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2019 Annual Report

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

Printed on March 31, 2020

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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Auditors

PriceWaterHouseCoopers

Auditors: Shyh-Rong Ueng, Shu-Chiung Chang

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Corporate Website

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I. LETTER TO SHAREHOLDERS

Dear Shareholders,

Thank you for taking the time to attend the Company's 2019 regular shareholder meeting. The Company's performance, revenue, and profits in the past year have been kept at a considerable level 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 2019 business overview and overview of the 2020 Business Plan and future development strategies are stated below.

1. 2019 Business Overview

(1) Operating Results

The consolidated operating revenue in 2019 was NT\$5,321,559,000 (values with unspecified currency hereafter are also NTD), which was a \$474,463,000 (9.79%) increase from the consolidated operating revenue in 2018. The consolidated operating expense was \$172,357,000, non-operating income and expenditure was \$102,788,000 and consolidated net profit after tax was \$811,312,000, an increase of \$4,400,000 from the consolidated net profit after tax in 2018. The Company's earnings per share was \$12.09, an increase of \$0.05 from the earnings per share in 2018.

(2) Business Performance

The promotion and execution of the businesses are realized in ECOVE's active attempt and effort in "qualitative change." In addition to the stable operation and expansion of the existing businesses, ECOVE also has successfully won the Operation and Management (O&M) service contract extension of Macau EfW Plant and Macau operate and maintain the facilities for food wastes recycling. ECOVE also gained from the development of circular economy businesses. For instance, ECOVE's solvent recycling and reuse technology has successfully obtained certificate of recycling from Ministry of Science and Technology and started to provide services for large-scale companies in high-tech industry. After purchasing the external equity of ECOVE Solar Energy Corp., the joint-stock company of ECOVE, we continued to expand the investment, development, building and operation in solar energy plants. In addition to successfully completing the construction, parallelization and sale electricity of several solar power plants in Taiwan, we have also acquired several new development rights that are under constructions, and large-scale projects have also been actively under development. Furthermore, the US New Jersey project has been in stable operation and its power generation efficiency meets expectation. In addition, ECOVE continually cooperates with the government's new southbound policy. Apart from the domestic market, our market development efforts in Malaysia, Thailand, Vietnam and India have won positive feedback

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, other than consolidating existing businesses, the Company have also cooperated with local governments for extension of EfW plants and the diversified waste treatment plan. Matured experiences and technologies overseas have been introduced to provide Total Solution. ECOVE has been actively developing new opportunities and participating in government bids. For overseas development, the Company has entered China, ASEAN such as Vietnam and Malaysia, proactively expressing our wishes to work with the local governments and collaborate with complementary companies. We have also actively engaged in forums of related fields and promoted overseas the successful model of EfW plants in PPP (BOT) approach as well as

matured O&M (including ROT) ability in line with the Taiwanese government's New Southward Policy replicated abroad.

(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.

(3) Renewable Energy

In domestic, ECOVE will still maintain stable operation for existing projects and implement the newly acquired projects to conduct commercial operation as planned. Meanwhile, we will proactively obtain large-scale project or O&M opportunities. For overseas, in addition to maintaining a stable operation for the US New Jersey project, ECOVE continues to develop suitable targets in major countries and emerging market and adheres to the 100% green energy trends to expand business. With the policy support of the United States and Southeast Asian countries, the United States, Vietnam and other projects are actively evaluated. We also combines the wind power generation project with group's business development plan to offshore wind power engineering and investment.

Looking ahead, according to ECOVE's improving with the advantages to advance efficiencies in resource cycling, optimize resource recycling performance, intelligent application and customers' trust, we believe that we could be an indispensable helmsman in the wave of circular economy. More importantly, ECOVE is ready. We will keep achieving new heights in both business growth and shareholder compensation in the future!

Finally, I wish you all health and prosperity.
Chairman

J. J. Liao

II. Company Profile

2.1 Date of Incorporation: Dec. 13, 1999

2.2 Company History

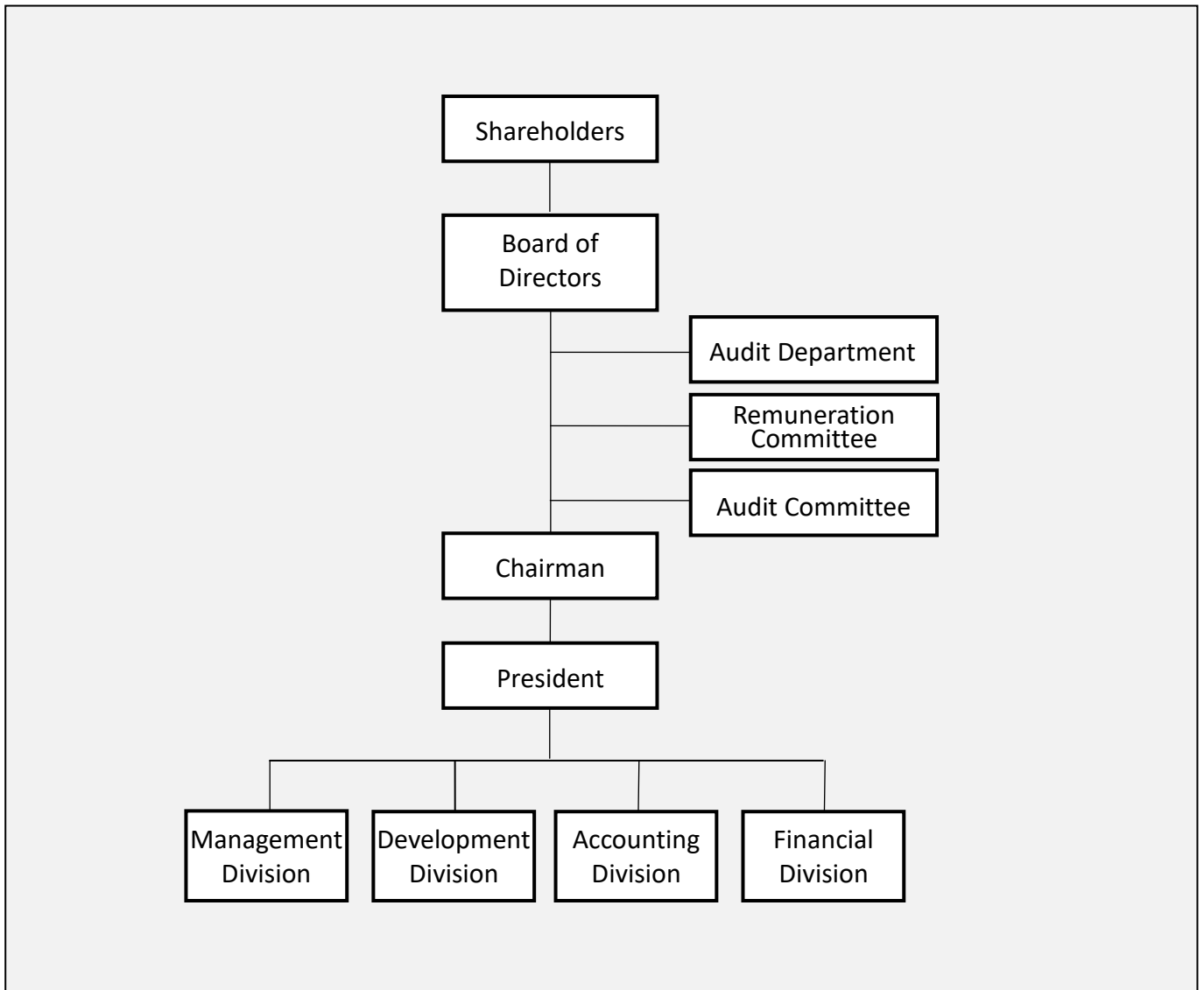
1999	<ul style="list-style-type: none">• CTCI Corp. and CTCI Investment Corp. co-founded ECOVE Environment Corp.
2001	<ul style="list-style-type: none">• In order to deal with waste business, ECOVE Environment Corp. wholly-owned to establish ECOVE Waste Management Corp.
2007	<ul style="list-style-type: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

2018	<ul style="list-style-type: none"> • ECOVE Environment Corp. invested ECOVE Solvent Recycling Corp. to develop W-IPA recycling business. • Miaoli Plant won 2017 EfW Premium Performance Award EPA • ECOVE Environment Corp. won Taoyuan Biomass-energy Center BOT project and invested EVER ECOVE Corp. • For the third consecutive year, ECOVE Environment Corp. ranked 3rd in the world magazine "Excellence in CSR medium-size enterprise sector. • ECOVE Environment Corp. acquired 100% equity of ECOVE Solar Energy Corp. • ECOVE Environment Corp. awarded the "2018 National Sustainable Development Award" from Executive Yuan.
2019	<ul style="list-style-type: none"> • ECOVE Environment Corp. awarded the fifth "Top 5% of Corporate Governance Evaluation" in TPEX-listed group and "Top 10% of non-financial electronics category with a market value of over 10 billion NT dollars" in TPEX & TWSE-listed group, and is the only TPEX-listed company. • ECOVE Environment Corp. acquired 100% equity of Wujih Energy Corp. • ECOVE Environment Corp. acquired 100% equity of Yuan Ding Resources Management Corp. • Keelung Plant received "2018 EfW Premium Performance/Regional Cooperation Award" from EPA • Taoyuan Plant received "2018 EfW Excellent Performance/Overall Planning Award" from EPA • ECOVE Environment Corp. ranked 1st in the World Magazine "Excellence in CSR medium-size enterprise sector • Tainan Science Park Resource Recycling Center awarded Mogul Award in "EPB 1st Annual Enterprise Environment Protection Award" from Executive Yuan • Keelung & Miaoli Resource Recycling Center won Golden Award in "EPB 1st Annual Enterprise Environment Protection Award" from Executive Yuan

III. Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.1.2 Operations and functions of the various departments

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

3.2 Directors and Management Team

3.2.1 Directors

Title	Nationality	Name	Male/ Female	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	Jun. 26, 2017	3	Jun. 26, 2017	38,457,105 (59,500)	57.31 (0.09)	38,457,105 (0)	57.31 (0)	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	Jun. 26, 2017	3	Jun. 26, 2017	38,457,105 (25,000)	57.31 (0.04)	38,457,105 (0)	57.31 (0)	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"> -Technical Specialist, Environmental Protection Administration, Executive Yuan -President, ECOVE Waste Management Corp. -Vice President, ECOVE Environment Corp. 	<ul style="list-style-type: none"> Waste Management Corp. -Managing Director, ECOVE Environment Consulting Corp. -Director, SINO GAL-Waste Services Co., Ltd. -Director, BORETECH Resource Recovery Engineering Co., Ltd. (Cayman) -Chairman & President, Yuan Ding Resources Management Corp. -Chairman, ECOVE Solvent Recycling Corp. -Chairman, ECOVE Solar Energy Corp. -Chairman, ECOVE Solar Power Corp. -Director, ECOVE South Corp. Ltd. 			
Director	R.O.C.	Kuan Shen Wang (Rep. of Parkwell Investment Corp.)	Male	Jun. 26, 2017	3	Jun. 23, 2014	1,060,000 (0)	1.58 (0)	0	0	0	0	0	0	0	<ul style="list-style-type: none"> -Master in Management, S.M. of MIT Sloan School -Managing Director, United Capital Management 	<ul style="list-style-type: none"> -Managing Director, United Capital Management -Independent Director, Quanta Storage Inc. -Supervisor, Chime Ball Technology Co., Ltd. 	-	-	-
Director	R.O.C	Yangming Liu	Male	Jun. 26, 2017	3	Sep. 30, 2009	0	0	0	0	0	0	0	0	0	<ul style="list-style-type: none"> -Attorney at-law in Taiwan -Attorney at-law in China -EMBA National Taiwan University -L.L.B. Fujen Catholic University -Arbitrator of CAAI 	<ul style="list-style-type: none"> -Senior Partner, LIU & Co. Law Offices -Director, Sunshine Social Welfare Foundation -Chief Legal Counsel, Beijing DHH Law Firm - Asian-Pacific Region -Director, Association of Cross-Strait Legal Exchange 	-	-	-
Director	R.O.C.	Wen Whe Pan	Male	Jun. 26, 2017	3	Jun. 17, 2011	0	0	0	0	0	0	0	0	0	<ul style="list-style-type: none"> -PhD. Polymer Fiber, North Carolina State University -Vice Chairman, So Yang Co. Enterprises, Ltd. -Supervisor, Board of Director, Unimicron Corporation -Engineering Leader, 	<ul style="list-style-type: none"> -CEO & Director of United Renewable Energy Col, Ltd. -Director, Utech Solar Corporation 	-	-	-

																Laboratory Supervisor, Sumitomo Electric Industries Ltd.				
Director	R.O.C.	Eugene Chien	Male	Jun. 26, 2017	3	Jun. 22, 2015	0	0	0	0	0	0	0	0	0	-Ph. D. Aeronautics and Astronautics, New York University, USA -Minister of Foreign Affairs/Minister of Transportation and Communications -Minister of the Environmental Protection Administration -Representative, Taipei Representative Office in the U.K./Legislator, Legislative Yuan (Parliament) -Professor and Dean, College of Engineering, Tamkang University	-Chairman, Taiwan Institute for Sustainable Energy(TAISE) -Independent Director, EVA Airways Corp. -Independent Director, Far Eastern Department Stores Ltd. -Chairman, CTCI Education Foundation	-	-	-
Independent Director	R.O.C.	Shean Bii Chiu	Male	Jun. 26, 2017	3	Sep. 30, 2009	0	0	0	0	0	0	0	0	0	-PH. D in Finance, University of Washington (Seattle) U.S.A. -MBA, University of Washington (Seattle) U.S.A. -Chairman of Department of Finance, National Taiwan University -Chairman of Pension Fund Association, R.O.C.	-Professor, Department of Finance, National Taiwan University -Independent Director of Airmate (Cayman) International Co. Limited -Independent Director of Long Chen Paper Co., Ltd. -Independent Director of Airmate (Cayman) International Co. Limited -Director of Taipei Exchange	-	-	-
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	-Doctor of Engineering, Tulane University -Bachelor of Science, Department of Chemical Engineering, National Taiwan University -General Director, Center for Environmental Safety and Health Technology Development, Industrial Technology	-Chairman, Safety and Health Technology Center	-	-	-

																Research Institute -General Director, Center for Industrial Safety and Health Technology Development, Industrial Technology Research Institute -Professor, Graduate Institute of Environmental Engineering, National Central University -Professor, Department of Chemical Engineering, National Central University				
Independent Director	R.O.C.	James Tsai	Male	Jun. 26, 2017	3	Jun. 26, 2017	0	0	0	0	0	0	0	0	0	-Master in Accounting, Graduate Institute of Accounting, National Chengchi University -Master in Law, College of Law, National Chengchi University -Vice CEO, CEO, Deputy Chairman, PricewaterhouseCooper s, Taiwan -President, PricewaterhouseCooper s Management Consulting Company Ltd. -Vice Chairman, Fuh Hwa Securities Investment Trust Co., Ltd. -Managing Director, Accounting Research and Development Foundation, and Chairman, Auditing Standards Committee -Director and Managing Director, Taiwan Corporate Governance Association -Consultant, Public Service Pension Fund Supervisory Board	-Associate Professor, Department of Accounting, National Chengchi University -Board Director, Trans Globe Life Insurance Inc. -Chairman, Jia Guang Enterprise Co., Ltd. -Chairman, Wan Shi Da Enterprise Co., Ltd. Board Director, Orient Recreation and Development Corp. -Board Director, FCB Leasing Co., Ltd. -Board Director, FCB International Leasing Co., Ltd. -Board Director, Tuntex Incorporation -Independent Director of the Board, Tanvex BioPharma, Inc. -Independent Director of the Board, Sunny Friend Environmental Technology Co., Ltd. -Independent Director of the Board, Chien Kuo Construction Co., Ltd.	-	-	-

3.2.2 Major shareholders of the institutional shareholders

March 30, 2020

Name of institutional shareholders	Major shareholders of the institutional shareholders
CTCI Corporation	CTBC BANK CO., LTD. (CTCI Corporation Employee Stock Ownership Trust) (8.08%)、CTCI Foundation (7.97%)、Fubon Life Insurance Co., Ltd. (6.91%)、CTBC BANK CO., LTD. (Sustainability Employee Stock Ownership Trust) (4.37%)、Chunghwa Post Co., Ltd. (3.51%)、Blackrock Global Funds-Asian Growth Leaders (3.41%)、USI Corporation (1.98%)、Eastspring Investments - Global Emerging Markets Customized Equity Fund (1.94%)、Asia Polymer Corporation (1.89%)、Norges Bank (1.80%)
Parkwell Investment Corp.	Hong Kong Parkwell Investment Corp. (99.97%)

3.2.3 Major shareholders of the major shareholders that are juridical persons

March 31, 2020

Name of juridical persons	Major shareholders of the juridical persons
CTBC BANK CO., LTD. (CTCI Corporation Employee Stock Ownership Trust) (8.08%)	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. (6.91%)	Fubon Financial Holding Co., Ltd. (100%)
CTBC BANK CO., LTD. (Sustainability Employee Stock Ownership Trust) (4.37%)	N/A
Chunghwa Post Co., Ltd. (3.51%)	Ministry of Transportation and Communications (100%)
Blackrock Global Funds-Asian Growth Leaders (3.41%)	N/A
USI Corporation(1.98)	Shing Lee Enterprise (Hong Kong) Limited(14.62%)、Wholegainer Company Limited(9.25%)、Asia Polymer Corporation(8.53%)、Citibank (Taiwan) Limited as custodian of Norges Bank Investment Account(1.75%)、Yueh Hsing Hua Investment Co., Ltd.(1.73%)、Lin Su Shan Shan(1.67%)、Yu Wen-Hsuan(1.41%)、Yu Wen-Tsung(1.41%)、Taita Chemical Company, Ltd.(1.27%)、Dunbei Branch of Standard Chartered Bank (Taiwan) Limited as custodian of iShares Core MSCI Emerging Market Index ETF Investment Account(1.08%)、JP Morgan Chase Bank Taipei

	Branch as custodian of Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds(1.05%)
Eastspring Investments - Global Emerging Markets Customized Equity Fund (1.94%)	N/A
Asia Polymer Corporation (1.89%)	Union Polymer Int'l Investment Corp. (36.08%) 、 Tai Lien International Investment Co., Ltd. (3.78%) 、 TransGlobe Life Insurance Inc. (1.35%) 、 JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (0.92%) 、 China General Terminal & Distribution Corporation (0.89%) 、 Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds (0.82%) 、 Citibank (Taiwan) Limited as custodian of Norges Bank Investment Account (0.72%) 、 Citibank (Taiwan) as custodian of Dimension Emerging Market Assessment Fund Investment Account (0.68%) 、 Citibank (Taiwan) as custodian of Dimensional Fund Advisors' Emerging Markets Core Securities Portfolio Investment Account (0.62%) 、 ARPHIE CORP. (0.51%)
Norges Bank (1.80%)	N/A
Hong Kong Parkwell Investment Corp. (99.97%)	Wang Kuan Shen (50%) 、 United Investments Company (50%)

Professional qualifications and independence analysis of directors and supervisors

March 31, 2020

Name/Gender	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director	
	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	11	12		
J. J. Liao/Male	-	✓	✓	-	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	-	0
Y. P. Shih/Male	-	-	✓	-	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	-	0
Kuan Shen Wang /Male	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	1
Yangming Liu/Male	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Wen-Whe Pan/Male	-	-	✓	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Eugene Chien/Male	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Shuh Woei Yu/Male	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Shean-Bii Chiu/Male	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
James Tsai/Male	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3

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	Jun. 26, 2017	0	0	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	38,000	0.06	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, 2019; Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of total remuneration (A+B+C+D) to net income(%)		Relevant remuneration received by directors who are also employees						Ratio of total compensation (A+B+C+D+E+F+G) to net income(%)		Compensation paid to directors from an invested company other than the company's subsidiary			
		Base Compensation(A)		Pension Fund(B)		Compensation of directors (C)		Allowances(D)				Salary, Bonuses, and Allowances (E)		Pension Fund (F)		Compensation of employees (G)							
		ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE	All Consolidated Entities	ECOVE		All Consolidated Entities			ECOVE	All Consolidated Entities	
Chairman	J. J. Liao [Note 1]																						
Director	Institutional Director	CTCI Corporation																					
	Institutional Director	Parkwell Investment Corp.																					
	Director	Y. P. Shih [Note 1]	1,200	1,200	0	0	5,200	5,200	672	1,176	0.87	0.93	13,718	13,718	625	625	154	0	154	0	2.65	2.72	None
	Director	Eugene Chien																					
	Director	Yangming Liu																					
	Director	Wen-Whe Pan																					
Director	Kuan Shen Wang [Note 2]																						
Independent director	Shean-Bii Chiu	4,400	4,400	0	0	0	0	354	354	0.59	0.59	0	0	0	0	0	0	0	0	0	0.59	0.59	None
Independent director	Shuh Woei Yu																						

Independent director	James Tsai																				
Note: In addition to the disclosure in the above table, the remuneration received by the company's directors for providing services to all companies in the financial report (such as serving as a non-employee consultant) in the most recent year: 0																					

[Note 1] Mr. J. J. Liao and Mr. Y. P. Shih are representatives of juridical persons of CTCI Corp.
 [Note 1] Mr. Kuan Shen Wang is representative of juridical person of Parkwell Investment Corp.

Remuneration class

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

3.3.2 Compensation of President and Executive Vice President

December 31st, 2019; 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	J.J Liao													
President	Yun-Peng Shih	6,167	6,167	625	625	7,551	7,551	154	-	154	-	1.79	1.79	None

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

Remuneration class

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

Compensation of employees to Management Team

December 31st, 2019 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	214	214	0.26
	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 9, 2020 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 (%)
2018	18,717	2.32	18,837	2.33
2019	26,323	3.24	26,827	3.31

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 7 meetings of the board of directors were held in the previous period, Directors' attendance was as follows: (As of March 31, 2020)

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Chairman	J. J. Liao (Rep. of CTCL Corporation)	7	0	100	—
Director	Y. P. Shih (Rep. of CTCL Corporation)	7	0	100	—
Director	Kuan Shen Wang (Rep. of Parkwell Investment Corp.)	7	0	100	—
Director	Yangming Liu	7	0	100	—
Director	Wen Whe Pan	4	3	57	—
Director	Eugene Chien	7	0	100	—
Independent Director	Shean Bii Chiu	7	0	100	—
Independent Director	Shuh Woei Yu	7	0	100	—
Independent Director	James Tsai	6	1	85	—

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 12th meeting of the 7th term Board of Directors (2019.03.08): Approved to purchase shares of ECOVE Wujih Energy Corp. held by 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.

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

Contents of motion: The 12th meeting of the 7th term Board of Directors (2019.03.08): Approval of the issuance of the 2019 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: J. J. Liao and Y. P. Shih

Contents of motion: The 12th meeting of the 7th term Board of Directors (2019.03.08): Approval of the issuance of the 2019 employee stock options plan.

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

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

Contents of motion: The 13th meeting of the 7th term Board of Directors (2019.05.02): 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.

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

Contents of motion: The 13th meeting of the 7th term Board of Directors (2019.05.02): Approval of the subscribers and the exercisable units of the 2019 employee stock options.

Causes for avoidance and voting should be specified: Director 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.

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

Contents of motion: The 15th meeting of the 7th term Board of Directors (2019.08.01): 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.

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

Contents of motion: The 15th meeting of the 7th term Board of Directors (2019.08.01): Agree that major subsidiaries-ECOVE Environment Services Corp. use the trademark name of "ECOVE" freely in the Macao Special Administrative Region.

Causes for avoidance and voting should be specified: Director 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.

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

Contents of motion: The 17th meeting of the 7th term Board of Directors (2019.12.09): Approval of the average salary increase rate of 2020.

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.

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

Contents of motion: The 17th meeting of the 7th term Board of Directors (2019.12.09): 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.

(10) 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. and Ever ECOVE Corp., has an interest in the case, so they avoided the discussion and did not participate in the voting.

(11) 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: Director 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, 2019. 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 2020 and completed the "2019 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 17th BOD of the 7th term on March 9, 2020, 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
Once a year	January 1, 2019 to December 31, 2019	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 website, please refer to it. (http://www.ecove.com)	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 "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 (as of 2020.03.31)

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

Name of Independent Director	The12th Meeting of the 7 th term BOD 2019.03.08	The13th Meeting of the 7 th term BOD 2019.05.02	The14th Meeting of the 7 th term BOD 2019.05.30	The15th Meeting of the 7 th term BOD 2019.08.01	The16th Meeting of the 7 th term BOD 2019.10.31	The17th Meeting of the 7 th term BOD 2019.12.09	The18th Meeting of the 7 th term BOD 2020.03.09
Shean Bii Chiu	◎	◎	◎	◎	◎	◎	◎
Shuh Woei Yu	◎	◎	◎	◎	◎	◎	◎
James Tsai	◎	◎	☆	◎	◎	◎	◎

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

The Company has elected three independent directors and established the Audit Committee in lieu of supervisors on June 23, 2014. A total of 6 meetings of the Audit Committee were held in the previous period. Independent Directors' attendance was as follows: (As of March 31, 2020)

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Independent Director	Shean Bii Chiu	6	0	100	None
Independent Director	Shuh Woei Yu	6	0	100	None
Independent Director	James Tsai	6	0	100	None

The most recent deliberations of the Audit Committee include:(1)

- (1) Adoption or amendment of an internal control system.
- (2) Assessment of the effectiveness of the internal control system.
- (3) 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.
- (4) A matter bearing on the personal interest of a director.
- (5) A material asset or derivatives transaction.
- (6) A material monetary loan, endorsement, or provision of guarantee.
- (7) The offering, issuance, or private placement of any equity-type securities.
- (8) Annual and semi-annual financial reports.

◆ Deliberations of the annual financial 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, with the financial statements having been audited and certified by Mr. Shyu-Rong Ueng and Ms. Shu-Chiung Chang, 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 12 th meeting of the 7 th term BOD 2019.03.08	1.Admit of the endorsement of external guarantees.	V	X
	2.Approval of the distribution plan of the 2018 directors' and employees' remuneration.	V	X
	3.Approval of the Fiscal 2018 business report, financial reports and consolidated reports.	V	X
	4.Approval of the distribution plan of Fiscal 2018 earnings.	V	X
	5.Approval of "Statement of Internal Control System for the Year 2018".	V	X
	6.Approval of the amendment to the Company's "Internal Control Systems", "internal rules" and "Internal Audit Systems".	V	X
	7.Approved to purchase shares of ECOVE Wujih Energy Corp. held by ECOVE Environment Services Corp.	V	X
	8.Approved to purchase shares of Yuan Ding Resources Management Corp.. held by ECOVE Waste Management Corp.	V	X
	9.Approval of the issuance of the 2019 employee stock options plan.	V	X
	10.Approval of the "Procedure for Acquisition and Disposition of Assets", "Procedure for Loaning of Funds", "Procedure for Marking of Endorsements or Guarantees" of the ECOVE Waste Management Corp., ECOVE Environment Services Corp., and Approval of the "Procedure for Acquisition and Disposition of Assets" of the ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corp..	V	X
	The Audit Committee' resolutions (2019.03.08, The 10th meeting of the 2nd term) : All members of the Audit Committee agreed 1. ~10.	-	-
	The Company's response to the Audit Committee's opinion : 1.The above 1. ~6. All present members of the board adopted the resolution. 2.The above 7. ~9. 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 13 th meeting of the 7 th term BOD 2019.05.02	1.Admit of the endorsement of external guarantees.	V	X
	The Audit Committee' resolutions (2019.05.02, The 11th meeting of the 2nd term) : All members of the Audit Committee agreed 1.	-	-
	The Company's response to the Audit Committee's opinion : 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 15 th meeting of the 7 th term BOD 2019.08.01	1.Admit of the endorsement of external guarantees.	V	X
	2.Approval of equity participation on capital injection of ECOVE Solar Energy Corp.	V	X
	3.Agree that major subsidiaries-ECOVE Environment Services Corp. use the trademark name of "ECOVE" freely in the Macao Special Administrative Region.	V	X
	The Audit Committee' resolutions (2019.08.01, The 12th meeting of the 2nd term) : All members of the Audit Committee agreed 1. ~3.	-	-
	The Company's response to the Audit Committee's opinion : 1.The above 1. and 3. 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.The above 2. All present members of the board adopted the resolution.		
The 16 th meeting of the 7 th term BOD 2019.10.31	1.Approval of loan ECOVE Solar Energy Corp. for working capital requirement.	V	X
	2.Approval of the amendment to the Company's "Internal Control Systems" and related rules.	V	X
	The Audit Committee' resolutions (2019.10.31, The 13th 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 adopted the resolution.	-	-
The 17 th meeting of the 7 th term BOD 2019.12.09	1.Admit of the endorsement of external guarantees.	V	X
	2.Approval of the budget of 2020.	V	X
	3.Approval of the Audit Plan of 2020.	V	X
	The Audit Committee' resolutions (2019.12.09, The 14th meeting of the 2nd term) : All members of the Audit Committee agreed 1. ~3.	-	-
	The Company's response to the Audit Committee's opinion : All present members of the board adopted the resolution.	-	-
The 18 th meeting of the 7 th term BOD 2020.03.09	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 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).	-	-

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

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

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons						
	Yes	No	Summary Statement							
			<p>guidelines stipulate that Directors should be assessed by standards including but not limited to the following two aspects: 1. basic qualifications and value and 2. professional knowledge and skills. In order to achieve the ideal goal of corporate governance, the board should have the following capabilities: 1.Operational judgment. 2. Accounting and financial analysis capabilities. 3. Management capabilities.4. Crisis management capability. 5. Industry knowledge. 6. International market outlook. 7. Leadership. 8. Decision-making capacity.</p> <p>The following measures have been taken by the Company to implement diversification of the members of the Board of Directors: 2 directors concurrently serve as company managers, not exceeding one-third of all directors; 3 independent directors, accounting for 33%, of which 2 independent directors have served for less than 3 years, and 1 independent director has served for more than 9 years; currently no female director; in addition, The Company is an investment holding company, in accordance with requirements for "general investment" in the Company's operations, the members of the Board of Directors include professors in finance and economics, practicing attorneys, and business personnel in related fields.</p> <p>The specific objectives of the company's director diversity policy and the current achievements are as follows :</p> <table border="1"> <thead> <tr> <th>Specific objectives of director diversity policy</th> <th>Achievement</th> </tr> </thead> <tbody> <tr> <td>Directors who also serve as company managers should not exceed one-third of the directors</td> <td>Reached</td> </tr> <tr> <td>At least one female director</td> <td>Plan to achieve this goal in the next board of directors</td> </tr> </tbody> </table>	Specific objectives of director diversity policy	Achievement	Directors who also serve as company managers should not exceed one-third of the directors	Reached	At least one female director	Plan to achieve this goal in the next board of directors	
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Evaluation Item	Operation Status														Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons																																																																																																																																																								
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			<p>The Company's implementation of the board member diversity policy is shown below:</p> <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>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>Shean Bii Chiu Independent Director</td> <td>Male</td> <td></td> <td>More than 9 years</td> <td>61 to 65</td> <td>Professor of Finance</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></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></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>Wen Whe Pan</td> <td>Male</td> <td></td> <td></td> <td>61 to 65</td> <td>Photoelectric Industry</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></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 3 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 3 years</td> <td>61 to 65</td> <td>Accountant</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></td> </tr> </tbody> </table> <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>														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		51 to 60	Engineering and Environmental Protection	v	v	v	v	v	v	v	v		Shean Bii Chiu Independent Director	Male		More than 9 years	61 to 65	Professor of Finance	v	v	v	v		v	v	v		Eugene Chien	Male			71 to 75	Sustainable Energy	v	v	v	v		v	v	v		Kuan-Sheng Wang	Male			51 to 60	Investment	v	v	v	v	v	v	v	v		Wen Whe Pan	Male			61 to 65	Photoelectric Industry	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 3 years	71 to 75	Industrial Safety	v	v	v	v	v	v	v	v		James Tsai Independent Director	Male		Within 3 years	61 to 65	Accountant	v	v	v	v		v	v	v		
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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 "2019 annual performance evaluation of the board of directors" by the General Management Office in January 2020. The period of "108 Annual Board Performance Evaluation" is from January 1, 108 to December 31, 108. 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 every year?	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 18th board of directors of the 7th term on March 9, 2020, and will be used as reference for individual directors' remuneration and nomination renewal.</p> <p>The company's "2019 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 15th meeting of the 2nd on March 9, 2020 and by the Board of Directors in the 18th meeting of the 7th on March 9, 2020, the evaluation items please refer to the [Note 1].</p> <p>After assessed, CPAs Shih-Jung Weng and Shu-Chiung Chang 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"> (1) Handling matters relating to board meetings and shareholders meetings according to laws. (2) Producing minutes of board meetings and shareholders meetings. (3) Assisting in onboarding and continuous development of directors and supervisors. (4) Furnishing information required for business execution by directors and supervisors. (5) Assisting directors and supervisors with legal compliance. (6) Other matters set out in the articles or corporation or contracts. <p>The company's "Company Secretary" completed the 18-hour training in 2019 years, and the detailed training content has been declared to the public information observatory. Its 2019 business execution focuses are as follows:</p> <ol style="list-style-type: none"> (1) All 9 directors will have at least 6 hours of training. (2) Hold annual general shareholders meeting at the end of May. (3) 3 meetings of the salary and compensation committees, 5 meetings of audit committees and 6 meetings of the board of directors. (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. (5) Entrust the Chinese Corporate Governance Association to perform the effectiveness (including performance) evaluation of the company's 	

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
			<p>board of director.</p> <p>(6)Responsible for corporate governance evaluation, and obtained the top 5% companies from the 1st to the 5th “Corporation Governance Evaluation”</p> <p>(7) Responsible for checking the important information that should be issued after the board of directors and shareholders' meeting to ensure the legality and correctness of the important information</p>	
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	V		(1) The company has established a website to disclose information	None

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
<p>website to disclose information regarding the Company’s finance, business and corporate governance status?</p> <p>(2) Is there any other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, appointing spokespersons, webcasting investors conference)?</p> <p>(3) Does the company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation within the prescribed time limit?</p>			<p>regarding the company's financial, business, and corporate governance status. The Company's website: www.ecove.com</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 2019 annual financial report was declared and completed in 11, March, 2020. The first, second and third quarters of the 2019 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,</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</p>	None

Evaluation Item	Operation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary Statement	
investor relations, relation with the suppliers, rights of the stakeholders, trainings received by the directors and supervisors, the implementation of the risk management policy and risk assessment criteria, the liability insurance policies taken out for the directors and supervisors...etc?			<p>advanced study courses and appointed external professional institutions to open courses.</p> <p>(3) The Company has enhanced financial risk management and reviews the financial structure at all times. In terms of internal control, the Company has established full-time auditing personnel to periodically or sporadically conduct audits on the internal control system of the Company and file reports.</p> <p>(4) The Company has purchased liability insurance policies for the directors and managers for the purpose of compensation in the event that a director or important employee causes damage to the Company or any third parties during the performance of duties.</p> <p>(5) The Company complies with laws and regulations in all contracts signed with customers to safeguard the rights and obligations of both parties.</p>	
9. Please describe the improvement status and provide the items and measures that should be prioritized for improvement with regard to the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year.	V		<p>(1) The Company has improved in the 2018 corporate governance evaluation items as summarized below: None.</p> <p>(2) Among the corporate governance evaluation items for which the Company has not yet made improvements, the prioritized item to be completed first is Board of Directors Adds Female Directors.</p>	None

[Note 1] Assessments on the Independence of CPA

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

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

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 June 26, 2017 to June 25, 2020:

A total of 4 meetings of the Remuneration Committee were held in the previous period: (Jan. 01, 2019~March 31, 2020)

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Convener	Shean Bii Chiu	4	0	100	None
Member	Shuh Woei Yu	4	0	100	None
Member	James Tsai	4	0	100	None

Other mentionable items:

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

Remuneration Committee Meetings	Contents of motion	Resolution	The company's handling of the opinions of the Remuneration Committee
The 7 th meeting of the 3 th term 2019.03.08	1. The distribution plan of the 2018 directors' and employees' remuneration.	All members of the committee agreed	Submitted to the BOD, approved by all attend directors
	2. The issuance of the 2019 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 8 th meeting of the 3 th term 2019.05.02	1. The list of subscribers and the number of shares they are allowed to subscribe for 2019 Employee Stock Options.	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. Revised the company's "formulate rules and procedures for board of directors performance assessments".	All members of the committee agreed	Submitted to the BOD, approved by all attend directors
The 9 th meeting of the 3 th term 2019.12.09	1. The average salary increase rate of 2019. 2. The remuneration of the management officers of the Company.	All members of the committee agreed	Submitted to the BOD, approved by all attend directors, except for the director who avoided the conflict of interest
The 10 th meeting of the 3 th term 2020.03.09	1. The distribution plan of the 2019 directors' and employees' remuneration. 2. Revised the "Organizational Regulations of the Remuneration Committee".	All members of the committee agreed	Submitted to the BOD, approved by all attend directors
	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
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3.4.5 Corporate Social Responsibility (CSR)

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 CSR committee and discussion, identifying relevant environmental, social and corporate governance issues. The Company announced Risk Management Standards and established the Risk Management Committee in 2017. 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."	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 progress of such activities to the	V		(1) 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. 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 social responsibility activities. The CSR Committee is the main decision-making and promotion unit of ECOVE's corporate social responsibility practices. The Chairman of the Company serves as the Chairman of the Committee and the highest ranking executives as the	None

Evaluation Item	Implementation Status		Summary Statement	Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
Board of Directors?			<p>members of the Committee. The Committee reports to the board of directors regularly once a year on the effectiveness of CSR-related activities. The CSR Committee meets regularly every year or as needed. The regular meeting is held in the fourth quarter each year to review the CSR activities of the current year and discuss the main the issues for the next year. Unscheduled meetings are held as needed. 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.</p> <p>Operation and Execution Process:</p> <p>2019 Report Topics: Power generation efficiency, renewable energy development, recycling development, waste reduction, occupational safety and health, talent retention and recruitment and social participation.</p> <p>2020 Planned Topics: Power generation efficiency, renewable energy development, recycling development, waste reduction, air pollution control, water stewardship, occupational safety and health, talent retention and recruitment and social participation.</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 any initiatives?</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 energy-saving and emphasizes the importance of reducing waste and cutting down the use of paper, electricity and water.</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, 2019 statistics show that the plants have sold a total of 1,425,178 MWh of electricity back to Taiwan Power Company, which achieved a reduction of GHG emission equivalent to 840,000 metric tons of CO2 emissions. In 2019, the Company processed a total of 1,935,434 metric tons of waste at the contracted EfW plants. In equivalent, ECOVE ESC processed a volume of general waste generated by approximately 3.68 million people in a year.</p> <p>(3) Among the top-five risks indicated in the Global Risks Report 2019 issued by the World Economic Forum ("WEF"), three of them are related to climate change. The impact of climate change on businesses has been growing. Therefore, we have set up Risk Management Standard in 2017. By continuously identifying relevant risk issues, such as information safety, occupational safety and health circle, projects (including climate change issue), organization and quality management, we have established a comprehensive governance procedure to manage risks or seize opportunities. In addition, inspection has been carried out according to</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	
(4) Does the company record the greenhouse gas emissions, water consumption and total weight of waste, as well as establish company strategies for energy efficiency, carbon, GHG reduction, conserving water and other waste management?			<p>the industry features to monitor parties that may be impacted by climate change. Risk management and mitigation plans have been conducted accordingly.</p> <p>Response measures: We conduct assessments for operational impacts and set up management policies for the sources of potential climate change risks (such as high temperature, typhoon, thunderstorm, flood and drought) of the three major businesses, which are wastes management and incineration, recycling and reuse and renewable energy, to reduce impacts on operation caused by risks and to protect frontline workers from the accident. ECOVE also encourages green procurement policies. The amount of green procurement in 2019 was about 124 million which is 188% increase over the previous year. Please refer to the CSR report of the Company for further details.</p>	
			<p>(4) With regard to greenhouse gases, according to the 2018 self-inspection, the EfW plants operated by the Company emitted a total of 733,121 metric tons of carbon dioxide. Even the 2019 amount of total processed waste was more than 2018, ECOVE still achieved a similar level of unit GHG emission with 2018 (0.38 tons/tones). Our O&M EfW plants emitted a total of 743,545 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 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>	

Evaluation Item	Implementation Status		Summary Statement	Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons																									
	Yes	No																											
			<p>In terms of water consumption, statistics for 2018 and 2019 are as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Water consumption</td> <td>1,337,483</td> <td>1,334.147</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 2018 and 2019 are as follows:</p> <table border="1"> <thead> <tr> <th>Item</th> <th></th> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td rowspan="2">General waste</td> <td>Entered quantity(tons)</td> <td>1,548,830</td> <td>1,315,685</td> </tr> <tr> <td>General industrial waste</td> <td>Entered quantity(tons)</td> <td>371,491</td> <td>626,310</td> </tr> <tr> <td rowspan="2">Subtotal</td> <td>Total entered quantity(tons)</td> <td>1,920,321</td> <td>1,941,996</td> </tr> <tr> <td>Total processed quantity(tons)</td> <td>1,920,530</td> <td>1,935,515</td> </tr> </tbody> </table> <p>Note: The difference between entered and processed quantity is mainly from water evaporation or adjustment of storage pits.</p>	Year	2018	2019	Water consumption	1,337,483	1,334.147	Item		2018	2019	General waste	Entered quantity(tons)	1,548,830	1,315,685	General industrial waste	Entered quantity(tons)	371,491	626,310	Subtotal	Total entered quantity(tons)	1,920,321	1,941,996	Total processed quantity(tons)	1,920,530	1,935,515	
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Evaluation Item	Implementation Status		Summary Statement	Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
			<p>Management policy for energy saving, carbon reduction and greenhouse gas reduction: Since 2019, several energy-saving topics have been formulated, including lighting system, abnormality correction of process, improvement of energy efficiency, application of frequency converter, etc. Each factory set up suitable projects related to the topics based on its own operation. The outcomes of these energy-saving efforts are reviewed and shared at the end of the year to set up indicators of energy-saving projects next year.</p> <p>Policy for wastes management: With the government's policy of sustainable development, we are actively reaching the goal of resource reuse. At the same time, considering the international issues such as the conversion and sustainable use of earth energy resources, greenhouse gases, and so on, we strongly promote the recycling economy. Those whom we have achieved are recycling and reuse of waste solvents, food waste, etc. In addition, we also take action to implement our own waste 6R management in response to the concept and actions of environmental protection 6R in daily life.</p>	

<p>4. Social issue</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> <p>(2) Does the Company establish and deliver reasonable employee welfare programs (including salary, compensated absences, and other benefits) and adjust employee compensation in relation to business performance?</p> <p>(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?</p> <p>(4) Does the company provide its employees with career development and training sessions?</p> <p>(5) Does the company advertise and label its goods and services according to relevant regulations and international standards and also establish any consumer protection mechanisms and</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, there are basic standards of conduct to be observed for directors, managers, general employees and procurement personnel separately.</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 activities such as “work safety week” and “healthy week”, through which all employees participate to establish a safety culture, and there is a "CSR hour" platform to softly announce colleagues guide.</p> <p>(4) The Company implements general and professional training to increase employees' qualities and work skills. It also provides subsidies for on-the-job training for employees to establish an excellent corporate culture through education and training.</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</p>	<p>None</p>
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<p>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>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 2019, there were 520 instances of employee participation in external training and 8,650 instances of internal training. The Company invested a total of NT\$1.94 million on training, which demonstrated the Company's emphasis on education and training. In addition, 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 –TCI University. To expand the vision and encourage learning, except for online learning, physical courses will be arranged and experts				

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>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. 2019 was the second year of this plan. The enthusiasm and dedication of ECOVE environmental education team received the teachers and students' affirmation. In 2018 more than 30% invitations were from the 2017's schools. Up to 96% of teachers and students agree with ECOVE to promote environmental education and environmental protection concepts and cultivate students' sense of sustainability.</p> <p>(5)Environmental education facilities and places, helping to develop a green future: ECOVE actively participates in getting the certification of environmental education facilities and places. Based on the local characteristics of culture, geography and ecologic, combined with energy-saving, water-saving and carbon-reducing design, it has been designed into a diversified curriculum. At present, ECOVE has obtained 5 certificated places, of which Miaoli EfW and STSP EfW Plants have been awarded the highest five stars. ECOVE's environmental education facilities, in addition to train colleagues who are certified as lecturers, also have rich interactive experience content, which attracts more than 1,700 people for environmental education on average every quarter.</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	
I.			<p>Inspection standards for passage of CSR reports: The "ECOVE 2018 CSR Report" was completed in 2019 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"> • ECOVE Environment Corp. has acquired BS 8001:2017 certification for circular economy (2019.01.28 ~ 2021.01.27) • All O&M EfW plants operated by ECOVE Environment Services Corp. have acquired ISO 9001:2015 quality management system certification (Keelung EfW Plant 2016.11.22 ~ 2019.11.22, Southern Taoyuan EfW Plant 2017.03.22 ~ 2020.03.21, Miaoli EfW Plant 2018.09.04 ~ 2021.10.02, Houli EfW Plant 2018.07.20 ~ 2020.06.17, Wujih EfW Plant 2018.03.17 ~ 2021.03.16, Tainan EfW Plant 2018.04.25 ~ 2021.04.24, STSP EfW Plant 2017.09.29 ~ 2020.09.29) • All O&M EfW plants operated by ECOVE Environment Services Corp. have acquired ISO 14001:2015 environmental management system certification (Keelung EfW Plant 2019.01.10 ~ 2021.12.27, Southern Taoyuan EfW Plant 2017.03.22 ~ 2020.03.21, Miaoli EfW Plant 2018.09.04 ~ 2021.10.02, Houli EfW Plant 2018.07.30 ~ 2020.06.19, Wujih EfW Plant 2018.03.17 ~ 2021.03.16, Tainan EfW Plant 2018.04.25 ~ 2021.04.24, STSP EfW Plant 2017.09.22 ~ 2020.09.22) • All O&M EfW plants operated by ECOVE Environment Services Corp. have acquired ISO 45001:2018 occupational health and safety management system certification (ECOVE ESC 2019.01.10 ~ 2022.01.10, Keelung EfW Plant 2019.01.10 ~ 2022.01.10, Southern Taoyuan EfW Plant 2019.01.10 ~ 2022.01.10, Miaoli EfW Plant 2019.01.10 ~ 2022.01.10, Houli EfW Plant 2019.01.10 ~ 2022.01.10, Wujih EfW Plant 2019.01.10 ~ 2022.01.10, STSP EfW Plant 2019.01.10 ~ 2022.01.10) • Miaoli O&M EfW Plant, operated by ECOVE Environment Services Corp., has acquired the Environmental Protection Administration (EPA) product carbon footprint certification (2020.01.11 ~ 2023.01.10) • ECOVE Waste Management Corp. has acquired ISO 9001:2015 quality management system certification (2019.10.12 ~ 2022.10.12) • ECOVE Waste Management Corp. has acquired ISO 14001:2015 environmental management system certification (2019.10.02 ~ 2022.10.02) • ECOVE Waste Management Corp. has acquired ISO 45001:2015 occupational health and safety management system certification (2019.08.29 ~ 	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary Statement	
2022.08.29)				

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, and at least covers the "honest management of listed companies" "Code" Article 7, Paragraph 2, Prevention Measure?			<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>The company's preventive measures for the conduct of the second paragraph of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" are summarized as follows:</p> <ol style="list-style-type: none"> 1. Smooth reporting channels, set up "third-party reporting platform" and "employee opinion platform". 2. Deepen the connection between integrity and ethics and positive employee behavior, encourage employees to establish an honest working attitude, and incorporate the corporate culture of integrity into the annual employee self-assessment performance, accounting for 20%. 3. Held grass-roots employee communication seminars and continued to publicize "ethical conduct rules", "employee reporting channels", and "gift collection rules" in a series of corporate culture activities. 4. Attorneys are required to carry out laws, regulations, education, rights and obligations to colleagues, and clearly declare the highest working principle of "the law cannot be violated". 5. With reference to international norms of human rights, labor standards, environment and anti-corruption, formulate "Supplier Code of Conduct", which is announced when manufacturers join the supply chain. 6. When the supplier participates in the quotation and decides to open the 	

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies" and reasons
	Yes	No	Summary Statement	
(3) Does the company clearly specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?			<p>bid, Yan Shen shall not allow any type of improper benefits such as commission payment to the relevant personnel to facilitate the conclusion of the contract.</p> <p>(3) The company's "Ethical Corporate Management Best Practice Principles" has set up a plan to prevent dishonesty, and regularly review the laws and practical operations to cooperate with the revision; in addition, cooperate with the revision of the "Guidelines for Ethical Conduct", "Accusation Management Regulations" and "Employees "Rewards and punishment measures", etc., as the basis for implementing the "prevention of dishonesty" violations and punishment and appeals.</p>	
<p>2. Fulfill operations integrity policy</p> <p>(1) Has the company assessed the ethical record of the counterparty and specified the terms of integrity in its contract with the counterparty?</p> <p>(2) Whether the company has set up a special unit under the board of directors to promote enterprise ethical management, and regularly (at least once a year) report to the board of directors on its ethical management policy and prevention of dishonesty behavior plans and supervision and implementation?</p>	V		<p>(1) In addition to prudently assessing the integrity records of the transaction partners, the company also signed a consent form when signing the contract with the supplier (or contractor), which includes agreeing to "abide by the relevant laws of the country and transaction-related countries"</p> <p>(2) The company's general management office (non-affiliated with the BOD) is responsible for the preparation and promotion of corporate ethical management plans and subsequent implementation matters. The general manager of the top decision-making director of the company's general management office determines and supervises the ethical management plan and implementation situation, and submits to the board of directors the "Promotion of corporate ethical management policy" at least annually.</p>	None

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies" and reasons
	Yes	No	Summary Statement	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?			<p>The implementation of the company's "2019 annual promotion of corporate ethical management policy" is as follows:</p> <ol style="list-style-type: none"> 1. Smooth reporting channels and determination to expose fraud(For example, continue to set up "third-party reporting platform" and "employee opinion platform") 2. Implement advocacy and deepen employee beliefs in integrity (eg, incorporate the corporate culture of integrity into the annual employee self-assessment performance, and encourage employees to establish an honest working attitude to deepen the connection between integrity and morality and positive employee behavior.) 3. Strengthen the integrity of business operations with manufacturers (for example, refer to the international relevant human rights, labor standards, environment and anti-corruption and other normative spirits, formulate a "supplier code of conduct", announced when manufacturers join the supply chain) <p>The above contents were submitted to the 17th meeting of the 7th BOD on December 9, 2019. In 2020, 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</p>	

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies" and reasons
	Yes	No	Summary Statement	
<p>(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>(5) Does the company regularly hold internal and external educational trainings on operational integrity?</p>			<p>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> <p>(5) The Company educates new employees on the ideals of "ethical governance" and organizes legal courses from time to time to enhance the promotion of ethical corporate management. In 2019, 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 an online course regarding Article 101 of the Government Procurement Act for all employees in 2019. 765 people participated in the course.</p>	
3. Operation of the integrity channel	V			None

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX - Listed Companies" and reasons
	Yes	No	Summary Statement	
<p>(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Whether the company has set the standard operating procedures for the investigation of the complaint, the follow-up measures to be taken after the investigation is completed, and the relevant confidentiality mechanism</p> <p>(3) Does the company provide proper whistleblower protection?</p>			<p>(1) The Company has established "Accusation Management Regulations" to be implemented along with the "Employee Reward and Punishment Regulations". The "Accusation Management Regulations" have established clear reporting channels and assigned dedicated personnel to investigate the reported misconducts. There are two types of prosecution channels that can be reported to the company. One is the "Third Party Reporting Platform" and the other is the "Employee Opinion Platform" built on the company's website.</p> <p>(2) The Company has established investigation procedures for reported cases and related confidentiality mechanisms in the "Accusation Management Regulations" (published in the annual report). E.g. the provision of a third-party report platform to provide employees and external parties a channel to report unethical conduct under their names or anonymously.</p> <p>(3) The Company requires "all related personnel who have knowledge of the reported case shall be obligated to maintain the confidentiality of the reporter."</p>	
<p>4. Strengthening information disclosure</p> <p>(1) Does the company disclose its Ethical Corporate Management Best Practice Principles and the results of its implementation on the Company's website and MOPS?</p>	V		<p>(1)The Company has disclosed "Ethical Corporate Management Best Practice Principles" and "Annual policy report on promoting corporate Ethical management" on the company's website, and has disclosed "Ethical Corporate Management Best Practice Principles" on MOPS.</p>	None

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

3.4.7 Corporate Governance Guidelines and Regulations

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

3.4.8 Other Important Information Regarding Corporate Governance

(1) Training program for directors

Title	Name	Study Period		Sponsoring Organization	Course	Training Hours
Chairman	J. J. Liao	2019/10/31	2019/10/31	Taiwan Institute for Sustainable Energy(TAISE)	The 18th CEO lecture and special speech	2.0
		2019/10/29	2019/10/29	Taiwan Corporate Governance Association	The Criminal Legal Risks and Countermeasures of Enterprise Directors and Supervisors-Talking from Corporate Fraud and Money Laundering Prevention	3.0
		2019/08/02	2019/08/02	Republic of China Securities and Futures Market Development Foundation	Offensive and defensive battle of business secret protection	3.0
Director/ President	Y. P. Shih	2019/12/13	2019/12/13	Taiwan Corporate Governance Association	Audit Committee Operational Practice	3.0
		2019/08/02	2019/08/02	Republic of China Securities and Futures Market Development Foundation	Offensive and defensive battle of business secret protection	3.0
Independent Director	Shuh Woei Yu	2019/08/02	2019/08/02	Republic of China Securities and Futures Market Development Foundation	Offensive and defensive battle of business secret protection	3.0
		2019/05/03	2019/05/03	Taiwan Corporate Governance Association	New trends in sustainable decision making-TCFD climate-related financial disclosure	3.0
Independent Director	James Tsai	2019/12/16	2019/12/16	Taiwan Corporate Governance Association	Tax laws and practices for business operations and reinvestment	3.0
		2019/12/16	2019/12/16	Taiwan Corporate Governance Association	The key analysis of corporate M & A tax burden	3.0
		2019/10/02	2019/10/02	Taiwan Corporate Governance Association	Impact of IFRS 17 on life insurance	3.0
		2019/08/02	2019/08/02	Republic of China Securities and Futures Market Development Foundation	Offensive and defensive battle of business secret protection	3.0
		2019/05/03	2019/05/03	Taiwan Corporate Governance Association	New trends in sustainable decision making-TCFD climate-related financial disclosure	3.0
Director	Minyang Liu	2019/10/22	2019/10/22	Taiwan Corporate Governance Association	Director and Supervisory Responsibilities of Corporate Mergers and acquisitions	3.0
		2019/05/03	2019/05/03	Taiwan Corporate Governance Association	New trends in sustainable decision making-TCFD climate-related financial disclosure	3.0
Director	Wen Whe Pan	2019/11/21	2019/11/21	Stock exchange	Publicity meeting for effective use of directors' functions	3.0
		2019/10/25	2019/10/25	Republic of China Securities and Futures Market Development Foundation	2019 Annual Conference on Prevention of Insider Trading	3.0

Director	Kuan Shen Wang	2019/08/02	2019/08/02	Republic of China Securities and Futures Market Development Foundation	Offensive and defensive battle of business secret protection	3.0
		2019/05/03	2019/05/03	Taiwan Corporate Governance Association	New trends in sustainable decision making-TCFD climate-related financial disclosure	3.0
Independent Director	Shean Bii Chiu	2019/08/02	2019/08/02	Republic of China Securities and Futures Market Development Foundation	Offensive and defensive battle of business secret protection	3.0
		2019/06/26	2019/06/26	Taiwan Institute of Directors	2019 Annual Meeting of the Institute of Directors-A + Corporate X Shareholder Value	4.0
Director	Eugene Chien	2019/07/24	2019/07/24	Taiwan Institute for Sustainable Energy(TAISE)	The 17th CEO lecture and special speech	2.0
		2019/07/23	2019/07/23	Taiwan Institute for Sustainable Energy(TAISE)	Workshop on Board Practices and Corporate Governance	3.0
		2019/04/25	2019/04/25	Taiwan Institute for Sustainable Energy(TAISE)	The 16th CEO lecture and special speech	2.0
		2019/01/24	2019/01/24	Taiwan Institute for Sustainable Energy(TAISE)	The 16th CEO lecture and special speech	2.0

(2) Internal Material Information Disclosure Procedure

According to the letter of Financial Supervisory Commission dated March 16th, 2009 and consulting with “Internal Material Information Disclosure Procedure” which is announced by Taiwan Stock Exchange Corporation (TWSE), the Company has formulated the “Regulations Governing Prevention of Insider Trading” (the “Regulation”). The Regulation is the code of conduct for Directors, Supervisors, Managerial personnel, and the persons regulated under the Regulation and it includes the scope of Internal Material Information, and the laws, regulations, orders that people forenamed should comply with. The Company has provided the Regulation to all Directors and Supervisors, and also disseminates all employees.

(3) Code of Corporate Social Responsibility Best Practice Principles

ECOVE Environment Corporation
Corporate Social Responsibility Best Practice Principles

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 CSR 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, 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).
- 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). 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 9, 2020	
ECOVE Environment Corporation (ECOVE) states the following with regard to its internal control system during fiscal year 2019, based on the findings of a self-assessment:	
<ol style="list-style-type: none">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 :<ol style="list-style-type: none">(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, 2019, 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 9, 2020, 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 2019 (May 30, 2019)

- (1) Adoption of the Company's 2018 Business Report, Financial Statements and Consolidated Financial Statements.
Action Arisen : The resolution has been made and implemented.
- (2) Adoption of the Company's distribution plan of 2018 earnings
Action Arisen : The ex-dividend date was on August 1, 2019, and cash dividend was paid on August 21, 2019. In accordance with the total amount of common shares outstanding, the cash dividend per share was NT\$10.82.
- (3) Approval of amendment to the "Regulations Governing the Acquisition and Disposal of Assets" of the Company.
Action Arisen : The resolution has been made and implemented.
- (4) Approval of the amendment to the "Regulations Governing Loaning of Funds" of the Company.
Action Arisen : The resolution has been made and implemented.
- (5) Approval of the amendment to the "Regulations Governing Making of Endorsements/ Guarantees" of the Company.
Action Arisen : The resolution has been made and implemented.

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

- 2019.03.08 Admit of the endorsement of external guarantees.
Approval of the distribution plan of the 2018 directors' and employees' remuneration.
Approval of the Fiscal 2018 business report, financial reports and consolidated reports.
Approval of the distribution plan of Fiscal 2018 earnings.
Approval of "Statement of Internal Control System for the Year 2018".
Approval of the amendment to the Company's "Internal Control Systems", "internal rules" and "Internal Audit Systems".
Approval of the convening of the 2019 Annual General Meeting.
Approval of the place and the period of time for shareholders to submit proposal of the 2019 Annual General Meeting.
Approval of the Designation of Company Secretary.
Approved to purchase shares of ECOVE Wujih Energy Corp. held by ECOVE Environment Services Corp.
Approved to purchase shares of Yuan Ding Resources Management Corp.. held by ECOVE Waste Management Corp.
Approval of the issuance of the 2019 employee stock options plan.
Approval of the "Procedure for Acquisition and Disposition of Assets", "Procedure for Loaning of Funds", "Procedure for Marking of Endorsements or Guarantees" of the ECOVE Waste Management Corp., ECOVE Environment Services Corp., and
Approval of the "Procedure for Acquisition and Disposition of Assets" of the ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corp..

2019.05.02 Report on Consolidated financial reports as of March 31, 2019.

- Admit of the endorsement of external guarantees.
- Approval of list of subscribers and the number of shares they are allowed to subscribe for 2019 Employee Stock Options.
- Approval of equity participation on capital injection of the ECOVE Solvent Recycling Corp.
- Approval of the amendment to the Company's "Board Performance Evaluation Method".
- 2019.05.30 Approval of the ex-dividend record date of 2019.
- Approval of the company's "standard operating procedures for handling directors' requests".
- 2019.08.01 Report on Consolidated financial reports as of June 30, 2019.
- Admit of the endorsement of external guarantees.
- Agree to participate in major subsidiary's (ECOVE Solar Energy Corp.) cash capital increase.
- Agree that major subsidiary-ECOVE Environment Services Corp. use the trademark name of "ECOVE" freely in the Macao Special Administrative Region.
- 2019.10.31 Report on Consolidated financial reports as of Sept. 30, 2019.
- Approval of loan ECOVE Solar Energy Corp. for working capital requirement.
- Approval of the amendment to the Company's "Internal Control Systems" and "Internal Audit Systems".
- 2019.12.09 Admit of the endorsement of external guarantees.
- Approval of the budget of 2020.
- Approval of the Audit Plan of 2019.
- Approval of the amendment to the Company's "Ethical Corporate Management Best Practice Principles".
- Approval of the average salary increase rate of 2020.
- Approval of the remuneration of the management officers of the Company.
- 2020.03.09 Admit of the endorsement of external guarantees.
- Approval of the distribution plan of the 2018 directors' and employees' remuneration.
- Approval of the Fiscal 2018 business report, financial reports and consolidated reports.
- Approval of the distribution plan of Fiscal 2018 earnings.
- Approval of "Statement of Internal Control System for the Year 2018".
- Approval of the amendment to the Company's "Articles of Incorporation".
- Approval of the election of board directors for the 8th term.
- Approval of the removing the non-competition restrictions on board directors newly-elected.
- Approval of the convening of the 2020 Annual General Meeting.
- Approval of the place and the period of time for shareholders to submit proposal and nominate director candidates of the 2020 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.

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

3.5 Professional fee of CPA

3.5.1 Information of CPA

Accounting Firm	Name of CPA		Audit Period	Note
PriceWaterHouseCoopers	Shyu-Rong Ueng	Shu-Chiung Chang	2019.01.01-2019.12.31	PriceWaterHouseCoopers

3.5.2 Public Expenses of CPA

Unit: NT\$ thousands

	Item	Audit Fee	Non-audit Fee	Total
1	Less than 2,000,000	1,220	824	2,044
2	2,000,000 ~ 4,000,000 (inclusive of 2,000,000)			
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 Shu-Chiung Chang	1,220	0	0	0	824	824	2019.01.01-2019.12.31	Note1

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\$114 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 Changes in Shareholding of Directors, Managers and Major Shareholders

3.8.1

Unit: Share

Title	Name	2019		As of March 31, 2020	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Director	CTCI Corporation(Note 1)	0	0	0	0
	Representative: J. J. Liao(Chairman)	(39,500)	0	0	0
	Representative: Y. P. Shih	(20,000)	0	0	0
Director	Parkwell Investment Corp.	0	0	0	0
	Representative: Kuan Shen Wang	0	0	0	0
Director	Yangming Liu	0	0	0	0
Director	Wen Whe Pan	0	0	0	0
Director	Eugene Chien	0	0	0	0
Independent Director	Shean Bii Chiu	0	0	0	0
Independent Director	Shuh Woei Yu	0	0	0	0
Independent Director	James Tsai	0	0	0	0
Financial Officer	Catherine Huang	(2,000)	0	0	0
Accounting Officer	Tanching Yao	0	0	0	0

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

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, 2020

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	57.31	0	0	0	0	GRQ Investment Corporation	The same enterprise group The parent company of GRQ Investment Corp.	-
Rep. : John T. Yu	0	0	0	0	0	0	GRQ Investment	Chairman of GRQ	-
Fubon Life Insurance Co., Ltd.	4,567,507	6.81	0	0	0	0	Fu bon Financial Holding Venture Capital Corp.	The same enterprise group	-
Rep. : M. H. Tsai	0	0	0	0	0	0	None	None	-
Parkwell Investment Corp.	1,060,000	1.58	0	0	0	0	None	None	-
Rep. : S. J. Chiu	1,000	0.0015	0	0	0	0	None	None	-
Fubon Financial Holding Venture Capital Corp.	469,856	0.70	0	0	0	0	Fubon Life Insurance Co., Ltd.	The same enterprise group	-
Rep. : M. C. Tsai	0	0	0	0	0	0	None	None	-
President International Development Corp.	460,000	0.69	0	0	0	0	None	None	-
Rep. : Zhixian Luo	0	0	0	0	0	0	None	None	-
Taiwan Life Insurance Co, Ltd.	337,774	0.50	0	0	0	0	None	None	-
Rep. : S. G. Huang	0	0	0	0	0	0	None	None	-
D. Y. Wen	268,746	0.4	0	0	0	0	Z. M. Wen & Z. X. Wen	The second degree of kinship	-
GRQ Investment Corp.	243,918	0.36	0	0	0	0	CTCI Corporation	The same enterprise group Subsidiary of CTCL Corp.	-
Rep. : John T. Yu	0	0	0	0	0	0	CTCI Corporation	Chairman of CTCL Corp.	-
Z. M. Wen	231,000	0.34	0	0	0	0	D. Y. Wen & Z.X. Wen	The second degree of kinship	-
Z. X. Wen	218,000	0.32	0	0	0	0	Z. M. Wen & D. Y. Wen	The second degree of kinship	-

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

As of April 01, 2020

Affiliated Company	Investment of the Company		Directors, Managements Direct and Indirect Investment of the Company		Total Investment	
	Share	%	Share	%	Share	%
ECOVE Environment Services Corporation	14,065,936	93.15	1,000	0.01	14,066,936	93.16
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	56,249,000	74.999	1,000	0.001	56,250,000	75.00
ECOVE Solar Energy Corporation	84,078,782	100.00	0	0.00	84,078,782	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

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

As of March 31, 2020

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Share	67,105,148	12,894,852	80,000,000	Listed TPEX stock

4.1.2 Status of Shareholders

As of March 31, 2020

Item	Government Agencies	Financial Institutions	Other Juridical Person	Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	11	61	7,541	62	7,675
Shareholding (shares)	0	5,081,281	41,826,176	18,359,821	1,837,870	67,105,148
Percentage (%)	0	7.57	62.33	27.36	2.74	100

4.1.3 Shareholding Distribution Status

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

As of March 30, 2020

Class of Shareholding (Unit : Share)	Number of Shareholders	Shareholding (Shares)	Percentage (%)
1 ~ 999	2,190	434,691	0.65
1,000 ~ 5,000	4,786	8,257,528	12.31
5,001 ~ 10,000	390	2,958,153	4.41
10,001 ~ 15,000	126	1,600,123	2.38
15,001 ~ 20,000	44	800,932	1.19
20,001 ~ 30,000	49	1,232,540	1.84
30,001 ~ 40,000	28	978,178	1.46
40,001 ~ 50,000	9	393,281	0.59
50,001 ~ 100,000	31	2,073,366	3.09
100,001 ~ 200,000	7	1,015,450	1.51
200,001 ~ 400,000	10	2,346,438	3.50
400,001 ~ 600,000	2	929,856	1.39
600,001 ~ 800,000	0	0	0
800,001 ~ 1,000,000	0	0	0
1,000,001 or over	3	44,084,612	65.68
Total	7,675	67,105,148	100.00

4.1.4 List of Major Shareholders

As of March 30, 2020

Shareholder's Name	Shareholding	
	Shares	Percentage (%)
CTCI Corporation	38,457,105	57.31
Fubon Life Insurance Co., Ltd.	4,567,507	6.81
Parkwell Investment Limited	1,060,000	1.58
Fubon Financial Holding Venture Capital Corp.	469,856	0.70
President international Development Corp.	460,000	0.69
Taiwan Life Insurance Co, Ltd.	337,774	0.50
D. Y. Wen	268,746	0.40
GRQ Investment Corporation	243,918	0.36
Z. M. Wen	231,000	0.34
Z. X. Wen	218,000	0.32

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

Item \ Year	2018	2019(Note 1)	As of March 31, 2020(Note 2)
Market Price per Share			
Highest Market Price	183.00	216.00	227.50
Lowest Market Price	164.50	172.50	176.00
Average Market Price	173.10	196.29	210.18
Net Worth per Share			
Before Distribution	72.70	74.31	N/A
After Distribution	61.88	63.48	N/A
Earnings per Share			
Weighted Average Shares	67,024	67,105	N/A
Diluted Earnings Per Share	12.04	12.09	N/A
Dividends per Share			
Cash Dividends	10.82	10.83	N/A
Stock Dividends			
• Dividends from Retained Earnings	0	0	0
• Dividends from Capital Surplus	0	0	0
Accumulated Undistributed Dividends	0	0	0
Return on Investment			
Price / Earnings Ratio	14.38	16.24	N/A
Price / Dividend Ratio	16.00	18.12	N/A
Cash Dividend Yield Rate	6.25	5.52	N/A

Note 1: The Board of Directors has approved the 2018 earnings distribution and has not been resolved by the Shareholder's Resolution in 2019.

Note 2: As of the date of publication, financial Report was unreviewed by CPA in March 31, 2019.

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 9 March 2020, the Company has decided to distribute the cash dividends NT\$726,749 thousand (NT\$10.83 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 of Year 2019 Approved in Board of Directors Meeting for Employee and Directors' Remuneration:
- In 2019, the Board of Directors approved NT\$ 5,200 thousands for the directors' remuneration and NT\$329 thousands for the employees' remuneration respectively, and this will be distributed by cash.
 - Ratio of Recommended Employee Stock Bonus to Capitalization of Earnings: None
- D. Information of 2018 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\$343,308	NT\$343,308	0
Remuneration for Directors (Cash)	NT\$5,200,000	NT\$5,200,000	0

The actual distribution of employee Remuneration and Directors compensation in 2018 is based on Shareholders' Resolution and corresponds to actual reserve.

- E. The Information of Top Ten Recipients of Employee Bonuses in 2018:

Name	Title	Amount(NT\$)
J.J Liao	Chairman of Business Strategy Committee	343,308
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 2019 is 8, which reveals the distribution of 2018 employees' remuneration in 2019.

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, 2020

Type of Stock Option	2018 ESOP	2019 ESOP															
Effective Date by Regulatory Agency	2018/06/27	2019/06/26															
Issue date	2018/07/09	2019/07/24															
Units issued	1,500 units	1,500 units															
Option shares to be issued as a percentage of outstanding shares (%)	2.24	2.24															
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)																
		<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Regular</u></th> <th style="text-align: center;"><u>Reward</u></th> </tr> </thead> <tbody> <tr> <td>Less than 2 years</td> <td style="text-align: center;">0%</td> <td style="text-align: center;">0%</td> </tr> <tr> <td>In 2 years after the grant</td> <td style="text-align: center;">50%</td> <td style="text-align: center;">25%</td> </tr> <tr> <td>In 3 years after the grant</td> <td style="text-align: center;">75%</td> <td style="text-align: center;">50%</td> </tr> <tr> <td>In 4 years after the grant</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table>		<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%
	<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	0 Shares	0 Shares															
Exercised amount	NT\$0	NT\$0															
Number of shares yet to be converted	1,500,000 Share	1,500,000 Share															
Adjusted exercise price for those who have yet to exercise their rights	NT\$155	NT\$201															
Unexercised shares as a percentage of total issued shares (%)	2.24	2.24															
Impact on possible dilution of shareholdings	Dilution to Shareholders' Equity is limited.	Dilution to Shareholders' Equity is limited.															

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

As of March 31, 2020

	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	364,862	0.54	0	Not applicable	0	0	364,862	2018 ESOP NT\$155	64,903	0.54
	President	S. Y. Shih										
	Accounting Officer	Tanching Yao										
	Financial Officer	Catherine Huang										
Employees	Manager	Mike Chiou	44,330	0.07	0	Not applicable	0	0	44,330	2019 ESOP NT\$201	7,813	0.07
	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.

4.6 Status of New Restricted Employee Shares: None

4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None

4.8 Financing Plans and Implementation: 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	2018		2019	
	Amount	%	Amount	%
Waste Treatment	1,969,174	40.63	2,136,055	40.14
Electricity	1,105,578	22.81	1,573,058	29.56
Concession Service	577,005	11.90	573,898	10.79
Waste Collection	78,749	1.62	70,507	1.32
Others	1,116,590	23.04	968,041	18.19
Total	4,847,096	100.00	5,321,559	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	2018		2019	
	Amount	%	Amount	%
EfW plant related income	2,292,335	67.32	2,596,156	76.04
Others	1,112,805	32.68	818,170	23.96
Total	3,405,140	100.00	3,414,326	100.00

c. The Company's Current Products and Services

- i. Repairs, maintenance and technical consulting services for facilities such as water, electricity and environmental control for transportation tracks, fire-fighting, signs and automatic payment systems.
- ii. Repairs, maintenance and power conservation planning for water and electricity supply for public facilities (e.g. 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	2018		2019	
	Amount	%	Amount	%
Electricity	85,179	12.08	86,399	11.49
Waste Treatment	390,668	55.41	428,652	56.99
Concession Service	229,220	32.51	237,132	31.52
Total	705,067	100.00	752,182	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	2018		2019	
	Amount	%	Amount	%
Waste Treatment	1,099,741	91.35	1,190,894	91.23
Waste Collection	104,200	8.65	103,914	7.96
Comprehensive planning to clean up revenue	0	0.00	10,563	0.81
Total	1,203,941	100.00	1,305,371	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, 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 waste isopropyl alcohol generated after being used in high-tech industry and food waste fertilizer. 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	2017		2018	
	Amount	%	Amount	%
Concession Service	347,786	100.00	336,766	100.00
Total	347,786	100.00	336,766	100.00

- c. The Company's Current Products and Services
 - i. General waste disposal.
 - ii. Industrial waste disposal.
 - iii. Cogeneration power sales.

- d. New Products and Services Under Development
Not applicable.

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	2018		2019	
	Amount	%	Amount	%
Electricity	87,423	100.00	153,403	100.00
Total	87,423	100.00	153,403	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

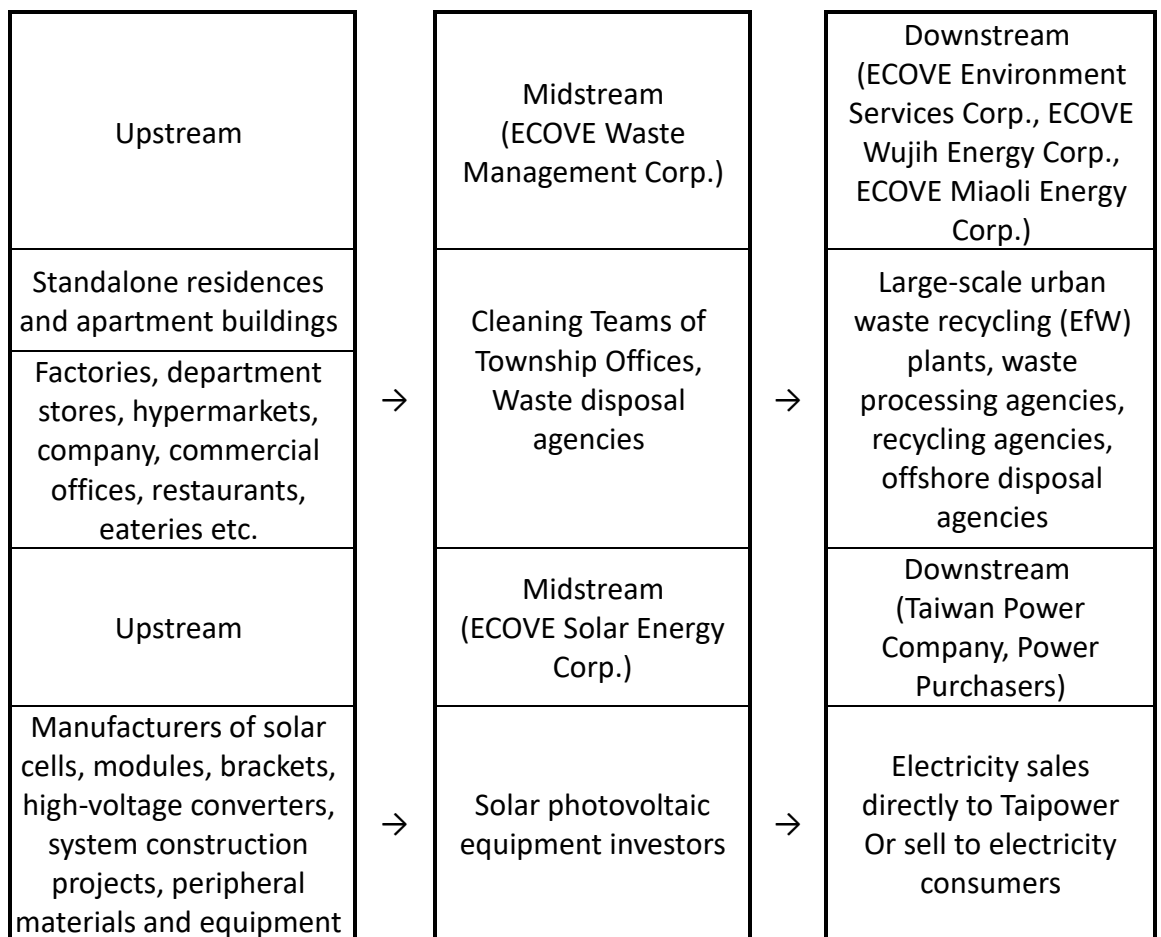
5.1.2 Industry Overview

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 6,530,079 metric tons of waste in 2019. The waste accepted by ECOVE O&M EfW plants amounted to 1,941,709 metric tons and the total processed waste amounted to 1,935,434 metric tons. General waste constituted 1,530,323 metric tons of processed waste and general industrial waste amounted to 411,387 metric tons. ECOVE Environment Services Corporation processed the equivalent of waste produced by 3.68 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 54, with a cumulative power generation of 203,683 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.

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 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 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.).

As of now, we have acquired a total of 33 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	2018	2019
Operating Revenue	3,405,140	3,414,326
R&D Expense	6,623	7,062
R&D Expense as percentage of Operating Revenue (%)	0.19	0.21

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
2019	<ul style="list-style-type: none"> a. Acquired a new patent of "Ratchet omni wheels" in Taiwan. b. Acquired a new patent of "Unmanned aerial vehicle automatic patrol system "in Taiwan. c. Acquired a new patent of "Plant operation and maintenance expert system" in Taiwan. d. Acquired a new patent of "Flat car net safety covering and recovering device" in Taiwan. e. Acquired a new patent of "Low-concentration isopropanol-enriched distillation tower combined with circulating super-gravity centrifugal rectification system" in Taiwan
2018	<ul style="list-style-type: none"> a. Acquired a new patent of "Multi-Purpose Heat Exchanger Ash-Cleaning Robot" in Taiwan b. Acquired a new patent of "Clinker-Prevention Side Wall of Incinerator with Independent Heat Recovery System" in Taiwan c. Acquired a new patent of "Self-Guided Multi-Purpose Heat Exchanger Ash-Cleaning Robot" in Taiwan
2017	<ul style="list-style-type: none"> a. Acquired a new patent of "Treatment of iodine fumes by incineration and combustion" in Taiwan. b. Acquired a new patent of "Treatment of iodine purple fumes by incineration and combustion" in Taiwan. c. Acquired a new patent of "Advanced incinerator exhaust gas denitrification system with energy-saving effect" in Taiwan. d. Acquired a new patent of " Multi-purpose robot with self-propelled and wall-cutter " in Taiwan.

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

Project Plant	Project
Keelung	Added variable frequency controls on the primary air fan
Southern Taoyuan	Improvement of the circuit breaker control logic on the primary side of the main transformer (GCB101) to reduce low amounts of electricity usage and lower electricity bills
Southern Taoyuan	Installation of a dry calcium hydroxide injection system in the waste gas processing system to increase the efficiency of waste gas processing.
Southern Taoyuan	Reduced the minimum operating speed of the IDF to reduce the amount of fuel required for ignition.
Wujih	Installation of a sodium hydroxide injection system in the flue gas processing system to increase the efficiency of flue gas processing.
Wujih	Modified the ammonia solution control from the original motor control to variable frequency control to lower expenditure on consumables.
Wujih	Improve the ejection supply and control model to reduce the ratio of low-pressure steam required for the deaerator from the high-pressure steam supply and increase power generation efficiency.
Wujih	Use the original chilling system to create a simple cooling room to cooling the control panels and cease the usage of onsite air-conditioning units to save energy.

Project Plant	Project
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.
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) Actively pursue ROT or OT projects in EfW plants in Taiwan with expiring operation contracts and provide upgrade, maintenance and other technical services for the mechanical and electric equipment in old EfW plants.
- (b) Actively pursue diversified general waste disposal project from government.
- (c) Maintain and intensify current services for mechanical and electric equipment at Taoyuan International Airport to open up more opportunities for services.
- (d) 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).
- (e) Comply with government policies to actively promote reclaimed water and sewage system construction and use mergers or participation of the Group in tenders for development.
- (f) Accumulate experience from own 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 full range 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 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	2018		2019	
	Amount	%	Amount	%
Taiwan	3,917,206	80.81	4,285,199	80.53
Macau	810,724	16.73	860,947	16.18
China	105,083	2.17	83,219	1.56
USA	14,083	0.29	92,194	1.73
Total	4,847,096	100.00	5,321,559	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	2018		2019	
	Amount	%	Amount	%
Taiwan	3,117,102	91.54	3,195,550	93.59
Macau	229,659	6.74	172,027	5.04
China	58,379	1.72	46,749	1.37
Total	3,405,140	100.00	3,414,326	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 total designed capacity amounts to 12,860 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 second and third tier cities in China support their national design institutes and waste disposal companies to enter the third-party supervision market with price competition strategies. ECOVE will continue to cultivate in existing projects and carefully select new ones to keep business growing steady.
 - iii. A large quantity of EfW plants will be built in Southeast Asia and China 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	2018		2019	
	Amount	%	Amount	%
Taiwan	705,067	100.00	752,182	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 2019, current domestic medium to large-scale urban EfW plants in operations process a total of approximately 6.53 million metric tons of waste a year. The annual processing capacity of Wujih Plant is approximately 290,000 metric tons and it constitutes 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 2.7 billion kilowatt/hours while the Wujih Plant sells approximately 150 million kilowatt/hours per year, constituting 5% of the total amount of electricity sold. In terms of power generation, the annual power generated amounts to approximately 200 million kilowatt/hours, which is 5.31% of the 3.5 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	2018		2019	
	Amount	%	Amount	%
Taiwan	1,203,941	100.00	1,305,371	100.00

b. Market Share

ECOVE WMC is a company dedicated to industrial waste clearance and disposal. In 2019, ECOVE WMC received a total of 312,920 metric tons of waste for O&M. Its national market share in industrial waste collection and processing services is approximately 29%.

c. Future Supply, Demand and Growth of the Market

New big processing facilities in Taiwan are in development and the current processing capacity is lower than the production of waste.

d. Competitive Niches

Based on the core values accumulated from 18 years of waste collection, management and disposal operations, ECOVE WMC independently developed a waste management information system along with a 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 2018, 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.

(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.

(6) ECOVE Miaoli Energy Corporation

a. By Major business Categories

Unit ; NT\$ thousands

Area \ Year	2018		2019	
	Amount	%	Amount	%
Taiwan	347,786	100.00	336,766	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 2019, current domestic medium to large-scale urban EfW plants in operations process a total of approximately 6.53 million metric tons of waste a year. The annual processing capacity of Miaoli Plant is approximately 160,000 metric tons and it constitutes 3% 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 2.7 billion kilowatt-hours while Miaoli Plant sells approximately 75.98 million kilowatt-hours per year, constituting 2.78% of the total amount of electricity sold. In terms of power generation, the annual power generated amounts to approximately 92.84 million kilowatt-hours, which is 2.68% of the 3.5 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 2017 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	2018		2019	
	Amount	%	Amount	%
Taiwan	87,423	100.00	153,403	100.00
Total	87,423	100.00	153,403	100.00

b. Market Share

ECOVE Solar Energy Corp. is a professional solar power plant construction and operation company. By the end of 108, the cumulative domestic solar installation capacity was approximately 60MWp, 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

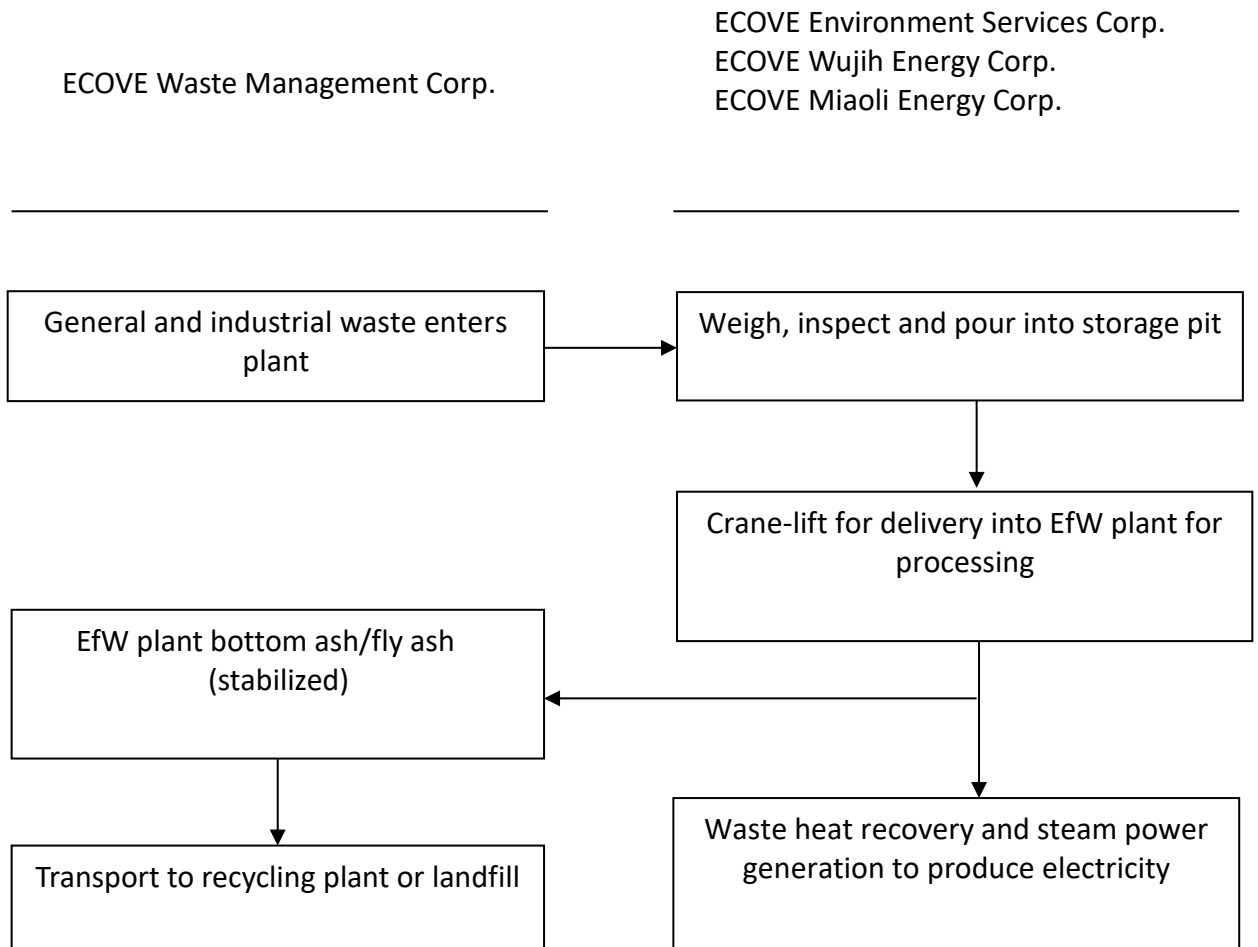
(a) High police dependence

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

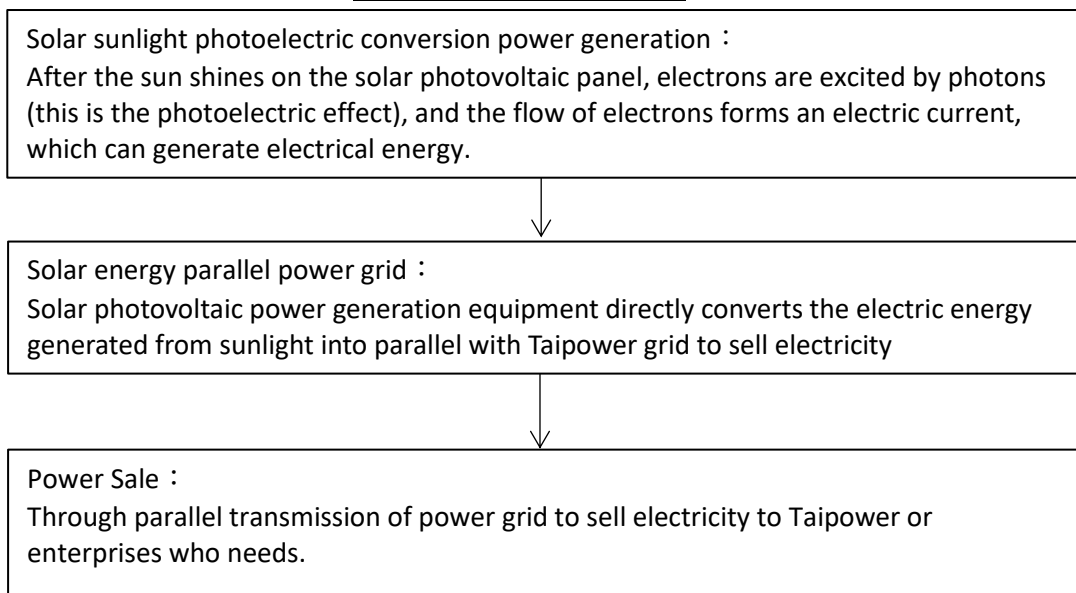
Countermeasures:

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. In 2019, a new recycling program will be introduced to convert waste 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, in the second half of 2018, the Company 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	2018				2019			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Taiwan Power Company	500,304	10.32	-	Taiwan Power Company	717,751	13.49	-
2	Environmental Protection Bureau of Taichung City Government	449,860	9.28	-	Environmental Protection Bureau of Taichung City Government	388,463	7.30	-
3	Environmental Protection Bureau Miaoli County Government	347,786	7.18	-	Environmental Protection Bureau Miaoli County Government	336,766	6.33	-
4	Taiwan Sugar Corp.	339,005	6.99	-	Taiwan Sugar Corp.	315,990	5.94	-
5	Others	3,210,141	66.23	-	Others	3,562,589	66.94	-
	Total	4,847,096	100.00		Total	5,321,559	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	2018		2019	
	Local	Export	Local	Export
Waste Treatment	1,969,173	0	2,136,055	0
Electricity	673,583	431,995	1,000,085	572,973
Concession Service	577,006	0	573,898	0
Waste Collection	78,749	0	70,507	0
Others	618,695	497,895	504,654	463,387
Total	3,917,206	929,890	4,285,199	1,036,360

(2) ECOVE Environment Services Corporation

Unit: NT\$ thousands

Shipments & Sales Major Products	Year	2018		2019	
		Local	Export	Local	Export
EfW plant related income		2,292,335	0	2,596,156	0
Others		825,134	287,671	660,382	157,788
Total		3,117,469	287,671	3,256,538	157,788

(3) ECOVE Wujih Energy Corporation

Unit: NT\$ thousands

Shipments & Sales Major Plant	Year	2018		2019	
		Local	Export	Local	Export
The plant of Wujih		705,067	0	752,182	0
Total		705,067	0	752,182	0

(4) ECOVE Waste Management Corporation

Unit: NT\$ thousands

Shipments & Sales Major Products	Year	2018		2019	
		Local	Export	Local	Export
Waste Treatment		1,099,741	0	1,190,894	0
Waste Collection		104,200	0	103,914	0
Comprehensive planning to clean up revenue		0	0	10,563	0
Total		1,203,941	0	1,305,371	0

(5) ECOVE Miaoli Energy Corporation

Unit: NT\$ thousands

Shipments & Sales Major Plant	Year	2017		2018	
		Local	Export	Local	Export
The plant of Miaoli		347,786	0	336,766	0
Total		347,786	0	336,766	0

5.3 Human Resources

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

Year		2018	2019	As of Mar. 31 st , 2019
Number of Employees	Regular Employees	618	687	674
	Contracted Employees	122	90	111
	Total	740	777	785
Average Age		41.9	41.3	42.4
Average service seniority		12.9	8.3	9.9
Ratio of employees at each level of educational degree	Doctor	0	0.13	0.13
	Master	13.80	14.03	13.50
	Bachelor	63.34	64.99	65.35
	Senior High School	22.86	18.15	18.34
	Below Senior High School		2.70	2.68

Note: The data in the annual report should be included until the annual publishing.

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 Safety and Hygiene 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. Among them, the Tainan plant operated by the ECOVE ESC has participated in the statistics of the No-Hazard Work Hours of the Ministry of Labor since 1995. Accumulated to 2018 of disaster-free record has reached 1.56 million man hours, 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 "Healthy Workplace Promotion Label" by the Health Promotion Administration, Ministry of Health and Welfare.
- Awarded the "Promote Occupational Safety and Health Excellent Persons_Achievement Award" by the Ministry of Labor
- STSP EfW Plant was awarded "2017 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 1.23 million non-hazardous working hours certificate.
 - ✓ Keelung EfW Plant was awarded the 750,000 non-hazardous working hours certificate
 - ✓ Miaoli EfW Plant was awarded the 240,000 non-hazardous working hours certificate
 - ✓ Wujih EfW Plant was awarded the 960,000 non-hazardous working hours certificate.
 - ✓ Tainan EfW Plant was awarded the 1.68 million non-hazardous working hours certificate.
 - ✓ STSP EfW Plant was awarded the 960,000 non-hazardous working hours certificate issued by ISHA of the R.O.C. entrusted by the Ministry of Labor.
- Other awards:
 - ✓ "2019 National Workplace Safety and Health Week Series Implementation Plan" certificate by the Ministry of Labor.
 - ✓ Labor Affairs Bureau of Tainan City Government issued the "Certificate of Appreciation for Enterprise Devoting Safety and Health Promotion".

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, 2019; 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	275,206	Compliance with related laws and regulations on EfW plant, air and wastewater pollution prevention

- D. ECOVE Waste Management Corporation

December 31, 2019; Unit: NT\$1,000

Equipment Name	Quantity	Obtainment Date	Investment Cost	Book Value	Usage and Anticipated Benefit
Waste Disposal Trucks	68	2001.08-2018.10	101,359	31,363	Compliance with related environmental protection laws and regulations applicable to waste disposal industries

- E. ECOVE Miaoli Energy Corporation

December 31, 2019; 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	2,280,346	978,003	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:
In the most recent years and as of date of the publication of the annual report, there are no labor disputes that incurred losses.

5.5 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 2019 was close to NT\$1.94 million and the average annual training hours for each employee exceeded 22.94 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	22	228	315.5	52
Professional Skills Training	683	7,665	14,867.5	1,158.5
Managerial Training	26	575	1,903.5	634.1
Self-Development Training	65	702	1658	91.3
Total	796	9,170	18,744.5	1,935.9

- 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
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	Southern Taiwan Science Park Bureau, Minister of Science and Technology	2018.12.01 ~2023.11.30	O&M Services for Southern Taiwan Science Park EfW Center	None
Technical Service Contract	Taiwan Sugar Corp. Dept. of Environmental Protection- Environmental Protection Business Operation Center	2017.07.07 ~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 disposal and processing	Innolux Corporation	2017.08.01 ~2019.04.30	Industrial waste disposal and processing	None
Waste management services	Gengliang Environmental Protection Enterprise Co., Ltd.	2016.01.01 ~2018.12.31 No objection before expiration, one year extension	Houli EfW plant delegate waste disposal and processing	None
Entrusted to receive waste services	EPB of Miaoli County Government	2016.02.01 ~2019.01.31 If no objection, one year extension	Receiving and managing waste into Miaoli EfW Plant	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 January 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 Depot	Taiwan Power Company	2018.12.24 ~2038.12.23	According to the "Renewable Energy Development Act," the electricity produced by each solar power plant is sold to Taiwan Power	None

Nature of Contract	Counterparty	Commencement/Expiration Date	Content	Restrictions
Project			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				
		2015	2016	2017	2018	2019
Item						
Current Assets		3,883,204	3,881,133	3,705,572	3,574,782	3,555,853
Property, Plant and Equipment		51,075	54,433	73,244	2,131,233	2,858,838
Intangible Assets		0	0	0	136,153	136,153
Other Assets		3,721,835	3,385,661	3,278,313	3,233,539	2,989,976
Total Assets		7,656,114	7,321,227	7,057,129	9,075,707	9,540,817
Current Liabilities	Before distribution	1,958,674	1,417,281	1,326,188	1,496,920	1,734,603
	After distribution	2,598,026	2,174,453	1,973,501	2,222,998	[Note 2]
Non-current Liabilities		785,792	639,172	500,059	2,157,428	2,213,411
Total Liabilities	Before distribution	2,744,466	2,056,453	1,826,247	3,654,348	3,948,014
	After distribution	3,383,818	2,813,625	2,473,560	4,380,426	[Note 2]
Equity Attributable to Shareholders of The Parent		4,438,954	4,682,057	4,683,639	4,878,238	4,986,366
Capital Stock		658,627	664,614	668,106	671,051	671,051
Capital Surplus		2,069,266	2,126,850	2,161,029	2,193,473	2,208,031
Retained Earnings	Before distribution	1,686,052	1,888,608	1,886,788	2,015,957	2,094,797
	After distribution	1,046,700	1,131,435	1,239,475	1,289,879	[Note 2]
Other Equities		25,009	1,985	(32,284)	(2,243)	12,487
Treasury Stocks		0	0	0	0	0
Non-controlling Interests		472,694	582,717	547,243	543,121	606,437
Total Equity	Before distribution	4,911,648	5,264,774	5,230,882	5,421,359	5,592,803
	After distribution	4,272,296	4,507,602	4,583,569	4,695,281	[Note 2]

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

Note2: The 2019 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				
		2015	2016	2017	2018	2019
Item						
Current Assets		514,494	749,527	887,292	353,227	554,866
Property, Plant and Equipment		0	0	0	0	0
Intangible Assets		0	0	0	0	0
Other Assets		3,943,102	3,957,046	3,820,164	4,555,817	4,462,929
Total Assets		4,457,596	4,706,573	4,707,456	4,909,044	5,017,795
Current Liabilities	Before distribution	18,276	20,858	21,610	28,059	27,519
	After distribution	657,628	778,031	668,923	754,137	[Note 2]
Non-current Liabilities		366	3,658	2,207	2,747	3,910
Total Liabilities	Before distribution	18,642	24,516	23,817	30,806	31,429
	After distribution	657,994	781,689	671,130	756,884	[Note 2]
Equity Attributable to Shareholders of The Parent		4,438,954	4,682,057	4,683,639	4,878,238	4,986,366
Capital Stock		658,627	664,614	668,106	671,051	671,051
Capital Surplus		2,069,266	2,126,850	2,161,029	2,193,473	2,208,031
Retained Earnings	Before distribution	1,686,052	1,888,608	1,886,788	2,015,957	2,094,797
	After distribution	1,046,700	1,131,435	1,239,475	1,289,879	[Note 2]
Other Equities		25,009	1,985	(32,284)	(2,243)	12,487
Treasury Stocks		0	0	0	0	0
Non-controlling Interests		0	0	0	0	0
Total Equity	Before distribution	4,438,954	4,682,057	4,683,639	4,878,238	4,986,366
	After distribution	3,799,602	3,924,884	4,036,326	4,152,160	[Note 2]

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

Note2: The 2019 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				
	2015	2016	2017	2018	2019
Operating Revenues	4,078,753	4,955,565	4,479,587	4,847,096	5,321,559
Gross Profit	1,059,988	1,800,412	1,259,257	1,307,638	1,344,404
Operating Income	894,114	1,627,183	1,077,417	1,128,916	1,172,047
Non-Operating Income & Expenses	74,765	30,943	38,926	105,854	102,788
Income Before Income Tax	968,879	1,658,126	1,116,343	1,234,770	1,274,835
Net Income from continuing operations	838,559	1,430,668	959,424	980,472	1,062,150
Net Income(Loss)	838,559	1,430,668	959,424	980,472	1,062,150
Other Comprehensive Income (Income after tax)	5,678	(31,661)	(53,608)	(3,707)	25,249
Total Comprehensive Income	844,237	1,399,007	905,816	976,765	1,066,988
Net Income Attributable to Shareholders of The Parent	710,370	848,097	761,339	806,912	811,312
Net Income Attributable to Non-controlling Interests	128,189	582,571	198,085	173,560	250,838
Total Comprehensive Income (Loss) Attributable to Shareholders of the Parent	714,133	818,884	721,084	806,087	819,645
Total Comprehensive Income (Loss) Attributable to Non-controlling Interests	130,104	580,123	184,732	170,678	247,343
Earnings Per Share (NT\$)	10.84	12.80	11.41	12.04	12.09

Condensed Income Statement - International Financial Reporting Standards

Unit: NT\$ thousands

Item \ Year	Five-Year Financial Summary				
	2015	2016	2017	2018	2019
Operating Revenues	731,917	880,677	791,864	788,260	814,178
Gross Profit	731,917	880,677	791,864	788,260	814,178
Operating Income	685,246	832,195	742,069	737,985	764,515
Non-Operating Income & Expenses	27,153	19,023	21,923	78,090	54,255
Income Before Income Tax	712,399	851,218	763,992	816,075	818,770
Net Income from continuing operations	710,370	848,097	761,339	806,912	811,312
Net Income(Loss)	710,370	848,097	761,339	806,912	811,312
Other Comprehensive Income (Income after tax)	3,763	(29,213)	(40,255)	(825)	8,333
Total Comprehensive Income	714,133	818,884	721,084	806,087	819,645
Net Income Attributable to Shareholders of The Parent	710,370	848,097	761,339	806,912	811,312
Net Income Attributable to Non-controlling Interests	0	0	0	0	0
Total Comprehensive Income (Loss) Attributable to Shareholders of the Parent	714,133	818,884	721,084	806,087	819,645
Total Comprehensive Income (Loss) Attributable to Non-controlling Interests	0	0	0	0	0
Earnings Per Share (NT\$)	10.84	12.80	11.41	12.04	12.09

Auditors' Opinions in Past Five Years:

CPA Firm/Year	2015	2016	2017	2018	2019
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 Shu-Chiung Chang
Auditing Opinion	modified unqualified opinion	unqualified opinion	unqualified opinion	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				
		2015	2016	2017	2018	2019	
Financial Structure (%)	Debt to Asset Ratio	35.85	28.09	25.88	40.27	41.38	
	Long-term Funds to Properties, Plants and Equipment Ratio	11,155.05	10,846.26	7,824.45	355.61	273.06	
Liquidity (%)	Current ratio	198.26	273.84	279.42	238.81	205.00	
	Quick ratio	189.75	262.32	259.95	216.74	195.50	
	Interest Coverage Ratio	9,679.58	28,575.46	29,163.86	16,601.00	3,840.38	
Operating Performance	Accounts Receivable Turnover (times)	4.05	4.93	4.60	4.71	4.75	
	Average Collection Period (days)	90.12	74.03	79.34	77.49	76.84	
	Inventory Turnover (times)	N/A	N/A	N/A	N/A	N/A	
	Accounts Payable Turnover (times)	4.22	4.13	4.68	5.86	6.41	
	Average Inventory Turnover Period (Days)	N/A	N/A	N/A	N/A	N/A	
	Properties, Plant and Equipment Turnover (times)	72.84	93.94	70.17	4.40	2.13	
	Total Assets Turnover (times)	0.55	0.66	0.62	0.60	0.57	
Profitability	Return on Assets (%)	9.65	11.39	10.63	10.08	9.01	
	Return on Equity (%)	16.39	18.60	16.26	16.88	16.45	
	Income before tax to Capital Ratio (%)	147.16	249.49	167.09	184.01	184.01	
	Net Margin (%)	17.42	17.11	17.00	16.64	15.25	
	Earnings per share (NT\$)	10.84	12.80	11.41	12.04	12.09	
Cash flow	Cash flow Ratio (%)	62.34	61.68	90.49	104.61	89.89	
	Cash flow adequacy Ratio (%)	223.77	215.38	183.67	131.80	112.15	
	Cash reinvestment Ratio (%)	10.54	3.90	7.58	9.29	8.19	
Leverage	Operating leverage	4.56	3.05	4.16	4.29	4.54	
	Financial leverage	1.01	1.00	1.00	1.01	1.03	

6.2.2 Financial Ratio Analysis -International Financial Reporting Standards

Item		Year	Five-Year Financial Summary				
			2015	2016	2017	2018	2019
Financial Structure (%)	Debt to Asset Ratio		0.42	0.52	0.51	0.63	0.63
	Long-term Funds to Properties, Plants and Equipment Ratio		N/A	N/A	N/A	N/A	N/A
Liquidity (%)	Current ratio		2,815.13	3,593.47	4,105.93	1,258.87	2,016.30
	Quick ratio		2,815.13	3,593.47	4,105.93	1,258.87	2,016.30
	Interest Coverage Ratio		393,690.61	N/A	N/A	N/A	N/A
Operating Performance	Accounts Receivable Turnover (times)		N/A	N/A	N/A	N/A	N/A
	Average Collection Period (days)		N/A	N/A	N/A	N/A	N/A
	Inventory Turnover (times)		N/A	N/A	N/A	N/A	N/A
	Accounts Payable Turnover (times)		N/A	N/A	N/A	N/A	N/A
	Average Inventory Turnover Period (Days)		N/A	N/A	N/A	N/A	N/A
	Properties, Plant and Equipment Turnover (times)		N/A	N/A	N/A	N/A	N/A
	Total Assets Turnover (times)		0.17	0.19	0.17	0.16	0.16
Profitability	Return on Assets (%)		16.28	18.51	16.17	16.78	16.35
	Return on Equity (%)		16.39	18.60	16.26	16.88	16.45
	Income before tax to Capital Ratio (%)		108.20	128.08	114.35	122.15	122.01
	Net Margin (%)		97.06	96.03	96.15	102.37	99.65
	Earnings per share (NT\$)		10.84	12.80	11.41	12.04	12.09
Cash flow	Cash flow Ratio (%)		3,597.77	1,296.98	4,882.29	2,793.22	4,570.41
	Cash flow adequacy Ratio (%)		110.23	93.86	103.04	99.21	118.69
	Cash reinvestment Ratio (%)		0.77	[Note 1]	6.36	2.34	10.66
Leverage	Operating leverage		1.07	1.06	1.07	1.07	1.06
	Financial leverage		1.00	1.00	1.00	1.00	1.00

[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 11th, 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	2018	2019	Difference		Note
			Amount	%	
Current Assets	3,574,782	3,555,853	(18,929)	(0.53)	
Non-current Assets	5,500,925	5,984,964	484,039	8.80	[Note 1]
Total Assets	9,075,707	9,540,817	465,110	5.12	
Current Liabilities	1,496,920	1,734,603	237,683	15.88	[Note 2]
Non-current Liabilities	2,157,428	2,213,411	55,983	2.59	
Total Liabilities	3,654,348	3,948,014	293,666	8.04	
Equity attributable to owners of the parent	4,878,238	4,986,366	108,128	2.22	
Non-controlling interest	543,121	606,437	63,316	11.66	
Total Equity	5,421,359	5,592,803	171,444	7.16	

[Note 1] Increase in total non-current assets and total assets: Mainly due to the merger of ECOVE Solar Energy Corp., the real estate, plants and equipment increased 727.602 million dollars.

[Note 2] Increase in total non-current liabilities and liabilities: Mainly due to the merger of ECOVE Solar Energy Corp., the short-term borrowings increased 253 million dollars.

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	2018	2019	Difference		Difference Analysis Explanation
			Amount	%	
Operating Revenue	4,847,096	5,321,559	474,463	9.79	[Note 1]
Less: Sales Returns	0	0	0	0.00	
Net Operating Revenue	4,847,096	5,321,559	474,463	9.79	
Operating Costs	(3,539,458)	(3,977,155)	(437,697)	12.37	[Note 1]
Gross Profit	1,307,638	1,344,404	36,766	2.81	
Operating Expenses	(178,722)	(172,357)	6,365	(3.56)	
Operating Income	1,128,916	1,172,047	43,131	3.82	
Non-operating Income and expenses	105,854	102,788	(3,066)	(2.90)	
Profit before Income Tax	1,234,770	1,274,835	40,065	3.24	
Income Tax Expense	(254,298)	(212,685)	41,613	(16.36)	[Note 2]
Non-controlling Interest	(173,560)	(250,838)	(77,278)	44.53	
Income attributable to owners of the parent	806,912	811,312	4,400	7.55	

[Note 1] Operating revenue and costs increased: Due to the acquisition of ECOVE Solar Energy Corp. in the third quarter of 2018 and the increasing prices of business waste receiving in 2018, the operating revenue and costs has increased.

[Note 2] Income tax expenses decreased: Due to 2018 business income tax rate increased from 17% to 20%, the income tax expenses and deferred income tax liabilities of ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corp. have non-recursively increased. With no tax rate adjustment in 2019, the business income tax expense is less than prior period.

7.3 Cash Flow Analysis

7.3.1 Cash Flow Analysis for the Past 2 Year

Item \ Year	Dec.31, 2018	Dec. 31, 2019	Difference ratio (%)
Cash Flow Ratio (%)	104.61	89.89	(14.72)
Fund Flow Adequacy Ratio (%)	131.80	112.15	(19.65)
Cash Re-investment Ratio (%)	9.29	8.19	(1.1)

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 2019 is NT\$136,361 thousands. The cash balance in the end of the year is NT\$1,679,523 thousands. Cash liquidity is fine.

7.3.3 Analysis of Cash Liquidity for the Coming Year

Unit: NT\$ thousands

Cash Balance at Beginning for the Year	Expected Net Cash Outflow from Operating Activities	Expected Cash Inflow (Outflow)	Expected Cash Surplus (Deficit)	Leverage of Expected Cash Deficit	
				Investment Plans	Financing Plans
1,679,523	1,500,976	(103,776)	1,575,474	-	-

1. Analysis of change in cash flow in Year 2020:

- (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 Major Capital Expenditure Items: 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 2019 amounted to NT\$ 32,747 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 Review of Financial Conditions, Financial Performance, and Risk Management

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

(1) Interest rate

Item	2018	2019
Interest Income	16,390	11,990
Interest Expense	7,483	33,505
Investment gain on money market fund	1,573	2,672
Sales	4,847,096	5,321,559
Net Income before Tax	1,234,770	1,274,835

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	2018	2019
Consumer price index (CPI)	101.98	102.55
Consumer Price Index Annual Growth Rate (%)	1.35	0.56

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

Taiwan's economic indicators all improved in 2019, economic growth rate is 2.71% and the consumer price index was 102.55 with an annual growth rate of 0.56%. The domestic price

environment is moderate and stable, and there is no concern about deflation. Accounting and Statistics calculates that the annual growth rate of the consumer price index for 2020 is 0.71%. By expecting the limited rising crude oil prices effect from 2020, the estimated domestic prices will maintain moderate and growth stable. The Taiwan Economic Research Institute believes that the U.S.-China trade agreement has eased U.S.-China trade tensions, and the U.S. central bank has adopted preventive interest rate cuts. Moreover, each major countries have introduced loose fiscal policies. Therefore, the expected economic growth rate of 2020 for the whole year will be better as that of 2019.

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 are deal with 「 Regulations Governing Loaning of Funds 」
Endorsements or guarantees 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 or guarantees for others are deal with 「 Regulations Governing Making of Endorsements/ Guarantees 」

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

Integrate and search for external new technologies such as gasification technologies for refuse-derived fuel that effectively lowers pollution of gas emissions. Advanced gasification technologies are better options for processing specific waste. Jointly develop incineration technologies, including plasma gasification boilers and fluid-bed gasification boilers, for managing industrial waste.

Develop intelligent auxiliary systems (such as "staff safety positioning system" which real-timely detects employees' position and status in high-risk work environment, "manual troubleshooting retrieval system" which to improve the efficiency file search of operation and maintenance. The amount of investment this year was approximately NT\$6.1 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%:

The impact and risks on the company are short-term fluctuations in stock prices and possible changes in board members. Company response measures: The Company has elected 3 independent directors in 2014 and set up functional committees such as corporate governance committee, audit committee, salary and compensation committee and nomination committee under the board of directors to strengthen the functions of the board of directors and further enhance corporate governance

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 Litigation or Non-litigation Matters

- a. CTCI Corporation and Mitsubishi Heavy Industries, Ltd. were joint venture in the Kaohsiung Country Ren-Wu Resource Recovery Plant Project. The project completed on February 19, 2000 and accepted by Environmental Protection Administration on May 16, 2000. CTCI claimed for release of the guarantee bond in the amount of NTD 141,690 thousands, Environmental Protection Administration, however, declined the request due to one unsolved dispute between Kaohsiung City Government and O&M Contractor.

After CTCI remitted in NTD 73,253 thousands to bank for exempting from the execution of the guarantee bond and filed a lawsuit to Taiwan Taipei District Court, Environmental Protection Administration returned the amount of NTD 9,299 thousands to CTCI. As a result, CTCI reduced the claim amount to NTD 63,954 thousands, with the interest in the amount of NTD 117 thousands and

the liquated damages in the amount of NTD 2,421 thousands. CTCI was then awarded a winning adjudication except for the damages in the amount of NTD 1,708 thousands has been rejected. Afterwards, the Environmental Protection Administration appealed to the Taiwan High Court but failed. Further, the Environmental Protection Administration continued to appeal to the Taiwan Supreme Court. This lawsuit is remanded by Taiwan Supreme Court twice and now is under the trial of Taiwan High Court. The judgment of Taiwan High Court was not in favor of the assertion of Environmental Protection Administration and Environmental Protection Administration appealed to Taiwan Supreme Court for the third time. The judgment of Taiwan Supreme Court remanded this case to Taiwan High Court. This lawsuit now is under the trial of Taiwan High Court. There is no material impact to CTCI's finance as well as business development so far.

- b. CTCI Corporation, Ishikawajima-Harima Heavy Industries Co., Ltd., Resource Engineering Services Inc. and East Construction Industry Co., Ltd were joint venture in the CPC Northern LNG Receiving Terminal Project and entered into a contract on July 23, 2004. CTCI claimed for additional costs, including direct and indirect costs, in the total amount of NTD 82,390 thousands for delay resulted from CPC Corporation's contractor for another project and filed a lawsuit to Taipei District Court on March 5, 2010. After reviewing related document itself, CTCI reduced the claim amount to NTD 71,448,016 on March 1, 2011. The judgments of Taipei District Court and Taiwan High Court were not awarded to CTCI. CTCI appealed to Taiwan Supreme Court. The judgment of Taiwan Supreme Court sustained CTCI's appeal and remanded for retrial. This lawsuit now is under the trial of Taiwan High Court. However, Taiwan High Court did not award to CTCI. CTCI appealed to Taiwan Supreme Court again. Finally Taiwan Supreme Court rejected CTCI's appeal. There is no material impact to CTCI's finance as well as business development so far.
- c. CTCI Arabia Ltd., a subsidiary of CTCI Corporation, filed a lawsuit with Sinopec E&C Middle East Co. Ltd. in 2015, resulting in failure to complete the work under the "IBN RUSHD-II Aromatic Project" contractual agreement. Loss of work, compensation amounting to NT\$836,921 (Saudi Uruguay Dollars \$97,500). At the same time, Sinopec E&C Middle East Co. Ltd. submitted to CTCI Arabia Ltd. a loss suffered as a result of the termination of the "IBN RUSHD-II Aromatic Project" contract, which required a compensation amount of NT\$721,039 (Saudi Uruguay) \$84,000 Qian Yuan), a lawyer appointed by CTCI Arabia Ltd., a subsidiary company, stated that this case was examined by the International Court of Arbitration ("ICC") of the International Chamber of Commerce, and that the subsidiary company - CTCI Arabia Ltd. is actively fighting this lawsuit. There is no material impact to CTCI's finance as well as business development so far.

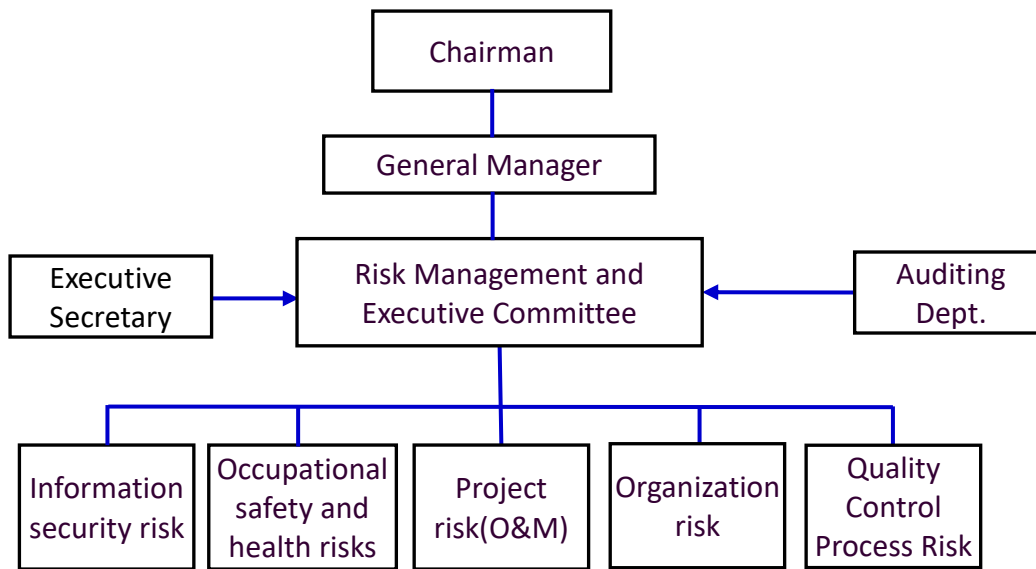
In conclusion, CTCI may be involved in the cases specified above, but these cases only involve CTCI itself and not the Company. CTCI's losses in these cases will not have material impact on the shareholder equity or stock transaction prices of the Company and it shall not constitute violations of the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

(1) Risk Management Executive Committee

The committee meets yearly and the main responsibilities of the committee 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.

(2) Each Unit Risk Management Committee

The department heads of the company's department heads and the board of directors, general managers and general managers of the company's subsidiaries are responsible for the department heads. Each unit risk management committee shall be fully responsible for risk management, including the implementation of risk identification, assessment, reporting, and daily control measures, and improvement of program improvement...etc. accounting Division

The Accounting Division is responsible for compiling the financial statements of subsidiary companies as well as identifying, evaluating, processing and monitoring the risks associated with each department.

(3) All employees

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

(4) 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.

(5) Auditing Department

It is composed of professionals who are familiar with information systems, project management, occupational safety and health decrees, quality control, and organization and operation. They are responsible for auditing the risks of priority management after discussing the resolutions with the Risk Management Executive Committee. The audit results will be compiled quarterly after the resolution. Reporting to the Risk Management Executive Committee, the Risk Management Executive Committee assesses whether to adjust and increase or reduce risk management and control issues.

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 and operation services for the water resource industry. 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.

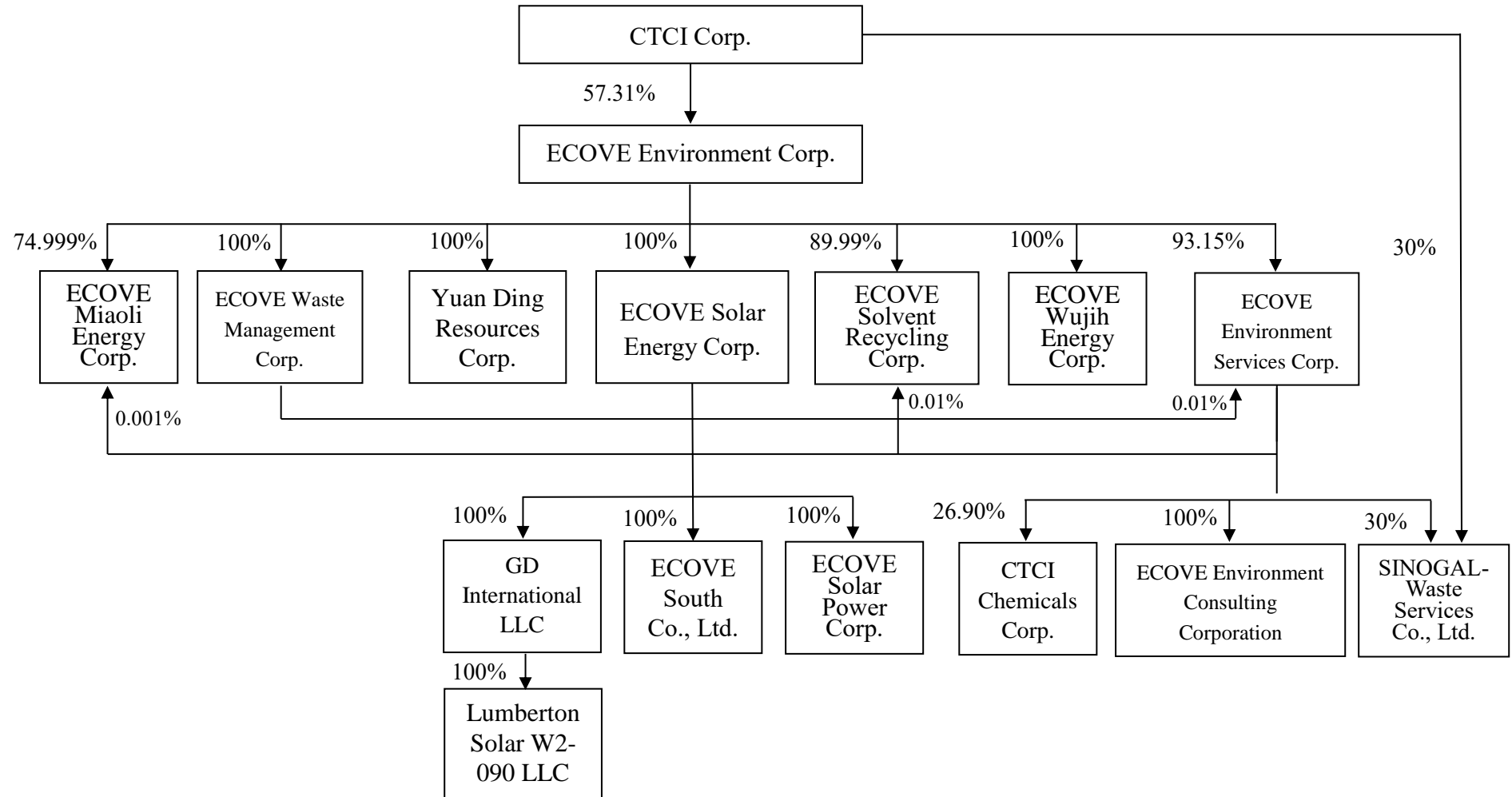
7.7 Other: None

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, 2020 ; 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 7,632,738	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.	2009.06.25	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 750,000	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 632,455	Energy technology service industry
ECOVE Solar Power Corp.	2013.08.09	13F., No. 366, Bo-ai 1st Rd., Sanmin Dist., Kaohsiung	NTD 180,000	Energy technology service industry

ECOVE South Co. Ltd.	2013.02.06	13F., No. 366, Bo-ai 1st Rd., Sanmin Dist., Kaohsiung	NTD 16,500	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 business of the Company and its subsidiaries and affiliates provide include engineering, environmental, and investment.

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

March 31, 2020

Company	Title	Name of Representative	Shareholding	
			Shares	%
ECOVE Environment Services Corp.	Chairman	ECOVE Environment Corp. Representative: Y. P. Shih	14,065,936	93.15
	Director	ECOVE Environment Corp. Representative: J. J. Liao Hsiu Hua Tiao Gsub-I Ting Ale Chen	14,065,936	93.15
	Supervisor	ECOVE Waste Management Corp. Representative: C. L. Yen	1000	0.01
	President	Hsiu Hua Tiao	0	0.00
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	30,000,000	100.00
	Supervisor	ECOVE Environment Corp. Representative: Nicole Ku	30,000,000	100.00
	President	Pei Feng Chu	0	0.00
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	2,000,000	100.00
	Supervisor	ECOVE Environment Corp. Representative: K. W. Chang	2,000,000	0.00
	President	Mike Kuo	0	0.00
ECOVE Miaoli Energy Corporation	Chairman	ECOVE Environment Corp. Representative: Y. P. Shih	56,249,000	74.999
	Director	ECOVE Environment Corp. Representative: J.J. Liao	56,249,000	74.999
		TOPCO Scientific Corp. Representative: Fa-Hsiang Tan	18,700,000	24.933
	Supervisor	ECOVE Environment Services Corp. Representative: Ping Kun Lin	1,000	0.001
		Topco International Investment Co., Ltd. Representative: Joyce Lu	50,000	0.007
President	Pei Feng Chu	0	0.00	
SINO GAL - Waste Services Co., Ltd.	Chairman	CONSULGAL–CONSULTORES DE ENGENHARIA E GESTÃO, S.A CONSULASIA–CONSULTORES DE ENGENHARIA E GESTÃO, LIMITADA Representative: Helder Jose Moura Dos Santos	(Note 1)	Not applicable Not applicable
	Director	Representative: Pereira Taveira Pinto, Carlos Manuel		
		CTCI Corporation		Not applicable

Company	Title	Name of Representative	Shareholding	
			Shares	%
		ECOVE Environment Services Corporation		Not applicable
	Director	Representative: Y. P. Shih Hsiu Hua Tiao Patrick Lin		
	President	Peter Wang	0	0.00
Yuan Ding Resources Management Corp.	Chairman	ECOVE Environment Corp. Representative: Y. P. Shih	4,500,000	100.00
	President	Y. P. Shih	0	
ECOVE Environment Consulting Corp.	Managing Director	ECOVE Environment Services Corp. Representative: Y. P. Shih	(Note 2) USD140,000	Not applicable
	Supervisor	ECOVE Environment Services Corp. Representative: Patrick Lin		Not applicable
	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	8,099,000	89.99
	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	84,078,782	100.00
	Director	ECOVE Environment Corp. Representative: J.J. Liao M. C. Hsiao		
	Supervisor	ECOVE Environment Corp. Representative: S. H. Lin		
	President	Ching Her Chao	0	0.00
ECOVE Solar Power Corp.	Chairman	ECOVE Solar Energy Corp. Representative: Y. P. Shih	23,000,000	100.00
ECOVE South Co. Ltd.	Director	ECOVE Solar Energy Corp. Representative: Y. P. Shih	(Note 3) NT\$30,500,000	100.00
G.D. International, LLC	Chairman	Y. P. Shih	(Note 4)	100.00
	Managing Director	J. J. Liao	USD11,052,826	0.00
LUMBERTON SOLAR W2-090, LLC	Chairman	Y. P. Shih	(Note 5) USD10,941,907	100.00
	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: M. H. Wang M. L. Lee Y. W. Chen		
		Shelly Chou	576,910	8.13
	Supervisor	GRQ Investment Corporation	480,661	6.77

Company	Title	Name of Representative	Shareholding	
			Shares	%
		Representative: H.C. Ko		
	President	Sam Kuo	13,186	0.19

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

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

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

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

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

8.1.2 Operation overview of the Company and affiliates

December 31st, 2019; 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	1,968,317	1,166,167	802,150	3,414,326	301,436	348,483	23.08
ECOVE Wujih Energy Corporation	300,000	1,214,372	271,874	942,498	752,182	300,467	243,178	8.11
ECOVE Miaoli Energy Corporation	750,000	1,487,562	130,148	1,357,414	336,766	168,436	134,665	1.80
ECOVE Waste Management Corporation	20,000	382,531	281,113	101,418	1,305,371	64,105	54,420	27.21
SINO GAL-Waste Services Co., Ltd.	15,014	520,917	230,090	290,827	786,378	215,177	273,425	0.00
Yuan Ding Resources Corporation	45,000	39,465	130	39,335	0	-145	97	0.02
ECOVE Environment Consulting Corporation	3,722	45,636	30,732	14,903	86,354	10,231	9,628	0.00
ECOVE Solar Energy Corporation	840,788	1,953,388	915,483	1,037,905	153,403	33,643	53,301	0.63
ECOVE Solar Power Corporation	230,000	1,015,556	759,313	256,243	100,643	29,709	18,992	0.83
ECOVE South Co., Ltd.	30,500	100,444	67,541	32,903	6,190	2,500	1,761	0.58
G.D. International, LLC	333,243	379,465	167	379,298	0	-242	18,112	0.00
LUMBERTON SOLAR W2-090, LLC	329,898	870,128	491,602	378,526	92,194	21,527	18,349	0.00
ECOVE Solvent Recycling Corporation	90,000	216,862	141,201	75,661	14,946	370	423	0.05

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, 2017) : None

(2) Lending to others: (as of March 31st, 2020)

Unit: NTD thousands

No. (Note.1)	Lender	Borrower	Account item (Note.2)	The highest balance during period (Note.3)	Ending balance as of March 31 st ,2016 (Note 8)	Interest rate	Nature of Lending (Note.4)	Amount for operation (Note.5)	Reason of short-term financing (Note.6)	Allowa nce for bad debts	Collateral		Limit on lending for single enterprise (Note.7)	Ceiling for total amount (Note.7) Name
											Name	Value		
1	ECOVE Environment Services Corporation	ECOVE Solvent Recycling Corporation	Accounts receivable- related parties	36,000	36,000	1.010%	2	0	For operational needs	0	NA	0	80,215	320,860
1	ECOVE Environment Services Corporation	CTCI Machinery Corporation	Accounts receivable- related parties	30,000	30,000	1.010%	2	0	For operational needs	0	NA	0	80,215	320,860
1	ECOVE Environment Services Corporation	CTCI Smart Engineering Corporation	Accounts receivable- related parties	30,000	30,000	-	2	0	For operational needs	0	NA	0	80,215	320,860
2	ECOVE Solar Energy Corporation	ECOVE South Co. Ltd.	Accounts receivable- related parties	14,000	14,000	1.710%	2	0	For operational needs	0	NA	0	415,162	415,162
2	ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Accounts receivable- related parties	90,000	90,000	-	2	0	For operational needs	0	NA	0	415,162	415,162

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 equipments, 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 safety and health policy is established based on such characteristics and it is described below:

Definitions	2020 Goal	2019 Actual Achievements	KPI (%)
This year each project participated the Safety and Health Award ≥ 3	Annual safety and health award more than 3 awards	<ul style="list-style-type: none"> • ECOVE was awarded the "Healthy Workplace Promotion Label" by the Health Promotion Administration, Ministry of Health and Welfare. • Awarded the "Promote Occupational Safety and Health Excellent Persons_Achievement Award" by the Ministry of Labor • ECOVE was awarded the "2018 Southern Science Park Occupational Safety and Health Excellence Unit_Industrial Safety Role Model Award" by the Southern Taiwan Science Park Bureau. • Keelung EfW Plant was awarded the 750,000 non-hazardous working hours certificate. Miaoli EfW Plant was awarded the 360,000 non-hazardous working hours certificate. Houli EfW Plant was awarded the 1,320,000 non-hazardous working hours certificate. Wujih EfW Plant was awarded the 1,680,000 non-hazardous working hours certificate. STSP EfW Plant was awarded the 960,000 non-hazardous working hours certificate. All above were issued by ISHA of the R.O.C. entrusted by the Ministry of Labor. • ECOVE ESC head office was awarded "2019 National Workplace Safety and Health Week Series Implementation Plan" certificate by the Ministry of Labor • The Labor Affairs Bureau of Tainan City Government issued the "Certificate of Appreciation for Enterprise Devoting Safety and Health Promotion". 	100%

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
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	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.

Pledged Items for Listing	Implementation of Pledged Items
<p>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 future reference.</p>	<p>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) As of the 1st quarter of 2020, the Company has never relinquished participation in capital increases or disposed of ECOVE Waste Management Corp., ECOVE Wujih Energy Corp., and ECOVE Environmental Services Cprp.</p>
<p>II. The Company pledges to disclose operating income that originates from the parent company CTCI Corporation in the notes of the consolidated financial statements of each quarter starting from the 2009 consolidated financial statements. However, the reason of payment operating costs to CTCI Corporation were not indicated; the CPA should be asked to review the aforementioned items in the audit (or review) of financial statements in each quarter.</p>	<p>The Company has operating income from the parent company CTCI Corporation but no related operating costs because the relative cost of such income is the cost of contracting, repairs and procurement paid by ECOVE Environmental Services Corp. to non-affiliates in the process of providing services as well as the related personnel and administrative expenses from operations. The CPA of PricewaterhouseCoopers Taiwan has been asked to review the aforementioned items and the supplementary description has been provided in the affiliate transaction report in the disclosure items of the consolidated financial statements from 2009 to 2015. Related content shall continue to be disclosed in the upcoming financial statements for the 1st quarter of 2020.</p>

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

IX. Appendix

APPENDIX I

**ECOVE ENVIRONMENT CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2019 AND 2018**

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of ECOVE Environment Corporation and its subsidiaries (the “Group”) as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of other independent accountants, as described in the other matters section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, 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 (ROC GAAS). 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 Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the audit reports of other independent accountants, 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The most significant key audit matters in our audit of the consolidated financial statements of the current period are as follows:

Accuracy of service revenue

Description

Refer to Note 4(29) for accounting policies on operating revenue and Note 6(22) 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\$2,602,026 thousand, constituting 49% of operating revenue for the year ended December 31, 2019. Due to the fact that this type of revenue involving 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.

Business combination

Description

Refer to Notes 4(31) and 6(30) for accounting policies on the acquisition method on business combinations. The Company holds 100% of shares in ECOVE Solar Energy Corporation and obtained the control over it after acquiring 50% of its shares by cash on September 20, 2018. The acquisition price was measured and allocated to identifiable assets acquired and liabilities assumed in the business combination based on the assets appraisal report provided by the external expert who was appointed by the Company.

As the assumptions of the acquisition price allocation in the business combination involves estimates by management, and are significant to the financial statements, we consider the business combination a key audit matter.

How our audit addressed the matter

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

- A. Inquired with management for the procedures of the acquisition, including the motivation and price of the acquisition as well as obtaining evaluation basis of the fair values of assets and liabilities, accounting policies and relevant internal control procedures.
- B. Reviewed and verified the business combination contract and the voucher of consideration payment.
- C. Evaluated the reasonableness of the acquisition price allocation by reviewing the valuation method and key assumptions adopted based on the assets appraisal report of the business combination.
- D. Obtained the accounting entries of business combination and ensured the assets acquired and liabilities assumed in the business combination were recognised in accordance with the abovementioned assets appraisal report and the related information was fully disclosed in the notes to the financial statements.

Other matter – scope of the audit

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\$48,614 thousand, constituting 0.5% of consolidated total assets as of December 31, 2019, and the share of loss of associates and joint ventures accounted for using equity method was

NT\$(722) thousand, constituting (0.07%) of consolidated total comprehensive income for the year then ended. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other independent accountants.

Other matter - non-consolidated financial statements

We have audited and expressed an unqualified opinion on the non-consolidated financial statements of ECOVE Environment Corporation as at and for the years ended December 31, 2019 and 2018.

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 ROC GAAS will always detect a material misstatement when

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

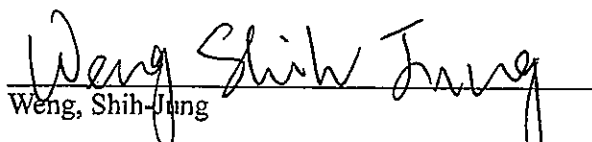
- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk 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

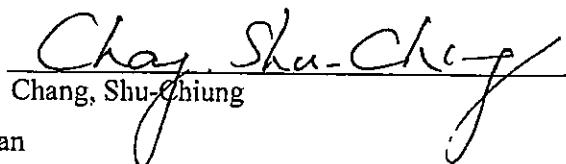
business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

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


Chang, Shu-Chiung

For and on behalf of PricewaterhouseCoopers, Taiwan
March 11, 2020

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

Assets	Notes	December 31, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,679,523	18	\$ 1,543,162	17
1110	Financial assets at fair value through profit or loss - current	6(2)	10,933	-	183,288	2
1120	Current financial assets at fair value through other comprehensive income	6(3)	124,032	1	102,201	1
1136	Current financial assets at amortised cost	6(4)	247,014	3	301,238	3
1150	Notes receivable, net		481	-	1,321	-
1170	Accounts receivable, net	6(5)	1,194,176	12	1,041,171	12
1180	Accounts receivable - related parties, net	7	571	-	1,717	-
1200	Other receivables		103,685	1	4,741	-
1210	Other receivables - related parties	7	30,818	-	24,646	-
130X	Inventories		72,507	1	63,854	1
1410	Prepayments	6(6)	92,113	1	266,503	3
1470	Other current assets	8	-	-	40,940	-
11XX	Total current assets		<u>3,555,853</u>	<u>37</u>	<u>3,574,782</u>	<u>39</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	543	-	543	-
1550	Investments accounted for under equity method	6(7)	418,868	4	405,718	4
1600	Property, plant and equipment, net	6(8) and 8	2,858,835	30	2,131,233	24
1755	Right-of-use assets	6(9)	102,256	1	-	-
1780	Intangible assets	6(30)	136,153	2	136,153	2
1840	Deferred income tax assets	6(28)	26,367	-	22,295	-
1900	Other non-current assets	6(10) and 8	2,441,942	26	2,804,983	31
15XX	Total non-current assets		<u>5,984,964</u>	<u>63</u>	<u>5,500,925</u>	<u>61</u>
1XXX	Total assets		<u>\$ 9,540,817</u>	<u>100</u>	<u>\$ 9,075,707</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, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 305,000	3	\$ 52,000	1
2130	Current contract liabilities	6(22)	50,005	1	140,580	2
2150	Notes payable		-	-	1,032	-
2170	Accounts payable	6(12)	652,577	7	535,797	6
2180	Accounts payable - related parties	7	27,892	-	23,411	-
2200	Other payables	6(13)	421,493	4	467,937	5
2220	Other payables - related parties	7	3,365	-	6,481	-
2230	Current income tax liabilities		96,809	1	130,245	1
2280	Current lease liabilities	7	25,523	-	-	-
2300	Other current liabilities	6(14)(15)	151,939	2	139,437	1
21XX	Total current liabilities		<u>1,734,603</u>	<u>18</u>	<u>1,496,920</u>	<u>16</u>
Non-current liabilities						
2540	Long-term borrowings	6(15)	1,427,563	15	1,423,587	16
2570	Deferred income tax liabilities	6(28)	210,864	2	204,300	2
2580	Non-current lease liabilities	7	44,102	-	-	-
2600	Other non-current liabilities	6(16)	530,882	6	529,541	6
25XX	Total non-current liabilities		<u>2,213,411</u>	<u>23</u>	<u>2,157,428</u>	<u>24</u>
2XXX	Total liabilities		<u>3,948,014</u>	<u>41</u>	<u>3,654,348</u>	<u>40</u>
Equity attributable to owners of parent						
Share capital						
3110	Common stock	6(19)	671,051	7	671,051	8
Capital surplus						
3200	Capital surplus	6(20)	2,208,031	23	2,193,473	24
Retained earnings						
3310	Legal reserve	6(21)	684,320	7	603,629	7
3320	Special reserve		2,243	-	32,284	-
3350	Unappropriated retained earnings		1,408,234	15	1,380,044	15
Other equity interest						
3400	Other equity interest		12,487	-	(2,243)	-
31XX	Equity attributable to owners of the parent		<u>4,986,366</u>	<u>52</u>	<u>4,878,238</u>	<u>54</u>
36XX	Non-controlling interest	4(3)	<u>606,437</u>	<u>7</u>	<u>543,121</u>	<u>6</u>
3XXX	Total equity		<u>5,592,803</u>	<u>59</u>	<u>5,421,359</u>	<u>60</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 9,540,817</u>	<u>100</u>	<u>\$ 9,075,707</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, except for earnings per share amount)

Items	Notes	Year ended December 31			
		2019		2018	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(22) and 7	\$ 5,321,559	100	\$ 4,847,096	100
5000 Operating costs	6(26)(27) and 7	(3,977,155)	(75)	(3,539,458)	(73)
5900 Gross profit		<u>1,344,404</u>	<u>25</u>	<u>1,307,638</u>	<u>27</u>
Operating expenses	6(26)(27) and 7				
6200 General and administrative expenses		(172,357)	(3)	(178,722)	(4)
6000 Total operating expenses		<u>(172,357)</u>	<u>(3)</u>	<u>(178,722)</u>	<u>(4)</u>
6900 Operating profit		<u>1,172,047</u>	<u>22</u>	<u>1,128,916</u>	<u>23</u>
Non-operating income and expenses					
7010 Other income	6(23) and 7	97,127	2	40,169	1
7020 Other gains and losses	6(24)	6,997	-	41,733	1
7050 Finance costs	6(25)	(34,083)	(1)	(7,483)	-
7060 Share of profit of associates and joint ventures accounted for under equity method	6(7)	<u>32,747</u>	<u>1</u>	<u>31,435</u>	<u>-</u>
7000 Total non-operating income and expenses		<u>102,788</u>	<u>2</u>	<u>105,854</u>	<u>2</u>
7900 Profit before income tax		<u>1,274,835</u>	<u>24</u>	<u>1,234,770</u>	<u>25</u>
7950 Income tax expense	6(28)	(212,685)	(4)	(254,298)	(5)
8200 Profit for the year		<u>\$ 1,062,150</u>	<u>20</u>	<u>\$ 980,472</u>	<u>20</u>
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Gains (losses) on remeasurements of defined benefit plans	6(17)	(\$ 7,367)	-	(\$ 3,212)	-
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	31,158	-	(2,076)	-
8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method.		(1)	-	(31)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	<u>1,459</u>	<u>-</u>	<u>1,379</u>	<u>-</u>
8310 Other comprehensive income (loss) that will not be reclassified to profit or loss		<u>25,249</u>	<u>-</u>	<u>(3,940)</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Cumulative translation differences of foreign operations		(20,411)	-	233	-
8300 Total other comprehensive income (loss) for the year		<u>\$ 4,838</u>	<u>-</u>	<u>(\$ 3,707)</u>	<u>-</u>
8500 Total comprehensive income for the year		<u>\$ 1,066,988</u>	<u>20</u>	<u>\$ 976,765</u>	<u>20</u>
Profit attributable to:					
8610 Owners of the parent		\$ 811,312	15	\$ 806,912	17
8620 Non-controlling interest		<u>250,838</u>	<u>5</u>	<u>173,560</u>	<u>3</u>
Total		<u>\$ 1,062,150</u>	<u>20</u>	<u>\$ 980,472</u>	<u>20</u>
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 819,645	15	\$ 806,087	16
8720 Non-controlling interest		<u>247,343</u>	<u>5</u>	<u>170,678</u>	<u>4</u>
Total		<u>\$ 1,066,988</u>	<u>20</u>	<u>\$ 976,765</u>	<u>20</u>
Earnings per share (in dollars):	6(29)				
9750 Basic earnings per share		<u>\$</u>	<u>12.09</u>	<u>\$</u>	<u>12.04</u>
9850 Diluted earnings per share		<u>\$</u>	<u>12.06</u>	<u>\$</u>	<u>12.04</u>

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)

	Equity attributable to owners of the parent										
	Notes	Retained Earnings					Other Equity Interest				Total equity
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain or loss on valuation of available-for-sale financial assets	Total	Non-controlling interest	
<u>For the year ended December 31, 2018</u>											
Balance at January 1, 2018		\$ 668,106	\$ 2,161,029	\$ 527,495	\$ 145	\$ 1,359,148	\$ 704	\$ -	\$ 4,716,627	\$ 547,243	\$ 5,263,870
Effect of retrospective application and retrospective restatement		-	-	-	-	1,799	-	(34,787)	(32,988)	-	(32,988)
Balance at January 1, 2018 after adjustments		<u>668,106</u>	<u>2,161,029</u>	<u>527,495</u>	<u>145</u>	<u>1,360,947</u>	<u>704</u>	<u>(34,787)</u>	<u>4,683,639</u>	<u>547,243</u>	<u>5,230,882</u>
Profit for the year		-	-	-	-	806,912	-	-	806,912	173,560	980,472
Other comprehensive income (loss)		-	-	-	-	(1,782)	2,922	(1,965)	(825)	(2,882)	(3,707)
Total comprehensive income (loss)		-	-	-	-	805,130	2,922	(1,965)	806,087	170,678	976,765
Appropriations of 2017 earnings	6(21)										
Legal reserve		-	-	76,134	-	(76,134)	-	-	-	-	-
Special reserve		-	-	-	32,139	(32,139)	-	-	-	-	-
Cash dividends		-	-	-	-	(647,313)	-	-	(647,313)	(183,364)	(830,677)
Share-based payment transactions	6(20)	-	5,055	-	-	-	-	-	5,055	308	5,363
Employee stock options exercised	6(20)	2,945	27,389	-	-	-	-	-	30,334	-	30,334
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	(30,447)	-	30,883	436	31	467
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	-	-	-	-	-	-	-	8,225	8,225
Balance at December 31, 2018		<u>\$ 671,051</u>	<u>\$ 2,193,473</u>	<u>\$ 603,629</u>	<u>\$ 32,284</u>	<u>\$ 1,380,044</u>	<u>\$ 3,626</u>	<u>(\$ 5,869)</u>	<u>\$ 4,878,238</u>	<u>\$ 543,121</u>	<u>\$ 5,421,359</u>

(Continued)

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

	Equity attributable to owners of the parent										
	Notes	Retained Earnings					Other Equity Interest			Non-controlling interest	Total equity
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain or loss on valuation of available-for-sale financial assets	Total		
<u>For the year ended December 31, 2019</u>											
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(21)										
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(20)	-	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	6(20)	-	137	-	-	-	-	3	140	(140)	-
Balance at December 31, 2019		<u>\$ 671,051</u>	<u>\$ 2,208,031</u>	<u>\$ 684,320</u>	<u>\$ 2,243</u>	<u>\$ 1,408,234</u>	<u>(\$ 12,681)</u>	<u>\$ 25,168</u>	<u>\$ 4,986,366</u>	<u>\$ 606,437</u>	<u>\$ 5,592,803</u>

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	For the years ended December 31	
		2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,274,835	\$ 1,234,770
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(26)	189,789	73,778
Depreciation - right-of-use	6(9)(26)	35,419	-
Amortization	6(26)	9,675	14,462
Interest expense	6(25)	33,505	7,483
Interest expense - lease liabilities	6(9)	578	-
Dividend income	6(23)	(8,857)	(3,657)
Interest income	6(23)	(11,990)	(16,390)
Salary expense-employee stock options	6(18)(27)	14,677	4,885
Gain on valuation of financial assets	6(24)	(2,849)	(1,564)
Gain on disposal of investment	6(24)	-	(26,481)
Profit from lease modification	6(24)	(28)	-
Share of profit of associates and joint ventures accounted for under equity method	6(7)	(32,747)	(31,435)
Loss (gain) on disposal of property, plant and equipment	6(24)	411	(4,387)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		170,448	250,721
Notes receivable, net		840	(1,087)
Accounts receivable, net		(153,005)	(80,446)
Accounts receivable - related parties, net		1,146	6,405
Other receivables		(45,270)	3,432
Other receivables - related parties		16,848	30,195
Inventories		(8,653)	(18,503)
Prepaid expenses		10,207	(23,847)
Other current assets		-	(30,940)
Other non-current assets		333,383	254,209
Changes in operating liabilities			
Current contract liabilities		(90,575)	140,580
Notes payable		(1,032)	843
Accounts payable		116,780	(89,136)
Accounts payable - related parties		4,481	(4,671)
Other payables		(40,109)	52,181
Other payables - related parties		(3,116)	(2,424)
Other current liabilities		6,620	(25,302)
Other non-current liabilities		(11,566)	2,380
Cash inflow generated from operations		1,809,845	1,716,054
Interest received		12,488	13,400
Dividends received		23,067	17,654
Interest paid		(39,840)	(8,436)
Income tax paid		(246,360)	(172,789)
Net cash flows from operating activities		<u>1,559,200</u>	<u>1,565,883</u>

(Continued)

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

	Notes	For the years ended December 31	
		2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets measured at fair value through other comprehensive income		\$ 9,326	\$ 48,206
Acquisition of financial assets at fair value through other comprehensive income		-	(16,258)
Decrease (increase) in financial assets at amortised cost		50,837	(115,328)
Increase (decrease) in other receivables - related parties		(23,000)	7,000
Interest received		75	2,570
Increase in investments accounted for under equity method - non-subsidiaries		-	(77,500)
Acquisition of property, plant and equipment	6(8)	(122,081)	(135,302)
Proceeds from disposal of property, plant and equipment		72	4,569
Increase in refundable deposits		(617)	(589)
Net cash flow from acquisition of subsidiaries (net of cash acquired)	6(30)	-	(206,659)
Increase in other non-current assets		(662,727)	(154,398)
Net cash flows used in investing activities		(748,115)	(643,689)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term loans		(256,300)	(91,000)
Increase in short-term loans		509,300	-
Proceeds from long-term loans		185,700	87,000
Repayment of long-term loans		(168,856)	(258,933)
Repayment of lease liabilities		(30,244)	-
Increase in deposits received (shown in other non-current liabilities)		(3,480)	22,189
Employee stock options exercised		-	30,334
Cash dividends paid		(910,844)	(830,677)
Increase in non-controlling interests		-	4,100
Net cash flows used in financing activities		(674,724)	(1,036,987)
Net increase (decrease) in cash and cash equivalents		136,361	(114,793)
Cash and cash equivalents at beginning of year		1,543,162	1,657,955
Cash and cash equivalents at end of year		\$ 1,679,523	\$ 1,543,162

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

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(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 in was incorporated 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 57.31% equity interest in the Company as of December 31, 2019.

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 9, 2020.

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 FSC effective from 2019 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9, ‘Prepayment features with negative compensation’	January 1, 2019
IFRS 16, ‘Leases’	January 1, 2019
Amendments to IAS 19, ‘Plan amendment, curtailment or settlement’	January 1, 2019
Amendments to IAS 28, ‘Long-term interests in associates and joint ventures’	January 1, 2019
IFRIC 23, ‘Uncertainty over income tax treatments’	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

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

IFRS 16, 'Leases'

- A. IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.
- B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Group increased 'right-of-use asset' by \$130,771, increased 'lease liability' by \$91,660 and decreased other non-current assets by \$39,111 with respect to the lease contracts of lessees on January 1, 2019.
- C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
- (a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.
 - (b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
 - (c) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of \$10,966 was recognised for the year ended December 31, 2019.
 - (d) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.
 - (e) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- D. The Group calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate of 0.68%.
- E. The Group recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	\$ 91,980
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	<u>\$ 91,980</u>
Incremental borrowing interest rate at the date of initial application	0.68%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	<u>\$ 91,660</u>

(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 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 IFRS7, ‘Interest rate benchmark reform’	January 1, 2020

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2021
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	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 and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income/Available-for-sale financial assets measured at fair value.
 - (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, 2019	December 31, 2018	
ECOVE Environment Corp.	ECOVE Waste Management Corp.	Environmental engineering	100.00	100.00	
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	74.999	74.999	
ECOVE Environment Service Corp.	ECOVE Miaoli Energy Corp.	Environmental engineering	0.001	0.001	
ECOVE Environment Corp.	ECOVE Environment Service Corp.	Environmental engineering	93.15	93.15	
ECOVE Waste Management Corp.	ECOVE Environment Service Corp.	Environmental engineering	0.01	0.01	
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Environmental engineering	100.00	98.00	Note 4
ECOVE Environment Service Corp.	ECOVE Wujih Energy Corp.	Environmental engineering	-	2.00	Note 4
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Environmental engineering	100.00	60.00	Note 5
ECOVE Waste Management Corp.	Yuan Ding Resources Corp.	Environmental engineering	-	40.00	Note 5
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	

Name of the investor	Name of the investee	Main Activities	Ownership percentage (%)		Note
			December 31, 2019	December 31, 2018	
ECOVE Environment Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	89.99	89.99	Note 2
ECOVE Environment Service Corp.	ECOVE Solvent Recycling Corporation	Environmental engineering	0.01	0.01	Note 2
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Energy sector	100.00	100.00	Note 3
ECOVE Solar Energy Corporation.	ECOVE Solar Power Corporation	Energy sector	100.00	100.00	Note 3
ECOVE Solar Energy Corporation.	ECOVE Central Corporation Ltd.	Energy sector	-	100.00	Note 3 and 6
ECOVE Solar Energy Corporation.	ECOVE South Corporation Ltd.	Energy sector	100.00	100.00	Note 3
ECOVE Solar Energy Corporation.	G.D. International, LLC.	Energy sector	100.00	100.00	Note 3
G.D. International, LLC.	Lumberton Solar W2-090,LLC.	Energy sector	100.00	100.00	Note 3

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

Note 2: In May 2018, the Group acquired ECOVE Solvent Recycling Corporation by cash, which became a subsidiary whose 90% equity was directly and indirectly held by the Company, and the subsidiary was consolidated into financial statements from the date of acquisition.

Note 3: The Group originally held 50% equity of ECOVE Solar Energy Corporation. On December 31, 2019, the Group acquired the remaining 50% equity through cash. After the acquisition, ECOVE Solar Energy Corporation became a directly wholly owned subsidiary of the Company and was included in the consolidated financial statements since the Company obtained control over it.

Note 4: 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 5: 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 6: 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.

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, 2019 and 2018, the non-controlling interest amounted to \$606,437 and \$543,121, 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, 2019		December 31, 2018	
		Amount	Ownership (%)	Amount	Ownership (%)
ECOVE Miaoli Energy Corp.	Taiwan	\$ 339,354	25.00%	\$ 334,656	25.00%
SINOGAL-Waste Services Co., Ltd.	Macau	203,420	70.00%	135,150	70.00%

Summarised financial information of the subsidiaries:

Balance sheets

	ECOVE Miaoli Energy Corp.	
	December 31, 2019	December 31, 2018
Current assets	\$ 281,104	\$ 175,062
Non-current assets	1,206,458	1,337,570
Current liabilities	(58,486)	(102,176)
Non-current liabilities	(71,662)	(71,831)
Total net assets	<u>\$ 1,357,414</u>	<u>\$ 1,338,625</u>

	SINOGAL-Waste Services Co., Ltd.	
	December 31, 2019	December 31, 2018
Current assets	\$ 512,877	\$ 403,137
Non-current assets	14,941	5,683
Current liabilities	(165,235)	(155,808)
Non-current liabilities	(71,982)	(59,941)
Total net assets	<u>\$ 290,601</u>	<u>\$ 193,071</u>

Statements of comprehensive income

	ECOVE Miaoli Energy Corp.	
	For the years ended December 31,	
	2019	2018
Revenue	\$ 336,766	\$ 347,786
Profit before income tax	168,330	175,309
Income tax expense	(33,665)	(46,254)
Profit for the year	134,665	129,055
Other comprehensive income (loss) for the year	5	(48)
Total comprehensive income for the year	\$ 134,670	\$ 129,007
Comprehensive income attributable to non-controlling interest	\$ 33,668	\$ 32,252
Dividends paid to non-controlling interest	\$ 29,025	\$ 33,592

	SINOGAL-Waste Services Co, Ltd	
	For the years ended December 31,	
	2019	2018
Revenue	\$ 786,378	\$ 649,134
Profit before income tax	273,193	167,716
Income tax expense	709	(692)
Profit for the year	273,902	167,024
Other comprehensive income (loss), net of tax	(5,547)	(1,186)
Total comprehensive income for the year	\$ 268,355	\$ 165,838
Comprehensive income attributable to non-controlling interest	\$ 187,849	\$ 116,087
Dividends paid to non-controlling interest	\$ 119,578	\$ 127,558

Statements of cash flows

	ECOVE Miaoli Energy Corp.	
	For the years ended December 31,	
	2019	2018
Net cash provided by operating activities	\$ 268,132	\$ 279,321
Net cash provided by investing activities	12	4,326
Net cash used in financing activities	(161,360)	(310,368)
Increase (decrease) in cash and cash equivalents	106,784	(26,721)
Cash and cash equivalents, beginning of year	1,582	28,303
Cash and cash equivalents, end of year	\$ 108,366	\$ 1,582

	SINOGAL-Waste Services Co., Ltd.	
	For the years ended December 31,	
	2019	2018
Net cash provided by operating activities	\$ 136,372	\$ 212,053
Net cash provided by investing activities	(8,144)	29,902
Net cash used in financing activities	(168,673)	(193,169)
Increase (decrease) in cash and cash equivalents	(40,445)	48,786
Cash and cash equivalents, beginning of year	51,961	3,175
Cash and cash equivalents, end of year	\$ 11,516	\$ 51,961

(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

- 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.
- 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.
- 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) Assets held 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) Investment accounted for using equity method – joint ventures

The Group accounts for its interest in a joint venture using equity method. Unrealised profits and losses arising from the transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with 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 joint venture.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or 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

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

Effective 2019

- 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.

(17) Intangible assets

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

(18) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is 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.

(19) 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.

(20) Notes and accounts payable

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

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

(21) Derecognition of financial liabilities

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

(22) Offsetting financial instruments

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

(23) 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.

(24) 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.

(25) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are 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.

(26) 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.

(27) Share capital

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

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(29) Revenue recognition

A. Service concession arrangements

- (a) The Group contracted with the government (grantor) a service concession arrangement whereby the Group shall provide construction of the government's infrastructure assets for public services and operate those assets during the term of the arrangement, and when the term of the operating period expires, the underlying infrastructure assets will be transferred to the government without consideration. The Group allocates the fair value of the consideration received or receivable in respect of the service concession arrangement between construction services and operating services provided based on their relative fair values, and 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 account receivable to 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 for the service per unit at a fixed rate. The Group recognises revenue and accounts receivable to the amount that it has a right to bill each month.

C. Other revenue

The Group provides repairs and maintenance, and consulting service that are charged for the service 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 sell the electricity generated by solar power. Revenue from the sale of the electricity is recognised when the Group sells the electricity to the customer.

(30) 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.

(31) Business combinations

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
- B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(32) 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, 2019</u>	<u>December 31, 2018</u>
Cash on hand and revolving funds	\$ 10,048	\$ 10,343
Checking accounts and demand deposits	1,550,737	422,288
Time deposits	<u>118,738</u>	<u>1,110,531</u>
Total	<u>\$ 1,679,523</u>	<u>\$ 1,543,162</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, 2019</u>	<u>December 31, 2018</u>
Currents items		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 10,393	\$ 182,925
Valuation adjustment	<u>540</u>	<u>363</u>
Total	<u>\$ 10,933</u>	<u>\$ 183,288</u>

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

	<u>For the year ended December 31, 2019</u>	<u>For the year ended December 31, 2018</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	<u>\$ 2,849</u>	<u>\$ 1,564</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, 2019	December 31, 2018
Current items:		
Equity instruments		
Listed stocks	\$ 96,118	\$ 106,367
Valuation adjustment	27,914	(4,166)
Total	<u>\$ 124,032</u>	<u>\$ 102,201</u>
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 2,342	\$ 2,342
Valuation adjustment	(1,799)	(1,799)
Total	<u>\$ 543</u>	<u>\$ 543</u>

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

	For the year ended December 31, 2019	For the year ended December 31, 2018
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 31,158	(\$ 2,143)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	(\$ 922)	(\$ 31,653)
<u>Debt instruments at fair value through other comprehensive income</u>		
Exchange gains recognised in profit or loss	\$ -	(\$ 3,697)
Fair value change recognised in other comprehensive income	\$ -	\$ 67
Accumulated other comprehensive income reclassified to profit or loss		
Reclassified due to derecognition	\$ -	(\$ 467)
Interest income recognised in profit or loss	\$ -	\$ 825

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

(4) Financial assets at amortised cost

Items	December 31, 2019	December 31, 2018
Current items:		
Time deposits with original maturity over 3 months	\$ 247,014	\$ 301,238

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

B. As at December 31, 2019 and 2018, 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 \$247,014 and \$301,238, respectively.

(5) Accounts receivable

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Accounts receivable	\$ 881,687	\$ 762,525
Long-term accounts receivable - due in one year	312,489	278,646
	<u>\$ 1,194,176</u>	<u>\$ 1,041,171</u>

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current	\$ 1,057,697	\$ 278,646
Up to 120 days	80,486	654,851
121 to 180 days	20,661	49,119
Over 181 days	35,332	58,555
	<u>\$ 1,194,176</u>	<u>\$ 1,041,171</u>

The above ageing analysis was based on invoice date.

B. As of December 31, 2019 and 2018, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2018, the balance of receivables from contracts with customers amounted to \$955,580.

C. For details on the long-term accounts receivable – due in one year, please refer to Note 6(10).

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

(6) Prepayments:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Prepayments for material purchases	\$ 23,541	\$ 17,030
Sub-contract costs payable	5,226	164,183
Prepaid rents	2,652	3,277
Prepaid insurance premiums	7,890	26,925
Others	52,804	55,088
	<u>\$ 92,113</u>	<u>\$ 266,503</u>

(7) Investments accounted for under the equity method

	<u>2019</u>	<u>2018</u>
At January 1	\$ 405,718	\$ 666,510
Addition of investments accounted for using the equity method	-	77,500
Transferred to consolidated subsidiaries	-	(358,790)
Share of profit or loss of investments accounted for using the equity method	32,747	31,435
Earnings distribution of investments accounted for using equity method	(14,210)	(13,997)
Changes in capital surplus	624	476
Changes in other equity items	(6,011)	2,584
At December 31	<u>\$ 418,868</u>	<u>\$ 405,718</u>

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Associates:		
CTCI Chemicals Corp.	\$ 65,631	\$ 64,214
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	304,623	292,168
Ever Ecove Corporation	48,614	49,336
	<u>\$ 418,868</u>	<u>\$ 405,718</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, 2019	December 31, 2018		
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	20.00%	20.00%	Strategic Investment	Equity method

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

Balance sheet

		Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
		December 31, 2019	December 31, 2018
Current assets	\$	294,347	\$ 300,925
Non-current assets		852,027	788,200
Current liabilities	(	12,411)	(10,906)
Non-current liabilities		-	-
Total net assets	\$	<u>1,133,963</u>	<u>\$ 1,078,219</u>
Share in associate's net assets	\$	226,793	\$ 215,643
Land-use right		255	1,020
Goodwill		75,505	75,505
Others		2,070	-
Carrying amount of the associate	\$	<u>304,623</u>	<u>\$ 292,168</u>

Statement of comprehensive income

		Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
		For the years ended December 31,	
		2019	2018
Revenue	\$	-	\$ -
Profit for the year from continuing operations		89,405	2,188
Other comprehensive loss, net of tax	(	34,034)	(1,826)
Total comprehensive income	\$	<u>55,371</u>	<u>\$ 362</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, 2019 and 2018, the carrying amount of the Group's individually immaterial associates amounted to \$114,245 and \$113,550, respectively.

		For the years ended December 31,	
		2019	2018
Profit for the year from continuing operations	\$	14,283	\$ 15,159
Other comprehensive loss	(	1)	(31)
Total comprehensive income	\$	<u>14,282</u>	<u>\$ 15,128</u>

B. In August 2018, the Group acquired 5% of the shares of EVER ECOVE Corporation for \$50,000 in accordance with the resolution of the Board of Directors adopted during its meeting on July 30, 2018. The Group's ownership in EVER ECOVE Corporation is less than 20%, but one of the directors also holds directorship of EVER ECORE Corporation, therefore, this investment is accounted for using the equity method.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Transportation	Unfinished construction	Others	Total
<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>For the year ended 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
Acquired from business acquisition	-	-	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>

	Land	Buildings and structures	Machinery	Transportation	Unfinished construction	Others	Total
<u>At January 1, 2018</u>							
Cost	\$ -	\$ -	\$ 87,542	\$ 106,933	\$ -	\$ 7,505	\$ 201,980
Accumulated depreciation	-	-	(52,406)	(73,254)	-	(3,076)	(128,736)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,136</u>	<u>\$ 33,679</u>	<u>\$ -</u>	<u>\$ 4,429</u>	<u>\$ 73,244</u>
<u>For the year ended December 31, 2018</u>							
Opening net book amount	\$ -	\$ -	\$ 35,136	\$ 33,679	\$ -	\$ 4,429	\$ 73,244
Additions	-	-	7,460	11,960	108,997	6,885	135,302
Acquired from business acquisition	172,038	516	1,429,080	129	-	288	1,602,051
Transfer	-	-	396,010	-	-	-	396,010
Disposals	-	-	(182)	-	-	-	(182)
Depreciation charge	-	(111)	(62,268)	(8,474)	-	(2,925)	(73,778)
Net exchange differences	(155)	-	(1,267)	2	-	6	(1,414)
Closing net book amount	<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>At December 31, 2018</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>

- 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 was \$7,911 and \$2,738, respectively, and the interest rates for capitalisation ranged from 0.95%~2.0364% and 1.088%~1.7% for the years ended December 31, 2019 and 2018, respectively.

(9) Leasing arrangements – lessee

Effective 2019

- A. The Group leases various assets including land, buildings, machinery and equipment, 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. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	For the year ended December 31, 2019	For the year ended December 31, 2018
	<u>Carrying amount</u>	<u>Depreciation charge</u>
Land	\$ 54,969	\$ 9,421
Buildings	31,387	17,837
Transportation	11,840	6,741
Other equipment	4,060	1,420
	<u>\$ 102,256</u>	<u>\$ 35,419</u>

- C. As of December 31, 2019, right-of-use assets-land amounting to \$33,653 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. Please refer to Note 6(10) A for details.
- D. For the year ended December 31, 2019, the additions to right-of-use assets was \$39,573.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	For the year ended December 31, 2019
<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	\$ 578
Expense on short-term lease contracts	10,966
Expense on leases of low-value assets	1,132
Expense on variable lease payments	30,165

F. For the years ended December 31, 2019, the Group's total cash outflow for leases amounted to \$72,507.

G. Variable lease payments

(a) Some of the Group's lease contracts contain variable lease payment terms that are linked to electricity production of solar power. Various lease payments that depend on the electricity production of solar power are 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) Other non-current assets

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Long-term accounts receivable	\$ 2,158,699	\$ 2,414,923
Less: Current portion	(312,489)	(278,646)
	1,846,210	2,136,277
Long-term prepaid rents	-	37,321
Deferred recovery cost	18,685	16,525
Refundable deposits	21,082	20,465
Air pollution fee	-	54,267
Prepayments for business facilities	367,916	514,821
Restricted bank deposits	44,327	-
Executory contract cost	120,909	-
Others	22,813	25,307
	<u>\$ 2,441,942</u>	<u>\$ 2,804,983</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. needs to deal with the guarantee tonnage of waste from government according to the contract during 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. Long-term prepaid rents are due to ECOVE Wujih Energy Corp. and ECOVE Miaoli Energy Corp. obtaining the land-use right according to the “BOT”. As of December 31, 2018, the long-term prepaid rent of ECOVE Wujih Energy Corp. amounted to \$20,791. As of December 31, 2018, the long-term prepaid rent of ECOVE Miaoli Energy Corp. amounted to \$16,530.
 - C. Accrued recovery cost pertain to the contracts for the operation and maintenance service of refuse incineration plant between the subsidiaries, ECOVE Environment Service Corp. and SINO GAL - Waste Services Co., Ltd., and the grantors, requiring recovery of refuse incineration plant, related machinery and equipment when the contract expires. The Group has estimated the related recovery cost when the service contracts expire and amortizes it over the contract period.
 - D. For details of the refundable deposits and restricted bank deposits, please refer to Note 8.
 - E. Information on air pollution fee is provided in Note 9(5).
 - F. Costs to fulfill a contract 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.

(11) Short-term borrowings

<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2019</u>	<u>Note</u>
Secured borrowings	1.7%	Note	\$ 42,000	The borrowing facilities were 100% jointly guaranteed by ECOVE Environment Corp.
	0.95%~0.97%	ECOVE Solar Power Corporation issued a promissory note in the amount of \$100 million and the Company acted as guarantor	84,000	"
	0.97%	ECOVE Solar Energy Corporation issued a promissory note in the amount of \$509,110 thousand and the Company acted as guarantor	16,000	"
	1.50%	ECOVE Solar Energy Corporation issued a promissory note in the amount of \$380 million and the Company acted as guarantor	70,000	"
	0.97%	ECOVE Solar Power Corporation issued a promissory note in the amount of \$75,370 thousand and the Company acted as guarantor	55,000	"
	1.50%	ECOVE South Corporation Ltd. issued a promissory note in the amount of \$150 million and the Company acted as guarantor	<u>38,000</u>	"
			<u>\$ 305,000</u>	
<u>Type of borrowings</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2018</u>	<u>Note</u>
Secured borrowings	1.10%	ECOVE Solar Energy Corporation issued a promissory note in the amount of \$70 million	<u>\$ 52,000</u>	-

Note: 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.

(12) Accounts payable

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Materials payable	\$ 44,954	\$ 21,902
Sub-contract costs payable	178,377	85,073
Incinerator equipment costs payable	41,517	31,861
Maintenance costs payable	310,079	281,003
Others	<u>77,650</u>	<u>115,958</u>
	<u>\$ 652,577</u>	<u>\$ 535,797</u>

(13) Other payables

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Accrued payroll	\$ 271,018	\$ 292,559
Other payables	150,475	175,378
	<u>\$ 421,493</u>	<u>\$ 467,937</u>

(14) Other current liabilities

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Other current liabilities		
Long-term liabilities-current portion	\$ 134,149	\$ 128,267
Others	17,790	11,170
	<u>\$ 151,939</u>	<u>\$ 139,437</u>

(15) Long-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Secured borrowings	\$ 1,561,712	\$ 1,551,854
Less: Current portion	(134,149)	(128,267)
	<u>\$ 1,427,563</u>	<u>\$ 1,423,587</u>
Facility amount	\$ 2,033,525	\$ 2,420,861
Interest rate	<u>1.49%~4.385%</u>	<u>1.3915%~4.9%</u>

Note 1. ECOVE Miaoli Energy Corp. committed to maintain the following financial ratios and criteria during the period of the contract:

- (i) Current ratio above 100%;
- (ii) Debt ratio (Total Liabilities/Net Value) is under 190%; and
- (iii) Time interest earned above 150%.

As of December 31, 2018, the long-term borrowings (including current portion) of ECOVE Miaoli Energy Corp. amounted to \$4,000.

Note 2. 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 building lot in first priority to Chang Hwa Bank. Please refer to Note 8.

As of December 31, 2018, the long-term borrowings (including current portion) of ECOVE Solvent Recycling Corporation amounted to \$25,645.

Note 3. The Group has pledged promissory notes as December 31, 2019 and 2018 amounting to \$1,664,080 and \$1,559,720, respectively.

(16) Other non-current liabilities

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Net defined benefit liability	\$ 49,555	\$ 40,412
Accrued recovery costs	104,823	92,532
Guaranteed deposits received	184,408	190,295
Deferred revenue	157,648	169,471
Others	34,448	36,831
	<u>\$ 530,882</u>	<u>\$ 529,541</u>

A. For details of the accrued recovery costs, please refer to Note 6(10) C.

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.

(17) 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, 2019</u>	<u>December 31, 2018</u>
Present value of defined benefit obligations	\$ 274,104	\$ 250,739
Fair value of plan assets	(224,549)	(210,327)
Net defined benefit liability	<u>\$ 49,555</u>	<u>\$ 40,412</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended <u>December 31, 2019</u>			
At January 1	\$ 250,739	(\$ 210,327)	\$ 40,412
Current service cost	6,014	-	6,014
Interest (expense) income	2,482	(2,097)	385
	<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	6,912	(7,474)	(562)
	<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>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended <u>December 31, 2018</u>			
At January 1	\$ 240,044	(\$ 203,985)	\$ 36,059
Current service cost	6,025	-	6,025
Interest (expense) income	2,606	(2,243)	363
	<u>248,675</u>	<u>(206,228)</u>	<u>42,447</u>
Remeasurements:			
Return on plan assets	-	(6,332)	(6,332)
Change in financial assumptions	2,873	-	2,873
Experience adjustments	6,671	-	6,671
	<u>9,544</u>	<u>(6,332)</u>	<u>3,212</u>
Pension fund contribution	-	(5,247)	(5,247)
Paid pension	(7,480)	7,480	-
At December 31	<u>\$ 250,739</u>	<u>(\$ 210,327)</u>	<u>\$ 40,412</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, 2019 and 2018 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, 2019	Year ended December 31, 2018
Discount rate	0.60% ~ 0.70%	0.80% ~ 1.00%
Future salary increases	2.50% ~ 3.00%	2.50% ~ 3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis is as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	(\$ 6,441)	\$ 6,682	\$ 5,873	(\$ 5,702)
<u>December 31, 2018</u>				
Effect on present value of defined benefit obligation	(\$ 6,714)	\$ 6,973	\$ 6,196	(\$ 6,009)

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, 2020 amount to \$5,294.

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, 2019 and 2018 were \$28,735 and \$26,901, 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, 2019 and 2018 were \$9,346 and \$7,938, respectively.

(18) Share-based payment

- A. For the years ended December 31, 2019 and 2018, the Company’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Fourth plan of employee stock options	2011.6.17	1,200 units	6 years	Service of 2 years
Fifth plan of employee stock options	2012.6.28	1,200 units	6 years	Service of 2 years
Sixth plan of employee stock options	2018.7.9	1,500 units	6 years	Service of 2 years
Seven plan of employee stock options	2019.7.24	1,500 units	6 years	Service of 2 years

B. The above employee stock options are as follows:

(a) Details of the fourth plan of employee stock options outstanding as of December 31, 2019 and 2018 are as follows, and all options were exercised.

Stock options	For the years ended December 31,			
	2019		2018	
	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	-	-	3.00	NT\$ 106.30
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	-	-	(3.00)	-
Options exercised	-	-	-	NT\$ 106.30
Options revoked	-	-	-	-
Options outstanding at end of year	-	-	-	-
Options exercisable at end of year	-	-	-	-

(b) Details of the fifth plan of employee stock options outstanding as of December 31, 2019 and 2018 are as follows, and all options were exercised.

	For the years ended December 31,			
	2019		2018	
	No. of units	Weighted-average	No. of units	Weighted-average
<u>Stock options</u>	<u>(in thousands)</u>	<u>exercise price</u>	<u>(in thousands)</u>	<u>exercise price</u>
		<u>(in dollars)</u>		<u>(in dollars)</u>
Options outstanding at beginning of year	-	-	298.25	NT\$ 103.00
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	-	-	(3.75)	-
Options exercised	-	-	(294.50)	NT\$ 103.00
Options revoked	-	-	-	-
Options outstanding at end of year	-	-	-	-
Options exercisable at end of year	-	-	-	-

(c) Details of the sixth plan of employee stock options outstanding as of December 31, 2019 and 2018 are as follows and all options were exercised.

Stock options	2019		2018	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	1,448	NT\$ 173.50	-	\$ -
Options granted	-	-	1,500	NT\$ 173.50
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(40)	-	(52)	-
Options exercised	-	-	-	-
Options revoked	-	-	-	-
Options outstanding at end of year	<u>1,408</u>	NT\$ 155.00	<u>1,448</u>	NT\$ 173.50
Options exercisable at end of year	<u>-</u>	-	<u>-</u>	-

(d) Details of the seventh plan of employee stock options outstanding as of December 31, 2019 and 2018 are as follows and all options were exercised.

Stock options	2019	
	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at beginning of year	-	-
Options granted	1,500	NT\$ 212.50
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-
Options waived	(34)	-
Options exercised	-	-
Options revoked	-	-
Options outstanding at end of year	<u>1,466</u>	NT\$ 201.00
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, 2018 was \$172.63 (in dollars).

D. As of December 31, 2019 and 2018, the range of exercise prices of stock options outstanding was \$173.5~\$212.50 and \$173.5 (in dollars), respectively; the weighted-average remaining contractual period was as follows:

<u>Type of arrangement</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Fourth plan of employee stock options	-	-
Fifth plan of employee stock options	-	-
Sixth plan of employee stock options	4.5 years	5.5 years
Seventh plan of employee stock options	5.5 years	-

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

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Market value (Note)</u>	<u>Exercise price</u>	<u>Expected price volatility</u>	<u>Expected duration</u>	<u>Expected dividend yield rate</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit</u>
Fourth plan of employee stock options	2011.6.17	NT\$146.0	NT\$146.0	38.65%	4.50 years	0%	1.05%	NT\$ 48.82
Fifth plan of employee stock options	2012.6.28	NT\$145.0	NT\$145.0	33.63%	4.60 years	0%	1.00%	NT\$ 42.79
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

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

	<u>For the years ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Equity-settled	<u>\$ 14,677</u>	<u>\$ 4,885</u>

(19) Share capital

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

	<u>2019</u>	<u>2018</u>
At January 1	67,105,148	66,810,648
Employee stock options exercised	-	294,500
At December 31	<u>67,105,148</u>	<u>67,105,148</u>

B. As of December 31, 2019, 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 \$671,051 with a par value of NT\$10 (in dollars) per share. All proceeds from shares issued have been collected.

C. As of December 31, 2019 and 2018, the associate of the Group held 276 thousand shares.

(20) 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, 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>

	<u>Share premium</u>	<u>Employee stock options</u>	<u>Others</u>	<u>Total</u>
At January 1, 2018	\$ 1,971,969	\$ 188,747	\$ 313	\$ 2,161,029
Share-based payment transaction	-	5,055	-	5,055
Expired employee stock options	188,877	(188,564)	(313)	-
Employee stock options exercised	<u>27,389</u>	<u>-</u>	<u>-</u>	<u>27,389</u>
At December 31, 2018	<u>\$ 2,188,235</u>	<u>\$ 5,238</u>	<u>\$ -</u>	<u>\$ 2,193,473</u>

(21) 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 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 2018 and 2017 earnings had been resolved at the stockholders' meeting on May 30, 2019 and May 31, 2018, respectively.

Details are summarised below:

	2018	2017
Legal reserve	\$ 80,691	\$ 76,134
(Reversal) special reserve	(30,041)	32,139
Cash dividends	726,078	647,313
Total	<u>\$ 776,728</u>	<u>\$ 755,586</u>

- F. The Company recognised dividends of \$647,313 (NT\$9.68 per share) in 2018. In addition, outstanding stocks will be influenced by employees' share rights. Thus, the Board of Directors gave the right to adjust the rate of distributed dividends from NT\$9.68 per share to NT\$9.64624522 per share.
- G. The appropriation of 2019 earnings had been proposed by Board of Directors during its meeting on March 9, 2020.

Details are summarised below:

	2019	
	Amount	Dividends per share (in NT dollars)
Legal reserve	\$ 80,492	\$ -
Special reserve	(2,243)	-
Cash dividends	726,749	10.83
Total	\$ 804,998	\$ 10.83

The appropriation of 2019 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 (27).
- I. The Company recognised the effect of the change in tax rate immediately on January 1, 2018 when the change occurred. The effect of the change on items recognised outside profit or loss was recognised in other comprehensive income or equity (including non-controlling interest) amounting to \$729.

(22) Operating revenue

	For the years ended December 31,	
	2019	2018
Operating revenue	\$ 2,136,055	\$ 1,969,174
Electricity	1,573,058	1,105,578
Waste collection	70,507	78,749
Others	968,041	1,116,590
	4,747,661	4,270,091
Service concession arrangements		
Operating revenue	465,971	458,152
Finance revenue	107,927	118,853
	573,898	577,005
	\$ 5,321,559	\$ 4,847,096

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the

following major product lines and geographical regions:

For the 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>

For the year ended					
December 31, 2018	Domestic	China	Macau	United States	Total
Total segment revenue	\$ 5,443,412	\$ 160,358	\$ 878,793	\$ 14,083	\$ 6,496,646
Inter-segment revenue	(1,526,207)	(55,274)	(68,069)	-	(1,649,550)
Revenue from external customer contracts	<u>\$ 3,917,205</u>	<u>\$ 105,084</u>	<u>\$ 810,724</u>	<u>\$ 14,083</u>	<u>\$ 4,847,096</u>
Timing of revenue recognition					
Over a period time	<u>\$ 3,917,205</u>	<u>\$ 105,084</u>	<u>\$ 810,724</u>	<u>\$ 14,083</u>	<u>\$ 4,847,096</u>

B. Contract assets and liabilities

(a) Details on contract assets are provided in Note 6(10).

(b) Contract liabilities:

	December 31, 2019	December 31, 2018	December 31, 2017
Receipts in advance	<u>\$ 50,005</u>	<u>\$ 140,580</u>	<u>\$ 36,605</u>

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

	For the years ended December 31,	
	2019	2018
Receipts in advance	<u>\$ 120,937</u>	<u>\$ 36,605</u>

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 which occurred at the beginning should be recognised in assets and accounted as other non-current assets in the balance sheet under IFRS 15.

As at December 31, 2019, the balance was \$120,909, and amortised to the cost amounting to \$58,746 for the year ended December 31, 2019.

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.

(23) Other income

	For the years ended December 31,	
	2019	2018
Interest income:		
Interest income from bank deposits	\$ 11,895	\$ 13,842
Other interest income	95	2,548
Total interest income	11,990	16,390
Dividend income	8,857	3,657
Other income, others	76,280	20,122
	<u>\$ 97,127</u>	<u>\$ 40,169</u>

(24) Other gains and losses

	For the years ended December 31,	
	2019	2018
(Losses) gains on disposals of property, plant and equipment	(\$ 411)	\$ 4,387
Gains on disposals of investments	-	26,481
Foreign exchange gains (losses)	4,863	9,312
Gains on financial assets at fair value through profit or loss	2,849	1,564
Gains arising from lease modifications	28	-
Miscellaneous disbursements	(332)	(11)
	<u>\$ 6,997</u>	<u>\$ 41,733</u>

(25) Finance cost

	For the years ended December 31,	
	2019	2018
Interest expense	\$ 33,505	\$ 7,483
Interest expense arising from lease liabilities	578	-
	<u>\$ 34,083</u>	<u>\$ 7,483</u>

(26) Expenses by nature

	For the years ended December 31,	
	2019	2018
Employee benefit expense	\$ 1,099,972	\$ 1,065,692
Depreciation charges on property, plant and equipment	189,789	73,778
Depreciation charges on right-of-use asset	35,419	-
Amortisation	9,675	14,462
Incinerator equipment costs	468,373	323,629
Materials	749,678	675,895
Sub-contract costs	1,005,626	1,016,100
Insurances	69,349	38,353
Other expenses	521,631	510,271
	<u>\$ 4,149,512</u>	<u>\$ 3,718,180</u>

(27) Employee benefit expense

	For the years ended December 31,	
	2019	2018
Salaries	\$ 930,387	\$ 916,519
Employee stock options	14,677	4,885
Labor and health insurance fees	59,916	54,849
Pension costs	44,480	41,227
Other personnel expenses	50,512	48,212
	<u>\$ 1,099,972</u>	<u>\$ 1,065,692</u>

A. As of December 31, 2019 and 2018, the Group had 973 and 988 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, 2019 and 2018, employees' compensation was accrued at \$329 and \$343, 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 as of the end of December 31, 2019. 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 2018 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2018 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.

(28) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	For the years ended December 31,	
	2019	2018
Current tax:		
Current tax on profits for the year	\$ 216,195	\$ 223,578
Prior year income tax over estimation	(7,976)	(1,381)
Total current tax	208,219	222,197
Deferred tax:		
Origination and reversal of temporary differences	3,951	4,395
Impact of change in tax rate	-	27,467
Effect of exchange rate changes	515	239
Income tax expense	<u>\$ 212,685</u>	<u>\$ 254,298</u>

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

	For the years ended December 31,	
	2019	2018
Remeasurement of defined benefit obligations	(\$ 1,459)	(\$ 650)
Impact of change in tax rate	-	(\$ 729)
	<u>(\$ 1,459)</u>	<u>(\$ 1,379)</u>

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2019	2018
Tax calculated based on profit before tax and statutory tax rate (note)	\$ 225,281	\$ 233,374
Expenses disallowed by tax regulation	(4,620)	(5,162)
Prior year income tax overestimation	(7,976)	(1,381)
Effect from change in tax rate	-	27,467
Income tax expense	<u>\$ 212,685</u>	<u>\$ 254,298</u>

Note: The basis for computing the applicable tax rate is the rate applicable in Taiwan.

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

	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:				
Temporary differences:				
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>

	2018				
	January 1	Acquisition through business combination	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:					
Temporary differences:					
Unused compensated absences	\$ 3,152	\$ -	\$ 1,473	\$ -	\$ 4,625
Unrealised pension costs	4,802	-	82	1,379	6,263
Unrealised maintenance costs	8,304	-	2,234	-	10,538
Unrealised exchange loss	2,815	134	(3,596)	-	(647)
Unrealised gains on disposal of fixed assets	-	1,382	134	-	1,516
	<u>\$ 19,073</u>	<u>\$ 1,516</u>	<u>\$ 327</u>	<u>\$ 1,379</u>	<u>\$ 22,295</u>
Deferred tax liabilities:					
Temporary differences:					
Unrealised foreign investment gain	(\$ 12,965)	(\$ 2,773)	(\$ 7,171)	\$ -	(\$ 22,909)
Unrealised concession arrangements gain	(156,373)	-	(25,018)	-	(181,391)
	<u>(\$ 169,338)</u>	<u>(\$ 2,773)</u>	<u>(\$ 32,189)</u>	<u>\$ -</u>	<u>(\$ 204,300)</u>
	<u>(\$ 150,265)</u>	<u>(\$ 1,257)</u>	<u>(\$ 31,862)</u>	<u>\$ 1,379</u>	<u>(\$ 182,005)</u>

D. As of December 31, 2019, except for ECOVE Environment Services Corporation's income tax returns through 2016, the Company's and its subsidiaries' income tax returns through 2017 have been assessed and approved by the Tax Authority.

E. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(29) Earnings per share

	For the 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			
Employees' 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>

	For the year ended December 31, 2018		
	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	\$ 806,912	67,024	<u>NT\$ 12.04</u>
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	2	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 806,912</u>	<u>67,026</u>	<u>NT\$ 12.04</u>

(30) Business combinations

A. ECOVE Solvent Recycling Corporation

- (a) On May 10, 2018, the Group acquired a 90% equity interest of ECOVE Solvent Recycling Corporation in the amount of \$49,590 in the form of cash, and had control over ECOVE Solvent Recycling Corporation which is primarily engaged in operating basic chemical

industry and manufacture of other chemical products. As a result of the acquisition, the Group is expected to increase its presence in these markets. It also expects to reduce costs through economies of scale.

- (b) The following table summarises the consideration paid for ECOVE Solvent Recycling Corporation and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

	<u>May 10, 2018</u>
Purchase consideration	
Cash paid	\$ 49,590
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	<u>4,126</u>
	<u>53,716</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	150
Prepayments	291
Property, plant and equipment	68,492
Other non-current assets	588
Other payables	(143)
Other current liabilities	(325)
Long-term borrowings	<u>(27,800)</u>
Total identifiable net assets	<u>41,253</u>
Goodwill	<u>\$ 12,463</u>

- (c) The operating revenue included in the consolidated statement of comprehensive income since May 10, 2018 contributed by ECOVE Solvent Recycling Corporation was \$0. ECOVE Solvent Recycling Corporation also contributed loss before income tax of (\$7,014) over the same period. Had ECOVE Solvent Recycling Corporation been consolidated from January 1, 2018, the consolidated statement of comprehensive income for the year ended December 31, 2018 would show operating revenue of \$4,848,581 and profit before income tax of \$1,226,813.

B. ECOVE Solar Energy Corporation

- (a) On September 20, 2018, the Group acquired 50% of the shares by cash of NT\$455,384; therefore, the Group holds 100% of shares and obtained control of ECOVE Solar Energy Corporation.
- (b) The following table summarises the consideration paid for ECOVE Solar Energy Corporation and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

	<u>September 20, 2018</u>
Purchase consideration	
Cash paid	\$ 455,384
Fair value of equity interest in ECOVE Solar Energy Corporation held before the business combination	388,193
	<u>843,577</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	298,165
Accounts receivable	13,501
Other receivables	5,509
Prepayments	29,536
Property, plant and equipment	1,533,559
Deferred tax assets	1,516
Other non-current assets	721,902
Short-term borrowings	(143,000)
Accounts payable	(5,245)
Current tax liabilities	(8,903)
Other payables	(33,310)
Other current liabilities	(138,880)
Long-term borrowings	(1,376,650)
Deferred tax liabilities	(2,773)
Other non-current liabilities	(175,040)
Total identifiable net assets	<u>719,887</u>
Goodwill	<u>\$ 123,690</u>

(c) The operating revenue included in the consolidated statement of comprehensive income since September 20, 2018 contributed by ECOVE Solar Energy Corporation was \$83,600. ECOVE Solar Energy Corporation also contributed profit before income tax of \$12,047 over the same period. Had ECOVE Solar Energy Corporation been consolidated from January 1, 2018, the consolidated statement of comprehensive income for the year ended December 31, 2018 would show operating revenue of \$5,115,340 and profit before income tax of \$1,290,371.

(31) Operating leases

Prior to 2018

- A. The Group leases offices and dormitories under non-cancellable operating lease agreements. These leases have terms expiring between 1 year and 16 years. The Group recognised rental expenses of \$49,870 for these leases for the year ended December 31, 2018.
- B. In order to build the refuse incineration plant, the Group obtained the land-use right amounting to \$114,902. For the year ended December 31, 2018, the rent is amortized on a straight-line basis during construction or operation amounting to \$5,976.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	<u>December 31, 2018</u>
Less than one year	\$ 29,633
More than one year but not less than five years	33,134
More than five years	<u>29,213</u>
	<u>\$ 91,980</u>

The Group has lease contracts that are charged based on the service per unit in accordance with electricity production. As such, there is no minimum lease payments for those contracts.

(32) Supplemental cash flow information

Investing activities with partial cash payments

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Other increasing amount of non-current assets	\$ -	\$ 870,331
Less: Acquisition through business combination	-	(715,933)
Cash paid during the year	<u>\$ -</u>	<u>\$ 154,398</u>

(33) Changes in liabilities from financing activities

	<u>2019</u>		
	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Liabilities from financing activities-gross</u>
At January 1	\$ 52,000	\$ 1,551,854	\$ 1,603,854
activities	253,000	16,844	269,844
Impact of changes in foreign exchange rate	-	(6,986)	(6,986)
At December 31	<u>\$ 305,000</u>	<u>\$ 1,561,712</u>	<u>\$ 1,866,712</u>
	<u>2018</u>		
	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Liabilities from financing activities-gross</u>
At January 1	\$ -	\$ 180,000	\$ 180,000
activities	(91,000)	(171,933)	(262,933)
Changes in acquisition of subsidiaries	143,000	1,515,530	1,658,530
Impact of changes in foreign exchange rate	-	28,257	28,257
At December 31	<u>\$ 52,000</u>	<u>\$ 1,551,854</u>	<u>\$ 1,603,854</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 57.31% of the Company's shares. The remaining 42.69% 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
Ever Solar Energy Corporation	The entity became a subsidiary on September 20, 2018; before this date, the entity was a joint venture.

(3) Significant transactions and balances with related parties

A. Operating revenue

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Operating revenue:		
Ultimate parent company	\$ 9,543	\$ 27,528
Associates	22	-
	<u>\$ 9,565</u>	<u>\$ 27,528</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 terms were 30 days and approximately the same as those with third parties.

(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

	For the years ended December 31,	
	<u>2019</u>	<u>2018</u>
Purchases of goods and services:		
Ultimate parent company	\$ 5,399	\$ 6,576
Associates	<u>158,629</u>	<u>163,963</u>
	<u>\$ 164,028</u>	<u>\$ 170,539</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 terms were 30 days and approximately the same as those with third parties.

C. Period-end balances arising from sales of services

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Accounts receivable:		
Ultimate parent company	<u>\$ 571</u>	<u>\$ 1,717</u>

D. Period-end balances arising from purchases of services

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Accounts payable:		
Ultimate parent company	\$ 5,278	\$ 4,260
Associates	<u>22,614</u>	<u>19,151</u>
	<u>\$ 27,892</u>	<u>\$ 23,411</u>

E. Other receivables-related parties

(a) Reclassified from accounts receivable

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Ultimate parent company	<u>\$ -</u>	<u>\$ 17,566</u>

Certain accounts receivable from related parties which are not on regular collection terms, were reclassified to “other receivables-related parties” whose aging is from 121 to 730 days.

(b) Others

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Other receivables:		
Associates (Note)	<u>\$ 792</u>	<u>\$ 74</u>

Note : The receivable is a result of the personnel’s transfer from related parties and apportioned office expenses.

F. Loans to related parties

(a) Receivables from related parties

	December 31, 2019	December 31, 2018
Ultimate parent company	\$ -	\$ -
CTCI Machinery Corp.	30,026	7,006
	<u>\$ 30,026</u>	<u>\$ 7,006</u>

(b) Interest income

	For the years ended December 31,	
	2019	2018
Ultimate parent company (Note 1)	\$ -	\$ 2,487
Associates (Note 2)	94	77
	<u>\$ 94</u>	<u>\$ 2,564</u>

Note 1: The terms of lending include interest to be calculated and received monthly, using the annual rate of 0.81% for the year ended December 31, 2018.

Note 2: The terms of lending include interest to be calculated and received monthly, using the annual rate of 1.01% for both years ended December 31, 2019 and 2018.

G. Other income

	For the years ended December 31,	
	2019	2018
Associates	\$ 1,703	\$ 999
Joint ventures	-	2,555
	<u>\$ 1,703</u>	<u>\$ 3,554</u>

Note : The income is a result of the personnel's transfer from related parties and sales of scraps.

H. Other payables-related parties

(a) Operating expenses

	For the years ended December 31,	
	2019	2018
Associates	\$ 14,603	\$ 8,830
Joint ventures	26	25
	<u>\$ 14,629</u>	<u>\$ 8,855</u>

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

(b) As of December 31, 2019 and 2018, the unpaid amounts are as follows (shown as other payables):

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Ultimate parent company	\$ 3,337	\$ 6,481
Associates	<u>28</u>	<u>-</u>
	<u>\$ 3,365</u>	<u>\$ 6,481</u>

I. Leasing arrangements - lease

(a) As of December 31, 2019, the main lease contracts between the Group and related parties are as follows:

<u>Lessor</u>	<u>Lease object</u>	<u>Payment method</u>	<u>Lease term</u>
Ultimate parent company	Buildings and structures	\$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:

	<u>For the year ended December 31, 2019</u>
Ultimate parent company	<u>\$ 1,781</u>

On January 1, 2019 (the date of initial application of IFRS 16), the Group increased right-of-use assets by \$26,904.

(c) Lease liabilities:

	<u>December 31, 2019</u>
Ultimate parent company	\$ 1,641
Associates	<u>2,621</u>
	<u>\$ 4,262</u>

(d) Interest expense on lease liabilities

	<u>For the year ended December 31, 2019</u>
Ultimate parent company	\$ 55
Associates	<u>19</u>
	<u>\$ 74</u>

J. Property transactions:

(a) Acquisition of prepayments for business facilities

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Associates	<u>\$ 61,711</u>	<u>\$ 163,582</u>

(b) Acquisition of financial assets

	Accounts	No. of shares	Object	For the year ended December 31, 2018 Consideration
Other related parties	Investments accounted for using equity method	31,622,726	ECOVE Solar Energy Corporation	<u>\$ 455,384</u>

K. Endorsements and guarantees for others

	December 31, 2019	December 31, 2018
Joint ventures	<u>\$ 220,500</u>	<u>\$ -</u>

(4) Key management compensation

	For the years ended December 31,	
	2019	2018
Salaries and other short-term employee benefits	\$ 37,176	\$ 36,451
Post-employment benefits	1,500	860
Total	<u>\$ 38,676</u>	<u>\$ 37,311</u>

8. PLEDGED ASSETS

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

Assets	Book value		Purposes
	2019	2018	
Other current assets			
Restricted bank deposits	\$ -	\$ 40,940	Guarantee for bid
Property, plant and equipment	442,234	169,997	Guarantee for long-term loans
Other non-current assets			
Restricted bank deposits	-	-	Performance guarantee
Long-term prepaid rents -land-use right	-	16,530	Guarantee for long-term loans
Refundable deposits	21,082	20,465	Guarantee for bid rent, performance guarantee, tender bond and staff dormitory
Restricted bank deposits	44,327	-	
	<u>\$ 507,643</u>	<u>\$ 247,932</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

In addition to those items which have been disclosed in Notes 6(10), the significant commitments and contingent liabilities of the Group as of December 31, 2019 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, 2019, the total amount of guarantee notes issued amounted to \$4,206,624.
- (2) As of December 31, 2019, for contractual guarantee, performance guarantee, waste collection and other guarantees, the subsidiaries have a performance letter of guarantee issued by the bank amounting to \$1,662,963
- (3) As of December 31, 2019, the subsidiaries had outstanding commitments for service contracts amounting to \$219,156.
- (4) As of December 31, 2019, the subsidiaries had unused letters of credit for importing materials and sub-contract amounting to \$3.
- (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. As of December 31, 2019, the appeal period has ended and both parties decided not to appeal against the judgement. Accordingly, the case was closed.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- (1) The appropriation of 2019 earnings had been proposed at the Board of Directors' meeting on March 9, 2020. Please refer to Note 6(21)G for detailed information.
- (2) The Board of Directors of subsidiary, ECOVE Miaoli Energy Corporation, during its meeting on March 4, 2020, resolved a capital reduction amounting to \$150,000.
- (3) The Board of Directors of the Company during its meeting on March 9, 2020 resolved to issue employee stock warrants of 1,500 units, each unit allows employees to purchase 1,000 common

stocks.

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 2019, and 2018 were as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Total borrowings	\$ 1,866,712	\$ 1,603,854
Total equity	\$ 5,592,803	\$ 5,421,359
Gearing ratio	<u>33%</u>	<u>30%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2019</u>	<u>December 31, 2018</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	\$ 10,933	\$ 183,288
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	124,575	102,744
	<u>\$ 135,508</u>	<u>\$ 286,032</u>
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 1,679,523	\$ 1,543,162
Financial assets at amortized cost	247,014	301,238
Notes receivable	481	1,321
Accounts receivable	1,194,176	1,041,171
Accounts receivable- related parties	571	1,717
Other receivables	103,685	4,741
Other receivables-related parties	30,818	24,646
Other financial assets	65,409	61,405
	<u>\$ 3,321,677</u>	<u>\$ 2,979,401</u>
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 305,000	\$ 52,000
Notes payable	-	1,032
Accounts payable	652,577	535,797
Accounts payable- related parties	27,892	23,411
Other payables	421,493	467,937
Other payables-related parties	3,365	6,481
Lease liabilities-current	25,523	-
Long-term borrowings (including current portion)	1,561,712	1,551,854
Lease liabilities-non-current	44,102	-
Guarantee deposits received	184,408	190,295
	<u>\$ 3,226,072</u>	<u>\$ 2,828,807</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, 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

December 31, 2018			
Foreign currency			
	amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 3,470	30.740	\$ 106,668
MOP : NTD	53,270	3.804	202,650
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	2,723	3.804	10,359

- v. The unrealised exchange gain arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2019 and 2018 amounted to \$2,752 and \$3,550, respectively.

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

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%	\$ 125	\$ -
MOP : NTD	1.00%	1,785	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1.00%	154	-
For the year ended December 31, 2018			
Sensitivity analysis			
Extent of variation		Effect on profit or loss	Effect on equity
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1.00%	\$ 1,067	\$ -
MOP : NTD	1.00%	2,026	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
MOP : NTD	1.00%	104	-

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, 2019 and 2018, 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 accounts receivable. On December 31, 2019 and 2018, the provision matrix is as follows:

	Excellent customers (Note 1)	General customers (Note 2)	Total
<u>At December 31, 2019</u>			
Expected loss rate	0%	0%	
Total book value	\$ 2,898,997	\$ 141,389	\$ 3,040,386
Loss allowance	\$ -	\$ -	\$ -
<u>At December 31, 2018</u>			
Expected loss rate	0%	0%	
Total book value	\$ 2,981,673	\$ 195,775	\$ 3,177,448
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, 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 payable (including related parties)	424,858	-
Lease liabilities	29,201	45,899
Long-term borrowing (including current portion)	137,215	1,617,248
Other non-current liabilities	184,408	-

Non-derivative financial liabilities

<u>December 31, 2018</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 52,429	\$ -
Notes payable	1,032	-
Accounts payable (including related parties)	559,208	-
Other payable (including related parties)	474,418	-
Long-term borrowings (including current portion)	131,788	1,670,586
Other non-current liabilities	190,295	-

(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 of 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, 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 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>

December 31, 2018	<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	\$ 183,288	\$ -	\$ -	\$ 183,288
Financial assets at fair value through other comprehensive income				
Equity securities	<u>102,201</u>	<u>-</u>	<u>543</u>	<u>102,744</u>
Total	<u>\$ 285,489</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 286,032</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, 2019 and 2018, there were no transfers between Level 1 and Level 2.
- F. For the years ended December 31, 2019 and 2018, 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.

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:

	For the years ended December 31,	
	2019	2018
Revenue from external customers	\$ 7,048,753	\$ 6,496,646
Inter-segment revenue	(1,727,194)	(1,649,550)
Total segment revenue	<u>\$ 5,321,559</u>	<u>\$ 4,847,096</u>
Segment income	<u>\$ 1,172,047</u>	<u>\$ 1,128,916</u>
Depreciation	<u>\$ 225,208</u>	<u>\$ 73,778</u>
Amortisation	<u>\$ 9,675</u>	<u>\$ 14,462</u>

(3) Reconciliation information of segmental income

A reconciliation of adjusted EBITDA for reportable segment and income from continuing operations before income tax for the years ended December 31, 2019 and 2018 is provided as follows:

	For the years ended December 31,	
	2019	2018
Adjusted EBITDA for reportable segment	\$ 1,172,047	\$ 1,128,916
Unrealised gain on financial instruments	-	-
Financial cost, net	(34,083)	(7,483)
Others	<u>136,871</u>	<u>113,337</u>
Income from continuing operations before income tax	<u>\$ 1,274,835</u>	<u>\$ 1,234,770</u>

(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, 2019 and 2018 is as follows:

	For the years ended December 31,			
	2019		2018	
	Operating revenue	Non-current assets	Operating revenue	Non-current assets
Taiwan	\$ 4,285,199	\$ 4,639,766	\$ 3,917,205	\$ 4,115,233
Macau	860,947	14,797	810,724	6,353
China	83,219	2,302	105,084	1,585
USA	92,194	746,168	14,083	813,045
Total	<u>\$ 5,321,559</u>	<u>\$ 5,403,033</u>	<u>\$ 4,847,096</u>	<u>\$ 4,936,216</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, 2019 and 2018 is as follows:

	For the years ended December 31,	
	2019	2018
Customer A	\$ 717,751	\$ 500,304
Customer B	388,463	449,860
Customer C	336,766	347,786
Customer D	315,990	339,005

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Loans to others

For the year ended December 31, 2019

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, 2019 (Note 3)	Balance at December 31, 2019 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Other receivables-related parties	Yes	\$ 400,000	\$ 200,000	\$ 200,000	1.01%	2	\$ -	For operational needs	\$ -	-	\$ -	\$ 498,637	\$ 1,994,546	-
1	ECOVE Waste Management Corp.	CTCI Machinery Corp.	"	"	7,000	5,000	-	-	"	"	"	-	-	-	10,142	40,567	-
1	"	E&C Engineering Corp.	"	"	7,000	5,000	-	-	"	"	"	-	-	-	10,142	40,567	-
2	ECOVE Environment Services Corp.	ECOVE Solvent Recycling Corporation	"	"	70,000	6,000	6,000	1.01%	"	"	"	-	-	-	80,215	320,860	-
2	"	ECOVE Miaoli Energy Corporation	"	"	70,000	-	-	-	"	"	"	-	-	-	80,215	320,860	-
2	"	CTCI Machinery Corp.	"	"	35,000	30,000	30,000	1.01%	"	"	"	-	-	-	80,215	320,860	-
2	"	CTCI Corp.	"	"	70,000	30,000	-	-	"	"	"	-	-	-	80,215	320,860	-
2	"	E&C Engineering Corp.	"	"	70,000	30,000	-	-	"	"	"	-	-	-	80,215	320,860	-

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2019 (Note 3)	Balance at December 31, 2019 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral Item Value		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
3	ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Other receivables-related parties	Yes	\$ 14,000	\$ 14,000	\$ 14,000	1.71%	2	\$ -	For operational needs	\$ -	-	\$ -	\$ 415,162	\$ 415,162	-
3	"	ECOVE Solar Power Corporation	"	"	200,000	90,000	-	-	"	"	"	-	-	-	415,162	415,162	-
3	"	ECOVE Central Corporation Ltd.	"	"	17,000	-	-	-	"	"	"	-	-	-	415,162	415,162	-

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, 2019.

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 or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2019

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, 2019 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2019 (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	\$ 9,972,732	\$ 2,110,790	\$ 2,106,562	\$ 1,015,895	\$ -	42.25%	\$ 14,959,098	Y	N	N	-
0	"	ECOVE Solar Power Corporation	2	9,972,732	317,000	317,000	263,762	-	6.36%	14,959,098	Y	N	N	-
0	"	EVER ECOVE Corporation	6	9,972,732	220,500	220,500	28,500	-	4.42%	14,959,098	N	N	N	-
0	"	ECOVE South Corporation Ltd.	2	9,972,732	150,000	150,000	38,000	-	3.01%	14,959,098	Y	N	N	-
0	"	ECOVE Solvent Recycling Corporation	2	9,972,732	155,800	155,800	126,000	-	3.12%	14,959,098	Y	N	N	-
1	ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	2	4,151,620	14,000	14,000	12,600	-	1.35%	6,227,430	N	N	N	-
1	"	ECOVE Central Corporation Ltd.	2	4,151,620	21,790	-	-	-	0.00%	6,227,430	N	N	N	-
1	"	ECOVE Solar Power Corporation	2	4,151,620	784,076	757,076	504,586	-	72.94%	6,227,430	N	N	N	-
2	ECOVE Solar Power Corporation	ECOVE Solar Energy Corporation	3	1,024,972	12,420	12,420	12,420	-	4.85%	1,537,458	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, 2019

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, 2019				Footnote (Note 4)
	Type	Name			Number of shares/ denominations	Book value (Note 3)	Ownership (%)	Fair value	
ECOVE Environment Corp.	Common Stock	Taiwan Cement Corp.	N/A	Financial assets at fair value through other comprehensive income-current Adjustment	505,902	\$ 16,671	-	\$ 21,880	-
						5,209			
						<u>\$ 21,880</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				(1,799)			
						<u>\$ 543</u>		<u>\$ 543</u>	
ECOVE Wujih Energy Corp.	Common Stock	Taiwan Cement Corp.	N/A	Financial assets at fair value through other comprehensive income-current	508,845	\$ 22,007	-	\$ 22,007	-
ECOVE Environment Services Corp.	Fund	Schroder 2022 Maturity Emerging Market Quality Sovereign Bond Fund	"	Financial assets at fair value through profit or loss-current	35,000	10,933	-	10,933	-
"	Common Stock	CTCI Corp.	Ultimate parent company	Financial assets at fair value through other comprehensive income-current	1,028	39	-	39	-
"	"	Taiwan Cement Corp.	N/A	"	1,339,745	57,944	-	57,944	-
ECOVE Waste Management Corp.	"	Taiwan Cement Corp.	"	Financial assets at fair value through other comprehensive income-current	512,411	22,162	-	22,162	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

For the year ended December 31, 2019

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, 2019		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2019		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
ECOVE Environment Corp.	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	\$ -	23,643,258	\$ 386,000	23,643,258	\$ 386,283	\$ 386,000	\$ 283	-	\$ -
"	FSITC Money Market Fund	"	-	-	-	-	2,741,785	490,000	2,741,785	490,248	490,000	248	-	-
"	Franklin Templeton Sinoam Money Market Fund	"	-	-	198,085	2,041	28,004,553	290,000	28,202,638	292,226	292,041	185	-	-
ECOVE Environmental Services Corp.	Taishin 1699 Money Market Fund	"	-	-	3,366,412	45,470	21,427,257	290,000	24,793,669	335,942	335,470	472	-	-
"	Jih Sun Money Market Fund	"	-	-	-	-	14,799,360	220,000	14,799,360	220,166	220,000	166	-	-
ECOVE Wujih Energy Corp.	FSITC Money Market Fund	"	-	-	-	-	1,191,406	212,670	1,191,406	212,787	212,670	117	-	-
"	FSITC Taiwan Money Market Fund	"	-	-	65,511	1,000	8,010,006	122,800	8,075,517	123,917	123,800	117	-	-
"	Mega Diamond Money Market Fund	"	-	-	-	-	9,300,783	117,000	9,300,783	117,100	117,000	100	-	-
ECOVE Waste Management Corp.	FSITC Money Market Fund	"	-	-	-	-	967,877	173,000	967,877	173,053	173,000	53	-	-
"	Taishin 1699 Money Market Fund	"	-	-	1,333,007	18,000	9,931,466	134,700	11,264,473	152,906	152,700	206	-	-
"	FSITC Taiwan Money Market Fund	"	-	-	1,311,441	20,000	10,692,794	164,000	12,004,235	184,233	184,000	233	-	-

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

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

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NTS300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NTS10 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

For the year ended December 31, 2019

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	Affiliate	(Waste disposal (\$ revenue)	428,652	(57%)	30 days quarterly	No significant difference	\$ 34,115	15%	-
ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	(Operating revenue)	655,005	(19%)	"	"	48,358	8%	-
"	ECOVE Wujih Energy Corp.	"	"	291,610	(9%)	"	"	66,700	11%	-
"	ECOVE Miaoli Energy Corp.	"	"	148,284	(4%)	"	"	22,527	4%	-
"	CTCI Chemicals Corp.	"	Purchase	140,615	4%	"	"	(18,459)	(3%)	-
ECOVE Waste Management Corp.	ECOVE Environment Services Corp.	"	Waste disposal cost	655,005	53%	"	"	(48,358)	(56%)	-
"	ECOVE Wujih Energy Corp.	"	"	428,652	35%	"	"	(34,115)	(39%)	-
ECOVE Wujih Energy Corp.	ECOVE Environment Services Corp.	"	Cost of services	291,610	68%	"	"	(66,700)	(65%)	-
ECOVE Miaoli Energy Corp.	"	"	"	148,284	93%	"	"	(22,527)	(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, 2019

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	A subsidiary	\$ 202,885	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: Other accounts receivable arise from lending capital.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the year ended December 31, 2019

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	\$ 202,885	-	2.13%
0	"	ECOVE Solar Energy Corporation	1	Endorsements and guarantees	2,106,562	-	N/A
0	"	ECOVE Solar Power Corporation	1	"	317,000	-	N/A
0	"	ECOVE South Corporation Ltd.	1	"	150,000	-	N/A
0	"	ECOVE Solvent Recycling Corporation	1	"	155,800	-	N/A
1	ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	3	Operating revenue	428,652	30 days quarterly	8.06%
2	ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	"	655,005	"	12.31%
2	"	ECOVE Miaoli Energy Corp.	"	"	148,284	"	2.79%
2	"	ECOVE Wujih Energy Corp.	"	"	291,610	"	5.48%
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	59,698	30 days quarterly	1.12%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES
Information on investees (not including investees in Mainland China)
For the year ended December 31, 2019

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, 2019			Net profit (loss)	Investment income (loss)	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value	of the investee for the year ended December 31, 2019	recognised by the Company for the year ended December 31, 2019	
ECOVE Environment Corp.	ECOVE Wujih Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	\$ 450,435	\$ 425,085	30,000,000	100.00%	\$ 942,498	\$ 243,178	\$ 241,400	A subsidiary
ECOVE Environment Corp.	ECOVE Environment Services Corp.	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance, etc.	339,921	339,921	14,065,936	93.15%	764,386	348,483	346,147	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%	101,418	54,420	54,127	A subsidiary
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	1,012,483	1,012,483	56,249,000	74.999%	1,018,043	134,665	100,997	A subsidiary
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Taiwan	Waste services, waste clean, other environmental services, and environmental pollution services, etc.	42,696	27,000	4,500,000	100.00%	39,335	97	82	A subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
ECOVE Environment Corp.	Boretch Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	Share holding and investment	\$ 309,489	\$ 309,489	13,333,333	20.00%	\$ 304,623	\$ 89,405	\$ 18,465	An investee under equity method
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Taiwan	Energy technology services etc.	1,062,348	762,349	84,078,782	100.00%	1,161,595	53,301	53,301	A subsidiary
ECOVE Environment Corp.	EVER ECOVE Corporation	Taiwan	Waste services, waste clean and co-generation	50,000	50,000	5,000,000	5.00%	48,614 (	14,256) (	722)	An investee under 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%	80,549	423	381	A subsidiary
ECOVE Environment Services Corp.	ECOVE Wujih Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	-	6,000	-	-	-	243,178	1,778	Affiliate
ECOVE Environment Services Corp.	CTCI Chemicals Corp.	Taiwan	Industrial chemicals' wholesale manufacturing and retail.	24,851	24,851	1,910,241	26.9048%	65,631	55,769	15,004	Affiliate
ECOVE Environment Services Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	13	13	1,000	0.001%	18	134,665	2	Affiliate

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
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%	\$ 87,180	\$ 273,903	\$ 82,171	A subsidiary
ECOVE Environment Services Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	10	10	1,000	0.01%	8	423	-	Affiliate
ECOVE Waste Management Corp.	ECOVE Environmental Services Corp.	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance, etc.	53	53	1,000	0.01%	55	348,483	25	Affiliate
ECOVE Waste Management Corp.	Yuan Ding Resources Corp.	Taiwan	Waste services, waste clean, other environmental services, and environmental pollution services, etc.	-	18,000	-	-	-	97	15	A subsidiary
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Taiwan	Energy technology services etc.	230,000	180,000	23,000,000	100.00%	256,243	18,992	18,992	A subsidiary
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Taiwan	Energy technology services etc.	30,500	16,500	3,050,000	100.00%	32,903	1,761	1,761	A subsidiary
ECOVE Solar Energy Corporation	G.D. International, LLC.	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	379,298	18,112	18,233	A subsidiary
G.D. International, LLC.	Lumberton Solar W2-090, LLC	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	378,526	18,349	18,349	A subsidiary

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2019

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, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 2)(2)B	Book value of investments in Mainland China as of December 31, 2019	Accumulated	Footnote
				amount of remittance from Taiwan to Mainland China as of January 1, 2019	remitted back to Taiwan for the year ended December 31, 2019	remitted back to Taiwan for the year ended December 31, 2019	amount of remittance from Taiwan to Mainland China as of December 31, 2019					amount of investment income remitted back to Taiwan as of December 31, 2019	
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	\$ 7,240	93.16%	\$ 7,238	\$ 12,136	\$ 24,178	-
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	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		\$ 2,991,820									

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, 2019' column:

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

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

Note 4: Invested by ECOVE Environment Services Corp.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2019

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing			Interest during the year ended December 31, 2019	Others
	Amount	%	Amount	%	Balance at December 31, 2019	%	Balance at December 31, 2019	Purpose	Maximum balance during the year ended December 31, 2019	Balance at December 31, 2019	Interest rate		
ECOVE Environment Consulting Corp.	(\$ 46,551)	1.36%	-	-	(\$ 29,423)	5.0%	\$ -	-	\$ -	\$ -	-	\$ -	-

APPENDIX II

**ECOVE ENVIRONMENT CORPORATION
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND REPORT OF INDEPENDENT
ACCOUNTANTS
DECEMBER 31, 2019 AND 2018**

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

To the Board of Directors and Shareholders of ECOVE ENVIRONMENT CORPORATION

Opinion

We have audited the accompanying non-consolidated balance sheets of ECOVE Environment Corporation (the “Company”) as of December 31, 2019 and 2018, and the related non-consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of other independent accountants, as described in the other matters section of our report, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Company as at December 31, 2019 and 2018, and its non-consolidated financial performance and its non-consolidated 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 (ROC GAAS). 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 (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the audit reports of other independent accountants, 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 non-consolidated financial statements of the current period. These matters were addressed in the context of our audit of the non-consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The most significant key audit matters in our audit of the non-consolidated financial statements of the current period are as follows:

Service revenue of subsidiaries accounted for under the equity method

As at December 31, 2019, 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 under the equity method and amounted to NT \$2,826,345 Thousand, constituting 56% of the Company's total assets. As these investments are material to the non-consolidated financial statements, we consider the accuracy of service revenue of subsidiaries accounted for under the equity method as a key audit matter.

Description

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

Operating revenue mainly arises from service revenue and electricity sales revenue. The service revenue mainly arises from contracts entered into with certain governments (grantors) that involve charging for the service per unit in accordance with contracts and self-undertook services. As the 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, recalculated the accuracy of cash amount and ascertained whether it was in agreement with recorded revenue.

Business combinations

Description

Refer to Notes 4(31) and 6(30) for accounting policies of the acquisition method on business combinations, the Company holds 100% of shares in ECOVE Solar Energy Corporation and obtained control over it after acquiring 50% of its shares by cash on September 20, 2018. This business combination transaction adopted acquisition method under company's accounting policies. The acquisition price was measured and allocated to identifiable assets acquired and liabilities assumed in the business combination based on the assets appraisal report provided by the external expert who was appointed by the Company.

As the assumptions of the acquisition price allocation in the business combination involves estimates by management, which are significant to the financial statements, we consider the business combination a key audit matter.

How our audit addressed the matter

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

- A. Inquired management for the procedures of the acquisition, including the motivation and price of the acquisition as well as obtaining evaluation basis of the fair values for assets and liabilities, accounting policies and relevant internal control procedures.
- B. Reviewed and verified the business combination contract and the voucher of consideration payment.
- C. Evaluated the reasonableness of the acquisition price allocation by reviewing the valuation method and key assumptions adopted based on the assets appraisal report of the business combination.
- D. Obtained the accounting entries of business combination and ensured the assets acquired and liabilities assumed in the business combination were recognised in accordance with the abovementioned assets appraisal report and the related information was fully disclosed in the notes to the financial statements.

Other matter – scope of the audit

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 these investments accounted for using equity method was NT\$48,614 thousand, constituting 1% of non-consolidated total assets as of December 31, 2019, and the related share of loss of associates and joint ventures accounted for using equity method was of NT\$(722) thousand, constituting (0.09%) of non-consolidated total

comprehensive income for the year then ended. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other independent accountants.

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 ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with ROC GAAS, 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.

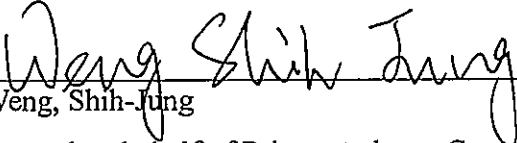
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

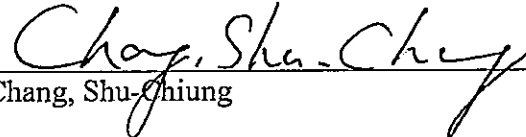
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



資誠

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


Chang, Shu-Chiung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 11, 2020

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 financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

ECOVE ENVIRONMENT CORPORATION
NON-CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 293,202	6	\$ 210,529	4
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	2,045	-
1120	Financial assets at fair value through other comprehensive income - current	6(3)	21,880	-	20,017	-
1200	Other receivables		230	-	673	-
1210	Other receivables - related parties	7	239,554	5	119,072	3
1410	Prepayments		-	-	891	-
11XX	Current Assets		<u>554,866</u>	<u>11</u>	<u>353,227</u>	<u>7</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non- current	6(3)	543	-	543	-
1550	Investments accounted for using equity method	6(4)	4,461,061	89	4,555,274	93
1755	Right-of-use assets	6(5)	<u>1,325</u>	<u>-</u>	<u>-</u>	<u>-</u>
15XX	Non-current assets		<u>4,462,929</u>	<u>89</u>	<u>4,555,817</u>	<u>93</u>
1XXX	Total assets		<u>\$ 5,017,795</u>	<u>100</u>	<u>\$ 4,909,044</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, 2019		December 31, 2018	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2150	Notes payable		\$ -	-	\$ 480	-
2200	Other payables		18,547	1	18,802	1
2220	Other payables - related parties	7	1,371	-	1,292	-
2230	Current income tax liabilities		6,828	-	7,485	-
2280	Current lease liabilities	7	773	-	-	-
21XX	Current Liabilities		<u>27,519</u>	<u>1</u>	<u>28,059</u>	<u>1</u>
Non-current liabilities						
2580	Non-current lease liabilities	7	533	-	-	-
2640	Accrued pension liabilities	6(6)	3,377	-	2,747	-
25XX	Non-current liabilities		<u>3,910</u>	<u>-</u>	<u>2,747</u>	<u>-</u>
2XXX	Total Liabilities		<u>31,429</u>	<u>1</u>	<u>30,806</u>	<u>1</u>
Equity						
Share capital						
3110	Common stock	6(8)	671,051	13	671,051	14
Capital surplus						
3200	Capital surplus	6(9)	2,208,031	44	2,193,473	44
Retained earnings						
3310	Legal reserve	6(10)	684,320	14	603,629	12
3320	Special reserve		2,243	-	32,284	1
3350	Unappropriated retained earnings		1,408,234	28	1,380,044	28
Other equity interest						
3400	Other equity interest		12,487	-	(2,243)	-
3XXX	Total equity		<u>4,986,366</u>	<u>99</u>	<u>4,878,238</u>	<u>99</u>
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 5,017,795</u>	<u>100</u>	<u>\$ 4,909,044</u>	<u>100</u>

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

ECOVE ENVIRONMENT CORPORATION
NON-CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Items	Notes	Year ended December 31			
			2019		2018	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(4)	\$ 814,178	100	\$ 788,260	100
5900	Gross profit		814,178	100	788,260	100
	Operating expenses					
6200	General & administrative expenses	6(13)(14) and 7	(49,663)	(6)	(50,275)	(7)
6000	Total operating expenses		(49,663)	(6)	(50,275)	(7)
6900	Operating profit		764,515	94	737,985	93
	Non-operating income and expenses					
7010	Other income	6(11) and 7	53,640	7	48,283	6
7020	Other gains and losses	6(12)	636	-	29,807	4
7050	Finance costs	6(5) and 7	(21)	-	-	-
7000	Total non-operating income and expenses		54,255	7	78,090	10
7900	Profit before income tax		818,770	101	816,075	103
7950	Income tax expense	6(15)	(7,458)	(1)	(9,163)	(1)
8200	Profit for the year		\$ 811,312	100	\$ 806,912	102
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(6)	(\$ 73)	-	\$ 37	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	6,072	1	(2,591)	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		18,641	2	(1,193)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		24,640	3	(3,747)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Cumulative translation differences of foreign operations		(16,307)	(2)	2,922	-
8300	Other comprehensive income for the year		\$ 8,333	1	(\$ 825)	-
8500	Total comprehensive income for the year		\$ 819,645	101	\$ 806,087	102
	Basic earnings per share (in dollars)					
9750	Basic earnings per share	6(16)	\$ 12.09		\$ 12.04	
	Diluted earnings per share (in dollars)					
9850	Diluted earnings per share	6(16)	\$ 12.06		\$ 12.04	

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

ECOVE ENVIRONMENT CORPORATION
NON-CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained earnings					Other equity interest			Total equity
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operation	Unrealised gains (losses) on valuation of financial assets measured at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets	
For the year ended December 31, 2018										
Balance at January 1, 2018		\$ 668,106	\$ 2,161,029	\$ 527,495	\$ 145	\$ 1,359,148	\$ 704	\$ -	(\$ 32,988)	\$ 4,683,639
Effect of retrospective application and retrospective restatement		-	-	-	-	1,799	-	(34,787)	32,988	-
Balance at 1 January after adjustments		<u>668,106</u>	<u>2,161,029</u>	<u>527,495</u>	<u>145</u>	<u>1,360,947</u>	<u>704</u>	<u>(34,787)</u>	<u>-</u>	<u>4,683,639</u>
Profit (loss)		-	-	-	-	806,912	-	-	-	806,912
Other comprehensive income		-	-	-	-	(1,782)	2,922	(1,965)	-	(825)
Total comprehensive income		-	-	-	-	805,130	2,922	(1,965)	-	806,087
Appropriation of 2017 earnings	6(10)	-	-	76,134	-	(76,134)	-	-	-	-
Legal reserve		-	-	76,134	-	(76,134)	-	-	-	-
Special reserve		-	-	-	32,139	(32,139)	-	-	-	-
Cash dividends		-	-	-	-	(647,313)	-	-	-	(647,313)
Share-based payment transactions		-	5,055	-	-	-	-	-	-	5,055
Employee stock options exercised		2,945	27,389	-	-	-	-	-	-	30,334
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	(30,447)	-	30,883	-	436
Balance at December 31, 2018		<u>\$ 671,051</u>	<u>\$ 2,193,473</u>	<u>\$ 603,629</u>	<u>\$ 32,284</u>	<u>\$ 1,380,044</u>	<u>\$ 3,626</u>	<u>(\$ 5,869)</u>	<u>\$ -</u>	<u>\$ 4,878,238</u>
For the year ended December 31, 2019										
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 (loss)		-	-	-	-	811,312	-	-	-	811,312
Other comprehensive income		-	-	-	-	(5,508)	(16,307)	30,148	-	8,333
Total comprehensive income		-	-	-	-	805,804	(16,307)	30,148	-	819,645
Appropriation of 2018 earnings	6(10)	-	-	80,691	-	(80,691)	-	-	-	-
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		<u>\$ 671,051</u>	<u>\$ 2,208,031</u>	<u>\$ 684,320</u>	<u>\$ 2,243</u>	<u>\$ 1,408,234</u>	<u>(\$ 12,681)</u>	<u>\$ 25,168</u>	<u>\$ -</u>	<u>\$ 4,986,366</u>

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

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

	Notes	2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 818,770	\$ 816,075
Adjustments			
Adjustments to reconcile profit (loss)			
Salary expense-employee stock options	6(7)(14)	1,947	687
Depreciation - right-of-use assets	6(5)	754	-
Interest income	6(11)	(2,526)	(3,886)
Dividend income	6(11)	(1,563)	(645)
Gains on valuation of financial assets	6(2)(12)	(712)	(310)
Profit from lease modification	6(12)	(5)	-
Share of profit of associates and joint ventures accounted for under equity method	6(4)	(814,178)	(788,260)
Gains on disposals of investments	6(12)	-	(29,402)
Interest expense - lease liabilities	6(5) and 7	21	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		2,757	96,338
Other receivables		260	(470)
Other receivables-related parties		(7,357)	(24,040)
Prepayments		891	(891)
Other current assets		-	10,000
Changes in operating liabilities			
Notes payable		(480)	480
Other payables		(255)	(578)
Other payables - related parties		79	450
Preference share liabilities-non-current		557	577
Cash (outflow) inflow generated from operations		(1,040)	76,125
Interest received		937	2,141
Dividends received		1,265,949	708,551
Income tax paid		(8,118)	(3,066)
Income tax refund received		3	-
Net cash flows from operating activities		<u>1,257,731</u>	<u>783,751</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest received		1,647	2,223
Increase in other receivables-related parties		(113,000)	(87,029)
Proceeds from disposal of financial assets measured at fair value through other comprehensive income		4,209	9,484
Acquire financial assets measured at fair value through other comprehensive income		-	(7,243)
Increase in investments accounted for using equity method	6(4)	(341,046)	(619,364)
Net cash flows used in investing activities		<u>(448,190)</u>	<u>(701,929)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayment of lease liabilities		(790)	-
Employee stock options exercised		-	30,334
Cash dividends paid	6(10)	(726,078)	(647,313)
Net cash flows used in financing activities		<u>(726,868)</u>	<u>(616,979)</u>
Net increase (decrease) in cash and cash equivalents		82,673	(535,157)
Cash and cash equivalents at beginning of year		210,529	745,686
Cash and cash equivalents at end of year		<u>\$ 293,202</u>	<u>\$ 210,529</u>

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

ECOVE ENVIRONMENT CORPORATION
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

(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 57.31% equity interest in the Company as of December 31, 2019.

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 9, 2020.

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 FSC effective from 2019 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9, ‘Prepayment features with negative compensation’	January 1, 2019
IFRS 16, ‘Leases’	January 1, 2019
Amendments to IAS 19, ‘Plan amendment, curtailment or settlement’	January 1, 2019
Amendments to IAS 28, ‘Long-term interests in associates and joint ventures’	January 1, 2019
IFRIC 23, ‘Uncertainty over income tax treatments’	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

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

IFRS 16, 'Leases'

- A. IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.
- B. The Company has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Company increased 'right-of-use asset' by \$3,734 and increased 'lease liability' by \$3,734 with respect to the lease contracts of lessees on January 1, 2019.
- C. The Company has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
- (a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.
 - (b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
 - (c) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.
 - (d) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- D. The Company calculated the present value of lease liabilities by using weighted average incremental borrowing interest rate of 0.68%.
- E. The Company recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	\$ 4,185
Add: Adjustments relating to changes in the index or rate affecting variable lease payments	<u>396</u>
Total lease contracts amount recognized as lease liabilities by applying IFRS 16 on January 1, 2019	4,581
Incremental borrowing interest rate at the date of initial application	0.68%
Lease liabilities recognized as at January 1, 2019 by applying IFRS 16	<u>\$ 3,734</u>

(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 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 IFRS7, ‘Interest rate benchmark reform’	January 1, 2020

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2021
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	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

Effective 2019

- 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, 2019</u>	<u>December 31, 2018</u>
Checking accounts	\$ 5	\$ 485
Demand deposits	289,247	8,902
Time deposits	3,950	201,142
	<u>\$ 293,202</u>	<u>\$ 210,529</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

<u>Items</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Currents items		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ -	\$ 2,041
Valuation adjustment	-	4
Total	<u>\$ -</u>	<u>\$ 2,045</u>

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

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ <u>712</u>	\$ <u>310</u>

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

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

<u>Items</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current items:		
Equity instruments		
Listed stocks	\$ 16,671	\$ 21,268
Valuation adjustment	5,209	(1,251)
	<u>\$ 21,880</u>	<u>\$ 20,017</u>
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 2,342	\$ 2,342
Valuation adjustment	(1,799)	(1,799)
	<u>\$ 543</u>	<u>\$ 543</u>

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

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ <u>6,072</u>	(\$ <u>2,591</u>)
Cumulative losses reclassified to retained earnings due to derecognition	\$ <u>388</u>	(\$ <u>14,039</u>)

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

(4) Investments accounted for under the equity method

	<u>2019</u>	<u>2018</u>
At January 1	\$ 4,555,274	\$ 3,819,621
Addition of investments accounted for under the equity method	341,046	619,364
Gain on remeasurement of business combination	-	29,402
Share of profit or loss of investments accounted for under the equity method	814,178	788,260
Earnings distribution of investments accounted for under equity method	(1,264,386)	(707,906)
Changes in capital surplus	12,611	4,368
Changes in other equity items	2,338	2,165
At December 31	<u>\$ 4,461,061</u>	<u>\$ 4,555,274</u>

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Subsidiaries:		
ECOVE Wujih Energy Corp.	\$ 942,498	\$ 1,242,060
ECOVE Environmental Services Corp.	764,386	895,799
ECOVE Waste Management Corp.	101,418	113,462
ECOVE Miaoli Energy Corp.	1,018,043	1,003,951
Yuan Ding Resources Corp.	39,335	23,543
ECOVE Solar Energy Corporation	1,161,595	854,787
ECOVE Solvent Recycling Corporation	80,549	80,168
Associate:		
Boretch Resource Recovery Engineering Co., Ltd. (Cayman)	304,623	292,168
EVER ECOVE Corporation	48,614	49,336
	<u>\$ 4,461,061</u>	<u>\$ 4,555,274</u>

A. Subsidiaries

(a) The basic information of the subsidiaries that are material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2019	December 31, 2018		
ECOVE Wujih Energy Corp.	Taiwan	100%	98%	Subsidiaries (Note 2)	Equity method
ECOVE Environmental Services Corp.	"	93.15%	93.15%	Subsidiaries	"
ECOVE Waste Management Corp.	"	100%	100%	"	"
ECOVE Miaoli Energy Corp.	"	74.999%	74.999%	"	"
ECOVE Solar Energy Corporation	"	100%	100%	Subsidiaries(Note 1)	"

Note 1: On September 20, 2018, the Company acquired 50% of the shares of Gintech Energy Corp. by cash. ECOVE Solar Energy Corporation then became a wholly-owned subsidiary of the Company.

Note 2: 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.

(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, 2019	December 31, 2018
Current assets	\$ 524,052	\$ 701,861
Non-current assets	690,319	866,934
Current liabilities	(154,593)	(187,098)
Non-current liabilities	(117,280)	(114,289)
Total net assets	<u>\$ 942,498</u>	<u>\$ 1,267,408</u>
Share in subsidiary's net assets	<u>\$ 942,498</u>	<u>\$ 1,242,060</u>
Carrying amount of the subsidiary	<u>\$ 942,498</u>	<u>\$ 1,242,060</u>

	<u>ECOVE Environmental Services Corp.</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current assets	\$ 1,509,230	\$ 1,807,036
Non-current assets	459,087	278,759
Current liabilities	(989,280)	(957,983)
Non-current liabilities	(176,888)	(161,477)
Total net assets	<u>\$ 802,149</u>	<u>\$ 966,335</u>

Share in subsidiary's net assets	<u>\$ 747,217</u>	<u>\$ 900,159</u>
Carrying amount of the subsidiary	<u>\$ 764,386</u>	<u>\$ 895,799</u>

	<u>ECOVE Waste Management Corp.</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current assets	\$ 329,218	\$ 407,127
Non-current assets	53,313	65,100
Current liabilities	(132,707)	(219,173)
Non-current liabilities	(148,406)	(139,592)
Total net assets	<u>\$ 101,418</u>	<u>\$ 113,462</u>

Share in subsidiary's net assets	<u>\$ 101,418</u>	<u>\$ 113,462</u>
Carrying amount of the subsidiary	<u>\$ 101,418</u>	<u>\$ 113,462</u>

	<u>ECOVE Miaoli Energy Corp.</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current assets	\$ 281,104	\$ 175,062
Non-current assets	1,206,458	1,337,570
Current liabilities	(58,486)	(102,176)
Non-current liabilities	(71,662)	(71,831)
Total net assets	<u>\$ 1,357,414</u>	<u>\$ 1,338,625</u>

Share in subsidiary's net assets	<u>\$ 1,018,043</u>	<u>\$ 1,003,951</u>
Carrying amount of the subsidiary	<u>\$ 1,018,043</u>	<u>\$ 1,003,951</u>

	<u>ECOVE Solar Energy Corporation</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current assets	\$ 66,355	\$ 79,041
Non-current assets	1,887,032	1,383,498
Current liabilities	(387,404)	(175,952)
Non-current liabilities	(528,079)	(555,491)
Total net assets	<u>\$ 1,037,904</u>	<u>\$ 731,096</u>
Share in subsidiary's net assets	<u>\$ 1,037,904</u>	<u>\$ 731,096</u>
Carrying amount of the subsidiary	<u>\$ 1,161,595</u>	<u>\$ 854,787</u>

Statement of comprehensive income

	<u>ECOVE Wujih Energy Corp.</u>	
	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Revenue	\$ 752,182	\$ 705,067
Profit for the year from continuing operations	\$ 243,178	\$ 275,512
Other comprehensive income, net of tax	<u>5,087</u>	<u>1,074</u>
Total comprehensive income	<u>\$ 248,265</u>	<u>\$ 276,586</u>
Dividends received from subsidiary	<u>\$ 573,301</u>	<u>\$ 257,886</u>

	<u>ECOVE Environmental Services Corp.</u>	
	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Revenue	\$ 3,414,326	\$ 3,405,140
Profit for the year from continuing operations	\$ 348,483	\$ 367,025
Other comprehensive income, net of tax	<u>5,901</u>	<u>137</u>
Total comprehensive income	<u>\$ 354,384</u>	<u>\$ 367,162</u>
Dividends received from subsidiary	<u>\$ 492,374</u>	<u>\$ 302,462</u>

ECOVE Waste Management Corp.		
For the years ended December 31,		
	2019	2018
Revenue	\$ 1,305,371	\$ 1,203,941
Profit for the year from continuing operations	\$ 54,420	\$ 58,674
Other comprehensive income, net of tax	5,342	185
Total comprehensive income	<u>\$ 59,762</u>	<u>\$ 58,859</u>
Dividends received from subsidiary	<u>\$ 72,555</u>	<u>\$ 46,784</u>

ECOVE Miaoli Energy Corp.		
For the years ended December 31,		
	2019	2018
Revenue	\$ 336,766	\$ 347,786
Profit for the year from continuing operations	\$ 134,665	\$ 129,055
Other comprehensive income (loss), net of tax	5	(48)
Total comprehensive income	<u>\$ 134,670</u>	<u>\$ 129,007</u>
Dividends received from subsidiary	<u>\$ 87,075</u>	<u>\$ 100,774</u>

ECOVE Solar Energy Corporation		
For the year ended December 31,		
	2019	2018
Revenue	\$ 153,403	\$ 83,711
Profit for the year from continuing operations	\$ 53,301	\$ 43,423
Other comprehensive (loss) income, net of tax	(7,525)	10,422
Total comprehensive income	<u>\$ 45,776</u>	<u>\$ 53,845</u>
Dividends received from subsidiary	<u>\$ 39,081</u>	<u>\$ -</u>

B. Associates

(a) The basic information of the associate that is material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2019	December 31, 2018		
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, 2019	December 31, 2018
Current assets	\$ 294,347	\$ 300,925
Non-current assets	852,027	788,200
Current liabilities	(12,411)	(10,908)
Total net assets	<u>\$ 1,133,963</u>	<u>\$ 1,078,217</u>
Share in associate's net assets	\$ 226,793	\$ 215,643
Land-use right	255	1,020
Goodwill	75,505	75,505
Others	2,070	-
Carrying amount of the associate	<u>\$ 304,623</u>	<u>\$ 292,168</u>

Statements of comprehensive income

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	For the years ended December 31,	
	2019	2018
Revenue	\$ -	\$ -
Profit for the year from continuing operations	89,405	2,188
Other comprehensive loss, net of tax	(34,034)	(9,131)
Total comprehensive income (loss)	<u>\$ 55,371</u>	<u>\$ 6,943</u>

C. Explanation of the Company's holding-ECOVE Solar Energy Corporation

- (a) The Company and Gintech Energy Corp. established the joint venture - ECOVE Solar Energy Corporation in 2011, the main activity of which is energy technology services. The Company held 50% equity of ECOVE Solar Energy Corporation.
 - (b) The Board of Directors had resolved to invest in ECOVE Solar Energy Corporation in March 2018, and the Company invested in ECOVE Solar Energy Corporation amounting to \$27,500 in March 2018.
 - (c) On September 20, 2018, the Company acquired 50% of the shares of ECOVE Solar Energy Corporation by cash amounting to \$455,384. The acquired company became a wholly-owned subsidiary.
 - (d) 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.
- D. On May 10, 2018, the Company acquired a 90% equity interest in ECOVE Solvent Recycling Corporation in the amount of \$49,590.
- E. In August 2018, the Company acquired 5% of the shares of EVER ECOVE Corporation for \$50,000 in accordance with the resolution of the Board of Directors adopted during its meeting on July 30, 2018. The Company's ownership in EVER ECOVE Corporation is less than 20%, however, one of the Company's director owns one directorship of EVER ECOVE Corporation, therefore this investment is accounted for using the equity method.
- F. On May 27, 2019, the Company acquired 2% of the shares of ECOVE Wujih Energy Corp. for \$25,350 from ECOVE Environment Services Corporation.
- G. On May 27, 2019, the Company acquired 40% of the shares of Yuan Ding Resource Corp. for \$15,696 from ECOVE Waste Management Corporation.

(5) Leasing arrangements – lessee

Effective 2019

- 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, 2019</u>	<u>For the year ended December 31, 2019</u>
	Carrying amount	Depreciation charge
Buildings	\$ 1,325	\$ 754

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

<u>Items affecting profit or loss</u>	<u>For the year ended December 31, 2019</u>
Interest expense on lease liabilities	\$ 21

D. For the year ended December 31, 2019, the Company's total cash outflow for leases was \$790.

(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 next 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, 2019</u>	<u>December 31, 2018</u>
Present value of defined benefit obligations	\$ 4,847	\$ 4,011
Fair value of plan assets	(1,470)	(1,264)
Net defined benefit liability	<u>\$ 3,377</u>	<u>\$ 2,747</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended December 31, 2019			
At January 1	\$ 4,011	(\$ 1,264)	\$ 2,747
Current service cost	684	-	684
Interest expense (income)	36	(11)	25
	<u>4,731</u>	<u>(1,275)</u>	<u>3,456</u>
Remeasurements:			
Change in financial assumptions	46	-	46
Experience adjustments	70	(43)	27
	<u>116</u>	<u>(43)</u>	<u>73</u>
Pension fund contribution	-	(152)	(152)
At December 31	<u>\$ 4,847</u>	<u>(\$ 1,470)</u>	<u>\$ 3,377</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended December 31, 2018			
At January 1	\$ 3,248	(\$ 1,041)	\$ 2,207
Current service cost	723	-	723
Interest expense (income)	32	(10)	22
	<u>4,003</u>	<u>(1,051)</u>	<u>2,952</u>
Remeasurements:			
Change in financial assumptions	22	-	22
Experience adjustments	(14)	(45)	(59)
	<u>8</u>	<u>(45)</u>	<u>(37)</u>
Pension fund contribution	-	(168)	(168)
At December 31	<u>\$ 4,011</u>	<u>(\$ 1,264)</u>	<u>\$ 2,747</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, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	For the years ended December 31,	
	2019	2018
Discount rate	0.70%	0.90%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with the 5th Taiwan Standard Ordinary Experience Mortality Table.

- (f) Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
December 31, 2019				
Effect on present value of defined benefit obligation	<u>(\$ 57)</u>	<u>\$ 58</u>	<u>\$ 45</u>	<u>(\$ 44)</u>
December 31, 2018				
Effect on present value of defined benefit obligation	<u>(\$ 55)</u>	<u>\$ 56</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 2020 amount to \$154.

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 defined contribution pension plan of the Company for the years ended December 31, 2019 and 2018 were \$693 and \$584, respectively.

(7) Share-based payment

- A. For the years ended December 31, 2019 and 2018, the Company’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Fourth plan of employee stock options	2011.6.17	1,200 units	6 years	Service of 2 years
Fifth plan of employee stock options	2012.6.28	1,200 units	6 years	Service of 2 years
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

B. The above employee stock options are as follows:

(a) Details of the fourth plan of employee stock options outstanding as of December 31, 2019 and 2018 are as follows, and were all exercised.

Stock options	For the years ended December 31,			
	2019		2018	
	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	-	-	3.00	NT\$ 106.30
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	-	-	(3.00)	-
Options exercised	-	-	-	NT\$ 106.30
Options revoked	-	-	-	-
Options outstanding at end of year	-	-	-	-
Options exercisable at end of year	-	-	-	-

(b) Details of the fifth plan of employee stock options outstanding as of December 31, 2019 and 2018 are as follows, and were all exercised.

	For the years ended December 31,			
	2019		2018	
	No. of units	Weighted-average	No. of units	Weighted-average
Stock options	(in thousands)	exercise price	(in thousands)	exercise price
		(in dollars)		(in dollars)
Options outstanding at beginning of year	-	-	298.25	NT\$ 103.00
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	-	-	(3.75)	-
Options exercised	-	-	(294.50)	NT\$ 103.00
Options revoked	-	-	-	-
Options outstanding at end of year	-	-	-	-
Options exercisable at end of year	-	-	-	-

(c) Details of the sixth plan of employee stock options outstanding as of December 31, 2019 and 2018 are as follows, and were all exercised.

Stock options	For the years ended December 31,			
	2019		2018	
	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	1,448	NT\$ 173.50	-	-
Options granted	-	-	1,500	NT\$ 173.50
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	(40)	-	(52)	-
Options exercised	-	-	-	-
Options revoked	-	-	-	-
Options outstanding at end of year	<u>1,408</u>	NT\$ 1.55.00	<u>1,448</u>	NT\$ 173.50
Options exercisable at end of year	<u>-</u>	-	<u>-</u>	-

(d) Details of the seventh plan of employee stock options outstanding as of December 31, 2019 is as follows:

<u>Stock options</u>	<u>For the year ended, December 31, 2019</u>	
	<u>No. of units (in thousands)</u>	<u>Weighted-average exercise price (in dollars)</u>
Options outstanding at beginning of period	1,500	NT\$ 212.50
Options granted	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-
Options waived	(34)	-
Options exercised	-	-
Options revoked	-	-
Options outstanding at end of year	<u>1,466</u>	NT\$ 201.00
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, 2018 was NT\$172.63.

D. As of December 31, 2019 and 2018, the range of exercise prices of stock options outstanding was NT\$173.5~ NT\$212.5 and NT\$173.5 (in dollars), respectively; the weighted-average remaining contractual period was as follows:

<u>Type of arrangement</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Fourth plan of employee stock options	-	-
Fifth plan of employee stock options	-	-
Sixth plan of employee stock options	4.5 years	5.5 years
Seventh plan of employee stock options	5.5 years	-

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

Type of arrangement	Grant date	Market value (Note)	Exercise price	Expected price volatility	Expected duration	Expected dividend yield rate	Risk-free interest rate	Fair value per unit (in dollars)
Fourth plan of employee stock options	2011.6.17	NT\$146.0	NT\$146.0	38.65%	4.50 years	0%	1.05%	NT\$ 48.82
Fifth plan of employee stock options	2012.6.28	NT\$145.0	NT\$145.0	33.63%	4.60 years	0%	1.00%	NT\$ 42.79
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

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

	For the years ended December 31,	
	2019	2018
Equity-settled	\$ 1,947	\$ 687

(8) Share capital

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

	2019	2018
At January 1	67,105,148	66,810,648
Employee stock options exercised	-	294,500
At December 31	67,105,148	67,105,148

B. As of December 31, 2019, 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 \$671,051 with a par value of NT\$10 (in dollars) per share.

(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, 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>
	<u>Share</u>	<u>Employee</u>		
	<u>premium</u>	<u>stock options</u>	<u>Others</u>	<u>Total</u>
At January 1, 2018	\$ 1,971,969	\$ 188,747	\$ 313	\$ 2,161,029
Share-based payment transaction	-	5,055	-	5,055
Expired employee stock options	188,877	(188,564)	(313)	-
Employee stock options exercised	<u>27,389</u>	<u>-</u>	<u>-</u>	<u>27,389</u>
At December 31, 2018	<u>\$ 2,188,235</u>	<u>\$ 5,238</u>	<u>\$ -</u>	<u>\$ 2,193,473</u>

C. Please refer to Note 6 (7) for detailed information about capital surplus from employee stock options.

(10) Retained earnings

As of December 31, 2019 and 2018, the Company's retained earnings are set forth below:

	2019	2018
At January 1	\$ 1,380,044	\$ 1,359,148
Effect of retrospective restatement	-	1,799
At January 1 (after restatement)	1,380,044	1,360,947
Legal reserve appropriated	(80,691)	(76,134)
Reversal of special reserve	30,041	-
Special reserve appropriated	-	(32,139)
Distribution of retained earnings	(726,078)	(647,313)
Profit for the year	811,312	806,912
Remeasurement on post employment benefit obligations, net of tax	(5,508)	(1,782)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	(886)	(30,447)
At December 31	<u>\$ 1,408,234</u>	<u>\$ 1,380,044</u>

- 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. 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%.

- 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 2018 and 2017 earnings had been resolved at the stockholders' meeting on May 30, 2019 and May 31, 2018, respectively.

Details are summarised below:

	2018	2017
Legal reserve	\$ 80,691	\$ 76,134
Special reserve	(30,041)	32,139
Cash dividends	726,078	647,313
	\$ 776,728	\$ 755,586

- F. The Company recognized dividends of \$647,313 (NT\$9.68 per share) in 2018. In addition, outstanding stocks will be influenced by employees' share rights. Thus, the Board of Directors gave the right to adjust the rate of distributed dividends from NT\$9.68 per share to NT\$9.64624522 per share.

G. The appropriation of 2019 earnings had been proposed by Board of Directors during its meeting on March 9, 2020. Details are summarised below:

	2019	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 80,492	NT\$ -
Special reserve	(2,243)	-
Cash dividends	726,749	10.83
	\$ 804,998	NT\$ 10.83

The appropriation of 2019 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 (14).

(11) Other income

	For the years ended December 31,	
	2019	2018
Interest income:		
Interest income from bank deposits	\$ 754	\$ 1,634
Other interest income	1,772	2,252
	2,526	3,886
Dividend income	1,563	645
Other income, others	49,551	43,752
	\$ 53,640	\$ 48,283

(12) Other gains and losses

	For the years ended December 31,	
	2019	2018
Gains on disposals of investments	\$ -	\$ 29,402
Foreign exchange gains (losses)	(81)	95
Gains on financial assets at fair value through profit or loss	712	310
Profit from lease modification	5	-
	\$ 636	\$ 29,807

(13) Expenses by nature

	For the years ended December 31,	
	2019	2018
Employee benefit expense	\$ 39,045	\$ 40,480
Services	2,104	2,303
Insurances	119	123
Other expenses	8,395	7,369
Total operating expenses	<u>\$ 49,663</u>	<u>\$ 50,275</u>

(14) Employee benefit expense

	For the years ended December 31,	
	2019	2018
Salaries	\$ 28,958	\$ 31,576
Employee stock options	1,947	687
Labor and health insurance fees	1,190	1,266
Pension costs	1,402	1,329
Directors' remuneration	5,200	5,200
Other personnel expenses	348	422
	<u>\$ 39,045</u>	<u>\$ 40,480</u>

- A. As of December 31, 2019 and 2018, the Company had 17 employees with 9 directors who were not employees concurrently for both years.
- (a) The average employee benefit expenses for 2019 and 2018 was \$4,231 and \$4,410, respectively.
- (b) The average employee salaries for 2019 and 2018 was \$3,620 and \$3,947, respectively.
- (c) Changes in average employees' salaries adjustment was (8.28)%.
- 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, 2019 and 2018, employees' compensation was accrued at \$329 and \$343, 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% at minimum and 2% at maximum of distributable profit of current year

respectively, for the year ended December 31, 2019. The employees' compensation and directors' and supervisors' remuneration has 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 2018 amounting to \$329 and \$5,200, respectively, as resolved by the Board of Directors were in agreement with those amounts recognised in the 2018 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.

(15) Income tax

A. Income tax expense:

	For the years ended December 31,	
	2019	2018
Current tax:		
Current tax on profits for the year	\$ 10,201	\$ 9,107
Prior year income tax (over) under estimation	(2,743)	56
Income tax expense	<u>\$ 7,458</u>	<u>\$ 9,163</u>

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2019	2018
Tax calculated based on profit before tax and statutory tax rate	\$ 163,755	\$ 163,216
Prior year income tax (over) under estimation	(2,743)	56
Effect of exempt income	(153,554)	(154,109)
Income tax expense	<u>\$ 7,458</u>	<u>\$ 9,163</u>

C. As of December 31, 2019, the Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.

D. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Company has assessed the impact of the change in income tax rate.

(16) Earnings per share

	For the 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>

	For the year ended December 31, 2018		
	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	\$ 806,912	67,024	NT\$ 12.04
<u>Diluted earnings per share:</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	2	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	<u>\$ 806,912</u>	<u>67,026</u>	<u>NT\$ 12.04</u>

The Company's employee stock options had anti-dilutive effect; thus, they were not included in the calculation of diluted earnings per share.

(17) Operating leases

Prior to 2018

The Company leases offices under non-cancellable operating lease agreements. These leases have terms expiring between 1 year and 2 years. The Company recognised rental expenses of \$790 for

these leases for the year ended December 31, 2018.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	<u>December 31, 2018</u>
Less than one year	\$ 790
More than one year but not less than five years	1,127
More than five years	<u>2,268</u>
	<u>\$ 4,185</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 57.31% of the Company's shares. The remaining 42.43% 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 Corporation	Subsidiary
Yuan Ding Resources Corp.	Subsidiary
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Associate
EVER ECOVE Corp.	Associate
Gintech Energy Corp.	Other related party

(3) Significant transactions and balances with related parties

A. Directors' and supervisors' remuneration (shown in 'Other income')

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
ECOVE Wujih Energy Corp.	\$ 14,288	\$ 14,138
ECOVE Environmental Services Corp.	26,814	19,462
Subsidiaries	<u>6,524</u>	<u>5,975</u>
	<u>\$ 47,626</u>	<u>\$ 39,575</u>

B. Other revenue / receivables from related parties

(a) Receivables from related parties

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
-Loans to related parties		
ECOVE Solar Energy Corporation	\$ 200,000	\$ 87,029
-Others (Notes)		
ECOVE Solar Energy Corporation	2,886	4,437
ECOVE Environmental Services Corp.	21,279	13,367
ECOVE Wujih Energy Corp.	11,824	11,675
Subsidiaries	2,965	2,564
Associate	600	-
	<u>\$ 239,554</u>	<u>\$ 119,072</u>

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

(b) Other revenue

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Interest revenue		
Ultimate parent company	\$ -	\$ 2,223
ECOVE Solar Energy Corporation (Note)	1,772	29
	<u>\$ 1,772</u>	<u>\$ 2,252</u>
Personnel transfers revenue		
ECOVE Solar Energy Corporation	\$ -	\$ 2,272
Associates	1,427	999
	<u>\$ 1,427</u>	<u>\$ 3,271</u>
Directors' compensation and transportation allowance		
Subsidiaries	\$ 48,123	\$ 39,979

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, 2019 and 2018.

C. Operating expenses / other payables-related parties

(a) Operating expenses

	For the years ended December 31,	
	2019	2018
CTCI Corp. (Notes 1 and 2)	\$ 4,795	\$ 4,254
Subsidiaries (Notes 2 and 3)	685	1,458
	<u>\$ 5,480</u>	<u>\$ 5,712</u>

Note 1: For the years ended December 31, 2019 and 2018, 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 amortization of rent and administrative expense of the office in Neihu.

(b) As of December 31, 2019 and 2018, the Company has unpaid obligations to related parties as follows (shown in "other payables") :

	December 31, 2019	December 31, 2018
CTCI Corp.	\$ 1,315	\$ 1,236
Subsidiaries	56	56
	<u>\$ 1,371</u>	<u>\$ 1,292</u>

D. Lease transactions – lessee

(a) As of December 31, 2019, the main lease contracts between the Company and the related parties are as follows:

Lessor	Lease object	Payment method	Lease term
Ultimate parent company	Buildings and structures	\$ 50/year	2019.12.1~2028.12.31
Subsidiaries	Buildings and structures	\$ 740/year	2018.4.1~2021.3.31

(b) Acquisition of right-of-use assets:

	Year ended December 31, 2019
Ultimate parent company	<u>\$ 445</u>

When applying IFRS 16 on January 1, 2019, the Company increased 'right-of-use asset' by \$3,734.

(c) Lease liabilities

(i) Outstanding balance:

	<u>December 31, 2019</u>
Ultimate parent company	\$ 860
Subsidiaries	446
	<u>\$ 1,306</u>

(ii) Interest expense

	<u>Year ended December 31, 2019</u>
Ultimate parent company	\$ 13
Subsidiaries	8
	<u>\$ 21</u>

E. Acquisition of financial assets

				<u>For the year ended December 31, 2019</u>
	<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>	<u>Consideration</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>
				<u>For the year ended December 31, 2018</u>
	<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>	<u>Consideration</u>
Other related parties	Investments accounted for using equity method	31,622,726	ECOVE Solar Energy Corporation	<u>\$ 455,384</u>

F. Endorsements and guarantees for others

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Subsidiaries	\$ 622,800	\$ -
Associate	220,500	-
ECOVE Solar Energy Corporation	2,106,562	1,143,589
	<u>\$ 2,949,862</u>	<u>\$ 1,143,589</u>

(4) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Salaries and other short-term employee benefits	<u>\$ 24,951</u>	<u>\$ 22,424</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- (1) The appropriation of 2019 earnings had been proposed at the Board of Directors' meeting on March 9, 2020. Please refer to Note 6(10)G for detailed information.
- (2) The Board of Directors of the Company, during its meeting on March 9, 2020, resolved to issue employee stock warrants of 1,500 units, each unit allows employees to purchase 1,000 common stocks.

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, 2019</u>	<u>December 31, 2018</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	\$ -	\$ 2,045
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	22,423	20,560
	<u>\$ 22,423</u>	<u>\$ 22,605</u>
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 293,202	\$ 210,529
Other receivables	230	673
Other receivables-related parties	239,554	119,072
	<u>\$ 532,986</u>	<u>\$ 330,274</u>
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable	\$ -	\$ 480
Other payable	18,547	18,802
Other payable-related parties	1,371	1,292
Lease liability	1,306	-
	<u>\$ 21,224</u>	<u>\$ 20,574</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 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 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 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:

	<u>December 31, 2019</u>		
	<u>Foreign currency amount (in thousands)</u>	<u>Exchange rate</u>	<u>Book value (NTD)</u>
(Foreign currency : functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 131	30.150	\$ 3,950

	<u>December 31, 2018</u>		
	<u>Foreign currency amount (in thousands)</u>	<u>Exchange rate</u>	<u>Book value (NTD)</u>
(Foreign currency : functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 108	30.740	\$ 3,319

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, 2019 and 2018 amounted to (\$37) and \$95, respectively.

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

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	\$ -

For the year ended December 31, 2018			
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%	\$ 33	\$ -

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, 2019</u>	<u>Up to 1 year</u>	<u>Over 1 year</u>
Other payables (including related parties) \$	19,918	\$ -
Lease liabilities	779	542

Non-derivative financial liabilities

<u>December 31, 2018</u>	<u>Up to 1 year</u>	<u>Over 1 year</u>
Notes payable \$	480	\$ -
Other payables (including related parties)	20,094	-

(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 of 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, 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	\$ 21,880	\$ -	\$ 543	\$ 20,560
December 31, 2018	<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	\$ 2,045	\$ -	\$ -	\$ 2,045
Available-for-sale financial assets				
Equity securities	20,017	-	543	20,560
	<u>\$ 22,062</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 22,605</u>

- C. The instruments the Company 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, 2019 and 2018, there were no transfers between Level 1 and Level 2.
- F. For the years ended December 31, 2019 and 2018, 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.

ECOVE ENVIRONMENT CORPORATION
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2019
 (Expressed in thousands of New Taiwan dollars)

Item	Description		Amount
Demand deposits			
– USD	USD\$0.05	Exchange rate 30.15	\$ 2
– NTD	USD\$131		289,245
			<u>289,247</u>
Checking accounts			<u>5</u>
Time deposits			
– USD	USD\$131	Exchange rate 30.15	3,950
			<u>\$ 293,202</u>

ECOVE ENVIRONMENT CORPORATION
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars)

Financial Commodites	Summary	Number of Shares	Par Value (in dollars)	Amount	Acquisition costs	Fair Value		Notes
						Price (in dollars)	Amount	
Taiwan Cement Corp.	Stocks	505,902	\$ 10.00	\$ 5,059	\$ 16,671	\$ 43.25	<u>\$ 21,880</u>	
Less: Valuation adjustment					<u>5,209</u>			
					<u>\$ 21,880</u>			

ECOVE ENVIRONMENT CORPORATION
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars)

Name	Beginning of the year		Additions		Reductions		End of the year		Pledged to other as collaterals
	Shares (per share)	Amount	Shares (per share)	Amount	Number of Shares (per share)	Amount	Number of Share (per share)	Amounts	
Teamwin Opto-Electronics Co.,	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 impairment		(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, 2019
(Expressed in thousands of New Taiwan dollars)

Name	Beginning of the year		Additions (reductions)			Balance at December 31, 2019				Pledged to other as collaterals
	Number of shares (per share)	Amount	Number of shares (per share)	Amount	Investment income (loss)	Number of shares (per share)	% interest held	Amount	Value per share	
ECOVE Wujih Energy Corp.	29,400,000	\$ 1,242,060	600,000	(\$ 540,962)	\$ 241,400	30,000,000	100.00	\$ 942,498	\$ 942,498	N/A
ECOVE Environmental Services	14,065,936	895,799	-	(477,560)	346,147	14,065,936	93.15	764,386	769,301	"
ECOVE Waste Management Corp.	2,000,000	113,462	-	(66,171)	54,127	2,000,000	100.00	101,418	101,418	"
ECOVE Miaoli Energy Corp.	56,249,000	1,003,951	-	(86,905)	100,997	56,249,000	74.999	1,018,043	1,018,043	"
Yuan Ding Resources Corp.	2,700,000	23,543	1,800,000	15,710	82	4,500,000	100.00	39,335	39,335	"
Boretech Resource Recovery Engineering Co., Ltd.	13,333,333	292,168	-	(6,010)	18,465	13,333,333	20.00	304,623	304,623	"
ECOVE Solar Energy	63,245,452	854,787	20,833,330	253,507	53,301	84,078,782	100.00	1,161,595	1,037,904	"
ECOVE Solvent Recycling Corportion	8,099,000	80,168	-	-	381	8,099,000	89.99	80,549	80,549	"
EVER ECOVE Corporation	5,000,000	49,336	-	-	(722)	5,000,000	5.00	48,614	48,614	"
		<u>\$ 4,555,274</u>		<u>(\$ 908,391)</u>	<u>\$ 814,178</u>			<u>\$ 4,461,061</u>	<u>\$ 4,342,285</u>	

ECOVE ENVIRONMENT CORPORATION
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars)

Accounts	Administrative expenses
Salaries	\$ 31,136
Pension costs	1,402
Services	2,104
Other expenses	15,021
	\$ 49,663

ECOVE ENVIRONMENT CORPORATION

Loans to others

For the year ended December 31, 2019

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, 2019 (Note 3)	Balance at December 31, 2019 (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	1.01%	2	\$ -	For operational needs	\$ -	-	\$ -	\$ 498,637	\$ 1,994,546	-
1	ECOVE Waste Management Corp.	CTCI Machinery Corp.	"	"	7,000	5,000	-	-	"	"	"	-	-	-	10,142	40,567	-
1	"	E&C Engineering Corp.	"	"	7,000	5,000	-	-	"	"	"	-	-	-	10,142	40,567	-
2	ECOVE Environment Services Corp.	ECOVE Solvent Recycling Corporation	"	"	70,000	6,000	6,000	1.01%	"	"	"	-	-	-	80,215	320,860	-
2	"	ECOVE Miaoli Energy Corporation	"	"	70,000	-	-	-	"	"	"	-	-	-	80,215	320,860	-
2	"	CTCI Machinery Corp.	"	"	35,000	30,000	30,000	1.01%	"	"	"	-	-	-	80,215	320,860	-
2	"	CTCI Corp.	"	"	70,000	30,000	-	-	"	"	"	-	-	-	80,215	320,860	-
2	"	E&C Engineering Corp.	"	"	70,000	30,000	-	-	"	"	"	-	-	-	80,215	320,860	-

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
					December 31, 2019 (Note 3)	December 31, 2019 (Note 8)				(Note 5)			Item	Value			
3	ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Other receivables-related parties	Yes	\$ 14,000	\$ 14,000	\$ 14,000	1.71%	2	\$ -	For operational needs	\$ -	-	\$ -	\$ 415,162	\$ 415,162	-
3	"	ECOVE Solar Power Corporation	"	"	200,000	90,000	-	-	"	"	"	-	-	-	415,162	415,162	-
3	"	ECOVE Central Corporation Ltd.	"	"	17,000	-	-	-	"	"	"	-	-	-	415,162	415,162	-

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, 2019.

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
For the year ended December 31, 2019

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2019 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2019 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	ECOVE Environment Corp.	ECOVE Solar Energy Corporation	2	\$ 9,972,732	\$ 2,110,790	\$ 2,106,562	\$ 1,015,895	\$ -	42.25%	\$ 14,959,098	Y	N	N	-
0	"	ECOVE Solar Power Corporation	2	9,972,732	317,000	317,000	263,762	-	6.36%	14,959,098	Y	N	N	-
0	"	EVER ECOVE Corporation	6	9,972,732	220,500	220,500	28,500	-	4.42%	14,959,098	N	N	N	-
0	"	ECOVE South Corporation Ltd.	2	9,972,732	150,000	150,000	38,000	-	3.01%	14,959,098	Y	N	N	-
0	"	ECOVE Solvent Recycling Corporation	2	9,972,732	155,800	155,800	126,000	-	3.12%	14,959,098	Y	N	N	-
1	ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	2	4,151,620	14,000	14,000	12,600	-	1.35%	6,227,430	N	N	N	-
1	"	ECOVE Central Corporation Ltd.	2	4,151,620	21,790	-	-	-	0.00%	6,227,430	N	N	N	-
1	"	ECOVE Solar Power Corporation	2	4,151,620	784,076	757,076	504,586	-	72.94%	6,227,430	N	N	N	-
2	ECOVE Solar Power Corporation	ECOVE Solar Energy Corporation	3	1,024,972	12,420	12,420	12,420	-	4.85%	1,537,458	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, 2019

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, 2019				Footnote (Note 4)
	Type	Name			Number of shares/ denominations	Book value (Note 3)	Ownership (%)	Fair value	
ECOVE Environment Corp.	Common Stock	Taiwan Cement Corp.	N/A	Financial assets at fair value through other comprehensive income-current Adjustment	505,902	\$ 16,671	-	\$ 21,880	-
						<u>5,209</u>			
						<u>\$ 21,880</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>	
ECOVE Wujih Energy Corp.	Common Stock	Taiwan Cement Corp.	N/A	Financial assets at fair value through other comprehensive income- current	508,845	\$ 22,007	-	\$ 22,007	-
ECOVE Environment Services Corp.	Fund	Schroder 2022 Maturity Emerging Market Quality Sovereign Bond Fund	"	Financial assets at fair value through profit or loss-current	35,000	10,933	-	10,933	-
"	Common Stock	CTCI Corp.	Ultimate parent company	Financial assets at fair value through other comprehensive	1,028	39	-	39	-
"	"	Taiwan Cement Corp.	N/A	"	1,339,745	57,944	-	57,944	-
ECOVE Waste Management Corp.	"	Taiwan Cement Corp.	"	Financial assets at fair value through other comprehensive income-current	512,411	22,162	-	22,162	-

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

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

For the year ended December 31, 2019

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, 2019		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2019		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
ECOVE Environment Corp.	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	\$ -	23,643,258	\$ 386,000	23,643,258	\$ 386,283	\$ 386,000	\$ 283	-	\$ -
"	FSITC Money Market Fund	"	-	-	-	-	2,741,785	490,000	2,741,785	490,248	490,000	248	-	-
"	Franklin Templeton Sinoam Money Market Fund	"	-	-	198,085	2,041	28,004,553	290,000	28,202,638	292,226	292,041	185	-	-
ECOVE Environmental Services Corp.	Taishin 1699 Money Market Fund	"	-	-	3,366,412	45,470	21,427,257	290,000	24,793,669	335,942	335,470	472	-	-
"	Jih Sun Money Market Fund	"	-	-	-	-	14,799,360	220,000	14,799,360	220,166	220,000	166	-	-
ECOVE Wujih Energy Corp.	FSITC Money Market Fund	"	-	-	-	-	1,191,406	212,670	1,191,406	212,787	212,670	117	-	-
"	FSITC Taiwan Money Market Fund	"	-	-	65,511	1,000	8,010,006	122,800	8,075,517	123,917	123,800	117	-	-
"	Mega Diamond Money Market Fund	"	-	-	-	-	9,300,783	117,000	9,300,783	117,100	117,000	100	-	-
ECOVE Waste Management Corp.	FSITC Money Market Fund	"	-	-	-	-	967,877	173,000	967,877	173,053	173,000	53	-	-
"	Taishin 1699 Money Market Fund	"	-	-	1,333,007	18,000	9,931,466	134,700	11,264,473	152,906	152,700	206	-	-
"	FSITC Taiwan Money Market Fund	"	-	-	1,311,441	20,000	10,692,794	164,000	12,004,235	184,233	184,000	233	-	-

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

For the year ended December 31, 2019

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	Affiliate	(Waste disposal (\$ revenue)	428,652	(57%)	30 days quarterly	No significant difference		\$ 34,115	15%	-
ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	(Operating revenue)	655,005	(19%)	"	"		48,358	8%	-
"	ECOVE Wujih Energy Corp.	"	"	291,610	(9%)	"	"		66,700	11%	-
"	ECOVE Miaoli Energy Corp.	"	"	148,284	(4%)	"	"		22,527	4%	-
"	CTCI Chemicals Corp.	"	Purchase	140,615	4%	"	"		(18,459)	(3%)	-
ECOVE Waste Management Corp.	ECOVE Environment Services Corp.	"	Waste disposal cost	655,005	53%	"	"		(48,358)	(56%)	-
"	ECOVE Wujih Energy Corp.	"	"	428,652	35%	"	"		(34,115)	(39%)	-
ECOVE Wujih Energy Corp.	ECOVE Environment Services Corp.	"	Cost of services	291,610	68%	"	"		(66,700)	(65%)	-
ECOVE Miaoli Energy Corp.	"	"	"	148,284	93%	"	"		(22,527)	(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, 2019

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	A subsidiary	\$ 202,885	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: Other accounts receivable arise from lending capital.

ECOVE ENVIRONMENT CORPORATION
Significant inter-company transactions during the reporting period
For the year ended December 31, 2019

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	\$ 202,885	-	2.13%
0	"	ECOVE Solar Energy Corporation	1	Endorsements and guarantees	2,106,562	-	N/A
0	"	ECOVE Solar Power Corporation	1	"	317,000	-	N/A
0	"	ECOVE South Corporation Ltd.	1	"	150,000	-	N/A
0	"	ECOVE Solvent Recycling Corporation	1	"	155,800	-	N/A
1	ECOVE Wujih Energy Corp.	ECOVE Waste Management Corp.	3	Operating revenue	428,652	30 days quarterly	8.06%
2	ECOVE Environment Services Corp.	ECOVE Waste Management Corp.	"	"	655,005	"	12.31%
2	"	ECOVE Miaoli Energy Corp.	"	"	148,284	"	2.79%
2	"	ECOVE Wujih Energy Corp.	"	"	291,610	"	5.48%
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	59,698	30 days quarterly	1.12%

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)
For the year ended December 31, 2019

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, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	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	\$ 425,085	30,000,000	100.00%	\$ 942,498	\$ 243,178	\$ 241,400	A subsidiary
ECOVE Environment Corp.	ECOVE Environment Services Corp.	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance, etc.	339,921	339,921	14,065,936	93.15%	764,386	348,483	346,147	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%	101,418	54,420	54,127	A subsidiary
ECOVE Environment Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	1,012,483	1,012,483	56,249,000	74.999%	1,018,043	134,665	100,997	A subsidiary
ECOVE Environment Corp.	Yuan Ding Resources Corp.	Taiwan	Waste services, waste clean, other environmental services, and environmental pollution services, etc.	42,696	27,000	4,500,000	100.00%	39,335	97	82	A subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss)	Investment income (loss)	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value	of the investee for the year ended December 31, 2019	recognised by the Company for the year ended December 31, 2019	
ECOVE Environment Corp.	Boretch Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Islands	Share holding and investment	\$ 309,489	\$ 309,489	13,333,333	20.00%	\$ 304,623	\$ 89,405	\$ 18,465	An investee under equity method
ECOVE Environment Corp.	ECOVE Solar Energy Corporation	Taiwan	Energy technology services etc.	1,062,348	762,349	84,078,782	100.00%	1,161,595	53,301	53,301	A subsidiary
ECOVE Environment Corp.	EVER ECOVE Corporation	Taiwan	Waste services, waste clean and co-generation	50,000	50,000	5,000,000	5.00%	48,614 (	14,256) (	722)	An investee under 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%	80,549	423	381	A subsidiary
ECOVE Environment Services Corp.	ECOVE Wujih Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	-	6,000	-	-	-	243,178	1,778	Affiliate
ECOVE Environment Services Corp.	CTCI Chemicals Corp.	Taiwan	Industrial chemicals' wholesale manufacturing and retail.	24,851	24,851	1,910,241	26.9048%	65,631	55,769	15,004	Affiliate
ECOVE Environment Services Corp.	ECOVE Miaoli Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	13	13	1,000	0.001%	18	134,665	2	Affiliate

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss)	Investment income (loss)	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value	of the investee for the year ended December 31, 2019	recognised by the Company for the year ended December 31, 2019	
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%	\$ 87,180	\$ 273,903	\$ 82,171	A subsidiary
ECOVE Environment Services Corp.	ECOVE Solvent Recycling Corporation	Taiwan	Operating basic chemical industry and manufacture of other chemical products	10	10	1,000	0.01%	8	423	-	Affiliate
ECOVE Waste Management Corp.	ECOVE Environmental Services Corp.	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance, etc.	53	53	1,000	0.01%	55	348,483	25	Affiliate
ECOVE Waste Management Corp.	Yuan Ding Resources Corp.	Taiwan	Waste services, waste clean, other environmental services, and environmental pollution services, etc.	-	18,000	-	-	-	97	15	A subsidiary
ECOVE Solar Energy Corporation	ECOVE Solar Power Corporation	Taiwan	Energy technology services etc.	230,000	180,000	23,000,000	100.00%	256,243	18,992	18,992	A subsidiary
ECOVE Solar Energy Corporation	ECOVE South Corporation Ltd.	Taiwan	Energy technology services etc.	30,500	16,500	3,050,000	100.00%	32,903	1,761	1,761	A subsidiary
ECOVE Solar Energy Corporation	G.D. International, LLC.	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	379,298	18,112	18,233	A subsidiary
G.D. International, LLC.	Lumberton Solar W2-090, LLC	U.S.A.	Energy technology services etc.	189,197	189,197	-	100.00%	378,526	18,349	18,349	A subsidiary

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2019

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, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 2)(2)B	Book value of investments in Mainland China as of December 31, 2019	Accumulated	Footnote	
				amount of remittance from Taiwan to Mainland China as of January 1, 2019	remitted to Mainland China	Amount remitted back to Taiwan for the year ended December 31, 2019	amount of remittance from Taiwan to Mainland China as of December 31, 2019					amount of investment income remitted back to Taiwan as of December 31, 2019		
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	\$ 7,240	93.16%	\$ 7,238	\$ 12,136	\$ 24,178	-	
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	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	\$ 2,991,820											

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, 2019' column:

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

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

Note 4: Invested by ECOVE Environment Services Corp.

ECOVE ENVIRONMENT CORPORATION AND SUBSIDIARIES

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2019

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, 2019	%	Balance at December 31, 2019	Purpose	Maximum balance during the year ended December 31, 2019	Balance at December 31, 2019	Interest rate	Interest during the year ended December 31, 2019	Others
ECOVE Environment Consulting Corp.	(\$ 46,551)	1.36%	-	-	(\$ 29,423)	5.0%	\$ -	-	\$ -	\$ -	-	\$ -	-