

**Evergreen Steel Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2023 and 2022 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, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, 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 the Standards on Review Engagements of the Republic of China 2410 "Review of Interim 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\$145,014 thousand and NT\$143,434 thousand as of June 30, 2023 and 2022, respectively. Share of profit of associates and joint ventures accounted for using equity method were NT\$4,942 thousand and NT\$10,639 thousand of the consolidated net income for the three months ended June 30, 2023 and 2022. Share of profit of associates and joint ventures accounted for using equity method were NT\$9,070 thousand and NT\$13,925 thousand of the consolidated net income for the six months ended June 30, 2023 and 2022. These investment amounts and the related disclosures are based on these 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 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, 2023 and 2022, its consolidated financial performance for the three months ended June 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2023 and 2022 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 7, 2023

### 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, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 2,357,531	6	\$ 1,556,034	5	\$ 1,784,937	5
Financial assets at amortized cost - current (Notes 8 and 32)	3,123,626	9	3,332,682	11	3,100,846	9
Contract assets - current (Notes 23, 25 and 31)	3,770,765	10	3,134,531	10	3,186,127	10
Notes receivable, net (Note 23)	99,652	-	98,124	-	20,176	-
Trade receivables, net (Notes 9 and 23)	1,576,603	4	1,101,350	3	1,615,318	5
Trade receivables from related parties, net (Notes 9, 23 and 31)	31,020	-	31,520	-	31,619	-
Other receivables (Note 31)	1,317,116	4	29,621	-	847,323	3
Inventories (Notes 10 and 23)	2,848,269	8	3,096,562	10	2,294,797	7
Other current assets (Note 17)	43,850	-	37,720	-	49,801	-
Total current assets	<u>15,168,432</u>	<u>41</u>	<u>12,418,144</u>	<u>39</u>	<u>12,930,944</u>	<u>39</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income - non-current (Note 7)	12,103,030	32	10,287,438	32	11,877,760	36
Financial assets at amortized cost - non-current (Notes 8 and 32)	48,749	-	45,126	-	47,645	-
Investments accounted for using equity method (Note 12)	145,014	1	175,944	1	143,434	1
Property, plant and equipment (Notes 13, 31 and 32)	3,654,413	10	3,389,378	11	3,306,241	10
Right-of-use assets (Note 14)	37,504	-	48,983	-	49,340	-
Investment properties (Notes 15 and 32)	99,804	-	100,805	-	102,527	-
Intangible assets (Note 16)	5,694,370	15	4,959,787	16	4,376,007	13
Deferred tax assets (Note 4)	47,387	-	68,397	-	55,522	-
Refundable deposits	11,404	-	14,489	-	10,304	-
Net defined benefit assets - non-current (Notes 4 and 22)	68,348	-	62,444	-	18,042	-
Other non-current assets (Note 17)	332,540	1	219,610	1	105,442	1
Total non-current assets	<u>22,242,563</u>	<u>59</u>	<u>19,372,401</u>	<u>61</u>	<u>20,092,264</u>	<u>61</u>
<b>TOTAL</b>	<u>\$ 37,410,995</u>	<u>100</u>	<u>\$ 31,790,545</u>	<u>100</u>	<u>\$ 33,023,208</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Contract liabilities - current (Notes 23 and 25)	\$ 1,094,016	3	\$ 1,050,122	3	\$ 917,699	3
Notes payable, net (Note 23)	330,025	1	268,080	1	397,171	1
Trade payables, net (Notes 19, 23 and 31)	1,376,389	4	1,195,535	4	1,473,330	4
Other payables (Notes 20 and 31)	3,452,901	9	730,860	2	1,695,947	5
Current tax liabilities (Note 4)	296,540	1	184,369	1	231,626	1
Provisions - current (Note 21)	79,755	-	71,737	-	61,684	-
Lease liabilities - current (Note 14)	19,434	-	24,903	-	23,827	-
Current portion of long-term borrowings (Note 18)	434,900	1	150,000	1	234,900	1
Other current liabilities	24,668	-	34,702	-	42,291	-
Total current liabilities	<u>7,108,628</u>	<u>19</u>	<u>3,710,308</u>	<u>12</u>	<u>5,078,475</u>	<u>15</u>
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings (Note 18)	2,731,412	7	3,165,824	10	3,080,235	10
Provisions - non-current (Note 21)	112,893	1	-	-	-	-
Deferred tax liabilities (Note 4)	84,356	-	83,046	-	74,195	-
Lease liabilities - non-current (Note 14)	14,559	-	20,798	-	22,096	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	7,181	-	7,244	-	8,465	-
Guarantee deposits received	25,923	-	24,393	-	24,690	-
Other non-current liabilities	85,004	-	26,008	-	26,685	-
Total non-current liabilities	<u>3,061,328</u>	<u>8</u>	<u>3,327,313</u>	<u>10</u>	<u>3,236,366</u>	<u>10</u>
Total liabilities	<u>10,169,956</u>	<u>27</u>	<u>7,037,621</u>	<u>22</u>	<u>8,314,841</u>	<u>25</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)</b>						
Share capital						
Ordinary shares	4,170,915	11	4,170,915	13	4,199,820	12
Capital surplus	1,319,454	4	1,319,454	4	1,340,352	4
Retained earnings						
Legal reserve	2,708,324	7	2,441,847	8	2,441,847	8
Unappropriated earnings	8,282,059	22	8,106,299	25	7,043,236	21
Total retained earnings	<u>10,990,383</u>	<u>29</u>	<u>10,548,146</u>	<u>33</u>	<u>9,485,083</u>	<u>29</u>
Other equity						
Exchange differences on translation of the financial statements of foreign operations	(362)	-	(362)	-	(470)	-
Unrealized gain on financial assets at fair value through other comprehensive income	7,572,403	20	5,567,935	18	6,852,847	21
Total other equity	<u>7,572,041</u>	<u>20</u>	<u>5,567,573</u>	<u>18</u>	<u>6,852,377</u>	<u>21</u>
Treasury shares	-	-	-	-	(49,938)	-
Total equity attributable to owners of the Company	24,052,793	64	21,606,088	68	21,827,694	66
<b>NON-CONTROLLING INTERESTS</b>	<u>3,188,246</u>	<u>9</u>	<u>3,146,836</u>	<u>10</u>	<u>2,880,673</u>	<u>9</u>
Total equity	<u>27,241,039</u>	<u>73</u>	<u>24,752,924</u>	<u>78</u>	<u>24,708,367</u>	<u>75</u>
<b>TOTAL</b>	<u>\$ 37,410,995</u>	<u>100</u>	<u>\$ 31,790,545</u>	<u>100</u>	<u>\$ 33,023,208</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated August 7, 2023)

## EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 31)	\$ 3,436,966	100	\$ 3,325,714	100	\$ 6,028,669	100	\$ 6,716,862	100
OPERATING COSTS (Notes 10, 26 and 31)	<u>(2,335,154)</u>	<u>(68)</u>	<u>(2,559,145)</u>	<u>(77)</u>	<u>(4,053,333)</u>	<u>(67)</u>	<u>(5,299,031)</u>	<u>(79)</u>
GROSS PROFIT	<u>1,101,812</u>	<u>32</u>	<u>766,569</u>	<u>23</u>	<u>1,975,336</u>	<u>33</u>	<u>1,417,831</u>	<u>21</u>
OPERATING EXPENSES (Notes 26 and 31)								
Selling and marketing expenses	(69,400)	(2)	(74,605)	(2)	(134,340)	(2)	(143,535)	(2)
General and administrative expenses	(68,211)	(2)	(65,990)	(2)	(134,048)	(2)	(138,359)	(2)
Expected credit gain (loss) (Notes 9 and 25)	<u>6,549</u>	<u>-</u>	<u>(2,070)</u>	<u>-</u>	<u>23,332</u>	<u>-</u>	<u>1,127</u>	<u>-</u>
Total operating expenses	<u>(131,062)</u>	<u>(4)</u>	<u>(142,665)</u>	<u>(4)</u>	<u>(245,056)</u>	<u>(4)</u>	<u>(280,767)</u>	<u>(4)</u>
PROFIT FROM OPERATIONS	<u>970,750</u>	<u>28</u>	<u>623,904</u>	<u>19</u>	<u>1,730,280</u>	<u>29</u>	<u>1,137,064</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	17,685	1	9,217	-	33,263	-	15,012	-
Other income (Notes 26 and 31)	1,306,700	38	830,039	25	1,311,786	22	833,764	13
Other losses (Note 26)	(7,808)	-	(3,423)	-	(17,621)	-	(4,630)	-
Finance costs (Note 26)	(2,060)	-	(2,107)	-	(3,867)	-	(4,271)	-
Share of profit of associates and joint ventures accounted for using equity method (Note 12)	<u>4,942</u>	<u>-</u>	<u>10,639</u>	<u>-</u>	<u>9,070</u>	<u>-</u>	<u>13,925</u>	<u>-</u>
Total non-operating income and expenses	<u>1,319,459</u>	<u>39</u>	<u>844,365</u>	<u>25</u>	<u>1,332,631</u>	<u>22</u>	<u>853,800</u>	<u>13</u>
PROFIT BEFORE INCOME TAX	2,290,209	67	1,468,269	44	3,062,911	51	1,990,864	30
INCOME TAX EXPENSE (Notes 4 and 27)	<u>(191,720)</u>	<u>(6)</u>	<u>(132,973)</u>	<u>(4)</u>	<u>(345,422)</u>	<u>(6)</u>	<u>(237,125)</u>	<u>(4)</u>
NET PROFIT FOR THE PERIOD	<u>2,098,489</u>	<u>61</u>	<u>1,335,296</u>	<u>40</u>	<u>2,717,489</u>	<u>45</u>	<u>1,753,739</u>	<u>26</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>2,538,855</u>	<u>74</u>	<u>(2,428,999)</u>	<u>(73)</u>	<u>2,117,100</u>	<u>35</u>	<u>(1,815,607)</u>	<u>(27)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 4,637,344</u>	<u>135</u>	<u>\$ (1,093,703)</u>	<u>(33)</u>	<u>\$ 4,834,589</u>	<u>80</u>	<u>\$ (61,868)</u>	<u>(1)</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)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 1,864,530	54	\$ 1,210,679	36	\$ 2,351,810	39	\$ 1,553,884	23
Non-controlling interests	<u>233,959</u>	<u>7</u>	<u>124,617</u>	<u>4</u>	<u>365,679</u>	<u>6</u>	<u>199,855</u>	<u>3</u>
	<u>\$ 2,098,489</u>	<u>61</u>	<u>\$ 1,335,296</u>	<u>40</u>	<u>\$ 2,717,489</u>	<u>45</u>	<u>\$ 1,753,739</u>	<u>26</u>
TOTAL COMPREHENSIVE INCOME (LOSS)								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 4,462,542	130	\$ (1,103,647)	(33)	\$ 4,532,162	75	\$ (129,986)	(2)
Non-controlling interests	<u>174,802</u>	<u>5</u>	<u>9,944</u>	<u>-</u>	<u>302,427</u>	<u>5</u>	<u>68,118</u>	<u>1</u>
	<u>\$ 4,637,344</u>	<u>135</u>	<u>\$ (1,093,703)</u>	<u>(33)</u>	<u>\$ 4,834,589</u>	<u>80</u>	<u>\$ (61,868)</u>	<u>(1)</u>
EARNINGS PER SHARE (Note 28)								
Basic	<u>\$4.47</u>		<u>\$2.90</u>		<u>\$5.64</u>		<u>\$3.73</u>	
Diluted	<u>\$4.47</u>		<u>\$2.90</u>		<u>\$5.63</u>		<u>\$3.72</u>	

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

(With Deloitte & Touche auditors' review report dated August 7, 2023)

(Concluded)

**EVERGREEN STEEL CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands of New Taiwan Dollars)

	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, 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 dividends 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
BALANCE AT JANUARY 1, 2023	417,091	\$ 4,170,915	\$ 1,319,454	\$ 2,441,847	\$ 8,106,299	\$ (362)	\$ 5,567,935	\$ -	\$ 21,606,088	\$ 3,146,836	\$ 24,752,924
Appropriation and distribution of 2022 retain earnings											
Legal reserve	-	-	-	266,477	(266,477)	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(2,085,457)	-	-	-	(2,085,457)	-	(2,085,457)
Net profit for the six months ended June 30, 2023	-	-	-	-	2,351,810	-	-	-	2,351,810	365,679	2,717,489
Other comprehensive income (loss) for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	-	2,180,352	-	2,180,352	(63,252)	2,117,100
Total comprehensive income for the six months ended June 30, 2023	-	-	-	-	2,351,810	-	2,180,352	-	4,532,162	302,427	4,834,589
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(261,017)	(261,017)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	175,884	-	(175,884)	-	-	-	-
BALANCE AT JUNE 30, 2023	417,091	\$ 4,170,915	\$ 1,319,454	\$ 2,708,324	\$ 8,282,059	\$ (362)	\$ 7,572,403	\$ -	\$ 24,052,793	\$ 3,188,246	\$ 27,241,039

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

(With Deloitte & Touche auditors' review report dated August 7, 2023)

# EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 3,062,911	\$ 1,990,864
Adjustments for:		
Depreciation expense	115,510	203,933
Amortization expense	24,591	2,127
Expected credit reversed gain recognized on trade receivables	(23,332)	(1,127)
Finance costs	3,867	4,271
Interest income	(33,263)	(15,012)
Dividend income	(1,300,662)	(822,414)
Share of profit of associates and joint ventures accounted for using equity method	(9,070)	(13,925)
Gain on disposal of property, plant and equipment	(313)	(567)
Net loss on disposal of inventories	554	7,445
Gain on lease modification	(4)	-
Other income	-	(679)
Changes in operating assets and liabilities		
(Increase) decrease in contract assets	(610,749)	89,075
(Increase) decrease in notes receivable	(1,528)	17,983
(Increase) decrease in trade receivables	(476,906)	131,644
Decrease in other receivables	8,785	132
Decrease in inventories	247,739	859,367
(Increase) decrease in other current assets	(4,857)	13,855
Increase in net defined benefit assets	(5,904)	(14,520)
Increase (decrease) in contract liabilities	43,894	(471,217)
Increase in notes payable	61,945	3,168
Increase (decrease) in trade payables	180,854	(267,649)
Increase (decrease) in other payables	85,437	(1,091)
Increase in provisions	8,149	276
Decrease in other current liabilities	(10,034)	(18,599)
Decrease in net defined benefit liabilities	(63)	(114)
Increase in other non-current liabilities	<u>58,996</u>	<u>2,894</u>
Cash generated from operations	1,426,547	1,700,120
Interest received	32,887	14,559
Interest paid	(35,169)	(29,059)
Income tax paid	<u>(212,205)</u>	<u>(210,949)</u>
Net cash generated from operating activities	<u>1,212,060</u>	<u>1,474,671</u>

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# EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (2,732)
Proceeds from sale of financial assets at fair value through other comprehensive income	298,343	81,082
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	3,165	-
Purchase of financial assets at amortized cost	-	(3,077,995)
Proceeds from sale of financial assets at amortized cost	205,433	-
Payments for property, plant and equipment	(258,194)	(278,578)
Proceeds from disposal of property, plant and equipment	314	567
Increase in refundable deposits	-	(520)
Decrease in refundable deposits	3,085	-
Payments for intangible assets	(172,056)	(130,132)
(Increase) decrease in other non-current assets	(112,930)	75,897
Other dividends received	4,758	3,855
Dividends received from associates	<u>40,000</u>	<u>28,000</u>
Net cash generated from (used in) investing activities	<u>11,918</u>	<u>(3,300,556)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	-	(100,000)
Repayments of bills payable	-	(449,937)
Proceeds from long-term borrowings	-	120,489
Repayments of long-term borrowings	(150,000)	-
Increase in guarantee deposits	1,530	-
Decrease in guarantee deposits	-	(709)
Repayment of principal portion of lease liabilities	(13,034)	(11,672)
Dividends paid to non-controlling interests	<u>(260,977)</u>	<u>(261,017)</u>
Net cash used in financing activities	<u>(422,481)</u>	<u>(702,846)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>801,497</b>	<b>(2,528,731)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u><b>1,556,034</b></u>	<u><b>4,313,668</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><b>\$ 2,357,531</b></u>	<u><b>\$ 1,784,937</b></u>

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

(With Deloitte & Touche auditors' review report dated August 7, 2023)

(Concluded)

# EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 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 the environmental protection business. The Company’s steel structure engineering business mainly includes engineering projects for factories, tall buildings and bridges. The Company’s reinvestment in environmental protection businesses includes general and business waste treatment and cogeneration. 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 7, 2023.

### 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 a material impact on the Group’s accounting policies.

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024
Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”	(Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The requirement that the Group applies the exception and the requirement to disclose that fact is applied immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are applied for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

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 MATERIAL ACCOUNTING POLICY INFORMATION**

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

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

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

d. Other material accounting policies

Except for the following, refer to material accounting policies to the consolidated financial statements for the year ended December 31, 2022.

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) Income taxes

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. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The material accounting judgments and key sources of estimation uncertainty are the same as those in the consolidated financial statements for the year ended December 31, 2022.

## 6. CASH AND CASH EQUIVALENTS

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	\$ 3,381	\$ 3,366	\$ 3,298
Checking accounts and demand deposits	211,704	315,529	679,777
Cash equivalents			
Time deposits	944,057	999,592	916,450
Commercial paper	<u>1,198,389</u>	<u>237,547</u>	<u>185,412</u>
	<u>\$ 2,357,531</u>	<u>\$ 1,556,034</u>	<u>\$ 1,784,937</u>

## 7. FINANCIAL ASSETS AT FVTOCI

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Non-current</u>			
Domestic investments			
Listed shares and emerging market shares	\$ 10,098,623	\$ 9,258,913	\$ 10,846,564
Unlisted shares	1,832,430	869,705	887,336
Foreign investments			
Unlisted shares	<u>171,977</u>	<u>158,820</u>	<u>143,860</u>
	<u>\$ 12,103,030</u>	<u>\$ 10,287,438</u>	<u>\$ 11,877,760</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, 2023 and 2022, and transferred a gain of \$175,884 thousand and \$47,829 thousand, respectively, from other equity to retained earnings.

## 8. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Domestic investments			
Pledge deposits	\$ 38,479	\$ 13,647	\$ 11,424
Restricted bank deposits	16,519	14,641	13,703
Time deposits with original maturities of more than 3 months	<u>3,068,628</u>	<u>3,304,394</u>	<u>3,075,719</u>
	<u>\$ 3,123,626</u>	<u>\$ 3,332,682</u>	<u>\$ 3,100,846</u>

(Continued)

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<u>Non-current</u>			
Domestic investments			
Pledge deposits	\$ 11,147	\$ 45,126	\$ 45,249
Time deposits with original maturities of more than 1 year	<u>37,602</u>	<u>-</u>	<u>2,396</u>
	<u>\$ 48,749</u>	<u>\$ 45,126</u>	<u>\$ 47,645</u> (Concluded)

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

## 9. TRADE RECEIVABLES

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<u>Trade receivables (including trade receivables from related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 1,610,544	\$ 1,133,638	\$ 1,648,620
Less: Allowance for impairment loss	<u>(2,921)</u>	<u>(768)</u>	<u>(1,683)</u>
	<u>\$ 1,607,623</u>	<u>\$ 1,132,870</u>	<u>\$ 1,646,937</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.

Except for individual customers who provide provision for losses when there is an obvious sign of impairment, 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, 2023

	<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>		
Expected credit loss rate	0.11%	3.85%	19.32%	-	
Gross carrying amount	\$ 1,584,361	\$ 24,775	\$ 1,408	\$ -	\$ 1,610,544
Loss allowance (Lifetime ECL)	<u>(1,695)</u>	<u>(954)</u>	<u>(272)</u>	<u>-</u>	<u>(2,921)</u>
Amortized cost	<u>\$ 1,582,666</u>	<u>\$ 23,821</u>	<u>\$ 1,136</u>	<u>\$ -</u>	<u>\$ 1,607,623</u>

December 31, 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>		
Expected credit loss rate	0.05%	1.00%	-	-	
Gross carrying amount	\$ 1,115,555	\$ 18,083	\$ -	\$ -	\$ 1,133,638
Loss allowance (Lifetime ECL)	<u>(588)</u>	<u>(180)</u>	<u>-</u>	<u>-</u>	<u>(768)</u>
Amortized cost	<u>\$ 1,114,967</u>	<u>\$ 17,903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,132,870</u>

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>		
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>(1,683)</u>
Amortized cost	<u>\$ 1,582,315</u>	<u>\$ 64,618</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 1,646,937</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>2023</u>	<u>2022</u>
Balance at January 1	\$ 768	\$ -
Add: Net remeasurement of loss allowance	<u>2,153</u>	<u>1,683</u>
Balance at June 30	<u>\$ 2,921</u>	<u>\$ 1,683</u>

**10. INVENTORIES**

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Raw material	\$ 2,812,255	\$ 3,069,957	\$ 2,259,804
Supplies	26,602	26,605	21,347
Inventory in transit	<u>9,412</u>	<u>-</u>	<u>13,646</u>
	<u>\$ 2,848,269</u>	<u>\$ 3,096,562</u>	<u>\$ 2,294,797</u>

The costs of inventories recognized as operating cost for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, were \$2,000,997 thousand, \$2,270,914 thousand, \$3,406,838 thousand and \$4,752,673 thousand, respectively. The costs of goods sold which included the inventory write-downs (reversal gain) for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, were \$(5,091) thousand, \$7,323 thousand, \$554 thousand and \$7,445 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, 2023	December 31, 2022	June 30, 2022	
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 Ecove Corporation	Waste treatment, disposal and cogeneration	50.06	50.06	50.06	-
	Ming Yu Investment Corporation	General 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, 2023	December 31, 2022	June 30, 2022
Associates that are not individually material			
Kun Lin Engineering Co., Ltd.	<u>\$ 145,014</u>	<u>\$ 175,944</u>	<u>\$ 143,434</u>
	<b>Proportion of Ownership and Voting Rights</b>		
Name of Associate	June 30, 2023	December 31, 2022	June 30, 2022
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	
	2023	2022	2023	2022
The Group's share of:				
Net income for the period	\$ 4,942	\$ 10,639	\$ 9,070	\$ 13,925

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	Construction in Progress and Equipment to Be Inspected	Total
<b>Cost</b>								
Balance at January 1, 2023	\$ 1,797,045	\$ 164,600	\$ 2,519,610	\$ 5,019,816	\$ 141,566	\$ 136,883	\$ 259,956	\$ 10,039,476
Additions	-	-	1,620	64,162	8,700	15,128	134,690	224,300
Disposals	-	-	-	(13,183)	(1,301)	(1,734)	-	(16,218)
Reclassification	-	-	-	48,374	-	94,061	-	142,435
Balance at June 30, 2023	\$ 1,797,045	\$ 164,600	\$ 2,521,230	\$ 5,119,169	\$ 148,965	\$ 244,338	\$ 394,646	\$ 10,389,993
<b>Accumulated depreciation and impairment</b>								
Balance at January 1, 2023	\$ -	\$ 140,174	\$ 1,917,840	\$ 4,427,672	\$ 96,386	\$ 68,026	\$ -	\$ 6,650,098
Disposals	-	-	-	(13,183)	(1,300)	(1,734)	-	(16,217)
Depreciation expense	-	2,339	28,736	57,670	6,463	6,491	-	101,699
Balance at June 30, 2023	\$ -	\$ 142,513	\$ 1,946,576	\$ 4,472,159	\$ 101,549	\$ 72,783	\$ -	\$ 6,735,580
Carrying amount at June 30, 2023	\$ 1,797,045	\$ 22,087	\$ 574,654	\$ 647,010	\$ 47,416	\$ 171,555	\$ 394,646	\$ 3,654,413
Carrying amount at January 1, 2023	\$ 1,797,045	\$ 24,426	\$ 601,770	\$ 592,144	\$ 45,180	\$ 68,857	\$ 259,956	\$ 3,389,378
<b>Cost</b>								
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	\$ 1,797,045	\$ 164,600	\$ 2,507,167	\$ 4,982,499	\$ 138,752	\$ 124,050	\$ 96,752	\$ 9,810,865
<b>Accumulated depreciation and impairment</b>								
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	\$ -	\$ 137,634	\$ 1,877,013	\$ 4,337,212	\$ 90,635	\$ 62,130	\$ -	\$ 6,504,624
Carrying amount at June 30, 2022	\$ 1,797,045	\$ 26,966	\$ 630,154	\$ 645,287	\$ 48,117	\$ 61,920	\$ 96,752	\$ 3,306,241

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>	
<u>Carrying amount</u>				
Land	\$ 36,772	\$ 47,911	\$ 47,867	
Other equipment	<u>732</u>	<u>1,072</u>	<u>1,473</u>	
	<u>\$ 37,504</u>	<u>\$ 48,983</u>	<u>\$ 49,340</u>	
	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 32</u>	<u>\$ 12,902</u>	<u>\$ 2,020</u>	<u>\$ 33,370</u>
Depreciation charge for right-of-use assets				
Land	\$ 5,902	\$ 5,470	\$ 12,378	\$ 10,007
Other equipment	<u>220</u>	<u>202</u>	<u>432</u>	<u>402</u>
	<u>\$ 6,122</u>	<u>\$ 5,672</u>	<u>\$ 12,810</u>	<u>\$ 10,409</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, 2023 and 2022.

### b. Lease liabilities

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<u>Carrying amount</u>			
Current	<u>\$ 19,434</u>	<u>\$ 24,903</u>	<u>\$ 23,827</u>
Non-current	<u>\$ 14,559</u>	<u>\$ 20,798</u>	<u>\$ 22,096</u>

Range of discount rates for lease liabilities was as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
	0.878%-1.674%	0.878%-1.47%	0.878%-1.192%

### 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 5 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	
	2023	2022	2023	2022
Expenses relating to short-term leases and low-value asset leases	\$ 4,507	\$ 3,697	\$ 8,868	\$ 8,487
Total cash outflow for leases	<u>\$ 12,341</u>	<u>\$ 11,358</u>	<u>\$ 22,139</u>	<u>\$ 20,335</u>

**15. INVESTMENT PROPERTIES**

	Amount
<u>Cost</u>	
Balance at January 1, 2023	\$ 292,655
Additions	<u>-</u>
Balance at June 30, 2023	<u>\$ 292,655</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2023	\$ (191,850)
Depreciation expense	<u>(1,001)</u>
Balance at June 30, 2023	<u>\$ (192,851)</u>
Carrying amount at June 30, 2023	<u>\$ 99,804</u>
Carrying amount at January 1, 2023	<u>\$ 100,805</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 302,004
Additions	<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>

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 the prices of similar properties in the market. The fair value of the investment real estate as of December 31, 2022 and 2021, were \$182,268 thousand and \$190,503 thousand, respectively. Comparing December 31, 2022 and 2021, there were no significant changes in the fair value of June 30, 2023 and 2022.

All of the Group's investment properties 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, 2023	December 31, 2022	June 30, 2022
Service concession arrangements*	\$ 5,687,626	\$ 4,952,881	\$ 4,370,030
Computer software	<u>6,744</u>	<u>6,906</u>	<u>5,977</u>
	<u>\$ 5,694,370</u>	<u>\$ 4,959,787</u>	<u>\$ 4,376,007</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. Upon completion of construction, Ever Ecove Corporation shall provide operational services until October 2043. Due to the impact of the epidemic, Ever Ecove Corporation did not complete the construction and the operations test before the end of March 2023. According to the Taoyuan City Government Correspondence Section, liquidated damages have been imposed, and relevant Provisions have been made. 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, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Prepaid expenses	\$ 29,205	\$ 12,441	\$ 22,788
Prepayments	11,077	24,386	27,013
Tax credit	<u>3,568</u>	<u>893</u>	<u>-</u>
	<u>\$ 43,850</u>	<u>\$ 37,720</u>	<u>\$ 49,801</u>
<u>Non-current</u>			
Prepayments for equipment	<u>\$ 332,540</u>	<u>\$ 219,610</u>	<u>\$ 105,442</u>

## 18. LONG-TERM BORROWINGS

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Secured borrowings</u>			
Bank loans	\$ 3,180,000	\$ 3,330,000	3,330,000
Less: Current portion of long-term borrowing	(434,900)	(150,000)	(234,900)
Unamortized discount	<u>(13,688)</u>	<u>(14,176)</u>	<u>(14,865)</u>
	<u>\$ 2,731,412</u>	<u>\$ 3,165,824</u>	<u>\$ 3,080,235</u>
Expiry date	These borrowings are gradually expiring before the end of October 2034.	These borrowings are gradually expiring before the end of October 2034.	These borrowings are gradually expiring before the end of October 2034.
Interest rate range	1.73%-2.32%	1.60%-2.05%	1.31%-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 is 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, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Other payables			
Dividend payable	\$ 2,085,497	\$ -	\$ 1,251,274
Payables for equipment	997,482	446,708	158,794
Payables for salaries or bonus	64,937	3,150	64,257
Payables for taxes	40,502	18,798	35,939
Payables for annual leave	35,158	39,673	32,630
Payables for compensation of employees and remuneration of directors	30,077	43,111	19,398
Payables for transportation fees	23,577	18,345	35,455
Payables for insurance expenses	10,695	13,408	10,593
Others	<u>164,976</u>	<u>147,667</u>	<u>87,607</u>
	<u>\$ 3,452,901</u>	<u>\$ 730,860</u>	<u>\$ 1,695,947</u>

## 21. PROVISIONS

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Warranties (a)	\$ 65,708	\$ 62,493	\$ 60,962
Onerous contract - loss on construction	247	9,244	722
Others	<u>13,800</u>	<u>-</u>	<u>-</u>
	<u>\$ 79,755</u>	<u>\$ 71,737</u>	<u>\$ 61,684</u>
<u>Non-current</u>			
Replacement (b)	<u>\$ 112,893</u>	<u>\$ -</u>	<u>\$ -</u>

- a. The contractual obligation of the warranty expenditure is expected to occur during the warranty period after the completion of the construction contracts.
- b. The Group made a provision for future anticipated replacement of intangible assets - service concession arrangements.

## 22. RETIREMENT BENEFIT PLANS

Employee benefits expense in respect of the Group's defined retirement benefit plans were \$2,485 thousand and \$3,118 thousand for the six months ended June 30, 2023 and 2022, respectively, and were calculated using the respective year's actuarially determined pension cost discount rate as of December 31, 2022 and 2021.

## 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, 2023</u>			
Assets			
Notes receivable	\$ 99,104	\$ -	\$ 99,104
Trade receivables	1,345,370	-	1,345,370
Inventories	2,825,441	-	2,825,441
Contract assets - current	<u>2,381,689</u>	<u>944,822</u>	<u>3,326,511</u>
	<u>\$ 6,651,604</u>	<u>\$ 944,822</u>	<u>\$ 7,596,426</u>

(Continued)

	<b>Within 1 Year</b>	<b>More Than 1 Year</b>	<b>Total</b>
<b>Liabilities</b>			
Notes payable	\$ 321,281	\$ -	\$ 321,281
Trade payables	961,854	107,196	1,069,050
Contract liabilities - current	<u>1,072,649</u>	<u>-</u>	<u>1,072,649</u>
	<u>\$ 2,355,784</u>	<u>\$ 107,196</u>	<u>\$ 2,462,980</u>
 <u>December 31, 2022</u>			
<b>Assets</b>			
Notes receivable	\$ 97,624	\$ -	\$ 97,624
Trade receivables	985,508	-	985,508
Inventories	3,073,889	-	3,073,889
Contract assets - current	<u>1,738,743</u>	<u>1,256,599</u>	<u>2,995,342</u>
	<u>\$ 5,895,764</u>	<u>\$ 1,256,599</u>	<u>\$ 7,152,363</u>
 <b>Liabilities</b>			
Notes payable	\$ 260,508	\$ -	\$ 260,508
Trade payables	947,474	83,260	1,030,734
Contract liabilities - current	<u>1,038,140</u>	<u>-</u>	<u>1,038,140</u>
	<u>\$ 2,246,122</u>	<u>\$ 83,260</u>	<u>\$ 2,329,382</u>
 <u>June 30, 2022</u>			
<b>Assets</b>			
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>
 <b>Liabilities</b>			
Notes payable	\$ 389,974	\$ -	\$ 389,974
Trade payables	1,123,845	189,621	1,313,466
Contract liabilities - current	<u>889,255</u>	<u>-</u>	<u>889,255</u>
	<u>\$ 2,403,074</u>	<u>\$ 189,621</u>	<u>\$ 2,592,695</u>
			(Concluded)

## 24. EQUITY

### a. Share capital

#### Ordinary shares

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
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>417,091</u>	<u>417,091</u>	<u>419,982</u>
Shares issued	<u>\$ 4,170,915</u>	<u>\$ 4,170,915</u>	<u>\$ 4,199,820</u>

On August 10, 2022, the board of directors resolved to cancel 2,891 thousand treasury shares. Furthermore, registration change was completed on September 27, 2022.

### b. Capital surplus

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Additional paid-in capital			
Issuance of ordinary shares	\$ 834,085	\$ 834,085	\$ 839,865
From business combinations	51,598	51,598	51,956
Treasury share transactions	424,933	424,933	439,828
<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>328</u>	<u>328</u>	<u>193</u>
	<u>\$ 1,319,454</u>	<u>\$ 1,319,454</u>	<u>\$ 1,340,352</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 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 the distribution of dividends and bonuses to shareholders. For the policies on distribution of compensation of employees and remuneration of directors before and after amendment, please 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 2022 and 2021 which were approved in shareholders' meetings on June 20, 2023 and June 10, 2022, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 266,477	\$ 146,908		
Cash dividends	2,085,457	1,251,274	\$ 5	\$ 3

d. Treasury shares

	<b>Shares Transferred to Employees (In Thousands of Shares)</b>
Number of shares at January 1, 2023	-
Additions	-
Less	<u>-</u>
Number of shares at June 30, 2023	<u>-</u>
Carrying amount at June 30, 2023	<u>\$ -</u>
Number of shares at January 1, 2022	2,891
Additions	-
Less	<u>-</u>
Number of shares at June 30, 2022	<u>2,891</u>
Carrying amount at June 30, 2022	<u>\$ 49,938</u>

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**

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Construction contract revenue	\$ 2,587,405	\$ 2,735,676	\$ 4,429,681	\$ 5,582,341
Revenue from waste treatment	526,476	448,498	1,043,873	845,715
Energy revenue	277,687	94,847	463,933	198,265
Revenue from containers repair	<u>45,398</u>	<u>46,693</u>	<u>91,182</u>	<u>90,541</u>
	<u>\$ 3,436,966</u>	<u>\$ 3,325,714</u>	<u>\$ 6,028,669</u>	<u>\$ 6,716,862</u>

a. Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022
Contract assets			
Properties construction	\$ 1,132,912	\$ 931,051	\$ 987,248
Retention receivable	2,233,441	2,129,618	2,274,017
Energy	444,254	139,189	-
Less: Allowance for impairment loss	<u>(39,842)</u>	<u>(65,327)</u>	<u>(75,138)</u>
	<u>\$ 3,770,765</u>	<u>\$ 3,134,531</u>	<u>\$ 3,186,127</u>
Contract liabilities			
Properties construction	\$ 1,072,649	\$ 1,038,140	\$ 889,255
Waste treatment	<u>21,367</u>	<u>11,982</u>	<u>28,444</u>
	<u>\$ 1,094,016</u>	<u>\$ 1,050,122</u>	<u>\$ 917,699</u>

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

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 65,327	\$ 77,948
Add: Net remeasurement of loss allowance reversed	<u>(25,485)</u>	<u>(2,810)</u>
Balance at June 30	<u>\$ 39,842</u>	<u>\$ 75,138</u>

b. Partially completed contracts

As of June 30, 2023, December 31, 2022 and June 30, 2022, the transaction price allocated to contract performance obligations that have not been completed totaled \$20,031,101 thousand, \$16,255,276 thousand and \$12,142,353 thousand respectively. The Group shall gradually recognize revenues based on the completion status of the projects. The revenues from the contracts are expected to be recognized before the end of June 2026.

## 26. NET PROFIT FROM CONTINUING OPERATIONS

a. Other income

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Dividend income	\$ 1,300,662	\$ 822,414	\$ 1,300,662	\$ 822,414
Rental income	2,027	2,095	4,001	4,869
Others (Note 31)	<u>4,011</u>	<u>5,530</u>	<u>7,123</u>	<u>6,481</u>
	<u>\$ 1,306,700</u>	<u>\$ 830,039</u>	<u>\$ 1,311,786</u>	<u>\$ 833,764</u>

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Gain on disposal of property, plant and equipment	\$ 266	\$ 464	\$ 313	\$ 567
Net foreign exchange losses	(1,697)	(3,646)	(2,857)	(4,244)
Others	<u>(6,377)</u>	<u>(241)</u>	<u>(15,077)</u>	<u>(953)</u>
	<u>\$ (7,808)</u>	<u>\$ (3,423)</u>	<u>\$ (17,621)</u>	<u>\$ (4,630)</u>

c. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Interest on bank loans	\$ 18,187	\$ 14,524	\$ 35,088	\$ 28,434
Interest on commercial paper	9	107	48	557
Interest on lease liabilities	109	102	237	176
Interest on replacement provision	131	-	131	-
Less: Amounts included in the cost of qualifying assets	<u>(16,376)</u>	<u>(12,626)</u>	<u>(31,637)</u>	<u>(24,896)</u>
	<u>\$ 2,060</u>	<u>\$ 2,107</u>	<u>\$ 3,867</u>	<u>\$ 4,271</u>

Information about capitalized interest is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Capitalized interest amount	<u>\$ 16,376</u>	<u>\$ 12,626</u>	<u>\$ 31,637</u>	<u>\$ 24,896</u>
Capitalization rate	1.95%-2.32%	1.79%	1.95%-2.32%	1.79%

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Property, plant and equipment	\$ 50,558	\$ 96,459	\$ 101,699	\$ 192,523
Investment property	500	500	1,001	1,001
Right-of-use assets	6,122	5,672	12,810	10,409
Intangible assets	<u>23,500</u>	<u>961</u>	<u>24,591</u>	<u>2,127</u>
	<u>\$ 80,680</u>	<u>\$ 103,592</u>	<u>\$ 140,101</u>	<u>\$ 206,060</u>

(Continued)

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
An analysis of depreciation by function				
Operating costs	\$ 53,925	\$ 98,811	\$ 109,082	\$ 196,379
Operating expenses	<u>3,255</u>	<u>3,820</u>	<u>6,428</u>	<u>7,554</u>
	<u>\$ 57,180</u>	<u>\$ 102,631</u>	<u>\$ 115,510</u>	<u>\$ 203,933</u>
An analysis of amortization by function				
Operating costs	\$ 22,505	\$ 158	\$ 22,634	\$ 313
Operating expenses	<u>995</u>	<u>803</u>	<u>1,957</u>	<u>1,814</u>
	<u>\$ 23,500</u>	<u>\$ 961</u>	<u>\$ 24,591</u>	<u>\$ 2,127</u>

(Concluded)

e. Employee benefits expense

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Post-employment benefits				
Defined contribution plans	\$ 5,664	\$ 5,540	\$ 11,106	\$ 10,655
Defined benefit plans (Note 22)	1,243	1,636	2,485	3,118
Other employee benefits	<u>203,110</u>	<u>197,996</u>	<u>394,693</u>	<u>387,196</u>
Total employee benefits expense	<u>\$ 210,017</u>	<u>\$ 205,172</u>	<u>\$ 408,284</u>	<u>\$ 400,969</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 102,523	\$ 102,069	\$ 203,427	\$ 197,873
Operating expenses	<u>107,494</u>	<u>103,103</u>	<u>204,857</u>	<u>203,096</u>
	<u>\$ 210,017</u>	<u>\$ 205,172</u>	<u>\$ 408,284</u>	<u>\$ 400,969</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, 2023 and 2022, were as follows:

Accrual rate

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	0.50%	0.50%
Remuneration of directors	0.14%	0.15%

Amount

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Compensation of employees	\$ 9,980	\$ 6,466	\$ 12,850	\$ 8,471
Remuneration of directors	1,750	1,250	3,500	2,500

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

The appropriations of employees' compensation and remuneration of directors for 2022 and 2021 that were resolved by the board of directors on March 10, 2023 and March 21, 2022, respectively, were as shown below:

Amount

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 13,600	\$ 7,141
Remuneration of directors	7,000	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, 2022 and 2021.

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	
	2023	2022	2023	2022
Current tax				
In respect of the current period	\$ 177,404	\$ 120,921	\$ 326,251	\$ 222,471
Income tax on unappropriated earnings	22,309	9,308	22,309	9,308
Shareholders' investment tax credits	(25,925)	-	(50,526)	-
Adjustment for prior year	<u>(857)</u>	<u>(3,431)</u>	<u>(857)</u>	<u>(3,431)</u>
	<u>172,931</u>	<u>126,798</u>	<u>297,177</u>	<u>228,348</u>
Deferred tax				
In respect of the current period	(7,136)	6,175	(2,281)	8,777
Shareholders' investment tax credits	<u>25,925</u>	<u>-</u>	<u>50,526</u>	<u>-</u>
	<u>18,789</u>	<u>6,175</u>	<u>48,245</u>	<u>8,777</u>
Income tax expense recognized in profit or loss	<u>\$ 191,720</u>	<u>\$ 132,973</u>	<u>\$ 345,422</u>	<u>\$ 237,125</u>

### b. Income tax assessments

The income tax of the Group through 2021 have been assessed by the Tax Authorities.

## 28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Basic earnings per share	<u>\$ 4.47</u>	<u>\$ 2.90</u>	<u>\$ 5.64</u>	<u>\$ 3.73</u>
Diluted earnings per share	<u>\$ 4.47</u>	<u>\$ 2.90</u>	<u>\$ 5.63</u>	<u>\$ 3.72</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	
	2023	2022	2023	2022
Profit for the period attributable to owners of the Company	<u>\$ 1,864,530</u>	<u>\$ 1,210,769</u>	<u>\$ 2,351,810</u>	<u>\$ 1,553,884</u>

## Shares

	<b>Unit: In Thousand Shares</b>			
	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	417,091	417,091	417,091	417,091
Effect of potentially dilutive ordinary shares:				
Compensation of employees	<u>192</u>	<u>141</u>	<u>289</u>	<u>194</u>
Weighted average number of ordinary shares outstanding in the computation of diluted earnings per share	<u>417,283</u>	<u>417,232</u>	<u>417,380</u>	<u>417,285</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, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 10,098,623	\$ -	\$ -	\$ 10,098,623
Unlisted shares - ROC	-	-	1,832,430	1,832,430
Unlisted shares in other country	-	-	171,977	171,977
	<u>\$ 10,098,623</u>	<u>\$ -</u>	<u>\$ 2,004,407</u>	<u>\$ 12,103,030</u>

Fair value hierarchy as of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 9,258,913	\$ -	\$ -	\$ 9,258,913
Unlisted shares - ROC	-	-	869,705	869,705
Unlisted shares in other country	-	-	158,820	158,820
	<u>\$ 9,258,913</u>	<u>\$ -</u>	<u>\$ 1,028,525</u>	<u>\$ 10,287,438</u>

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>

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 8,565,552	\$ 6,208,946	\$ 7,453,282
Financial assets at FVTOCI			
Equity instruments	12,103,030	10,287,438	11,877,760
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	6,135,901	5,412,316	5,487,832
Lease liabilities	33,993	45,701	45,923

- 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 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 had been no change 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 34.

### Sensitivity analysis

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

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.

	<b>USD Impact</b>		<b>EUR Impact</b>	
	<b>For the Six Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit or loss	\$ <u>735</u> *	\$ <u>633</u> *	\$ <u>(1,937)</u> *	\$ <u>286</u> *
	<b>JPY Impact</b>		<b>RMB Impact</b>	
	<b>For the Six Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit or loss	\$ <u>(3,886)</u> *	\$ <u>2,420</u> *	\$ <u>(169)</u> *	\$ <u>(293)</u> *

\* This was mainly attributable to the exposure on outstanding demand deposits and payables in USD, EUR, JPY and RMB 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.

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Fair value interest rate risk			
Financial assets	\$ 1,784,779	\$ 1,658,930	\$ 806,299
Financial liabilities	33,993	45,701	45,923
Cash flow interest rate risk			
Financial assets	3,637,002	3,157,831	3,681,451
Financial liabilities	3,166,312	3,315,824	3,315,135

### 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, 2023 and 2022 would have increased/decreased by \$1,177 thousand and \$916 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, 2023 and 2022 would have increased/decreased by \$363,091 thousand and \$356,333 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

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

#### 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk which may cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the consolidated 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 43% and 28% of total trade receivables as of June 30, 2023 and 2022, respectively, were 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, 2023 and 2022, the Group had available unutilized bank loan facilities as set out in (b) below.

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed upon repayment periods. The tables 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, 2023

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 4,865,867	\$ 147,565	\$ 43,337
Lease liabilities	19,700	14,686	-
Variable interest rate liabilities	<u>505,647</u>	<u>962,559</u>	<u>2,182,973</u>
	<u>\$ 5,391,214</u>	<u>\$ 1,124,810</u>	<u>\$ 2,226,310</u>

December 31, 2022

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 1,988,840	\$ 107,652	\$ -
Lease liabilities	25,275	21,013	-
Variable interest rate liabilities	<u>208,185</u>	<u>1,244,967</u>	<u>2,326,808</u>
	<u>\$ 2,222,300</u>	<u>\$ 1,373,632</u>	<u>\$ 2,326,808</u>

June 30, 2022

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<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>

b) Financing facilities

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank facilities			
Amount used	\$ 296,337	\$ 366,317	\$ 602,950
Amount unused	<u>6,587,663</u>	<u>6,597,683</u>	<u>6,361,050</u>
	<u>\$ 6,884,000</u>	<u>\$ 6,964,000</u>	<u>\$ 6,964,000</u>
Secured bank facilities			
Amount used	\$ 4,380,000	\$ 4,380,000	\$ 3,780,000
Amount unused	<u>1,418,400</u>	<u>1,418,400</u>	<u>2,018,400</u>
	<u>\$ 5,798,400</u>	<u>\$ 5,798,400</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 upon 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 Marine Corporation (Taiwan) Ltd.	Investor that has significant influence over the Group (related party in substance prior to October 2022)
Chang Yung-Fa Foundation	Became related party in substance in November 2022
Evergreen International Storage & Transport Corporation	Became related party in substance in November 2022
Evergreen International Corporation	Related party in substance (investor that has significant influence over the Group prior to October 2022)
Evergreen Security Corporation	Related party in substance
UNI Airways Corporation	Related party in substance
Ever Accord Construction Corporation	Related party in substance
EVA Airways Corporation	Related party in substance
Kun Lin Engineering Corporation	Associate

b. Operating revenue

<u>Related Party</u>	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2023	2022	2023	2022
Investor that has significant influence over the Group	\$ 43,128	\$ 222	\$ 86,110	\$ 380
Related party in substance	<u>699</u>	<u>43,981</u>	<u>1,129</u>	<u>87,877</u>
	<u>\$ 43,827</u>	<u>\$ 44,203</u>	<u>\$ 87,239</u>	<u>\$ 88,257</u>

The sales conditions for related parties in substance were not significantly different from those sales made to the Group's usual prices list. There was no comparable sales price between non-related parties and related party in substance for repairing containers.

c. Other income

<b>Related Party</b>	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Associate	<u>\$ 330</u>	<u>\$ 230</u>	<u>\$ 330</u>	<u>\$ 230</u>

d. Purchases of goods and expenses

<b>Related Party</b>	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Investor that has significant influence over the Group	\$ 519	\$ 841	\$ 567	\$ 3,053
Related party in substance	8,651	5,383	15,958	10,928
Associate	<u>-</u>	<u>-</u>	<u>340</u>	<u>310</u>
	<u>\$ 9,170</u>	<u>\$ 6,224</u>	<u>\$ 16,865</u>	<u>\$ 14,291</u>

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

e. Contract assets

<b>Related Party</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Related party in substance	<u>\$ 29,418</u>	<u>\$ 66,126</u>	<u>\$ 102,742</u>

For the six months ended June 30, 2022 and year ended December 31, 2022, impairment loss of \$894 thousand and \$1,880 thousand, respectively, were recognized for contract assets from related parties.

f. Receivables from related parties

Trade receivables

<b>Related Party</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Investor that has significant influence over the Group	\$ 30,773	\$ 31,092	\$ 110
Related party in substance	<u>247</u>	<u>428</u>	<u>31,509</u>
	<u>\$ 31,020</u>	<u>\$ 31,520</u>	<u>\$ 31,619</u>

For the six months ended June 30, 2023 and the year ended December 31, 2022, impairment loss of \$41 thousand and \$19 thousand, respectively, were recognized for trade receivables from related parties.

Other receivables

<b>Related Party</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Investor that has significant influence over the Group - Evergreen Marine Corporation (Taiwan) Ltd.	\$ 1,273,314	\$ -	\$ -
Related party in substance - Evergreen Marine Corporation (Taiwan) Ltd.	-	-	818,559
Related party in substance	<u>22,590</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,295,904</u>	<u>\$ -</u>	<u>\$ 818,559</u>

The outstanding trade receivables from related parties are unsecured. Other receivables from related parties on June 30, 2023 and 2022 were dividend receivables.

g. Payables to related parties

Trade payables

<b>Related Party</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Related party in substance	<u>\$ 210</u>	<u>\$ 319</u>	<u>\$ -</u>

Other payables

<b>Related Party</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Investor that has significant influence over the Group	\$ 65	\$ 1	\$ 708
Related party in substance	<u>3,998</u>	<u>3,243</u>	<u>2,650</u>
	<u>\$ 4,063</u>	<u>\$ 3,244</u>	<u>\$ 3,358</u>

The outstanding trade payables to related parties are unsecured.

h. Acquisition of property, plant and equipment

<b>Related Party</b>	<b>Purchase Price</b>	
	<b>For the Six Months Ended</b>	
	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>
Related party in substance	<u>\$ 600</u>	<u>\$ -</u>

i. Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 12,192	\$ 8,889	\$ 23,750	\$ 18,826
Post-employment benefits	<u>64</u>	<u>117</u>	<u>146</u>	<u>353</u>
	<u>\$ 12,256</u>	<u>\$ 9,006</u>	<u>\$ 23,896</u>	<u>\$ 19,179</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, 2023	December 31, 2022	June 30, 2022
Property, plant, and equipment, net	\$ 2,200,649	\$ 2,229,484	\$ 2,247,908
Investment properties	92,702	93,703	94,704
Financial assets at amortized cost	<u>66,145</u>	<u>73,414</u>	<u>70,376</u>
	<u>\$ 2,359,496</u>	<u>\$ 2,396,601</u>	<u>\$ 2,412,988</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, 2023 and 2022 were as follows:

- a. As of June 30, 2023, December 31, 2022 and June 30, 2022, unused letters of credit for purchasing of materials were as follows:

**Unit: In Thousands of Foreign Currency/New Taiwan Dollars**

Currency	June 30, 2023	December 31, 2022	June 30, 2022
NTD	\$ 335,475	\$ 198,364	\$ 403,372
USD	1,255	-	30

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

**Unit: In Thousands of Foreign Currency/New Taiwan Dollars**

Currency	June 30, 2023	December 31, 2022	June 30, 2022
JPY	\$ -	\$ 380,000	\$ 583,346
NTD	-	356,595	951,233
EUR	-	1,183	1,330
USD	-	500	577

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

**Unit: In Thousands of Foreign Currency/New Taiwan Dollars**

<b>Currency</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
NTD	\$ 1,086,289	\$ 715,275	\$ 780,334
EUR	231	663	2,402

**34. 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, 2023

**Unit: In Thousands of Foreign Currency/New Taiwan Dollars**

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,021	31.14 (USD:NTD)	\$ 31,806
EUR	145	33.81 (EUR:NTD)	4,902
JPY	214,345	0.215 (JPY:NTD)	46,084
<u>Financial liabilities</u>			
Monetary items			
USD	549	31.14 (USD:NTD)	17,105
EUR	1,291	33.81 (EUR:NTD)	43,644
JPY	575,833	0.215 (JPY:NTD)	123,804
RMB	788	4.282 (RMB:NTD)	3,375

December 31, 2022

**Unit: In Thousands of Foreign Currency/New Taiwan Dollars**

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 332	30.71 (USD:NTD)	\$ 10,204
EUR	184	32.72 (EUR:NTD)	6,020
JPY	214,344	0.2324 (JPY:NTD)	49,814
<u>Financial liabilities</u>			
Monetary items			
USD	50	30.71 (USD:NTD)	1,547
EUR	147	32.72 (EUR:NTD)	4,815
JPY	195,833	0.2324 (JPY:NTD)	45,512
RMB	793	4.408 (RMB:NTD)	3,495

June 30, 2022

**Unit: In Thousands of Foreign Currency/New Taiwan Dollars**

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<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
<u>Financial liabilities</u>			
Monetary items			
RMB	1,321	4.439 (RMB:NTD)	5,865

### **35. SEPARATELY DISCLOSED ITEMS**

a. Information on significant transactions and information on investees:

- 1) Financing provided: None.
- 2) Endorsements/guarantees provided: See Table 1 below.
- 3) Marketable securities held (excluding investment in subsidiaries, associates and jointly controlled entities): See Table 2 below.
- 4) Marketable securities acquired and 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) Names, locations, and related information of investees accounted for: See Table 6 below.
- b. Information on investments in mainland China:
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. See Table 7 below.
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
    - c) The amount of property transactions and the amount of the resultant gains or losses.
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purpose.
    - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds.
    - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- c. Information on major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: See Table 8 attached.

### 36. SEGMENT INFORMATION

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

- Segment revenue and results

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

	Steel Structures	Hsin Yung Enterprise Corporation	Super Max Engineering Enterprise Co., Ltd.	Ever Ecove Corporation	Others	Eliminations	Total
For the six months ended <u>June 30, 2023</u>							
Revenue from external customers	\$ 4,429,681	\$ 569,267	\$ 336,465	\$ 602,074	\$ 91,182	\$ -	\$ 6,028,669
Segment income	\$ 850,098	\$ 401,224	\$ 103,602	\$ 358,888	\$ 15,725	\$ 743	\$ 1,730,280
Interest income							33,263
Other income							1,311,786
Other gains and losses							(17,621)
Finance costs							(3,867)
Share of profit of associates and joint ventures accounted for using equity method							9,070
Profit before tax							\$ 3,062,911
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	\$ 5,582,341	\$ 613,370	\$ 365,010	\$ 66,185	\$ 90,541	\$ (585)	\$ 6,716,862
Segment income	\$ 648,564	\$ 338,194	\$ 137,659	\$ 23,610	\$ 15,535	\$ 867	\$ 1,164,429
Administration cost							(27,365)
Interest income							15,012
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							13,925
Profit before tax							\$ 1,990,864

Segment profit represented the profit before tax earned by each segment without 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.

## EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Amount Provided To Each Guarantee Party	Maximum Amount Endorsed/ Guaranteed During the Period	Ending Balance	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Evergreen Steel Corporation	Ever Ecove Corporation	Subsidiary	\$ 12,026,396	\$ 2,842,000	\$ 2,842,000	\$ 2,226,000	\$ -	11.82	\$ 12,026,396	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	12,026,396	241,838	241,838	105,262	-	1.01	12,026,396	-	-	-	Note 2
1	Ming Yu Investment Corporation	Evergreen Steel Corporation	Parent company	5,024,200	1,201,220	1,201,220	1,201,220	-	478.17	5,024,200	-	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, 2023

(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, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Evergreen Steel Corporation	<u>Ordinary shares</u> EVA Airways Corporation	Related party in substance	Financial assets at FVTOCI - non-current	196,202,763	\$ 7,808,870	3.65	\$ 7,808,870	
	Shin Kong Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	7,931,339	70,589	0.05	70,589	
	Evergreen Marine Corporation (Taiwan) Ltd.	Investor that has significant influence over the Group	Financial assets at FVTOCI - non-current	15,304,681	1,430,988	0.72	1,430,988	
	Taiwan High Speed Rail Corporation	-	Financial assets at FVTOCI - non-current	16,000,000	514,400	0.28	514,400	
	Taiwan Terminal Services Corporation	Related party in substance	Financial assets at FVTOCI - non-current	100,000	1,258	1.00	1,258	
	Taiwan Aerospace Corporation	-	Financial assets at FVTOCI - non-current	5,502,847	64,493	4.06	64,493	
	Pacific Resources Corporation	-	Financial assets at FVTOCI - non-current	19,195	204	2.56	204	
	Taiwan Incubator SME Development Corporation	-	Financial assets at FVTOCI - non-current	7,689,240	75,201	10.90	75,201	
	Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Related party in substance	Financial assets at FVTOCI - non-current	6,678,735	171,977	13.39	171,977	
	Dongwei Transportation Co., Ltd.	-	Financial assets at FVTOCI - non-current	660,000	7,385	18.86	7,385	
	Ever Accord Construction Corporation	Related party in substance	Financial assets at FVTOCI - non-current	8,249,969	91,125	12.50	91,125	
	UNI Airways Corporation	Related party in substance	Financial assets at FVTOCI - non-current	56,474,992	1,592,595	14.99	1,592,595	
	Evergreen Security Corporation	Related party in substance	Financial assets at FVTOCI - non-current	10,000	169	0.05	169	
	Hsin Yung Enterprise Corporation	Evergreen Marine Corporation (Taiwan) Ltd.	Investor that has significant influence over the Group	Financial assets at FVTOCI - non-current	2,885,519	269,796	0.14	269,796
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	Related party in substance	Financial assets at FVTOCI - non-current	100,000	3,980	-	3,980	

**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, 2023**  
**(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			
Hsin Yung Enterprise Corporation	Equipment system maintenance, update and improvement	March 3, 2023	\$ 1,266,204	\$ 468,739	ESAN Welding Corporation Siemens Energy	-	-	-	-	\$ -	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, 2023

(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 (Taiwan) Ltd.	Investor that has significant influence over the Group	\$ 1,071,328	-	\$ -	-	\$ 1,071,328	\$ -
Hsin Yung Enterprise Corporation	Evergreen Marine Corporation (Taiwan) Ltd.	Investor that has significant influence over the Group	201,986	-	-	-	201,986	-

Note: The other receivables are all dividend receivables.

**EVERGREEN STEEL CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2023  
(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	\$ 366	According to mutual agreements	0.01
				Other income	359	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, 2023. For profit or loss items, cumulative amounts are shown as percentages to the consolidated total operating revenue for the six months ended June 30, 2023.

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

**EVERGREEN STEEL CORPORATION AND SUBSIDIARIES**

**NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ACCOUNTED FOR FOR THE SIX MONTHS ENDED JUNE 30, 2023**  
(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, 2023			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				June 30, 2023	December 31, 2022	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Evergreen Steel Corporation	Hsin Yung Enterprise Corporation	Taiwan	Waste treatment, disposal and cogeneration	\$ 992,666	\$ 992,666	99,266,577	68.46	\$ 1,725,825	\$ 535,989	\$ 366,937	Subsidiary
	Super Max Engineering Enterprise Co., Ltd.	Taiwan	Waste collection, treatment and disposal	594,441	594,441	24,147,144	48.13	949,435	93,761	45,123	Subsidiary
	Ever Ecove Corporation	Taiwan	Waste treatment, disposal and cogeneration	801,000	801,000	80,100,000	50.06	1,054,090	296,348	148,359	Subsidiary
	Ming Yu Investment Corporation	Taiwan	General investment activities	239,487	239,487	10,350,000	100.00	251,566	1,393	1,393	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	145,014	18,140	9,070	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, 2023  
(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, 2023	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership (%)	Share of Profit (Loss) (Note 2)	Carrying Amount as of June 30, 2023	Accumulated Inward Remittance of Earnings as of June 30, 2023	Note
					Outflow	Inflow							
Kunshan Weisheng Environmental Equipment Engineering Co., Ltd.	Design, manufacture and installation of waste water, waste gas equipment and various piping	\$ 12,456 (US\$ 400)	c	\$ 12,456 (US\$ 400)	\$ -	\$ -	\$ 12,456 (US\$ 400)	\$ 34,806 (RMB 7,896)	24.07	\$ 8,375	\$ 34,641	\$ 62,994 (US\$ 2,023)	

Accumulated Investments in Mainland China as of June 30, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on Investment
\$ 12,456 (US\$ 400)	\$ 12,456 (US\$ 400)	\$ 16,344,623

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, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Evergreen Marine Corporation (Taiwan) Ltd.	79,248,000	19.00
Chang, Kuo-Hua	25,756,820	6.17
Continental Engineering Corporation	25,645,907	6.14
Chang Yung-Fa Foundation	25,008,820	5.99
Chang, Kuo-Cheng	25,008,820	5.99

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.