

- iii. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

(c) Liquidity risk

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

Non-derivative financial liabilities

<u>December 31, 2020</u>	<u>Up to 1 year</u>	<u>Over 1 year</u>
Other payables (including related parties)	\$ 19,319	\$ -
Lease liabilities	50	357

Non-derivative financial liabilities

<u>December 31, 2019</u>	<u>Up to 1 year</u>	<u>Over 1 year</u>
Other payables (including related parties)	\$ 19,918	\$ -
Lease liabilities	779	542

(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, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 216,381	\$ -	\$ -	\$ 216,381
Financial assets at fair value through other comprehensive income				
Equity securities	<u>22,842</u>	<u>-</u>	<u>543</u>	<u>23,385</u>
	<u>\$ 239,223</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 239,766</u>
December 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 21,880</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 22,423</u>

- C. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

Market quoted price	<u>Listed shares</u>	<u>Open-end fund</u>
	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, 2020 and 2019, there were no transfers between Level 1 and

Level 2.

F. For the years ended December 31, 2020 and 2019, there were no transfers in or out of Level 3.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

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

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

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

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

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

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

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

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

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

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

#### (2) Information on investees

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

#### (3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

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

#### (4) Major shareholders information

Please refer to table 11.

ECOVE ENVIRONMENT CORPORATION  
STATEMENT OF CASH AND CASH EQUIVALENTS  
DECEMBER 31, 2020

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

Item	Description	Amount
Demand deposits		
– USD	USD\$27 Exchange rate 28.097	\$ 767
– NTD		8,600
		<u>9,367</u>
Checking accounts		<u>484</u>
Time deposits		
– NTD		7,000
		<u>\$ 16,851</u>

ECOVE ENVIRONMENT CORPORATION  
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT  
DECEMBER 31, 2020

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

Name of Financial Instrument	Shares	Face Value (in dollars)	Total Amount	Cost	Fair Value		Note
					Unit Price (in dollars)	Total Amount	
Capital Money Market Fund	2,030	NT\$ 16.26	\$ 33,008	\$ 33,008	NT\$ 16.27	\$ 33,024	
FSITC Taiwan Money Market Fund	5,186	15.43	80,000	80,000	15.43	80,042	
Prudential Financial Money Market	6,475	15.94	<u>103,195</u>	<u>103,195</u>	15.95	<u>103,315</u>	
			<u>\$ 216,203</u>	<u>\$ 216,203</u>		<u>\$ 216,381</u>	

ECOVE ENVIRONMENT CORPORATION  
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT  
DECEMBER 31, 2020

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

Financial Commodites	Summary	Number of Shares	Par Value (in dollars)	Amount	Acquisition costs	Fair Value		Notes
						Price (in dollars)	Amount	
Taiwan Cement Corp.	Stocks	531,205	NT\$ 10.00	\$ 5,312	\$ 16,671	NT\$ 43.00	<u>\$ 22,842</u>	
Less: Valuation adjustment							<u>6,171</u>	
							<u>\$ 22,842</u>	

ECOVE ENVIRONMENT CORPORATION.  
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2020

(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	
Teamwin Opto-Electronics Co., Ltd,	150,000	\$ 2,261	-	\$ -	-	\$ -	150,000	\$ 2,261	N/A
Eastern Pacific Energy Sdn.Bhd.	10,000	81		-	-	-	10,000	81	"
		2,342		\$ -		\$ -		2,342	
Less: Accumulated imparement		( 1,799)						( 1,799)	
		<u>\$ 543</u>						<u>\$ 543</u>	

**ECOVE ENVIRONMENT CORPORATION**  
**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Name	Beginning of the year		Additions (reductions)			Investment income (loss)	Balance at December 31, 2020			Pledged to others as collateral
	Number of shares (per share)	Amount	Number of shares (per share)	Amount	Amount		Number of shares (per share)	% interest held	Amount	
ECOVE Wujih Energy Corp.	30,000,000	\$ 942,498	-	(\$ 316,646)	\$ 255,553	30,000,000	100.00	\$ 881,405	\$ 881,405	N/A
ECOVE Environmental Services Corp.	14,065,936	764,386	1,034,064	( 223,984)	321,276	15,100,000	100.00	861,678	844,928	"
ECOVE Waste Management Corp.	2,000,000	101,418	-	( 46,853)	53,858	2,000,000	100.00	108,423	108,774	"
ECOVE Miaoli Energy Corp.	56,249,000	1,018,043	( 11,249,800)	( 203,140)	95,111	44,999,200	74.999	910,014	910,014	"
Yuan Ding Resources Corp.	4,500,000	39,335	-	-	53	4,500,000	100.00	39,388	39,388	"
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	13,333,333	304,623	-	( 15,854)	42,445	13,333,333	20.00	331,214	331,214	"
ECOVE Solar Energy Corporation	84,078,782	1,161,595	20,542,300	175,956	74,513	104,621,082	100.00	1,412,064	1,288,373	"
ECOVE Solvent Recycling Corporation	8,099,000	80,549	-	-	12,921	8,099,000	89.99	93,470	93,470	"
EVER ECOVE Corporation	5,000,000	48,614	3,000,000	30,000	( 788)	8,000,000	5.00	77,826	77,826	"
		<u>\$ 4,461,061</u>		<u>(\$ 600,521)</u>	<u>\$ 854,942</u>			<u>\$ 4,715,482</u>	<u>\$ 4,575,392</u>	

ECOVE ENVIRONMENT CORPORATION  
STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

<u>Accounts</u>	<u>Administrative expenses</u>
Salaries	\$ 31,236
Pension costs	1,288
Services	2,306
Other expenses	15,836
	<u>\$ 50,666</u>



ECOVE ENVIRONMENT CORPORATION

Loans to others

Year ended December 31, 2020

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2020 (Note 3)	Balance at December 31, 2020 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote	
												Item	Value				
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Other receivables-related parties	Yes	\$ 400,000	\$ 200,000	\$ 200,000	0.93%	2	\$ -	For operational needs	\$ -	-	\$ -	\$ 518,119	\$ 2,072,475	-
1	ECOVE Environment Services Corp.	ECOVE Solvent Recycling Corporation	"	"	36,000	30,000	-	-	"	"	"	-	-	-	84,493	337,971	-
1	"	CTCI Machinery Corp.	"	"	30,000	30,000	30,000	1.01%	"	"	"	-	-	-	84,493	337,971	-
1	"	E&C Engineering Corp.	"	"	30,000	30,000	-	-	"	"	"	-	-	-	84,493	337,971	-
2	ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	"	"	94,000	80,000	23,000	1.48%	"	"	"	-	-	-	515,350	515,350	-
2	"	ECOVE Solar Power Corporation	"	"	90,000	80,000	-	-	"	"	"	-	-	-	515,350	515,350	-

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

(1) The Company is '0'.

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

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

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2020.

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

(1) The Business association is '1'.

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

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

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

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

- (1) The limit on loans granted to a single party shall not exceed 10% of the Company's net assets value.
- (2) The ceiling on totals loans shall not exceed 40% of the Company's net assets value.
- (3) The limit on loans granted to a single party of ECOVE Solar Energy Corporation shall not exceed 40% of its net assets value.
- (4) The ceiling on totals loans of ECOVE Solar Energy Corporation shall not exceed 40% of its net assets value.

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

ECOVE ENVIRONMENT CORPORATION  
Provision of endorsements and guarantees to others  
Year ended December 31, 2020

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2020 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2020 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	2	\$ 10,362,376	\$ 2,258,971	\$ 2,249,108	\$ 1,153,665	\$ -	43.41%	\$ 15,543,564	Y	N	N	-
0	"	ECOVE Solar Power Corporation	2	10,362,376	683,000	683,000	345,319	-	13.18%	15,543,564	Y	N	N	-
0	"	EVER ECOVE Corporation	6	10,362,376	220,500	220,500	88,000	-	4.26%	15,543,564	N	N	N	-
0	"	ECOVE South Corporation Ltd.	2	10,362,376	150,000	150,000	66,700	-	2.90%	15,543,564	Y	N	N	-
0	"	ECOVE Solvent Recycling Corporation	2	10,362,376	213,400	157,600	100,523	-	3.04%	15,543,564	Y	N	N	-
1	ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	2	5,153,495	14,000	14,000	11,200	-	1.09%	7,730,243	N	N	N	-
1	"	ECOVE Solar Power Corporation	2	5,153,495	757,076	757,076	447,727	-	58.76%	7,730,243	N	N	N	-
2	ECOVE Solar Power Corporation	ECOVE Solar Energy Corporation	3	1,436,840	12,420	12,420	12,420	-	3.46%	2,155,261	N	N	N	-

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

(1) The Company is '0'.

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

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

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

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

(1) The limit on endorsements and guarantees granted to a single party shall not exceed 200% of the Company's net assets value in last financial statement which was audited by accountant.

(2) The ceiling on total endorsements and guarantees shall not exceed 300% of the Company's net assets value in last financial statement which was audited by accountant.

(3) The limit on endorsements and guarantees granted to a single party shall not exceed 400% of ECOVE Solar Energy Corporation and ECOVE Solar Power Corporation's net assets value in last financial statement which was audited by accountant.

(4) The ceiling on total endorsements and guarantees shall not exceed 600% of ECOVE Solar Energy Corporation and ECOVE Solar Power Corporation's net assets value in last financial statement which was audited by accountant.

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

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

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

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

ECOVE ENVIRONMENT CORPORATION

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

December 31, 2020

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)		Relationship with the securities issuer (Note 2)	General ledger account	December 31, 2020				Footnote (Note 4)
	Type	Name			Number of shares/ denominations	Book value (Note 3)	Ownership (%)	Fair value	
ECOVE Environment Corp.	Beneficiary certificates	Prudential Financial Money Market	None	Financial assets at fair value through profit or loss - current	6,475,471	\$ 103,195	-	\$ 103,315	-
				Adjustment		<u>120</u>			
						<u>\$ 103,315</u>			
"	"	FSITC Taiwan Money Market Fund	"	Financial assets at fair value through profit or loss - current	5,186,230	\$ 80,000	-	80,042	-
				Adjustment		<u>42</u>			
						<u>\$ 80,042</u>			
"	"	Capital Money Market Fund	"	Financial assets at fair value through profit or loss - current	2,030,294	\$ 33,008	-	33,024	-
				Adjustment		<u>16</u>			
						<u>\$ 33,024</u>			
"	Common Stock	Taiwan Cement Corp.	"	Financial assets at fair value through other comprehensive income-current	531,205	\$ 16,671	-	22,842	-
				Adjustment		<u>6,171</u>			
						<u>\$ 22,842</u>			
"	"	Teamwin Opto-Electronics Co., Ltd.	"	Financial assets at fair value through other comprehensive income-non-current	150,000	\$ 2,261	2.46%	\$ 475	-
"	"	Eastern Pacific Energy Sdn. Bhd	The Chairman of the Company is the Board of Director	"	10,000	81	10.00%	<u>68</u>	-
		Less: Accumulated impairment				<u>(1,799)</u>			
						<u>\$ 543</u>		<u>\$ 543</u>	-

Securities held by	Marketable securities (Note 1)		Relationship with the securities issuer (Note 2)	General ledger account	December 31, 2020				Footnote (Note 4)
	Type	Name			Number of shares/ denominations	Book value (Note 3)	Ownership (%)	Fair value	
ECOVE Wujih Energy Corp.	Common Stock	Taiwan Cement Corp.	None	Financial assets at fair value through other comprehensive income-current	534,295	\$ 22,975	-	\$ 22,975	-
"	Beneficiary certificates	FSITC Taiwan Money Market Fund	"	Financial assets at fair value through profit or loss - current	3,694,230	57,015	-	57,015	-
"	"	Taishin 1699 Money Market Fund	"	"	11,656,485	159,063	-	159,063	-
"	"	Capital Money Market Fund	"	"	8,794,966	143,054	-	143,054	-
"	"	Franklin Templeton Money Market Fund	"	"	2,685,577	28,006	-	28,006	-
ECOVE Environment Services Corp.	"	Taishin 1699 Money Market Fund	"	"	31,167,316	425,306	-	425,306	-
"	"	Jih Sun Money Market Fund	"	"	5,927,679	88,619	-	88,619	-
"	Common Stock	CTCI Corp.	Ultimate parent company	Financial assets at fair value through other comprehensive income-current	1,028	40	-	40	-
"	"	Taiwan Cement Corp.	None	"	1,406,754	60,490	-	60,490	-
ECOVE Waste Management Corp.	"	Taiwan Cement Corp.	"	"	538,039	23,135	-	23,135	-
"	"	ECOVE Environment Corp.	Parent company	"	1,605	351	-	351	-
"	Beneficiary certificates	Prudential Financial Money Market	None	Financial assets at fair value through profit or loss - current	376,704	6,010	-	6,010	-
"	"	Jih Sun Money Market Fund	"	"	7,249,584	108,381	-	108,381	-
"	"	Franklin Templeton Money Market Fund	"	"	8,039,900	83,844	-	83,844	-
ECOVE Mioali Energy Corporation	"	FSITC Taiwan Money Market Fund	"	"	1,231,751	19,010	-	19,010	-
"	"	Taishin 1699 Money Market Fund	"	"	1,613,021	22,011	-	22,011	-
"	"	Franklin Templeton Money Market Fund	"	"	942,277	9,827	-	9,827	-
Yuan Ding Resources Corp.	"	Jih Sun Money Market Fund	"	"	2,624,764	39,240	-	39,240	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

ECOVE ENVIRONMENT CORPORATION

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year ended December 31, 2020

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2020		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2020		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
ECOVE Environment Corp.	Prudential Financial Money Market	Financial assets at fair value through profit or loss	-	-	-	\$ -	18,858,750	\$ 300,000	12,383,279	\$ 197,132	\$ 196,805	\$ 327	6,475,471	\$ 103,195
"	FSITC Taiwan Money Market Fund	"	-	-	-	-	20,259,459	312,000	15,073,229	232,339	232,000	339	5,186,230	80,000
"	Capital Money Market Fund	"	-	-	-	-	12,085,446	196,000	10,055,152	163,152	162,992	160	2,030,294	33,008
ECOVE Environmental Services Corp.	Taishin 1699 Money Market Fund	"	-	-	-	-	79,291,573	1,080,000	48,124,257	655,557	654,930	627	31,167,316	425,070
"	Jih Sun Money Market Fund	"	-	-	-	-	22,824,412	340,000	16,896,734	252,050	251,686	364	5,927,678	88,314
"	Capital Money Market Fund	"	-	-	-	-	12,952,333	210,000	12,952,333	210,109	210,000	109	-	-
ECOVE Wujih Energy Corp.	Taishin 1699 Money Market Fund	"	-	-	-	-	35,408,310	482,000	23,751,825	323,410	323,000	410	11,656,485	159,000
"	FSITC Taiwan Money Market Fund	"	-	-	-	-	33,172,562	511,000	29,478,332	454,550	454,000	550	3,694,230	57,000
"	Capital Money Market Fund	"	-	-	-	-	16,388,684	266,000	7,593,718	123,138	123,000	138	8,794,966	143,000
ECOVE Waste Management Corp.	Jih Sun Money Market Fund	"	-	-	-	-	22,094,025	329,000	14,844,441	221,125	220,991	134	7,249,584	108,009
"	Taishin 1699 Money Market Fund	"	-	-	-	-	11,202,995	152,700	11,202,995	152,769	152,700	69	-	-
"	Prudential Financial Money Market	"	-	-	-	-	10,941,138	174,000	10,564,434	168,069	168,000	69	376,704	6,000

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2020		Addition (Note 3)		Number of shares	Disposal (Note 3)		Gain (loss) on disposal	Balance as at December 31, 2020	
					Number of shares	Amount	Number of shares	Amount		Selling price	Book value		Number of shares	Amount
ECOVE Waste Management Corp.	FSITC Taiwan Money Market Fund	"	-	-	-	\$ -	20,980,966	\$ 322,800	20,980,966	\$ 323,067	\$ 322,800	\$ 267	-	\$ -
"	Franklin Templeton Money Market Fund	"	-	-	-	-	13,902,668	144,700	5,862,768	61,037	60,924	113	8,039,900	83,776
ECOVE Miaoli Energy Corp.	Taishin 1699 Money Market Fund	"	-	-	-	-	28,807,655	392,000	27,194,634	370,410	369,995	415	1,613,021	22,005

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

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

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

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



ECOVE ENVIRONMENT CORPORATION

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

Year ended December 31, 2020

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	
ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	Affiliate	(Waste disposal revenue)	(\$ 461,238)	( 58% )	30 days quarterly	No significant difference	\$ 75,920	27,935%	-
ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	(Operating revenue)	( 688,788)	( 19% )	"	"	125,044	35,615%	-
"	ECOVE Wujih Energy Corp.	"	"	( 271,866)	( 8% )	"	"	65,090	18,539%	-
"	ECOVE Mioali Energy Corp.	"	"	( 155,285)	( 4% )	"	"	24,505	6,979%	-
"	CTCI Chemicals Corp.	"	Purchase	142,778	4%	"	"	( 11,764)	( 3,351% )	-
ECOVE Waste Management Corp.	ECOVE Environment Services Corp.	"	Waste disposal cost	688,788	53%	"	"	( 125,044)	( 61% )	-
"	ECOVE Wujih Energy Corp.	"	"	461,238	36%	"	"	( 75,920)	( 37% )	-
ECOVE Wujih Energy Corp.	ECOVE Environment Services Corp.	"	Cost of services	271,866	60%	"	"	( 65,090)	( 56% )	-
ECOVE Mioali Energy Corp.	ECOVE Environment Services Corp.	"	"	155,285	93%	"	"	( 24,505)	( 100% )	-

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the 'Unit price' and 'Credit' term columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

ECOVE ENVIRONMENT CORPORATION  
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
 December 31, 2020

Table 6

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	Affiliate	\$ 125,044	3.97	\$ -	-	\$ -	\$ -
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	A subsidiary	204,511	Note 3	-	Note 3	-	-

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties....

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

Note 3: It pertains to other accounts receivable arising from lending capital and directors' remuneration receivable.

ECOVE ENVIRONMENT CORPORATION  
Significant inter-company transactions during the reporting period  
Year ended December 31, 2020

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	1	Other accounts receivable	\$ 204,511	-	2.07%
0	"	ECOVE Solar Energy Corporation	1	Endorsements and guarantees	2,249,108	-	N/A
0	"	ECOVE Solar Power Corporation	1	"	683,000	-	N/A
0	"	ECOVE South Corporation Ltd.	1	"	150,000	-	N/A
0	"	ECOVE Solvent Recycling Corporation	1	"	157,600	-	N/A
1	ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	3	Operating revenue	461,238	30 days quarterly	8.18%
2	ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	"	688,788	"	12.22%
2	"	ECOVE Miaoli Energy Corp.	"	"	155,285	"	2.75%
2	"	ECOVE Wujih Energy Corp.	"	"	271,866	"	4.82%
2	"	SINOGAL-Waste Services Co., Ltd.	"	"	58,330	"	1.03%
2	"	ECOVE Waste Management Corp.	"	Accounts receivable	125,044	"	1.26%
3	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	"	Endorsements and guarantees	757,076	-	N/A
4	SINOGAL-Waste Services Co., Ltd.	ECOVE Environment Services Corp.	2	Operating revenue	57,262	30 days quarterly	1.02%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

ECOVE ENVIRONMENT CORPORATION  
Information on investees (not including investees in Mainland China)  
Year ended December 31, 2020

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	\$ 450,435	\$ 450,435	30,000,000	100.00%	\$ 881,405	\$ 255,553	\$ 255,553	A subsidiary
ECOVE Environment Corp.	ECOVE Environment Services Corp.	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance, etc.	356,518	339,921	15,100,000	100.00%	861,678	346,575	321,276	A subsidiary
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Taiwan	Waste services, equipment and mechanical installation, waste clear, international trade and other environmental services, etc.	20,000	20,000	2,000,000	100.00%	108,423	53,858	53,858	A subsidiary
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	899,985	1,012,483	44,999,200	74.999%	910,014	126,817	95,111	A subsidiary
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Taiwan	Waste services, waste clean, other environmental services, and environmental pollution services, etc.	42,696	42,696	4,500,000	100.00%	39,388	53	53	A subsidiary
ECOVE Environment Corp.	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	Share holding and investment	309,489	309,489	13,333,333	20.00%	331,214	181,513	42,445	An investee using equity method

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Taiwan	Energy technology services etc.	\$ 1,312,348	\$ 1,062,348	104,621,082	100.00%	\$ 1,412,064	\$ 74,513	\$ 74,513	A subsidiary
ECOVE Environment Corp.	EVER ECOVE Corporation	Taiwan	Waste services, waste clean and co-generation	80,000	50,000	8,000,000	5.00%	77,826 (	15,752) (	788)	An investee using equity method
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	86,480	86,480	8,099,000	89.99%	93,470	14,358	12,921	A subsidiary
ECOVE Environment Services Corp.	CTCI Chemicals Corp.	Taiwan	Industrial chemicals' wholesale manufacturing and retail.	24,851	24,851	1,910,241	26.90%	67,975	56,472	15,194	Associate
ECOVE Environment Services Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	11	13	800	0.001%	16	126,282	2	Affiliate
ECOVE Environment Services Corp.	SINOGAL-Waste Services Co., Ltd.	Macau	Management of waste recycling site and maintenance of related mechanical and equipment etc.	4,964	4,964	-	30.00%	67,247	212,860	63,927	A subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
ECOVE Environment Services Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	\$ 10	\$ 10	1,000	0.01%	\$ 10	\$ 14,358	\$ 1	Affiliate
ECOVE Environment Services Corp.	Jing Ding Green Energy Technology Co., Ltd.	Taiwan	Wastewater sludge treatment	6,000	-	600,000	30.00%	5,838 (	541) (	162)	An investee using equity method
ECOVE Waste Management Corp.	ECOVE Environmental Services Corp.	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance, etc.	-	53	-	-	-	346,575	22	Affiliate
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Taiwan	Energy technology services etc.	306,000	230,000	30,600,000	100.00%	359,210	44,060	44,060	A subsidiary
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Taiwan	Energy technology services etc.	30,500	30,500	3,050,000	100.00%	34,504	3,185	3,185	A subsidiary
ECOVE Solar Energy Corporation	G.D. International, LLC.	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	368,319	15,572	15,572	A subsidiary
G.D. International, LLC.	Lumberton Solar W2-090, LLC	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	367,770	15,751	15,751	A subsidiary

ECOVE ENVIRONMENT CORPORATION

Information on investments in Mainland China

Year ended December 31, 2020

Table 9

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated	Amount remitted from Taiwan to		Accumulated	Net income of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 2)(2)B	Book value of investments in Mainland China as of December 31, 2020	Accumulated	Footnote
				amount of remittance from Taiwan to Mainland China as of January 1, 2020	Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020	amount from Taiwan to Mainland China as of December 31, 2020	amount of investment income remitted back to Taiwan as of December 31, 2020						
ECOVE Environment Consulting Corp.	Technical development, advisory and service in environmental field; environmental pollution control equipment and related parts wholesale, import and export, etc.	\$ 4,147	1	\$ 4,147	-	-	\$ 4,147	\$ 6,616	100.00%	\$ 9,807	\$ 12,705	\$ 33,286	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ECOVE Environment Corp.	\$ 4,147	\$ 4,147	\$ 3,108,713

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2020 column:

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

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

Note 4: Invested by ECOVE Environment Services Corp.

ECOVE ENVIRONMENT CORPORATION

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

Year ended December 31, 2020

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at December 31, 2020	%	Balance at December 31, 2020	Purpose	Maximum balance during the year ended December 31, 2020	Balance at December 31, 2020	Interest rate	Interest during the year ended December 31, 2020	Others
ECOVE Environment Consulting Corp.	(\$ 31,898)	0.89%	-	-	(\$ 24,332)	4.5%	\$ -	-	\$ -	\$ -	-	\$ -	-



ECOVE ENVIRONMENT CORPORATION  
Major shareholders information  
December 31, 2020

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
CTCI Corp.	38,457,105	55.71%
Fubon Life Assurance Co., Ltd.	4,567,507	6.61%

(1) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis.

(2) If the aforementioned data contains shares which were held in trust by the shareholders, the data was disclosed as a separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, at the same time, the shareholder has the power to decide how to allocate the trust assets. For the information on reported share equity of insider, please refer to Market Observation Post System.