

**Evergreen Steel Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2021 and 2020 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Evergreen Steel Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Evergreen Steel Corporation and its subsidiaries (collectively, the "Group") as of June 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months ended June 30, 2021 and 2020 and for the six months ended June 30, 2021 and 2020, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2021 and 2020, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 12 to the consolidated financial statements, the investments accounted for using the equity method were NT\$136,548 thousand and NT\$138,545 thousand as of June 30, 2021 and 2020, respectively. The equities in profit and loss of the associates were NT\$5,151 thousand and NT\$5,334 thousand of the consolidated net income for the three months ended June 30, 2021 and 2020. The equities in profit and loss of the associates were NT\$10,749 thousand and NT\$13,118 thousand of the consolidated net income for the six months ended June 30, 2021 and 2020. These investment amounts and related disclosures are based on the investees' unreviewed financial statements for the same reporting periods as those of the Group.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of investees that are accounted for using equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2021 and 2020, its consolidated financial performance for the three months ended June 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Ching-Hsia Chang and Yung-Hsiang Chao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 10, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail.

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	June 30, 2021 (Reviewed)		December 31, 2020 (Audited)		June 30, 2020 (Reviewed)	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 4,655,262	13	\$ 4,219,283	18	\$ 3,785,708	19
Financial assets at amortized cost - current (Notes 8 and 32)	26,533	-	23,452	-	17,614	-
Contract assets - current (Notes 23, 25 and 31)	2,937,206	9	4,190,973	17	3,376,820	17
Notes receivable (Note 23)	3,712	-	126,910	-	1,151	-
Trade receivables, net (Notes 9 and 23)	1,196,025	3	745,136	3	928,744	5
Trade receivables from related parties, net (Notes 9, 23 and 31)	27,421	-	151,458	1	27,056	-
Other receivables (Note 31)	28,838	-	43,468	-	25,273	-
Inventories (Notes 10 and 23)	3,338,599	10	1,008,758	4	971,237	5
Other current assets (Note 17)	<u>180,494</u>	<u>1</u>	<u>175,797</u>	<u>1</u>	<u>98,363</u>	<u>1</u>
Total current assets	<u>12,394,090</u>	<u>36</u>	<u>10,685,235</u>	<u>44</u>	<u>9,231,966</u>	<u>47</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 7)	14,923,847	43	6,775,512	28	4,864,192	25
Investments accounted for using equity method (Note 12)	136,548	-	150,799	1	138,545	1
Property, plant and equipment (Notes 13 and 32)	3,335,156	10	3,408,410	14	3,552,477	18
Right-of-use assets (Notes 14 and 31)	25,403	-	20,479	-	21,436	-
Investment properties (Notes 15 and 32)	104,529	-	105,530	1	109,948	1
Intangible assets (Note 16)	3,612,625	10	2,739,716	11	1,451,875	8
Deferred tax assets (Note 4)	53,956	-	42,114	-	49,242	-
Refundable deposits	8,335	-	8,003	-	10,080	-
Other non-current assets (Note 17)	<u>139,697</u>	<u>1</u>	<u>117,404</u>	<u>1</u>	<u>31,794</u>	<u>-</u>
Total non-current assets	<u>22,340,096</u>	<u>64</u>	<u>13,367,967</u>	<u>56</u>	<u>10,229,589</u>	<u>53</u>
TOTAL	<u>\$ 34,734,186</u>	<u>100</u>	<u>\$ 24,053,202</u>	<u>100</u>	<u>\$ 19,461,555</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 18)	\$ 400,000	1	\$ 690,000	3	\$ 516,830	3
Short-term bills payable (Note 18)	549,745	2	1,799,171	7	999,541	5
Contract liabilities - current (Notes 23, 25 and 31)	1,183,118	3	382,809	2	224,704	1
Notes payable, net (Note 23)	461,220	1	355,383	1	312,874	2
Trade payables, net (Notes 19 and 23)	1,503,539	4	1,172,977	5	1,000,911	5
Other payables (Notes 20 and 31)	254,469	1	406,764	2	1,299,095	7
Current tax liabilities (Note 4)	171,822	1	175,916	1	148,353	1
Provisions - current (Note 21)	66,077	-	60,792	-	56,689	-
Lease liabilities - current (Notes 14 and 31)	11,883	-	8,756	-	8,864	-
Current portion of long-term borrowings (Note 18)	-	-	300,000	1	300,000	1
Other current liabilities	<u>46,462</u>	<u>-</u>	<u>56,897</u>	<u>-</u>	<u>45,122</u>	<u>-</u>
Total current liabilities	<u>4,648,335</u>	<u>13</u>	<u>5,409,465</u>	<u>22</u>	<u>4,912,983</u>	<u>25</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 18)	2,854,108	9	1,693,469	7	812,931	4
Deferred tax liabilities (Note 4)	68,300	-	66,187	1	65,995	1
Lease liabilities - non-current (Notes 14 and 31)	10,403	-	9,738	-	10,326	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	20,210	-	36,024	-	48,396	-
Guarantee deposits received	24,628	-	25,234	-	16,457	-
Other non-current liabilities	<u>21,462</u>	<u>-</u>	<u>15,516</u>	<u>-</u>	<u>12,360</u>	<u>-</u>
Total non-current liabilities	<u>2,999,111</u>	<u>9</u>	<u>1,846,168</u>	<u>8</u>	<u>966,465</u>	<u>5</u>
Total liabilities	<u>7,647,446</u>	<u>22</u>	<u>7,255,633</u>	<u>30</u>	<u>5,879,448</u>	<u>30</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)						
Share capital						
Ordinary shares	<u>4,199,820</u>	<u>12</u>	<u>3,994,260</u>	<u>16</u>	<u>3,994,260</u>	<u>21</u>
Capital surplus	<u>1,340,252</u>	<u>4</u>	<u>396,542</u>	<u>2</u>	<u>388,032</u>	<u>2</u>
Retained earnings						
Legal reserve	2,190,673	6	2,190,673	9	2,190,673	11
Unappropriated earnings	<u>6,913,378</u>	<u>20</u>	<u>6,347,269</u>	<u>26</u>	<u>5,729,794</u>	<u>30</u>
Total retained earnings	<u>9,104,051</u>	<u>26</u>	<u>8,537,942</u>	<u>35</u>	<u>7,920,467</u>	<u>41</u>
Other equity						
Exchange differences on translation of the financial statements of foreign operations	(648)	-	(648)	-	(783)	-
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	<u>9,461,786</u>	<u>27</u>	<u>1,166,832</u>	<u>5</u>	<u>(676,344)</u>	<u>(4)</u>
Total other equity	<u>9,461,138</u>	<u>27</u>	<u>1,166,184</u>	<u>5</u>	<u>(677,127)</u>	<u>(4)</u>
Treasury shares	<u>(49,938)</u>	<u>-</u>	<u>(93,113)</u>	<u>-</u>	<u>(93,113)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	24,055,323	69	14,001,815	58	11,532,519	59
NON-CONTROLLING INTERESTS	<u>3,031,417</u>	<u>9</u>	<u>2,795,754</u>	<u>12</u>	<u>2,049,588</u>	<u>11</u>
Total equity	<u>27,086,740</u>	<u>78</u>	<u>16,797,569</u>	<u>70</u>	<u>13,582,107</u>	<u>70</u>
TOTAL	<u>\$ 34,734,186</u>	<u>100</u>	<u>\$ 24,053,202</u>	<u>100</u>	<u>\$ 19,461,555</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated August 10, 2021)

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 31)	\$ 2,601,485	100	\$ 2,058,350	100	\$ 5,649,682	100	\$ 4,438,942	100
OPERATING COSTS (Notes 10, 26 and 31)	(2,084,192)	(80)	(1,590,657)	(77)	(4,567,314)	(81)	(3,520,195)	(79)
GROSS PROFIT	517,293	20	467,693	23	1,082,368	19	918,747	21
OPERATING EXPENSES (Notes 26 and 31)								
Selling and marketing expenses	(61,074)	(3)	(49,054)	(2)	(148,613)	(3)	(103,154)	(2)
General and administrative expenses	(60,637)	(2)	(58,314)	(3)	(119,417)	(2)	(115,776)	(3)
Expected credit (loss) gain (Note 9)	(8,855)	-	1,306	-	(15,806)	-	2,364	-
Total operating expenses	(130,566)	(5)	(106,062)	(5)	(283,836)	(5)	(216,566)	(5)
PROFIT FROM OPERATIONS	386,727	15	361,631	18	798,532	14	702,181	16
NON-OPERATING INCOME AND EXPENSES								
Interest income	6,920	-	6,541	-	13,546	-	14,026	-
Other income (Notes 26 and 31)	18,586	1	25,399	1	22,102	1	37,909	1
Other (losses) gains (Note 26)	1,019	-	(3,773)	-	(6,438)	-	(4,945)	-
Finance costs (Note 26)	(4,007)	-	(4,539)	-	(9,866)	-	(7,549)	-
Share of profit of associates (Note 12)	5,151	-	5,334	-	10,749	-	13,118	-
Total non-operating income and expenses	27,669	1	28,962	1	30,093	1	52,559	1
PROFIT BEFORE INCOME TAX	414,396	16	390,593	19	828,625	15	754,740	17
INCOME TAX EXPENSE (Note 27)	(87,075)	(4)	(84,268)	(4)	(160,098)	(3)	(155,560)	(4)
NET PROFIT FOR THE PERIOD	327,321	12	306,325	15	668,527	12	599,180	13
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	7,848,900	302	921,344	45	8,708,922	154	(852,440)	(19)
Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
	7,848,900	302	921,344	45	8,708,922	154	(852,440)	(19)

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EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	\$ -	-	\$ -	-	\$ -	-	\$ 359	-
Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-	-	-	(72)	-
	-	-	-	-	-	-	287	-
Other comprehensive income (loss) for the period, net of income tax	7,848,900	302	921,344	45	8,708,922	154	(852,153)	(19)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 8,176,221</u>	<u>314</u>	<u>\$ 1,227,669</u>	<u>60</u>	<u>\$ 9,377,449</u>	<u>166</u>	<u>\$ (252,973)</u>	<u>(6)</u>
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 250,368	10	\$ 226,292	11	\$ 507,763	9	\$ 425,718	10
Non-controlling interests	76,953	2	80,033	4	160,764	3	173,462	3
	<u>\$ 327,321</u>	<u>12</u>	<u>\$ 306,325</u>	<u>15</u>	<u>\$ 668,527</u>	<u>12</u>	<u>\$ 599,180</u>	<u>13</u>
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 7,754,567	298	\$ 1,144,224	56	\$ 8,861,063	157	\$ (422,829)	(10)
Non-controlling interests	421,654	16	83,445	4	516,386	9	169,856	4
	<u>\$ 8,176,221</u>	<u>314</u>	<u>\$ 1,227,669</u>	<u>60</u>	<u>\$ 9,377,449</u>	<u>166</u>	<u>\$ (252,973)</u>	<u>(6)</u>
EARNINGS PER SHARE								
(Note 28)								
Basic	<u>\$0.60</u>		<u>\$0.57</u>		<u>\$1.26</u>		<u>\$1.08</u>	
Diluted	<u>\$0.60</u>		<u>\$0.57</u>		<u>\$1.26</u>		<u>\$1.08</u>	

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

(With Deloitte & Touche auditors' review report dated August 10, 2021)

(Concluded)

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Company										
	Equity Attributable to Owners of the Company					Other Equity		Treasury Stock	Total	Non-controlling Interests	Total Equity
						Exchange Differences Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2020	399,426	\$ 3,994,260	\$ 356,431	\$ 2,095,929	\$ 6,192,425	\$ (921)	\$ 171,807	\$ (119,045)	\$ 12,690,886	\$ 2,154,672	\$ 14,845,558
Appropriation and distribution of 2019 retain earning											
Special capital reserve	-	-	-	94,744	(94,744)	-	-	-	-	-	-
Cash dividend to shareholders	-	-	-	-	(793,071)	-	-	-	(793,071)	-	(793,071)
Subsidiary receives dividend from the parent company	-	-	4,998	-	-	-	-	-	4,998	-	4,998
Cash dividends of the Company received by its subsidiaries	-	-	-	-	-	-	-	-	-	(274,940)	(274,940)
Net profit for the six months ended June 30, 2020	-	-	-	-	425,718	-	-	-	425,718	173,462	599,180
Other comprehensive income (loss) for the six months ended June 30, 2020, net of income tax	-	-	-	-	-	138	(848,685)	-	(848,547)	(3,606)	(852,153)
Total comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	425,718	138	(848,685)	-	(422,829)	169,856	(252,973)
Disposal of treasury shares	-	-	26,603	-	-	-	-	25,932	52,535	-	52,535
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(534)	-	534	-	-	-	-
BALANCE AT JUNE 30, 2020	399,426	\$ 3,994,260	\$ 388,032	\$ 2,190,673	\$ 5,729,794	\$ (783)	\$ (676,344)	\$ (93,113)	\$ 11,532,519	\$ 2,049,588	\$ 13,582,107
BALANCE AT JANUARY 1, 2021	399,426	\$ 3,994,260	\$ 396,542	\$ 2,190,673	\$ 6,347,269	\$ (648)	\$ 1,166,832	\$ (93,113)	\$ 14,001,815	\$ 2,795,754	\$ 16,797,569
Cash dividends of the Company received by its subsidiaries	-	-	-	-	-	-	-	-	-	(280,723)	(280,723)
Issuance of ordinary shares for cash	20,556	205,560	837,090	-	-	-	-	-	1,042,650	-	1,042,650
Net profit for the six months ended June 30, 2021	-	-	-	-	507,763	-	-	-	507,763	160,764	668,527
Other comprehensive income for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	-	8,353,300	-	8,353,300	355,622	8,708,922
Total comprehensive income for the six months ended June 30, 2021	-	-	-	-	507,763	-	8,353,300	-	8,861,063	516,386	9,377,449
Disposal of treasury shares	-	-	106,620	-	-	-	-	43,175	149,795	-	149,795
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	58,346	-	(58,346)	-	-	-	-
BALANCE AT JUNE 30, 2021	419,982	\$ 4,199,820	\$ 1,340,252	\$ 2,190,673	\$ 6,913,378	\$ (648)	\$ 9,461,786	\$ (49,938)	\$ 24,055,323	\$ 3,031,417	\$ 27,086,740

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

(With Deloitte & Touche auditors' review report dated August 10, 2021)

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 828,625	\$ 754,740
Adjustments for:		
Depreciation expense	197,248	196,175
Amortization expense	2,575	3,795
Ordinary shares transferred to employees at cost	39,660	-
Expected credit loss recognized (reversed) on trade receivables	15,806	(2,364)
Finance costs	9,866	7,549
Interest income	(13,546)	(14,026)
Dividend income	(6,191)	(6,752)
Share of profit of associates	(10,749)	(13,118)
(Gain)/loss on disposal of property, plant and equipment	(3,854)	59
Gain on lease modification	(7)	-
Net loss on disposal of inventories	2,804	2,834
Changes in operating assets and liabilities		
Decrease (increase) in contract assets	1,238,031	(614,574)
Decrease in notes receivable	123,198	51,749
Increase in trade receivables	(326,922)	(402,729)
Decrease (increase) in other receivables	20,605	(4,627)
Increase in inventories	(2,332,645)	(316,530)
Increase in other current assets	(4,683)	(66,374)
Increase (decrease) in contract liabilities	800,309	(124,085)
Increase in notes payable	105,837	85,555
Increase in trade payables	330,562	9,935
(Decrease) increase in other payables	(153,194)	157,322
Increase (decrease) in provisions	5,285	(22,443)
Decrease in other current liabilities	(10,436)	(3,229)
Decrease in net defined benefit liabilities	(15,814)	(13,549)
Increase in other non-current liabilities	5,946	1,108
Cash generated from (used in) operations	848,316	(333,579)
Interest received	13,747	14,268
Interest paid	(25,112)	(10,908)
Income tax paid	(173,934)	(144,228)
Net cash generated from (used in) operating activities	663,017	(474,447)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(1,576)	(1,543)
Proceeds from sale of financial assets at fair value through other comprehensive income	562,163	1,646
Purchase of financial assets at amortized cost	(3,881)	(3,724)

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EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2021	2020
Proceeds from sale of financial assets at amortized cost	\$ 800	\$ 990
Payments for property, plant and equipment	(117,710)	(102,414)
Proceeds from disposal of property, plant and equipment	4,644	220
Increase in refundable deposits	(332)	(2,542)
Payments for intangible assets	(859,339)	(548,146)
(Increase) decrease in other non-current assets	(22,293)	73,558
Dividend received	15	6,752
Dividend received from associates	<u>25,000</u>	<u>27,000</u>
Net cash used in investing activities	<u>(412,509)</u>	<u>(548,203)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of) proceeds from short-term borrowings	(290,000)	316,830
(Repayments of) proceeds from bills payable	(1,249,426)	599,672
Proceeds from long-term borrowings	860,639	910,589
Repayments of long-term borrowings	-	(150,000)
(Decrease) increase in guarantee deposits	(606)	132
Repayment of principal portion of lease liabilities	(7,198)	(5,512)
Share capital collected in advance	1,002,990	-
Proceeds from disposal of treasury shares	149,795	52,535
Cash dividend received from subsidiary	<u>(280,723)</u>	<u>(274,940)</u>
Net cash generated from financing activities	<u>185,471</u>	<u>1,449,306</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	435,979	426,656
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>4,219,283</u>	<u>3,359,052</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 4,655,262</u>	<u>\$ 3,785,708</u>

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

(With Deloitte & Touche auditors' review report dated August 10, 2021)

(Concluded)

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Evergreen Steel Corporation (the “Company”) was incorporated in January 1973 as a company limited by shares under the Company Law of the Republic of China. The Company is mainly engaged in the steel structure engineering business and environmental protection business. The Company’s steel structure engineering business mainly includes engineering projects of factories, tall buildings and bridges. The Company’s reinvestment on environmental protection business includes general and business waste treatment and cogeneration. On January 13, 2020, the Company was approved by the Taipei Exchange (TPEX) for domestic initial public offering, and its ordinary shares were listed and traded on the Emerging Stock Board. Since April 12, 2021, the Company’s shares have been listed on the Taiwan Stock Exchange.

The consolidated financial statements are presented in the Company’s functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on August 10, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

- Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.
- Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.
- Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
- Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”

The amendments specify that when assessing whether a contract is onerous, the “cost of fulfilling a contract” includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

The Group will recognize the cumulative effect of the initial application of the amendments in the retained earnings at the date of the initial application.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
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 IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

2) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;

- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
 - e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.
- 3) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company and the entities controlled by the parent company (i.e., its subsidiaries). Income and expenses of the subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the parent company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the parent company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent company.

See Note 11 and Table 6 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, refer to significant accounting policies to the consolidated financial statements for the years ended December 31, 2020.

1) Retirement benefits

Pension costs for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical accounting judgments and key sources of estimation uncertainty are the same as those in the consolidated financial statements for the year ended December 31, 2020.

6. CASH AND CASH EQUIVALENTS

	June 30, 2021	December 31, 2020	June 30, 2020
Cash on hand	\$ 3,200	\$ 3,145	\$ 3,231
Checking accounts and demand deposits	902,561	410,868	504,564
Cash equivalent			
Time deposits	3,412,443	3,512,292	2,713,960
Commercial paper	<u>337,058</u>	<u>292,978</u>	<u>563,953</u>
	<u>\$ 4,655,262</u>	<u>\$ 4,219,283</u>	<u>\$ 3,785,708</u>

The market rate intervals of time deposits in the bank at the end of the reporting period were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Time deposits	0.17%-0.825%	0.28%-0.825%	0.16%-1.35%

7. FINANCIAL ASSETS AT FVTOCI

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Non-current</u>			
Domestic investments			
Listed shares and emerging market shares	\$ 13,891,803	\$ 5,744,880	\$ 3,966,159
Unlisted shares	870,646	881,433	749,847
Foreign investments			
Unlisted shares	<u>161,398</u>	<u>149,199</u>	<u>148,186</u>
	<u>\$ 14,923,847</u>	<u>\$ 6,775,512</u>	<u>\$ 4,864,192</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes.

The Group sold its investments to diversify risks for the six months ended June 30, 2021 and 2020, and transferred a gain (loss) of \$58,346 thousand and \$(534) thousand, respectively, from other equity to retained earnings.

8. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Current</u>			
Pledge deposits	\$ 16,291	\$ 17,091	\$ 14,764
Restricted bank deposits	<u>10,242</u>	<u>6,361</u>	<u>2,850</u>
	<u>\$ 26,533</u>	<u>\$ 23,452</u>	<u>\$ 17,614</u>

- a. The ranges of interest rates for pledge deposits were approximately 0.16%-0.825%, 0.16%-0.825% and 0.16%-0.815% per annum as of June 30, 2021, December 31, 2020 and June 30, 2020, respectively.
- b. Refer to Note 32 for information relating to investments in financial assets at amortized cost pledged as security.

9. TRADE RECEIVABLES

	June 30, 2021	December 31, 2020	June 30, 2020
Trade receivables (including trade receivables from related parties)			
At amortized cost			
Gross carrying amount	\$ 1,223,693	\$ 896,771	\$ 957,145
Less: Allowance for impairment loss	<u>(247)</u>	<u>(177)</u>	<u>(1,345)</u>
	<u>\$ 1,223,446</u>	<u>\$ 896,594</u>	<u>\$ 955,800</u>

Trade receivable

The average credit period on sales of goods is 0 to 120 days. In determining the recoverability of a trade receivable, the Group considers the changes in the credit quality of the trade receivable since the date of credit was initially granted to the end of the reporting period. The allowance for bad debts refers to the past arrears records of the counterparty and the analysis of its current financial status to estimate the amount that cannot be recovered.

The Group applies the simplified approach for the allowance of expected credit loss prescribed by IFRS 9, which permits the use of a lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial positions.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery of the receivable, e.g. when the debtor has been placed under liquidation, or when the trade receivables are over 365 days past due, whichever occurs earlier. The Group directly recognizes the impairment loss of related accounts receivable.

The following table details the Group's aging of trade receivables.

June 30, 2021

	Amount Without Sign of Default				Amount with Sign of Default	Total
	0 to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days		
Expected credit loss rate	0.02%	0.53%	2.94%	100%	-	
Gross carrying amount	\$ 1,217,138	\$ 6,485	\$ 68	\$ 2	\$ -	\$ 1,223,693
Loss allowance (Lifetime ECL)	<u>(209)</u>	<u>(34)</u>	<u>(2)</u>	<u>(2)</u>	<u>-</u>	<u>(247)</u>
Amortized cost	<u>\$ 1,216,929</u>	<u>\$ 6,451</u>	<u>\$ 66</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,223,446</u>

December 31, 2020

	Amount Without Sign of Default				Amount with Sign of Default	Total
	0 to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days		
Expected credit loss rate	0.02%	0.49%	10%	-	-	
Gross carrying amount	\$ 890,842	\$ 5,889	\$ 40	\$ -	\$ -	\$ 896,771
Loss allowance (Lifetime ECL)	<u>(144)</u>	<u>(29)</u>	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>(177)</u>
Amortized cost	<u>\$ 890,698</u>	<u>\$ 5,860</u>	<u>\$ 36</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 896,594</u>

June 30, 2020

	Amount Without Sign of Default				Amount with Sign of Default	Total
	0 to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days		
Expected credit loss rate	0.06%	1.53%	7.77%	-	-	
Gross carrying amount	\$ 946,603	\$ 327	\$ 10,215	\$ -	\$ -	\$ 957,145
Loss allowance (Lifetime ECLs)	<u>(546)</u>	<u>(5)</u>	<u>(794)</u>	<u>-</u>	<u>-</u>	<u>(1,345)</u>
Amortized cost	<u>\$ 946,057</u>	<u>\$ 322</u>	<u>\$ 9,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 955,800</u>

The above is an aging analysis based on the account opening date.

The above aging schedule was based on the ledger date. The movements of the loss allowance of trade receivables were as follows:

	For the Six Months Ended June 30	
	2021	2020
Balance at January 1	\$ 177	\$ 546
Add: Allowance for impairment loss	<u>70</u>	<u>799</u>
Balance at June 30	<u>\$ 247</u>	<u>\$ 1,345</u>

10. INVENTORIES

	June 30, 2021	December 31, 2020	June 30, 2020
Raw material	\$ 3,253,434	\$ 979,728	\$ 883,776
Supplies	21,141	21,827	24,378
Inventory in transit	<u>64,024</u>	<u>7,203</u>	<u>63,083</u>
	<u>\$ 3,338,599</u>	<u>\$ 1,008,758</u>	<u>\$ 971,237</u>

The costs of inventories recognized as operating cost for the three months ended June 30, 2021 and 2020 and for the six months ended June 30, 2021 and 2020, were \$1,849,453 thousand, \$1,353,445 thousand, \$4,085,310 thousand and \$3,014,952 thousand, respectively. The costs of goods sold which included the inventory write-downs (reversals) for the three months ended June 30, 2021 and 2020 and for the six months ended June 30, 2021 and 2020, were \$192 thousand, \$(2,439) thousand, \$2,804 thousand and \$171 thousand, respectively.

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

The entities included in the consolidated statements are listed below.

Investor	Investee	Main Business	% of Ownership			Remark
			June 30, 2021	December 31, 2020	June 30, 2020	
The parent company	Hsin Yung Enterprise Corporation	Waste treatment, disposal and cogeneration	68.46	68.46	68.46	-
	Super Max Engineering Enterprise Co., Ltd.	Waste collection, treatment and disposal	48.13	48.13	48.12	1)
	Ming Yu Investment Corporation	Investment activities	100.00	100.00	100.00	-
	Ever Ecove Corporation	Waste treatment, disposal and cogeneration	50.06	50.06	70.00	2)

Remark:

- 1) The Group holds a 48.13% interest in Super Max Engineering Enterprise Co., Ltd. The Group occupies more than half of the board's seats and has the practical ability to direct the relevant activities of Super Max Engineering Enterprise Co., Ltd. Therefore, the Group deems it a subsidiary.
- 2) Ever Ecove Corporation handled a cash capital increase at the end of November 30, 2020. The Company did not subscribe for new shares based on the shareholding ratio. After the capital increase, the shareholding ratio dropped to 50.06%.

b. Subsidiaries excluded from the consolidated financial statements: None.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30, 2021	December 31, 2020	June 30, 2020
Associates that are not individually material			
Kun Lin Engineering Co., Ltd.	<u>\$ 136,548</u>	<u>\$ 150,799</u>	<u>\$ 138,545</u>

Name of Associate	Proportion of Ownership and Voting Rights		
	June 30, 2021	December 31, 2020	June 30, 2020
Kun Lin Engineering Co., Ltd.	50%	50%	50%

Aggregate information of associates that are not individually material

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
The Group's share of:				
Net income for the period	<u>\$ 5,151</u>	<u>\$ 5,334</u>	<u>\$ 10,749</u>	<u>\$ 13,118</u>

The Group holds 50% of the issued share capital of Kun Lin Engineering Co., Ltd and controls 50% of the voting power in general meetings. According to the agreement made by the shareholders, the other shareholders control the composition of the board of directors of Kun Lin Engineering Co., Ltd and, therefore, the Group does not have control over them. The directors of the Company, however, consider that the Group does exercise significant influence over Kun Lin Engineering Co; therefore, the Group accounts them as associates.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2021	\$ 1,797,045	\$ 164,600	\$ 2,490,931	\$ 4,732,313	\$ 109,799	\$ 90,242	\$ -	\$ 9,384,930
Additions	-	-	1,585	24,277	5,276	9,375	1,000	41,513
Disposals	-	-	-	(1,580)	(76)	(1,080)	-	(2,674)
Reclassification	-	-	-	79,647	-	(3,450)	-	76,197
Balance at June 30, 2021	<u>\$ 1,797,045</u>	<u>\$ 164,600</u>	<u>\$ 2,492,516</u>	<u>\$ 4,834,657</u>	<u>\$ 114,999</u>	<u>\$ 95,149</u>	<u>\$ 1,000</u>	<u>\$ 9,499,966</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2021	\$ -	\$ 129,356	\$ 1,729,623	\$ 3,988,749	\$ 74,729	\$ 54,063	\$ -	\$ 5,976,520
Disposals	-	-	-	(789)	(76)	(1,019)	-	(1,884)
Depreciation expense	-	2,760	48,543	129,040	5,522	4,279	-	190,174
Balance at June 30, 2021	<u>\$ -</u>	<u>\$ 132,116</u>	<u>\$ 1,778,166</u>	<u>\$ 4,117,000</u>	<u>\$ 80,205</u>	<u>\$ 57,323</u>	<u>\$ -</u>	<u>\$ 6,164,810</u>
Carrying amount at June 30, 2021	<u>\$ 1,797,045</u>	<u>\$ 32,484</u>	<u>\$ 714,350</u>	<u>\$ 717,657</u>	<u>\$ 34,749</u>	<u>\$ 37,826</u>	<u>\$ 1,000</u>	<u>\$ 3,335,156</u>
Carrying amount at January 1, 2021	<u>\$ 1,797,045</u>	<u>\$ 35,244</u>	<u>\$ 761,308</u>	<u>\$ 743,564</u>	<u>\$ 35,070</u>	<u>\$ 36,179</u>	<u>\$ -</u>	<u>\$ 3,408,410</u>
<u>Cost</u>								
Balance at January 1, 2020	\$ 1,845,363	\$ 164,600	\$ 2,405,334	\$ 4,694,521	\$ 108,289	\$ 82,376	\$ -	\$ 9,300,483
Additions	-	-	2,737	7,030	1,100	1,857	-	12,724
Disposals	-	-	-	(548)	(3,407)	(3,431)	-	(7,386)
Reclassification	-	-	68,006	21,684	-	-	-	89,690
Transferred to investment properties	(48,318)	-	-	-	-	-	-	(48,318)
Balance at June 30, 2020	<u>\$ 1,797,045</u>	<u>\$ 164,600</u>	<u>\$ 2,476,077</u>	<u>\$ 4,722,687</u>	<u>\$ 105,982</u>	<u>\$ 80,802</u>	<u>\$ -</u>	<u>\$ 9,347,193</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2020	\$ -	\$ 123,743	\$ 1,634,073	\$ 3,737,062	\$ 66,575	\$ 49,754	\$ -	\$ 5,611,207
Disposals	-	-	-	(274)	(3,402)	(3,431)	-	(7,107)
Depreciation expense	-	2,807	46,929	130,587	5,970	4,323	-	190,616
Balance at June 30, 2020	<u>\$ -</u>	<u>\$ 126,550</u>	<u>\$ 1,681,002</u>	<u>\$ 3,867,375</u>	<u>\$ 69,143</u>	<u>\$ 50,646</u>	<u>\$ -</u>	<u>\$ 5,794,716</u>
Carrying amount at January 1, 2021	<u>\$ 1,797,045</u>	<u>\$ 38,050</u>	<u>\$ 795,075</u>	<u>\$ 855,312</u>	<u>\$ 36,839</u>	<u>\$ 30,156</u>	<u>\$ -</u>	<u>\$ 3,552,477</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Land improvements	3-10 years
Buildings	2-55 years
Machinery and equipment	3-20 years
Transportation equipment	5-7 years
Other equipment	3-8 years

Due to the changes in the use of certain real estate, property, plant and equipment and investment property held by the Group, the net amount of some property, plant and equipment was \$48,318 thousand which was transferred to investment property for the six months ended June 30, 2020.

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 32.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Carrying amount</u>			
Land	\$ 23,126	\$ 19,476	\$ 19,930
Other equipment	<u>2,277</u>	<u>1,003</u>	<u>1,506</u>
	<u>\$ 25,403</u>	<u>\$ 20,479</u>	<u>\$ 21,436</u>
	For the Three Months Ended June 30	For the Six Months Ended June 30	
	2021	2020	2021
			2020
Additions to right-of-use assets	<u>\$ 6,750</u>	<u>\$ -</u>	<u>\$ 11,583</u>
Depreciation charge for right-of-use assets			
Land	\$ 3,202	\$ 2,021	\$ 5,521
Other equipment	<u>301</u>	<u>251</u>	<u>552</u>
	<u>\$ 3,503</u>	<u>\$ 2,272</u>	<u>\$ 6,073</u>
			<u>\$ 4,558</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets for the six months ended June 30, 2021 and 2020.

b. Lease liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Carrying amount</u>			
Current	<u>\$ 11,883</u>	<u>\$ 8,756</u>	<u>\$ 8,864</u>
Non-current	<u>\$ 10,403</u>	<u>\$ 9,738</u>	<u>\$ 10,326</u>

Range of discount rates for lease liabilities was as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
	0.878%-1.1%	1.1%	1.1%

c. Material lease-in activities and terms (the Group as lessee)

The Group leases land, buildings and other equipment for the use of plants and manufacturing with lease term of 2 to 3 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease term. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Expenses relating to short-term leases and low-value asset leases	\$ 3,526	\$ 4,124	\$ 7,764	\$ 7,310
Total cash outflow for leases	\$ 9,276	\$ 8,269	\$ 15,077	\$ 12,950

15. INVESTMENT PROPERTIES

	Amount
<u>Cost</u>	
Balance at January 1, 2021	\$ 302,004
Addition	-
Balance at June 30, 2021	\$ 302,004
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2021	\$ (196,474)
Depreciation expense	(1,001)
Balance at June 30, 2021	\$ (197,475)
Carrying amount at June 30, 2021	\$ 104,529
Carrying amount at January 1, 2021	\$ 105,530
<u>Cost</u>	
Balance at January 1, 2020	\$ 253,686
Transfers from property, plant and equipment	48,318
Balance at June 30, 2020	\$ 302,004
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2020	\$ (191,055)
Depreciation expense	(1,001)
Balance at June 30, 2020	\$ (192,056)
Carrying amount at June 30, 2020	\$ 109,948

For the six months ended June 30, 2021 and 2020, the reclassification of real estate, plant and equipment were set out in Note 13.

The investment properties are depreciated using the straight-line method in 50 years.

The fair value of the investment real estate was evaluated by the management of the Group with reference to prices of similar properties in the market. The fair value of the investment real estate as of December 31, 2020 and 2019, was \$200,106 thousand and \$203,658 thousand, respectively. According to management assessment, compared with December 31, 2020 and 2019, there was no significant change in the fair value of June 30, 2021 and 2020.

All of the Group's investment property were held under freehold interests. The investment properties pledged as collateral for bank borrowings were set out in Note 32.

16. INTANGIBLE ASSETS

	June 30, 2021	December 31, 2020	June 30, 2020
Service concession arrangements*	\$ 3,608,007	\$ 2,734,183	\$ 1,444,369
Computer software	<u>4,618</u>	<u>5,533</u>	<u>7,506</u>
	<u>\$ 3,612,625</u>	<u>\$ 2,739,716</u>	<u>\$ 1,451,875</u>

* The subsidiary - Ever Ecove Corporation signed a construction service contract of "Building, Operation and Transfer of Taoyuan City Biomass Energy Center" with Taoyuan City Government, and the price of the right to charge public service users which was built by Ever Ecove Corporation, is classified as intangible assets - service concession arrangements. The construction period was from October 2018 to December 2021. Upon completion of construction, Ever Ecove Corporation shall provide operational services until October 2043. Upon expiration of the service concession arrangement, Ever Ecove Corporation shall return the right of management according to the contract and transfer the ownership of the built biomass energy center and related auxiliary facilities to Taoyuan City Government free of charge.

17. OTHER ASSETS

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Current</u>			
Prepayments	\$ 134,390	\$ 96,949	\$ 20,354
Prepaid expenses	31,807	28,779	22,110
Tax credit	<u>14,297</u>	<u>50,069</u>	<u>55,899</u>
	<u>\$ 180,494</u>	<u>\$ 175,797</u>	<u>\$ 98,363</u>
<u>Non-current</u>			
Prepayments for equipment	<u>\$ 139,697</u>	<u>\$ 117,404</u>	<u>\$ 31,794</u>

18. BORROWINGS

a. Short-term borrowings

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>\$ 400,000</u>	<u>\$ 690,000</u>	<u>\$ 516,830</u>

The range of effective interest rate on bank loans was 0.77%, 0.88%-0.9% and 0.89%-1.3% per annum as of June 30, 2021, December 31, 2020 and June 30, 2020, respectively.

b. Short-term bills payable

	June 30, 2021	December 31, 2020	June 30, 2020
Commercial paper	\$ 550,000	\$ 1,800,000	\$ 1,000,000
Less: Unamortized discounts on short-term bills payable	<u>(255)</u>	<u>(829)</u>	<u>(459)</u>
	<u>\$ 549,745</u>	<u>\$ 1,799,171</u>	<u>\$ 999,541</u>

c. Long-term borrowings

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Secured borrowings</u>			
Bank loans (Note 32)	\$ 2,850,000	\$ 1,990,000	\$ 1,110,000
<u>Unsecured borrowings</u>			
Bank loans	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
	2,870,000	2,010,000	1,130,000
Less: Current portion of long-term borrowing	-	(300,000)	(300,000)
Unamortized discount	<u>(15,892)</u>	<u>(16,531)</u>	<u>(17,069)</u>
	<u>\$ 2,854,108</u>	<u>\$ 1,693,469</u>	<u>\$ 812,931</u>

- 1) The Company borrowed \$300,000 thousand from Bank of Taiwan which were secured by land and building mortgage guarantees. The loan term is from March 2, 2020 to January 16, 2024. Starting from the actual date of disbursement, the Company paid interest monthly during the first 3 years. On the fourth year, the principal with interest will be paid monthly for 2 years. The effective interest rate was 0.893% per annum as of June 30, 2021 and 2020.
- 2) The Company borrowed \$280,000 thousand from Cathay United Bank which were secured by land and building mortgage guarantees and unsecured borrowings of \$20,000 thousand. The loan term is from February 24, 2020 to June 28, 2021. On June 28, 2021, the loan was agreed to be extended for three years. Starting from the actual date of disbursement, the Company makes monthly amortized payments on principal and interest. The Company will fully repay the debt when it is due. The effective interest rate was 0.95% per annum as of June 30, 2021 and 2020.

- 3) In order to finance the project of “Building, Operation and Transfer of Taoyuan City Biomass Energy Center Protocol”, the subsidiary Ever Ecove Corporation signed a syndicate loan of \$4,060,000 thousand with the syndicate bank formed by Hua Nan Bank on April 9, 2019 and the credit period is 15 years from the date of first drawdown. The loan was secured by a bank guarantee letter to obtain a loan of \$2,270,000 thousand. The loan term is from October 2, 2019 to October 1, 2034. The first payment date of the loan will be due in 3 years and 6 months, and thereafter the loan will be paid by installments every 6 months, amortized in 24 periods. As of June 30, 2021 and 2020, the effective annual interest rate of the loan was 1.7895%.

19. TRADE PAYABLES

The average credit period on purchases of certain goods was 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Retentions payable on construction contracts which are included in trade payables and are not bearing interest and are expected to be paid at the end of retention periods, which are within the normal operating cycle of the Group, usually more than twelve months after the reporting period. Refer to Note 23 for maturity analysis of retentions payable.

20. OTHER LIABILITIES

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Current</u>			
Other payables			
Payable for transportation fees	\$ 40,939	\$ 47,442	\$ 39,606
Payable for repairs and maintenance	40,634	79,162	91,876
Payable for salaries or bonus	33,589	6,909	29,995
Payables for equipment	27,317	90,524	191,207
Payable for annual leave	20,846	36,017	21,340
Payable for compensation of employees and remuneration of directors and supervisors	13,926	27,545	9,573
Payable for insurance expenses	9,426	20,107	8,879
Payable for sales tax	8,925	11,567	11,396
Dividend payable	-	-	788,073
Others	<u>58,867</u>	<u>87,491</u>	<u>107,150</u>
	<u>\$ 254,469</u>	<u>\$ 406,764</u>	<u>\$ 1,299,095</u>

21. PROVISIONS

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Current</u>			
Warranties*	\$ 61,567	\$ 60,723	\$ 55,252
Onerous contract - loss on construction	<u>4,510</u>	<u>69</u>	<u>1,437</u>
	<u>\$ 66,077</u>	<u>\$ 60,792</u>	<u>\$ 56,689</u>

- * The contractual obligation of the warranty expenditure is expected to occur during the warranty period after the completion of the construction contracts.

22. RETIREMENT BENEFIT PLANS

Employee benefits expense in respect of the Group's defined retirement benefit plans were \$3,729 thousand and \$3,594 thousand for the six months ended June 30, 2021 and 2020, respectively, and were calculated using the respective year's actuarially determined pension cost discount rate as of December 31, 2020 and 2019.

23. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The current/non-current classification of the Group's assets and liabilities relating to steel structure business was based on its operating cycle. The amount expected to be recovered or settled within one year after reporting period and more than one year after reporting period for related assets and liabilities are as follows:

	Within 1 Year	More Than 1 Year	Total
<u>June 30, 2021</u>			
Assets			
Trade receivables	\$ 999,725	\$ -	\$ 999,725
Inventories	3,317,374	-	3,317,374
Contracts assets - current	<u>1,915,286</u>	<u>1,021,920</u>	<u>2,937,206</u>
	<u>\$ 6,232,385</u>	<u>\$ 1,021,920</u>	<u>\$ 7,254,305</u>
Liabilities			
Notes payable	\$ 12,039	\$ -	\$ 12,039
Trade payables	1,172,873	212,077	1,384,950
Contracts liabilities - current	<u>1,169,098</u>	<u>-</u>	<u>1,169,098</u>
	<u>\$ 2,354,010</u>	<u>\$ 212,077</u>	<u>\$ 2,566,087</u>
<u>December 31, 2020</u>			
Assets			
Notes receivable	\$ 126,203	\$ -	\$ 126,203
Trade receivables	635,261	-	635,261
Inventories	986,652	-	986,652
Contracts assets - current	<u>3,468,046</u>	<u>722,927</u>	<u>4,190,973</u>
	<u>\$ 5,216,162</u>	<u>\$ 722,927</u>	<u>\$ 5,939,089</u>
Liabilities			
Notes payable	\$ 931	\$ -	\$ 931
Trade payables	907,412	212,977	1,120,389
Contracts liabilities - current	<u>298,877</u>	<u>24,878</u>	<u>323,755</u>
	<u>\$ 1,207,220</u>	<u>\$ 237,855</u>	<u>\$ 1,445,075</u>

(Continued)

	Within 1 Year	More Than 1 Year	Total
<u>June 30, 2020</u>			
Assets			
Notes receivable	\$ 76	\$ -	\$ 76
Trade receivables	677,243	-	677,243
Inventories	949,463	-	949,463
Contracts assets - current	<u>2,962,123</u>	<u>414,697</u>	<u>3,376,820</u>
	<u>\$ 4,588,905</u>	<u>\$ 414,697</u>	<u>\$ 5,003,602</u>
Liabilities			
Trade payables	\$ 701,842	\$ 210,600	\$ 912,442
Contracts liabilities - current	<u>167,384</u>	<u>9,775</u>	<u>177,159</u>
	<u>\$ 869,226</u>	<u>\$ 220,375</u>	<u>\$ 1,089,601</u>
			(Concluded)

24. EQUITY

a. Share capital

Ordinary shares

	June 30, 2021	December 31, 2020	June 30, 2020
Number of shares authorized (in thousands)	<u>440,000</u>	<u>440,000</u>	<u>440,000</u>
Shares authorized	<u>\$ 4,400,000</u>	<u>\$ 4,400,000</u>	<u>\$ 4,400,000</u>
Number of shares issued and fully paid (in thousands)	<u>419,982</u>	<u>399,426</u>	<u>399,426</u>
Shares issued	<u>\$ 4,199,820</u>	<u>\$ 3,994,260</u>	<u>\$ 3,994,260</u>

On December 21, 2020, the board of directors resolved a cash capital increase by issuing 20,556 thousand new shares with a par value \$10, and the base date of capital increase was April 8, 2021. The change of registration was completed on April 28, 2021.

The above cash capital increase proposal retains 10% of the cash capital increase shares, which totaled 2,056 thousand shares, for employees' subscription. The Company recognized salary expenses and capital surplus - employee share options of \$39,660 thousand on the grant date.

b. Capital surplus

	June 30, 2021	December 31, 2020	June 30, 2020
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to share capital (1)</u>			
Issuance of ordinary shares	\$ 834,988	\$ -	\$ -
Treasury share transactions	439,828	333,208	333,208
Consolidation excess	51,956	51,956	51,956
<u>Only be used to offset a deficit</u>			
Changes in ownership interests in subsidiaries (2)	8,510	8,510	-
Expired employee share options	4,877	2,775	2,775
Unclaimed dividends	<u>93</u>	<u>93</u>	<u>93</u>
	<u>\$ 1,340,252</u>	<u>\$ 396,542</u>	<u>\$ 388,032</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders. For the policies on distribution of compensation of employees and remuneration of directors and supervisors before and after amendment, refer to f. employee benefits expense in Note 26.

The Company's dividend policy is designed to meet present and future development projects and takes into consideration the investment environment, funding requirements, international or domestic competitive conditions while simultaneously meeting shareholders' interests. When there is no cumulative loss, the parent company shall distribute dividends at no less than 50% of the net profit. The way to distribute dividends could be either through cash or shares, and cash dividends shall not be less than 50% of the total dividends.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2020 and 2019 which were approved in shareholders' meetings on July 23, 2021 and June 18, 2020, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Years Ended		For the Years Ended	
	December 31		December 31	
	2020	2019	2020	2019
Legal reserve	\$ 104,266	\$ 94,744		
Cash dividends	872,378	793,071	\$ 2.2	\$ 2.0

d. Treasury shares

	Shares Transferred to Employees (In Thousands of Shares)	Shares Held by Subsidiary - Ming Yu Investment Corporation (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares at January 1, 2021	2,891	2,499	5,390
Additions	-	-	-
Less	<u>-</u>	<u>(2,499)</u>	<u>(2,499)</u>
Number of shares at June 30, 2021	<u>2,891</u>	<u>-</u>	<u>2,891</u>
Carrying amount at June 30, 2021	<u>\$ 49,938</u>	<u>\$ -</u>	<u>\$ 49,938</u>
Number of shares at January 1, 2020	2,891	4,000	6,891
Additions	-	-	-
Less	<u>-</u>	<u>(1,501)</u>	<u>(1,501)</u>
Number of shares at June 30, 2020	<u>2,891</u>	<u>2,499</u>	<u>5,390</u>
Carrying amount at June 30, 2020	<u>\$ 49,938</u>	<u>\$ 43,175</u>	<u>\$ 93,113</u>

For the six months ended June 30, 2020 and 2021, the Company's shares were held by its subsidiary-Ming Yu Investment Corporation. Ming Yu Investment Corporation sold 2,499 and 1,501 thousand shares to unrelated parties.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The subsidiaries holding treasury shares, however, are bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

25. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Construction contract revenue	\$ 2,087,612	\$ 1,531,782	\$ 4,578,472	\$ 3,322,506
Revenue from waste treatment	382,514	391,425	788,660	835,365
Energy revenue	91,182	100,026	203,178	208,299
Revenue from containers repair	<u>40,177</u>	<u>35,117</u>	<u>79,372</u>	<u>72,772</u>
	<u>\$ 2,601,485</u>	<u>\$ 2,058,350</u>	<u>\$ 5,649,682</u>	<u>\$ 4,438,942</u>

a. Contact balances

	June 30, 2021	December 31, 2020	June 30, 2020
Contract assets			
Properties construction	\$ 1,501,750	\$ 3,036,146	\$ 2,256,893
Retention receivable	1,489,241	1,192,876	1,141,713
Less: Allowance for impairment loss	<u>(53,785)</u>	<u>(38,049)</u>	<u>(21,786)</u>
	<u>\$ 2,937,206</u>	<u>\$ 4,190,973</u>	<u>\$ 3,376,820</u>
Contract liabilities			
Properties construction	\$ 1,169,098	\$ 323,755	\$ 177,159
Waste treatment	<u>14,020</u>	<u>59,054</u>	<u>47,545</u>
	<u>\$ 1,183,118</u>	<u>\$ 382,809</u>	<u>\$ 224,704</u>

The movements of the loss allowance of contract assets are as follows:

	For the Six Months Ended June 30	
	2021	2020
Balance at January 1	\$ 38,049	\$ 24,949
Add: Net remeasurement of loss allowance (reversed)	<u>15,736</u>	<u>(3,163)</u>
Balance at June 30	<u>\$ 53,785</u>	<u>\$ 21,786</u>

b. Partially completed contracts

The transaction prices, excluding any estimated amounts of variable consideration that are constrained, allocated to the performance obligations that are not fully satisfied and the expected timing for recognition of revenue are as follows.

	June 30, 2021
Property construction contracts	
From July 2021 to June 2022	\$ 12,995,738
From July 2022 to June 2023	6,020,604
From July 2023 to after years	<u>116,006</u>
	<u>\$ 19,132,348</u>

	December 31, 2020
Property construction contracts	
In 2021	\$ 13,959,269
In 2022	1,634,948
From 2023 to after years	<u>311,433</u>
	<u>\$ 15,905,650</u>
	June 30, 2020
Property construction contracts	
From July 2020 to June 2021	\$ 11,401,943
From July 2021 to June 2022	3,193,253
From July 2022 to after years	<u>511,340</u>
	<u>\$ 15,106,536</u>

26. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Rental income	\$ 3,273	\$ 3,190	\$ 6,621	\$ 6,552
Dividend revenue	6,191	6,752	6,191	6,752
Others (Note 31)	<u>9,122</u>	<u>15,457</u>	<u>9,290</u>	<u>24,605</u>
	<u>\$ 18,586</u>	<u>\$ 25,399</u>	<u>\$ 22,102</u>	<u>\$ 37,909</u>

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Gain (loss) on disposal of property, plant and equipment	\$ 3,674	\$ (154)	\$ 3,854	\$ (59)
Net foreign exchange losses	(1,927)	(647)	(7,393)	(777)
Others	<u>(728)</u>	<u>(2,972)</u>	<u>(2,899)</u>	<u>(4,109)</u>
	<u>\$ 1,019</u>	<u>\$ (3,773)</u>	<u>\$ (6,438)</u>	<u>\$ (4,945)</u>

c. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Interest on bank loans	\$ 11,353	\$ 5,222	\$ 21,817	\$ 7,993
Interest on commercial paper	1,682	1,694	4,079	3,020
Interest on lease liabilities	63	61	115	128
Less: Amounts included in the cost of qualifying assets	<u>(9,091)</u>	<u>(2,438)</u>	<u>(16,145)</u>	<u>(3,592)</u>
	<u>\$ 4,007</u>	<u>\$ 4,539</u>	<u>\$ 9,866</u>	<u>\$ 7,549</u>

Information about capitalized interest is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Capitalized interest amount	<u>\$ 9,091</u>	<u>\$ 2,438</u>	<u>\$ 16,145</u>	<u>\$ 3,592</u>
Capitalization rate	1.3%-1.7895%	1.3%-1.7895%	1.3%-1.7895%	1.3%-1.7895%

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Property, plant and equipment	\$ 95,221	\$ 95,523	\$ 190,174	\$ 190,616
Investment property	500	500	1,001	1,001
Right-of-use assets	3,503	2,272	6,073	4,558
Intangible assets	<u>1,233</u>	<u>1,839</u>	<u>2,575</u>	<u>3,795</u>
	<u>\$ 100,457</u>	<u>\$ 100,134</u>	<u>\$ 199,823</u>	<u>\$ 199,970</u>
An analysis of depreciation by function				
Operating costs	\$ 95,888	\$ 95,102	\$ 190,776	\$ 189,752
Operating expenses	<u>3,336</u>	<u>3,193</u>	<u>6,472</u>	<u>6,423</u>
	<u>\$ 99,224</u>	<u>\$ 98,295</u>	<u>\$ 197,248</u>	<u>\$ 196,175</u>
An analysis of amortization by function				
Operating costs	\$ 237	\$ 806	\$ 545	\$ 1,747
Operating expenses	<u>996</u>	<u>1,033</u>	<u>2,030</u>	<u>2,048</u>
	<u>\$ 1,233</u>	<u>\$ 1,839</u>	<u>\$ 2,575</u>	<u>\$ 3,795</u>

e. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Post-employment benefits				
Defined contribution plans	\$ 4,823	\$ 4,555	\$ 9,412	\$ 8,958
Defined benefit plans				
(Note 22)	2,134	1,797	3,729	3,594
Other employee benefits	<u>164,121</u>	<u>153,489</u>	<u>362,166</u>	<u>304,792</u>
Total employee benefits expense	<u>\$ 171,078</u>	<u>\$ 159,841</u>	<u>\$ 375,307</u>	<u>\$ 317,344</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 85,477	\$ 82,147	\$ 172,315	\$ 162,043
Operating expenses	<u>85,601</u>	<u>77,694</u>	<u>202,992</u>	<u>155,301</u>
	<u>\$ 171,078</u>	<u>\$ 159,841</u>	<u>\$ 375,307</u>	<u>\$ 317,344</u>

f. Compensation of employees and remuneration of directors and supervisors

According to the Articles of Incorporation of the Company, the Company accrued compensation of employees and remuneration of directors and supervisors at rates of no less than 0.5% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and the remuneration of directors and supervisors for the six months ended June 30, 2021 and 2020, are as follows:

Accrual rate

	For the Six Months Ended June 30	
	2021	2020
Compensation of employees	0.50%	0.58%
Remuneration of directors and supervisors	0.45%	0.53%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
	Cash	Cash	Cash	Cash
Compensation of employees	\$ 1,422	\$ 1,352	\$ 2,809	\$ 2,704
Remuneration of directors and supervisors	1,250	1,250	2,500	2,500

If there is a change in the amounts after the consolidated annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate in the following year.

The Company held board of directors' meetings on March 10, 2021 and March 16, 2020, and those meetings resulted in the actual amounts of the remuneration of directors and supervisors paid for 2020 and 2019 to differ from the amounts recognized in the financial statements for the years ended December 31, 2020 and 2019, respectively. The differences were adjusted to profit and loss in the following year.

	For the Years Ended December 31			
	2020		2019	
	Compensation of employees	Remuneration of Directors and Supervisors	Compensation of employees	Remuneration of Directors and Supervisors
Amounts approved in the board of directors' meeting	\$ 5,745	\$ 5,000	\$ 5,407	\$ 6,819
Amounts recognized in the annual financial statements	\$ 5,745	\$ 5,000	\$ 5,407	\$ 7,000

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

27. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of tax expense (profit) recognized in profit or loss are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021 Cash	2020 Cash	2021 Cash	2020 Cash
Current tax				
In respect of the current year	\$ 89,242	\$ 71,102	\$ 170,516	\$ 139,398
Income tax on unappropriated earning	1,443	9,857	1,443	9,857
Adjustment for prior year	(2,133)	15	(2,133)	15
	88,552	80,974	169,826	149,270
Deferred tax				
In respect of the current year	(1,477)	3,294	(9,728)	6,290
Income tax expense recognized in profit or loss	\$ 87,075	\$ 84,268	\$ 160,098	\$ 155,560

b. Income tax assessments

The income tax of the Group through 2018 have been assessed by the Tax Authorities.

28. EARNINGS PER SHARE

Units: NT\$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Basic earnings per share	\$ 0.60	\$ 0.57	\$ 1.26	\$ 1.08
Diluted earnings per share	\$ 0.60	\$ 0.57	\$ 1.26	\$ 1.08

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net profit for the period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Profit (loss) for the period attributable to owners of the Company	\$ 250,368	\$ 226,292	\$ 507,763	\$ 425,718

Shares

Unit: In Thousand Shares

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	414,670	394,036	404,410	393,987
Effect of potentially dilutive ordinary shares:				
Compensation of employees	20	33	87	135
Weighted average number of ordinary shares outstanding in the computation of diluted earnings per share	414,690	394,069	404,497	394,122

The Group may settle the compensation paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Management believes that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

Fair value hierarchy as of June 30, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 13,891,803	\$ -	\$ -	\$ 13,891,803
Unlisted shares - ROC	-	-	870,646	870,646
Unlisted shares in other country	-	-	161,398	161,398
	<u>\$ 13,891,803</u>	<u>\$ -</u>	<u>\$ 1,032,044</u>	<u>\$ 14,923,847</u>

Fair value hierarchy as of December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 5,744,880	\$ -	\$ -	\$ 5,744,880
Unlisted shares - ROC	-	-	881,433	881,433
Unlisted shares in other country	-	-	149,199	149,199
	<u>\$ 5,744,880</u>	<u>\$ -</u>	<u>\$ 1,030,632</u>	<u>\$ 6,775,512</u>

Fair value hierarchy as of June 30, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 3,966,159	\$ -	\$ -	\$ 3,966,159
Unlisted shares - ROC	-	-	749,847	749,847
Unlisted shares in other country	-	-	148,186	148,186
	<u>\$ 3,966,159</u>	<u>\$ -</u>	<u>\$ 898,033</u>	<u>\$ 4,864,192</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

- 2) Reconciliation of Level 3 fair value measurements of financial instruments: None
- 3) Valuation techniques and inputs applied for Level 2 fair value measurement: None
- 4) Valuation techniques and inputs applied for Level 3 fair value measurement: The fair values of unlisted equity securities - ROC were determined using market approach. The market approach is used to arrive at their par values for which the recent financing activities of investees, the market transaction prices of the similar companies and market conditions are considered.

c. Categories of financial instruments

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 5,939,919	\$ 5,287,448	\$ 5,028,881
Financial assets at FVTOCI			
Equity instruments	14,923,847	6,775,512	4,864,192
<u>Financial liabilities</u>			
Financial liabilities measured at amortized cost (2)	5,957,180	6,337,336	4,356,140

- 1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade and other receivables, financial assets at amortized cost and refundable deposits.
- 2) The balances included financial liabilities measured at amortized cost, which comprise notes payable and trade payables, other payables, guarantee deposits received, short-term borrowings, short-term bills payable, current portion of long-term borrowings and long-term borrowings.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade receivables, trade payables, borrowings and lease liabilities. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There has been no changes to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. The foreign currency fluctuation affects the financial instruments market value due to the Group's policy of hedges in pre-purchase of foreign forward exchanges.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 34.

Sensitivity analysis

The Group was mainly exposed to the Currency USD, Currency EUR and Currency JPY.

The following table details the Group's sensitivity to an increase and a decrease in New Taiwan dollars (i.e., the functional currency) against the relevant foreign currencies. A sensitivity rate of 5% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 5% change in foreign currency rates. The positive numbers in the following table indicate the amount of increase in net profit before tax when the New Taiwan Dollars depreciates by 5% relative to the relevant currencies; when the New Taiwan Dollars appreciates by 5% relative to the relevant foreign currencies, its impact on the net profit before tax will be The negative number of the same amount.

	USD Impact		EUR Impact		JPY Impact	
	For the Six Months Ended		For the Six Months Ended		For the Six Months Ended	
	June 30		June 30		June 30	
	2021	2020	2021	2020	2021	2020
Profit or loss	\$ 1,714 *	\$ 1,186 *	\$ 3,160 *	\$ 4,429 *	\$ 3,462 *	\$ 8,155 *

* This was mainly attributable to the exposure on outstanding demand deposits in USD, EUR and JPY in cash flow hedges at the end of the period.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	June 30, 2021	December 31, 2020	June 30, 2020
Fair value interest rate risk			
Financial assets	\$ 833,478	\$ 904,424	\$ 301,035
Financial liabilities	1,272,031	2,807,665	1,368,731
Cash flow interest rate risk			
Financial assets	3,228,239	3,242,038	3,382,142
Financial liabilities	2,554,108	1,693,469	1,279,761

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2021 and 2020 would have increased/decreased by \$1,685 thousand and \$5,256 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings, and demand deposits.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. The Group's equity price risk was mainly concentrated on equity instruments operating in Taiwan industry sector quoted in the Taiwan Stock Exchange.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 3% higher/lower, pre-tax profit for six months ended June 30, 2021 and 2020 would have increased/decreased by \$447,715 thousand and \$145,926 thousand, respectively, as a result of the changes in fair value of financial assets as FVTOCI.

The Group's sensitivity to equity prices increased due to the impact of equity price fluctuations.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk which may cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, management of the Group is responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

The Group's concentration of credit risk of 37% and 31% of total trade receivables as of June 30, 2021 and 2020, respectively, was related to the Group's five largest customers. The credit concentration risk of the remaining trade receivables is relatively insignificant.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of June 30, 2021 and 2020, the Group had available unutilized bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed upon repayment periods. The tables has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

June 30, 2021

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 1,916,623	\$ 236,705	\$ -
Lease liabilities	12,052	10,478	-
Variable interest rate liabilities	60,932	934,902	1,946,241
Fixed interest rate liabilities	<u>950,394</u>	<u>306,807</u>	<u>-</u>
	<u>\$ 2,940,001</u>	<u>\$ 1,488,892</u>	<u>\$ 1,946,241</u>

December 31, 2020

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 1,613,362	\$ 216,101	\$ -
Lease liabilities	8,908	9,835	-
Variable interest rate liabilities	326,622	349,051	1,261,543
Fixed interest rate liabilities	<u>2,489,719</u>	<u>308,147</u>	<u>-</u>
	<u>\$ 4,438,611</u>	<u>\$ 883,134</u>	<u>\$ 1,261,543</u>

June 30, 2020

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 1,496,197	\$ 213,724	\$ -
Lease liabilities	9,039	10,442	-
Variable interest rate liabilities	410,354	353,871	587,360
Fixed interest rate liabilities	<u>1,349,766</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,265,356</u>	<u>\$ 578,037</u>	<u>\$ 587,360</u>

b) Financing facilities

	June 30, 2021	December 31, 2020	June 30, 2020
Unsecured bank overdraft facility			
Amount used	\$ 970,000	\$ 2,510,000	\$ 1,536,830
Amount unused	<u>6,194,000</u>	<u>4,759,360</u>	<u>6,087,500</u>
	<u>\$ 7,164,000</u>	<u>\$ 7,269,360</u>	<u>\$ 7,624,330</u>
Secured bank overdraft facility			
Amount used	\$ 3,200,000	\$ 1,990,000	\$ 1,110,000
Amount unused	<u>2,598,400</u>	<u>3,450,000</u>	<u>4,238,400</u>
	<u>\$ 5,798,400</u>	<u>\$ 5,440,000</u>	<u>\$ 5,348,400</u>

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related parties and their relationships

Related Party	Relationship with the Company
Evergreen International Corporation	Investor that has significant influence over the Group
EVA Airways Corporation	Related party in substance
Evergreen Security Corporation	Related party in substance
Ever Accord Construction Corporation	Related party in substance
Evergreen Marine Corporation	Related party in substance
Kun Lin Engineering Corporation	Associate

b. Sales of goods

Related Party	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Investor that has significant influence over the Group	\$ 197	\$ 203	\$ 347	\$ 426
Related party in substance	<u>307,925</u>	<u>117,479</u>	<u>538,619</u>	<u>188,154</u>
	<u>\$ 308,122</u>	<u>\$ 117,682</u>	<u>\$ 538,966</u>	<u>\$ 188,580</u>

The sales conditions for related party in substance were not significantly different from those sales made to the Group's usual list prices. There was no comparable sales price between related party in substance for repairing containers. Payments are collected within 60 days after issuing invoices.

c. Other income

Related Party	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Associate	<u>\$ 180</u>	<u>\$ 200</u>	<u>\$ 180</u>	<u>\$ 200</u>

d. Purchases of goods and expenses

Related Party	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Investor that has significant influence over the Group	\$ 818	\$ 4,268	\$ 5,193	\$ 6,157
Related party in substance	<u>5,048</u>	<u>5,707</u>	<u>10,319</u>	<u>10,746</u>
	<u>\$ 5,866</u>	<u>\$ 9,975</u>	<u>\$ 15,512</u>	<u>\$ 16,903</u>

The purchases to related parties had no significant differences with other non-related parties.

e. Contract assets

Related Party	June 30, 2021	December 31, 2020	June 30, 2020
Related party in substance	\$ <u>97,578</u>	\$ <u>56,697</u>	\$ <u>39,960</u>

For the six months ended June 30, 2021 and 2020, impairment loss of \$3,760 thousand and \$894 thousand, respectively, was recognized for contract assets from related parties.

f. Contract liabilities

Related Party	June 30, 2021	December 31, 2020	June 30, 2020
Related party in substance	\$ <u>34,650</u>	\$ <u>-</u>	\$ <u>-</u>

g. Receivables from related parties (excluding loans to related parties and contract assets)

Trade receivables

Related Party	June 30, 2021	December 31, 2020	June 30, 2020
Investor that has significant influence over the Group	\$ 105	\$ 156	\$ 140
Related party in substance	<u>27,316</u>	<u>151,302</u>	<u>26,916</u>
	\$ <u>27,421</u>	\$ <u>151,458</u>	\$ <u>27,056</u>

Other receivables

Related Party	June 30, 2021	December 31, 2020	June 30, 2020
Related party in substance	\$ <u>3,000</u>	\$ <u>-</u>	\$ <u>-</u>

h. Payables to related parties

Other payables

Related Party	June 30, 2021	December 31, 2020	June 30, 2020
Investor that has significant influence over the Group	\$ 721	\$ 2,074	\$ 1,290
Related party in substance	<u>3,578</u>	<u>2,398</u>	<u>2,545</u>
	\$ <u>4,299</u>	\$ <u>4,472</u>	\$ <u>3,835</u>

The outstanding trade payables from related parties are unsecured.

i. Lease arrangements

Line Item	Related Party	June 30, 2021	December 31, 2020	June 30, 2020
Right-of-use assets	Investor that has significant influence over the Group	\$ <u>-</u>	\$ <u>1,004</u>	\$ <u>1,506</u>
Lease liabilities	Investor that has significant influence over the Group	\$ <u>-</u>	\$ <u>1,015</u>	\$ <u>1,518</u>

The Company rents other equipment from Evergreen International Corporation for \$85 thousand per month, and the lease terms is from January 2019 to December 2021. However, the Company terminated the agreement in advance in May 2021, and recognized the gain on lease modification of \$7 thousand.

j. Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 9,537	\$ 5,669	\$ 19,319	\$ 15,810
Post-employment benefits	<u>230</u>	<u>662</u>	<u>463</u>	<u>1,683</u>
	<u>\$ 9,767</u>	<u>\$ 6,331</u>	<u>\$ 19,782</u>	<u>\$ 17,493</u>

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, provisional attachment and performance guarantees, etc.:

	June 30, 2021	December 31, 2020	June 30, 2020
Property, plant, and equipment, net	\$ 2,306,122	\$ 2,335,640	\$ 2,352,013
Investment properties	96,705	97,706	98,707
Financial assets at amortized cost	<u>26,533</u>	<u>23,452</u>	<u>17,614</u>
	<u>\$ 2,429,360</u>	<u>\$ 2,456,798</u>	<u>\$ 2,468,334</u>

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of June 30, 2021 and 2020 were as follows:

- a. As of June 30, 2021, December 31, 2020 and June 30, 2020, unused letters of credit for purchasing of materials are as follows:

Currency	June 30, 2021	December 31, 2020	June 30, 2020
USD	\$ 942	\$ 984	\$ 703
NTD	844,449	472,963	462,658

- b. The Group's unrecognized contractual commitments for the construction of intangible assets service concession arrangements are as follows:

Currency	June 30, 2021	December 31, 2020	June 30, 2020
NTD	\$ 1,350,445	\$ 1,908,254	\$ 2,724,916
JPY	636,176	1,318,425	2,829,384
EUR	3,052	6,209	8,803
USD	926	2,257	3,753

- c. For acquisition of property, plant and equipment, unrecognized commitments were as follows:

Monetary Items	June 30, 2021	December 31, 2020	June 30, 2020
NTD	\$ 36,289	\$ -	\$ -
EUR	2,245	-	-

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

June 30, 2021

Unit: In Thousands of Foreign Currency/New Taiwan Dollars

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,230	27.86 (USD:NTD)	\$ 34,275
EUR	1,906	33.15 (EUR:NTD)	63,190
JPY	274,684	0.252 (JPY:NTD)	69,248
Non-monetary items			
Investments accounted for using the equity method			
RMB	3,027	4.309 (RMB:NTD)	13,044
<u>Financial liabilities</u>			
Monetary items			
RMB	818	4.309 (RMB:NTD)	3,523

December 31, 2020

Unit: In Thousands of Foreign Currency/New Taiwan Dollars

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 206	28.48 (USD:NTD)	\$ 5,859
EUR	3,063	35.02 (EUR:NTD)	107,263
JPY	186,930	0.2763 (JPY:NTD)	51,649
Non-monetary items			
Investments accounted for using the equity method			
RMB	2,939	4.377 (RMB:NTD)	12,866
<u>Financial liabilities</u>			
Monetary items			
RMB	1,094	4.377 (RMB:NTD)	4,789

June 30, 2020

Unit: In Thousands of Foreign Currency/New Taiwan Dollars

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 800	29.66 (USD:NTD)	\$ 23,725
EUR	2,657	33.34 (EUR:NTD)	88,581
JPY	597,887	0.2728 (JPY:NTD)	163,098
Non-monetary items			
Investments accounted for using the equity method			
RMB	2,864	4.191 (RMB:NTD)	12,003
<u>Financial liabilities</u>			
Monetary items			
RMB	472	4.191 (RMB:NTD)	1,980

35. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and information on investees:

1) Financing provided: None.

2) Endorsements/guarantees provided: See Table 1 below.

- 3) Marketable securities held (excluding investment in subsidiaries, associates and jointly controlled entities): See Table 2 below.
 - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: See Table 3 below.
 - 5) Acquisitions of individual real estate properties at costs of at least NT \$300 million or 20% of the paid-in capital: None.
 - 6) Disposals of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 4 below.
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 - 9) Trading in derivative instruments: None.
 - 10) Intercompany relationships and significant intercompany transactions: See Table 5 below.
 - 11) Information on investees: See Table 6 below.
- b. Information on investments in mainland China:
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. See Table 7 below.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purpose.
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- c. Information on major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: See Table 8 attached.

36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments were as follows:

- Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Steel Structures	Hsin Yung Enterprise Corporation	Super Max Engineering Enterprise Co., Ltd.	Ever Ecove Corporation	Others	Eliminations	Total
For the six months ended June 30, 2021							
Revenue from external customers	\$ 4,578,472	\$ 608,838	\$ 383,000	\$ -	\$ 79,372	\$ -	\$ 5,649,682
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	<u>\$ 4,578,472</u>	<u>\$ 608,838</u>	<u>\$ 383,000</u>	<u>\$ -</u>	<u>\$ 79,372</u>	<u>\$ -</u>	<u>5,649,682</u>
Segment income	<u>\$ 297,214</u>	<u>\$ 356,109</u>	<u>\$ 168,188</u>	<u>\$ (12,734)</u>	<u>\$ 12,350</u>	<u>\$ 1,897</u>	<u>823,024</u>
Administration cost							(24,492)
Interest income							13,546
Other income							22,102
Other gains and losses							(6,438)
Finance costs							(9,866)
Share of profit of associates and joint ventures accounted for using the equity method							<u>10,749</u>
Profit before tax							<u>\$ 828,625</u>
For the six months ended June 30, 2020							
Revenue from external customers	\$ 3,322,506	\$ 654,234	\$ 389,430	\$ -	\$ 72,772	\$ -	\$ 4,438,942
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	<u>\$ 3,322,506</u>	<u>\$ 654,234</u>	<u>\$ 389,430</u>	<u>\$ -</u>	<u>\$ 72,772</u>	<u>\$ -</u>	<u>4,438,942</u>
Segment income	<u>\$ 186,622</u>	<u>\$ 359,675</u>	<u>\$ 179,666</u>	<u>\$ (11,447)</u>	<u>\$ 12,708</u>	<u>\$ 1,653</u>	<u>728,877</u>
Administration cost							(26,696)
Interest income							14,026
Other income							37,909
Other gains and losses							(4,945)
Finance costs							(7,549)
Share of profit of associates and joint ventures accounted for using the equity method							<u>13,118</u>
Profit before tax							<u>\$ 754,740</u>

Sales between departments are priced at cost.

Segment profit represented the profit before tax earned by each segment without headquarters' administrative cost, the share of profit of associates, finance costs, other income or other gains and losses. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

37. OTHERS

Due to the spread of COVID-19, the Group's assessment of the epidemic has little impact on the overall operations; however, the international epidemic is still uncertain. The Group will continue to pay attention to the development of the epidemic and take relevant counter measurements to alleviate the impact on the Group's operations.

TABLE 1

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Amount Provided To Each Guarantee Party	Maximum Amount Endorsed/ Guaranteed During the Period	Ending Balance	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Evergreen Steel Corporation	Ever Ecove Corporation	Subsidiary	\$ 12,027,662	\$ 3,087,000	\$ 3,087,000	\$ 3,087,000	\$ -	12.83	\$ 12,027,662	Y	-	-	Note 3
1	Ming Yu Investment Corporation	Evergreen Steel Corporation	Directly and indirectly holds more than 50 percent of the voting shares	8,082,160	1,201,220	1,201,220	1,201,220	-	297.25	8,082,160	-	Y	-	Note 2

Note 1: The Company and its subsidiaries are numbered as follows:

- a. “0” for the Company.
- b. Subsidiaries are numbered from “1”.

Note 2: According to endorsement or guarantee provided regulation formulated by subsidiaries, the total amount of endorsement or guarantee that the Company is allowed to provide is up to 2,000% of the net worth value of the latest financial statements of the Company.

Note 3: The limit on endorsements or guarantees provided to each guaranteed party is up to 50% of the net worth value of the latest financial statements of the Company. However, the amount of the Company’s endorsements or guarantees for subsidiaries holding more than 50% of the shares is not limited by the above ratio, but the maximum shall not exceed 50% of the net value of the most recent financial statements of the Company.

Note 4: The limit on endorsements or guarantees provided to each guaranteed party is up to 50% of the net worth value of the latest financial statements of the Company. However, the amount of endorsements or guarantees for subsidiaries is not limited by the above ratio, but the maximum shall not exceed 200% of the net value of the most recent financial statements of the Company.

TABLE 2**EVERGREEN STEEL CORPORATION AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****JUNE 30, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2021				Note
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Evergreen Steel Corporation	<u>Ordinary shares</u>							
	EVA Airways Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	217,326	\$ 4,379,114	4.32	\$ 4,379,114	
	Shin Kong Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	7,934	75,616	0.06	75,616	
	Evergreen Marine Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	38,262	7,537,555	0.73	7,537,555	
	Taiwan High Speed Rail Corporation	-	Financial assets at FVTOCI - non-current	16,000	478,400	0.28	478,400	
	Taiwan Terminal Services Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	100	942	1.00	942	
	Taiwan Aerospace Corporation	-	Financial assets at FVTOCI - non-current	5,503	61,678	4.06	61,678	
	Pacific Resources Corporation	-	Financial assets at FVTOCI - non-current	2,625	-	2.56	-	
	Taiwan Incubator SME Development Corporation	-	Financial assets at FVTOCI - non-current	7,689	67,355	10.90	67,355	
	Evergreen Heavy Industrial Corp.(Malaysia) Berhad	-	Financial assets at FVTOCI - non-current	6,679	161,398	13.39	161,398	
	Dongwei Transportation Co., Ltd.	-	Financial assets at FVTOCI - non-current	660	7,190	18.86	7,190	
	Ever Accord Construction Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	7,500	82,791	12.50	82,791	
	UNI Airways Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	56,475	650,539	14.99	650,539	
	Evergreen Security Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	10	151	0.05	151	
Hsin Yung Enterprise Corporation	Evergreen Marine Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	7,214	1,421,118	0.14	1,421,118	
Super Max Engineering Enterprise Co., Ltd.	P.T. Super Max Indonesia	-	Financial assets at FVTOCI - non-current	-	-	11.00	-	

TABLE 3

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares (In Thousands)	Amount
Evergreen Steel Corporation	Ordinary shares - EVA Airways Corporation	Financial assets at FVTOCI - non-current	-	Related party in substance	240,604	\$ 3,163,939	100	\$ 1,576	23,378	\$ 371,700	\$ 337,980	\$ 33,720	217,326	\$ 4,379,114

TABLE 4

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Purchaser/seller	Related Party	Relationship	Transaction Details				Differences in Transaction Terms Compared to Third Party Transaction		Notes/Accounts (Payable) or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Evergreen Steel Corporation	Ever Accord Construction Corporation	Related party in substance	Sale	\$ 464,558	9.97	30-60 days	No significant difference	30-60 days	\$ 97,551	3.87	Note

Note: The trade receivables include contract assets.

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Evergreen Steel Corporation	Hsin Yung Enterprise Corporation	a	Miscellaneous income	\$ 972	According to mutual agreements	0.02
		Hsin Yung Enterprise Corporation	a	Gain on disposal of property, plant and equipment	392	According to mutual agreements	0.01
		Ever Ecove Corporation	a	Miscellaneous income	335	According to mutual agreements	0.01

Note 1: The parent company and its subsidiaries are coded as follows:

- a. The parent company is coded “0”.
- b. The subsidiaries are coded consecutively beginning from “1” in the order presented in the table above.

Note 2: Nature of relationships are coded as follows:

- a. From the parent company to its subsidiary.
- b. From a subsidiary to its parent company.
- c. Between subsidiaries.

Note 3: The percentage calculation is based on the consolidated total operating revenue or total assets. For balance sheet items, each item’s end-of-period balance is shown as a percentage to the consolidated total assets as of June 30, 2021. For profit or loss items, cumulative amounts are shown as percentages to the consolidated total operating revenue for the six months ended June 30, 2021.

Note 4: The table above only discloses related-party transactions which are material.

TABLE 6

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

**NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ACCOUNTED FOR
FOR THE SIX MONTHS ENDED JUNE 30, 2021**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2021			Net Income (Losses) of the Investee	Share of Profits/ Losses of Investee	Note
				June 30, 2021	December 31, 2020	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Evergreen Steel Corporation	Super Max Engineering Enterprise Co., Ltd.	Taiwan	Waste collection, treatment and disposal	\$ 594,440	\$ 594,440	24,147	48.13	\$ 848,948	\$ 148,365	\$ 71,402	Subsidiary
	Hsin Yung Enterprise Corporation	Taiwan	Waste treatment, disposal and cogeneration	992,666	992,666	99,267	68.46	2,229,544	291,942	199,862	Subsidiary
	Ming Yu Investment Corporation	Taiwan	Investment activities	239,847	239,847	10,350	100.00	468,203	(8,074)	(8,074)	Subsidiary
	Ever Ecove Corporation	Taiwan	Waste treatment, disposal and cogeneration	801,000	801,000	80,100	50.06	772,467	(16,577)	(8,299)	Subsidiary
Super Max Engineering Enterprise Co., Ltd.	Kun Lin Engineering Co., Ltd.	Taiwan	Planning of wastewater, air and noise prevention; design, construction, sale, operation and maintenance of related equipment	18,000	18,000	5,000	50.00	136,548	21,498	N/A	Accounted for using the equity method

Note 1: All amounts have been eliminated upon consolidation.

Note 2: Refer to Table 7 for information on investments in mainland China.

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2021	Net Income (Losses) of the Investee Company	Percentage of Ownership (%)	Share of Profit (Loss)	Carrying Amount as of June 30, 2021	Accumulated Inward Remittance of Earnings as of June 30, 2021	Note
					Outflow	Inflow							
Kun Shan	Design, manufacture and installation of waste water, waste gas equipment and various piping	\$ 11,144 (US\$ 400)	Note 1	\$ 11,144 (US\$ 400)	\$ -	\$ -	\$ 11,144 (US\$ 400)	\$ 8,409 (RMB 1,931)	24.07	\$ 2,024	\$ 13,044	\$ 42,570 (US\$ 1,528)	

Accumulated Investments in Mainland China as of June 30, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on Investment
\$ 11,144 (US\$ 400)	\$ 11,144 (US\$ 400) (Note 3)	\$ 16,252,044 (Note 4)

Note 1: Indirect investment in mainland China through holding companies.			
Note 2: The amount was recognized based on the investee’s unreviewed financial statements.			
Note 3: Investments approved by the Ministry of Economic Affairs, ROC are as follows:			
Name of Investee	Date	Order No.	Approved Amount
Kun Shan	2007.6.15	09600201610	US\$ 200
Kun Shan	2008.1.25	09700027430	US\$ 100
Kun Shan	2008.7.22	09700252240	<u>US\$ 100</u>
			<u>US\$ 400</u>

Note 4: The Company’s upper limit on investments to China: \$27,086,740 (net worth) × 60% = \$16,252,044.

TABLE 8**EVERGREEN STEEL CORPORATION AND SUBSIDIARIES****INFORMATION ON MAJOR SHAREHOLDERS****JUNE 30, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Evergreen International Corporation	91,101,257	21.69
EVA Airways Corporation	38,201,625	9.09
Continental Engineering Corporation	25,645,907	6.10
Chang, Kuo-Hua	25,008,820	5.95
Chang, Kuo-Ming	25,008,820	5.95
Chang, Kuo-Cheng	25,008,820	5.95
Chang Yung-Fa Foundation	25,008,820	5.95

Note: The information on the major shareholder listed in the table above is based on the total number of ordinary and preference shares (including treasury shares) owned by the shareholder at a minimum shareholding percentage of 5%, and which have been delivered as non-physical securities to the Taiwan Depository & Clearing Corporation on the last business day at the end of the quarter. The actual number of shares delivered as non-physical securities and the number of shares recorded in the Company's consolidated financial statements may be different due to differences in the basis of preparation and calculation.