

**Evergreen Steel Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2022 and 2021 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, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the six months then ended, 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 equity method were NT\$143,434 thousand and NT\$136,548 thousand as of June 30, 2022 and 2021, respectively. The equities in profit and loss of the associates were NT\$10,639 thousand and NT\$5,151 thousand of the consolidated net income for the three months ended June 30, 2022 and 2021. The equities in profit and loss of the associates were NT\$13,925 thousand and NT\$10,749 thousand of the consolidated net income for the six months ended June 30, 2022 and 2021. 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 adjustments, if any, as might have been determined to be necessary had the financial statements of investees that are accounted for using the 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, 2022 and 2021, its consolidated financial performance for the three months ended June 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2022 and 2021 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, 2022

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)

ASSETS	June 30, 2022 (Reviewed)		December 31, 2021 (Audited)		June 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,784,937	5	\$ 4,313,668	13	\$ 4,655,262	13
Financial assets at amortized cost - current (Notes 8 and 32)	3,100,846	9	32,894	-	26,533	-
Contract assets - current (Notes 23, 25 and 31)	3,186,127	10	3,272,392	10	2,937,206	9
Notes receivable, net (Note 23)	20,176	-	38,159	-	3,712	-
Trade receivables, net (Notes 9 and 23)	1,615,318	5	1,747,619	5	1,196,025	3
Trade receivables from related parties, net (Notes 9, 23 and 31)	31,619	-	32,645	-	27,421	-
Other receivables (Note 31)	847,323	3	28,443	-	28,838	-
Inventories (Notes 10 and 23)	2,294,797	7	3,161,609	9	3,338,599	10
Other current assets (Note 17)	49,801	-	63,520	-	180,494	1
Total current assets	<u>12,930,944</u>	<u>39</u>	<u>12,690,949</u>	<u>37</u>	<u>12,394,090</u>	<u>36</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 7)	11,877,760	36	13,771,717	40	14,923,847	43
Financial assets at amortized cost - non-current (Notes 8 and 32)	47,645	-	37,602	-	-	-
Investments accounted for using equity method (Note 12)	143,434	1	157,509	1	136,548	-
Property, plant and equipment (Notes 13 and 32)	3,306,241	10	3,220,187	9	3,335,156	10
Right-of-use assets (Note 14)	49,340	-	26,378	-	25,403	-
Investment properties (Notes 15 and 32)	102,527	-	103,528	-	104,529	-
Intangible assets (Note 16)	4,376,007	13	4,223,106	12	3,612,625	10
Deferred tax assets (Note 4)	55,522	-	61,366	-	53,956	-
Refundable deposits	10,304	-	9,784	-	8,335	-
Net defined benefit assets - non-current (Notes 4 and 22)	18,042	-	3,522	-	-	-
Other non-current assets (Note 17)	105,442	1	181,339	1	139,697	1
Total non-current assets	<u>20,092,264</u>	<u>61</u>	<u>21,796,038</u>	<u>63</u>	<u>22,340,096</u>	<u>64</u>
TOTAL	<u>\$ 33,023,208</u>	<u>100</u>	<u>\$ 34,486,987</u>	<u>100</u>	<u>\$ 34,734,186</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 18)	\$ -	-	\$ 100,000	-	\$ 400,000	1
Short-term bills payable (Note 18)	-	-	449,937	2	549,745	2
Contract liabilities - current (Notes 23, 25 and 31)	917,699	3	1,388,916	4	1,183,118	3
Notes payable, net (Note 23)	397,171	1	394,003	1	461,220	1
Trade payables, net (Notes 19 and 23)	1,473,330	4	1,740,979	5	1,503,539	4
Other payables (Notes 20 and 31)	1,695,947	5	445,656	1	254,469	1
Current tax liabilities (Note 4)	231,626	1	214,091	1	171,822	1
Provisions - current (Note 21)	61,684	-	61,408	-	66,077	-
Lease liabilities - current (Note 14)	23,827	-	13,626	-	11,883	-
Current portion of long-term borrowings (Note 18)	234,900	1	-	-	-	-
Other current liabilities	42,291	-	60,890	-	46,462	-
Total current liabilities	<u>5,078,475</u>	<u>15</u>	<u>4,869,506</u>	<u>14</u>	<u>4,648,335</u>	<u>13</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 18)	3,080,235	10	3,194,646	10	2,854,108	9
Deferred tax liabilities (Note 4)	74,195	-	71,262	-	68,300	-
Lease liabilities - non-current (Note 14)	22,096	-	11,278	-	10,403	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	8,465	-	8,579	-	20,210	-
Guarantee deposits received	24,690	-	25,399	-	24,628	-
Other non-current liabilities	26,685	-	23,791	-	21,462	-
Total non-current liabilities	<u>3,236,366</u>	<u>10</u>	<u>3,334,955</u>	<u>10</u>	<u>2,999,111</u>	<u>9</u>
Total liabilities	<u>8,314,841</u>	<u>25</u>	<u>8,204,461</u>	<u>24</u>	<u>7,647,446</u>	<u>22</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)						
Share capital						
Ordinary shares	4,199,820	12	4,199,820	12	4,199,820	12
Capital surplus	1,340,352	4	1,340,352	4	1,340,252	4
Retained earnings						
Legal reserve	2,441,847	8	2,294,939	6	2,190,673	6
Unappropriated earnings	7,043,236	21	6,839,705	20	6,913,378	20
Total retained earnings	9,485,083	29	9,134,644	26	9,104,051	26
Other equity						
Exchange differences on translation of the financial statements of foreign operations	(470)	-	(470)	-	(648)	-
Unrealized gain on financial assets at fair value through other comprehensive income	6,852,847	21	8,584,546	25	9,461,786	27
Total other equity	6,852,377	21	8,584,076	25	9,461,138	27
Treasury shares	(49,938)	-	(49,938)	-	(49,938)	-
Total equity attributable to owners of the Company	21,827,694	66	23,208,954	67	24,055,323	69
NON-CONTROLLING INTERESTS	<u>2,880,673</u>	<u>9</u>	<u>3,073,572</u>	<u>9</u>	<u>3,031,417</u>	<u>9</u>
Total equity	<u>24,708,367</u>	<u>75</u>	<u>26,282,526</u>	<u>76</u>	<u>27,086,740</u>	<u>78</u>
TOTAL	<u>\$ 33,023,208</u>	<u>100</u>	<u>\$ 34,486,987</u>	<u>100</u>	<u>\$ 34,734,186</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, 2022)

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			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 31)	\$ 3,325,714	100	\$ 2,601,485	100	\$ 6,716,862	100	\$ 5,649,682	100
OPERATING COSTS (Notes 10, 26 and 31)	<u>(2,559,145)</u>	<u>(77)</u>	<u>(2,084,192)</u>	<u>(80)</u>	<u>(5,299,031)</u>	<u>(79)</u>	<u>(4,567,314)</u>	<u>(81)</u>
GROSS PROFIT	<u>766,569</u>	<u>23</u>	<u>517,293</u>	<u>20</u>	<u>1,417,831</u>	<u>21</u>	<u>1,082,368</u>	<u>19</u>
OPERATING EXPENSES (Notes 26 and 31)								
Selling and marketing expenses	(74,605)	(2)	(61,074)	(3)	(143,535)	(2)	(148,613)	(3)
General and administrative expenses	(65,990)	(2)	(60,637)	(2)	(138,359)	(2)	(119,417)	(2)
Expected credit gain (loss) (Note 9)	<u>(2,070)</u>	<u>-</u>	<u>(8,855)</u>	<u>-</u>	<u>1,127</u>	<u>-</u>	<u>(15,806)</u>	<u>-</u>
Total operating expenses	<u>(142,665)</u>	<u>(4)</u>	<u>(130,566)</u>	<u>(5)</u>	<u>(280,767)</u>	<u>(4)</u>	<u>(283,836)</u>	<u>(5)</u>
PROFIT FROM OPERATIONS	<u>623,904</u>	<u>19</u>	<u>386,727</u>	<u>15</u>	<u>1,137,064</u>	<u>17</u>	<u>798,532</u>	<u>14</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	9,217	-	6,920	-	15,012	-	13,546	-
Other income (Notes 26 and 31)	830,039	25	18,586	1	833,764	13	22,102	1
Other (losses) gains (Note 26)	(3,423)	-	1,019	-	(4,630)	-	(6,438)	-
Finance costs (Note 26)	(2,107)	-	(4,007)	-	(4,271)	-	(9,866)	-
Share of profit of associates (Note 12)	<u>10,639</u>	<u>-</u>	<u>5,151</u>	<u>-</u>	<u>13,925</u>	<u>-</u>	<u>10,749</u>	<u>-</u>
Total non-operating income and expenses	<u>844,365</u>	<u>25</u>	<u>27,669</u>	<u>1</u>	<u>853,800</u>	<u>13</u>	<u>30,093</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	1,468,269	44	414,396	16	1,990,864	30	828,625	15
INCOME TAX EXPENSE (Notes 4 and 27)	<u>(132,973)</u>	<u>(4)</u>	<u>(87,075)</u>	<u>(4)</u>	<u>(237,125)</u>	<u>(4)</u>	<u>(160,098)</u>	<u>(3)</u>
NET PROFIT FOR THE PERIOD	<u>1,335,296</u>	<u>40</u>	<u>327,321</u>	<u>12</u>	<u>1,753,739</u>	<u>26</u>	<u>668,527</u>	<u>12</u>
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	<u>(2,428,999)</u>	<u>(73)</u>	<u>7,848,900</u>	<u>302</u>	<u>(1,815,607)</u>	<u>(27)</u>	<u>8,708,922</u>	<u>154</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ (1,093,703)</u>	<u>(33)</u>	<u>\$ 8,176,221</u>	<u>314</u>	<u>\$ (61,868)</u>	<u>(1)</u>	<u>\$ 9,377,449</u>	<u>166</u>

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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			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 1,210,679	36	\$ 250,368	10	\$ 1,553,884	23	\$ 507,763	9
Non-controlling interests	<u>124,617</u>	<u>4</u>	<u>76,953</u>	<u>2</u>	<u>199,855</u>	<u>3</u>	<u>160,764</u>	<u>3</u>
	<u>\$ 1,335,296</u>	<u>40</u>	<u>\$ 327,321</u>	<u>12</u>	<u>\$ 1,753,739</u>	<u>26</u>	<u>\$ 668,527</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME (LOSS)								
ATTRIBUTABLE TO:								
Owners of the Company	\$ (1,103,647)	(33)	\$ 7,754,567	298	\$ (129,986)	(2)	\$ 8,861,063	157
Non-controlling interests	<u>9,944</u>	<u>-</u>	<u>421,654</u>	<u>16</u>	<u>68,118</u>	<u>1</u>	<u>516,386</u>	<u>9</u>
	<u>\$ (1,093,703)</u>	<u>(33)</u>	<u>\$ 8,176,221</u>	<u>314</u>	<u>\$ (61,868)</u>	<u>(1)</u>	<u>\$ 9,377,449</u>	<u>166</u>
EARNINGS PER SHARE								
(Note 28)								
Basic	<u>\$2.90</u>		<u>\$0.60</u>		<u>\$3.73</u>		<u>\$1.26</u>	
Diluted	<u>\$2.90</u>		<u>\$0.60</u>		<u>\$3.72</u>		<u>\$1.26</u>	

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

(With Deloitte & Touche auditors' review report dated August 10, 2022)

(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										
	Share Capital		Capital Surplus	Retained Earnings		Other Equity		Treasury Stock	Total	Non-controlling Interests	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
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
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
Issuance of ordinary shares for cash	20,556	205,560	837,090	-	-	-	-	-	1,042,650	-	1,042,650
Disposal of treasury shares	-	-	106,620	-	-	-	-	43,175	149,795	-	149,795
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(280,723)	(280,723)
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
BALANCE AT JANUARY 1, 2022	419,982	\$ 4,199,820	\$ 1,340,352	\$ 2,294,939	\$ 6,839,705	\$ (470)	\$ 8,584,546	\$ (49,938)	\$ 23,208,954	\$ 3,073,572	\$ 26,282,526
Appropriation and distribution of 2021 retain earnings											
Legal reserve	-	-	-	146,908	(146,908)	-	-	-	-	-	-
Cash dividend to shareholders	-	-	-	-	(1,251,274)	-	-	-	(1,251,274)	-	(1,251,274)
Net profit for the six months ended June 30, 2022	-	-	-	-	1,553,884	-	-	-	1,553,884	199,855	1,753,739
Other comprehensive loss for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	(1,683,870)	-	(1,683,870)	(131,737)	(1,815,607)
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	1,553,884	-	(1,683,870)	-	(129,986)	68,118	(61,868)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(261,017)	(261,017)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	47,829	-	(47,829)	-	-	-	-
BALANCE AT JUNE 30, 2022	419,982	\$ 4,199,820	\$ 1,340,352	\$ 2,441,847	\$ 7,043,236	\$ (470)	\$ 6,852,847	\$ (49,938)	\$ 21,827,694	\$ 2,880,673	\$ 24,708,367

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

(With Deloitte & Touche auditors' review report dated August 10, 2022)

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	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,990,864	\$ 828,625
Adjustments for:		
Depreciation expense	203,933	197,248
Amortization expense	2,127	2,575
Expected credit (reversed) loss recognized on trade receivables	(1,127)	15,806
Finance costs	4,271	9,866
Interest income	(15,012)	(13,546)
Dividend income	(822,414)	(6,191)
Ordinary shares transferred to employees at cost	-	39,660
Share of profit of associates	(13,925)	(10,749)
Gain on disposal of property, plant and equipment	(567)	(3,854)
Net loss on disposal of inventories	7,445	2,804
Gain on lease modification	-	(7)
Other income	(679)	-
Changes in operating assets and liabilities		
Decrease in contract assets	89,075	1,238,031
Decrease in notes receivable	17,983	123,198
Decrease (increase) in trade receivables	131,644	(326,922)
Decrease in other receivables	132	20,605
Decrease (increase) in inventories	859,367	(2,332,645)
Decrease (increase) in other current assets	13,855	(4,683)
Increase in net defined benefit assets	(14,520)	-
(Decrease) increase in contract liabilities	(471,217)	800,309
Increase in notes payable	3,168	105,837
(Decrease) increase in trade payables	(267,649)	330,562
Decrease in other payables	(1,091)	(153,194)
Increase in provisions	276	5,285
Decrease in other current liabilities	(18,599)	(10,436)
Decrease in net defined benefit liabilities	(114)	(15,814)
Increase in other non-current liabilities	2,894	5,946
Cash generated from operations	1,700,120	848,316
Interest received	14,559	13,747
Interest paid	(29,059)	(25,112)
Income tax paid	(210,949)	(173,934)
Net cash generated from operating activities	<u>1,474,671</u>	<u>663,017</u>

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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	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (2,732)	\$ (1,576)
Proceeds from sale of financial assets at fair value through other comprehensive income	81,082	562,163
Purchase of financial assets at amortized cost	(3,077,995)	(3,081)
Payments for property, plant and equipment	(278,578)	(117,710)
Proceeds from disposal of property, plant and equipment	567	4,644
Increase in refundable deposits	(520)	(332)
Payments for intangible assets	(130,132)	(859,339)
Decrease (increase) in other non-current assets	75,897	(22,293)
Other dividends received	3,855	15
Dividends received from associates	<u>28,000</u>	<u>25,000</u>
Net cash used in investing activities	<u>(3,300,556)</u>	<u>(412,509)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(100,000)	(290,000)
Repayments of bills payable	(449,937)	(1,249,426)
Proceeds from long-term borrowings	120,489	860,639
Decrease in guarantee deposits	(709)	(606)
Repayment of principal portion of lease liabilities	(11,672)	(7,198)
Issuance of ordinary shares for cash	-	1,002,990
Proceeds from disposal of treasury shares	-	149,795
Dividends paid to non-controlling interests	<u>(261,017)</u>	<u>(280,723)</u>
Net cash (used in) generated from financing activities	<u>(702,846)</u>	<u>185,471</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,528,731)	435,979
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>4,313,668</u>	<u>4,219,283</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,784,937</u>	<u>\$ 4,655,262</u>

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

(With Deloitte & Touche auditors' review report dated August 10, 2022)

(Concluded)

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021 (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, 2022.

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 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: 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 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

1) 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.

2) 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 of the application of other standards and interpretations 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)
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 IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023

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

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.

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 of the application of other standards and interpretations 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 (assets) 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 Company and the entities controlled by the 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 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 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 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 year ended December 31, 2021.

1) Retirement benefits

Pension cost 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, 2021.

6. CASH AND CASH EQUIVALENTS

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand	\$ 3,298	\$ 3,138	\$ 3,200
Checking accounts and demand deposits	679,777	365,088	902,561
Cash equivalents			
Time deposits	916,450	3,590,198	3,412,443
Commercial paper	<u>185,412</u>	<u>355,244</u>	<u>337,058</u>
	<u>\$ 1,784,937</u>	<u>\$ 4,313,668</u>	<u>\$ 4,655,262</u>

7. FINANCIAL ASSETS AT FVTOCI

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Non-current</u>			
Domestic investments			
Listed shares and emerging market shares	\$ 10,846,564	\$ 12,826,389	\$ 13,891,803
Unlisted shares	887,336	824,115	870,646
Foreign investments			
Unlisted shares	<u>143,860</u>	<u>121,213</u>	<u>161,398</u>
	<u>\$ 11,877,760</u>	<u>\$ 13,771,717</u>	<u>\$ 14,923,847</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 for the six months ended June 30, 2022 and 2021, and transferred a gain of \$47,829 thousand and \$58,346 thousand, respectively, from other equity to retained earnings.

8. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Domestic investments			
Pledge deposits	\$ 11,424	\$ 20,661	\$ 16,291
Restricted bank deposits	13,703	12,233	10,242
Time deposits with original maturities of more than 3 months	<u>3,075,719</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,100,846</u>	<u>\$ 32,894</u>	<u>\$ 26,533</u>
<u>Non-current</u>			
Domestic investments			
Pledge deposits	\$ 45,249	\$ 37,602	\$ -
Time deposits with original maturities of more than 1 year	<u>2,396</u>	<u>-</u>	<u>-</u>
	<u>\$ 47,645</u>	<u>\$ 37,602</u>	<u>\$ -</u>

Refer to Note 32 for information relating to investments in financial assets at amortized cost pledged as security.

9. TRADE RECEIVABLES

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Trade receivables (including trade receivables from related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 1,648,620	\$ 1,780,264	\$ 1,223,693
Less: Allowance for impairment loss	<u>(1,683)</u>	<u>-</u>	<u>(247)</u>
	<u>\$ 1,646,937</u>	<u>\$ 1,780,264</u>	<u>\$ 1,223,446</u>

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 Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

June 30, 2022

	<u>Amount Without Sign of Default</u>				<u>Amount with Sign of Default</u>	<u>Total</u>
	<u>0 to 60 Days</u>	<u>61 to 90 Days</u>	<u>91 to 120 Days</u>	<u>Over 120 Days</u>		
Expected credit loss rate	0.05%	1.38%	10.80%	-	-	
Gross carrying amount	\$ 1,583,090	\$ 65,525	\$ 5	\$ -	\$ -	\$ 1,648,620
Loss allowance (Lifetime ECL)	<u>(775)</u>	<u>(907)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(1,683)</u>
Amortized cost	<u>\$ 1,582,315</u>	<u>\$ 64,618</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,646,937</u>

December 31, 2021

	<u>Amount Without Sign of Default</u>				<u>Amount with Sign of Default</u>	<u>Total</u>
	<u>0 to 60 Days</u>	<u>61 to 90 Days</u>	<u>91 to 120 Days</u>	<u>Over 120 Days</u>		
Expected credit loss rate	-	-	-	-	-	
Gross carrying amount	\$ 1,629,537	\$ 150,706	\$ 21	\$ -	\$ -	\$ 1,780,264
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 1,629,537</u>	<u>\$ 150,706</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,780,264</u>

June 30, 2021

	<u>Amount Without Sign of Default</u>				<u>Amount with Sign of Default</u>	<u>Total</u>
	<u>0 to 60 Days</u>	<u>61 to 90 Days</u>	<u>91 to 120 Days</u>	<u>Over 120 Days</u>		
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>

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

The movements of the loss allowance of trade receivables were as follows:

	<u>For the Six Months Ended June 30</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ -	\$ 177
Add: Net remeasurement of loss allowance	<u>1,683</u>	<u>70</u>
Balance at June 30	<u>\$ 1,683</u>	<u>\$ 247</u>

10. INVENTORIES

	June 30, 2022	December 31, 2021	June 30, 2021
Raw material	\$ 2,259,804	\$ 3,141,252	\$ 3,253,434
Supplies	21,347	20,357	21,141
Inventory in transit	<u>13,646</u>	<u>-</u>	<u>64,024</u>
	<u>\$ 2,294,797</u>	<u>\$ 3,161,609</u>	<u>\$ 3,338,599</u>

The costs of inventories recognized as operating cost for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, were \$2,270,914 thousand, \$1,849,453 thousand, \$4,752,673 thousand and \$4,085,310 thousand, respectively. The costs of goods sold which included the inventory write-downs for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, were \$7,323 thousand, \$192 thousand, \$7,445 thousand and \$2,804 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, 2022	December 31, 2021	June 30, 2021	
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	48.13	*
	Ever Ecome Corporation	Waste treatment, disposal and cogeneration	50.06	50.06	50.06	-
	Ming Yu Investment Corporation	Investment activities	100.00	100.00	100.00	-

Remark:

* The Company holds a 48.13% interest in Super Max Engineering Enterprise Co., Ltd. The Company 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 Company deems it a subsidiary.

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

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30, 2022	December 31, 2021	June 30, 2021
Associates that are not individually material			
Kun Lin Engineering Co., Ltd.	<u>\$ 143,434</u>	<u>\$ 157,509</u>	<u>\$ 136,548</u>

Name of Associate	Proportion of Ownership and Voting Rights		
	December 31,		
	June 30, 2022	2021	June 30, 2021
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	
	2022	2021	2022	2021
The Group's share of:				
Net income for the period	<u>\$ 10,639</u>	<u>\$ 5,151</u>	<u>\$ 13,925</u>	<u>\$ 10,749</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., Ltd; 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, 2022	\$ 1,797,045	\$ 164,600	\$ 2,492,516	\$ 4,848,987	\$ 126,433	\$ 114,277	\$ 15,797	\$ 9,559,655
Additions	-	-	5,730	156,845	13,548	16,258	89,302	281,683
Disposals	-	-	-	(23,333)	(1,229)	(2,805)	-	(27,367)
Reclassification	-	-	8,921	-	-	(3,680)	(8,347)	(3,106)
Balance at June 30, 2022	<u>\$ 1,797,045</u>	<u>\$ 164,600</u>	<u>\$ 2,507,167</u>	<u>\$ 4,982,499</u>	<u>\$ 138,752</u>	<u>\$ 124,050</u>	<u>\$ 96,752</u>	<u>\$ 9,810,865</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ -	\$ 134,875	\$ 1,827,124	\$ 4,231,755	\$ 85,459	\$ 60,255	\$ -	\$ 6,339,468
Disposals	-	-	-	(23,333)	(1,229)	(2,805)	-	(27,367)
Depreciation expense	-	2,759	49,889	128,790	6,405	4,680	-	192,523
Balance at June 30, 2022	<u>\$ -</u>	<u>\$ 137,634</u>	<u>\$ 1,877,013</u>	<u>\$ 4,337,212</u>	<u>\$ 90,635</u>	<u>\$ 62,130</u>	<u>\$ -</u>	<u>\$ 6,504,624</u>
Carrying amount at June 30, 2022	<u>\$ 1,797,045</u>	<u>\$ 26,966</u>	<u>\$ 630,154</u>	<u>\$ 645,287</u>	<u>\$ 48,117</u>	<u>\$ 61,920</u>	<u>\$ 96,752</u>	<u>\$ 3,306,241</u>
Carrying amount at January 1, 2022	<u>\$ 1,797,045</u>	<u>\$ 29,725</u>	<u>\$ 665,392</u>	<u>\$ 617,232</u>	<u>\$ 40,974</u>	<u>\$ 54,022</u>	<u>\$ 15,797</u>	<u>\$ 3,220,187</u>
<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)	(1,018)	-	(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	5,552	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>\$ 34,794</u>	<u>\$ 37,826</u>	<u>\$ 1,000</u>	<u>\$ 3,335,156</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	7-10 years
Buildings	2-55 years
Machinery and equipment	2-20 years
Transportation equipment	5-7 years
Other equipment	3-8 years

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, 2022	December 31, 2021	June 30, 2021	
<u>Carrying amount</u>				
Land	\$ 47,867	\$ 24,503	\$ 23,126	
Other equipment	<u>1,473</u>	<u>1,875</u>	<u>2,277</u>	
	<u>\$ 49,340</u>	<u>\$ 26,378</u>	<u>\$ 25,403</u>	
	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2022	2021	2022	2021
Additions to right-of-use assets	<u>\$ 12,902</u>	<u>\$ 6,750</u>	<u>\$ 33,370</u>	<u>\$ 11,583</u>
Depreciation charge for right-of-use assets				
Land	\$ 5,470	\$ 3,202	\$ 10,007	\$ 5,521
Other equipment	<u>202</u>	<u>301</u>	<u>402</u>	<u>552</u>
	<u>\$ 5,672</u>	<u>\$ 3,503</u>	<u>\$ 10,409</u>	<u>\$ 6,073</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, 2022 and 2021.

b. Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amount			
Current	<u>\$ 23,827</u>	<u>\$ 13,626</u>	<u>\$ 11,883</u>
Non-current	<u>\$ 22,096</u>	<u>\$ 11,278</u>	<u>\$ 10,403</u>

Range of discount rates for lease liabilities was as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
	0.878%-1.192%	0.878%-1.1%	0.878%-1.1%

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

The Group leases land and 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 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	
	2022	2021	2022	2021
Expenses relating to short-term leases and low-value asset leases	<u>\$ 3,697</u>	<u>\$ 3,526</u>	<u>\$ 8,487</u>	<u>\$ 7,764</u>
Total cash outflow for leases	<u>\$ 11,358</u>	<u>\$ 9,276</u>	<u>\$ 20,335</u>	<u>\$ 15,077</u>

15. INVESTMENT PROPERTIES

	Amount
<u>Cost</u>	
Balance at January 1, 2022	\$ 302,004
Addition	<u>-</u>
Balance at June 30, 2022	<u>\$ 302,004</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ (198,476)
Depreciation expense	<u>(1,001)</u>
Balance at June 30, 2022	<u>\$ (199,477)</u>
Carrying amount at June 30, 2022	<u>\$ 102,527</u>
Carrying amount at January 1, 2022	<u>\$ 103,528</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 302,004
Addition	<u>-</u>
Balance at June 30, 2021	<u>\$ 302,004</u>

(Continued)

	Amount
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2021	\$ (196,474)
Depreciation expense	<u>(1,001)</u>
Balance at June 30, 2021	<u>\$ (197,475)</u>
Carrying amount at June 30, 2021	<u>\$ 104,529</u> (Concluded)

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, 2021 and 2020, was \$190,503 thousand and \$200,106 thousand, respectively. Comparing with December 31, 2021 and 2020, there was no significant changes in the fair value of June 30, 2022 and 2021.

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, 2022	December 31, 2021	June 30, 2021
Service concession arrangements*	\$ 4,370,030	\$ 4,216,463	\$ 3,608,007
Computer software	<u>5,977</u>	<u>6,643</u>	<u>4,618</u>
	<u>\$ 4,376,007</u>	<u>\$ 4,223,106</u>	<u>\$ 3,612,625</u>

- * The subsidiary - Ever Ecove Corporation signed a construction 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 October 2021. Ever Ecove Corporation was able to apply to Taoyuan City Government for a one-time extension. The extension period is limited to 1 year with the consent of Taoyuan City Government. 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, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Prepayments	\$ 27,013	\$ 38,896	\$ 134,390
Prepaid expenses	22,788	18,204	31,807
Tax credit	<u>-</u>	<u>6,420</u>	<u>14,297</u>
	<u>\$ 49,801</u>	<u>\$ 63,520</u>	<u>\$ 180,494</u>
<u>Non-current</u>			
Prepayments for equipment	<u>\$ 105,442</u>	<u>\$ 181,339</u>	<u>\$ 139,697</u>

18. BORROWINGS

a. Short-term borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 400,000</u>
Interest rate range	-	0.83%	0.77%

b. Short-term bills payable

	June 30, 2022	December 31, 2021	June 30, 2021
Commercial paper	\$ -	\$ 450,000	\$ 550,000
Less: Unamortized discounts on short-term bills payable	<u>-</u>	<u>(63)</u>	<u>(255)</u>
	<u>\$ -</u>	<u>\$ 449,937</u>	<u>\$ 549,745</u>
Interest rate range	-	0.85%	0.84%-0.85%

Promissory institution included China Bills Finance Corporation, Mega Bills Finance Co., Ltd. and International Bills Finance Corporation.

c. Long-term borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Secured borrowings</u>			
Bank loans	\$ 3,330,000	\$ 3,210,000	\$ 2,850,000
<u>Unsecured borrowings</u>			
Bank loans	-	-	20,000
	3,330,000	3,210,000	2,870,000
Less: Current portion of long-term borrowing	(234,900)	-	-
Unamortized discount	(14,865)	(15,354)	(15,892)
	<u>\$ 3,080,235</u>	<u>\$ 3,194,646</u>	<u>\$ 2,854,108</u>
Expiry period	2024-2034	2024-2034	2024-2034
Interest rate range	1.31%-1.79%	0.89%-1.79%	0.89%-1.79%

Please refer to Note 32 for details of the collaterals pledged for the above long-term borrowings.

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, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Other payables			
Dividend payable	\$ 1,251,274	\$ -	\$ -
Payables for equipment	158,794	138,970	27,317
Payables for salaries or bonus	64,257	8,598	33,589
Payables for tax	35,939	41,237	8,925
Payables for transportation fees	35,455	57,228	40,939
Payables for annual leave	32,630	38,384	20,846
Payables for repairs and maintenance	26,069	38,432	40,634
Payables for compensation of employees and remuneration of directors	19,398	28,753	13,926
Payables for insurance expenses	10,593	12,773	9,426
Others	61,538	81,281	58,867
	<u>\$ 1,695,947</u>	<u>\$ 445,656</u>	<u>\$ 254,469</u>

21. PROVISIONS

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Warranties*	\$ 60,962	\$ 61,070	\$ 61,567
Onerous contract - loss on construction	<u>722</u>	<u>338</u>	<u>4,510</u>
	<u>\$ 61,684</u>	<u>\$ 61,408</u>	<u>\$ 66,077</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 \$3,118 thousand and \$3,729 thousand for the six months ended June 30, 2022 and 2021, respectively, and were calculated using the respective year's actuarially determined pension cost discount rate as of December 31, 2021 and 2020.

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, 2022</u>			
Assets			
Notes receivable	\$ 19,046	\$ -	\$ 19,046
Trade receivables	1,376,805	-	1,376,805
Inventories	2,273,847	-	2,273,847
Contract assets - current	<u>1,758,507</u>	<u>1,427,620</u>	<u>3,186,127</u>
	<u>\$ 5,428,205</u>	<u>\$ 1,427,620</u>	<u>\$ 6,855,825</u>
Liabilities			
Notes payable	\$ 4,722	\$ -	\$ 4,722
Trade payables	1,123,845	189,621	1,313,466
Contract liabilities - current	<u>889,255</u>	<u>-</u>	<u>889,255</u>
	<u>\$ 2,017,822</u>	<u>\$ 189,621</u>	<u>\$ 2,207,443</u>
			(Continued)

<u>December 31, 2021</u>	Within 1 Year	More Than 1 Year	Total
Assets			
Notes receivable	\$ 38,136	\$ -	\$ 38,136
Trade receivables	1,539,150	-	1,539,150
Inventories	3,141,925	-	3,141,925
Contract assets - current	<u>1,791,378</u>	<u>1,481,014</u>	<u>3,272,392</u>
	<u>\$ 6,510,589</u>	<u>\$ 1,481,014</u>	<u>\$ 7,991,603</u>
Liabilities			
Notes payable	\$ 15,269	\$ -	\$ 15,269
Trade payables	1,481,001	141,896	1,622,897
Contract liabilities - current	<u>1,380,717</u>	<u>-</u>	<u>1,380,717</u>
	<u>\$ 2,876,987</u>	<u>\$ 141,896</u>	<u>\$ 3,018,883</u>
 <u>June 30, 2021</u>			
Assets			
Trade receivables	\$ 999,725	\$ -	\$ 999,725
Inventories	3,317,374	-	3,317,374
Contract 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
Contract 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>

(Concluded)

24. EQUITY

a. Share capital

Ordinary shares

	June 30, 2022	December 31, 2021	June 30, 2021
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>419,982</u>	<u>419,982</u>
Shares issued	<u>\$ 4,199,820</u>	<u>\$ 4,199,820</u>	<u>\$ 4,199,820</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, 2022	December 31, 2021	June 30, 2021
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to share capital (1)</u>			
Issuance of ordinary shares	\$ 839,865	\$ 839,865	\$ 839,865
Treasury share transactions	439,828	439,828	439,828
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	8,510
Unclaimed dividends	<u>193</u>	<u>193</u>	<u>93</u>
	<u>\$ 1,340,352</u>	<u>\$ 1,340,352</u>	<u>\$ 1,340,252</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 a 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 before and after amendment, refer to f. employee benefits expense in Note 26.

On June 10, 2022, the Company held a shareholders' meeting and amended the Company's Articles of Incorporation, which stipulates that the special surplus reserve set aside in the preceding paragraph belongs to a part that has not been fully accumulated in the prior years, the same amount thereof shall be set aside for the special surplus reserve from the retained earnings accrued from prior years. If the special surplus reserve is still insufficient, the amount from the net income after taxes for the current period plus the items other than the net income after taxes for the current period shall be included in the amount of the retained earnings for the current period to be set aside for such a purpose. Before the amendment of the Articles of Incorporation, the Company has set aside the special surplus reserve from the retained earnings accrued from prior years in accordance with the regulations.

The Company's dividend policy also stipulates 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 dividends may be distributed by either 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 2021 and 2020 which were approved in shareholders' meetings on June 10, 2022 and July 23, 2021, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2021	2020	2021	2020
Legal reserve	\$ 146,908	\$ 104,266		
Cash dividends	1,251,274	872,378	\$ 3	\$ 2.09

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)
<u>June 30, 2022</u>			
Number of shares at January 1, 2022	2,891	-	2,891
Additions	-	-	-
Less	-	-	-
Number of shares at June 30, 2022	<u>2,891</u>	<u>-</u>	<u>2,891</u>
Carrying amount at June 30, 2022	<u>\$ 49,938</u>	<u>\$ -</u>	<u>\$ 49,938</u>
<u>June 30, 2021</u>			
Number of shares at January 1, 2021	2,891	2,499	5,390
Additions	-	-	-
Less	-	(2,499)	(2,499)
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>

For the year ended December 31, 2021, the Company's shares were held by its subsidiary - Ming Yu Investment Corporation. Ming Yu Investment Corporation sold 2,499 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	
	2022	2021	2022	2021
Construction contract revenue	\$ 2,735,676	\$ 2,087,612	\$ 5,582,341	\$ 4,578,472
Revenue from waste treatment	448,498	382,514	845,715	788,660
Energy revenue	94,847	91,182	198,265	203,178
Revenue from containers repair	<u>46,693</u>	<u>40,177</u>	<u>90,541</u>	<u>79,372</u>
	<u>\$ 3,325,714</u>	<u>\$ 2,601,485</u>	<u>\$ 6,716,862</u>	<u>\$ 5,649,682</u>

a. Contract balances

	June 30, 2022	December 31, 2021	June 30, 2021
Contract assets			
Properties construction	\$ 987,248	\$ 1,471,732	\$ 1,501,750
Retention receivable	2,274,017	1,878,608	1,489,241
Less: Allowance for impairment loss	<u>(75,138)</u>	<u>(77,948)</u>	<u>(53,785)</u>
	<u>\$ 3,186,127</u>	<u>\$ 3,272,392</u>	<u>\$ 2,937,206</u>
Contract liabilities			
Properties construction	\$ 889,255	\$ 1,380,717	\$ 1,169,098
Waste treatment	<u>28,444</u>	<u>8,199</u>	<u>14,020</u>
	<u>\$ 917,699</u>	<u>\$ 1,388,916</u>	<u>\$ 1,183,118</u>

The movements of the loss allowance of retention receivable are as follows:

	For the Six Months Ended June 30	
	2022	2021
Balance at January 1	\$ 77,948	\$ 38,049
Add: Net remeasurement of loss allowance (reversed)	<u>(2,810)</u>	<u>15,736</u>
Balance at June 30	<u>\$ 75,138</u>	<u>\$ 53,785</u>

b. Partially completed contracts

As of June 30, 2022, December 31, 2021 and June 30, 2021, the transaction price allocated to contract performance obligations that have not been completed totaled \$12,142,353 thousand, \$14,884,417 thousand and \$19,132,348 thousand respectively. The Group shall gradually recognize revenues based on the completion status of the project, The revenues from the contracts are expected to be recognized before the end of June 2024.

26. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Dividend income	\$ 822,414	\$ 6,191	\$ 822,414	\$ 6,191
Rental income	2,095	3,273	4,869	6,621
Others (Note 31)	<u>5,530</u>	<u>9,122</u>	<u>6,481</u>	<u>9,290</u>
	<u>\$ 830,039</u>	<u>\$ 18,586</u>	<u>\$ 833,764</u>	<u>\$ 22,102</u>

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Gain on disposal of property, plant and equipment	\$ 464	\$ 3,674	\$ 567	\$ 3,854
Net foreign exchange losses	(3,646)	(1,927)	(4,244)	(7,393)
Others	<u>(241)</u>	<u>(728)</u>	<u>(953)</u>	<u>(2,899)</u>
	<u>\$ (3,423)</u>	<u>\$ 1,019</u>	<u>\$ (4,630)</u>	<u>\$ (6,438)</u>

c. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Interest on bank loans	\$ 14,524	\$ 11,353	\$ 28,434	\$ 21,817
Interest on commercial paper	107	1,682	557	4,079
Interest on lease liabilities	102	63	176	115
Less: Amounts included in the cost of qualifying assets	<u>(12,626)</u>	<u>(9,091)</u>	<u>(24,896)</u>	<u>(16,145)</u>
	<u>\$ 2,107</u>	<u>\$ 4,007</u>	<u>\$ 4,271</u>	<u>\$ 9,866</u>

Information about capitalized interest is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Capitalized interest amount	<u>\$ 12,626</u>	<u>\$ 9,091</u>	<u>\$ 24,896</u>	<u>\$ 16,145</u>
Capitalization rate	1.79%	1.3%-1.79%	1.79%	1.3%-1.79%

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Property, plant and equipment	\$ 96,459	\$ 95,221	\$ 192,523	\$ 190,174
Investment property	500	500	1,001	1,001
Right-of-use assets	5,672	3,503	10,409	6,073
Intangible assets	<u>961</u>	<u>1,233</u>	<u>2,127</u>	<u>2,575</u>
	<u>\$ 103,592</u>	<u>\$ 100,457</u>	<u>\$ 206,060</u>	<u>\$ 199,823</u>
An analysis of deprecation by function				
Operating costs	\$ 98,811	\$ 95,888	\$ 196,379	\$ 190,776
Operating expenses	<u>3,820</u>	<u>3,336</u>	<u>7,554</u>	<u>6,472</u>
	<u>\$ 102,631</u>	<u>\$ 99,224</u>	<u>\$ 203,933</u>	<u>\$ 197,248</u>
An analysis of amortization by function				
Operating costs	\$ 158	\$ 237	\$ 313	\$ 545
Operating expenses	<u>803</u>	<u>996</u>	<u>1,814</u>	<u>2,030</u>
	<u>\$ 961</u>	<u>\$ 1,233</u>	<u>\$ 2,127</u>	<u>\$ 2,575</u>

e. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Post-employment benefits				
Defined contribution plans	\$ 5,540	\$ 4,823	\$ 10,655	\$ 9,412
Defined benefit plans (Note 22)	1,636	2,134	3,118	3,729
Other employee benefits	<u>197,996</u>	<u>164,121</u>	<u>387,196</u>	<u>362,166</u>
Total employee benefits expense	<u>\$ 205,172</u>	<u>\$ 171,078</u>	<u>\$ 400,969</u>	<u>\$ 375,307</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 102,069	\$ 85,477	\$ 197,873	\$ 172,315
Operating expenses	<u>103,103</u>	<u>85,601</u>	<u>203,096</u>	<u>202,992</u>
	<u>\$ 205,172</u>	<u>\$ 171,078</u>	<u>\$ 400,969</u>	<u>\$ 375,307</u>

f. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued compensation of employees and remuneration of directors 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. The compensation of employees and the remuneration of directors for the six months ended June 30, 2022 and 2021, are as follows:

Accrual rate

	For the Six Months Ended June 30	
	2022	2021
Compensation of employees	0.50%	0.50%
Remuneration of directors	0.15%	0.45%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Compensation of employees	\$ 6,466	\$ 1,422	\$ 8,471	\$ 2,809
Remuneration of directors	1,250	1,250	2,500	2,500

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

The appropriations of employees' compensation and remuneration of directors for 2021 and 2020 that were resolved by the board of directors on March 21, 2022 and March 10, 2021, respectively, are as shown below:

Amount

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	\$ 7,141	\$ 5,745
Remuneration of directors	5,000	5,000

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors 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 recognized in profit or loss are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Current tax				
In respect of the current year	\$ 120,921	\$ 89,242	\$ 222,471	\$ 170,516
Income tax on				
unappropriated earning	9,308	1,443	9,308	1,443
Adjustment for prior year	<u>(3,431)</u>	<u>(2,133)</u>	<u>(3,431)</u>	<u>(2,133)</u>
	126,798	88,552	228,348	169,826
Deferred tax				
In respect of the current year	<u>6,175</u>	<u>(1,477)</u>	<u>8,777</u>	<u>(9,728)</u>
Income tax expense recognized in profit or loss	<u>\$ 132,973</u>	<u>\$ 87,075</u>	<u>\$ 237,125</u>	<u>\$ 160,098</u>

b. Income tax assessments

The income tax of the Group through 2020, except 2020, 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	
	2022	2021	2022	2021
Basic earnings per share	<u>\$ 2.90</u>	<u>\$ 0.60</u>	<u>\$ 3.73</u>	<u>\$ 1.26</u>
Diluted earnings per share	<u>\$ 2.90</u>	<u>\$ 0.60</u>	<u>\$ 3.72</u>	<u>\$ 1.26</u>

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	
	2022	2021	2022	2021
Profit for the period attributable to owners of the Company	<u>\$ 1,210,769</u>	<u>\$ 250,368</u>	<u>\$ 1,553,884</u>	<u>\$ 507,763</u>

Shares

Unit: In Thousand Shares

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2022	2021	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	417,091	414,670	417,091	404,410
Effect of potentially dilutive ordinary shares:				
Compensation of employees	<u>141</u>	<u>20</u>	<u>194</u>	<u>87</u>
Weighted average number of ordinary shares outstanding in the computation of diluted earnings per share	<u>417,232</u>	<u>414,690</u>	<u>417,285</u>	<u>404,497</u>

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 will be 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, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 10,846,564	\$ -	\$ -	\$ 10,846,564
Unlisted shares - ROC	-	-	887,336	887,336
Unlisted shares in other country	-	-	143,860	143,860
	<u>\$ 10,846,564</u>	<u>\$ -</u>	<u>\$ 1,031,196</u>	<u>\$ 11,877,760</u>

Fair value hierarchy as of December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 12,826,389	\$ -	\$ -	\$ 12,826,389
Unlisted shares - ROC	-	-	824,115	824,115
Unlisted shares in other country	-	-	121,213	121,213
	<u>\$ 12,826,389</u>	<u>\$ -</u>	<u>\$ 945,328</u>	<u>\$ 13,771,717</u>

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>

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, 2022	December 31, 2021	June 30, 2021
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 7,453,282	\$ 6,234,915	\$ 5,939,919
Financial assets at FVTOCI			
Equity instruments	11,877,760	13,771,717	14,923,847
<u>Financial liabilities</u>			
Financial liabilities measured at amortized cost (2)	5,487,832	6,217,083	5,957,180
Lease liabilities	45,923	24,904	22,286

- 1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables 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 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 have 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 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 35.

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. 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.

	<u>USD Impact</u>		<u>EUR Impact</u>		<u>JPY Impact</u>	
	<u>For the Six Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Profit or loss	\$ 633 *	\$ 1,714 *	\$ 286 *	\$ 3,160 *	\$ 2,420 *	\$ 3,462 *

* 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, 2022	December 31, 2021	June 30, 2021
Fair value interest rate risk			
Financial assets	\$ 806,299	\$ 855,586	\$ 833,478
Financial liabilities	45,923	574,841	1,272,031
Cash flow interest rate risk			
Financial assets	3,681,451	3,354,491	3,228,239
Financial liabilities	3,315,135	3,194,646	2,554,108

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.

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, 2022 and 2021 would have increased/decreased by \$916 thousand and \$1,685 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings, time deposits, 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, 2022 and 2021 would have increased/decreased by \$356,333 thousand and \$447,715 thousand, respectively, as a result of the changes in fair value of financial assets as FVTOCI.

The Group's sensitivity to equity prices decreased 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 28% and 37% of total trade receivables as of June 30, 2022 and 2021, 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, 2022 and 2021, 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 repayment periods. The tables have 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, 2022

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 3,209,660	\$ 214,311	\$ -
Lease liabilities	24,172	22,261	-
Variable interest rate liabilities	<u>282,627</u>	<u>1,212,723</u>	<u>2,217,322</u>
	<u>\$ 3,516,459</u>	<u>\$ 1,449,295</u>	<u>\$ 2,217,322</u>

December 31, 2021

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 2,305,205	\$ 167,295	\$ -
Lease liabilities	13,793	11,339	-
Variable interest rate liabilities	48,495	1,334,080	2,223,030
Fixed interest rate liabilities	<u>549,958</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,917,451</u>	<u>\$ 1,512,714</u>	<u>\$ 2,223,030</u>

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>

b) Financing facilities

	June 30, 2022	December 31, 2021	June 30, 2021
Unsecured bank facility			
Amount used	\$ 602,950	\$ 1,051,335	\$ 970,000
Amount unused	<u>6,361,050</u>	<u>6,362,665</u>	<u>6,194,000</u>
	<u>\$ 6,964,000</u>	<u>\$ 7,414,000</u>	<u>\$ 7,164,000</u>
Secured bank facility			
Amount used	\$ 3,780,000	\$ 3,660,000	\$ 3,200,000
Amount unused	<u>2,018,400</u>	<u>1,930,000</u>	<u>2,598,400</u>
	<u>\$ 5,798,400</u>	<u>\$ 5,590,000</u>	<u>\$ 5,798,400</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

<u>Related Party</u>	<u>Relationship with the Group</u>
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. Operating revenue

Related Party	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2022	2021	2022	2021
Investor that has significant influence over the Group	\$ 222	\$ 197	\$ 380	\$ 347
Related party in substance	<u>43,981</u>	<u>307,925</u>	<u>87,877</u>	<u>538,619</u>
	<u>\$ 44,203</u>	<u>\$ 308,122</u>	<u>\$ 88,257</u>	<u>\$ 538,966</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 non-related parties and related party in substance for repairing containers.

c. Other income

Related Party	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Associate	\$ <u>230</u>	\$ <u>180</u>	\$ <u>230</u>	\$ <u>180</u>

d. Purchases of goods and expenses

Related Party	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Investor that has significant influence over the Group	\$ 841	\$ 818	\$ 3,053	\$ 5,193
Related party in substance	5,383	5,048	10,928	10,319
Associate	<u>-</u>	<u>-</u>	<u>310</u>	<u>-</u>
	\$ <u>6,224</u>	\$ <u>5,866</u>	\$ <u>14,291</u>	\$ <u>15,512</u>

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

e. Contract assets

Related Party	June 30, 2022	December 31, 2021	June 30, 2021
Related party in substance	\$ <u>102,742</u>	\$ <u>108,229</u>	\$ <u>97,578</u>

For the six months ended June 30, 2022 and 2021, impairment loss of \$1,880 thousand and \$3,760 thousand, respectively, was recognized for contract assets from related parties.

f. Contract liabilities

Related Party	June 30, 2022	December 31, 2021	June 30, 2021
Related party in substance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>34,650</u>

g. Receivables from related parties

Trade receivables

Related Party	June 30, 2022	December 31, 2021	June 30, 2021
Investor that has significant influence over the Group	\$ 110	\$ 157	\$ 105
Related party in substance	<u>31,509</u>	<u>32,488</u>	<u>27,316</u>
	\$ <u>31,619</u>	\$ <u>32,645</u>	\$ <u>27,421</u>

Other receivables

Related Party	June 30, 2022	December 31, 2021	June 30, 2021
Related party in substance - Evergreen Marine Corporation	\$ 818,559	\$ -	\$ -
Related party in substance	<u>-</u>	<u>-</u>	<u>3,000</u>
	<u>\$ 818,559</u>	<u>\$ -</u>	<u>\$ 3,000</u>

The outstanding trade receivables from related parties are unsecured. Other receivables from Evergreen Marine Corporation on June 30, 2022 are dividends receivables.

h. Payables to related parties

Other payables

Related Party	June 30, 2022	December 31, 2021	June 30, 2021
Investor that has significant influence over the Group	\$ 708	\$ 1,479	\$ 721
Related party in substance	<u>2,650</u>	<u>2,505</u>	<u>3,578</u>
	<u>\$ 3,358</u>	<u>\$ 3,984</u>	<u>\$ 4,299</u>

The outstanding trade payables from related parties are unsecured.

i. Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 8,889	\$ 9,537	\$ 18,826	\$ 19,319
Post-employment benefits	117	230	353	463
Share-based payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>656</u>
	<u>\$ 9,006</u>	<u>\$ 9,767</u>	<u>\$ 19,179</u>	<u>\$ 20,438</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, 2022	December 31, 2021	June 30, 2021
Property, plant and equipment, net	\$ 2,247,908	\$ 2,274,924	\$ 2,306,122
Investment properties	94,704	95,705	96,705
Financial assets at amortized cost	<u>70,376</u>	<u>70,496</u>	<u>26,533</u>
	<u>\$ 2,412,988</u>	<u>\$ 2,441,125</u>	<u>\$ 2,429,360</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, 2022 and 2021 were as follows:

- a. As of June 30, 2022, December 31, 2021 and June 30, 2021, unused letters of credit for purchasing of materials are as follows:

Unit: In Thousands of Foreign Currency/New Taiwan Dollars

Currency	June 30, 2022	December 31, 2021	June 30, 2021
NTD	\$ 403,372	\$ 283,947	\$ 844,449
USD	30	-	942

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

Unit: In Thousands of Foreign Currency/New Taiwan Dollars

Currency	June 30, 2022	December 31, 2021	June 30, 2021
NTD	\$ 951,233	\$ 1,066,408	\$ 1,350,445
JPY	583,346	583,346	636,176
EUR	1,330	1,633	3,052
USD	577	668	926

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

Unit: In Thousands of Foreign Currency/New Taiwan Dollars

Currency	June 30, 2022	December 31, 2021	June 30, 2021
NTD	\$ 780,334	\$ 40,289	\$ 36,289
EUR	2,402	1,283	2,245

34. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

The Company's Board of Directors resolved on August 10, 2022 to retire 2,891 thousand treasury shares, and the record date for capital reduction was set on August 13, 2022.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group' 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, 2022

Unit: In Thousands of Foreign Currency/New Taiwan Dollars

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 426	29.72 (USD:NTD)	\$ 12,668
EUR	184	31.05 (EUR:NTD)	5,712
JPY	221,855	0.2182 (JPY:NTD)	48,409
Non-monetary items			
Investments accounted for using equity method			
RMB	5,483	4.439 (RMB:NTD)	24,339
<u>Financial liabilities</u>			
Monetary items			
RMB	1,321	4.439 (RMB:NTD)	5,865

December 31, 2021

Unit: In Thousands of Foreign Currency/New Taiwan Dollars

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 531	27.68 (USD:NTD)	\$ 14,698
EUR	487	31.32 (EUR:NTD)	15,238
JPY	221,854	0.2405 (JPY:NTD)	53,356
Non-monetary items			
Investments accounted for using equity method			
RMB	3,785	4.344 (RMB:NTD)	16,444
<u>Financial liabilities</u>			
Monetary items			
RMB	949	4.344 (RMB:NTD)	4,121

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 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

36. 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: None.
- 5) Acquisitions of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: See Table 3 below.
- 6) Disposals of individual real estate 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: None.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 4 below.
- 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.

37. 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 <u>June 30, 2022</u>							
Revenue from external customers	\$ 5,582,341	\$ 613,370	\$ 364,425	\$ 66,185	\$ 90,541	\$ -	\$ 6,716,862
Inter-segment revenue	-	-	585	-	-	(585)	-
Segment revenue	<u>\$ 5,582,341</u>	<u>\$ 613,370</u>	<u>\$ 365,010</u>	<u>\$ 66,185</u>	<u>\$ 90,541</u>	<u>\$ (585)</u>	<u>6,716,862</u>
Segment income	<u>\$ 648,564</u>	<u>\$ 338,194</u>	<u>\$ 137,659</u>	<u>\$ 23,610</u>	<u>\$ 15,535</u>	<u>\$ 867</u>	1,164,429
Administration cost							(27,365)
Interest income							15,012

(Continued)

	Steel Structures	Hsin Yung Enterprise Corporation	Super Max Engineering Enterprise Co., Ltd.	Ever Ecove Corporation	Others	Eliminations	Total
Other income							\$ 833,764
Other gains and losses							(4,630)
Finance costs							(4,271)
Share of profit of associates and joint ventures accounted for using equity method							<u>13,925</u>
Profit before tax							<u>\$ 1,990,864</u>
For the six months ended June 30, 2021							
Revenue from external customers	<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>	\$ 823,024
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 equity method							<u>10,749</u>
Profit before tax							<u>\$ 828,625</u>

(Concluded)

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

38. OTHERS

The Group's assessment of COVID-19 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.

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(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	\$ 10,913,847	\$ 3,087,000	\$ 2,912,000	\$ 2,226,000	\$ -	13.34	\$ 10,913,847	Y	-	-	Note 2
		Evergreen Heavy Industrial Corp. (Malaysia) Berhad	All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages	10,913,847	230,811	230,811	-	-	1.06	10,913,847	-	-	-	-
1	Ming Yu Investment Corporation	Evergreen Steel Corporation	Parent company	4,973,600	1,201,220	1,201,220	1,201,220	-	483.04	4,973,600	-	Y	-	Note 3

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

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

Note 2: 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 3: 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 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.

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 2022

(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, 2022				Note
				Number of Shares	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	204,672,763	\$ 6,477,893	3.84	\$ 6,477,893	
	Shin Kong Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	7,931,339	69,479	0.05	69,479	
	Evergreen Marine Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	38,261,703	3,236,940	0.72	3,236,940	
	Taiwan High Speed Rail Corporation	-	Financial assets at FVTOCI - non-current	16,000,000	448,800	0.28	448,800	
	Taiwan Terminal Services Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	100,000	1,008	1.00	1,008	
	Taiwan Aerospace Corporation	-	Financial assets at FVTOCI - non-current	5,502,847	65,209	4.06	65,209	
	Pacific Resources Corporation	-	Financial assets at FVTOCI - non-current	590,625	-	2.56	-	
	Taiwan Incubator SME Development Corporation	-	Financial assets at FVTOCI - non-current	7,689,240	68,895	10.90	68,895	
	Evergreen Heavy Industrial Corp. (Malaysia) Berhad	-	Financial assets at FVTOCI - non-current	6,678,735	143,860	13.39	143,860	
	Dongwei Transportation Co., Ltd.	-	Financial assets at FVTOCI - non-current	660,000	9,002	18.86	9,002	
	Ever Accord Construction Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	7,499,972	72,150	12.50	72,150	
	UNI Airways Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	56,474,992	670,923	14.99	670,923	
	Evergreen Security Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	10,000	149	0.05	149	
Hsin Yung Enterprise Corporation	Evergreen Marine Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	7,213,798	610,287	0.14	610,287	
Super Max Engineering Enterprise Co., Ltd.	P.T. Super Max Indonesia	-	Financial assets at FVTOCI - non-current	-	-	11.00	-	
Ming Yu Investment Corporation	EVA Airways Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	100,000	3,165	-	3,165	

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date (Note 3)	Transaction Amount (Note 3)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Super Max Engineering Enterprise Co., Ltd.	New construction of incinerator	2022.03.15	\$ 918,100	\$ 95,439	Grand Chateau Engineering Co., Ltd. Altogether Enterprise Co., Ltd. Tai June Enterprise Co., Ltd. etc.	-	-	-	-	\$ -	Price comparison and bargaining	Construction for own use	None

Note 1: The appraisal result should be presented in the “Basis or reference used in setting the price” column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: The paid-in capital referred to herein is the paid-in capital of the parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: The date of the event referred to herein is date of board resolution.

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Evergreen Steel Corporation	Evergreen Marine Corporation	Related party in substance	\$ 688,711	-	\$ -	-	\$ 688,711	\$ -
Hsin Yung Enterprise Corporation	Evergreen Marine Corporation	Related party in substance	129,848	-	-		129,848	-

Note: The other receivables are all dividends receivables.

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 FOR THE SIX MONTHS ENDED JUNE 30, 2022
 (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 Ever Ecove Corporation	a a	Other income	\$ 335	According to mutual agreements	-
				Other income	334	According to mutual agreements	-
1	Super Max Engineering Enterprise Co., Ltd.	Evergreen Steel Corporation	b	Operating revenue	585	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, 2022. For profit or loss items, cumulative amounts are shown as percentages to the consolidated total operating revenue for the six months ended June 30, 2022.

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

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(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, 2022			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				June 30, 2022	December 31, 2021	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Evergreen Steel Corporation	Hsin Yung Enterprise Corporation Super Max Engineering Enterprise Co., Ltd.	Taiwan	Waste treatment, disposal and cogeneration	\$ 992,666	\$ 992,666	99,266,577	68.46	\$ 1,770,503	\$ 407,466	\$ 278,950	Subsidiary
		Taiwan	Waste collection, treatment and disposal	594,441	594,441	24,147,144	48.13	906,359	122,727	59,064	Subsidiary
	Taiwan	Ever Ecove Corporation	Waste treatment, disposal and cogeneration	801,000	801,000	80,100,000	50.06	771,659	15,370	7,695	Subsidiary
	Taiwan	Ming Yu Investment Corporation	Investment activities	239,487	239,487	10,350,000	100.00	250,429	1,316	1,316	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	4,999,999	50.00	143,434	27,849	13,925	Accounted for using equity method

Note: 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, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership (%)	Share of Profit (Loss) (Note 2)	Carrying Amount as of June 30, 2022	Accumulated Inward Remittance of Earnings as of June 30, 2022	Note
					Outflow	Inflow							
Kunshan Weisheng Environmental Equipment Engineering Co., Ltd.	Design, manufacture and installation of waste water, waste gas equipment and various piping	\$ 11,888 (US\$ 400)	c	\$ 11,888 (US\$ 400)	\$ -	\$ -	\$ 11,888 (US\$ 400)	\$ 25,287 (RMB 5,713)	24.07	\$ 6,085	\$ 24,339	\$ 45,414 (US\$ 1,528)	

Accumulated Investments in Mainland China as of June 30, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on Investment
\$ 11,888 (US\$ 400)	\$ 11,888 (US\$ 400)	\$ 14,825,020

Note 1: Investment methods are classified into the following three categories:

- a. Directly invest in a company in Mainland China.
- b. Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- c. Others.

Note 2: The amount was recognized based on the investee's unreviewed financial statements.

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES**INFORMATION ON MAJOR SHAREHOLDERS****JUNE 30, 2022**

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
Chang, Kuo-Hua	28,156,820	6.70
Chang, Kuo-Ming	27,695,000	6.59
Continental Engineering Corporation	25,645,907	6.10
Chang, Kuo-Cheng	25,008,820	5.95
Chang Yung-Fa Foundation	25,008,820	5.95

Note 1: 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.

Note 2: According the above information, the delivery of shares to the trust by shareholders is disclosed by the individual trustee who opened the trust account. In accordance with the Securities Exchange Act, shareholders who acquire more than 10% of shareholding have to disclose their insider ownerships, including their own shares held and those shares delivered to the trust over which shareholders have the right to make decisions on trust property, etc. Information on insider ownership declaration is available at the Market Observation Post System website of the Taiwan Stock Exchange.