EVERGREEN STEEL CORP.

EGST

TSE:
2211

Evergreen Steel Corp.'s annual report is available on the following websites:

Taiwan Stock Exchange Market Observation Post System:
https://mops.twse.com.tw/

Evergreen Steel Corp.'s official website:
https://www.evergreennet.com/

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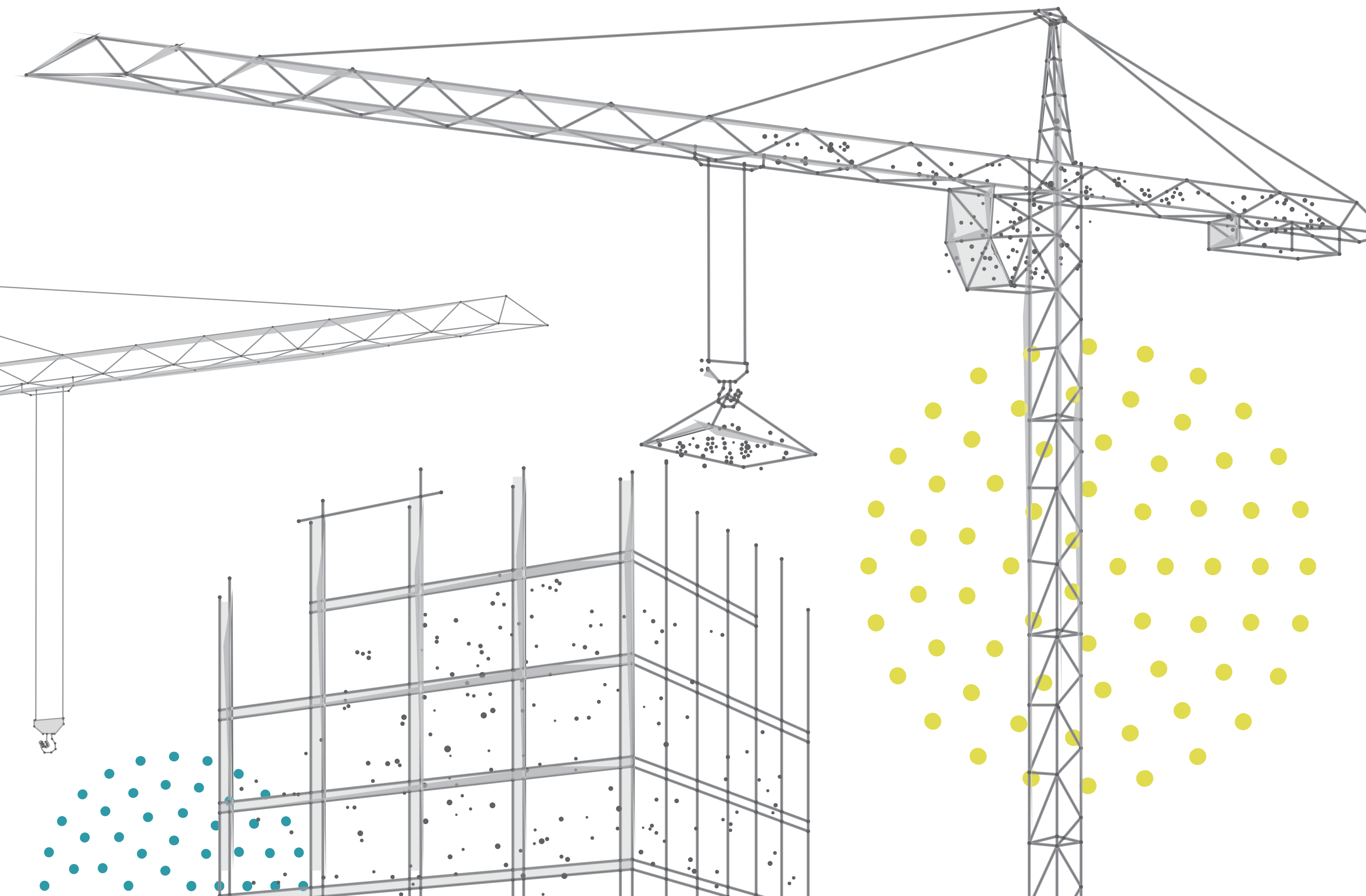
2020 ANNUAL REPORT



COMPANY LOCATION

- Taipei Head Office: 11F, No. 100, Sec. 2, Chang-An E. Rd., Zhongshan Dist., Taipei City, Taiwan
  Phone: (886)2-2513-5701
- Hsinchu Factory: No. 99, Guangfu N. Rd., Hukou Township, Hsinchu County, Taiwan
  Phone: (886)3-598-3616
- Hsinying Factory: No. 66, Bade Rd., Yanshui Dist., Tainan City, Taiwan
  Phone: (886)6-652-0066
- Kaohsiung Factory: No. 16, Taiji Rd., Xiaogang Dist., Kaohsiung City, Taiwan
  Phone: (886)7-801-9815

STOCK TRANSFER AGENT

Name: Stock Service Department of KGI Securities Corporation
Address: 5F, No. 2, Section 1, Chongqing S. Road, Zhongzheng District, Taipei City, Taiwan
Phone: (886)2-2389-2999
Website: http://www.KGIeWorld.com.tw

SPOKESPERSON

Name: Liu, Pang-En
Title: President
Phone: (886)2-2513-5701
Email:finacs@evergreennet.com

DEPUTY SPOKESPERSON

Name: Yeh, Jia-Chyuan
Title: Head of Finance Department
Phone: (886)2-2513-5701
Email:finacs@evergreennet.com

AUDITORS

Deloitte & Touche
Auditors: Chang, Ching-Fu and Chao, Yung-Hsiang
Address: 20F, No. 100, Songren Road, Xinyi District, Taipei City, Taiwan
Phone: (886)2-2725-9988
Website: http://www.deloitte.com.tw

NAME OF ANY EXCHANGES WHERE THE COMPANY'S SECURITIES ARE TRADED OFFSHORE, AND THE METHOD BY WHICH TO ACCESS INFORMATION ON SAID OFFSHORE SECURITIES

The Company doesn’t issue offshore securities.

CORPORATE WEBSITE

https://www.evergreennet.com

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I. Letter to Shareholders

1.1 Business Performance in 2020

1.1.1 Business Fulfilment in 2020

The Company's consolidated revenue in 2020 was NT$9,349.65 million. Its net income after tax was NT$ 1,404.26 million, increasing NT$ 783 million, or 5.91%, over the same period of the previous year. Earnings per share was NT$ 2.65.

In 2020, the global economy suffered a severe blow because of the COVID-19 pandemic. Nevertheless, the domestic steel structure market continued to rally due to demand for steel structures by domestic public construction projects, building construction projects, and factories for homecoming Mainland China-based Taiwanese enterprises. As changes of composition of waste produced in recent years has pushed up their heat value and stability of the Company's equipment has decreased after nearly 20 years of operation, the workload of the environmental protection equipment has increased, which resulted in a slight decrease of volume of processed waste compared with the same period last year. Nevertheless, the overall profit in 2020 still outperforms the previous year. An overview of the Company's business areas is as follows:

1. Steel Structure Business Division :

In 2020, the orders received by the Company amounted to 200,000 tons (public construction accounted for 18%, high-rise construction accounted for 37%, and factory construction accounted for 45%), an increase of 140,000 tons over 2019 or 45% growth. In particular, orders placed for public construction amounted to 40,000 tons, or a 15% decrease over 2019; orders placed for high-rise construction reached 70,000 tons, or a 33% increase over 2019; and orders placed for factory construction amounted to 90,000 tons, or a 128% increase over 2019. The high percentage of orders placed for factory construction reflected an obvious increase in demand for construction of factories. However, the Company's operations in 2020 were affected by the fluctuation of raw materials prices and postponed delivery of factory structures as a knock-on effect of a critical labor shortage in the construction industry. Despite the aforementioned impact on production and building construction, the Company nevertheless reached its profit target thanks to effective internal cost controls by all business departments.

Due to increased volume of production of steel structures by the Hsinchu Factory after its transformation in the second half of 2019, the number of tons (of our products) sold by the Company in 2020 reached about 140,000 tons, up 25.17% over 2019, and the operating revenue reached NT$ 7,117.9 million, up 19.26% over 2019.

As the COVID-19 pandemic swept the world in 2020, domestic demand for steel structures increased because the number and diversity of China-based Taiwanese businesses returning to Taiwan increased thanks to effective control of the pandemic in Taiwan. The business performance of the steel structure sector is determined by domestic demand. Additionally, loose monetary policy, low interest rates, and hot-money investments in the domestic real estate market were also reasons why the Company received a larger number of orders in 2020.

2. Container Department:

The Company's operating revenue for 2020 was NT$ 145.99 million, up 3.49% over 2019.

3. Environmental Protection Business:
   (1) Hsin Yung Enterprise Corporation (HYEC): the company's 2020 operating revenue was NT$ 1,320.22 million, a decrease of 2.39% over 2019, mainly due to the continued increase of heat value of waste and inevitable decrease of equipment stability after nearly 20 years of operation, which resulted in reduction of its processing capacity.

   (2) Super Max Engineering Enterprise Co., Ltd. (SMEEC): the company's 2020 operating revenue was NT$ 765.54 million, a decrease of 5.04% over 2019, due to operation of new factories established by its competitors, which resulted in downward pressure on prices and therefore a slight decrease of revenue and profit.

   (3) Ever Ecove Corp.: the construction of the company's facilities began in 2020 and 80% of the construction work had been completed as of the end of 2020.

   The impact of the COVID-19 pandemic on the environmental protection business of EGST is as follows:
   (1) Hsin Yung Enterprise Corporation (HYEC): Hsin Yung Enterprise Corporation mainly processes municipal waste from Taoyuan City. As the population and number of businesses in Taoyuan City have continued to grow and the need for processing household and industrial waste has therefore increased, the COVID-19 pandemic has not made an impact on HYEC's business.

   (2) Super Max Engineering Enterprise Co., Ltd. (SMEEC): SMEEC mainly engages in the treatment of hazardous and medical waste. Thanks to effective control of the COVID-19 pandemic in Taiwan and capacity increase of domestic high-tech companies due to new orders placed by foreign countries due to increasingly strict pandemic control measures in these countries, the volume of waste processed by SMEEC in 2020 was similar to 2019, and the COVID-19 pandemic has not impacted its business.

1.1.2 Business Targets and Performance Overview

The Company's forecasted consolidated revenue for 2020 was NT$ 9,699.63 million; the actual revenue was NT$9,349.65 million. The achievement rate was 96.39%. The forecasted EBT was NT$1482.68 million. Actual EBT was NT$1,734.82 million. The achievement rate was 117.01%.

1.1.3 Revenue and Profit Analysis

1. Revenue
   The Company's consolidated revenue for 2020 was NT$ 9,349.65 million, a year-on-year increase of 13.08% over 2019, mainly because the Hsinchu Factory began volume production in the second half of 2019, which increased overall production volume of the Company. The operating cost was NT$ 7,323.35 million, a year-on-year increase of 14.58%. Other net income was NT$200.5 million, a year-on-year decrease of NT$77.58 million. EAT was NT$1,404.26 million, a year-on-year increase of NT$78.3 million.

2. Profit Analysis

The year 2020's return on assets was 6.72%; return on equity was 8.88%; net profit margin was 15.02%; and earnings per share was NT$2.65.

1.1.4 Research and Development

1. After transformation of the Hsinchu Factory to steel structure processing, its monthly capacity reached over 3,000 tons in 2020.

2. The BOX SAW machine, part of the Hsinchu Factory production line, is now operated by one person instead of two, increasing efficiency of our HR resources.

1.2 Operational Strategy for 2021

1.2.1 Operational Direction

1. Generally speaking, the demand for steel structures in year 2020 remained high. Currently, the Company focuses on continued outsourcing of different business activities for cost control purposes, searching for new contractors for outsourcing, and enhancement of operating capacity and performance of our factories in Xinying and Hsinchu. The Company will continue to carry out quality control, increase its competitiveness, and maintain good relationships with existing clients, as well as seek famous domestic and foreign clients for long-term client base management.

2. Environmental protection business:
   (1) The Company's priorities are optimization of performance of the machinery and maintenance and enhanced operational reliability of the equipment.
   (2) Due to establishment of new factories by our competitors, our treatment of general industrial waste faces a price war. The Company will endeavor to increase profit by soliciting the business of complicated treatment of high-priced waste.

1.2.2 Forecast of Business Performance

The recovery of the real estate market due to low interest rates, capital inflow and increased sales in 2021 has pushed up the number of new residential buildings and driven a steady increase of new factories, office buildings, electronics factories, and public construction projects. As a result, the steel structure market has grown steadily amid stable economic development. As the continued increase of raw materials prices and ongoing labor shortage continue to impact the Company, it will endeavor to maintain its client base while actively soliciting business of construction projects with higher margins. The company will also seek the consent of clients for adjustable prices of our steel products arrange prepayment in order to enhance operational performance.

The impact of the COVID-19 pandemic to the Company has been relatively minor as steel structures are mainly sold to domestic clients for construction of large buildings, factories, and bridges. Currently, we outsource drawing work for our major clients and the clients that place urgent orders, and our drawings library is adequate. Meanwhile, steel prices in the US, Japan and Korea continue to rise, so the domestic steel price and economy are expected to gradually bounce back.

1.2.3 Key Business Strategies

The domestic steel price hike from 2020 up to the first quarter of 2021, continued expansion of domestic electronics factories, and increased need for steel for offshore wind power construction will continue to drive up domestic steel prices. As steel prices and HR costs are expected to increase in 2021, enhancement of cost control is still our key strategy to improve operational performance.

1.3 Future Development Strategies

1.3.1 Business Strategies

Steel Structure Business Division:

1. Enhancing client solicitation capability: in addition to maintaining the existing client base, the Company will continue to solicit famous clients from a variety of industries with the aim of building long-term business relations with them.
2. In regard to special construction projects, the Company has served several special construction project clients, including the Kaohsiung Exhibition Center, Southern Branch of the National Palace Museum, Agora Garden, and Ankeng Light Rail Transit System. Currently, the Company is providing its products to Kaohsiung Train Station and Greater Taichung International Expo Center, and will continue to seek business opportunities created by special construction projects.
3. The Company will support government efforts in public construction projects and actively solicit clients of government agencies carrying out public construction projects. It will also increase its market share in building and factory construction in order to ensure a stable source of revenue.

Environmental Protection Business:

Hsin Yung Enterprise Corporation:

Under the condition of stable waste treatment and power generation, HYEC will give priority to household waste of Taoyuan City and secure a stable source of industrial waste, as well as maintain the treatment capacity in order to produce stable revenue.

Super Max Engineering Enterprise Co., Ltd.:

1. The Guanyin Plant will submit an application for “Amendment of the documented information for establishment of an industrial waste treatment center in the north region (Guanyin Plant),” which will adjust the daily treatment capacity of the incinerator from 88 tons/d to 70 tons/d. The planning waste liquid incinerator will be replaced by new rotary kiln incinerator. The daily capacity of the new incinerator will increase from 15 tons/d to 43 tons/d and total capacity of the Guanyin Plant will amount to 113 tons per day. The company received letter No. 1090088159 from the Environmental Protection Administration for approval of its application on September 18, 2020 and received the letter from the Industrial Development Bureau on February 22, 2021 approving the application after its review. The company will start design and preparation for the construction work.

2. In 2021, SMEEC will introduce standards and practices that meet requirements of the ISO9001 quality management system, ISO14001environment management system, and ISO45001 occupational safety and health management system with external assistance and obtain certification.

Ever Ecove Corp.:
The company plans to conduct a trial run and trial operation in the second half of 2021.

1.3.2 Cost Strategies

1. Enhance professional capabilities of its employees and the Company's management performance and improve work efficiency to lower HR costs.
2. Strengthen internal process management and reduce errors to decrease correction costs.
3. Enhance management of materials procurement and use lower-cost materials.

1.3.3 Corporate Responsibility Strategies

In order to achieve effective corporate governance and sustainable environmental management and safeguard the public interest, the Company has formulated corporate social responsibility policies as guiding principles to fulfill its CSR. It has also established a CSR Implementation Committee to take charge of formulation and execution of the aforementioned policies and report to the Company's board of directors on a regular basis. The company will fulfil its CSR in 2021 in the following ways:

1. Cultivate professional talent and fulfill social responsibility.
2. Carry out machinery rejuvenation and implement and promote occupational safety management to provide a safe work environment.
3. Take concrete action to help the underprivileged with love and care and actively participate in a variety of charity works.
4. Continue to maintain and improve all equipment in order to prevent and control pollution, save energy, reduce carbon emissions, and fulfill its social responsibility of environmental protection.
5. Effectively protect fundamental human rights of all employees and stakeholders, endorse and comply with the Universal Declaration of Human Rights of the United Nations, respect fundamental human rights recognized by the international community, and introduce human rights guidelines based on the aforementioned standards.

1.4 Effects of External Competitive Environment, Laws and Macroenvironment

1.4.1 External Competitive Environment

Domestic demand for steel structures has increased significantly, thanks to domestic public construction, construction of buildings and factories, and return of some China-based Taiwanese businesses to Taiwan. Nevertheless, market competition remains fierce due to fluctuation of raw materials prices, labor shortage, and client solicitation efforts of competing businesses. As a result, the Company will set the priority of reducing costs, maintaining product quality, enhancing production technology, and strengthening management in order to increase our gross profit.

Due to the establishment of new waste treatment plants, there is now a price war in the market. The Company will endeavor to increase profit by soliciting the business of complicated treatment of high-priced waste.

1.4.2 Regulatory Requirements

1. The amendments to the Regulations for the Occupational Safety and Health Equipment and Measure introduced in 2020 regarding refusal, avoidance or obstruction of a labor inspectors does not have any impact on the Company.
2. The amendments to article 286-3, article 324-7 and article 325-1 of the Regulations for the Occupational Safety and Health Equipment and Measures introduced in March 2, 2020 regarding the requirements for food delivery service providers does not have any impact on the Company.
3. Steel structure processing: in addition to compliance with regulations governing the manufacturing industry, environmental protection and energy, the Company also has to comply with construction-related regulations in its operations. Amendments of the aforementioned regulations do not bring about big changes and therefore their impact to the Company is insignificant.

1.4.3 Macroenvironment

Prefabricated steel structures are used in the large-scale construction sector for rapid deployment, good seismic resistance, and environment-friendliness. Use of steel structures for public construction of government projects, buildings and factories has led to steady growth of our steel structure business. In regard to our operations, the Company will continue to monitor fluctuations of raw materials prices and endeavor to optimize cost controls in order to maintain a stable profit.

In 2021, the Company will continue to embrace the motto of "safety first, quality first, customer satisfaction, and sustainable operations" for quality management. It will continuously enhance its technical know-how and exploration of manufacturing techniques, carry out strict quality control, comply with its corporate governance guidelines, and safeguard shareholders' interests, while following its environmental protection and corporate social responsibility policies, with the aim of achieving operational stability and maintaining the business philosophy of premium services and sustainable operations.

Chairman Lin, Keng-Li

President Liu, Pang-En

April 30, 2021

Ⅱ. Company Profile

2.1 Date of Incorporation

The Company was established on January 29, 1973.

2.2 Company History

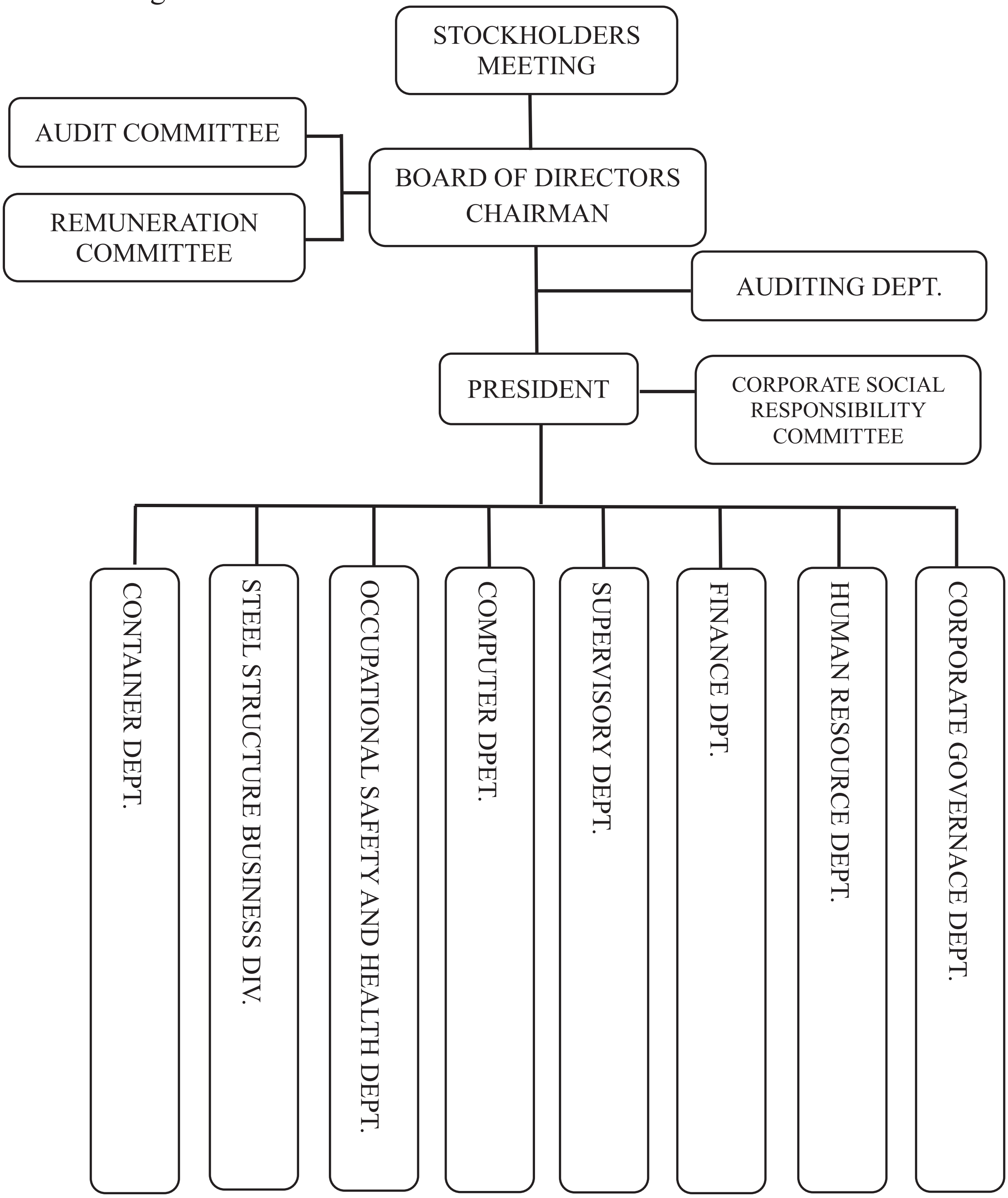
Year	Milestones
January, 1973	The predecessor of EGST was Kaolun Industrial Corp. which was established on January 29, 1973 with investment capital of NT$3.6 million.
June, 1982	Kaolun Industrial Corp. increased capital by NT$21.4 million, reaching NT$25 million in paid-in capital, and was renamed Ever Master Industrial Corp. after approval.
November, 1982	Ever Master Industrial Corp. increased capital by NT$25 million, reaching a total of NT$50 million paid-in capital.
September, 1983	Ever Master Industrial Corp. increased capital by NT$50 million, reaching a total of NT$100 million paid-in capital.
February, 1984	Ever Master Industrial Corp. increased capital by NT$50 million, reaching a total of NT$150 million paid-in capital.
September, 1984	Ever Master Industrial Corp. increased capital by NT$30 million, reaching a total of NT$180 million paid-in capital.
September, 1985	Ever Master Industrial Corp. merged with Ever Valor Industrial Corp. (NT$180 million capital). Ever Master Industrial Corp. was the surviving company and its capital amounted to NT$360 million.
August, 1987	Ever Master Industrial Corp. was renamed Evergreen Heavy Industrial Corp. after approval.
December, 1987	Evergreen Heavy Industrial Corp. increased capital by NT$440 million, reaching a total of NT$800 million paid-in capital
May, 1989	Evergreen Heavy Industrial Corp. increased capital by NT$350 million, reaching a total of NT$1,150 million paid-in capital
August, 1990	Evergreen Heavy Industrial Corp. merged with Evergreen Superalloy Corp. (NT$150 million capital). Evergreen Heavy Industrial Corp. was the surviving company and its capital amounted to NT$2,650 million after the merger.
May, 1997	Evergreen Heavy Industrial Corp. acquired 34.70% equity of Super Max Engineering Corp. With an investment of NT$389,030,286.
October, 1998	Evergreen Heavy Industrial Corp. merged with Ever Pioneer Steel Corp (capital NT$1,400 million). Evergreen Heavy Industrial Corp. was the surviving company and its capital amounted to NT$3,168 million.
December, 1998	Evergreen Heavy Industrial Corp. acquired 64.76% equity of Hsin Yung Enterprise Corp., with an investment of NT$323.8 million.
January, 2000	Evergreen Heavy Industrial Corp. acquired 99% equity of its subsidiary Mingyu Investment Corp., with an investment of NT$49.94 million.
April, 2000	Evergreen Heavy Industrial Corp. changed its name to Evergreen Development & Network Technology Corp.
May, 2000	Evergreen Development & Network Technology Corp. acquired 74% equity of Green Steel Structure Corp. with an investment of NT$99.94 million.
May, 2001	Evergreen Development & Network Technology Corp. changed its name

Year	Milestones
	to Evergreen Development Corp. after the approval.
June, 2002	Evergreen Development Corp. Increased capital by NT$316.8 million from earnings according to a resolution of the shareholders' meeting, making a total of NT$3,484.8 million paid-in capital.
May, 2003	Evergreen Development Corp. abandoned a plan for an IPO following a decision by its board of directors
June, 2003	Evergreen Development Corp. increased capital by NT$174.24 million from earnings, making a total of NT$3,659.04 million paid-in capital.
April, 2004	Evergreen Development Corp. increased capital by NT$182,952,000 from earnings, making a total of NT$3,841,992,000 paid-in capital.
May, 2005	Evergreen Development Corp. increased capital by NT$192,099,600 from earnings, making a total of NT$4,034,091,600 paid-in capital.
September, 2009	Evergreen Development Corp. merged with Green Steel Structure Corp. according to a resolution of the board of directors. Evergreen Development Corp. was the surviving company and carried out capital increase of NT$49,927,940 after the merger, making a total of NT$4,084,019,540 paid-in capital.
July, 2011	Evergreen Development Corp. was renamed Evergreen Steel Corp.
August, 2012	The board of directors approved retirement of treasury stock for a capital reduction of NT$29,759,910. The paid-in capital amounted to NT$4,054, 259,630 after the capital reduction.
August, 2018	Evergreen Steel Corp. acquired 70% equity of the subsidiary Ever Ecove Corp. with an investment of NT$700 million.
August, 2019	The board of directors approved retirement of treasury stock for a capital reduction of NT$60 million. The paid-in capital amounted to NT$3,994,259,630 after the capital reduction.
October, 2019	Public offering of company stock after approval.
January, 2020	Listed on Emerging Stock Board of Taipei Exchange after approval.
April, 2021	Listed on Taiwan Stock Exchange Corporation after approval.
April, 2021	Evergreen Steel Corp. increased capital by NT$205.56 million before the listing, making a total of NT$4,199,819,630 paid-in capital.

Ⅲ. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Major Corporate Functions

1. According to the Articles of Incorporation of the Company, it shall have seven directors, three of which shall be independent directors, and the directors shall constitute the Board. The Company's material business operations shall be resolved by the Board of Directors. The Chairman of the Board shall be elected at a meeting attended by at least two-thirds (2/3) or more of the entire Board and by a simple majority vote of the Directors present at the meeting, and may also elect a Vice Chairman in the same manner. The Chairman of the Board of Directors shall externally represent the Company and oversee corporate operations. For establishing sound corporate governance and enhancing the functions of the Board of Directors, the Audit Committee is subordinate to the Board of Directors and is composed entirely of independent directors; one of whom shall be convener, and at least one of whom shall have accounting or financial expertise. The main function of the committee is to supervise fair presentation of the financial reports, the appointment, independence and performance of CPAs, the effective implementation of the internal control system, and the risk management of the Company. According to the Remuneration Committee Charter, the Remuneration Committee is subordinate to the Board of Directors. The members of the committee shall be appointed by resolution of the Board of directors. The committee shall not be fewer than three members, one of whom shall be the convener. Its main function is to proscribe and periodically review the remuneration policy and remuneration for Directors and managers.
2. The Company has one president, who manages overall business as per the instructions of the Board. Appointment, discharge and remuneration shall be handled in accordance with the provision of Article 29 of the Company Act.
3. The Auditing Department is responsible for the implementation of the internal control system.
4. The Corporate Social Responsibility Committee is chaired by the President, and is responsible for formulating CSR policies, executing various CSR tasks, and supervising all departments of the Company as they endeavor to achieve the long-term, mid-term and short-term CSR goals set by the Company.
5. The Corporate Governance Department is in charge of corporate governance matters, such as organization of board of directors meetings and shareholders' meetings.
6. The Human Resources Department is responsible for staffing activities, formulation of remuneration and benefits policy, hiring, and staff education and training.
7. The Finance Department is responsible for the account auditing, tax treatment, cash and capital management, preparation, announcement and filing of financial statements, and stock services.

7. The Finance Department is responsible for the account auditing, tax treatment, cash and capital management, preparation, announcement and filing of financial statements, and stock services.
8. The Supervisory Department is responsible for coordination of general affairs and CSR-related matters for the headquarters and different departments.
9. The Computer Department is responsible for computer systems maintenance, new systems design/planning/development, and management of hardware assets and networks.
10. The Occupational Safety & Health Department is in charge of a variety of matters related to occupational safety and health in accordance with the Occupational Safety and Health Act.
11. The Steel Structure Business Division is responsible for undertaking and outsourcing of steel structure and special construction projects, as well as design, production, installation and lifting of steel structure member.
12. The Container Department is in charge of repair, renovation and storage of containers.

3.2 Directors, Supervisors and Management Team

3.2.1 Directors

Director Information (1)

April 30, 2021

Title (Note 1)	Nationality	Name	Gender	Date of Election (Inauguration)	Tenure	Date of Initial Election, Appointment (Note 2)	Shareholding when Elected		Present Shareholdings		Shares Held by Spouses & Dependents		Shares Held by Third Parties		Education & Experience (Note 3)	Concurrent Positions in Other Companies	Other Managers, Directors or Supervisors Related by Marriage or Within Second-degree kinship of Each Other		
							Number	(%)	Number	(%)	Number	(%)	Number	(%)			Title	Name	Relation
Chairman	R.O.C.	Evergreen Logistics Corp.	Not applicable	108.11.29	3 years	2019.11.29	100,000	0.03	100,000	0.02	Not applicable		0	0	Not applicable	Not applicable	Not applicable		
	R.O.C.	Representative: Lin, Keng-Li	Male	108.11.29	3 years	2016.03.18	0	0	139,000	0.03	62,943	0.01	0	0	Experience: President of the Company Education: MBA Shipping and Transportation Management, National Taiwan Ocean University	Director: Hsin Yung Enterprise Corporation, Ever Ecove Corp., Super Max Engineering Enterprise Co., Ltd., Mingyu Investment Corp, Taiwan Aerospace Corp.	None	None	None
Director	R.O.C.	Evergreen International Corp.	Not applicable	108.11.29	3 years	1992.12.31	122,601,257	30.69	91,101,257	21.69	Not applicable		0	0	Not applicable	Not applicable	Not applicable		
	R.O.C.	Representative: Chang, Kuo-Hua	Male	108.11.29	3 years	1982.02.22 (Note 5)	0	0	25,008,820	5.95	0	0	0	0	Experience: Vice Chairman of Evergreen Marine Corp Education: Marine Engineering Department of China Maritime College (Now University of Marine Technology)	Evergreen Insurance Co. Ltd. Chairman Director: Evergreen Marine Corp, Evergreen International Storage and Transport Corporation, Evergreen International Corp., Ever Reward Logistics Corp., Evergreen Laurel Hotel (M) Sdn. Bhd., Evergreen Marine (Hong Kong) Ltd., Colon Container Terminal, S.A., Evergreen Shipping Agency (America) Corporation, Evergreen Marine (Hong Kong) Ltd. Director and Managerial officer of Evergreen International S.A.	None	None	None

Title (Note 1)	Nationality	Name	Gender	Date of Election (Inauguration)	Tenure	Date of Initial Election, Appointment (Note 2)	Shareholding when Elected		Present Shareholdings		Shares Held by Spouses & Dependents		Shares Held by Third Parties		Education & Experience (Note 3)	Concurrent Positions in Other Companies	Other Managers, Directors or Supervisors Related by Marriage or Within Second-degree kinship of Each Other		
							Number	(%)	Number	(%)	Number	(%)	Number	(%)			Title	Name	Relation
Director	R.O.C.	Representative: Ko, Lee-Ching	Female	2019.11.29	3 years	2007.05.22	0	0	0	0	0	0	0	0	Experience: Evergreen Group Second Vice Group Chairman Education: Keelung's Girls Senior High School	Chairman: Evergreen International Corp., Evergreen Laurel Hotel (Shanghai) Director: Evergreen Marine Corp, EVA Airways Corp., Evergreen International Storage and Transport Corporation, Taiwan High Speed Rail, Evergreen Security Corp., Shun An Enterprise Corp, New E Materials Co., Ltd, Evergreen Insurance Co., Ltd., Greencompass Marine S.A., Gaining Enterprise S.A., and Evergreen Marine (Singapore) Pte. Ltd. Evergreen International S.A. Director and managerial officer Supervisor: Ever Reward Logistics Corp., Evergreen Air Cargo Services Corp., Evergreen Airline Services Corp., Hsin Yung Enterprise Corporation, and Ever Ecove Corp.	None	None	None
Director	R.O.C.	Wei-Dar Development Co., Ltd.	Not applicable	2019.11.29	3 years	2021.04.27	12,823,245	3.21	12,823,245	3.05	Not applicable		0	0	Not applicable	Not applicable	Not applicable		
	R.O.C.	Representative: Lee, Mon-Ling	Female	2019.11.29	3 years	2014.02.27	0	0	0	0	0		0	0	Experiences: • Vice President of Finance Department of Continental Engineering Corporation • Vice President/ Head of Wholesale Banking Product Division of Taishin International Bank Education: MBA, Rensselaer Polytechnic Institute, Troy, New York, USA	Director: Hsin Yung Enterprise Corporation, Eslite Corporation, Metropolis Property Management Corporation, La Mer Corporation Supervisor: Han-De Construction Co., Ltd., Wei-Dar Development Co., Ltd., Oriens Corporation, Maoshi Corporation	None	None	None

Title (Note 1)	Nationality	Name	Gender	Date of Election (Inauguration)	Tenure	Date of Initial Election, Appointment (Note 2)	Shareholding when Elected		Present Shareholdings		Shares Held by Spouses & Dependents		Shares Held by Third Parties		Education & Experience (Note 3)	Concurrent Positions in Other Companies	Other Managers, Directors or Supervisors Related by Marriage or Within Second-degree kinship of Each Other		
							Number	(%)	Number	(%)	Number	(%)	Number	(%)			Title	Name	Relation
Independent Director	R.O.C.	Lee, Kuan-Hsien	Male	2019.11.29	3 years	2019.11.29	0	0	0	0	0	0	0	0	Experience: • Assistant Manager; Horwath Chien Hsing CPAs • Senior Manager; Deloitte & Touche Education: Tunghai University	CPA; Hwa-Terng & Co., CPAs	None	None	None
Independent Director	R.O.C.	Lien, Yuan-Long	Male	108.11.29	3 years	11.29, 2019	0	0	0	0	0	0	0	0	Experience: • Supervisor of MSIG Mingtai Insurance Co.,Ltd • Director, Managing Director of the Taiwan Bar Association • Commissioner of the Judicial Selection Committee for Selecting Judges of Specialized Courts, Judicial Yuan • Commissioner of the Taiwan Attorney • Disciplinary Committee Education: • National Taiwan University (EMBA, 2007) • Department of Law, National Taiwan University (LL.B., 1984)	Independent Director of MSIG Mingtai Insurance Co., Ltd. Director of TWT Net Corporation Attorney in Charge of Lien & Partners Law Offices Commissioner of the Reviewing Team for the Cases with Questions of Compulsory Retirement for Public Matters and Bereavement Compensation for Public Matters, Ministry of Civil Services	None	None	None

Title (Note 1)	Nationality	Name	Gender	Date of Election (Inauguration)	Tenure	Date of Initial Election, Appointment (Note 2)	Shareholding when Elected		Present Shareholdings		Shares Held by Spouses & Dependents		Shares Held by Third Parties		Education & Experience (Note 3)	Concurrent Positions in Other Companies	Other Managers, Directors or Supervisors Related by Marriage or Within Second-degree kinship of Each Other		
							Number	(%)	Number	(%)	Number	(%)	Number	(%)			Title	Name	Relation
Independent Director	R.O.C.	Chiang, Jui-Chin	Female	2019.11.29	3 years	2019.11.29	0	0	0	0	0	0	0	0	Experiences: • KO LIN &WEI Law Office Attorney at Law, Pro-Marine Law Office • Attorney at Law and Partner of Libertas Law Office Education: • Master of Laws of Science and Technology Law, National Chiao Tung University • Bachelor of Laws, Soochow University	DIYI Social Enterprise Supervisor Dentons Taiwan Attorney at Law	None	None	None

Note 1: For statutory director, both the names of the legal entity and its representative are required to be disclosed (for representative of statutory director, the name of the legal entity should also be disclosed) and the aforementioned information should be noted and filled in Table 1 below.

Note 2: To fill in "the Date of Initial Election, Appointment" of the directors and supervisors, the discontinuation of tenure should be footnoted.

Note 3: To fill in the "Experience" of director and supervisor, detailed job titles and work responsibilities should also be described if he/she previously worked for the auditing accounting firm or the Company's affiliates.

Note 4: The chairman of the board of directors and the president of an equivalent post (the highest level managerial officer) of the Company are the same person, spouses, or relatives within the first degree of kinship: None.

Note 5: Chang, Kuo-Hua served as a director or supervisor between Feb. 22, 1982 and Jan. 3, 1991, between Dec. 31, 1992 and Sept. 28, 1998, between May 22, 2009 and Mar. 21, 2011 and from Mar. 18, 2016 to now.

Note 6: The Company issued 399,425,963 shares and 419, 981, 96 shares on Apr. 30, 2011, when the directors of this tenure were elected, and Apr. 30, 2021, respectively.

Table 1: Major Shareholders of the Institutional Shareholders (second stage)

April 30, 2021

Name of Institutional Shareholder (Note 1)	Major Shareholders of Institutional Shareholders (Note 2)
Evergreen Logistics Corp.	Round The World S.A.(81%) Evergreen International Corp.(19%)
Evergreen International Corp.	Chang Yun-fa Foundation (28.86%) Sheng Shi Corporation (18.00%) Chang, Kuo-Hua (12.90%) Chang, Kuo-Ming (12.17%) Lee, Yu-Mei (7.14%) Chen, Hui-Chu (5.81%) Chang Yung-Fa Charity Foundation (5.00%) Chang, Yun-Fa (5.00%) Yang, Mei-Chen (4.60%) Scept Corporation (0.50%)
Wei-Dar Development Co., Ltd.	Maoshi Corporation (99.8%)

Note 1: If the director or a supervisor is the representative of the institutional shareholders, the name of the institutional shareholders should be indicated.
Note 2: Fill in the name and shareholding ratio of the major shareholders (with the top-ten shareholding ratio) of the institutional shareholders. If the major shareholders are institutional shareholders, please fill out Table 2 below.
Note 3: When the institutional shareholder is not a company organization, the mentioned name of institution and its shareholding ratio, which shall be disclosed, are defined as name of donor and its donation ratio.
Note 4: The data is provided by institutional shareholders, and from public information on Ministry of Economic Affairs website or MOPS.

Table 2：Major Shareholders of the Company's Major Institutional Shareholders in Table 1

April 30, 2020

Legal Entity (Note 1)	Name of Institutional Shareholders (Note 2)	Major Shareholders of Institutional Shareholders (Note 3)
Evergreen Logistics Corp.	Round The World S.A.	Evergreen International S.A. (Panama)(100%)
	Evergreen International Corp.	Chang Yun-fa Foundation (28.86%) Sheng Shi Corporation (18.00%) Chang, Kuo-Hua (12.90%) Chang, Kuo-Ming (12.17%) Lee, Yu-Mei (7.14%) Chen, Hui-Chu (5.81%) Chang Yung-Fa Charity Foundation (5.00%) Chang Yun-Fa (5.00%) Yang, Mei-Chen (4.60%) Scept Corporation(0.50%)
Evergreen International Corp.	Chang Yun-Fa Foundation (Note 6)	Chang, Yun-Fa Chang, Shu-Hua Chang, Kuo-Hua Chang, Kuo-Ming Chang, Kuo-Cheng Evergreen International Corp. Evergreen Marine Corp. (Taiwan) Ltd.

		Everglory Transport Corp. Evergreen Investment Corp. Evergreen Investment Corp. Eversafty Container Terminal Corp. Ever Master Industrial Corp. Evergenius Computer Corp. Everlaural Trading Corp. Ltd. Uniglory Marine Corp.
	Sheng Shi Corporation	Chang, Kuo-Cheng (92.44%) Tseng, Chiung-Hui (7.56%)
	Chang Yung-Fa Charity Foundation (Note 7)	Chang, Yun-Fa (33.33%) Chang, Kuo-Hua (33.33%) Cheng, Shen-chih (33.33%)
	Scept Corporation	Yang, Mei-Chen (97.31%) Chang, Sheng-En (2.69%)
Wei-Dar Development Co., Ltd.	Maoshi Corporation	Jade Fortune Enterprises Inc. (100%)

Note 1: Name of Institutional Shareholders of Table 1.
Note 2: Name of Major Shareholders of Institutional Shareholders of Table 1.
Note 3: Fill in the name and shareholding ratio of the major shareholders (with the top-ten shareholding ratio) of the institutional shareholders.
Note 4: When the institutional shareholder is not a company organization, the mentioned name of institution and its shareholding ratio, which shall be disclosed, are defined as name of donor and its donation ratio.
Note 5: The data is provided by institutional shareholders, and from public information on Ministry of Economic Affairs website or MOPS.
Note 6: Donors listed in the bylaws of Chang Yung-Fa Charity Foundation.
Note 7: Donors listed in the bylaws of Chang Yung-Fa Charity Foundation and the percentages of their donations in the total assets (or the total assets donated by the donors to the foundation when it was established) to the foundation.

Director Information (2)

April 30, 2020

Criteria / Name (Note 1)	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note 2)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination andbeen Awarded a Certificate in a Profession Necessary for theBusiness of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Lin, Keng-Li			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Chang, Kuo-Hua			✓	✓					✓	✓			✓	✓		0
Ko, Lee-Ching			✓	✓		✓	✓		✓	✓			✓	✓		0
Lee, Mon-ling			✓	✓		✓	✓		✓	✓	✓	✓	✓	✓		0
Lee, Kuan-Hsien		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Lien, Yuan-Lung		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chiang, Jui-Chin		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note 1: The number of columns is adjusted depending on the actual needs.

Note 2: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates. (the same does not apply, however, in cases where the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons in Note 2 and Note 3.

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top 5 in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act (the same does not apply, however, in cases where the person is an independent director appointed in accordance with the Act or the laws and regulationsof the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)

(6) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: Not a director, supervisor, or employee of that other company. The same does not apply, however, in cases where the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.

(7) If the chairperson, president, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: Not a director (or governor), supervisor, or employee of that other company or institution (the same does not apply, however, in cases where the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

(8) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. The same does not apply, however, in cases where a specified company or institution holds 20% or more and no more than 50% of the total number of issued shares of the Company and the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.

(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Business Mergers and Acquisitions Act or Securities and Exchange Act or related laws or regulations..

(10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.

(11) Not been a person of any conditions defined in Article 30 of the Company Act.

(12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

3.2.2 Management Team

April 30, 2021

Title (Note 1)	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholdingby Nominee Arrangement		Experience (Education)(Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	R.O.C	Liu, Pang -En	Male	2019.11.29	63,058	0.02	0	0	0	0	Experience: Vice President of the Company Education: Mechanical Engineering Department of Chung Yuan Christian University	Chairman of Mingyu Investment Corp. and Director of Super Max Engineering Enterprise Co., Ltd.	None	None	None	None
Vice President and Head of Finance Department	R.O.C	Yeh, Jia-Chyuan	Male	2021.04.21	41,732	0.01	30,668	0.01	0	0	Experience: Senior Vice President of the Company Education: Master's degree, College of Management, Yuan Ze University	Supervisor of Mingyu Investment Corp. Supervisor of Super Max Engineering Enterprise Co., Ltd Supervisor of Taiwan Incubator SME Development Co.	None	None	None	None
Vice President and Head of Steel Structure Business Division	R.O.C	Chien, Chih-Lung	Male	2019.11.29	20,000	0	0	0	0	0	Experience: Senior Vice President of the Company Education: Masters' degree, Department of Civil Engineering, National Central University	None	None	None	None	None
Senior Vice President of Steel Structure Business Division	R.O.C	Ou, Nan-Hsin	Male	2016.06.01	110,467	0.03	0	0	0	0	Experience: Junior Vice President of the Company Education: Civil and Hydraulic Engineering Department, Chung Yuan Christian University	None	None	None	None	None
Senior Vice President of Steel Structure Business Division	R.O.C	Chang, Hsing-Kung	Male	2016.06.01	29,000	0.01	0	0	0	0	Experience: Junior Vice President of the Company Education: Civil and Hydraulic Engineering Department, Chung Yuan Christian University	None	None	None	None	None
Senior Vice President of Steel Structure Business Division	R.O.C	Lu, Shim-Min	Male	2019.04.01	32,733	0.01	0	0	0	0	Experience: Junior Vice President of the Company Education: Department of Chemical Engineering, Minghsin Junior College of Science and Technology	None	None	None	None	None
Deputy Senior Vice President of Finance Department and Head of Accounting Department	R.O.C	Hsu, Chin-Kuan	Male	2019.06.01	45,469	0.01	0	0	0	0	Experience: Deputy Junior Vice President of Super Max Engineering Enterprise Co., Ltd. Education: Department of Accounting, Chinese Cultural University	None	None	None	None	None

Deputy Senior Vice President and Head of Occupational Safety & Health Department	R.O.C	Chen, Meng-Ling	Male	2015.03.13	10,000	0	0	0	0	0	Experience: Junior Vice President of the Company Education: Department of Business, National Open University	None	None	None	None	None
Deputy Senior Vice President and Head of Steel Structure Business Division	R.O.C	Chou, Chih-Chien	Male	2019.01.01	59,100	0.01	0	0	0	0	Experience: Junior Vice President of the Company Education: Mechanical Engineering Department, Oriental Institute of Technology	None	None	None	None	None
Head of Auditing Department	R.O.C	Lin, Mei-Li	Female	2005.11.01	0	0	0	0	0	0	Experience: Manager of the Company Education: Masters' degree, Department of Business Administration, Ming Chuan University	None	None	None	None	None
Head of Container Department	R.O.C	Chao, Hsing-Chyang	Male	2019.01.01	24,000	0.01	0	0	0	0	Experience: Manager of the Company Education: Master's degree, Agribusiness Department, National Pingtung University of Science and Technology	None	None	None	None	None
Head of Corporate Governance Department	R.O.C	Yang, Xiu-Hui	Female	2021.04.01	0	0	0	0	0	0	Experience: Junior Vice President of Stock Department of Evergreen International Corporation Education: Department of Economics, National Taiwan University	None	None	None	None	None

Note 1: It should include the information disclosure of the president, vice president, senior vice president, department heads, and branch officers as well as the position equivalent to president, vice president, or senior vice president.

Note 2: Experience relevant to the current position. In the case of employment by an independent auditor's firm or its affiliated companies throughout the time period referred to above, please state the job title and the job responsibilities.

Note 3: If the president and the chairman of the board of directors or person of an equivalent position (the highest level managerial officer) of the Company are the same person, spouses, or relatives within the first degree of kinship, the reason, rationale and related arrangement shall be disclosed (such as increase the number of independent directors and over half of the directors do not currently work for the Company as employees or managerial officers: None.

Note 4: Former head of accounting department of the Company was Yeh, Jia-Chyuan, which was replaced by Hsu, Chin-Kuan since Nov 16, 2020.

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors

The Board was convened five times in 2019. The attendance of directors is as follows:

Title	Name (Note1)	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A] (Note2)	Remarks
Chairman	Evergreen Logistics Corp. Representative: Lin, Keng-Li	5	0	100%	None
Director	Evergreen International Corp. Representative: Chang, Kuo-Hua	5	0	100%	None
Director	Evergreen International Corp. Representative: Ko, Lee-Ching	5	0	100%	None
Director	Wei-Dar Development Co., Ltd. Representative: Lee, Mon-Ling	5	0	100%	None
Independent Director	Lee, Kuan-Hsien	5	0	100%	None
Independent Director	Lien, Yuan-Lung	5	0	100%	None
Independent Director	Chiang, Jui-Chin	5	0	100%	None

Other mentionable items:

1. Please illustrate the date of the Board of Directors, period, agenda and all independent directors' opinions and the Company's responses if one of following situation is occurred during operation of the Board of Directors:
   (1) The items listed in Article 14-3 of Securities and Exchange Act: Not applicable as the Company has established the audit committee. According to the third paragraph of article 14-3 of the Securities and Exchange, the Company shall provide information regarding the matters specified in article 14-5. Please refer to Page 58~65 (important decisions of the board of directors, Audit Committee and Remuneration Committee) specified in article 14-5 of the Securities and Exchange according to article 14-3 of the Act.
   (2) Except for the proposal mentioned above, other literally recorded resolutions which are opposed or have qualified opinion by independent directors: None.
2. If the directors have personal interest conflicts to the proposal and are required for recusal, please

specify the names of the directors, proposal, reason and the resolution: Please refer to page 58 to 65. 3. The board of directors self-evaluation (or peer evaluation)	
Evaluation Cycle	Once a year
Evaluation Period	From January 1, 2019 to December 31, 2020
Evaluation Scope	Self-evaluation of performance of the Board of directors, Directors and the functional committees.
Evaluation Method	Internal self-evaluation of the Board with surveys of the Board members for their self-evaluation and self-evaluation of functional committees
Evaluation Indexes	1. Self-evaluation of performance of the Board: participation in the operation of the Company, the quality of decisions made by the board of directors, composition and structure of the board of directors, election and continuing education of the directors, and internal control. 2. Self-evaluation of performance of Board members (for themselves): alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control. 3. Self-evaluation of performance of the functional committees: participation in the operation of the Company, awareness of the duties of the functional committee, the quality of decisions made by the functional committee, makeup of the functional committee and election of its members, and internal control.
Evaluation Result (Full score: 3)	1. Self-evaluation of performance of the Board: good, the average score is 2.9 points. 2. Self-evaluation of performance of the Board members: good, the average score is 2.88 points. 3. Self-evaluation of performance of the functional committees: good, the average score is 2.88 points.
4. The goals of enhancing functionality of the board of directors and the evaluation to strengthen the functionality of the Board of Directors in current year and recent years (ex. establish AuditCommittee or enhance information transparency): (1) The Company has purchased liability insurance for directors in order to disperse the risk of legal responsibility and improve the ability of corporate governance. (2) To enhance the professional ability of directors as well as implement corporate governance, the Company has provided directors courses on corporate governance and management in 2020 and 2021. (3) To enhance information transparency, the Company voluntarily publishes important resolutions of Board Meetings and established a corporate governance page, social responsibility page, stakeholders' interest page and investor's page on the Company's website. (4) The Company has 3 independent directors and has introduced the "Rules Governing the duties of independent directors" and established the Audit Committee to enhance the functionality of the Board of Directors.	

Note1: For directors who are legal entities, both the names of the legal entity and the representative should be disclosed.

Note2: (1) If any of the directors resigns before the end of the year, the Company is required to specify the date of his/her resignation in the remarks column. The actual attendance rate (%) should be calculated by the actual number of meetings he/she attended during his/her term at the Board of the Directors.

(2) If there is any re-election of the Board before the end of the year, both the information of new and former directors should be filled in the table, and the status and the re-election date should also be specified in the remarks column. The actual attendance rate (%) should be calculated by the actual number of meetings he/she attended during his/her term at the Board of the Directors.

3.3.2 Implementation Status of the Audit Committee or the participation of the supervisors in the operation of the Board of Directors.

1. Annual Tasks and Implementation Status of the Audit Committee:

(1) The Audit Committee is composed of three independent directors, whose major duties are to supervise and review the financial reports, accounting and internal control system, the major asset transactions, endorsements and guarantees, and the offering or issuance of securities.

(2) Annual Tasks of the Audit Committee in 2020

i. Review financial reports:
The Company's annual business report, financial reports, and surplus earnings distribution proposals were all reviewed by the Audit Committee and submitted to the Board for discussion. After being approved by the Board, the proposals were presented to the Annual General Meeting of shareholders for acknowledgement.

ii. Assess the effectiveness of the internal control system
The self-assessment of the internal control system and the implementation of the Company are completed by the internal units every year. The audit unit reports the audit results to the Audit Committee on a regular basis and submits the proposal for amendment of the internal control system and internal control system statement to the Audit Committee for its review. The Audit Committee and the audit unit have several closed-door communication meetings every year to help the Committee understand the financial status, operational performance, risk management, information security, and the regulatory compliance, and to evaluate the effectiveness of the Company's internal control system.

iii. Appoint the Company's Certified Public Accountants
The proposal to appoint Chang, Ching-fu and Chao, Yong-hsiang, the CPAs of Deloitte & Touche, Taiwan, as the Company's CPAs for 2020 was reviewed by the Audit Committee on the first meeting of 2020 and approved by the Board meeting. CPAs have several closed-door communication meetings with the Independent Directors every year to communicate matters related to financial reports.

(3) The Audit Committee was convened five times (A) in 2020. The attendance status of the Committee members are as follows:

Title	Name	Attendance in Person (B)	By Proxy	AttendanceRate (%) [B/A]	Remark
Conveners	Lee, Kuan-Hsien	5	0	100%	None

Committee Member	Lien, Yuan-Long	5	0	100%	None
Committee Member	Chiang, Jui-Chin	5	0	100%	None

Other mentionable items:

1. If any of the following circumstances occur, the dates of meetings, sessions, content of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:
   (1) The matters listed in Article 14-5 of Securities and Exchange Act: Please refer to page 58 to 65 for the information (important resolutions of the Audit Committee and Remuneration Committee).
   (2) Except for the proposal mentioned above, other literally recorded resolutions which are opposed or have qualified opinion by independent directors: None.

2. If an independent director avoids any motion due to conflict of interest, the director's name, content of the motion and the reason for avoidance should be specified: Please refer to page 49 to 53 for the information (important resolutions of the Audit Committee and the Remuneration Committee).

3. Communications between the independent directors and the Company's chief internal auditor and the CPAs (should include communication over important matters regarding the Company's financial and business status and the communication method and result).

   (1) Communications with the Company's chief internal auditor
      i. Communication method:
      The independent directors and the chief internal auditor have at least four closed-door communication meetings every year. In 2020, the independent directors and the chief internal auditor had five closed-door communication meetings and the chief internal auditor reported the results of internal audit and operation of internal control during these meetings.
      ii. The summaries of communication in 2020:

No	Date	Important Communication Content	The Company's response
1	2020.03.16	The audit report from Dec. 2019 to Feb. 2020.	The report was submitted to the Board.
2	2020.06.18	The audit report from March 2020 to May 2020.	The report was submitted to the Board.
3	2020.08.07	The audit report on June 2020.	The report was submitted to the Board.

4	2020.11.10	The audit report from July 2020 to Sep. 2020.	The report was submitted to the Board.
5	2020.12.21	The audit report from Oct. 2020 to Nov. 2020.	The report was submitted to the Board.

(2) The Communications between the independent directors and CPAs.

i. Communication method:

The independent directors and CPAs have at least three closed-door communication meetings every year. In case of emergency, the meeting may be convened at any time. In 2020, the independent directors and CPAs had three closed-door communication meetings for the CPAs' report on the financial situation and the audit results to the independent directors and for adequate communication over important adjustment adjusting journal entries (if any) and the impact of amendments to regulations.

ii. The summaries of communication in 2020:

No	Date	Communication Content	The Company's response
1	2020.03.16	1. The CPAs' audit of 2019 Financial Report, their audit plan for 2020 and new regulations. 2. Communication between the CPAs and Independent Directors over the questions brought up by the Independent Directors.	None

2	2020.08.07	1. The CPAs' audit of 2020 Q2 financial report. 2. The assessment of the impact of COVID-19 and the conclusion. 3. The scope of special audit of the internal control system. 4. Communication between the CPAs and Independent Directors over the questions brought up by the Independent Directors.	None
3	2020.11.10	1. CPAs' audit of 2020 Q3 financial report. 2. 2020 key audit matters. 3. Corporate Governance 3.0 -Sustainable Development Roadmap. 4. Communication between the CPAs and Independent Directors over the questions brought up by the Independent Directors.	None

3.3.3 Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Further Explanation	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has laid down its Corporate Governance Best-Practice Principles after the approval of Board of Directors approved the principles, which can be found on the Company's official website (https://www.evergreennet.com/), "important rules of corporate governance" and Market Observation Post System (MOPS).	None
2. Shareholding Structure & Shareholders' Rights (1) Does the Company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and follow the procedure?	V		Finance Department staff of the Company is in charge of handling these issues by following internal control operation procedures.	None
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		Responsibility assigned to relevant department.	None
(3) Does the Company establish and implement the risk management and firewall system within its conglomerate	V		The Company has established risk control measures within internal control operation procedure.	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Further Explanation</th></tr>
<tr><td>structure?</td><td></td><td></td><td></td><td></td></tr>
<tr><td>(4) Does the Company establish internal rules against insiders trading with undisclosed information?</td><td>V</td><td></td><td>1. The Company has established “Procedures for Handling Material Inside Information” and “Insider Trading Prevention Management” within internal control operation procedure with the approval of the Board of Directors to prevent the trading of stock by insiders.
2. To enable the directors and managers of the Company to fully understand the relevant rules and penalties of “insider trading” in time, the Company provides the directors and managerial officers a Q&A on insider trading prohibition, and forwards the information about insider trading prevention from time to time. On Oct 7, 2020, the Company arranged courses related to prevention of insider trading for its directors on the elements of insider trading, related case studies and related criminal liabilities. Moreover, the Company also incorporates Codes of Operation Integrity and Ethical Conduct into its orientation training for its new hires and announces related rules on the section specifically for “Operation Integrity” on its website. Meanwhile, the Company has advocated integrity and ethics in internal meetings of all departments and incorporated Codes of Operation Integrity and Ethical Conduct into annual training for all its staff.</td><td>None</td></tr>
<tr><td>3. Composition and Responsibilities of the Board of Directors:
(1) Does the Board develop and implement a diversified policy for the composition of its members?</td><td>V</td><td></td><td>1. According to the third paragraph of Article 20 in the Company’s “Corporate Governance Best-Practice Principles,” the composition of the Board of Directors should take diversification into consideration. According to the fourth paragraph of Article 20, the Board of Directors should have professional knowledge, skills and ability needed for fulfillment of their duties. Please refer to the table below for information of diversification of the Company’s Board of Directors.
<table>
<tr><th>Title</th><th>Name</th><th>Gender</th><th>Operation Management</th><th>Enterprise Management</th><th>Law</th><th>Finance Accounting</th><th>Environment Protection</th></tr>
<tr><td>Chairman</td><td>Lin, Keng-Li</td><td>Male</td><td>✓</td><td>✓</td><td></td><td></td><td>✓</td></tr>
<tr><td>Director</td><td>Chang, Kuo-Hua</td><td>Male</td><td>✓</td><td>✓</td><td></td><td></td><td></td></tr>
</table></td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Further Explanation</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>Director</td><td>Ko, Lee-Ching</td><td>Female</td><td>✓</td><td>✓</td><td></td><td>✓</td><td>✓</td></tr>
<tr><td>Director</td><td>Lee, Mon-Ling</td><td>Female</td><td>✓</td><td>✓</td><td></td><td>✓</td><td>✓</td></tr>
<tr><td>Independent Director</td><td>Lee, Kuan-Hsien</td><td>Male</td><td>✓</td><td>✓</td><td></td><td>✓</td><td></td></tr>
<tr><td>Independent Director</td><td>Lien, Yuan-Lung</td><td>Male</td><td>✓</td><td>✓</td><td>✓</td><td></td><td></td></tr>
<tr><td>Independent Director</td><td>Chiang, Jui-Chin</td><td>Female</td><td>✓</td><td>✓</td><td>✓</td><td></td><td></td></tr>
</table>
2. The Company attaches importance to gender equality of the composition of its Board of Directors. According to its policy, female directors shall account for over 20% of the board members. Currently, there are three female directors, or 42.86% of the board members.</td><td></td></tr>
<tr><td>(2) Does the Company voluntarily establish other functional committees in addition to establishment of the Remuneration Committee and the Audit Committee according to the law?</td><td></td><td>V</td><td>Currently, the Company has not voluntarily established other functional committees</td><td>Although the Company has only established the Remuneration Committee and the Audit Committee according to the law, the board of directors has exercised its powers according to the law and the Company’s Articles of Incorporation, the decisions of the shareholders’ meeting and the corporate governance principles.</td></tr>
<tr><td>(3) Does the Company establish a standard to measure the performance of the Board annually, report the results of the performance evaluation to the Board, and use it as a reference for individual directors' remuneration and</td><td>V</td><td></td><td>1. The Company has established the Guidelines for Board Performance Evaluation, and announced it on the Company’s official website and the Market Observation Post System (MOPS).
2. According to the Guidelines for Board Performance Evaluation, the Company shall conduct an internal evaluation of board performance at least once a year. In addition, the Company’s board performance evaluation may be conducted by an external independent professional institution at least once every three years.
3. The 2020 evaluation results of the performance of the Board of Directors (please refer to note 2 for details) was reported to the Board meeting on Mar. 10, 2021.</td><td>None</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Further Explanation	
nomination for the re-election?			4. The annual evaluation results of the performance of the Board of Directors are also the basis for individual director's remuneration and nomination of directors.	
(4) Does the Company regularly evaluate the independence of CPAs?	V		1. The assigned accountants are not directors, supervisors, managerial officers, employees or shareholders of the Company or its affiliated companies and have been confirmed as non-stakeholders, which complies with the regulation of independent judgment of the regulatory authority (please refer to note 3 for details about the CPA independence evaluation). 2. The Company annually evaluates the specialization and independence of the CPAs. The CPAs have completed the statement on its independence for their engagement. The board of directors approved the engagement and remuneration for the CPAs for the 2021 financial and tax audit on Mar. 10, 2021.	None
4. Has the TWSE/TPEx Listed Company set up a corporate governance unit or hired corporate governance staff to take charge of corporate governance matters (including but not limited to providing directors and supervisors necessary information for operation, arranging the board of directors and shareholders' meetings according to the law, applying for company registration, and change of the registration	V		1. The Board of Directors appointed Yeh, Chia-Chuan, the vice president and the head of Finance Department, as the chief corporate governance officer of the Company on Mar. 16, 2020 and hires adequate professional corporate governance personnel to protect shareholders' rights and strengthen the Board functions. The chief corporate governance officer of the Company was the Head of Finance Department of a public company for at least three years and his qualification meets regulatory requirements. 2. Main duties of the chief corporate governance officer of the Company are as follows: (1) To arrange Board meetings and shareholders meetings according to laws. (2) To prepare minutes of Board meetings and shareholders' meetings. (3) To assist directors with their onboarding and courses arrangement. (4) To provide information needed for operational management by directors. (5) To assist Directors with legal compliance. 3. The operation management in 2020 are as follows: (1) To provide Directors information and regulations related to their duties and arrange the Directors'	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Further Explanation	
information and preparing minutes of Board of Directors meetings and shareholders' meetings?			training courses: A. To provide Directors with the latest regulations concerning corporate governance from time to time. B. To provide Directors company information related to their duties and maintain smooth communication between Directors and managerial officers. C. To arrange more than two closed-door meetings between independent directors and the chief internal auditor and CPAs for their face-to-face communication and in-depth understanding of the independent directors about the Company's audit and financial status. D. To arrange two training courses (three hours for each) for Directors (2) To arrange meetings of functional committees, the board and shareholders according to the law: A. To provide the meeting agendas and related materials to each director at least seven days in advance, remind the director not to participate in discussion or voting on the agenda item if he/she is an interested party, and send the minutes to each director within 20 days of the meeting. B. To assist with the announcement of the material information about an important resolution of a board meeting after it ends, ensure the legal compliance and accuracy of the material information to ensure information symmetry for transactions of investors. C. To register the date of the shareholders' meeting in accordance with law and produce meeting notices, handbooks and prepare minutes by the regulatory deadlines. D. Please refer to Note 4 for training records of the chief corporate governance officer in 2020.	
5. Does the Company establish a communication channel with its stakeholders, create a designated section on	V		The Company has set up a Stakeholders and Issues Management Section ((https://www.evergreennet.com), including Contact Us Section, Corporate Social Responsibility Section, Investor Services, Customer Services, Supplier Services and Employees Services on its website to provide relevant business and contact information and to	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Further Explanation	
its website for them (including but not limited to shareholders, employees, customers and suppliers), and properly handle all the issues they care about in terms of corporate social responsibilities?			facilitate prompt response of related departments to requests addressing issues that stakeholders care about.	
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has engaged the Stock Service Department of KGI Securities Corporation for shareholders' services.	None
7. Information Disclosure: (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	V		1. Disclosure of financial and business information: The Company's website (https://www.evergreennet.com) is maintained by related staff and discloses detailed, accurate information of the Company regarding its operation, financials, and business. 2. Disclosure of corporate governance information: The Company has disclosed "Articles of Incorporation", important operating procedures and the resolutions adopted by the Board on the website (https://www.evergreennet.com).	None
(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and webcasting investor conferences)?	V		1. The Company has set up an English website and spokesperson system for gathering and disclosing information. Information about the investor conferences that the Company held or was invited to attend over the years is disclosed on the Company's website.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Further Explanation	
(3) Does the Company announce and report annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the proscribed deadline?		V	Currently, the Company has not announced and reported the annual financial statements within two months after the end of the fiscal year. But it has announced and reported the first, second, and third quarter financial statements as well as the operating status of each month before the proscribed deadline.	In 2020, the Company was an emerging stock company. According to article 30 of the Taipei Exchange Rules Governing Review of Emerging Stocks for Trading on the TPEx, domestic issuers shall present CPA-audited annual parent company only and consolidated financial statements (one copy each) to the Taipei Exchange in written format within four months after the end of a fiscal year.
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices?				
(1) Employee rights and employee wellness	V		Please refer to Chapter 5 Operational Highlights "Labor Relations" for more information	None
(2) Investor relations	V		The Company has set up "Investor Relations" on website, which provides investors information about its operation and financial status.	None
(3) Supplier relations and rightsof stakeholders	V		Please refer to Chapter 3 Corporate Governance Report "Corporate Social Responsibility" for more information	None
(4) Directors training records	V		The information about the training courses of directors has been disclosed on the MOPS.	None

(5) The implementation of risk management policies and risk evaluation measurement	V		Please refer to Chapter 7 Review of Financial Conditions, Financial Performance, and Risk Management "Analysis of Risk Management" for more information.	None
(6) Insurance purchased by the Company for directors	V		The Company has purchased liability insurance for directors since 2020.	None
9. Please specify the Company's improvements according to the evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange Corporation in recent years and the priorities and measures for matters to be improved: (companies not evaluated by Taiwan Stock Exchange Corporation are not required to provide such information): Not Applicable				

Note1: Provide description of the summary and description column regardless of "yes" or "no" for the operations.

Note 2: Diversification of the Company's Board of Directors.

	Self-evaluation of performance of the Board	Self-evaluation of performance of Board members (for themselves)	Self-evaluation of performance of the functional committees
Average score (Full score: 3)	2.90	2.88	2.77
Evaluation Results	Good	Good	Good

Note 3: 2020 CPA Independence Evaluation

Item	Assessment of the Company	Declaration of CPA Chang Ching-Hsia	Declaration of CPA Chao, Yong-Hsiang
1. Do the CPA and the spouse and dependent relatives hold a direct financial interest or a material indirect financial interest of the Company?	No	No	No
2. Do the CPA and the spouse and dependent relatives have business relations with any directors, supervisors or managerial officers that affect his/her independence?	No	No	No
3. Has the CPA served as a director, supervisor or managerial officer in the Company that has material influence to it currently or in the last two years?	No	No	No
4. Do the CPA's spouse and dependent relatives serve as a director, supervisor or managerial officer of the Company or assume any position that has direct, material influence to the audit work during the audit period?	No	No	No
5. Is the CPA a spouse, lineal relative, direct relative by marriage, or a collateral relative within the second degree of kinship of a director, supervisor or managerial officer of the Company during the audit period (does a close relative of the CPA serve as a director, supervisor or managerial officer of the Company or assume any	No	No	No

position that has direct, material influence to the audit work during the audit period? If so, is the effect on the CPA's independence reduced to an acceptable level?)			
6. Has the CPA accepted any gifts or endowments of material value from the Company or a director, supervisor or managerial officer of the Company (the value of the gift or endowment is of disproportionate value in terms of social protocol)?	No	No	No

Note 4 Chief Corporate Governance Officer Training Records In 2020

Date	Professional Organization	Courses	Date
2020/5/26	Taiwan Academy of Banking and Finance	Corporate governance — public relations crisis management and spokesperson's corresponding strategies.	3
2020/6/23	Accounting Research and Development Foundation	Analysis of the policy of the regulatory authority for assisting companies with enhancement of their abilities of preparing financial statements and management practices for internal controls.	6
2020/8/24	Taipei Exchange	Promotion of shareholding by internal personnel of OTC companies and Emerging Stock Companies.	3
2020/9/24	Governance Professionals Institute of Taiwan	2020 seminar on the regulatory framework for beneficial ownership.	3
2020/10/23	Taiwan Corporate Governance Association	Seminar held by Fubon Insurance on liabilities of directors and supervisors and risk management.	3
Total hours on 2020 courses			18

3.3.4 Composition, Responsibilities, and Operations of the Remuneration Committee

1. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title (Note 1)	Criteria / Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note 2)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Remark
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Lien, Yuan-Long		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None
Independent Director	Lee, Kuan-Hsien		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None
Independent Director	Chiang, Jui-Chin		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None

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

Note 2: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates. (the same does not apply, however, in cases where the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in Note 2 and Note 3.

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top 5 in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act

(the same does not apply, however, in cases where the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)

(6) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: Not a director, supervisor, or employee of that other company. The same does not apply, however, in cases where the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.

(7) If the chairperson, president, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: Not a director (or governor), supervisor, or employee of that other company or institution (the same does not apply, however, in cases where the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

(8) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company (the same does not apply, however, in cases where a specified company or institution holds 20% or more and no more than 50% of the total number of issued shares of the Company and the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Business Mergers and Acquisitions Act or Securities and Exchange Act or related laws or regulations.

(10) Not a person of any conditions defined in Article 30 of the Company Act.

2. The duties of the Remuneration Committee are making suggestions about the following matters and presenting related proposals to the Board of Directors for its approval:

(1) Establish and periodically review the performance evaluation and remuneration policy, system, standards, and structure for directors and managers.

(2) Periodically evaluate and determine the remuneration of directors and managers.

3. Attendance of Members at Remuneration Committee Meetings

(1) The Remuneration Committee is composed of three members.

(2) The term of office of current Remuneration Committee is from November 29, 2019 to November 28, 2022. The Committee held a total of 2 (A) meetings in 2020; please refer to page 49 to 53 for its decisions and the responses of the Company to

the Committee's opinions and refer to the table below for the attendance of Committee members of its meetings.

Title	Name	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)［B/A］(Note)
Convener	Lien, Yuan-Long	2	0	100%	None
Member	Lee, Kuan-Hsien	2	0	100%	None
Member	Chiang, Jui-Chin	2	0	100%	None

Other mentionable items:

1. If the Board of Directors declines to adopt or modify a suggestion of the Remuneration Committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g. when the remuneration decided by the Board of Directors exceeds the suggested amount of the Remuneration Committee, the circumstances and cause for the difference shall be specified): None.
2. If a decision of the Remuneration Committee is opposed by its members and such opposition is recorded or is made with a written declaration, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

Notes:

(1) If any of the Remuneration Committee members has resigned before the end of the year, the date of his/her resignation should be stated in the remarks column. The actual attendance rate (%) should be based on the number of Committee meetings held during his/her tenure and the actual number of his/her attendance.

(2) If any of the Remuneration Committee members has been re-elected before the end of the year, both the information of current and former members should be filled in the table, and the status and the re-election date should also be specified in the remarks column. The actual attendance rate (%) should be based on the number of Committee meetings held during his/her tenure and the actual number of his/her attendance.

3.3.5 Corporate Social Responsibility and Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Evaluation Item	Implementation Status (Note1)			Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Further Explanation (Note2)	
1. Does the Company assess risks of environment, society and corporate governance related to the Company's operation based on materiality principles and establish related risk assessment policies or strategies? (Note3)	V		The Company has laid down its "CSR Principles" after the approval of the Board of Directors in order to fulfill its CSR responsibility of looking after stakeholder's interests. As the Company pursues sustainable operations and profit, it also attaches importance to environmental protection, social responsibility and corporate governance and takes these considerations into account in its management guidelines and operational activities.	None
2. Does the company establish exclusively (or concurrently) dedicated first-line unit and appoint managers authorized by the Board to take charge of handling corporate social responsibility matters and reporting to the Board?	V		In order to facilitate sound CSR management, the Company has appointed the Supervisory Department to take charge of CSR matters and implementation of CSR policies. Each department has one executive secretary for handling CSR matters and compliance with the Company's CSR policies. The Supervisory Department reports the implementations status of CSR policies to the Board of Directors once every year.	None
3. Environmental issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	V		In regard to environmental management systems, the Company has continued to fulfill its CSR responsibility of environmental protection in terms of sewage treatment, renewal and maintenance of air pollution prevention equipment, application for permit for approval for operations, payment of air pollution fees, waste removal and reuse, environmental protection and employment of environmental protection staff. The Company has properly performed the aforementioned operations over the years.	None

Evaluation Item	Implementation Status (Note1)			Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Further Explanation (Note2)	
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		The Company has engaged qualified companies for waste removal, transportation, and reuse for waste sorting, complied with related environmental protection regulations, and therefore made little environmental impact.	None
(3) Does the Company evaluate the risks of climate change to its current and future operations and adopt measures to address climate-related issues?	V		The Company has devised a variety of contingency plans for fire, earthquake, pandemic prevention and emergencies according to its occupational safety and health management system and the assessment of various risks, and is fully prepared in terms of prevention of these risks.	None
(4) Does the Company produce statistics of greenhouse gas emissions, volume of water consumption and total weight of waste over the last two years and establish policies for carbon reduction, energy saving, decrease of greenhouse gases and water consumption and management of other waste?	V		The Company has installed solar panels on the roofs of its plants for saving energy and they have generated 4,483,710kW of electricity, reducing over 2,294 tons of CO_2 emission (as of Dec. 31, 2020). The Company's affiliate Hsin Yung Enterprise Corporation generates over 2,100,000kWh electricity per month with its incinerators, making a significant contribution with its operation.	None

Evaluation Item	Implementation Status (Note1)			Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Further Explanation (Note2)	
4. Society issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		1. The Company has formulated its management policies and procedures according to related regulations and complied with labor-related laws to protect legal rights of its employees and respect fundamental human rights of laborers recognized by international society. It has never used child labor and has laid down related requirement for its recruitment practices. 2. In order to prevent sexual harassment in the workplace, ensure gender equality in employment, and safeguard personal dignity, the Company has laid down guidelines for prevention, correction, complaints and punishment of sexual harassment in the workplace according to the Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment in the Workplace. The guidelines are published on the employees' electronic information platform and a task force on sexual harassment investigations has been formed to handle related complaints. 3. The Company complies with the People with Disabilities Rights Protection Act and recruits capable employees with disabilities. Meanwhile, the Company has hired aboriginal people and protected their rights related to employment without any discrimination. The Company never uses child labor, observes the International Bill of Rights, respects human rights, and does not discriminate against any employees. It honors the International Bill of Human Rights with respect for human rights and nondiscrimination.	None

Evaluation Item	Implementation Status (Note1)			Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Further Explanation (Note2)	
(2) Does the Company establish and implement reasonable employee benefit measures (including remuneration, holidays, leave, and other benefits)? Does the employee compensation scheme appropriately reflect management performance or achievements?	V		The Company has devised and implemented reasonable, sound employee benefit policies, including a minimum wage that is higher than the regulatory requirement and salary/remuneration scheme based on their living conditions and compensation of peer companies (according to education, experience, professional skills, nature of work and duties without considering their gender, origin, race, and political stance). The Company has set up a holiday and leave system, and calculates overtime work pay and wages for unused annual leave according to the Labor Standards Act. Its Employees' Welfare Committee provides multiple employee benefits, including allowances for weddings and funerals, consolation money for injury and illness, gift money for birthdays, festival gifts, travel allowances, and allowances for foreign language learning. Other perks include free lunches, group insurance, medical advice provided by a professional physician in the Company's clinic, and free annual health examinations. When the Company makes a profit, it allocates at least 0.5% of the annual profit to employee remuneration for rewarding its employees for their contribution. The Company has also rewarded employees with year-end bonuses and field work bonuses based on its operational performance and employees' work performance.	None

Evaluation Item	Implementation Status (Note1)			Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Further Explanation (Note2)	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		The Company's occupational safety and health management has acquired international certification of TOSHMS, OHSAS18001 and ISO45001, complies with occupational safety and health regulations, and fulfills related responsibilities and obligations. In addition to continued improvement of its work environment and ongoing checks of the operational environment and autonomous inspection of dangerous machinery and equipment, the Company also provides its employees occupational safety and health training and helps them acquire related certificates and training in order to eliminate dangers in their workplace, reduce near-miss events, and prevent occupational hazards. The Company actively arranges activities for health enhancement of its employees and their well-being in the workplace.	None
(4) Does the company provide its employees effective training plans for career development?	V		1. The Company provides a variety of training, including orientation training, general training, professional training (training arranged to meet business needs and specific activities) and training for supervisors. 2. The Company arranges annual training for its employees, who are required to receive internal or external professional job-related training to enhance their professional capabilities and help the Company secure business deals, meet contractor requirements, and receive certification. The Company helps its employees improve their professional capabilities, develop their potential, continuously meet job requirements,	None

Evaluation Item	Implementation Status (Note1)			Deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Further Explanation (Note2)	
			conduct competence management, and formulate life-long learning plans with diverse learning resources.	
(5) Does the Company’s products/services comply with regulations and international standards related to customers’ health, safety and privacy, marketing and labeling? Does the Company establish related consumer interest protection policies and complaint procedures?	V		The Company’s products and services shall comply with regulations and international standards related to customer health and safety, customer privacy, marketing and labeling without any cheating, misleading information, fraud and any other actions that betray customer trust or damage customer interests. The Company has introduced the customer satisfaction management mechanism, which carries out a customer satisfaction survey every 6 months (June and December) to protect customer interests and provide a complaint channel.	None
(6) Does the Company establish a supplier management policy that asks its suppliers to comply with requirements related to environmental protection, occupational safety and health or labor rights? What’s the implementation status of the policies?	V		The Company has laid down the supplier management guidelines for selection of qualified and high-quality suppliers. While the Company selects major contracted suppliers based on assessments of their quality, cost and delivery deadlines, it also asks them to comply with its Ethical Corporate Management and CSR policies. In the agreements signed by the Company’s units with their suppliers, there is a clause that allows the Company to terminate or cancel the agreement at any time when the supplier makes significant (negative) impact on the environment or society.	None
5. Does the Company prepare its reports for disclosure of non-financial information, including its corporate social responsibility report, by reference to international standards or guidelines for report preparation? Does		V	As the Company was an emerging stock company in 2020, it was not subject to the regulatory requirement of preparing CSR Reports. After it became a listed company in 2021, it will prepare the report according to the law on regular basis.	Not Applicable

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note1)</th><th rowspan="2">Deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Further Explanation (Note2)</th></tr>
<tr><td>the company obtain opinions of a third-party accreditation body for its assurance or guarantee for aforementioned reports?</td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="5">6. If the Company has established corporate social responsibility principles based on the “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies,” please describe any discrepancy between the Principles and their implementation:
The Company has established corporate social responsibility principles based on the “Corporate Social Responsibility Best-Practice Principles for TWSE/ TPEx Listed Companies.” The Company has applied these principles in its corporate governance and fulfillment of corporate social responsibility.</td></tr>
<tr><td colspan="5">7. Other important information to facilitate better understanding of the company’s corporate social responsibility practices
(1) The Company made the following contributions to public welfare in 2020:
1. The Company took concrete action to help the underprivileged with love and care and contributed to environmental protection with the donation of a total of 54 second-hand computers and 93 monitors to several social welfare organizations (such as St. Raphael daycare center for people with developmental delays, Chaohsing training center for special needs under the Chaohsing Foundation, and Corning education center for people with mental disabilities in Tainan.
2. On April 15, the Company arranged a blood donation event with the Tainan Blood Donation Center.
3. The Company donated NT$1.8 million to the Chang Yung-Fa Foundation in 2020 to support six social services and charity art events (including sponsoring charity concerts of the Evergreen Symphony Orchestra for firefighters and underprivileged people).
(2) Other Matters:
The Company’s Hsinying Factory was awarded a certificate of appreciation by the Tainan City Government for its implementation of resource recycling policies and regular reporting of the volume of recycled resources.</td></tr>
</table>

Note 1: If the Company ticks “Yes” for Implementation Status, it shall explain important policies, strategies, measures and actions it has adopted. If the Company ticks “No” for Implementation Status, it shall explain the reason and its plan for related policies, strategies, measures and actions it will adopt in the future.

Note 2: Companies which have compiled CSR reports may cite the source from specific pages of their CSR reports instead.

Note 3: Materiality principles refer to principles that are related to environment, society and corporate governance issues and make significant impact to investors and other stakeholders of the Company.

3.3.6 Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Further Explanation	
1 . Establishment of ethical corporate management policies and guideline (1) Does the Company establish its ethical corporate management policies approved by its Board of Directors and disclose its ethical corporate management policies and practices in its guidelines and external documents? Do its Board of Directors and senior management actively fulfil their commitment to implementation of the policies?	V		The Company has laid down its "Ethical Corporate Management Principles" after the approval of its Board of Directors. The requirements for Ethical Corporate Management are disclosed on the Company's website and the MOPS. All units of the Company are required to adhere to ethical and reciprocity principles when they engage in business activities and actively fulfill commitments on related rights and obligations.	None
(2) Does the company create a risk assessment mechanism for unethical conduct and regularly analyze and assess business activities that incur higher risks within its business scope and introduce guidelines for prevention of unethical conduct that at least complies with the measures to prevent listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate	V		According to Ethical Corporate Management Principles of the Company, its staff are prohibited from entering into improper transactions, including taking and accepting bribery, providing illegal political donations, and receiving improper charity donations or sponsorships, unreasonable gifts, treatment, and other illegitimate gains. Heads of all departments are required to introduce measures to prevent higher risks incurred by unethical conduct and incorporate these measures into a variety of internal control systems in order to	None

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Further Explanation	
Management Best-Practice Principles for TWSE/TPEx Listed Companies?			effectively enhance autonomous management and facilitate supervision and management of in-charge units.	
(3) Does the company introduce procedures, a code of conduct, and punishment for violations, rules of appeal in the guidelines for prevention of unethical conduct, implement them, and review and modify the guidelines on a regular basis?	V		The Company has introduced the "Procedures for Procedures for Ethical Management and Guidelines for Conduct" after the approval of its Board of Directors to actively prevent unethical conduct. The Company has also introduced management guidelines and supervisors of all levels have promoted an ethical, transparent and responsible business philosophy in meetings from time to time to foster corporate culture of ethical corporate management. Any discipline and punishment decisions for noncompliance of ethical corporate management requirements are made according to the management guidelines and a related complaints system is operated according to the complaint handling procedures.	None

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Further Explanation	
2. Implementation of operational integrity policy				
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		The Company has laid down the "Supplier Management Guideline" for selection of qualified, high-quality suppliers. In-charge units shall carefully assess their suppliers' internal requirements for quality, services, delivery deadlines, corporate social responsibility and ethical corporate management and place those meeting specific criteria on "the list of qualified suppliers," which is the basis of their procurement and outsourcing decisions. The Company requires in-charge units to include a new clause in the agreements with their suppliers to allow the Company to terminate or cancel the agreement unconditionally if the supplier takes any illegal action that impairs its ethics, including the provision, offering and payment of any commission, kickback, or other inappropriate gain, in its business practices.	None
(2) Does the company establish a dedicated unit supervised by the Board of Directors to be in charge of corporate integrity? Does the unit report its ethical corporate management policies, the guidelines for prevention of unethical conduct and its supervision of the guidelines implementation to the Board of Directors on regular basis (at least once a year)?	V		The Company's human resource unit is in charge of supervising the activities related to maintenance of ethical corporate management and assisting the Board of Directors and the management with the examination and assessment of effectiveness of prevention measures adopted by the Company. The human resource unit prepares a report on the assessment of related business procedures' compliance status and presents the annual report to the Board of Directors.	None

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Further Explanation	
(3) Does the company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement it?	V		In order to prevent conflicts of interest and provide appropriate communication channels, the Company has established "Ethical Corporate Management Principles" and "Procedures for Ethical Management and Guidelines for Conduct" and implemented related policies through the Company's auditing system and a variety of internal management practices.	None
(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management? Has the internal audit unit drawn up an auditing plan for unethical conduct based on the results of its assessment of the risks incurred by unethical conduct? Has the Company conducted an audit on compliance with the guidelines for prevention of unethical conduct according to the plan or engaged CPAs for such auditing?	V		The Company has established an effective accounting system and internal control system to ensure our ethical corporate management. Internal auditors have reviewed the compliance status of the two systems on a regular basis and prepared the audit report and presented it to the Board of Directors. The internal auditors may engage CPAs for auditing activities and hire related professionals for assistance when necessary.	None
(5) Does the company regularly hold internal and external educational training on ethical corporate management?	V		The Company has maintained its ethical corporate management through promotion of ethical corporate management concepts in supervisors' meetings and department meetings. The Company's staff have also taken external courses on an irregular basis to learn about core ideas of corporate governance and ethical corporate	None

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Further Explanation	
			management. Meanwhile, the Company has also provided orientation training on the requirements for "Ethical Corporate Management and Codes of Ethical Conduct" to new recruits.	
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		The Company has introduced the "Codes of Ethical Conduct" to provide guidance on moral standards for the Company's staff after approval of the Board of Directors to allow them to report any conduct of the Company's employees that impairs ethical corporate management in oral or written form. The Company also provides an email address specifically for such reporting on the Company's website for its staff and external parties. "The Complaint Handling Guidelines" and "Procedures for Ethical Management and Guidelines for Conduct" of the Company require the human resources unit and related units to handle the reporting and ascertain facts.	None
(2) Does the company establish standard operating procedures for confidential reporting on investigating accusations and introduce post-investigation follow-up practices and related confidentiality mechanism ? (3) Does the company provide proper whistle-blower protection?	V V		The Company has set up a report handling system and keeps the informer and reported information confidential according to its "Complaint Handling Guidelines" and "Procedures for Ethical Management and Guidelines for Conduct." The Company is also committed to the protection of the informer from improper treatment due to his/her reporting and has introduced related measures.	None None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Further Explanation</th></tr>
<tr><td>4. Strengthening information disclosure:
Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</td><td>V</td><td></td><td>The Company has introduced “Ethical Corporate Management Principles” after the approval of Board of Directors. The information about the principles are disclosed on both the Company’s website and MOPS.</td><td>None</td></tr>
<tr><td colspan="5">5. If the Company has established ethical corporate management principles based on the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies,” please describe any discrepancy between the policies and their implementation: None.</td></tr>
<tr><td colspan="5">6. Other important information to facilitate a better understanding of the Company’s ethical corporate management policies (e.g., review and amendment of its policies): None.</td></tr>
</table>

3.3.7 Information Disclosure Required if the Company has Established Corporate Governance Principles and Related Guidelines:

Please visit *http://mops.twse.com.tw*, *http://www.evergreennet.com* or *http://stock.evergreen.com.tw* for more information

3.3.8 Other Important Information to Facilitate a Better Understanding of the Company's Corporate Governance Practices:

1. Courses and training taken by managerial officers of the Company are listed in the table below:

Name	Training Date	Professional Training Institution	Training Course and Hours or Certification Received
Liu, Pang-En	2020.07.31.	Taiwan Corporate Governance Association	New corporate governance principles for board of directors – precautionary planning and practices for information and internet security.
Yeh, Jia-Chyuan	2020.05.26	Taiwan Academy of Banking and Finance	Corporate governance – public relations crisis management and spokesperson's corresponding strategies.
	2020.06.23	Accounting Research and Development Foundation	Analysis on the policy of the regulatory authority for assisting companies with enhancement of their abilities for preparing financial statements and management practices for internal controls.
	2020.08.24	Taipei Exchange	Seminar on Insiders' Share Transfers of OTC companies and Emerging Stock Companies
	2020.09.24	Governance Professionals Institute of Taiwan	2020 seminar on the regulatory framework for beneficial ownership
	2020.10.23	Taiwan Corporate Governance Association	Seminar held by Fubon Insurance on liabilities of directors and supervisors and risk management

2. Professional institutional training courses taken by/certification received by the Company's internal auditors and Head of Accounting Department:

(1) Internal auditors:

Name	Training Date	Professional Training Institution	Training Course and Hours or Certification Received
Lin, Mei-Li	2020.01.20	The Institute of Internal Auditors – Chinese Taiwan	Self-assessment practices (6 hours)
	2020.05.15		Exercise on audit practices and ethics (6 hours)
	2020.08.06		Important know-how about internal audit of legal compliance (6 hours)
	2020.10.15		Exercise of audit practices regarding the Labor Incident Act (6 hours)
Huang, Shiau-Jen	2020.02.25	The Institute of Internal Auditors – Chinese Taiwan	Subsidiary audit practices (6 hours)
	2020.05.14		Knowledge about labor regulations that an auditor needs to know – from recruitment to resignation (6 hours)
	2020.07.03		Audit practices for operations in regard to materials and equipment in the manufacturing industry (6 hours)
	2020.09.21		Important know-how about internal audit of sales and collections cycle and legal compliance (6 hours)
Wang, Wan-Hsuan	2020.02.25	The Institute of Internal Auditors – Chinese Taiwan	Subsidiary audit practices (6 hours)
	2020.05.14		Knowledge about labor regulations that an auditor needs to know – from recruitment to resignation (6 hours)
	2020.07.03		Audit practices for operations in regard to materials and equipment in the manufacturing industry (6 hours)
	2020.09.21		Important know-how about

			internal audit of sales and collections cycle and legal compliance (6 hours)

(2) Accounting Officer:

Name	Training Date	Professional Training Institution	Training Course and Hours or Certification Received
Yeh, Jia-Chyuan (Note)	2020.02.20 ~ 2020.02.21	Accounting Research and Development Foundation	Continued education for the head of accounting department of a (stock) issuer provided by TWSE (12 hours)
	2020.03.27		The key role and legal liability of perjury in economic crimes (3 hours)
	2020.03.27		Common corporate governance negligence of companies and analysis on related regulations (3 hours)
Hsu, Chin-Kuan	12.03, 2020 ~ 12.04, 2020	Accounting Research and Development Foundation	Continued education for the head of accounting department of a (stock) issuer provided by TWSE (12 hours)

Note: the former head of the Accounting Department was Mr. Yeh, Jia-Chyuan. Hsu, Chin-Kuan has been head of the accounting department since November 16, 2020.

3.3.9 Internal Control System Execution Status

1. Internal Control Statement

Evergreen Steel Corporation

Internal Control Statement

Date: Mar. 10, 2021

The Company states the following with regard to its internal control system during the period from Jan. 1, 2020 to Dec. 31, 2020, based on the findings of a self-assessment:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and the management. The Company has established such a system, which aims to provide reasonable assurance of achieving the objectives in terms of the effectiveness and efficiency of operations (including profits, performance, and safeguarding of asset security), reliability, timeliness, transparency of reporting, and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, and the Company takes corrective actions as soon as a deficiency is identified.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies. The internal control system assessment criteria specified by the Regulations evaluate five elements of internal control based on the process of management and control: 1. control environment 2. risk assessment 3. control activities 4. information and communications 5. monitoring. Each element further contains several items. Please refer to the Regulations for details.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforementioned criteria.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that during the stated time period its internal control system (including its supervision and management of subsidiaries) was effectively designed and operated and the Company reasonably assured the achievement of the above-stated objectives in terms of operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable laws and regulations.
6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement was approved by the Board of Directors in a meeting on Mar. 10, 2021, and none of the 7 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Evergreen Steel Corporation

Chairman Lin, Keng-Li

President Liu, Pang-En

2. If a CPA was engaged to conduct a special audit of the internal control system, its audit report shall be disclosed: None

3.3.10 Has the Company or any employees been punished according to the law or has the Company punished any employees for violating the internal control system during the latest year and up to the printing date of this annual report? If so, what is the major negligence and improvement measure? No.

3.3.11 Major Resolutions of Shareholders' and Board of Directors Meetings during the Latest Year and up to the Printing Date of this Annual Report:

1. Important Resolutions of the regular meeting of shareholders on June 18, 2020 and their implementation:

(1) The Company's 2019 earnings distribution

Implementation: Cash dividends to shareholders was NT$2 per share, with total NT$793,070,926 cash dividend distributed on Aug 17, 2020.

(2) Capital increase by cash with issuance of new shares for underwritten public offering and request to original shareholders for waiving all preemptive rights to subscribe new shares for the Company's IPO on the TWSE.

Implementation: all new shares issued for capital increase by cash before the IPO were offered for underwritten public offering after original shareholders waived all preemptive rights to subscribe such new shares for the Company. The Company become a TSWE-listed company on April 12, 2021.

(3) Amendment of "Procedures for Acquiring and Disposing of Assets."

Implementation: The related actions have been taken in accordance with revised "Procedures for Acquiring and Disposing of Assets."

(4) Amendment of "Procedures for Fund Lending, Endorsement and Guarantee."

Implementation: The related actions on behalf of the Company have been conducted in accordance with revised "Procedures for Fund Lending, Endorsement and Guarantee."

2. Important Resolutions of the regular meeting of the Board of Directors, Audit Committee and Remuneration Committee:

The Board of Directors Meeting Date & Session	Major Proposals	Session, Date & Resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
Mar. 16, 2020. (1st meeting of 2020)	1. Resolution of 2019 employees remuneration 2. Resolution of 2019 directors (supervisors) remuneration 3. Amendments of "Remuneration Committee Charter"	Approved unanimously by Remuneration Committee members at the 1st meeting of 2020 dated Mar. 16, 2020.	None
	4. Approval of 2019 business report 5. Approval of 2019 parent company only financial reports and consolidated financial reports	Approved unanimously by Audit Committee members at the 1st meeting of 2020	None

The Board of Directors Meeting Date & Session	Major Proposals	Session, Date & Resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
	6. Approval of 2019 earnings distribution 7. Approval of 2019 "Internal Control System Statement" 8. Amendments of "Internal Control System" and "Internal Audit Implementation Rules" 9. Discussion about application for listing on the TWSE. 10. Discussion about capital increase by cash with issuance of new shares and request to original shareholders for waiving their rights to subscribe new shares for application for listing on the TWSE 11. CPA engagement and resolution of their remuneration 12. CPA engagement for special audit of internal control 13. Amendments of "Audit Committee Charter" 14. Amendments of "Procedures for Acquiring and Disposing of Assets" and introduction of "Table of Authorized Powers of Acquiring and Disposing of Assets & Other Financial Matters" 15. Amendments of "Procedures for Fund Lending, Endorsement and Guarantee"	dated Mar. 16, 2020	
	16. Approval of 2020 Business Plan 17. Credit application to financial institution 18. Establishment of "Procedure for	—	—

The Board of Directors Meeting Date & Session	Major Proposals	Session, Date & Resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
	suspending or resuming OTC transactions of emerging stock" 19. Introduction of "Guidelines for the Board Performance Evaluation" 20. Amendments of "Rules of procedure for board meetings" 21. Introduction of "Corporate Governance Principles" 22. Introduction of "Ethical Corporate Management Principles" 23. Introduction of "Procedures for Ethical Management and Guidelines for Conduct" 24. Introduction of "Codes of Ethical Conduct" 25. Introduction of "CSR Principles" 26. Creating the position of corporate governance officer 27. Resolution of holding regular shareholders' meeting in 2020		
Jun. 18, 2020 (2nd meeting of 2020)	1. Retroactive recognition of the sale of Shin Kong Financial Holding's stock and subscription of its shares issued for capital increase by cash 2. Amendments of "Table of Authorized Powers of Acquiring and Disposing of Assets & Other Financial Matters" 3. Amendments of "Internal Control System" and "Internal Audit Implementation Rules"	Approved unanimously by Audit Committee members at the 2nd meeting of 2020 dated Jun. 18, 2020.	None

The Board of Directors Meeting Date & Session	Major Proposals	Session, Date & Resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
Aug. 7, 2020 (3rd meeting of 2020)	1. Retroactive recognition of the Company's subscription of fractional shares of its subsidiary Super Max Engineering Enterprise Co., Ltd resulting from capital increase through capitalization of earnings Recusal of Directors and voting situation of Board of Directors • As the Chairman Lin, Keng-Li was also a director of Super Max Engineering Enterprise Co., Ltd., he had to recuse himself during discussion of and voting • Except for the director who recused himself from the discussion and resolution according to the law, all 6 directors attending the meeting agreed and approved the proposal 2. Approval of "Internal Control system Statement" 3. Amendments of "Internal Control System" and "Internal Audit Implementation Rules"	Approved unanimously by Audit Committee members at the 3rd meeting of 2020 dated Aug. 7, 2020.	None
	4. Approval of signing the over-allotment agreement with the lead underwriter KGI Securities 5. Approval of "2020 budget amendment"	—	—
Nov. 10, 2020. (4th meeting of 2020)	1. Approval of the subscription of the shares of Company's subsidiary Ever Ecove Corporation issued for capital increase by cash Recusal of Directors and voting	Approved unanimously by Audit Committee members at the 4th meeting of 2020 dated Nov. 10, 2020.	None

The Board of Directors Meeting Date & Session	Major Proposals	Session, Date & Resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
	situation of Board of Directors • As the Chairman Lin, Keng-Li was also a director of Ever Ecove Corp., he had to recuse himself during discussion of and voting • Except for the director who recused himself from the discussion and resolution according to the law, all 6 directors attending the meeting agreed and approved the proposal 2. Change of the Company's head of accounting department 3. Amendments of the Company "Table of Authorized Powers of Acquiring and Disposing of Assets & Other Financial Matters" 4. Amendments of "Audit Committee Charter"		
	5. Retroactive recognition of the change of the Company's commercial paper to China Bills Finance Corporation after contract renewal 6. Amendments of "Rules of procedure for board meetings" 7. Amendments of "Corporate Governance Principles" 8. Amendments of "The Guidelines for Board Performance Evaluation" 9. Amendments of "Procedures for Handling Material Inside	—	—

The Board of Directors Meeting Date & Session	Major Proposals	Session, Date & Resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
	Information" 10. Amendments of the "Procedure for suspending or resuming OTC transactions of emerging stock"		
Dec. 21, 2020 (5th meeting of 2020	1. Approval of the Company's capital increase by cash with issuance of new shares for underwritten public offering before its listing on TWSE 2. Amendments of "Internal Control System" and "Internal Audit Implementation Rules"	Approved unanimously by Audit Committee members at the 5th meeting of 2020 dated Dec. 21, 2020.	None
	3. Introduction of "Employee Stock Purchase Guidelines" 4. Establishment of the criteria for employee eligibility in terms of employee stock purchase and the principles for allocation of such shares 5. Resolution of 2020 year-end bonus for managerial officers 6. Resolution of 2021 compensation for managerial officers 7. Resolution of 2020 year-end bonus for the Chairman Recusal of Directors and voting situation of Board of Directors • Chairman Lin, Keng-Li had to recuse himself during the discussion and voting due to conflict of interest in this case • Except for the director who recused himself from the discussion and resolution according to the law, all 6	Approved unanimously by Remuneration Committee members at the 2nd meeting of 2020 dated Dec 21, 2020.	None

The Board of Directors Meeting Date & Session	Major Proposals	Session, Date & Resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
	directors attending the meeting agreed and approved the proposal 8. Resolution of 2021 Chairman compensation and business expenses Recusal of Directors and voting situation of Board of Directors • Chairman Lin, Keng-Li had to recuse himself during discussion and voting due to conflict of interest in this case • Except for the director who recused himself from the discussion and resolution according to the law, all 6 directors attending the meeting agreed and approved the proposal		
	9. Amendments of "Corporate Governance Principles" 10. Amendments of "CSR Principles" 11. Introduction of "CSR policies" 12. Introduction of "2021 Internal Audit Plan" 13. Approval of 2021 Business Plan and Budget	—	—
March 10, 2021 (1st meeting of 2021)	1. Resolution of 2020 employees remuneration 2. Resolution of 2020 directors Remuneration	Approved unanimously by Remuneration Committee members at the 1st meeting of 2021 dated Mar. 10, 2021.	None
	3. Approval of 2020 business report 4. Approval of 2020 parent company	Approved unanimously by Audit Committee	None

The Board of Directors Meeting Date & Session	Major Proposals	Session, Date & Resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
	only financial reports and consolidated financial reports 5. Approval of 2020 earnings distribution 6. Approval of 2020 "Internal Control System Statement" 7. Amendments of "Internal Control System" and "Internal Audit Implementation Rules" 8. CPA engagement and resolution of the remuneration	members at the 1st meeting of 2021 dated Mar. 10, 2020.	
	9. Credit application to financial institution 10. Amendments of "rules of procedure for shareholders' meetings" 11. Resolutions of holding 2021 shareholders' meeting	—	—

3.3.12 Major Issues of Record or Written Statements Made by any Director or Supervisor Dissenting to Important Resolutions Passed by Board of Directors during the Latest Year and up to the Printing Date of this Annual Report: None.

3.3.13 Resignation or Dismissal of the Chairman, President, and Heads of Accounting, Finance, Internal Audit, and R&D Departments during the Latest Year and up to the Printing Date of this Annual Report:

April 30, 2021

Title	Name	Date of Assumption of Office	Date of Discharge	Reason of resignation or discharge
Head of Accounting Department	Yeh, Jia-Chyuan	2021.04.21	2020.11.16	Adjustment of position

3.4 Information Regarding the Company's Audit Fee and Independence

3.4.1 Bracket of CPA's Audit fee:

Name of the Accounting Firm	CPA's Name		Audit Period	Remark
Deloitte & Touche	Chang, Ching-Fu	Chao, Yong-Hsiang	2020.01.01~2020.12.31	None

Notes 1: If the Company has changed CPA or the accounting firm during the current fiscal year, the Company shall report the information regarding the audit period covered by each CPA and explain the reason for replacement in the remark column.

Unit: NT$ thousands

Bracket \ Item		Audit fee	Non-audit fee	Total
1	Lower than 2,000K			
2	2,000K（included）～4,000K	3,700	3,080	6,780
3	4,000K（included）～6,000K			
4	6,000K（included）～8,000K			
5	8,000K（included）～10,000K			
6	Higher than 10,000K（included）			

3.4.2 If the non-audit fee paid to the CPAs, their accounting firm and its affiliate reaches 25% of the total audit fee, the Company shall disclose the service items for audit fee and non-audit fee separately.

Unit: NT$ thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Period Covered by CPA's Audit	Remarks
			Systemof Design	Company Registration	Human Resource	Others	Subtotal		
Deloitte & Touche	Chang, Ching-Fu Chao, Yong-Hsiang	3,700	-	-	-	3,080	3,080	2020.01.01~ 2020.12.31	Compilation of report on special audit of and transfer pricing report for application of listing on TWSE

Notes 1: If the Company has changed CPA or the accounting firm during the current fiscal year, the Company shall report the information regarding the audit period covered by each CPA and the replacement reason and disclose the information such as audit fee and non- audit fee paid in order.

Notes 2: Non-audit fees are listed separately according to service items. If the "other" of the non-audit fees reaches 25% of the total non-audit fees, the Company shall report the information of service content.

3.4.2 The Company changed its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year: None.

3.4.3 The audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more: None.

3.5 Replacement of CPA: none.

3.6 If any of the Company's Chairman, President, Chief Executive Officers, and the managerial officer in charge of its finance and accounting operations has assumed any positions in the Company's auditing firm or its affiliates during 2020, the Company shall disclose the name, title and the time period when he/she assumed the position in the CPA's accounting firm: none.

3.7 Stock Transfer or Changes to Stock Pledge of Directors, Managerial Officer, or Shareholders Holding More Than 10% of Company Shares during the Latest Year and up to the Printing Date of this Annual Report.

3.7.1 Changes in Shareholding of Directors, Managerial Officers and Major Shareholders

Unit: shares

Title (Note 1)	Name	2020		As of April 30, 2021	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease	Pledged Holding Increase (Decrease)
Chairman	Evergreen Logistics Corp.	0	0	0	0
	Representative: Lin, Keng-Li	0	0	0	0
Director	Evergreen International Corp.	0	0	0	0
	Representative: Chang, Kuo-Hua	0	0	0	0
Director	Evergreen International Corp.	0	0	0	0
	Representative: Ko, Lee-Ching	0	0	0	0
Director	Wei-Dar Development Co., Ltd.	0	0	0	0
	Representative: Lee, Mon-Ling	0	0	0	0
Independent Director	Lee, Kuan-Hsien	0	0	0	0
Independent Director	Lien, Yuan-Lung	0	0	0	0
Independent Director	Chiang, Jui-Chin	0	0	0	0
President	Liu, Pang-En	0	0	16,000	0
Executive Vice President (Head of Finance Department)	Yeh, Jia-Chyuan	0	0	10,000	0

Executive Vice President	Chien, Chih-Lung	0	0	10,000	0
Senior Vice President	Ou, Nan-hsin	0	0	10,000	0
Senior Vice President	Chang, Hsing-Kung	0	0	(11,000) 10,000	0
Senior Vice President	Lu, Shim-Min	0	0	10,000	0
Deputy Senior Vice President	Chen, Mong-Lin	0	0	10,000	0
Deputy Senior Vice President (Head of Accounting Department)	Hsu, Chin-Kuan (Note 1)	0	0	10,000	0
Deputy Senior Vice President	Chou, Chih-Chieh	0	0	10,000	0
Major Shareholder	Evergreen International Corp.	0	0	0	0

Note 1: The former head of accounting department was Mr. Yeh, Jia-chyuan and Hsu, Chikuan has been head of the accounting department since Nov 16, 2020.

Note 2: Shareholders holding over 10% of the outstanding shares shall be remarked as major shareholders and listed individually.

Note 3: Fill in the following table when the counter-party of transfers or pledges of shares is a related party.

(1) If the counter-party in any transfer of equity interests owned by a Director, Supervisor, and Managerial Officer holding over 10% of the Company’s shares is a related party, related information shall be provided: none.

(2) If the counter-party in pledge of equity interests owned by a Director, Supervisor, and Managerial Officer holding over 10% of the Company’s shares is a related party, related information shall be provided: none.

3.7.2 Information of Stock Transfer among Directors, Managerial Officers and Top Ten Shareholders: Not applicable.

3.7.3 Information of Stock Pledged among Directors, Managerial Officers and Top Ten Shareholders: Not applicable.

3.8 Relationship among the Top Ten Shareholders:

April 27, 2021: Unit: shares

NAME	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Evergreen International Corp.	91,101,257	21.69%	Not Applicable		-	-	EVA Airways Corp	The representative designated by EVA to be a director of Airways Corp	None
							Chang, Kuo-Hua	Director and major shareholder of Evergreen International Corp.	
							Chang, Kuo-Ming	Director and major shareholder of Evergreen International Corp	
Representative: Ko, Lee-Ching	-	-	-	-	-	-	EVA Airways Corp	Director of EVA Airways Corp	
EVA Airways Corp	38,201,625	9.10%	Not Applicable		-	-	Evergreen Internatio nal Corp.	The representative designated by Evergreen International Corp. to be a director of EVA Airways Corp	None
							Ko, Lee-Ching	Director of EVA Airways Corp	
Representative: Lin, Bo-Shuei	-	-	-	-	-	-	None	None	
Continental Engineering Corporation	25,645,907	6.11%	Not Applicable		-	-	TSRC	The representative is the same person.	None
Representative: Ing, Chi	-	-	-	-	-	-	TSRC	TSRC Chairman	
Chang, Kuo-Hua	25,008,820	5.95%	-	-	-	-	Evergreen Internatio nal Corp.	Director and Major Shareholder of Evergreen International Corp.	None
							Chang, Kuo-Ming	Within two degrees kinship	
							Chang, Kuo-Cheng	Within two degrees kinship	

NAME	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Chang, Kuo-Ming	25,008,820	5.95%	-	-	-	-	Evergreen International Corp.	Major shareholder of Evergreen International Corp.	None
							Chang, Kuo-Hua	Within two degrees kinship	
							Chang, Kuo-Cheng	Within two degrees kinship	
Chang, Kuo-Cheng	25,008,820	5.95%	-	-	-	-	Chang, Kuo-Hua	Within two degrees kinship	None
							Chang, Kuo-Ming	Within two degrees kinship	
Chang Yun-Fa Foundation	25,008,820	5.95%	Not Applicable		-	-	None	None	None
Representative: Chung, Demei	-	-	-	-	-	-	None	None	
Cathay Life Insurance Co., Ltd	13,091,000	3.12%	Not Applicable		-	-	None	None	None
Representative: Huang, Diao-Guei	-	-	-	-	-	-	None	None	
Wei-Dar Development Co., Ltd.	12,823,245	3.05%	Not Applicable		-	-	TSRC	The designated representative is a TSRC director	None
Representative: Huang, Jing-Long	-	-	-	-	-	-	TSRC	TSRC director	
							Continental Engineering Corporation	Continental Engineering Corporation director	
TSRC Corporation	12,148,000	2.89%	Not Applicable		-	-	Continental Engineering Corporation	The representative is the same person	None
							Wei-Dar Development	The designated representative is a TSRC director	
Representative: Ing, Chi	-	-	-	-	-	-	Continental Engineering Corporation	Continental Engineering Corporation Chairman	

3.9 Ownership of Shares in Affiliated Enterprises

As of December 31, 2020

Unit: 1000 shares/%

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Mingyu Investment Corp.	10,350	100.00%	-	-	10,350	100.00%
Hsin Yung Enterprise Corp.	99,267	68.46%	1,256	0.87%	100,523	69.33%
Super Max Engineering Enterprise Corp.	16,098	48.13%	-	-	16,098	48.13%
Ever Ecove Corp.	80,100	50.06%	-	-	80,100	50.06%

Note: Long-term investment of the Company accounted for using equity method.

Ⅳ. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

1. Issued Shares

Unit: NT$ dollar/shares

Month / Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increases byAssets Other than Cash	Others
August 2019	10	440,000,000	4,400,000,000	399,425,963	3,994,259,630	Capital reduction by NT$ 60,000,000 due to cancellation of treasury stock	None	Note 1
April 2021	10	440,000,000	4,400,000,000	419,981,963	4,199,819,630	Capital increase by NT$205,560,000 by cash with the IPO	None	Note 2

Note 1: Approved by the Ministry of Economic Affairs on Sept., 2, 2019 with the letter No. 10801120740.

Note 2: Approved by the Ministry of Economic Affairs on April 28, 2021 with the letter No. 11001067730.

Note 3: Information for the current fiscal year as of the publication date of this annual report shall be provided.

Note 4: For any capital increase, the effective (approval) date and the document number shall be provided.

Note 5: Shares traded below par value shall be shown in a clear manner.

Note 6: Contribution to equity capital in the forms of monetary credit or technology shall have explanatory information and the type and amount of such contribution in such capital increase shall be shown.

Note 7: Private placement shall be indicated in a clear manner and related information shall be provided in the table below.

Unit: shares

Shares Type	Authorized Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Registered Common Shares	419,981,963	20,018,037	440,000,000	Shares of a listed company

Note 1: It includes treasury stock. Please refer to page 64 for information about stock buyback of the Company.
Note 2: Please indicate whether the shares are issued by a Company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEx) (Shares of which trading is restricted on the TWSE or those which are traded on the TPEx shall be shown in a note).

2. Information for Shelf Registration: Not applicable.

4.1.2 Status of Shareholders

April 27, 2021；Unit: shares

Item / Stock	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions &Natural Persons	Total
Number of Shareholders	—	4	68	16,519	19	16,610
Number of Shares	—	14,941,000	254,832,106	148,018,149	2,190,708	419,981,963
Shareholding Percentage (shares)	—	3.56%	60.67%	35.25%	0.52%	100.00%

4.1.3 Shareholding Distribution Status

1. Common Stock:

April 27, 2021

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Shareholding Percentage
1 to 999	1,450	258,124	0.06
1,000 to 5,000	13,169	22,394,441	5.33
5,001 to 10,000	948	7,652,652	1.82
10,001 to 15,000	348	4,483,973	1.07
15,001 to 20,000	171	3,232,316	0.77
20,001 to 30,000	160	4,100,018	0.98
30,001 to 50,000	144	5,764,030	1.37
50,001 to 100,000	107	7,440,748	1.77
100,001 to 200,000	46	6,332,753	1.51
200,001 to 400,000	20	5,835,008	1.39
400,001 to 600,000	4	1,946,482	0.46

600,001 to 800,000	7	5,087,693	1.21
800,001 to 1,000,000	5	4,890,000	1.16
Over 1,000,001	31	340,563,725	81.10
Total	16,610	419,981,963	100.00

2. Preferred Stock: the Company does not issue preferred stock.

4.1.4 List of Major Shareholders

April 27, 2021

Shareholding / Entity	Number of Shares	Percentage (%)
Evergreen International Corporation	91,101,257	21.69%
EVA Airways Corporation	38,201,625	9.10%
Continental Engineering Corporation	25,645,907	6.11%
Chang, Kuo-Hua	25,008,820	5.95%
Chang, Kuo-Ming	25,008,820	5.95%
Chang, Kuo-Cheng	25,008,820	5.95%
Chang Yung-Fa Foundation	25,008,820	5.95%
Cathay Life Insurance Co., Ltd.	13,091,000	3.12%
Wei-Dar Development Co., Ltd.	12,823,245	3.05%
TSRC Corporation	12,148,000	2.89%

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

Unit: Dollars; 1000 shares

Item		Year	2019	2020	As of April 30, 2021 (Note 8, 9, 10)
Market Price per Share (Note 1)	Highest		Not a TWSE/TPEx listed company	Not a TWSE/TPEx listed company	72.50
	Lowest		Not a TWSE/TPEx listed company	Not a TWSE/TPEx listed company	60.50
	Average		Not a TWSE/TPEx listed company	Not a TWSE/TPEx listed company	68.02
Net Worth per Share (Note 2)	Before Distribution		31.77	35.05	-
	After Distribution		29.77	-	-
Earnings per Share	Weighted Average Shares (shares)		388,400	394,011	394,036-
	Earnings per Share (Note 3)		2.44	2.65	-
Dividends per Share	Cash Dividends (Note 2)		2	2.2	-
	Stock Dividends	Dividends from Retained Earnings	-	-	-
		Dividends from Capital Surplus	-	-	-
	Accumulated Undistributed Dividends (Note 4)		-	-	-
Return on Investment	Price/Earnings Ratio(Note 5)		Not a TWSE/TPEx listed company	Not a TWSE/TPEx listed company	-
	Price/Dividend Ratio(Note 6)		Not a TWSE/TPEx listed company	Not a TWSE/TPEx listed company	-
	Cash Dividend Yield Rate(Note 7)		Not a TWSE/TPEx listed company	Not a TWSE/TPEx listed company	-

* In case of surplus or capital reserve reinvested to allotment of shares, the number of shares to be distrusted should be disclosed with traced adjustment of market value and cash dividend information.

Note 1: List the highest and lowest market price of common shares for each fiscal year and calculate the average market price for each fiscal year based on trading value and volume in each fiscal year.

Note 2: The company’s distribution of earnings in 2020 has been approved by the Board of Directors, but has not been passed in a shareholders’ meeting.

Note 3: If there was any retroactive adjustment required due to stock dividends, earnings per share before and after such adjustment shall be listed.

Note 4: If there was any condition regarding the issuance of equity securities stating that undistributed dividends for the current fiscal year has to be accumulated till the year when a profit is recorded, the Company shall separately disclose cumulative undistributed dividends as of the current fiscal year.

Note 5: Price/Earnings Ratio = Average Market Price/Earnings per Share

Note 6: Price/Dividend Ratio = Average Market Price /Cash Dividend per Share

Note 7: Cash Dividend Yield Rate = Cash Dividend per Share/ Average Market Price of current year

Note 8: For net asset value per share and earnings per share, data from the most recent quarter that has been verified (reviewed) by CPAs as of the publication date of this annual report should be provided. For other fields in this column, data from the current fiscal year as of the publication date of this annual report should be provided.

Note 9: Up to the printing date of this annual report, the Company's 1st quarter consolidated financial reports haven't been reviewed by independent auditors

Note 10: The Company became a listed Company on TWSE on April 12, 2021.

4.1.6 Dividend Policy and Implementation Status

1. Dividend Policy specified in the Articles of Incorporation of the Company:

Any profit made by the Company for each fiscal year shall, after deduction of tax, be applied first towards making up any losses incurred by the Company in previous years; secondly 10% of the balance thereof shall be retained as the legal reserve, and the special reserve shall be set aside in compliance with regulations; the remaining amount, together with the accumulated unallocated profit of the previous period, shall be allocated pursuant to the proposal of earnings distribution made by Board of Directors after it is accepted in a shareholders' meeting.

As the Company is experiencing steady growth, the Board of Directors shall propose earnings distribution according the following principles for implementation of operational plan and protection of shareholders interests:

(1) Stockholders' dividends allocated by the Company shall not be lower than 50% of the after-tax profit of the current year.

(2) Stockholders' dividends shall be distributed in cash dividends and stock dividends, with the cash dividend at least 25% of the total amount of distribution.

2. Dividend Distribution in Current Year to be discussed in a shareholders meeting (was approved by the Board of Directors but had not been accepted in a shareholders meeting):

The board approved a proposal for 2020 dividend distribution at its meeting on March 13, 2021 that cash dividends will be distributed to shareholders for NT$2.2/per share, total amount of distribution is about NT$872.38million.

3. Expected Significant Change of the Dividend Policy: None.

4.1.7 Impact of the stock dividends issuance proposal for this shareholders' meeting to the Company's Business Performance and Earnings per Share: No stock dividends issuance proposal was presented for this shareholders' meeting.

4.1.8 Compensation of Employees and remuneration of Directors

1. Range or Percentage of Employees' Compensation and Directors' Remuneration specified in the Company's articles of incorporation:

   According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, if any, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 0.5% for employees' compensation and the ratio for directors' remuneration shall not be higher than 2%. The aforementioned profit refers to the profit after tax of current year after the deduction of its employees' compensation and directors' remuneration.

   The employees' compensation shall be distributed in the form of stock or cash; while the directors' remuneration shall be distributed only in the form of cash.

   The aforementioned employee remuneration may be distributed to eligible employees of the Company's affiliates and the eligibility criteria shall be established by the Board of Directors. The amounts and methods of profit distribution for employees' compensation and directors' remuneration shall be approved by at least of half of attending directors in a board meeting attended by over 2/3 directors and reported to shareholders' meeting.

2. The Basis for Estimating the Amount of Employees' Compensation and Directors' Remuneration, for Calculating the Number of Shares to be Distributed as Employee Compensation, and the Accounting Treatment of the Discrepancy, if any, between the Actual Distributed Amount and the Estimated Figure, for the Current Period:

   The employees' and directors' remuneration were calculated on the basis of the Company's 2020 profit and related requirements set by its Articles of Incorporation and the costs are recognized as current-year expense. When the aforementioned distributed and the estimated amounts are different, such difference shall be treated based on changes in accounting estimates and the difference will be recognized as profit/loss of the year when the resolution was passed.

3. Distribution of Employees' Compensation and Directors' Remuneration approved in the Board of Directors Meeting:

   (1) Amount of employees' compensation (including stock and cash) and directors' remuneration distributed: if the actual amount distributed differs from the original estimated amount, the difference, reason, and how the difference was treated shall be disclosed:

Please refer to the table below for the differences between the distributed and recognized amounts of employees' compensation and directors' remuneration approved in a board meeting dated March 10, 2021.

Unit: NT$ thousands

Item	The amount of actual distribution	The amount of recognition	Difference	Reason of the Difference And the Treatment
Employee Compensation (Cash)	5,745	5,745	-	None
Remuneration of The Directors (Cash)	5,000	5,000	-	None

(2) The amount of any employees' compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or the Company's financial reports for the current period and total amount of such employees' compensation: the Company does not plan to compensate its employees with stock distribution.

4. Information of 2019 Distribution of Employee's Compensation and Directors' Remuneration (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed) and, if there is any discrepancy between the actual distribution and the recognized employees' compensation and directors' remuneration, the discrepancy, reason, and how it is treated:

The actual distribution of employees' compensation and directors' and supervisors' remuneration of 2020

Unit: NT$ thousands

Item	The amount of actual distribution	The amount of recognition	Difference	Reason for the Difference and the Treatment
Employee Compensation (Cash)	5,407	5,407	-	None
Remuneration of the Directors	6,819	7,000	(181)	Due to changes in accounting estimates, the difference is treated with the adjustment of 2020 income

4.1.9 Buyback of Treasury Stock:

Sequence number of Buyback	First time in 2019
Buyback purpose	Stock transfer to employees
Buyback period	2019.08.13
Buyback price	NT$31 per share
Type and amount of shares purchased	5,658,064 shares of common stock
The monetary amount of shares purchased	NT$175,399,984
The ratio of the number of shares purchased to intended number of shares for buyback (%)	100%
The number of shares canceled and transferred	2,767,564 shares transferred
The accumulated numbers of shares held	2,890,500 shares of common stock
The ratio of the accumulated numbers of shares held by the Company to the total number of shares issued（%）	0.72%

4.2 Corporate Bonds: None

4.3 Preferred Stock: None

4.4 Global Depository Receipts: None

4.5 Employee Stock Options: None

4.6 Employee Restricted Stock: None

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

4.8 Financing Plans and Implementation: None

5. Business Overview

5.1 Business Activities

5.1.1 Business Scope

1. The Group is engaged in the following activities:

The main business scope includes steel structure construction and reinvestment in environmental protection. The steel structure construction business includes steel structures for factories, high-rise buildings, bridges, rail tracks, etc. The environmental protection business includes general/industrial waste treatment and clearance as well as co-generation.

2. Consolidated Revenue Breakdown:

Unit: NT$ thousands

Year / Main product	2019		2020	
	Revenue	Ratio (%)	Revenue	Ratio (%)
Steel Structures	5,945,266	71.91	7,117,905	76.13
Sales of Reinforcing Steel	23,065	0.28	-	-
Municipal/industrial Waste Treatment (including income from sales of electricity)	2,158,804	26.11	2,085,754	22.31
Others (repair/cleaning of shipping containers)	141,072	1.70	145,990	1.56
Total	8,268,207	100.00	9,349,649	100.00

3. Main products and services:

① Steel structure facilities: Power plants, electronics plants, incinerators, airplane maintenance hangars, etc.

② Steel structures for high-rise buildings: Skyscrapers, office buildings, residential buildings, etc.

③ Steel structures for bridges: Large-span bridges, arched bridges, cable-stayed bridges, etc.

④ Municipal and industrial waste clearance and treatment

⑤ Co-generation business

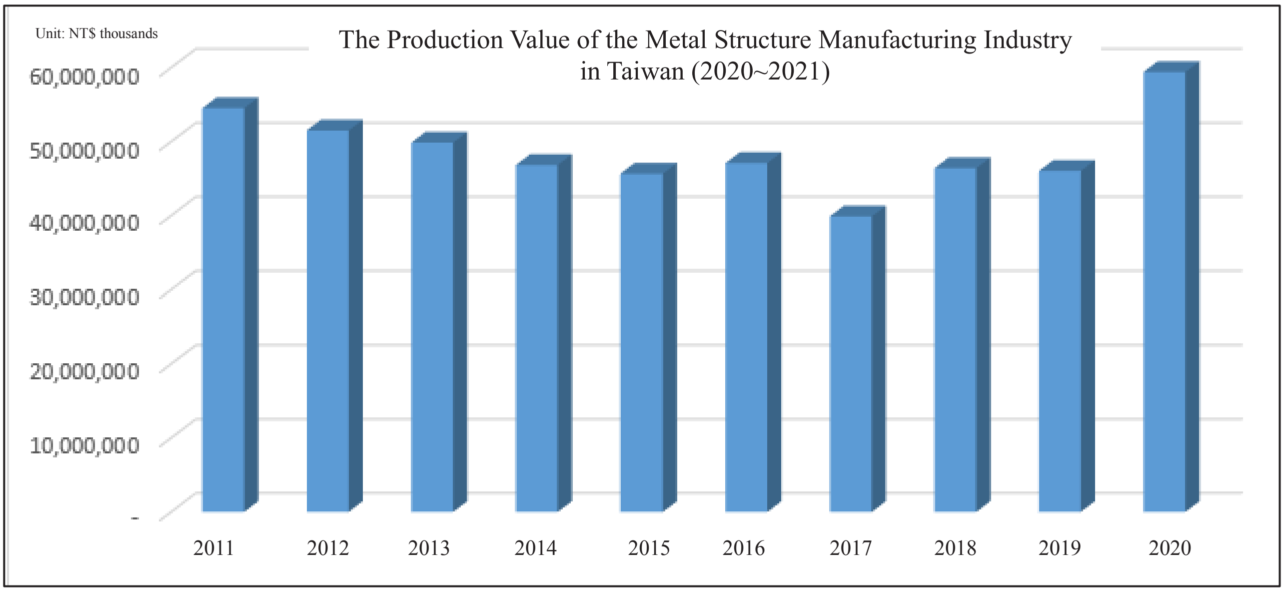
4. New products/services planned to be developed: None

5.1.2 Industry Overview

1. Current Development

(1) Steel structure industry:

The steel structure industry is a lower stream industry as well as the most important related industry of the steel industry. It also plays a crucial role in the construction industry as it helps other related industries develop. As a labor, technology and capital-intensive industry, the steel structure industry is evidently important for both the steel industry and construction industry in Taiwan. It also heavily relies on domestic demand with a domestic self-sufficiency rate consistently above 90% and under 6% of exports. The MOEA's statistics show that the production value of the metal structure manufacturing industry in 2020 was NT$59.44 billion, 29% higher than the NT$46.07 billion in 2019.



Source: Department of Statistics, MOEA

Steel structures are applied in a wide array of fields (factories, large stadiums, airplane maintenance hangars, skyscrapers and rail tracks). Compared to traditional concrete structures, they have several advantages including strong seismic capabilities, high strength, and high density, can be mostly manufactured in factories, barely creates any pollution in the environment, and can be recycled, making them an all-time favorite structure in the business. Even though some factories are still built as concrete structures, as manufacturing technology continues to innovate, factories are getting larger with ever-increasing column spacing, span, height and lifting capacity and they are expected to start production even sooner after being built. All these factors have helped steel structures to truly utilize their features and continue to expand their applications in this industry.

Based on the Statistical Yearbook of Construction and Planning by the Construction and Planning Agency, Ministry of the Interior, steel structures and steel reinforced structures have accounted for 23.98% to 28.24% of total floor space among the buildings that began construction within the last 3 years. Steel structures have been enjoying consistent market share in recent years.

Construction of Buildings – By Materials, 2012~2019

Year	Total	Steel Structure		Steel Reinforced Concrete		Subtotal		Others (note)	
	Total Floor Area	Total Floor Area	%	Total Floor Area	%	Total Floor Area	%	Total Floor Area	%
2012	26,895,156	3,905,697	14.52	2,648,594	9.85	6,554,291	24.37	20,340,865	75.63
2013	28,690,344	4,155,378	14.48	1,913,707	7.12	6,069,085	21.15	22,621,259	78.85
2014	31,344,905	5,042,623	16.09	1,656,074	5.28	6,698,697	21.37	24,646,208	78.63
2015	25,354,769	3,555,345	14.02	2,338,209	9.22	5,893,554	23.24	19,461,215	76.76
2016	20,816,441	3,677,692	17.67	1,387,936	6.67	5,065,628	24.33	15,750,813	75.67
2017	23,223,703	5,102,790	21.97	1,455,147	6.27	6,557,937	28.24	16,665,766	71.76
2018	26,262,066	5,029,793	19.15	2,138,165	8.14	7,167,958	27.29	19,094,108	72.71
2019	27,843,010	4,949,202	17.78	1,726,516	6.20	6,675,718	23.98	21,167,292	76.02

Source: 2019 Statistical Yearbook of Construction and Planning by the Construction and Planning Agency, Ministry of the Interior

Note: Others include brick structures, wooden structures, concrete (including reinforced concrete) structures, cold-formed steel structures and others.

In recent years, many multifamily residential buildings have been built across the island that are both tall and high-density. Since the 921 earthquake, low-rise buildings in the suburbs are using light gauge steel frame structures while most buildings downtown with high land prices are steel structure high-rise buildings to fully take advantage of the tenacity of steel to handle any kind of action force. In addition, CO_2 emissions will be capped in the future, meaning that we will need to face the environmental issues from manufacturing and using concrete in construction as well as the challenges in recycling materials from demolished RC buildings. Therefore, steel structures have been more and more popular in green buildings and one after another, countries worldwide are developing steel as the basic construction material. In the past 20 years, steel structures have become the mainstay in green buildings and bridges across the world. The Construction and Planning Agency of Taiwan added a new chapter on green buildings in January, 2005, in the Building Technical Regulations, which cites the building code and requires buildings with more than 11 floors to meet green structure standard to obtain a construction license. The government has introduced clear construction regulations to promote lightweight private buildings and steel structures are one of the structures that can most easily meet the requirements in such regulations. With such a policy, more buildings are using steel structures and reinforced concrete structures, which has promoted the steady development of the steel structure industry.

Unit: NT 100 million

	Original Budget 2017	Forward-Looking Infrastructure Plan Special Budget								
		Added in 2017	2018	2019	2020	2021	2022	2023	2024	Total
Railways	61	2	168	318	503	593	845	1,094	720	4,241
Water Environment	4	108	149	205	334	420	423	439	430	2,508
Green Energy	13	7	63	81	42	14	10	9	17	243
Digital	-	44	144	136	122	16				461
Urban and Rural	29	69	372	470	460					1,372
Total	107	229	896	1,210	1,461	1,043	1,277	1,542	1,167	8,825

Source: Forward-Looking Infrastructure Plan (approved version), Executive Yuan/ compiled by the MII-IT IS research team

In addition to private investment, public investment is also a major source of business for the steel structure industry. In light of insufficient investment momentum within the nation, the Executive Yuan announced the "Forward-Looking Infrastructure Plan" in March, 2017, with the goal of building the infrastructure that will serve as the backbone of this nation's development in the next 30 years. The Forward-Looking Infrastructure Plan contains 5 major plans: 1. Build safe and convenient railways; 2. Water environment construction in response to climate change; 3. Green energy that promotes environmental sustainability; 4. Digital construction for a smart homeland and 5. Enhance urban-rural development for regional balance. The plan has a total of NT$882.5 billion (about US$29.4 billion). Combined with the NT$138.5 billion in budget for the years following 2024, the total budget reaches NT$1.02 trillion (about US$34 billion) with the entire plan estimated to complete in 2033.

Looking at Taiwan's major infrastructure plan's annual budget, the Executive Yuan introduced the special budget of 4 years/NT$500 billion for the "Expansion of Investment in Infrastructure Construction" plan in 2008 in response to the global financial crisis, hence there was a significant increase in the infrastructure budget between 2008 and 2011. As that special budget was totally executed in 2012, overall investment dropped once again. In light of the limited effect of the easing monetary policies from countries worldwide on their economic growth since the 2008 financial crisis, countries have turned to expansionary fiscal policy in recent years to boost infrastructure investment and stimulate economic growth. In light of insufficient investment and poor real estate market performance, the Executive Yuan introduced the "Forward-Looking Infrastructure Plan" in 2017.

圖 1-3-2　我國重大公共建設計畫年度預算趨勢圖

資料來源：中華民國行政院、政府總預算書等/金屬中心 MII-ITIS 研究團隊整理

As shown in the illustration above, the infrastructure budget will once again climb between 2018 and 2021, boosting Taiwan's major infrastructure plan budget (excluding the infrastructure budgets allocated by other units for particular projects) from the average of NT$202.5 billion between 2012 and 2016 to the average of NT$293.7 billion between 2018 and 2021, an average of NT$91.2 billion increase every year, which will greatly benefit Taiwan's economic growth and boost demands for steel.

(2) Environmental protection industry:

① General waste

In the early days, most of the waste went to landfills. However, disputes and controversies over waste occurred in Taoyuan, Miaoli, Chiayi, Kaohsiung and Pingdong in June, 1997. The waste problem in Chungli could even be traced back to 1981. In 1997, as the disputes over waste became more and more intense, piles of waste filled up the streets in Chungli and the local residents even attempted to recall the mayor. Neighboring towns refused to take in excess waste from Chungli. In fact, many counties and cities faced similar problems at the time – existing landfills were overflowing and no other town was willing to provide land to build new landfills. Even the new landfills already built could not be used until an agreement was reached with the local residents. Each town generated a massive amount of waste every day, yet most towns refused to build landfills locally. Therefore, the Taoyuan County Government opened a bid for incinerators to solve the waste problem. Hsin Yung Enterprise Corporation signed a contract with the Taoyuan County Government in January, 1999. The company obtained the installation permit in April and began construction in August in the same year. The incinerator was completed and began operation in October, 2001 as the first and largest BOO (build-operate-own) incinerator in Taiwan.

General Waste Breakdown in Taoyuan City

Unit: Tons

Year	Total	General Waste	Bulk Waste	Resource Waste	Food Waste
2011	671,696	295,485	7,800	277,975	90,435
2012	714,860	298,916	6,367	302,004	107,573
2013	766,684	327,528	2,669	327,409	109,078
2014	804,316	352,709	1,471	346,104	104,032
2015	731,654	371,182	3,410	326,971	30,091
2016	792,116	382,259	6,635	377,307	25,915
2017	890,147	379,199	1,187	487,301	22,460
2018	1,049,837	449,491	1,917	566,452	31,977
2019	1,205,645	459,132	1,581	710,624	34,308

Source: Environmental Protection Administration, Executive Yuan

As shown in the table above, Taoyuan City has been generating more general waste year after year as its population increased from 2.01 million in 2011 to nearly 2.25 million in 2019 with business booming. However, Hsin Yung is the only incinerator in the city. As the city is expected to generate more waste in the future and Hsin Yung is nearly running at full capacity, the Taoyuan City Government decided to select suppliers in accordance with the Act for Promotion of Private Participation in Infrastructure Projects to participate in a bioenergy center BOT (build-operate-transfer) project to deal with the waste problem and follow the policies of “circular economy” and “turning biomass waste into resources” to recycle resources. This company collaborated with CTCI Construction to obtain the BOT contract. It is estimated that after the biofuel center is built, Taoyuan will be able to treat its waste independently and effectively solve the waste problem. On top of this, the recycled waste is estimated to generate approximately 200 million kWh (enough for 60,000 households), which will turn Taoyuan City into a green and low-emission city and the first city to introduce the circular economy into its development. Therefore this bioenergy center will be an iconic waste treatment center when it comes to sustainable development and the circular economy.

② Industrial waste

National Industrial Waste Breakdown

Unit: Tons

Year	Total	General Industrial Waste	Hazardous Industrial Waste	Recycled Resources
2011	18,733,773	14,121,220	1,201,079	3,411,473
2012	17,945,729	13,919,167	1,249,532	2,777,030
2013	18,674,192	14,476,122	1,447,705	2,750,364
2014	18,839,568	14,240,308	1,603,661	2,995,599
2015	19,160,692	14,492,599	1,371,887	3,296,206
2016	18,973,038	14,195,849	1,357,365	3,419,823
2017	19,367,127	14,849,343	1,444,014	3,073,771
2018	22,331,959	17,742,690	1,461,746	3,127,524
2019	19,840,512	15,061,322	1,390,642	3,388,547

Source: Environmental Protection Administration, Executive Yuan

According to the amount of industrial waste nationwide reported to the Industrial Waste Report and Management System of the EPA, the total amount of industrial waste has been on a rise in recent years. The same goes for hazardous industrial waste. According to Permit Management for Public or Private Waste Clearance and Disposal Organizations, industrial waste organizations can be divided into clearance, disposal and clearance/disposal organizations. A waste clearance organization is one that clears waste under commission for disposal overseas or at disposal sites and plants designated by the said commissioning party. A waste disposal organization is one that disposes of waste under commission. A waste clearance/disposal organization can clear and dispose waste under commission. Clearance organizations have 3 classifications. Grade A organizations can engage in the clearance of both general and hazardous industrial waste. Grade B organizations can only clear general industrial waste. Finally, Grace C organizations can only engage in the clearance of less than 900 metric tons of general industrial waste per month. Disposal organizations have 2 classifications. Grade A organizations can engage in the disposal of both general and hazardous industrial waste while Grade B organizations can only engage in the disposal of general industrial waste.

Number of Public and Private Waste Clearance and Disposal Organizations in 2019

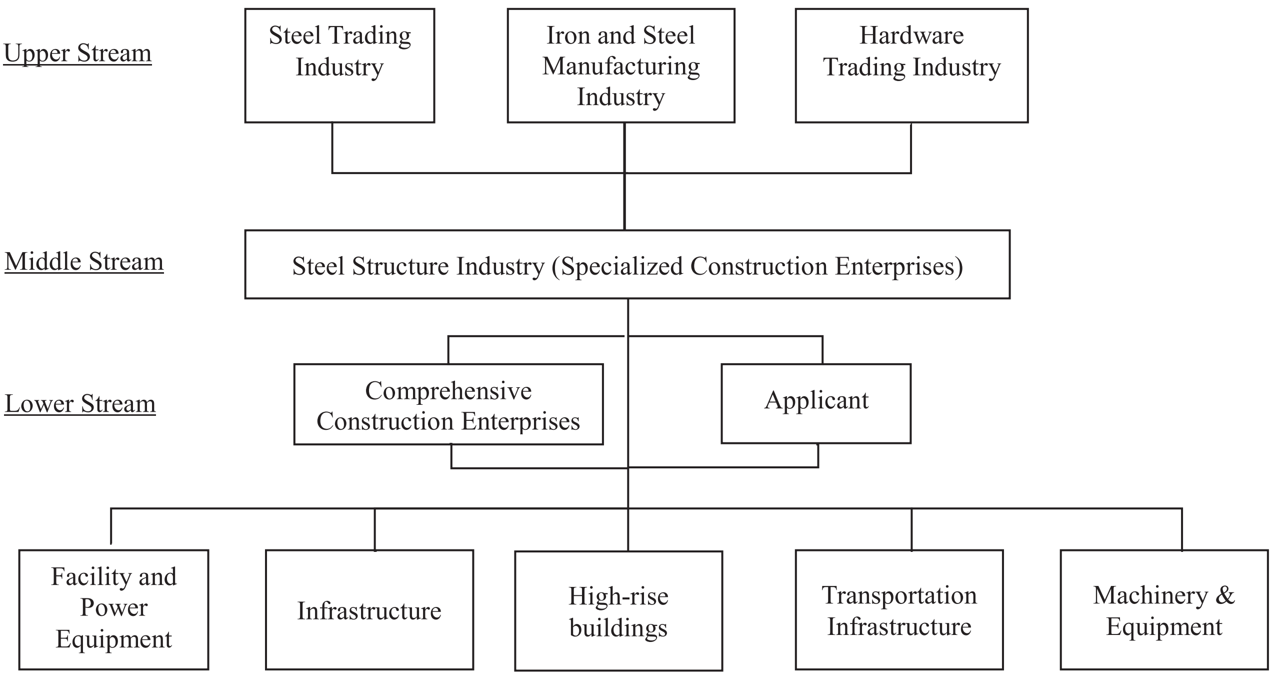
Region	Clearance Organizations				Disposal Organizations		
	Grade A	Grade B	Grade C	Total	Grade A	Grade B	Total
Northern Taiwan	255	1,404	307	1,966	49	30	79
Central Taiwan	78	639	143	860	14	14	28
Southern Taiwan	101	959	161	1,227	53	24	77
Eastern Taiwan	8	116	18	142	-	4	4
Offshore islands	1	39	60	100	-	-	-
Total	449	3,157	689	4,295	116	72	188

Source: Industrial Waste Report and Management System website

According to the 2019 clearance and disposal organizations statistics, currently there are totally 4,483 clearance and disposal organizations. Among them, 4,295 are clearance organizations and 188 are disposal organizations. There are 188 public and private organizations that can dispose of hazardous industrial waste (116 are Grade A and 82 are Grade B). These numbers show a huge discrepancy between the numbers of clearance organizations and disposal organizations, further highlighting the importance of these disposal organizations in the process of waste clearance and disposal.

2. Interrelationships among the upper, middle and lower stream of the industry

(1) Steel structure industry:



Source: IT IS Project by Metal Industries Research & Development Center

(2) Environmental protection industry:

Upper stream	Middle stream (clearance)	Lower stream (Facility)
Citizens' living space, organizations Factories, department stores, malls, businesses, office buildings, restaurants and eateries	Environmental Maintenance and Inspection Division, Taoyuan, Department of Environmental Protection, Taoyuan and waste clearance organizations	Large urban waste recycling (incinerating) facility, waste treatment/disposal organization, waste recycling organizations and oversea waste treatment/disposal organizations

3. Industrial development trend

(1) Steel structure industry:

① Generally, structural steel is 10 times stronger than concrete with significantly higher deformation capacity. Therefore, steel structures are generally considered stronger and tougher, suitable for use in construction in Taiwan, an island on a great seismic belt where land is scarce and expensive.

② Reinforced concrete remains the main construction material in Taiwan. However, the high CO_2 emissions from the manufacturing of cement has prompted advanced countries to switch to mainly steel structures, which have lower CO_2 emissions. Generally speaking, steel structures have significantly lower CO_2 emissions than reinforced concrete. It also consumes less energy. Therefore, steel structures are considered the structural materials with the least impact on the environment. In addition, steel can be recycled using a furnace and that is why it is referred to as a green building material or green steel in other countries. This is why advanced countries with developed industries are using mainly steel structures in their constructions.

③ With the advancement in steel manufacturing technology, China Steel Corporation (CSC) has been manufacturing the SN490 series of earthquake-resistant steel, SM570 high-strength steel (for buildings) and SBHS500 high-strength steel (for bridges) to meet construction needs in Taiwan, as the island sits along a seismic belt. The use of earthquake-resistant and high-strength steel in steel-structure buildings has become a trend and with bucking restrained braces developed by the National Center for Research on Earthquake Engineering, which reduces the steel consumption in steel structure buildings while making them more earthquake resistant, steel-structure buildings will become the mainstay in the future. As the economy develops rapidly, the demands of high-rise buildings and large-span buildings (such as stadiums and exhibition halls) will gradually increase.

(2) Environmental protection industry:

① The government has been promoting recycling and implementing the “per-bag-trash-collection-fee” policy for many years and as a result, general waste generation has remained consistent. However, it remains difficult to build new large waste incinerators as they are still considered NIMBY (not-in-my-back-yard) facilities. Therefore, when an incinerator’s capacity is reduced temporarily (due to annual maintenance, natural disasters or national annual thorough-cleaning week), it will rely on assistance from other counties/cities or coordination from the central government.

② As the government prohibited combustible waste from going to public landfills starting on January 1, 2007, the combustible waste has been going to incinerators instead. On the other hand, as the government has improved regulations regarding bulk waste removal (such as landfill restoration) and waste in general and started cracking down on illegal disposal of waste, the demand for waste disposal continues to grow as both the sources of waste and waste clearance organizations are working through proper channels.

4. Product competition

(1) Steel structure industry:

In recent years, infrastructure construction has been restricted and industries have been migrating due to the poor economy both domestically and internationally, and there is oversupply in the steel structure market. As a result, businesses in this industry are competing in a price war and profits suffer. This is why the price of steel is key to whether or not a steel structure business can make a profit. Despite a weak economy and demand, with advantages such as short construction periods, strong seismic capability, and being environmentally friendly, the ratio of steel-structure buildings should increase year after year, especially since the government has been actively promoting green buildings.

Evergreen Steel Corporation, one of the main steel structure companies in Taiwan, is a supplier for construction projects of factories, high-rise buildings, bridges and infrastructure and competes with companies such as China Steel Structure, Chun Yuan Steel, Tung Kang Steel Structure and Century Iron & Steel.

(2) Environmental protection industry:

① Hsin Yung Enterprise Corporation is a large urban waste incineration plant that was invested, built and operated as a BOO (build-own-operate) project. It was granted the special permission right for 20 years, which expires in October, 2021. The original BOO contract stipulates that prior to the expiration of the contract, either party may request that Hsin Yung continue to operate the plant. As both the population and business continue to grow in Taoyuan City, there will only be more general and industrial waste to be disposed of. Taoyuan City

Government has already expressed its desire for Hsin Yung to continue to operate the plant. Hsin Yung, for the sustainability of its business, has completed the tests required for extended operation, and both parties have begun contract negotiations. Since its operation, Hsin Yung has helped Taoyuan City dispose of more than 6.9 million metric tons of municipal waste and assisted businesses in Taoyuan City to dispose of more than 1.05 million metric tons of industrial waste. The plant's operating capacity remains excellent till this day and Hsin Yung believes that the contract negotiation for extended operation will go smoothly.

② Super Max Engineering Enterprise Co., Ltd. is an industrial waste treatment center established under guidance of the Industrial Development Bureau. It is capable of pretreating waste and with its years of experience in disposing of and incinerating hazardous industrial waste, it will only need to upgrade certain equipment and expand its capacity to provide clients the most comprehensive solutions and boost its competitiveness in the market. The company has planned to add pre-processing feed systems and an SNCR system to reduce NOx emissions. The company will increase manpower in the laboratory, increase the percentage of waste sampled and analyzed, establish a database that includes clear information about the sources, nature and compatibility of waste to assist waste feed and mixtrue operation in order to maintain the incinerator's operating capacity.

③ Ever Ecove Corporation is an iconic BOT bioenergy center in Taiwan. What sets it apart from traditional waste incineration plants is that not only is it capable of properly treating waste and generating energy using recycled resources, but it is a low-pollution and sustainable new-generation circular environmental protection and science park that can handle multiple types of waste. It has also become the best example of the circular economy that Taoyuan City Government has been promoting and developing.

5.1.3 Technology and R&D Overview

1. As a manufacturer of steel structures, Evergreen Steel Corporation manufactures products following the building structure designs provided by our clients (proprietors) and does not have a dedicated R&D department. For products with higher technological requirements or are innovative, the Company will develop and innovate manufacturing methods to overcome hurdles in manufacturing. The Company has brought in BIM (Building Information Modeling), and combined TEKLA and AUTOCAD software to create and integrate the construction drawings to reduce construction cost, ensure construction quality, and keep construction projects on schedule.
2. Hsin Yung Enterprise Corp. and Super Max Engineering Enterprise Co., Ltd. are both in the environmental protection service industry. Even though both companies do not have a dedicated R&D department, they assign full-time employees to learn new knowledge, visit other companies in the same industry both domestic and abroad, and explore ways to update/add treatment facilities or improve treatment processes to enhance the performance, reduce operational cost, and maintain their competitive edge as they evolve with this industry.

5.1.4 Long and short-term Business Development Plan

1. Long-term business development

(1) Steel structure business:

① Evergreen Steel Corporation has experience of exporting steel structures and is recognized by Mitsubishi Hitachi Power Systems for its quality. With a limited steel structure market in Taiwan, the company will continue to expand its overseas business to boost both business volume and profit.

② As the Hsinchu Factory for steel structures completed its transformation and established its steel structure production line, it can increase its capacity and boost its market share in a short period of time. It can also adjust its capacity according to a sudden increase in demand in the market or to meet a client’s adjusted construction schedule. As wages are higher in northern Taiwan, the Hsinchu Plant will continue to develop its special structure processing business to boost its competitiveness.

(2) Environmental protection business:

For this business, the objective is to maintain consistent quality and quantity of waste coming into the plant as well as equipment operation rate to ensure highly-efficient power generation and improve waste processing capacity. As the Company enhances the employees’ technological capabilities and organizes its own technology team, the Company hopes to provide incinerator construction service as well as operation management and technical services.

2. Short-term business development

(1) Steel structure business:

① Business development strategy:

A. Enhance business development skills, continue to cultivate links with well-known companies (such as insurance companies and construction companies) to establish long-term partnerships.

B. Continue to pursue special construction projects to boost competitiveness.

Currently, the company has participated in the now completed Kaohsiung Exhibition Center, Southern Branch of National Palace Museum, and Agora Garden. The Company is now participating in the ongoing projects of the Kaohsiung Train Station and Taichung International Convention and Exhibition Center. The Company will continue to pursue special construction projects on site to improve technological capabilities.

C. In line with the government's promotion for public construction projects, the Company has actively pursued public construction projects, such as steel structure bridges and improved its market share to maintain a steady stream of revenue.

② Manufacturing strategy:

A. As materials prices account for much of the costs in the steel structure business, the Company has signed fixed-price contracts with steel providers to avoid the risk that comes with fluctuations in the price of steel.

B. Reinforce the designers' professional skills and review manufacturing drawings to improve production efficiency and reduce mistakes.

C. Continue to follow and maintain the already-obtained ISO 9001 quality management system and test the products in the laboratories accredited by the Taiwan Accreditation Foundation (TAF) to ensure that the products are satisfactory to clients.

D. Review construction methods on site to improve construction efficiency, reduce costs, shorten the construction period on site, and boost competitiveness.

E. Regarding the promotion of labor safety, continue to promote and maintain the already-obtained CNS 45001 and ISO 45001 occupational safety management system as well as improve the labor environment continuously to effectively reduce occupational hazards and achieve business sustainability.

(2) Environmental protection industry:

① Hsin Yung Enterprise Corp.:

Treat Taoyuan City government's 372,300 tons of waste per year and 60,000 tons in industrial waste a year while maximizing profit from the sales of electricity.

② Super Max Engineering Enterprise Co., Ltd.:

Maintain the current clients while cultivating new ones; proactively help clients dispose of their industrial waste and earn their trust to build long-lasting relationships to maximize profits.

③ Ever Ecove Corporation:

Committed to achieving the goal of starting production; understand the flow direction of market waste, and formulate a waste acceptance plan accordingly to complete trial runs and commercial operation before achieving the company's business goal.

5.2 Market & Production/Sales Overview

5.2.1 Market Analysis

1. Main areas offering the products and services:

   The Group is engaged in the following activities: (1) Steel structure manufacturing – across Taiwan and certain areas overseas; (2) Environmental protection business – mainly northern Taiwan and Taoyuan City.

2. Future supply and demand in the market

   (1) Steel structure industry

   The steel structure market is heavily influenced by the real estate market and public infrastructure projects. As the domestic market requires high seismic capability of buildings, it will boost the demand for steel structures. Statistics from the Construction and Planning Agency of the Ministry of the Interior show that among the buildings that began construction in the last 3 years, steel structure and steel reinforced concrete account for 23.98%~28.24% of the total floor area, showing that the steel structure business has been enjoying a high market share in recent years.

   Steel structures can be constructed quickly with great seismic capability and green building materials, making them the mainstay in the industry. In the past 10 years, steel structure and steel reinforced concrete have been taking up more and more total floor space in licensed construction projects. With Taiwan ranked 13th on the World Economic Forum’s 2018 Global Competitiveness Index 4.0, the government, to enhance and upgrade the infrastructure, implemented the “Forward-Looking Infrastructure Development Program” in 2017. In 2019, the government implemented the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan in light of the US-China trade war. These programs by the government will boost demand for steel structure construction.

   (2) Environmental protection industry

   Hsin Yung Enterprise Corporation mainly processes general waste from Taoyuan City while Super Max Engineering Enterprise Co., Ltd. is an industrial waste complex treatment center for northern Taiwan established under the guidance of Ministry of Economic Affairs. Statistics from the Environmental Protection Administration show that Taoyuan City’s general waste generation increased from 295,485 tons in 2011 to 459,132 tons in 2019 while the industrial waste in the whole nation increased from 18,733,773 tons in 2011 to 19,840,512 tons in 2019, indicating that both general and industrial waste generation is increasing year by year.

3. Niche competitive advantage

(1) Steel structure industry

① As one of the main steel structure companies in the nation, Evergreen Steel Corporation has established a good reputation among business partners and clients.

Evergreen Steel Corporation works with its clients on a long-term basis to pursue both business growth and improvement in product quality. Since the company has the largest production area across Taiwan, it can provide stable quality of steel structures for clients.

② Rich Construction Experience in Steel Structure Facilities, Buildings and Bridges

Evergreen Steel Corporation has rich experience in steel structures and has provided structural steel for special construction projects including Agora Garden, the steel structure bridge from Taishan to Linkou on the Wugu-Yangmei Elevated Freeway, the Wugu Section and the interchange of the Bali-Wugu Section of the Bali-Xindian Line on the East-West Expressway, and Southern Branch of National Palace Museum.

③ Introduction of Building Information Modeling (BIM)

Building Information Modeling utilizes architectural details of a construction project to build a model that simulates all details of an analog building with digital information. It is visual, coordinated, representative, optimized and can be used to generate an actual drawing. In addition to customization services, this company brings in BIM, and combines TEKLA and AUTOCAD to generate and integrate construction drawings to ensure construction quality and keep the construction project on schedule.

④ A Professional Management Team with Strong Technological Capabilities

This company's professional management team has an average of more than 20 years of experience in the steel structure construction field. Despite not having a dedicated technology department, this company, when accepting a special steel structure construction project, assigns experienced employees from various departments to form a task force to complete the project successfully.

⑤ Excellent Construction Quality

Recognized by our clients for our steel structure construction quality, this company always communicates with clients in advance during the construction period, calls for weekly meetings to discuss the construction progress, and coordinates with various departments to complete the project according to the client's schedule.

(2) Environmental protection industry

① Hsin Yung Enterprise Corporation is a large municipal waste incinerator that was invested, built and operated as a BOO (Build-Operate-Own) project. It has been granted the special permission right for 20 years, until October, 2021, and will not face any competition during this period. With the population growing every year and business booming in Taoyuan City, the amount of general and industrial waste continues to grow. Therefore, the Taoyuan City government has expressed a desire for Hsin Yung to continue to operate the incinerator.

② Super Max Engineering Enterprise Co., Ltd. is an industrial waste treatment center established under the guidance of the Industrial Development Bureau. It is capable of treating industrial waste and has years of experience in incinerating hazardous industrial waste. It is licensed to treat up to 376 kinds of general and hazardous industrial waste and therefore can provide the most comprehensive and professional service to the clients.

4. Advantage and Disadvantage Factors in Fulfilling the Vision and Countermeasures

(1) Steel Structure Industry

① Advantage Factors

A. In recent years, the government has been accelerating public infrastructure construction projects to boost the domestic economy with large infrastructure projects such as "Forward-Looking Infrastructure Project" and "Taipei Main Station District Parcel C1/D1 Land Development Project," which will benefit the overall steel structure market to an extent.

B. Climate change and the global warming caused by the greenhouse effect are becoming a bigger threat to our daily lives. Therefore, energy conservation, carbon emission reduction, and sustainable development have become top priorities. In recent years, the government continues to promote green building policies to boost buildings' energy efficiency, indoor environmental quality, and reduce environmental impact. By the end of 2020, Taiwan has awarded a total of 9,259 green building labels and green building candidate certificates. Among them, 852 were awarded in 2020, 44 (5.45%) more than 2019.

C. The global supply chain was heavily influenced by the US-China trade war, forcing Taiwanese businesses to diversify their manufacturing bases and consider returning to Taiwan as a viable option. To seize this opportunity, the government implemented the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" on January 1, 2019. As a result, these Taiwanese businesses have invested a total of approximately NT$79.25 billion as of December 24, 2020, which has boosted demand for steel structure facilities.

D. The rebuilding of dangerous and old buildings has benefited from the convenient application process and bulk reward in the regulations. In 2020, a total of 1,646 applications (more than 3 times higher than 2019) were submitted and 1,236 were approved with a total of 86 urban renewal applications approved, making the total approved applications 1,322 during the year. Both rebuilding of dangerous and old buildings and urban renewal can generate new momentum for the overall residential and office building market.

② Disadvantage Factors:

A. Currently, steel structure businesses do not have a classification system similar to construction businesses. Under the restrictions of construction laws, steel structure businesses are not qualified to take on an entire construction project alone and can only be a party in a construction company's contract, which means that the construction company can easily influence the steel structure business' acceptance of payments and profit.

<u>Countermeasures:</u>

Enhance business development capability and continue to cultivate construction group clients to build long-term collaborations.

B. Taiwan is facing an aging population and labor shortages and with the construction and steel structure being "3K" (dangerous, hard and dirty) industries, they face even direr labor shortage problems.

<u>Countermeasures:</u>

a. Public relations work to build up the company's reputation, which can help with recruitment and retaining talent.

b. Increase employee benefits and improve employee incentives to reduce employee turnover.

c. Develop professional talent via internal on-the-job training and external professional training institutions.

(2) Environmental Protection Business

① Advantage factors:

A. Hsin Yung Enterprise Corporation is a large municipal waste incinerator that was invested, built and operated as a BOO (Build-Operate-Own) project. It has been granted special permission rights for 20 years until October, 2021 without any competition. The original BOO contract stipulates that before the contract expires, either party may request that Hsin Yung should continue to run the incinerator. Hsin Yung is operating the only incinerator that can take in both general and industrial waste in Taoyuan City. As the population and businesses continue to grow year by year in Taoyuan City, the Taoyuan City government already requested that Hsin Yung continue to operate the incinerator.

B. Environmental protection is a global trend and thanks to the strong promotion by our government and the Taiwanese people becoming more educated, many are also aware of environmental protection. Therefore, the environmental protection industry has built a positive reputation and the industrial waste treatment market will only continue to grow as the government enhances controls on disposal of industrial waste.

C. Despite the government's heavy promotion of building urban incinerators (which has yielded great results), the current capacity still is insufficient to handle all the waste treatment and still requires private investment and building of incinerators. Meanwhile, the treatment facilities for special waste are even more lacking, which creates more business opportunities for the environmental protection industry.

② Disadvantage Factors:

A. Rising environmental protection awareness and protests against pollution.

Incinerators have been the main method for waste treatment since early on in Taiwan. However, with rising environmental protection awareness, incinerators have become NIMBY (not in my back yard) facilities. On top of this, people have the impression that incinerators are either poorly built or run and therefore, protests by people living around the incinerators are not unheard of.

<u>Countermeasures:</u>

This Company has reinvested in the treatment of general and industrial waste and the treatment facility this company operates always runs and conducts maintenance in accordance with the law to prevent secondary contamination to the environment. On the other hand, this company has maintained open communications with the residents living around the facility and is actively involved in the local affairs. This company also maintains and cleans the roads surrounding the plant and grows plants around them. This company spares no effort in becoming a good neighbor and minimizing local residents' misconceptions towards incinerators to avoid any unnecessary conflicts.

B. Despite a higher entry barrier in the environmental protection industry with difficult site selection and cumbersome license requirements, newcomers are still entering the waste treatment market, which may directly or indirectly affect supply and demand, which results in price fluctuations.

Countermeasures:

a. Earn clients' trust and encourage them to stay with us for a long time by keeping up the good relationships and interactions with them, actively helping them deal with their problems. On top of this, Super Max Engineering Enterprise Co., Ltd. is licensed to treat up to 376 kinds of hazardous industrial waste and therefore can provide the most comprehensive service to the clients.

b. Introduction of information management: With information management, information including clearance, incineration, accounting management, material management and analysis of financial statements can be available to decision-makers to help them make prompt and effective decisions.

5.2.2 Applications of Main Products & Manufacturing

1. Applications of main products

(1) Steel structure industry:

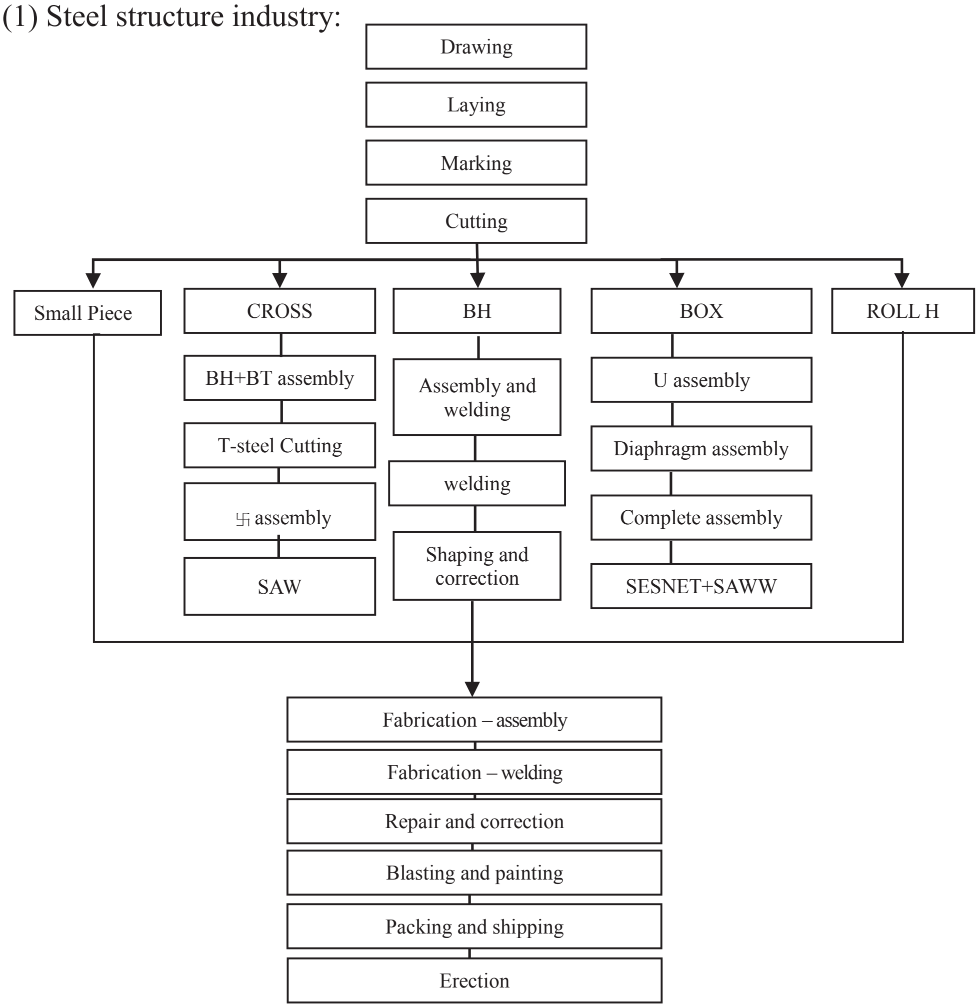
Product	Applications
Steel structures for construction	Power plants, electronic plants, incinerators, airplane maintenance hangars, skyscrapers, office buildings, residential buildings, long-span bridges, arch bridges, cable-stayed bridges and other constructions.

(2) Environmental protection industry:

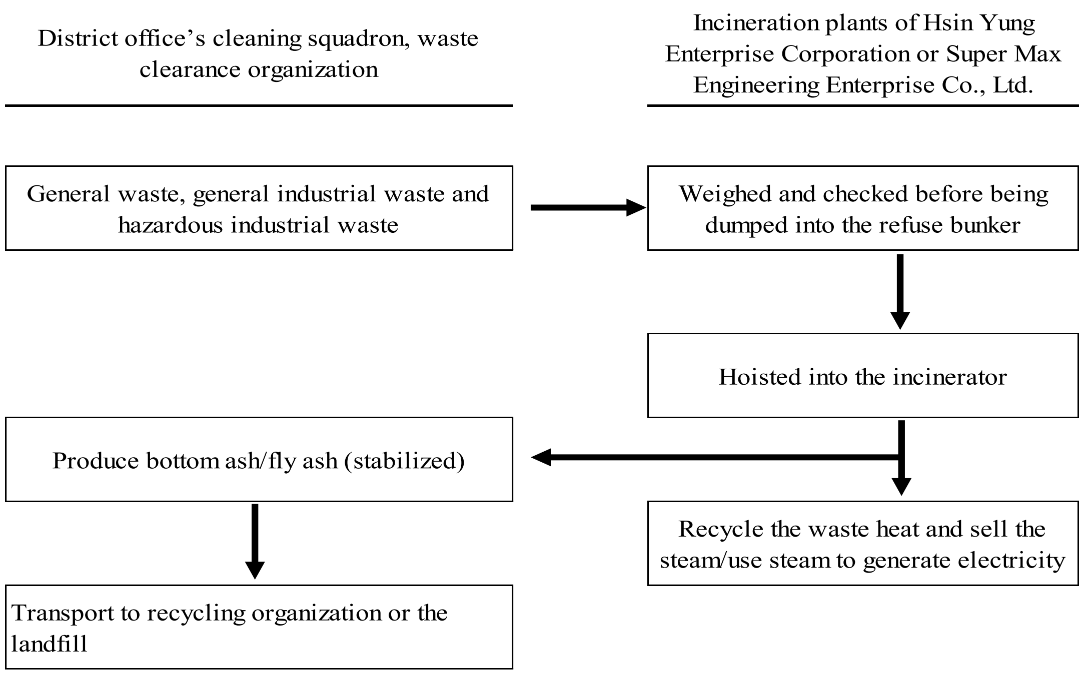
Hsin Yung Enterprise Corporation and Super Max Engineering Enterprise Co., Ltd. mainly deal with general and industrial waste and fall under the environmental protection service industry, which is less affected by the business cycle and has more consistent business.

2. Manufacturing process of the main products:

(1) Steel structure industry:



(2) Environmental protection industry:



5.2.3 Supply of Main Materials

1. Steel structure industry:

This company provides the designs and specs of a project to our partners to procure materials from them. This company has been working with these suppliers for a long time and therefore can guarantee a steady supply of equipment and materials without interruptions. This company monitors relevant market trends and keeps a close eye on the quality as well as delivery date of supplies to make sure that all necessary equipment is delivered in time.

Main materials	Main suppliers	Supply
Steel sheet	China Steel Corporation and Dragon Steel Corporation	Excellent
Beam	Dragon Steel Corporation and Tung Ho Steel Enterprise Corp.	Excellent

2. Environmental protection industry:

The environmental protection business mainly procures materials required in the hazardous industrial waste treatment as well as incinerator maintenance, such as diesel, fire bricks, waste heat boiler tubes, boiler waterwall tubes, etc. This company has been enjoying a long-lasting and steady relationship with our suppliers to ensure a steady supply of raw materials without any interruptions.

5.2.4 Main suppliers and clients in the past two years

1. Suppliers accounting for more than 10 percent of net purchases

Unit: NT$ thousands

Year	2019				2020				Q1, 2021			
Item	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer
1	Dragon Steel	992,143	44.26%	None	Dragon Steel	1,874,496	47.77%	None	China Steel	398,567	43.06%	None
2	China Steel	803,346	35.84%	None	China Steel	1,358,073	34.61%	None	Dragon Steel	358,622	38.74%	None
3	Others	446,278	19.90%	None	Others	691,647	17.63%	None	Others	168,518	15.20%	None
Net purchase		2,241,767	100.00%		Net purchase	3,924,216	100.00%		Net purchase	925,707	100.00%	

Note 1: Purchase increased dramatically in 2020 compared to 2019 since the Hsinchu Plant for steel structures completed its transformation and began production in the second half of 2019.

Note 2: Hsin Yung Enterprise Corporation and Super Max Engineering Enterprise Co., Ltd. are in the environmental protection service industry and do not engage in any production. Therefore, they do not apply to this chart.

2. Clients accounting for more than 10% of total sales

Unit: NT$ thousands

Year	2019				2020				Q1, 2021			
Item	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer
1	Others	8,268,207	100%	None	Client A	1,411,577	15.10%	None	Client A	915,065	30.02%	None
2					Client B	1,029,610	11.01%	None	Client B	309,467	10.15%	None
3					Others	6,908,462	73.89%	None	Others	1,823,665	59.83%	None
Total sales		8,628,207	100%		Total sales	9,349,649	100%		Total sales	3,048,197	100%	

Note: No single client accounted for more than 10% of the total sales in 2019.

5.2.5 Production volume/value in the past 2 years

Unit: Ton; NT$ thousands

Main product (or department) \ Production volume/value \ Year	2019			2020		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Steel structures	124,000	93,583	4,443,829	156,000	135,076	6,634,190

Note: Hsin Yung Enterprise Corporation and Super Max Engineering Enterprise Co., Ltd. are in the environmental protection service industry and do not engage in any production. Therefore, they do not apply to this chart.

5.2.6 Sales volume/value in the past 2 years

Unit: Ton; NT$ thousands

Main products \ Sale volume/value \ Year	2019				2020			
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Steel structures	113,588	5,905,813	199	39,453	142,425	7,117,905	-	-
Steel rebars	1,167	23,065	-	-	-	-	-	-
General/industrial waste treatment and others	-	2,299,876	-	-		2,231,744	-	-
Total	114,755	8,228,754	199	39,453	142,425	9,349,649	-	-

Note: As our rebar business was transformed for steel structures, we have stopped selling steel rebars in 2019. This chart only recognized the sales from transferred orders.

5.3 Number of persons in the past 2 years (as of the date of publication of the annual report)

Date: April 30, 2021

Year		2019	2020	2021 (as of April 30, 2021)
Number of persons	Managers	15	14	14
	Regular employees	381	388	393
	Production line staff	239	236	234
	Total	635	638	641
Average age		41.25	41.47	42.01
Average years of service		14.29	13.41	13.28
Education level breakdown	Doctoral degree	0%	0%	0%
	Master's degree	8.98%	8.78%	8.42%
	Bachelor's degree	59.05%	58.31%	58.97%
	High school diploma	10.55%	9.87%	9.36%
	Less than a high school diploma	21.42%	23.04%	23.25%

Note: All data is the most current data as of the publication date of this annual report

5.4 Environmental expenditure information

As of the date of publication of this annual report in the most recent year, all the losses due to environmental pollution are listed below, with details including the fine/compensation, environmental regulations violated (after EPA's inspection), date of disposition, disposition number, articles violated, content of the regulations violated, and details of the disposition. The estimated amount and countermeasures both present and the future will be disclosed. If this company cannot make reasonable estimations, the details of that incident should be disclosed.

Company/Factory	Fault	Improvement
Evergreen Steel Corporation	On January 21, 2021, the Environmental Protection Bureau of Tainan City Government conducted an inspection at this company's Xinying Plant and discovered that the bulk bag connected to the pulse jet bag filter was not properly sealed and caused the particulate pollutants to spread in the air. The bureau later on March 9, 2021, issued an official letter (official code: 環稽字第 1100022545 號函文) and fined the plant NT$1.5 million in accordance with Paragraph 1, Article 67 of Air Pollution Control Act (stationary pollution source of public or private premises) for violating Subparagraph 1, Paragraph 1, Article 32 of the same act.	The bulk bag was sealed properly during the inspection. The plant will conduct air pollution prevention training and has added checking the bulk bags before turning on the machines to the SOP.

5.5 Labor Relation

5.5.1 Employee Benefits

1. Rest days: Saturdays and Sundays off (those required to work shifts on the weekend will have rest days on other days of the week).
2. Annual leave: In accordance with the Labor Standards Act.
3. Retirement: In accordance with Labor Pension Act.
4. Labor insurance: Includes labor insurance and health insurance; employees going on business trips overseas will get medical insurance that covers accidents and hospitalization; all employees will get group discount on term life insurance.
5. Meals: Employees get free lunch daily while those working extra hours are provided with a meal or meal expenses.
6. Healthcare: The medical office provides medical consultations and conducts free health checks regularly.
7. Leisure activities: Employees get discounts on domestic flight tickets from UNI Air as well as hotel discounts in Taiwan and abroad.
8. Employee training: This Company periodically and irregularly holds employee training sessions, professional lectures and seminars as well as provides foreign language lesson subsidies.
9. Compensation: Performance bonus, year-end bonus, and employee compensation.
10. Laundry: Discounted laundry service.
11. Benefits through Employees' Welfare Committee: Wedding gifts, funeral/burial subsidies, injury/sickness consolation money, holiday gifts, birthday gifts, group travel subsidies, language lesson subsidies, etc.

5.5.2 Employees' further study, training, retirement and their implementations

1. Employees' further study, training and their implementations

(1) New employee orientation:
New employees receive orientation organized by the Personnel Department as they first start working at the company. Orientation includes an introduction to the structure of all departments, the working environment, business culture, business philosophy, professional ethics, business honesty, code of ethics, major personnel regulations, management system, benefits, information system, occupational safety and health and other basic information to help these employees get familiar with and adapt to the working environment.

(2) On-the-job training for employees in various departments:
To facilitate the company's long-term development, fulfill the business needs of all departments, and comply with the legal requirements for all types of professional personnel, every department should, at the end of the year, formulate an employee training plan and budget for the coming year, which will be executed after being approved. The training should cover general education, professional education and management training. The progress will be reviewed quarterly and

countermeasures will be introduced accordingly (if needed) to maximize the results and effectiveness of the training plan.

(3) Risk management, occupational safety and health lectures:
The Occupational Safety & Health Management Department, General Affairs Department, Medical Affairs Department and other relevant management units will, from time to time, organize lectures and training exercises on traffic safety, CPR, fire safety, earthquake safety, as well as lectures on health issues, such as medical care, food safety, and stress relief.

(4) Language further education subsidy:
This Company offers subsidies to encourage employees to continue to enhance their language skills. The internal promotion paths also offer a TOEIC test subsidy (once per employee).

(5) Training record of 2020:

Number of Trained Employees	Total Training Man Hours	Total Training Cost
689	2,126	NT$521,952

2. Retirement and its implementation

(1) This Company founded its Supervisory Committee for labor retirement reserve on January 23, 1987 under the approval of the Taoyuan County Government (official letter code: (76)府社勞字第10389號函). This Company has put in place "Employee Retirement Guidelines," which follows Article 2 of Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds and appropriates 6% of the employees' total wages to the company's retirement reserve fund account in the Bank of Taiwan. The guidelines apply to all employees on the company's permanent payroll. Within 15 years of service rendered, an employee gets two salary units for each full year. But for the rest of the years over 15 years, one salary unit is given for each full year of service rendered. The total number of salary units shall be no more than 45. A pension shall be based on an employee's average salary for 6 months before his/her retirement is approved.

(2) Beginning on July 1, 2005, This Company has been following the Labor Pension Act and appropriates 6% of the monthly salary for employees opting for the retirement system in that act and contributes it to their individual pension fund accounts. Employees may also voluntarily deposit pension funds up to six percent of their monthly salary.

5.5.3 Labor-management agreement: None.

5.5.4 Employee code of ethics and other rights

1. Employee code of ethics

This Company has formulated the following management rules as the code of conducts for employees:

(1) Comply with all regulations and work procedures in the company as well as supervisors' orders and directions.

(2) Clock in/out at the time specified by the company.

(3) Put away all documents before getting off work.

(4) Separate personal life and business, be cautious in both words and actions, have

integrity, protect the company's reputation, discard all bad habits, and be respectful to other colleagues.

(5) Be responsible for his/her position/unit responsibilities and stay in touch with other related departments to jointly complete their responsible tasks to further the company's business development.

(6) Complete the tasks assigned by the supervisor(s) without any excuses.

(7) Pay attention to the cleanness and safety of the working environment.

(8) Be courteous to clients and visitors and not be arrogant, prideful or indifferent to them.

(9) Do not use the company phone for personal use and keep all phone calls short and concise.

(10) When taking company possessions outside the company, the employee should first obtain the supervisor's permission and go through the security guard's inspection.

2. Working environment and employee protection measures

(1) This Company, based on each business' scale and nature, has put in place an occupational safety & health management office, personnel, supervisors and managers at each plant and branch. This Company has also, in compliance with the regulations published by the competent authority, established an occupational safety & health management system, which plans, executes, reviews and improves related management functions to achieve the company's occupational safety & health goals as well as boost the occupational safety & health level to ensure safety and prevent occupational hazards. In 2015, This Company obtained accreditation for Taiwan Occupational Safety and Health Management System (TOSHMS) and Occupational Health and Safety Assessment Series (OHSAS28001) and the latest ISO-45001 accreditation in 2019.

(2) The Occupational Safety & Health Management Office formulates the annual occupational safety & health management plan and requires each department to follow the plan and conduct self-inspection. The office has also compiled safety and health guidelines for all employees to follow.

(3) This Company has an Occupational Safety & Health Management Committee, which holds a meeting every 3 months with employee representatives to:

a. Provide suggestions regarding the employer's proposed occupational safety & health policy.
b. Coordinate and make suggestions to the occupational safety & health management plan.
c. Discuss the implementation plan for safety & health education and training.
d. Discuss the working environment monitoring plan, monitoring results and measures taken.
e. Discuss health management, occupational illness prevention and health promotion.
f. Discuss various safety and health proposals.
g. Discuss business units' self-inspections and safety & health inspections.
h. Discuss the preventive measures for hazards from machinery, equipment, raw materials or other materials.
i. Discuss the occupational hazard investigation report(s).

j. Inspect the safety and health management results on site.
k. Discuss undertaking of occupational safety and health management items.
l. Other occupational safety & health matters.

(4) When This Company, contractors and subcontractors individually hire laborers to work together, This Company complies with the law and establishes a consultative organization, appoints a person responsible for supervision and coordination of the workplace and directs and assists in safety and health education related to the contracted work as well as communicates necessary measures to prevent occupational accidents. This Company also, to prevent labor accidents, takes advanced control and preventive measures in operations in confined spaces, around hazardous machines and equipment, at high-altitudes, and around electrical gear and hot work, including work environment monitoring.

(5) Formulate an annual self-inspection plan to inspect each safety & health facility and document the results. Any facility that fails the inspection will be suspended and the corrective measures will be kept tracked of. This Company conducts quarterly loss prevention inspection and reviews and biannual fire training exercises to raise awareness among the employees, protect the safety of employees, cargo, and machines, and prevent occupational accidents and hazards.

(6) Investigate the harmfulness of the hazard factors and manage/prevent them at the job sites. Formulate a hazard communication plan, conduct regular working environment monitoring, conduct hazardous working environment management, implement the regulations governing facility safety and health in the Regulations Governing Occupational Safety and Health to prevent occupational hazards or illnesses affecting employees.

(7) Investigate and analyze the statistics from occupational hazards, false alarms and incidents that affect the employees' physical/mental health.

(8) Our medical office has a licensed physician and full-time registered nurse(s) on site to provide health consultation to our employees and plan and execute occupational illness prevention, health promotion and health guidance to safeguard our employees' safety and health.

(9) This Company, in compliance with the Regulations of the Labor Health Protection, conducts employee health checkups annually to help employees manage their health. The company also regularly organizes occupational safety lectures and training to provide our employees a safe and healthy working environment.

(10) Dangerous machinery such as cranes and forklifts, in compliance with the Regulations for Occupational Safety and Health Equipment and Measures, have alarms, flash lights and cameras installed to ensure operational safety and prevent hazards.

(11) Continue to promote the "6S (sort, organize, clean, maintain, discipline and safety)"and keep track of the faults and improvement measures to improve the safety and health management level.

5.5.5 As of the publication date of this annual report in the most recent year, the current and future estimated amount of loss due to labor disputes: None

5.5.6 Current labor-management relations and countermeasures for potential disputes in the future

1. Even though This Company does not have a union, it still seeks to provide the best compensation, working environment and benefits to the employees to achieve sustainable development. This Company also keeps open communications with the employees to make them feel secure and identify themselves with the Company. By promoting our business culture, cultivating a team spirit and sense of responsibility among employees, the Company is capable of developing disciplined, responsible and loyal employees.
2. This Company has, in compliance with the law, established a labor-management committee and organizes labor-management meetings regularly every quarter (or when needed) to improve the labor relations and promote labor-management collaboration and communication.
3. All units organize departmental meetings to discuss business progress, provide work guidance, promote company rules, provide assistance to employees, exchange opinions and engage in discussions.
4. This Company has regulations governing employees' complaints and provides employees a way to file complaints to the company's management as well as competent labor authorities.
5. Reward employees with excellent performance or special achievements to boost employee morale.
6. Organize team-building activities and provide travel subsidies to encourage employees to engage in outdoor leisure activities and travel. They are encouraged to invite family members to participate in certain events to bring employees closer.
7. The company has added a "Labor-Management Column" on the company's electronic bulletin board, which publishes regulations and the latest information related to retirement, insurance, and taxation to help employees learn more about their rights.

5.6 Important Contracts:

5.6.1 Loan Contracts

Contract Nature	Parties	Starting and Ending Dates	Main Content	Restrictive Clauses
Medium and long-term loan	Bank of Taiwan Taoyuan Branch	January 16, 2019~January 16, 2024	Loan against collateral	None
Medium and long-term loan	Cathay United Bank	June 28, 2018~June 28, 2021	Loan against collateral	None
Medium and long-term loan	Taiwan Cooperative Bank Chengdong Branch	August 31, 2020~August 21, 2021	Loan against collateral	None
Medium and long-term loan	Hua Nan Bank Daan Branch	November 25, 2019~November 25, 2021	Loan against collateral	None
Medium and long-term loan	Sunny Bank Zhongxing Branch	August 30, 2018~August 30, 2021	Loan against collateral	None
Long-term loan	Hua Nan Bank Business Office Department	April 9, 2019~October 1, 2034	Syndicated loan against collateral	None

(2) Construction and Procurement Contracts

Contract Nature	Parties	Starting and Ending Dates	Main Content	Restrictive Clauses
Construction	Hwang Chang Construction	August, 2016～as the project requires	Huan Nan Market redevelopment	None
Construction	RESA Engineering	April, 2017～as the project requires	Kaohsiung Train Station canopy (dome trusses, tender NO. ACL212-1)	None
Procurement	China Steel Corporation	Renewed every quarter	Steel plate procurement	None
Procurement	Dragon Steel Corporation	Newly signed for each project	Steel plate and beam steel procurement	None
Construction	Dacin Construction	December, 2018～as the project requires	Taichung International Convention and Exhibition Center	None
Construction	Lee Ming Construction	March, 2019～as the project requires	TLDC hotel project near Hualien	None
Construction	Yung-Yu-Tai Construction/ Chung-Lu Construction	April, 2019～as the project requires	Y.S. Development Group's project on Shijian Rd, Banqiao	None
Construction	CTCI Construction	August, 201 ~ as the project requires	Biomass Energy Plant BOT	None
Construction	Lee Ming Construction	September, 2019 ~ as the project requires	AOET's facility in Central Taiwan Science Park	None

Contract Nature	Parties	Starting and Ending Dates	Main Content	Restrictive Clauses
Construction	Immense Team Construction	October, 2019～as the project requires	Hom-Mao's Banqiao project	None
Construction	Jut Land Development	October, 2019 ~ as the project requires	Jut Land Development's "Only One Only You" project	None
Construction	Ever Accord Construction	December, 2019 ~ as the project requires	Evergreen International Storage & Transport Corp.'s storage and logistics park	None
Construction	Far Eastern General Contractor	December, 2019 ~ as the project requires	Nangang biotech project	None
Construction	New Asia Construction	January, 2020 ~ as the project requires	Ankeng light rail turnkey project -airport and K9 station	None
Construction	Tong Yuan Construction	January, 2020 ~ as the project requires	Taoyuan Aerotropolis free trade zone facility (F1O) project	None
Construction	Yanchang Construction	February, 2020 ~ as the project requires	Noble Swan's Huai-shen section project	None
Construction	Xin Shi Mao Property Development Co.,LTD.	February, 2020 ~ as the project requires	Chungyuet Group's Xinzhuang Fuduxin project (Land No. 47 and 48)	None
Construction	Chungyuet Group	February, 2020 ~ as the project requires	Chungyuet Group's Xinzhuang Fuduxin project (Land No.380)	None
Construction	Jhong Constructional Company	February, 2020 ~ as the project requires	Chungyuet Group's Shueibiantou project 9Land No.225 and 230)	None
Construction	Chungyuet Group	February, 2020 ~ as the project requires	Chungyuet Group's Shueibiantou project 9Land No.253 and 255)	None
Construction	Shuin Han Construction	February, 2020 ~ as the project requires	Huishin Construction's Huili section project	None
Construction	TSMC	March, 2020 ~ as the project requires	TSMC F18P5 CUP plant construction in Southern Taiwan Science Park	None
Construction	Chia-Jung Construction	March, 2020 ~ as the project requires	Xuan Kong Temple	None
Construction	RSEA Engineering	May, 2020 ~ as the project requires	Kaohsiung Train Station underground project (tender ACL212)	None
Construction	Chung-Lu Construction/Taiwan Kumagai	June, 2020 ~ as the project requires	Building D, E and H in the Global One project	None
Construction	TSMC	June, 2020 ~ as the project requires	Construction of the RD office of TSMC in Area A of Hsinchu Science Park	None

Contract Nature	Parties	Starting and Ending Dates	Main Content	Restrictive Clauses
Construction	TSMC	June, 2020 ~ as the project requires	Construction of the RD-CUP of TSMC in Hsinchu Science Park	None
Construction	TSMC	June, 2020 ~ as the project requires	Construction of the RD-FAB of TSMC in Area A of Hsinchu Science Park	None
Construction	Dacin Construction	July, 2020 ~ as the project requires	Gemfont's new Chungli plant	None
Construction	Twin Oaks Construction	March, 2021 ~ as the project requires	Twin Oak's new construction on Longfu Road in Xitun District, Taichung	None
Construction	Xu Yuan Construction	April, 2021 ~ as the project requires	Hotai Insurance headquarters	None
Construction	Hung Sheng Construction	April, 2021 ~ as the project requires	Upper steel structures at Taimin Construction's Shipai project	None
Construction	Tong Yuan Construction	May, 2021 ~ as the project requires	Taoyuan Aerotropolis free trade zone's cold chain logistics warehouse (F1P) project	None
Construction	Sansin Builders Construction	June, 2021 ~ as the project requires	Northern Taiwan mail processing center and training center (Phase III)	None
Construction	Yuanlih Construction	June, 2021 ~ as the project requires	Congregate housing project on the 1st minor section of Huashin Section(ECHO PARK)	None
Construction	Dacin Construction	July, 2021 ~ as the project requires	Bao Hong Construction's commercial building on Dunhua South Road.	None
Construction	Li Jin Engineering	July, 2021 ~ as the project requires	MOMO's logistic center in southern Taiwan	None
Construction	TSMC	August, 2021 ~ as the project requires	TSMC CUP construction in Southern Taiwan Science Park	None
Construction	Continental Engineering	November, 2021 ~ as the project requires	Upper section of the Hehuan Landmark building project	None

(3) Environmental business operation, clearance and treatment contracts

Contract Nature	Parties	Starting and Ending Dates	Main Content	Restrictive Clauses
Commissioning for operation (Hsin Yung)	Ecove Environment Services Corp.	October, 2019 ~ October, 2021	Operation of the incineration plant	None
Construction and operation of the waste incineration plant (Hsin Yung)	Taoyuan City Government	January, 1999 ~ October, 2021	The plant will be built and operated as a BOO project with the special permission right for 20 years, starting on October 9, 2001	None
Sales of electricity from qualified co-generation system (Hsin Yung)	Taipower	Started on October 9, 2001 as an annual contract that renews automatically as long as no party objects to it	This plant followed the Energy Administration Act and installed qualified co-generation systems to sell electricity at wholesale to Taipower	None
Biomedical waste clearance and disposal request at their hospitals in northern Taiwan (Super Max)	Chang Gung Medical Foundation	September, 2017 ~ August, 2022	Biomedical waste clearance and disposal request at their hospitals in northern Taiwan	None
Industrial waste clearance and disposal (Super Max)	TSMC	January, 2021 ~ December, 2023	Industrial waste clearance and disposal	None
Waste clearance and disposal request at their hospitals in northern Taiwan (Super Max)	Taipei City Hospital	June, 2019 ~ May, 2022	Biomedical waste clearance/disposal procurement from 2019 to 2022 (total of 3)	None
Construction and operation (Ever Ecove)	Taoyuan City Government	October, 2018 ~ October, 2043	Taoyuan Biomass Energy Plant BOT (build-operate-transfer) project	None
Construction and operation (Ever Ecove)	CTCI Development	November, 2018 ~ October, 2021	Taoyuan Biomass Energy Plant BOT (build-operate-transfer) project	None
Joint venture agreement (Evergreen Steel)	Company A & B	August 2, 2018 ~ all contracting parties have decided to terminate this agreement in writing or when Ever Ecove	Ever Ecove Corp. joint venture agreement	None

Contract Nature	Parties	Starting and Ending Dates	Main Content	Restrictive Clauses
		Corp. is dissolved and liquidated according to the law.		
Commission of operation and maintenance services (Ever Ecove)	Ecove Environment Services Corp.	October, 2021~ October, 2043	Taoyuan Biomass Energy Plant BOT (build-operate-transfer) project	None
Power purchase agreement (from waste power generation system) (Ever Ecove)	Taipower	Contract signed on December 29, 2020 and will expire 20 years from the day the electricity meter is installed	In accordance with Renewable Energy Development Act and the Electricity Act, this plant installed renewable energy electricity generation systems to generate electricity for self-use and to sell electricity at wholesale to Taipower	None

Ⅵ. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet－Based on IFRS (Consolidated)

Unit: NT$ thousands

Item / Year		Financial Summary for The Last Five Years (Note 1)					2021 (As of Mar. 31, 2021) (Note 2)
		2016	2017	2018	2019	2020	
Current Assets		6,505,507	7,335,488	7,713,213	7,451,105	10,685,235	12,457,190
Property, Plant and Equipment (Note 1)		3,612,437	3,444,831	3,358,503	3,689,276	3,408,410	3,346,012
Intangible Assets		7,656	13,160	13,082	903,932	2,739,716	3,412,900
Other Assets (Note 1)		5,374,114	6,168,586	6,422,713	6,126,603	7,219,841	7,749,260
Total Assets		15,499,714	16,962,065	17,507,511	18,170,916	24,053,202	26,965,362
Current Liabilities	Before Distribution	2,691,496	2,998,434	2,915,241	2,801,423	5,409,465	6,083,340
	After Distribution	3,380,720	3,809,286	3,726,093	3,594,494	-	-
Non-current Liabilities		357,631	301,997	200,675	523,935	1,846,168	1,845,044
Total Liabilities	Before Distribution	3,049,127	3,300,431	3,115,916	3,325,358	7,255,633	7,928,384
	After Distribution	3,738,351	4,111,283	3,926,768	4,118,429	-	-
Equity Attributable to Owners of the Parent		10,896,794	12,039,629	12,369,603	12,690,886	14,001,815	16,146,492
Capital Stock		4,054,260	4,054,260	4,054,260	3,994,260	3,994,260	4,992,781
Capital Surplus		220,747	250,766	286,082	356,431	396,542	436,202
Retained Earnings	Before Distribution	7,475,859	7,955,038	8,126,439	8,288,354	8,537,942	8,820,588
	After Distribution	6,786,635	7,144,186	7,315,587	7,495,283	-	-
Other Equity Interest		(548,998)	84,639	207,896	170,886	1,166,184	1,990,034
Treasury Stock		(305,074)	(305,074)	(305,074)	(119,045)	(93,113)	(93,113)
Non-controlling Interest		1,553,793	1,622,005	2,021,992	2,154,672	2,795,754	2,890,486
Total Equity	Before Distribution	12,450,587	13,661,634	14,391,595	14,845,558	16,797,569	19,036,978
	After Distribution	11,761,363	12,850,782	13,580,743	14,052,487	-	-

Note 1: The consolidated financial statements as of December 31, 2020, 2019, 2018, 2017 and 2016 have been audited by independent auditors.

Note 2: Up until the printing date of this annual report, the consolidated financial statements as of March

31, 2021 haven't been reviewed by independent auditors.

Note 3: The above amount after distribution is based on the resolution of the shareholders meeting of the following year.

6.1.2 Condensed Statement of Comprehensive Income — Based on IFRS (Consolidated)

Unit: NT$ thousands

Year / Item	Financial Summary for the Last Five Years (Note 1)					2021 (As of Mar. 31, 2021) (Note 2)
	2016	2017	2018	2019	2020	
Operating Revenue	9,656,766	10,553,288	10,685,318	8,268,207	9,349,649	3,048,197
Gross Profit	1,595,377	1,854,870	2,085,330	1,876,904	2,026,301	565,075
Operating Profit	1,051,645	1,327,480	1,449,667	1,336,124	1,534,312	411,805
Non-operating Income and Expenses	159,204	422,099	208,645	278,087	200,503	2,424
Profit before Income Tax	1,210,849	1,749,579	1,658,312	1,614,211	1,734,815	414,229
Profit for the Period from Continuing Operations	1,009,402	1,531,043	1,310,339	1,325,958	1,404,259	341,206
Loss from Discontinuing Operation	-	-	-	-	-	0
Profit for the Period	1,009,402	1,531,043	1,310,339	1,325,958	1,404,259	341,206
Other Comprehensive Income (Net profit after Tax)	(467,456)	603,120	124,365	(16,747)	1,059,234	860,022
Total Comprehensive Income for the Period	541,946	2,134,163	1,434,704	1,309,211	2,463,493	1,201,228
Profit, Attributable to Owners of the Parent	738,982	1,193,481	980,357	947,437	1,043,649	257,395
Profit, Attributable to Non-controlling Interest	270,420	337,562	329,982	378,521	360,610	83,811
Comprehensive Income Attributable to Owners of the Parent	272,652	1,802,040	1,105,510	935,757	2,037,957	1,106,496

(Continued)

Comprehensive Income Attributable to Non-controlling Interest	269,294	332,123	329,194	373,454	425,536	94,732
Earnings per Share (In Dollars)	1.91	3.08	2.53	2.44	2.65	0.65

(Concluded)

Note 1: The consolidated financial statements as of December 31, 2020, 2019, 2018, 2017 and 2016 have been audited by independent auditors.

Note 2: Up until the printing date of this annual report, the consolidated financial statements as of March 31, 2021 haven't been reviewed by independent auditors.

6.1.3 Condensed Balance Sheet－Based on IFRS (The Company)

Unit: NT$ thousands

Item / Year		Financial Summary for the Last Five Years (Note 1)				
		2016	2017	2018	2019	2020
Current Assets		4,419,331	5,029,870	4,368,902	3,952,109	6,815,138
Property, Plant and Equipment		1,838,035	1,837,619	1,858,486	2,394,501	2,384,518
Intangible Assets		7,598	9,431	8,483	6,766	3,561
Other Assets		7,214,663	7,970,218	8,702,492	8,918,089	10,110,101
Total Assets		13,479,627	14,847,138	14,938,363	15,271,465	19,313,318
Current Liabilities	Before Distribution	2,375,233	2,657,829	2,422,459	2,304,593	4,912,207
	After Distribution	3,064,457	3,468,681	3,233,311	3,097,664	-
Non-current Liabilities		207,600	149,680	146,301	275,986	399,296
Total Liabilities	Before Distribution	2,582,833	2,807,509	2,568,760	2,580,579	5,311,503
	After Distribution	3,272,057	3,618,361	3,379,612	3,373,650	-
Equity Attributable to Owners of the Parent		10,896,794	12,039,629	12,369,603	12,690,886	14,001,815
Capital Stock		4,054,260	4,054,260	4,054,260	3,994,260	3,994,260
Capital Surplus		220,747	250,766	286,082	356,431	396,542

(Continued)

Retained Earnings	Before Distribution	7,475,859	7,955,038	8,126,439	8,288,354	8,537,942
	After Distribution	6,786,635	7,144,186	7,315,587	7,495,283	-
Other Equity Interest		(548,998)	84,639	207,896	170,886	1,166,184
Treasury Stock		(305,074)	(305,074)	(305,074)	(119,045)	(93,113)
Non-controlling Interest		-	-	-	-	-
Total Equity	Before Distribution	10,896,794	12,039,629	12,369,603	12,690,886	14,001,815
	After Distribution	10,207,570	11,228,777	11,558,751	11,897,815	-

(Concluded)

Note 1: The parent-company-only financial statements as of December 31, 2020, 2019, 2018, 2017 and 2016 have been audited by independent auditors.

Note 2: The above amount after distribution is based on the resolution of the shareholders meeting of the following year.

6.1.4 Condensed Statement of Comprehensive Income－Based on IFRS (The Company)

Unit: NT$ thousands

Item \ Year	Financial Summary for the Last Five Years (Note)				
	2016	2017	2018	2019	2020
Operating Revenue	7,820,994	8,578,452	8,657,027	6,109,403	7,263,895
Gross Profit	656,151	745,212	909,670	599,028	803,212
Operating Profit	190,597	293,542	403,381	204,080	438,988
Non-operating Income and Expenses	586,446	933,411	694,597	781,406	697,356
Profit before Income Tax	777,043	1,226,953	1,097,978	985,486	1,136,344
Profit for the Year from Continuing Operations	738,982	1,193,481	980,357	947,437	1,043,649
Loss from Discontinuing Operation	-	-	-	-	-
Profit for the Year	738,982	1,193,481	980,357	947,437	1,043,649

(Continued)

Other Comprehensive Income (Net profit after Tax)	(466,330)	608,559	125,153	(11,680)	994,308
Total Comprehensive Income for the Year	272,652	1,802,040	1,105,510	935,757	2,037,957
Earnings per Share (In Dollars)	1.91	3.08	2.53	2.44	2.65

(Concluded)

Note: The parent-company-only financial statements as of December 31, 2020, 2019, 2018, 2017 and 2016 have been audited by independent auditors。

6.1.5 Auditors' Opinions for the Last Five Years

Year	Accounting Firm	CPA	Audit Opinion
2016	Deloitte & Touche	Chang, Ching-Fu	Unqualified Opinion
2017	Deloitte & Touche	Chang, Ching-Fu, Chao, Yong-Hsiang	Unqualified Opinion
2018	Deloitte & Touche	Chang, Ching-Fu, Chao, Yong-Hsiang	Unqualified Opinion
2019	Deloitte & Touche	Chang, Ching-Fu, Chao, Yong-Hsiang	Unqualified Opinion
2020	Deloitte & Touche	Chang, Ching-Fu, Chao, Yong-Hsiang	Unqualified Opinion

6.2 Five-Year Financial Analysis

6.2.1 Financial Analysis－Based on IFRS (Consolidated)

Item (Note 3)	Year (Note 1)	Financial Analysis for the Last Five Years					2021 (As of Mar. 31, 2021) (Note 2)
		2016	2017	2018	2019	2020	
Financial Structure (%)	Debt-asset Ratio	19.67	19.46	17.80	18.30	30.16	29.40
	Ratio of Long-term Capital to Property, Plant and Equipment	354.56	405.35	434.49	416.60	546.99	624.09
Solvency (%)	Current Ratio	241.71	244.64	264.58	265.97	197.53	204.78
	Quick Ratio	216.84	211.52	232.08	241.32	175.63	165.57
	Interest Coverage Ratio	121.99	1,132.68	378.06	245.54	91.47	71.70
Operating Ability	Receivables Turnover Rate (Times)	3.65	4.03	5.72	9.95	11.47	10.99
	Average Collection Days for Receivables	100	91	64	37	32	33
	Inventory Turnover Rate (Times)	8.93	11.27	9.63	8.37	8.79	6.29
	Payables Turnover Rate (Times)	6.57	6.77	6.23	4.83	5.33	6.10
	Average Days for Sale	41	32	38	44	42	58
	Property, Plant and Equipment Turnover Rate (Times)	2.50	2.99	3.14	2.35	2.63	3.61
	Total Asset Turnover Rate (Times)	0.62	0.65	0.62	0.46	0.44	0.48
Profitability	Return on Assets (%)	6.57	9.44	7.62	7.46	6.72	5.42
	Return on Equity (%)	8.04	11.73	9.34	9.07	8.88	7.62
	Ratio of Income before Tax to Paid-in Capital (%) (Note 7)	29.87	43.15	40.90	40.41	43.43	33.19
	Profit Margin before Tax (%)	10.45	14.51	12.26	16.04	15.02	11.19
	Earnings per Share (NT$)	1.91	3.08	2.53	2.44	2.65	0.65
Cash Flow	Cash Flow Ratio (%)	86.81	44.74	75.62	33.17	(5.35)	7.78
	Cash Flow Adequacy Ratio (%)	155.56	137.30	144.11	128.41	71.11	51.68
	Cash Flow Reinvestment Ratio (%)	8.73	2.13	6.00	(0.43)	(6.13)	2.00
Leveraging	Operating Leverage	2.28	1.97	1.91	1.92	1.86	1.98
	Financial Leverage	1.01	1.00	1.00	1.00	1.01	1.01

(Continued)

Analysis of financial ratios changes over 20% between 2019 and 2020: 1. Debt-asset Ratio, Ratio of Long-term Capital to Property, Plant and Equipment, Current Ratio, Quick Ratio and Interest Coverage Ratio: the change was mainly due to increase of interest expense caused by increased bank loans, which were arranged based on the considerations of the purchase of materials for steel structure projects and the impact of the COVID-19 pandemic. 2. Cash Flow Ratio, Cash Flow Adequacy Ratio and Cash Flow Reinvestment Ratio: Mainly because of the increase of net cash outflow for operating activities compared with that of the previous period.

(Concluded)

Note 1: The consolidated financial reports as of December 31, 2020, 2019, 2018, 2017 and 2016 have been audited by independent auditors.

Note 2: Up until the printing date of annual report, the consolidated financial statements as of March 31, 2021 haven't been reviewed by independent auditors.

Note 3: The following are calculation formulas:

1. Financial Structure
   (1) Debt-asset Ratio = total liabilities / total assets
   (2) Ratio of Long-term Capital to Property, Plant and Equipment = (total equity + non-current liabilities) / net worth of property, plant and equipment
2. Solvency
   (1) Current Ratio = current assets / current liabilities
   (2) Quick Ratio = (current assets – inventory – prepaid expenses) / current liabilities
   (3) Interest Coverage Ratio = income before income tax and interest expenses / current interest expenses
3. Operating Ability
   (1) Receivables (including accounts receivable and notes receivable arising from business operations) Turnover Rate = net sales / average receivables (including accounts receivable and notes receivable arising from business operations) for each period
   (2) Average Collection Days for Receivables = 365 / receivables turnover rate
   (3) Inventory Turnover Rate = cost of sales / average inventory
   (4) Payables (including accounts payable and notes payable arising from business operations) Turnover Rate = cost of sale / average payables (including accounts payable and notes payable arising from business operations) for each period
   (5) Average Days of Sale = 365 / inventory turnover rate
   (6) Property, Plant and Equipment Turnover Rate = net sales / average net worth of property, plant and equipment
   (7) Total Asset Turnover Rate = net sales / average total assets
4. Profitability
   (1) Return on Assets = [net income + interest expenses (1- tax rate)] / average total assets
   (2) Return on Equity = net income / average total equity
   (3) Profit Margin before Tax = net income / net sales
   (4) Earnings per Share = (profit and loss attributable to owners of the parent – dividends on preferred shares) / weighted average number of issued shares (Note 4)
5. Cash Flow

(1) Cash Flow Ratio = Net cash flow from operating activities / current liabilities

(2) Net Cash Flow Adequacy Ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend)

(3) Cash Flow Reinvestment Ratio = (Net cash flow from operating activities – cash dividend) / gross property, plant and equipment value + long-term investment + other non-current assets + working capital) (Note 5)

6. Leveraging

(1) Operating Leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 6)

(2) Financial Leverage = operating income / (operating income / interest expenses)

Note 4: When the above formula for calculation of earnings per share is used during measurement, give special attention to the following matters:

1. Measurement should be based on the weighted average number of common shares, not the number of issued shares at year end.
2. In any case where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
3. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from the net profit after tax; if there is loss, then no adjustment need be made.

Note 5: Give special attention to the following matters when carrying out cash flow analysis:

1. Net cash flow from operating activities means net cash in-flow amounts from operating activities listed in the statement of cash flows.
2. Capital expenditures means the amounts of cash outflows for annual capital investment.
3. Inventory increase will only be entered when the ending balance is larger than the beginning balance. An inventory decrease at year end will be deemed zero for calculation.
4. Cash dividend includes cash dividends from both common shares and preferred shares.
5. Gross property, plant and equipment value means the total value of property, plant and equipment prior to the subtraction of accumulated depreciation.

Note 6: Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, give special attention to their reasonableness and to maintaining consistency.

Note 7: In the case of a company whose shares have no par value or have a par value other than NT$10, for the calculation of the above-mentioned paid-in capital ratio, the ratio of equity attributable to owners of the parent as stated in the balance sheet shall be substituted.

6.2.2 Financial Analysis－Based on IFRS (The Company)

Item (Note 2)	Year (Note 1)	2016	2017	2018	2019	2020
		Financial Analysis for the Last Five Years				
Financial Structure (%)	Debt-asset Ratio	19.16	18.91	17.20	16.90	27.50
	Ratio of Long-term Capital to Property, Plant and Equipment	604.14	663.32	673.45	541.53	603.94
Solvency (%)	Current Ratio	186.06	189.25	180.35	171.48	138.74
	Quick Ratio	158.81	152.59	141.92	142.47	115.28
	Interest Coverage Ratio	78.77	802.93	250.94	154.93	60.35
Operating Ability	Receivables Turnover Rate (Times)	3.15	3.49	5.09	9.59	12.27
	Average Collection Days for Receivables	115.87	104.58	71.71	38.06	30
	Inventory Turnover Rate (Times)	8.08	10.40	8.84	7.36	7.94
	Payables Turnover Rate (Times)	6.04	6.27	5.74	4.25	4.85
	Average Days for Sale	45.17	35.10	41.29	49.59	46
	Property, Plant and Equipment Turnover Rate (Times)	3.95	4.67	4.68	2.87	3.04
	Total Asset Turnover Rate (Times)	0.58	0.61	0.58	0.40	0.42
Profitability	Return on Assets (%)	5.51	8.44	6.61	6.31	6.12
	Return on Equity (%)	6.69	10.41	8.03	7.56	7.82
	Ratio of Income before Tax to Paid-in Capital (%) (Note 6)	19.17	30.26	27.08	24.67	28.45
	Profit Margin before Tax (%)	9.45	13.91	11.32	15.51	14.37
	Earnings per Share (NT$)	1.91	3.08	2.53	2.44	2.65
Cash Flow	Cash Flow Ratio (%)	53.95	6.39	44.92	(9.82)	(28.91)
	Cash Flow Adequacy Ratio (%)	82.07	63.47	72.78	71.09	16.38
	Cash Flow Reinvestment Ratio (%)	4.50	(3.19)	1.64	(5.87)	(11.30)
Leveraging	Operating Leverage	4.61	3.27	2.65	3.94	2.63
	Financial Leverage	1.06	1.01	1.01	1.03	1.05

(Continued)

Analysis of financial ratios changes over 20% between 2019 and 2020:
1. Debt-asset Ratio and Interest Coverage Ratio: The change was mainly due to increase of interest expense caused by increased bank loans, which were arranged based on the considerations of the purchase of materials for steel structure projects.
2. Receivables Turnover Rate and Average Collection Days for Receivables: Mainly due to the increase of operating revenue.
3. Cash Flow Ratio, Cash Flow Adequacy Ratio and Cash Flow Reinvestment Ratio: Mainly due to the increase in the net cash outflows for operating activities compared with that of the previous period
4. Operating Leverage: Mainly due to the increase of the net operating income compared with that of the previous period

(Concluded)

Note 1: The parent-company-only financial statements as of December 31, 2020, 2019, 2018, 2017 and 2016 have been audited by independent auditors.

Note 2: The following are calculation formulas:

1. Financial Structure
   (1) Debt-asset Ratio = total liabilities / total assets
   (2) Ratio of Long-term Capital to Property, Plant and Equipment = (total equity + non-current liabilities) / net worth of property, plant and equipment
2. Solvency
   (1) Current Ratio = current assets / current liabilities
   (2) Quick Ratio = (current assets – inventory – prepaid expenses) / current liabilities
   (3) Interest Coverage Ratio = income before income tax and interest expenses / current interest expenses
3. Operating Ability
   (1) Receivables (including accounts receivable and notes receivable arising from business operations) Turnover Rate = net sales / average receivables (including accounts receivable and notes receivable arising from business operations) for each period
   (2) Average Collection Days for Receivables = 365 / receivables turn over rate
   (3) Inventory Turnover Rate = cost of sales / average inventory
   (4) Payables (including accounts payable and notes payable arising from business operations) Turnover Rate = cost of sale / average payables (including accounts payable and notes payable arising from business operations) for each period
   (5) Average Days of Sale = 365 / inventory turnover rate
   (6) Property, Plant and Equipment Turnover Rate = net sales / average net worth of property, plant and equipment
   (7) Total Asset Turnover Rate = net sales / average total assets
4. Profitability
   (1) Return on Assets = [net income + interest expenses (1- tax rate)] / average total assets
   (2) Return on Equity = net income / average total equity
   (3) Profit Margin before Tax = net income / net sales
   (4) Earnings per Share = (profit and loss attributable to owners of the parent – dividends on preferred shares) / weighted average number of issued shares (Note 3)
5. Cash Flow
   (1) Cash Flow Ratio = Net cash flow from operating activities / current liabilities

(2) Net Cash Flow Adequacy Ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend)

(3) Cash Flow Reinvestment Ratio = (Net cash flow from operating activities – cash dividend) / gross property, plant and equipment value + long-term investment + other non-current assets + working capital) (Note 4)

6. Leveraging

(1) Operating Leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 5)

(2) Financial Leverage = operating income / (operating income / interest expenses)

Note 3: When the above formula for calculation of earnings per share is used during measurement, give special attention to the following matters:

1. Measurement should be based on the weighted average number of common shares, not the number of issued shares at year end.
2. In any case where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
3. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from the net profit after tax; if there is loss, then no adjustment need be made.

Note 4: Give special attention to the following matters when carrying out cash flow analysis:

1. Net cash flow from operating activities means net cash inflow amounts from operating activities listed in the statement of cash flows.
2. Capital expenditures means the amounts of cash outflows for annual capital investment.
3. Inventory increase will only be entered when the ending balance is larger than the beginning balance. An inventory decrease at year end will be deemed zero for calculation.
4. Cash dividend includes cash dividends from both common shares and preferred shares.
5. Gross property, plant and equipment value means the total value of property, plant and equipment prior to the subtraction of accumulated depreciation.

Note 5: Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, give special attention to their reasonableness and to maintaining consistency.

Note 6: In the case of a company whose shares have no par value or have a par value other than NT$10, for the calculation of the above-mentioned paid-in capital ratio, the ratio of equity attributable to owners of the parent as stated in the balance sheet shall be substituted.

6.3 Audit Committee's Review Report

To: 2021 Annual General Meeting

Evergreen Steel Corporation

The Board of Directors has prepared the Company's 2020 business report, financial report, and proposal for distribution of earnings. The CPA of Deloitte & Touche has audited the financial report and issued the audit report.

The above business report, financial report, and proposal for distribution of earnings have been reviewed and determined to be correct and accurate by the Audit Committee members of Evergreen Steel Corporation. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Evergreen Steel Corporation

Convener of the Audit Committee: Lee, Kuan-Hsien

Date: March 10, 2021

6.4 Consolidated Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report:

Please refer to page 141-212 Appendix 1.

6.5 The Parent Company Only Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report:

Please refer to page 213-287 Appendix 2.

6.6 The Company Should Disclose the Financial Impact if the Company and Its Affiliated Companies Have Incurred Financial or Cashflow Difficulties in 2020 and as of the Date of this Annual Report: None.

Ⅶ. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

Unit: NT$ thousands

Item \ Year	2020	2019	Difference	
			Amount	%
Current Assets	10,685,235	7,451,105	3,234,130	43.40%
Property, Plant and Equipment	3,408,410	3,689,276	(280,866)	-7.61%
Intangible Assets	2,739,716	903,932	1,835,784	203.09%
Other Assets	7,219,841	6,126,603	1,093,238	17.84%
Total Assets	24,053,202	18,170,916	5,882,286	32.37%
Current Liabilities	5,409,465	2,801,423	2,608,042	93.10%
Non-current Liabilities	1,846,168	523,935	1,322,233	252.37%
Total Liabilities	7,255,633	3,325,358	3,930,275	118.19%
Capital Stock	3,994,260	3,994,260	0	0.00%
Capital Surplus	396,542	356,431	40,111	11.25%
Retained Earnings	8,537,942	8,288,354	249,588	3.01%
Other Equity Interest	1,166,184	170,886	995,298	582.43%
Treasury Stock	(93,113)	(119,045)	25,932	-21.78%
Non-controlling Interest	2,795,754	2,154,672	641,082	29.75%
Total Equity	16,797,569	14,845,558	1,952,011	13.15%

Analysis of changes in financial ratios (by more than 20% and NT$10 million):

1. Current assets: Overall revenue growth has led to increases in accounts receivable and contract asset.
2. Increase in intangible assets: Mainly because Ever Ecove Corp. (our subsidiary) was building the biomass energy center and the cost was recognized as intangible assets –service concession arrangements.
3. Current liabilities: Mainly due to an increase in short-term loans and issuance of commercial paper for the company's operational needs.
4. Increase in non-current liabilities: Mainly due to Ever Ecove Corp., our subsidiary, took out more long-term loans to build the biomass energy center.
5. Increase in other equity interest: Mainly due to the increase in the fair value of the listed/unlisted stocks held by the Company.
6. Decrease in treasury stock: Mainly due to the sales of treasury stocks.
7. Increase in non-controlling interest: Mainly due to Ever Ecove Corp., our subsidiary, issued common stocks for cash.

7.2 Analysis of Financial Performance

Unit: NT$ thousands

Item \ Year	2020	2019	Difference	
			Amount	%
Operating Revenue	9,349,649	8,268,207	1,081,442	13.08
Operating Cost	7,323,348	6,391,303	932,045	14.58
Gross Profit	2,026,301	1,876,904	149,397	7.96
Operating Expenses	491,989	540,780	(48,791)	(9.02)
Operating Profit	1,534,312	1,336,124	198,188	14.83
Non-operating Income and Expenses	200,503	278,087	(77,584)	(27.90)
Profit before Income Tax	1,734,815	1,614,211	120,604	7.47
Income Tax Expense	330,556	288,253	42,303	14.68
Profit for the Year	1,404,259	1,325,958	78,301	5.91
Other Comprehensive Income	1,059,234	(16,747)	1,075,981	(6,424.92)
Total Comprehensive Income for the Year	2,463,493	1,309,211	1,154,282	88.17

Analysis of changes in financial ratios:

1. Decrease in non-operating income and expenses: Due to a drop in dividend income in 2020 from 2019.
2. Increase in other comprehensive income (net value after tax): Mainly due to an increase in unrealized gains from investments in equity instruments measured at fair value through other comprehensive income in 2020 from 2019.

7.3 Analysis of Cash Flow

7.3.1 Cash Flow Analysis of the Current Year

Unit: NT$ thousands

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Annual Net Cash Flow from Investment and Financing Activities (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
3,359,052	(289,568)	1,149,799	4,219,283	None	None

1. Analysis of cash flow deviation
   (1) Operating Activities: Net cash outflow due to the increase in contract assets, which resulted in cash outflow from operating activities.
   (2) Investment Activities: Net cash outflow mainly due to Ever Ecove Corp. (our subsidiary) invested

the construction/service cost (intangible asset –service concession arrangements) in the Taoyuan Biomass Energy Plant BOT project. (3) Financing Activities: Net cash inflow due to an increase in the company's total loans. 2. Leverage of cash deficit: None.

7.3.2 Cash Flow Analysis of the Coming Year

Unit: NT$ thousands

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Annual Net Cash Flow from Investment and Financing Activities (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
4,219,283	1,406,415	(1,489,012)	4,136,686	None	None

1. Analysis of cash flow deviation
   (1) Operating activities: Estimated net cash inflow from operations.
   (2) Investing activities: Net cash outflow mainly due to Ever Ecove Corp. (our subsidiary) invested the construction in the Taoyuan Biomass Energy Plant BOT project.
   (3) Financing activities: Estimated net cash outflow mainly due to repay loans.
2. Leverage of dash deficit: None.

7.4 Impact of Major Capital Expenditure Items in the Most Recent Year to the Financial Status:

The capital in the "Taoyuan Biomass Energy Plant BOT (build-operate-transfer) project" the Group participated in came from equity funds and bank loans. The Group has signed a syndicated loan contract with the group of lending banks (led by Hua Nan Bank). The plant is estimated to complete in January, 2022 and once it begins operation, Taoyuan City will be able to handle its waste disposal by itself. The plant is expected to have the capacity to use thermal treatment on 219,000 metric tons of waste per year, anaerobic digestion on 91,250 metric tons of waste and solidify more than 25,000 cubic meters of waste before sending it to landfill. In addition, the waste will be used to generate renewable energy and the plant is estimated to generate 200 million kWh (sufficient for around 60,000 households), help turning Taoyuan into a green and low emission city and generating steady profit for the Group.

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

The Group reinvestments in the last year were mainly investments in related enterprises and investments for operational diversification purposes. The 2020 share of profit of associates and joint ventures accounted for using the equity method is NT$25.09 million. So far, the Group does not have any investment plan for the coming year.

7.6 Analysis of Risk Management during the Latest Year and up to the Printing Date of this Annual Report

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

The major interest rate risk this Group faces comes from floating rate loans with some of the risk offset by cash and cash equivalents at floating interest rates this Group owns. On the other hand, this Group is in the industry that relies on domestic demand and therefore is more conservative when it comes to the management and hedging of foreign currency funds. Our financial staff stays in close contact with banks and keeps track of the trends of foreign exchange rates to avoid any adverse effect from the changes in foreign exchange rates. In the current economy, the inflation rate in Taiwan is relatively low and therefore the fluctuations in interest rates, foreign exchange rates, and inflation do not have a significant impact on this Group's profit.

7.6.2 Policies, Main Cause of Gain or Loss and Future Response Measures with Respect to High-risk, Highly-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions:

This Group always focuses on its core business development and is pragmatic in running the business. It also follows a conservative fiscal policy and does not engage in high-risk or highly-leveraged investments. When loaning money to others, making endorsements or trading derivatives, this Group also follows the law as well as its own protocols.

7.6.3 Future Research & Development Projects and Corresponding Budget

The products in our steel structure business are manufactured based on the building structural designs provided by clients (proprietors). Even though this Group does not have a dedicated R&D department, when clients are requesting products with high technological requirement or are innovative, this Company will discuss and conduct research on the manufacturing technologies and overcome any challenges in manufacturing by developing or innovating manufacturing technologies to reduce costs, ensure construction quality and complete the project on schedule. The environmental protection business this Group reinvests in also does not have a dedicated R&D department or staff but still assigns full-time employees to gain new knowledge, visit other companies in the same industry both domestic and abroad for the purpose of learning, and explore ways to update treatment facilities or improve treatment processes to increase performance and maintain a competitive edge.

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

This Group follows both domestic and international laws in its daily operations and keeps a close eye on policy trends and regulation amendments to be prepared for any changes in the market. As Taiwan and countries worldwide are tightening their environmental regulations and policies, it will only boost demand in the environmental protection industry. This Group also keeps a close eye on the development of technologies and its industry and collects information on such developments and changes, which will serve as reference as the management makes business decisions, adjusts strategies, and formulates countermeasures. As of the date of publication of this annual report in the most recent year, this Group's finance has not suffered any adverse effects resulting from changes in policies and regulations both domestic and abroad.

7.6.5 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales:

This Group keeps a close eye on the development of technologies and its industry and collects information on such development and changes, which will serve as reference as the management makes business decisions, adjusts strategies, and formulates countermeasures. In the most recent year, this Group's finance has not suffered any adverse effects resulting from changes in technologies.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures:

Since its inception, the Group has consistently maintained a professional ethical business philosophy, valued its corporate image and emphasized risk control. Currently, there is no significant foreseeable crisis.

7.6.7 Expected Benefits from, Risks Relating to, and Response to Merger and Acquisition Plans:

Currently, the Company has no merger and acquisition plan.

7.6.8 Expected Benefits from, Risks Relating to, and Response to Factory Expansion Plans:

Ever Ecove Corp. was incorporated in August, 2008. The Company has worked with Taoyuan City Government on the triple-function (anaerobic fermentation, incinerator and bottom ash solidification/landfill plant) biomass energy plant BOT project on a 4.38-hectare lot reserved for environmental protection facilities inside the Taoyuan Science Park. After the plant's completion, Taoyuan City will be able to dispose of its waste independently and solve the city's waste disposal problem. The plant is expected to have the capacity to use thermal treatment on 219,000 metric tons of waste per year, anaerobic digestion on 91,250 metric tons of waste, and solidify more than 25,000 cubic meters of waste before sending it to landfills. In addition, the waste will be used to generate renewable energy and the plant is estimated to generate 200 million kWh (sufficient for around 60,000 households). Once the plant begins operation officially, it is estimated to bring in NT$200 million in net profit after tax annually, generating profit steadily as this Group's reinvested business. This investment project is estimated to complete payback in 15 years. In addition, as the main equipment in this project was purchased from foreign suppliers, the manufacturing and delivery of this equipment may be delayed due to the COVID-19 pandemic. Even though this means that the plant's completion may be delayed, the project is expected to complete 2 months after the scheduled completion date. Meanwhile, this Company will follow the contract provisions to request an extension in the construction period.

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration:

1. Risks relating to excessive concentration of purchasing sources;

   A steel structure business requires materials such as steel plates (strips), beams, welding consumables, shear studs, bolts and paint. This Company purchases steel plates (strips) mainly from China Steel Corp. and Dragon Steel Corp. With these two companies as the main steel plate/strip manufacturers in Taiwan, this Company enjoys a bulk discount from them. The main manufacturers for beams in Taiwan are Tung Ho Steel Enterprise Corp. and Dragon Steel Corp, which have been long-time suppliers for this Company with consistent supplies. This Company has the following countermeasures for risks relating to excessive concentration of purchasing sources:

A. Risk of materials being out of stock:

Countermeasure: Has more than 2 suppliers for the same materials

China Steel Corporation provides quality steel plates with consistent pricing and steady supplies. Therefore, it is on the top of the supplier list when it comes to steel plates. This Company will only seek alternative suppliers if China Steel Corporation does not have enough stock. That is why this Company appears to have excessive concentration of purchasing sources. In addition, when purchasing from China Steel Corporation and Dragon Steel Corporation, this Company also purchases from other distributors and suppliers to decrease such concentration. This Company regularly conducts business with suppliers and therefore when the demand is higher during construction projects, it will be easier for this Company to purchase the materials and more likely to get a discount. This helps reduce purchase costs and ensures the supply of materials.

B. Risk of price monopoly

Countermeasure: Keep track of the steel price fluctuations

This Company has full-time employees dedicated to collecting quotes on steel from companies both domestic and abroad to keep track of the fluctuations in steel prices. This Company can adjust its procurement strategy dynamically and adjust the monthly/quarterly purchase volume to get the best prices from suppliers as early as possible and maximize profit from construction projects.

Based on the above, our countermeasure against excessive concentration of purchasing sources can not only enhance our relationship with suppliers, it can also ensure the supply of materials. This countermeasure also allows this Company to purchase steel at the best price to reduce operating costs and minimize the risk of excessive concentration of purchasing sources.

The environmental protection business mainly engages in the disposal of medical, industrial and municipal waste. It has a steady supply of main raw materials and maintains good working relationships with all suppliers to ensure uninterrupted supply of materials. It also works with other suppliers to an extent to diversify purchasing sources. Overall, the environmental protection business has been working with these suppliers with excellent quality and punctual delivery for years. With multiple suppliers for all raw materials, this business does not have the risk of excessive concentration of purchasing sources for raw materials.

2. Risk of excessive customer concentration:

Our steel structure business manufactures products to order. It requires a high amount of capital and longer lead time with revenue being realized over time. Excessive customer concentration is a feature of this business. However, the main clients come and go as construction projects begin and end. For the environmental protection business, in addition to collecting, incinerating and disposing of waste for our clients, the Company has also signed a BOO contract with Taoyuan City Government and power sales agreement with Taipower. With the main customers being government institutions, the BOO contract having protective clause, and power sales conducted in accordance with regulations, this Group does not have the problem of excessive customer concentration.

7.6.10 Effects of, Risks Relating to, and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None

7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights: None.

7.6.12 In regard to litigations or non-litigations, the Company shall disclose major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by the Company's directors, supervisors, general manager, de facto responsible person, shareholders with over 10% shareholding and the subsidiaries that have either reached final verdict or are still pending. If the litigation result may have a significant impact on shareholders' equity or securities prices, the Company shall disclose the facts in contention, claim amount, starting date of litigation, litigants, and the case status up to the printing date of this annual report: None.

7.6.13 Other Major Risks and Countermeasures: None

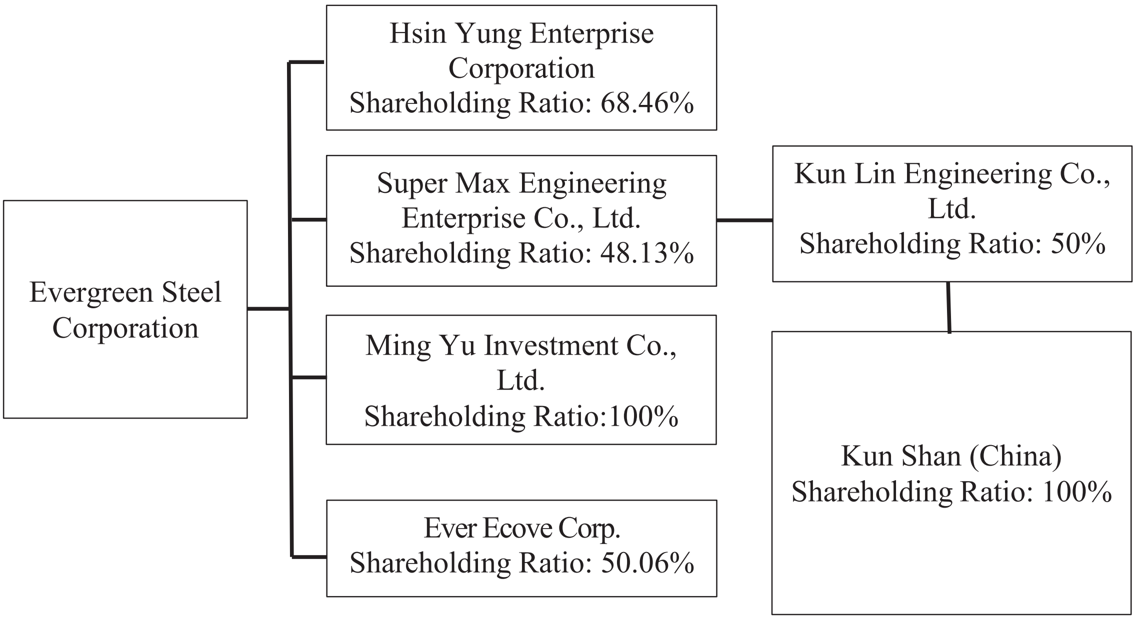
7.7 Other Important Matters: None.

Ⅷ. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Affiliated Companies Merger Business Report

1. Affiliated Companies Organization Chart (December 31, 2020)



2. Basic Information of Affiliated Companies

December 31, 2020
Unit: Dollars

Company	Date Founded	Address	Capital	Main Business Activities
Hsin Yung Enterprise Corporation	1998.12.22	No. 16, Songjiang N. Rd., Zhongli Dist., Taoyuan City	NTD1,450,000,000	Waste disposal and co-generation
Super Max Engineering Enterprise Co., Ltd.	1980.01.31	14F-13, No. 79, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City	NTD334,500,000	Waste clearance and disposal
Ming Yu Investment Co., Ltd.	1998.03.31	9F, No. 100, Sec. 2, Chang'an E.Rd., Zhongshan Dist., Taipei City	NTD103,500,000	Investment activities
Ever Ecove Corp.	2018.08.07	No. 16, Songjiang N. Rd., Zhongli Dist., Taoyuan City	NTD1,600,000,000	Waste disposal and co-generation
Kun Lin Engineering Co., Ltd.	1994.08.25	10F, No. 271, Wenchuan Rd., Zuoying Dist., Kaohsiung City	NTD100,000,000	Designing/planning/execution of waste water, air and noise prevention construction; buying/selling/maintenance of related equipment
Kun Shan	2007.03.15	China	USD400,000 RATE: 28.48	Designing/manufacturing/installing of waste water/exhaust equipment and the manufacturing/installation of various types of fitting pipes

Note 1: All affiliated companies, regardless of size, should be disclosed.

Note 2: Each related enterprise has a factory, and the sales value of the factory product exceeds 10% of the operating income of the control company. The name of the factory, the date of establishment, the address and the main products of the factory shall be added.

Note 3: If the affiliated company is a foreign company, the name and address of the company can be expressed in English. The date of establishment can also be expressed as the Western calendar year, and the amount of paid-in capital can be noted in foreign currency. (Indicate the exchange rate on the reporting date).

3. Information about same shareholders of entities that are presumed to have a relationship of control or subordination: None.
4. Sectors of Affiliated Companies:

   This company mainly engages in steel structure construction projects while our subsidiaries mainly engage in general/industrial waste clearance and disposal as well as co-generation. Overall, our affiliated companies cover industries related to steel structure constructions and environmental protection.
5. The Directors, Supervisors and President of Affiliated Companies

December 31, 2020
Unit: shares

Company	Title (Note 1)	Name and Representative (Note 3)	Shareholding (Note 2)	
			Shares	%
Hsin Yung Enterprise Corporation	Chairman and President	Evergreen Steel Corp. Representative: Chang, Wan-Chuan	99,266,577	68.46
	Director	Evergreen Steel Corp. Representative: Lin, Keng-Li	99,266,577	68.46
	Director	Wei-Dar Development Co., Ltd. Representative: Lee, Mon-Ling	1,256,652	0.87
	Supervisor	Ko, Lee-Ching	0	0
Super Max Engineering Enterprise Co., Ltd.	Chairman	Evergreen Steel Corp. Representative: Chang, Wan-Chuan	16,098,034	48.13
	Director	Evergreen Steel Corp. Representative: Lin, Keng-Li	16,098,034	48.13
	Director	Evergreen Steel Corp. Representative: Tai, Jin-Chyuan	16,098,034	48.13
	Director	Evergreen Steel Corp. Representative: Liu, Pang-En	16,098,034	48.13
	Director	Hsieh, Chia-Ying	600,000	1.79
	Director	Lin, Chi-Fa	23,137	0.07
	Director	Liao, Hsueh-Hsien	916,114	2.74
	Supervisor	Yeh, Jia-Chyuan	-	-
	Supervisor	Li, Sian-Rong	891,025	2.66
	President	Lin, Ren-Ming		
Ming Yu Investment Co., Ltd.	Chairman	Evergreen Steel Corp. Representative: Liu, Pang-En	10,350,000	100.00
	Director	Evergreen Steel Corp. Representative: Lin, Keng-Li	10,350,000	100.00
	Director	Evergreen Steel Corp. Representative: Chen, Zhi-Zhe	10,350,000	100.00
	Supervisor	Evergreen Steel Corp. Representative: Yeh, Jia-Chuyan	10,350,000	100.00
Ever Ecove Corp.	Chairman and President	Evergreen Steel Corp. Representative: Chen, Zhi-Zhe	80,100,000	50.06
	Director	Evergreen Steel Corp. Representative: Lin, Keng-Li	80,100,000	50.06

	Director	Evergreen Steel Corp. Representative: Chang, Yen-I	80,100,000	50.06
	Director	Evergreen Steel Corp. Representative: Tai, Jin-Chyuan	80,100,000	50.06
	Director	CTCI Corporation Representative: Liao, Jung-Jhe	39,400,000	24.63
	Director	CTCI Corporation Representative: Li, Ding-Gho	39,400,000	24.63
	Supervisor	Ko, Lee-Ching	-	-
	Supervisor	Ecove Environment Corporation Representative: Lin, Meng-Zhi	8,000,000	5.00
Kun Lin Engineering Co., Ltd.	Chairman	Huang, Bi-Wei	430,553	4.31
	Director	Li, Hong-Yao	902,779	9.03
	Director	Super Max Engineering Enterprise Co., Ltd. Representative: Lin, Ren-Ming	4,999,999	50.00
	Supervisor	Hsu, Chin-Kuan	-	-
Kun Shan (China)	Chairman	Kun Lin Engineering Co., Ltd. Representative: Huang, Bi-Wei	USD400,000 RATE：28.48	100.00

Note 1: If the affiliated company is a foreign company, the position is equivalent.

Note 2: If the invested company is a joint stock company, please fill in the number of shares and shareholding ratio. Please fill in the capital amount and capital contribution ratio and indicate it.

Note 3: When the directors and supervisors are legal persons, relevant information of the representative should be disclosed.

6. The Operating Overviews of Affiliated Companies (As of December 31, 2020)

Unit: NT$ thousands

Company	Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Income (Loss)	Profit	EPS (Dollars)
Hsin Yung Enterprise Corporation	1,450,000	3,789,402	216,926	3,572,476	1,320,230	785,474	677,622	4.67
Super Max Engineering Enterprise Co., Ltd.	334,500	1,957,861	241,852	1,716,009	765,539	331,002	289,654	8.66
Ming Yu Investment Co., Ltd.	103,500	407,197	3,089	404,108	7,749	7,474	5,746	0.56
Ever Ecove Corp.-Note 3	1,600,000	3,042,018	1,482,437	1,559,581	-	-26,302	-12,698	-
Kun Lin Engineering Co., Ltd.	100,000	608,430	306,830	301,600	571,888	59,438	50,198	5.02
Kun Shan (China)	11,392	80,113	27,836	52,277	81,657	3,934	4,007	不適用

Note 1: All affiliated companies, regardless of size, should be disclosed.

Note 2: If the affiliated company is a foreign company, the relevant figures should be converted into NT$ at the exchange rate on the reporting date.

Note 3: Ever Ecove Corp. was incorporated in August, 2018 and does not generate any business revenue as its facility is still under construction.

8.1.2 Consolidated Financial Statements Covering Affiliated Enterprises: Relevant information disclosed in the financial statements of the related business combination has been disclosed in the consolidated financial report in Appendix 1. The financial statements of the business combination are not prepared separately.

8.1.3 Reports on Affiliations: None.

8.2 The Company has carried out a private placement of securities during the latest year and up to the printing date of this annual report: None.

8.3 Holding or disposal of shares in the company by the company's subsidiaries during the latest year and up to the printing date of this annual report:

January 1, 2020 ~ April 30, 2021
Unit: NT$ thousnads; % in shares

Subsidiary (Note 1)	Paid-in capital	Source of capital	Company's holding	Date of Acquisition or Disposal	Number /value of shares acquired (Note 2)	Number/value of shares disposed (Note 2)	Number/value of shares in possession as of the publication date of the annual report (Note 3)	Gain or Loss on Investment	Pledge created (Note 4)	Financing endorsement made to a subsidiary	Loan to a subsidiary
Ming Yu Investment Co., Ltd.	103,500	Equity fund	100%	2020	-	1,501,000 shares 52,535	1,401,000 shares 24,204	26,445	None	None	None
				As of the publication date of this annual report this year	-	1,098,000 shares 66,154		46,952			

Note 1: Each subsidiary should be listed separately.
Note 2: The actual amount aquired or disposed.
Note : List the shares owned and disposed separately.
Note 4: Explain how it affects the company's financial performance and finances.

8.4 Other matters that require additional description: None

8.5 Any of the situations listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders'equity or the price of the company's securities, has occurred during the latest year and up to the printing date of this annual report: None.

【Appendix 1】

Consolidated Financial Statements and Report of Independent Accountants for the Year Ended December 31, 2020

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2020 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 "Consolidated Financial Statements". In addition, the information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Evergreen Steel Corporation did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

EVERGREEN STEEL CORPORATION

By

KENG-LI LIN
Chairman

March 10, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Evergreen Steel Corporation

Opinion

We have audited the accompanying consolidated financial statements of Evergreen Steel Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2020 are described as follows:

Project Revenue Recognition

The Group's project revenue mainly comes from providing steel structure engineering contracting business; and during the project contract period, the project revenue is recognized based on the degree of completion. Project revenue recognition from construction depends on the degree of completion of the project which involves subjective judgment which may result in profit or loss or certain risks that are not recognized in the correct period. Therefore, we identified the project revenue recognition as a key audit matter.

The main audit procedures that we performed for testing the project revenue recognition are as follows:

1. We obtained an understanding of the design and implementation of the Company's project revenue evaluation method and control system by performing control tests.

2. We selected the samples of the project revenue of the current year that are subjected to detailed tests, which included checking the price of the customer's construction contract for consistency and the adequacy of the completion ratio, and recalculated the degree of completion and verified the correctness of the project revenue.

3. We performed analytical review of project revenue, and checked for major differences between the progress of the payment and the project contract.

Refer to Note 4 to the financial statements for the accounting policy on the assessment of construction contracts. Refer to Notes 5 and 25 for critical accounting judgments and key sources of estimation uncertainty.

Other Matter

We have also audited the parent company only financial statements of Evergreen Steel Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2021

Notice to Readers

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

For the convenience of readers, the independent auditors’ 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’ report and consolidated financial statements shall prevail.

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 4,219,283	18	$ 3,359,052	19
Financial assets at amortized cost - current (Notes 4, 8 and 32)	23,452	-	14,880	-
Contract assets - current (Notes 4, 23, 25 and 31)	4,190,973	17	2,759,083	15
Notes receivable (Notes 4 and 23)	126,910	-	52,900	-
Trade receivables, net (Notes 4, 9 and 23)	745,136	3	529,610	3
Trade receivables from related parties, net (Notes 4, 9, 23 and 31)	151,458	1	24,260	-
Other receivables (Note 27)	43,468	-	20,888	-
Inventories (Notes 4, 10 and 23)	1,008,758	4	657,541	4
Other current assets (Note 17)	175,797	1	32,891	-
Total current assets	10,685,235	44	7,451,105	41
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	6,775,512	28	5,716,734	32
Investments accounted for using equity method (Notes 4 and 12)	150,799	1	152,141	1
Property, plant and equipment (Notes 4, 13 and 32)	3,408,410	14	3,689,276	20
Right-of-use assets (Note 14)	20,479	-	26,674	-
Investment properties (Notes 4, 15 and 32)	105,530	1	62,631	-
Intangible assets (Notes 4 and 16)	2,739,716	11	903,932	5
Deferred tax assets (Notes 4 and 27)	42,114	-	55,533	-
Refundable deposits	8,003	-	7,538	-
Other non-current assets (Note 17)	117,404	1	105,352	1
Total non-current assets	13,367,967	56	10,719,811	59
TOTAL	$ 24,053,202	100	$ 18,170,916	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	$ 690,000	3	$ 200,000	1
Short-term bills payable (Note 18)	1,799,171	7	399,869	2
Contract liabilities - current (Notes 4, 23, 25 and 31)	382,809	2	348,789	2
Notes payable, net (Note 23)	355,383	1	227,319	1
Trade payable, net (Notes 19 and 23)	1,172,977	5	990,976	6
Lease liabilities - current (Note 14)	8,756	-	9,307	-
Other payables (Notes 20 and 31)	406,764	2	353,467	2
Current tax liabilities (Notes 4 and 27)	175,916	1	144,213	1
Provisions - current (Note 21)	60,792	-	79,132	-
Current portion of long-term borrowings (Note 18)	300,000	1	-	-
Other current liabilities	56,897	-	48,351	-
Total current liabilities	5,409,465	22	2,801,423	15
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	1,693,469	7	352,342	2
Deferred tax liabilities (Notes 4 and 27)	66,187	1	65,996	1
Lease liabilities - non-current (Note 14)	9,738	-	16,075	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	36,024	-	61,945	-
Guarantee deposits received	25,234	-	16,325	-
Other non-current liabilities	15,516	-	11,252	-
Total non-current liabilities	1,846,168	8	523,935	3
Total liabilities	7,255,633	30	3,325,358	18
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)				
Share capital				
Ordinary shares	3,994,260	16	3,994,260	22
Capital surplus	396,542	2	356,431	2
Retained earnings				
Legal reserve	2,190,673	9	2,095,929	12
Unappropriated earnings	6,347,269	26	6,192,425	34
Total retained earnings	8,537,942	35	8,288,354	46
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(648)	-	(921)	-
Unrealized gain on financial assets at fair value through other comprehensive income	1,166,832	5	171,807	1
Total other equity	1,166,184	5	170,886	1
Treasury shares	(93,113)	-	(119,045)	(1)
Total equity attributable to owners of the Company	14,001,815	58	12,690,886	70
NON-CONTROLLING INTERESTS	2,795,754	12	2,154,672	12
Total equity	16,797,569	70	14,845,558	82
TOTAL	$ 24,053,202	100	$ 18,170,916	100

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

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 31)	$ 9,349,649	100	$ 8,268,207	100
OPERATING COSTS (Notes 10, 26 and 31)	(7,323,348)	(78)	(6,391,303)	(77)
GROSS PROFIT	2,026,301	22	1,876,904	23
OPERATING EXPENSES (Notes 26 and 31)				
Selling and marketing expenses	(246,318)	(3)	(335,165)	(4)
General and administrative expenses	(232,940)	(2)	(243,522)	(3)
Expected credit (loss) gain	(12,731)	-	37,907	-
Total operating expenses	(491,989)	(5)	(540,780)	(7)
PROFIT FROM OPERATIONS	1,534,312	17	1,336,124	16
NON-OPERATING INCOME AND EXPENSES				
Interest income	26,171	-	33,234	1
Other income (Notes 26 and 31)	166,139	2	242,260	3
Other (losses) gains (Note 26)	2,279	-	(22,297)	-
Finance costs	(19,176)	-	(6,601)	-
Share of profit of associates (Note 12)	25,090	-	31,491	-
Total non-operating income and expenses	200,503	2	278,087	4
PROFIT BEFORE INCOME TAX	1,734,815	19	1,614,211	20
INCOME TAX EXPENSE (Note 27)	(330,556)	(4)	(288,253)	(4)
NET PROFIT FOR THE YEAR	1,404,259	15	1,325,958	16
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 22)	(270)	-	(2,373)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	1,058,881	11	(12,830)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 27)	54	-	475	-
	1,058,665	11	(14,728)	-

(Continued)

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	$ 711	-	$ (2,524)	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 27)	(142)	-	505	-
	569	-	(2,019)	-
Other comprehensive income (loss) for the year, net of income tax	1,059,234	11	(16,747)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,463,493	26	$ 1,309,211	16
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 1,043,649	11	$ 947,437	11
Non-controlling interests	360,610	4	378,521	5
	$ 1,404,259	15	$ 1,325,958	16
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 2,037,957	22	$ 935,757	11
Non-controlling interests	425,536	4	373,454	5
	$ 2,463,493	26	$ 1,309,211	16
EARNINGS PER SHARE (Note 28)				
Basic	$ 2.65		$ 2.44	
Diluted	$ 2.65		$ 2.44	

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

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										
	Share Capital			Retained Earnings		Other Equity					
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange Differences Translation of the Financial Statements of Foreign Operations	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2019	405,426	$ 4,054,260	$ 286,082	$ 1,997,893	$ 6,128,546	$ 50	$ 207,846	$ (305,074)	$ 12,369,603	$ 2,021,992	$ 14,391,595
Appropriation of 2018 earnings											
Legal reserve	-	-	-	98,036	(98,036)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(810,852)	-	-	-	(810,852)	-	(810,852)
Other changes in capital surplus											
Treasury shares transferred to employees	-	-	37,722	-	-	-	-	47,815	85,537	-	85,537
Compensation related to treasury shares transferred to employees	-	-	5,432	-	-	-	-	-	5,432	-	5,432
Cash dividends from the Company	-	-	35,316	-	-	-	-	-	35,316	-	35,316
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(240,774)	(240,774)
Net profit for the year ended December 31, 2019	-	-	-	-	947,437	-	-	-	947,437	378,521	1,325,958
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	(2,345)	(971)	(8,364)	-	(11,680)	(5,067)	(16,747)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	945,092	(971)	(8,364)	-	935,757	373,454	1,309,211
Dividends from claims extinguished by prescription	-	-	93	-	-	-	-	-	93	-	93
Disposal of treasury shares	-	-	35,447	-	-	-	-	34,553	70,000	-	70,000
Retirement of treasury shares	(6,000)	(60,000)	(43,661)	-	-	-	-	103,661	-	-	-
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	27,675	-	(27,675)	-	-	-	-
BALANCE AT DECEMBER 31, 2019	399,426	3,994,260	356,431	2,095,929	6,192,425	(921)	171,807	(119,045)	12,690,886	2,154,672	14,845,558
Appropriation of 2019 earnings											
Legal reserve	-	-	-	94,744	(94,744)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(793,071)	-	-	-	(793,071)	-	(793,071)
Cash dividends from the Company	-	-	4,998	-	-	-	-	-	4,998	-	4,998
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(274,940)	(274,940)
Changes in ownership interests in subsidiaries	-	-	8,510	-	-	-	-	-	8,510	490,486	498,996
Net profit for the year ended December 31, 2020	-	-	-	-	1,043,649	-	-	-	1,043,649	360,610	1,404,259
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(456)	273	994,491	-	994,308	64,926	1,059,234
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	1,043,193	273	994,491	-	2,037,957	425,536	2,463,493
Disposal of treasury shares	-	-	26,603	-	-	-	-	25,932	52,535	-	52,535
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(534)	-	534	-	-	-	-
BALANCE AT DECEMBER 31, 2020	399,426	$ 3,994,260	$ 396,542	$ 2,190,673	$ 6,347,269	$ (648)	$ 1,166,832	$ (93,113)	$ 14,001,815	$ 2,795,754	$ 16,797,569

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

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,734,815	$ 1,614,211
Adjustments for:		
Depreciation expense (investment properties included)	393,341	366,193
Amortization expense	7,017	8,543
Expected credit loss recognized (reversed) on trade receivables	12,731	(37,907)
Net gain on fair value changes of financial liabilities at fair value through profit or loss	-	(594)
Treasury shares transferred to employees at cost	-	5,432
Finance costs	19,176	6,601
Interest income	(26,171)	(33,234)
Dividend income	(103,458)	(173,044)
Share of profit of associates	(25,090)	(31,491)
Gain on disposal of long-term assets	(573)	(1,102)
Net loss on disposal of inventories	4,122	-
Impairment loss recognized on investment properties	3,417	23,678
Gain on lease modification	-	(52)
Changes in operating assets and liabilities		
Increase in financial liabilities mandatorily classified as at fair value through profit or loss	-	451
Increase in contract assets	(1,431,890)	(377,594)
(Increase) decrease in notes receivable	(74,010)	48,231
(Increase) decrease in trade receivables	(355,455)	277,452
(Increase) decrease in other receivables	(22,616)	18,380
(Increase) decrease in inventories	(355,339)	182,305
(Increase) decrease in other current assets	(142,906)	74,842
Increase (decrease) in contract liabilities	34,020	(597,712)
Increase (decrease) in notes payable	128,064	(115,226)
Increase (decrease) in trade payables	182,001	(43,775)
Increase (decrease) in other payables	50,916	(11,367)
(Decrease) increase in provisions	(18,340)	41,432
Increase in other current liabilities	8,546	80,848
Decrease in net defined benefit liabilities	(26,191)	(49,519)
Increase in other non-current liabilities	4,264	1,356
Cash generated from operations	391	1,277,338
Interest received	26,207	33,996
Interest paid	(30,977)	(6,651)
Income tax paid	(285,189)	(375,322)
Net cash (used in) generated from operating activities	(289,568)	929,361

(Continued)

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$ (1,543)	$ (407,580)
Proceeds from sale of financial assets at fair value through other comprehensive income	1,646	142,254
Purchase of financial assets at amortized cost	(9,562)	(2,743)
Proceeds from sale of financial assets at amortized cost	990	355,800
Payments for property, plant and equipment	(149,939)	(442,087)
Proceeds from disposal of property, plant and equipment	854	1,910
(Increase) decrease in refundable deposits	(465)	8,328
Payments for intangible assets	(1,828,619)	(899,393)
Proceeds from disposal of investment properties	-	8,077
(Increase) decrease in other non-current assets	(12,052)	28,743
Other dividends received	103,458	173,044
Dividends received from associates	27,000	20,000
Net cash used in investing activities	(1,868,232)	(1,013,647)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bills payable	490,000	200,000
Proceeds from short-term borrowings	1,399,302	399,869
Proceeds from long-term borrowings	1,791,127	352,342
Repayments of long-term borrowings	(150,000)	-
Dividends received from subsidiaries	(274,940)	(240,774)
Increase in guarantee deposits	8,909	631
Repayment of principal portion of lease liabilities	(9,825)	(13,284)
Dividends paid to owners of the Company	(788,073)	(775,536)
Proceeds from disposal of treasury shares	52,535	-
Increase in non-controlling interests	498,996	-
Treasury shares sold to employees	-	85,537
Dividends from claims extinguished by prescription	-	93
Net cash generated from financing activities	3,018,031	8,878
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	860,231	(75,408)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,359,052	3,434,460
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 4,219,283	$ 3,359,052

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

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Evergreen Steel Corporation ("the Company" formerly Evergreen Heavy Industrial Corporation, which was later renamed Evergreen E-Services Corporation and Evergreen Development Corporation) was incorporated in January 1973 as a company limited by shares under the Company Law of the Republic of China. The Company merged with Evergreen Superior Alloys Corporation on August 31, 1990. In 1993, the superior alloys division and related assets were transferred or sold to Gloria Material Technology Corporation (formerly Gloria Heavy Industrial Corporation). The Company merged with Ever Pioneer Steel Corporation on October 31, 1998. In 1998, management discontinued the operations of the container production division. On September 30, 2009, the Company merged with Green Steel Structure Corporation by issuing 4,993 thousand shares to acquire a minority interest holding of 5.72%. In this merger, the Company was the survivor entity.

In January 13 2020, the Company received approval from the Taipei Exchange (TPEx) for a domestic initial public offering and its ordinary shares were listed and traded on the Emerging Stock Board.

The Company repairs containers and manufactures and sells steel structures and related components.

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 March 10, 2021.

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

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

   Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies:

   <u>Amendments to IAS 1 and IAS 8 "Definition of Material"</u>

   The Group adopted the amendments starting from January 1, 2020. The threshold of materiality that could influence users has been changed to "could reasonably be expected to influence". Accordingly, disclosures in the consolidated financial statements do not include immaterial information that may obscure material information.

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendment to IFRS 16 “Covid-19 - Related Rent Concessions”	June 1, 2020

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

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

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

2) Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

The Group engages in the construction business, which has an operating cycle of over one year, and the normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

d. 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). 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 7 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the consolidated financial statements, the functional currencies of the parent company and its foreign operations (including subsidiaries and associates that use currencies which are different from the currency of the parent company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the parent company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies and inventory in transit. Inventories are stated at the lower of cost and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is not a subsidiary nor an interest in a joint venture.

Investments in associates and joint ventures are accounted for using the equity method.

Under the equity method, investments in an associate and joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates and joint ventures attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate and a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the investment and the carrying amount is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Profits and loss resulting from the Group's downstream, upstream and sidestream transactions with its associates and joint ventures are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

When the Group has a right to charge for the usage of concession infrastructure (as a consideration for providing construction services in a service concession arrangement), it recognizes this as an intangible asset. The intangible asset is subsequently measured at cost less accumulated amortization and any accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of such assets is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value-in-use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. Reversals of impairment loss are recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, and trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 12 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets and contract assets at amortized cost including trade receivables and contract assets.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the parent company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

1) Onerous contracts

Onerous contracts are those in which the Group's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provisions.

2) Warranties

The contractual obligation of the warranty expenditure is expected to occur during the warranty period after the completion of the construction contracts. The Group sets out the provisions according to the warranty expenditure expected to occur during the warranty period. If the preparation is not enough, the current year's expenses shall be included.

3) Soil pollution and reclamation

The recognized of soil pollution and reclamation provisions was based on the maintenance time, area and characteristic of waste incineration plant to fit the best estimate of expenditures required to settle the Group's obligation on the balance sheet date. Provisions were measured at the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period.

n. Revenue recognition

The Group identifies contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

The time interval of transfer of promised services to the customer and collection within one year will not adjust the transaction price for the part of significant financial restructuring.

1) Revenue from the sale of goods

Revenue from sale of goods comes from manufacturing and sale of steel bars. Sales of goods are recognized as revenue when the goods are shipped or delivered to customer because that is the time customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

2) Construction contracts revenue

The Group recognizes revenue over time during the construction process. Because the cost of unit of the installation completion of the construction is directly related to fulfilling performance obligation, the Group uses the cost of unit of installation as the estimated total output incurred. The cost ratio is used to measure the progress of the completion, and after the inspection of the installation of the construction, income and cost are relatively recognized. The Group gradually recognizes contract assets during the construction process and transfers the amount to accounts receivable when issuing invoices. If the payment received for the construction project exceeds the amount, the difference is recognized as contract liability. The project retention fund is withheld by the customer as stated in the contract to ensure that the Group completes all contractual obligations and is recognized as contract assets until the Group satisfies the performance obligations.

3) Energy revenue

The Group signed Commission of Waste Incineration with Taoyuan City Government to deliver general waste from city government and general industrial waste from private enterprise. During operation, the Group will charge waste treatment service fee and recognize revenue from waste treatment. Meanwhile, it will bring out revenue of power generation from Taiwan Power Company.

4) Service concession revenue

The Group signed "Building, Operation and Transfer of Taoyuan City Biomass Energy Center Protocol" with Taoyuan City Government to build and operate infrastructure of biomass energy center. During operation phase, the Group recognizes revenue from waste treatment and power generation when actually providing the services of anaerobic digestion and heat treatment.

5) Revenue from the rendering of services

a) The Group recognized service revenue from waste treatment as the service being provided.

b) Revenue from the rendering of services comes from providing container repair, renovation and storage services. Such service revenue is recognized when performance obligations are satisfied.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Group’s defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Share-based payment arrangements

The fair value at the grant date of the treasury shares transferred to employees is expensed on a straight-line basis over the vesting period, based on the Group’s best estimates of the number of shares that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of treasury shares transferred to employees is the date on which the board of directors approve the transaction.

s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years’ tax liabilities are added to or deducted from the current year’s tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Construction Contracts

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The stage of completion of a contract is measured based on the proportion of contract costs incurred for work performed to date as the estimated total contract costs. Under the IFRS 15, incentives and penalties are considered as variables and shall be included in the contract revenue only when it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The estimated total output units and contractual items are assessed and determined by management based on the nature of the work, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profit and loss from the construction contracts. Refer to Note 25 for related information.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	**2019**
Cash on hand	$ 3,145	$ 3,246
Checking accounts and demand deposits	410,868	361,518
Cash equivalent		
Time deposits	3,512,292	2,381,239
Commercial paper	292,978	613,049
	$ 4,219,283	$ 3,359,052

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

	December 31	
	2020	2019
Time deposits	0.28%-0.825%	0.37%-1.9%

7. FINANCIAL ASSETS AT FVTOCI

	December 31	
	2020	2019
Non-current		
Domestic investments		
Listed shares and emerging market shares	$ 5,744,880	$ 4,728,708
Unlisted shares	881,433	840,467
Foreign investments		
Unlisted shares	149,199	147,559
	$ 6,775,512	$ 5,716,734

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

The Group sold its investments to diversify risks in 2020 and 2019 and transferred a (loss) gain of $(534) thousand and $27,675 thousand, respectively, from other equity to retained earnings.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	2019
Current		
Pledge deposits	$ 17,091	$ 13,890
Restricted bank deposits	6,361	990
	$ 23,452	$ 14,880

a. The ranges of interest rates for pledge deposits were approximately 0.16%-0.825% and 0.77%-1.065% per annum as of December 31, 2020 and 2019, respectively.

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

9. TRADE RECEIVABLES

	December 31	
	2020	2019
Trade receivables		
At amortized cost		
Gross carrying amount	$ 896,771	$ 554,416
Less: Allowance for impairment loss	(177)	(546)
	$ 896,594	$ 553,870

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

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

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

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

December 31, 2020

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

December 31, 2019

	Amount Without Sign of Default				Amount with Sign of Default	
	0 to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days		Total
Expected credit loss rate	0.1%	-	-	-	-	
Gross carrying amount	$ 552,300	$ 1,922	$ -	$ 194	$ -	$ 554,416
Loss allowance (Lifetime ECLs)	(546)	-	-	-	-	(546)
Amortized cost	$ 551,754	$ 1,922	$ -	$ 194	$ -	$ 553,870

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

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 546	$ 14,595
Less: Net remeasurement of loss allowance	(369)	(14,049)
Balance at December 31	$ 177	$ 546

10. INVENTORIES

	December 31	
	2020	2019
Raw material	$ 979,728	$ 629,464
Supplies	21,827	26,101
Inventory in transit	7,203	1,976
	$ 1,008,758	$ 657,541

The cost of inventories, excluding the cost from steel structure industry, recognized as operating cost for the years ended December 31, 2020 and 2019 was $980,890 thousand and $1,020,036 thousand, respectively.

The cost of goods sold which included the inventory reversals and disposals is as follows:

	For the Year Ended December 31	
	2020	2019
Inventory write-downs (reversed)	$ 1,495	$ (24,864)
Loss of inventory scrapped and physical inventories	2,627	-
	$ 4,122	$ (24,864)

Previous write-downs were reversed as a result of sold of inventory that had been write-downs.

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

			% of Ownership December 31		
Investor	Investee	Main Business	2020	2019	Remark
The parent company	Hsin Yung Enterprise Corporation	Waste treatment, disposal and cogeneration	68.46	68.46	-
	Super Max Engineering Enterprise Co., Ltd.	Waste collection, treatment and disposal	48.13	48.12	1)
	Ming Yu Investment Corporation	Investment activities	100.00	100.00	-
	Ever Ecove Corporation	Waste treatment, disposal and cogeneration	50.06	70.00	2)

Remark:

1) The Group holds a 48.13% interest in Super Max Engineering Enterprise Co., Ltd. The Group occupies more than half of the board's seats and has the practical ability to direct the relevant activities of Super Max Engineering Enterprise Co., Ltd. Therefore, the Group deems it a subsidiary.

2) Ever Ecove Corporation handled a cash capital increase at the end of November 30, 2020. The Company did not subscribe for new shares based on the shareholding ratio. After the capital increase, the shareholding ratio dropped to 50.06%.

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

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2020	**2019**
Associates that are not individually material		
Kun Lin Engineering Co., Ltd.	$ 150,799	$ 152,141

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	**2020**	**2019**
Kun Lin Engineering Co., Ltd.	50%	50%

Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2020	**2019**
The Group's share of:		
Net income for the year	$ 25,090	$ 31,491

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

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Total
Cost							
Balance at January 1, 2020	$ 1,845,363	$ 167,888	$ 2,427,747	$ 4,697,858	$ 108,289	$ 82,598	$ 9,329,743
Additions	-	-	5,300	15,244	4,917	11,958	37,419
Disposals	-	-	(17)	(12,764)	(3,407)	(4,108)	(20,296)
Reclassification	-	(1,288)	80,296	32,431	-	1,082	112,521
Transferred to investment properties	(48,318)	-	-	-	-	-	(48,318)
Balance at December 31, 2020	$ 1,797,045	$ 166,600	$ 2,513,326	$ 4,732,769	$ 109,799	$ 91,530	$ 9,411,069
Accumulated depreciation and impairment							
Balance at January 1, 2020	$ -	$ 127,031	$ 1,656,486	$ 3,740,399	$ 66,575	$ 49,976	$ 5,640,467
Disposals	-	-	(39)	(12,489)	(3,402)	(4,085)	(20,015)
Depreciation expense	-	4,325	95,571	261,295	11,556	9,460	382,207
Balance at December 31, 2020	$ -	$ 131,356	$ 1,752,018	$ 3,989,205	$ 74,729	$ 55,351	$ 6,002,659
Carrying amount at December 31, 2020	$ 1,797,045	$ 35,244	$ 761,308	$ 743,564	$ 35,070	$ 36,179	$ 3,408,410
Cost							
Balance at January 1, 2019	$ 1,648,693	$ 134,965	$ 2,159,002	$ 4,516,201	$ 103,166	$ 68,443	$ 8,630,470
Additions	-	-	34,640	15,383	16,161	11,883	78,067
Disposals	-	-	(20,671)	(16,828)	(12,381)	(1,623)	(51,503)
Reclassification	-	32,923	142,757	183,102	1,343	3,895	364,020
Transferred from investment properties	196,670	-	112,019	-	-	-	308,689
Balance at December 31, 2019	$ 1,845,363	$ 167,888	$ 2,427,747	$ 4,697,858	$ 108,289	$ 82,598	$ 9,329,743
Accumulated depreciation and impairment							
Balance at January 1, 2019	$ -	$ 123,087	$ 1,531,078	$ 3,506,703	$ 67,243	$ 43,856	$ 5,271,967
Disposals	-	-	(15,195)	(14,649)	(11,971)	(1,624)	(43,439)
Depreciation expense	-	3,944	78,580	248,345	11,303	7,744	349,916
Transferred from investment properties	-	-	62,023	-	-	-	62,023
Balance at December 31, 2019	$ -	$ 127,031	$ 1,656,486	$ 3,740,399	$ 66,575	$ 49,976	$ 5,640,467
Carrying amount at December 31, 2019	$ 1,845,363	$ 40,857	$ 771,261	$ 957,459	$ 41,714	$ 32,622	$ 3,689,276

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

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

Due to the changes in the use of certain real estate, property, plant and equipment and investment property held by the Group, the net amount of some property, plant and equipment was $48,318 thousand which was transferred to investment property for the year ended December 31, 2020. A part of the net amount of part of the investment property was $246,666 thousand which was transferred to property, plant and equipment for the year ended December 31, 2019.

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

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amount		
Land	$ 19,476	$ 24,667
Buildings	-	-
Other equipment	1,003	2,007
	$ 20,479	$ 26,674

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 3,617	$ 17,945
Depreciation charge for right-of-use assets		
Land	$ 8,128	$ 6,338
Buildings	-	4,702
Other equipment	1,004	1,004
	$ 9,132	$ 12,044

Except for the aforementioned addition and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets for the years ended December 31, 2020 and 2019.

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount (incremental borrowing rate at 1.1%)		
Current	$ 8,756	$ 9,307
Non-current	$ 9,738	$ 16,075

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

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

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases and low-value asset leases	$ 14,812	$ 10,922
Total cash outflow for leases	$ 24,862	$ 24,551

15. INVESTMENT PROPERTIES

	Amount
Cost	
Balance at January 1, 2020	$ 253,686
Transfers from property, plant and equipment	48,318
Balance at December 31, 2020	$ 302,004
Accumulated depreciation and impairment	
Balance at January 1, 2020	$ (191,055)
Impairment losses recognized	(3,417)
Depreciation expense	(2,002)
Balance at December 31, 2020	$ (196,474)
Carrying amount at December 31, 2020	$ 105,530
Cost	
Balance at January 1, 2019	$ 573,033
Additions	-
Disposals	(10,658)
Transfers to property, plant and equipment	(308,689)
Balance at December 31, 2019	$ 253,686
Accumulated depreciation and impairment	
Balance at January 1, 2019	$ (235,004)
Impairment losses recognized	(23,678)
Disposals	9,837
Depreciation expense	(4,233)
Transfers to property, plant and equipment	62,023
Balance at December 31, 2019	$ (191,055)
Carrying amount at December 31, 2019	$ 62,631

The investment properties are depreciated using the straight-line method over 6-50 years.

The valuation was arrived by reference to market evidence of transaction prices for similar properties, it is fair value is as followed:

	December 31	
	2020	2019
Fair value	$ 200,106	$ 203,658

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

16. INTANGIBLE ASSETS

	December 31	
	2020	2019
Service concession arrangements (Note)	$ 2,734,183	$ 894,269
Computer software	5,533	9,663
	$ 2,739,716	$ 903,932

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

17. OTHER ASSETS

	December 31	
	2020	2019
Current		
Prepaid expenses	$ 28,779	$ 12,456
Prepayments	96,949	1,194
Tax credit	50,069	19,241
	$ 175,797	$ 32,891
Non-current		
Prepayments for equipment	$ 117,404	$ 105,352

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
Unsecured borrowings		
Line of credit borrowings	$ 690,000	$ 200,000

The range of effective interest rate on bank loans was 0.88%-0.9% and 0.95% per annum as of December 31, 2020 and 2019, respectively.

b. Short-term bills payable

	December 31 2020	December 31 2019
Commercial paper	$ 1,800,000	$ 400,000
Less: Unamortized discounts on short-term bills payable	(829)	(131)
	$ 1,799,171	$ 399,869

Outstanding short-term bills payable were as follows:

December 31, 2020

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
China Bills Finance Corporation	$ 600,000	$ (390)	$ 599,610	0.848%
Mega Bills Finance Co., Ltd.	600,000	(189)	599,811	0.858%
International Bills Finance Corporation	600,000	(250)	599,750	0.868%
	$ 1,800,000	$ (829)	$ 1,799,171	

December 31, 2019

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
China Bills Finance Corporation	$ 200,000	$ (66)	$ 199,934	0.918%
Mega Bills Finance Co., Ltd.	200,000	(65)	199,935	0.918%
	$ 400,000	$ (131)	$ 399,869	

c. Long-term borrowings

	December 31 2020	December 31 2019
Secured borrowings		
Bank loans (Note 32)	$ 1,990,000	$ 370,000
Unsecured borrowings		
Bank loans	20,000	-
	2,010,000	370,000
Less: Current portion of long-term borrowing	(300,000)	-
Unamortized discount	(16,531)	(17,658)
	$ 1,693,469	$ 352,342

1) The parent company borrowed $300,000 thousand and $100,000 thousand from Taiwan Business Bank which were secured by land and building mortgage guarantees. The loan maturity date is January 16, 2024. The effective interest rate was 0.893% and 1.195% per annum as of December 31, 2020 and 2019, respectively. Starting from the actual date of disbursement, the Company paid interest monthly during the first 3 years. On the fourth year, the principal with interest will be paid monthly for 2 years. The Company borrowed $100,000 thousand for 2019, which made a full repayment of the debt in advance in January 2020.

2) The parent company borrowed $280,000 thousand from Cathay United Bank which was secured by building mortgage guarantees and unsecured borrowings of $20,000 thousand. The loan term is from February 24, 2020 to June 28, 2021. Starting from the actual date of disbursement, the Company makes monthly amortized payments on principal and interest. The Company will fully repay the debt when it is due. The effective interest rate was 0.95%-1% per annum as of December 31, 2020.

3) The parent company borrowed $50,000 thousand from Taiwan Cooperative Bank which was secured by land, buildings mortgage guarantee. The loan term is from January 18, 2019 to January 18, 2021. Starting from the actual date of disbursement, the Company makes monthly amortized payments on principal and interest. The Company made a full repayment of the debt in advance in January 2020. The effective interest rate was 1.2% per annum as of December 31, 2019.

4) In order to financing for the case of "Building, Operation and Transfer of Taoyuan City Biomass Energy Center Protocol", The subsidiary - Ever Ecove Corporation signed a syndicate loan of $4,060,000 and the credit period is 15 years from the date of first drawdown with the syndicate bank formed by Hua Nan Bank on April 9, 2019. The loan will be repaid on the first period of 3 years and 6 months, and thereafter will be 1 period every 6 months, amortized in 24 periods.

19. TRADE PAYABLES

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

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

20. OTHER LIABILITIES

	December 31	
	2020	**2019**
Current		
Other payables		
Payables for equipment	$ 90,524	$ -
Payable for repairs and maintenance	79,162	140,535
Payable for transportation fees	47,442	37,106
Payable for annual leave	36,017	31,992
Payable for compensation of employees and remuneration of directors and supervisors	27,545	28,536

(Continued)

	December 31	
	2020	2019
Payable for insurance expenses	$ 20,107	$ 10,142
Payable for sales tax	11,567	12,336
Payable for professional fees	8,299	7,423
Payable for salaries or bonus	6,909	3,605
Payable for reward	-	22,534
Others	79,192	59,258
	$ 406,764	$ 353,467

(Concluded)

21. PROVISIONS

	December 31	
	2020	2019
Current		
Warranties*	$ 60,723	$ 56,115
Soil pollution and reclamation provisions	-	15,600
Onerous contract - loss on construction	69	7,417
	$ 60,792	$ 79,132

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

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Group in accordance with the Labor Standards Act is operated by the government of ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group contribute amounts equal to 6% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2020	2019
Present value of defined benefit obligation	$ 446,051	$ 458,782
Fair value of plan assets	(410,027)	(396,837)
Net defined benefit liability	$ 36,024	$ 61,945

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2019	$ 472,842	$ (363,752)	$ 109,090
Service cost			
Current service cost	7,571	-	7,571
Net interest expense (income)	4,778	(3,827)	951
Recognized in profit or loss	12,349	(3,827)	8,522
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(11,350)	(11,350)
Actuarial loss - changes in demographic assumptions	28	-	28
Actuarial loss - changes in financial assumptions	7,557	-	7,557
Actuarial loss - experience adjustments	7,582	(1,444)	6,138
Recognized in other comprehensive income	15,167	(12,794)	2,373
Contributions from the employer	-	(41,200)	(41,200)
Benefits paid	(24,736)	24,736	-
Company paid	(16,840)	-	(16,840)
Balance at December 31, 2019	$ 458,782	$ (396,837)	$ 61,945
Balance at January 1, 2020	$ 458,782	$ (396,837)	$ 61,945
Service cost			
Current service cost	7,184	-	7,184
Net interest expense (income)	3,346	(3,015)	331
Recognized in profit or loss	10,530	(3,015)	7,515
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(12,662)	(12,662)
Actuarial loss - changes in financial assumptions	10,511	-	10,511
Actuarial loss - experience adjustments	2,421	-	2,421
Recognized in other comprehensive income	12,932	(12,662)	270
Contributions from the employer	-	(33,706)	(33,706)
Benefits paid	(36,193)	36,193	-
Balance at December 31, 2020	$ 446,051	$ (410,027)	$ 36,024

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2020	2019
Operating cost	$ 3,865	$ 3,787
Operating expenses	3,650	4,735
	$ 7,515	$ 8,522

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2020	2019
Discount rate(s)	0.29%-0.5%	0.625%-0.75%
Expected rate(s) of salary increase	2%-3%	2%-2.86%
Turnover rate	0.1%-7.5%	0.1%-7.5%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will decrease (increase) as follows:

	December 31	
	2020	2019
Discount rate(s)		
0.25% increase	$ (9,316)	$ (9,997)
0.25% decrease	$ 9,625	$ 10,336
Expected rate(s) of salary increase		
0.25% increase	$ 9,320	$ 10,037
0.25% decrease	$ (9,070)	$ (9,760)

The sensitivity analysis previously presented may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that change in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	2019
Expected contributions to the plan for the next year	$ 33,441	$ 38,007
Average duration of the defined benefit obligation	4.5-8.8 years	4.8-9.3 years

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
December 31, 2020			
Assets			
Notes receivable	$ 126,203	$ -	$ 126,203
Trade receivables	635,261	-	635,261
Inventory	986,652	-	986,652
Contracts assets - current	3,468,046	722,927	4,190,973
	$ 5,216,162	$ 722,927	$ 5,939,089
Liabilities			
Notes payable	$ 931	$ -	$ 931
Trade payables	907,412	212,977	1,120,389
Contracts liabilities - current	298,877	24,878	323,755
	$ 1,207,220	$ 237,855	$ 1,445,075
December 31, 2019			
Assets			
Notes receivable	$ 52,443	$ -	$ 52,443
Trade receivables	318,631	-	318,631
Inventory	635,713	-	635,713
Contracts assets - current	2,192,088	566,995	2,759,083
	$ 3,198,875	$ 566,995	$ 3,765,870
Liabilities			
Notes payable	$ 6,655	$ -	$ 6,655
Trade payables	763,468	179,249	942,717
Contracts liabilities - current	241,181	56,327	297,508
	$ 1,011,304	$ 235,576	$ 1,246,880

24. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2020	2019
Number of shares authorized (in thousands)	440,000	440,000
Shares authorized	$ 4,400,000	$ 4,400,000
Number of shares issued and fully paid (in thousands)	399,426	399,426
Shares issued	$ 3,994,260	$ 3,994,260

On July 31, 2019, the Company's board of directors resolved that the subsidiary Ming Yu Corporation return the 6,000 thousand shares held by the Company with a physical reduction of capital. The above mentioned proposal of the retirement of 6,000 thousand treasury shares was approved and declared effective by the MOEA on September 2, 2019.

b. Capital surplus

	December 31	
	2020	2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Treasury share transactions	$ 333,208	$ 301,607
Consolidation excess	51,956	51,956
Only be used to offset a deficit		
Changes in ownership interests in subsidiaries (2)	8,510	-
Expired employee share options	2,775	2,775
Unclaimed dividends	93	93
	$ 396,542	$ 356,431

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

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

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

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

The appropriations of earnings for 2019 and 2018 which were approved in the shareholders' meetings on June 18, 2020 and May 30, 2019, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2019	**2018**	**2019**	**2018**
Legal reserve	$ 94,744	$ 98,036		
Cash dividends	793,071	810,852	$ 2	$ 2

The appropriation of earnings for 2020, which were proposed by the Company's board of directors on March 10, 2021, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 104,266	
Cash dividends	872,378	$ 2.2

The appropriation of earnings for 2020 is subject to resolution in the shareholders' meeting to be held on June 25, 2021.

d. Treasury shares

	Shares Transferred to Employees (In Thousands of Shares)	Shares Held by Subsidiary - Ming Yu Investment Corporation (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares at January 1, 2020	2,891	4,000	6,891
Additions	-	-	-
Less	-	(1,501)	(1,501)
Number of shares at December 31, 2020	2,891	2,499	5,390
Carrying amount at December 31, 2020	$ 49,938	$ 43,175	$ 93,113

(Continued)

	Shares Transferred to Employees (In Thousands of Shares)	Shares Held by Subsidiary - Ming Yu Investment Corporation (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares at January 1, 2019	-	17,658	17,658
Additions	5,658	-	5,658
Less	(2,767)	(13,658)	(16,425)
Number of shares at December 31, 2019	2,891	4,000	6,891
Carrying amount at December 31, 2019	$ 49,938	$ 69,107	$ 119,045

(Concluded)

1) For the year ended December 31, 2020, the Company's shares were held by its subsidiary-Ming Yu Investment Corporation. Ming Yu Investment Corporation sold 1,501 thousand shares to third parties. For the year ended December 31, 2019, the Company's shares were held by its subsidiary-Ming Yu Investment Corporation. Ming Yu Investment Corporation reduced its capital by returning 6,000 thousand shares to the Company and selling 5,658 thousand shares and 2,000 thousand shares, respectively, to the Company and third parties. The above mentioned shares totaled 13,658 thousand.

2) For the year ended December 31, 2019, the Company repurchased 5,658 thousand shares. The purpose of the repurchase was to transfer the shares to employees from the subsidiary - Ming Yu Investment Corporation, and the employees actually executed 2,767 thousand shares. For the year ended December 31, 2019, the treasury shares transferred to employees was $5,432 thousand and the capital surplus - treasury shares was $37,722 thousand which is recognized after the implementation and deduction of related transaction costs.

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

25. REVENUE

	For the Year Ended December 31	
	2020	2019
Construction contract revenue	$ 7,117,905	$ 5,945,266
Revenue from waste treatment	1,642,248	1,702,168
Energy revenue	443,506	456,636
Revenue from containers repair	145,990	141,072
Revenue from the sale of goods	-	23,065
	$ 9,349,649	$ 8,268,207

a. Contact balances

	December 31 2020	December 31 2019
Contract assets		
Properties construction	$ 3,036,146	$ 1,705,821
Retention receivable	1,192,876	1,078,211
Less: Allowance for impairment loss	(38,049)	(24,949)
	$ 4,190,973	$ 2,759,083

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

	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Balance at January 1	$ 24,949	$ 48,807
Add: Net remeasurement of loss allowance (reversed)	13,100	(23,858)
Balance at December 31	$ 38,049	$ 24,949

	December 31 2020	December 31 2019
Contract liabilities		
Properties construction	$ 323,755	$ 297,508
Waste treatment	59,054	51,281
	$ 382,809	$ 348,789

b. Partially completed contracts

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

	December 31, 2020
Property construction contracts	
In 2021	$ 13,959,269
In 2022	1,634,948
From 2023 to after years	311,433
	$ 15,905,650

	December 31, 2019
Property construction contracts	
In 2020	$ 7,592,530
In 2021	4,354,436
From 2022 to after years	475,851
	$ 12,422,817

26. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Other income

	For the Year Ended December 31	
	2020	2019
Dividends	$ 103,458	$ 173,044
Rental income	12,973	17,808
Others (Note 31)	49,708	51,408
	$ 166,139	$ 242,260

b. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Gain on disposal of long-term assets	$ 573	$ 1,102
Net foreign exchange gains	11,128	1,596
Impairment loss on investment properties	(3,417)	(23,678)
Fair value changes of financial liabilities through profit or loss	-	594
Others	(6,005)	(1,911)
	$ (2,279)	$ (22,297)

c. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	$ 25,953	$ 4,011
Interest on commercial paper	7,180	2,435
Interest on lease liabilities	225	345
Less: Amounts included in the cost of qualifying assets	(14,182)	(190)
	$ 19,176	$ 6,601

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2020	2019
Capitalized interest amount	$ 14,182	$ 190
Capitalization rate	1.3%-1.8%	1.4%-1.8%

d. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	$ 382,207	$ 349,916
Investment property	2,002	4,233
Right-of-use assets	9,132	12,044
Intangible assets	7,017	8,543
	$ 400,358	$ 374,736
An analysis of deprecation by function		
Operating costs	$ 380,612	$ 343,482
Operating expenses	12,729	22,711
	$ 393,341	$ 366,193
An analysis of amortization by function		
Operating costs	$ 2,791	$ 4,370
Operating expenses	4,226	4,173
	$ 7,017	$ 8,543

e. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Post-employment benefits		
Defined contribution plans	$ 17,733	$ 16,607
Defined benefit plans (Note 22)	7,515	8,522
Other employee benefits	685,946	625,875
Total employee benefits expense	$ 711,194	$ 651,004
An analysis of employee benefits expense by function		
Operating costs	$ 353,591	$ 296,923
Operating expenses	357,603	354,081
	$ 711,194	$ 651,004

f. Compensation of employees and remuneration of directors and supervisors

According to the Articles of Incorporation of the Company, the Company accrued compensation of employees and remuneration of directors and supervisors at rates of no less than 0.5% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2020 and 2019, which were approved by the Company's board of directors on March 10, 2021 and March 16, 2020, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2020	**2019**
Compensation of employees	0.50%	0.54%
Remuneration of directors and supervisors	0.44%	0.68%

Amount

	For the Year Ended December 31	
	2020	**2019**
	Cash	**Cash**
Compensation of employees	$ 5,745	$ 5,407
Remuneration of directors and supervisors	5,000	6,819

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

The Company held board of directors' meetings on March 16, 2020 and March 14, 2019, and those meetings resulted in the actual amounts of the remuneration of directors and supervisors paid for 2019 and 2018 to differ from the amounts recognized in the financial statements for the years ended December 31, 2019 and 2018, respectively. The differences were adjusted to profit and loss in the following year.

	For the Year Ended December 31			
	2019		**2018**	
	Compensation of employees	**Remuneration of Directors and Supervisors**	**Compensation of employees**	**Remuneration of Directors and Supervisors**
Amounts approved in the board of directors' meeting	$ 5,407	$ 6,819	$ 5,659	$ 7,000
Amounts recognized in the annual financial statements	$ 5,407	$ 7,000	$ 5,659	$ 7,000

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors in 2020 and 2019 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 Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 307,556	$ 288,803
Income tax on an additional tax of unappropriated earnings	9,321	6,563
Adjustments for prior years	15	127
	316,892	295,493
Deferred tax		
In respect of the current year	13,664	(7,240)
Income tax expense recognized in profit or loss	$ 330,556	$ 288,253

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2020	2019
Profit before tax	$ 1,734,815	$ 1,614,211
Income tax expense calculated at the statutory rate	$ 346,963	$ 322,843
Nondeductible expenses in determining taxable income	(3,453)	(388)
Tax-exempt income	(25,624)	(35,750)
Additional income tax under the Alternative Minimum Tax Act	1,256	9,771
Income tax on an additional tax of unappropriated earnings	9,321	6,563
Unrecognized deductible temporary differences	1,277	(12,275)
Others	801	(2,638)
Adjustments for prior years' tax	15	127
Income tax expense recognized in profit or loss	$ 330,556	$ 288,253

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

b. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable	$ 30,262	$ 8,534
Current tax liabilities		
Income tax payable	$ 175,916	$ 144,213

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Defined benefit plans	$ 7,797	$ (5,238)	$ 54	$ 2,613
Payable for annual leave	6,141	762	-	6,903
Amortization of repairs and maintenance expenses	3,675	26	-	3,701
Unrealized exchange gains or losses	265	(241)	-	24
Unrealized provisions	14,343	(2,198)	-	12,145
Unrealized expenses	16,672	(8,369)	-	8,303
Loss on market price decline	300	(300)	-	-
Loss carryforwards	6,340	2,085	-	8,425
	$ 55,533	$ (13,473)	$ 54	$ 42,114
Deferred tax liabilities				
Temporary differences				
Unrealized exchange gains or losses	$ 1	$ 191	$ -	$ 192
Reserve for land value increment tax	65,995	-	-	65,995
	$ 65,996	$ 191	$ -	$ 66,187

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Defined benefit plans	$ 17,210	$ (9,888)	$ 475	$ 7,797
Payable for annual leave	5,689	452	-	6,141
Amortization of repairs and maintenance expenses	5,132	(1,457)	-	3,675

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Unrealized exchange gain or losses	$ -	$ 265	$ -	$ 265
Unrealized provisions	5,460	8,883	-	14,343
Unrealized expenses	14,026	2,646	-	16,672
Loss on market price decline	300	-	-	300
Loss carryforwards	-	6,340	-	6,340
	$ 47,817	$ 7,241	$ 475	$ 55,533
Deferred tax liabilities				
Temporary differences				
Unrealized exchange gain or losses	$ -	$ 1	$ -	$ 1
Reserve for land value increment tax	65,995	-	-	65,995
	$ 65,995	$ 1	$ -	$ 65,996

(Concluded)

d. Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2020	2019
Deductible temporary differences		
Bad debts in excess of the limit	$ 491,487	$ 486,040
Impairment loss on financial assets	145,079	145,079
Loss on market price decline	20,114	17,119
Unrealized gain on the transactions with subsidiaries	1,739	3,797
	$ 658,419	$ 652,035

e. Income tax assessments

The income tax of the Group through 2018, except 2019, have been assessed by the tax authorities.

28. EARNINGS PER SHARE

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 year

	For the Year Ended December 31	
	2020	2019
Profit for the year attributable to owners of the Company	$ 1,043,649	$ 947,437

Shares

Unit: In Thousand Shares

	For the Year Ended December 31	
	2020	2019
Weighted average number of ordinary shares used in the computation of basic earnings per share	394,011	388,400
Effect of potentially dilutive ordinary shares:		
Compensation of employees	159	202
Weighted average number of ordinary shares outstanding in the computation of diluted earnings per share	394,170	388,602

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

29. CAPITAL MANAGEMENT

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

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

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

30. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

Fair value hierarchy as of December 31, 2020

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

Fair value hierarchy as of December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 4,728,708	$ -	$ -	$ 4,728,708
Unlisted shares - ROC	-	-	840,467	840,467
Unlisted shares in other country	-	-	147,559	147,559
	$ 4,728,708	$ -	$ 988,026	$ 5,716,734

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

	December 31	
	2020	**2019**
Financial assets		
Financial assets at amortized cost (1)	$ 5,287,448	$ 4,000,594
Financial assets at FVTOCI		
Equity instruments	6,775,512	5,716,734
Financial liabilities		
Financial liabilities measured at amortized cost (2)	6,337,336	2,427,177

1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade and other receivables, financial assets at amortized cost and refundable deposits.

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

d. Financial risk management objectives and policies

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

1) Market risk

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

There 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 foreign currency fluctuation affects the financial instruments market value due to the Group's policy of hedges in pre-purchase of foreign forward exchanges.

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

Sensitivity analysis

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

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

	EUR Impact For the Year Ended December 31		JPY Impact For the Year Ended December 31	
	2020	2019	2020	2019
Profit or loss	$ 5,363*	$ 4,075*	$ 2,582*	$ 2,670*

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

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.

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets	$ 904,424	$ 357,080
Financial liabilities	2,789,171	599,869
Cash flow interest rate risk		
Financial assets	3,242,038	2,971,230
Financial liabilities	1,693,469	352,342

Sensitivity analysis

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $7,743 thousand and $13,094 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 15% higher/lower, pre-tax profit for years ended December 31, 2020 and 2019 would have increased/decreased by $1,016,327 thousand and $857,510 thousand, respectively, as a result of the changes in fair value of financial assets as FVTOCI.

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

2) Credit risk

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

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

The Group's concentration of credit risk of 30% and 34% of total trade receivables as of December 31, 2020 and 2019, respectively, was related to the Group's five largest customers. The credit concentration risk of the remaining trade receivables is relatively insignificant.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Group had available unutilized bank loan facilities set out in (b) below.

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

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

December 31, 2020

	Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities			
Non-interest bearing	$ 1,613,362	$ 216,101	$ -
Lease liabilities	8,756	9,738	-
Variable interest rate liabilities	326,622	349,051	1,261,543
Fixed interest rate liabilities	2,489,719	308,147	-
	$ 4,438,459	$ 883,037	$ 1,261,543

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5+ Years	Total
Lease liabilities	$ 8,908	$ 9,835	$ -	$ 18,743

December 31, 2019

	Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities			
Non-interest bearing	$ 1,279,393	$ 179,249	$ -
Lease liabilities	9,307	16,075	-
Variable interest rate liabilities	2,115	191,793	213,442
Fixed interest rate liabilities	600,432	-	-
	$ 1,891,247	$ 387,117	$ 213,442

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5+ Years	Total
Lease liabilities	$ 9,309	$ 16,491	$ -	$ 25,800

b) Financing facilities

	December 31	
	2020	2019
Unsecured bank overdraft facility		
Amount used	$ 2,510,000	$ 600,000
Amount unused	4,759,360	6,525,000
	$ 7,269,360	$ 7,125,000
Secured bank overdraft facility		
Amount used	$ 1,990,000	$ 720,000
Amount unused	3,450,000	5,078,400
	$ 5,440,000	$ 5,798,400

31. TRANSACTIONS WITH RELATED PARTIES

The Company's major shareholder was Evergreen International Corporation, which held both 22.81% of ordinary shares of the Company as of December 31, 2020 and 2019.

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

a. Related parties and their relationships

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

b. Sales of goods

		For the Year Ended December 31	
Line Item	Related Party	2020	2019
Sales of goods	Investors that have significant influence over the Group	$ 825	$ 132,448
	Related party in substance	508,750	146,608
		$ 509,575	$ 279,056

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

c. Miscellaneous income

Related Party	For the Year Ended December 31 2020	2019
Associates	$ 200	$ 120
Related party in substance	-	9
	$ 200	$ 129

d. Purchases of goods and expenses

Related Party	For the Year Ended December 31 2020	2019
Investors that have significant influence over the Group	$ 12,005	$ 11,946
Related party in substance	21,080	20,208
	$ 33,085	$ 32,154

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

e. Construction receivables (contract assets)

Related Party	December 31 2020	2019
Related party in substance	$ 56,697	$ 53,972

For the years ended December 31, 2020 and 2019, impairment loss of $2,652 thousand and $894 thousand, respectively, was recognized for contract assets from related parties.

f. Contract liabilities

Related Party	December 31 2020	2019
Related party in substance	$ -	$ 10,676

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

Trade receivables

Related Party	December 31 2020	2019
Investors that have significant influence over the Group	$ 156	$ 23,328
Related party in substance	151,302	932
	$ 151,458	$ 24,260

The outstanding trade receivables from related parties are unsecured.

h. Payables to related parties

Other payables

Related Party	December 31 2020	December 31 2019
Investors that have significant influence over the Group	$ 2,074	$ 1,734
Related party in substance	2,398	1,909
	$ 4,472	$ 3,643

The outstanding trade payables from related parties are unsecured.

i. Lease arrangements

Line Item	Related Party/Name	December 31 2020	December 31 2019
Acquisition of right-of-use assets	Investors that have significant influence over the Group - Evergreen International Corporation	$ 1,004	$ 2,007
Lease liabilities	Investors that have significant influence over the Group - Evergreen International Corporation	$ 1,015	$ 2,018

The Company rents other equipment from Evergreen International Corporation for $85 thousand per month, and the lease terms are from January 2019 to December 2021.

The Company and subsidiary-Ming Yu Investment Corporation rents offices spaces from Evergreen International Corporation for $386 thousand and $13 thousand per month, respectively, and the lease terms are both from January 2019 to December 2021. The Company and Ming Yu Investment Corporation terminated the agreement in advance on December 31, 2019.

j. Disposal of financial assets

Financial assets at fair through other comprehensive income

For the year ended December 31, 2020: None

For the year ended December 31, 2019

Related Party/Name	Number of Shares (In Thousand Shares)	Underlying Assets	Proceeds
Related party in substance - EVA Airways Corporation	4,650	Shareholdings of UNI Airways Corporation	$ 67,686
Related party in substance - Evergreen Logistics Corporation	200	Shareholdings of UNI Airways Corporation	2,911
			$ 70,597

k. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	$ 36,214	$ 38,229
Post-employment benefits	7,494	6,562
	$ 43,708	$ 44,791

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2020	2019
Property, plant, and equipment, net	$ 2,335,640	$ 2,359,123
Investment properties	97,706	51,390
Classified as financial assets at amortized cost	23,452	14,880
	$ 2,456,798	$ 2,425,393

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2020 and 2019 were as follows:

a. As of December 31, 2020 and 2019, unused letters of credit for purchasing of materials are as follows:

	December 31	
Currency	2020	2019
NTD	$ 472,963	$ 771,868
USD	984	1,271

b. As of December 31, 2020 and 2019, except for the refundable deposits, the guarantee bonds for construction secured by bank are as follows:

	December 31	
Currency	2020	2019
NTD	$ 338,599	$ 657,786
USD	1,191	-

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

	December 31	
Currency	**2020**	**2019**
NTD	$ 1,908,254	$ 3,026,125
USD	2,257	3,778
EUR	6,209	10,056
JPY	1,318,425	2,923,594

d. The Group signed a construction service contract of "Building, Operation and Transfer of Taoyuan City Biomass Energy Center Protocol" with Taoyuan City Government. According to the contract, the bank's guarantee bond for construction service contract is $350,000 thousand.

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 and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2020

Unit: In Thousands of Foreign Currency/New Taiwan Dollars

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

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
EUR	$ 2,410	33.79 (EUR:NTD)	$ 81,501
JPY	192,095	0.278 (JPY:NTD)	53,402
Non-monetary items			
Investments accounted for using the equity method			
RMB	3,356	4.305 (RMB:NTD)	14,448
Financial liabilities			
Monetary items			
RMB	422	4.305 (RMB:NTD)	1,818

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 properties 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 properties at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 4 below.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 5 below.

9) Trading in derivative instruments: None.

10) Intercompany relationships and significant intercompany transactions: See Table 6 below.

11) Information on investees: See Table 7 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 8 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 9 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:

a. Segment revenue and results

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

	Steel Structures	Steel Bars	Hsin Yung Enterprise Corporation	Super Max Engineering Enterprise Co., Ltd.	Others	Eliminations	Total
For the year ended December 31, 2020							
Revenue from external customers	$ 7,117,905	$ -	$ 1,320,230	$ 765,524	$ 145,990	$ -	$ 9,349,649
Inter-segment revenue	-	-	-	15	-	(15)	-
Segment revenue	$ 7,117,905	$ -	$ 1,320,230	$ 765,539	$ 145,990	$ (15)	9,349,649
Segment income	$ 468,087	$ -	$ 785,474	$ 331,002	$ (6,464)	$ 5,425	1,583,524
Administration cost							(49,212)
Interest income							26,171
Other income							166,139
Other gains and losses							2,279

(Continued)

	Steel Structures	Steel Bars	Hsin Yung Enterprise Corporation	Super Max Engineering Enterprise Co., Ltd.	Others	Eliminations	Total
Finance costs							$ (19,176)
Share of profit of associates and joint ventures accounted for using the equity method							25,090
Profit before tax							$ 1,734,815
For the year ended December 31, 2019							
Revenue from external customers	$ 5,945,266	$ 23,065	$ 1,352,609	$ 806,195	$ 141,072	$ -	$ 8,268,207
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	$ 5,945,266	$ 23,065	$ 1,352,609	$ 806,195	$ 141,072	$ -	8,268,207
Segment income	$ 263,305	$ (29,045)	$ 755,555	$ 397,469	$ (7,977)	$ 5,491	1,384,798
Administration cost							(48,674)
Interest income							33,234
Other income							242,260
Other gains and losses							(22,297)
Finance costs							(6,601)
Share of profit of associates and joint ventures accounted for using the equity method							31,491
Profit before tax							$ 1,614,211

(Concluded)

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

b. Revenue from major products: Refer to Note 25.

c. Geographical information

The Group has no revenue-generating unit that operates outside the ROC; therefore, it is not necessary to disclose information that distinguishes revenue from external customers and non-current assets by location of assets.

d. Information on major customers

The customer accounted for at least 10% of the Group's total operating revenue:

	For the Year Ended December 31	
	2020	2019*
Customer A	$ 1,411,577	$ -
Customer B	1,029,610	566,510
	$ 2,441,187	$ 566,510

* The income did not meet at least 10% of the total income of the Group for the year ended December 31, 2019.

37. OTHERS

Since January 2020, due to the spread of COVID-19, governments of countries have successively implemented various epidemic prevention plans. However, the domestic epidemic has slowed down and government policies have been loosened. Therefore, the Group's assessment has little impact on the overall operations, but the international epidemic is still uncertain. The Group will continue to pay attention to the development of the epidemic and take relevant countermeasures to alleviate the impact on the Group's operations.

TABLE 1

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(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	$ 7,000,908	$ 3,087,000	$ 3,087,000	$ 3,087,000	$ -	22.05	$ 7,000,908	Y	-	-	Note 3
1	Ming Yu Investment Corporation	Evergreen Steel Corporation	Directly and indirectly holds more than 50 percent of the voting shares	8,082,160	3,499,556	1,201,220	1,201,220	-	297.25	8,082,160	-	Y	-	Note 2

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

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

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

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

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

TABLE 2

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(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	December 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Evergreen Steel Corporation	Ordinary shares							
	EVA Airways Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	240,604	$ 3,163,939	4.96	$ 3,163,939	
	Shin Kong Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	7,934	69,903	0.06	69,903	
	Evergreen Marine Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	38,262	1,557,251	0.79	1,557,251	
	Taiwan High Speed Rail Corporation	-	Financial assets at FVTOCI - non-current	16,000	507,200	0.28	507,200	
	Taiwan Terminal Services Corporation.	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	100	818	1.00	818	
	Taiwan Aerospace Corp.	-	Financial assets at FVTOCI - non-current	5,503	61,534	4.06	61,534	
	Pacific Resources Corporation.	-	Financial assets at FVTOCI - non-current	2,625	-	2.56	-	Note
	Taiwan Incubator SME Development Co	-	Financial assets at FVTOCI - non-current	7,689	62,142	10.90	62,142	
	EVERGREEN HEAVY INDUSTRIAL	-	Financial assets at FVTOCI - non-current	6,679	149,199	13.39	149,199	
	Dongwei Transportation Co., Ltd.	-	Financial assets at FVTOCI - non-current	660	6,641	18.86	6,641	
	Ever Accord Construction Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	7,500	49,066	12.50	49,066	
	UNI Airways Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	56,475	701,091	14.99	701,091	
	Evergreen Security Corp	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	10	141	0.05	141	
Hsin Yung Enterprise Corporation	Evergreen Marine Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	7,214	293,602	0.15	293,602	
Ming Yu Investment Corporation	EVA Airways Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	11,634	152,985	0.24	152,985	
Super Max Engineering Enterprise Co., Ltd.	P.T. Super Max Indonesia	-	Financial assets at FVTOCI - non-current	-	-	11.00	-	Note

Note: The carrying amount of financial instruments was assessed for impairment.

TABLE 3

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 YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	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			
Ever Ecove Corporation	Intangible asset - service concession arrangements	2018.11.19	$ 5,161,870	$ 2,626,557	CTCI Corporation	Institutional shareholder of Ever Ecove Corporation	-	-	-	$ -	Price negotiation	Provide public service of infrastructure	Note 4

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 the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Note 4: The service concession arrangements will expire in October 2043.

TABLE 4

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Purchaser/seller	Related Party	Relationship	Transaction Details				Differences in Transaction Terms Compared to Third Party Transaction		Notes/Accounts (Payable) or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Evergreen Steel Corporation	Evergreen Marine Corporation	Related party in substance	Sale	$ 137,404	1.89	15-45 days	Note 1	15-45 days	$ 26,488	1.10	Note 1
	Ever Accord Construction Corporation	Related party in substance	Sale	370,089	5.09	30-60 days	No significant difference	30-60 days	183,955	7.61	Note 2

Note 1: No similar prices on revenue from containers repair to compare with related party in substance.

Note 2: The trade receivables include contract assets.

TABLE 5

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Evergreen Steel Corporation	Ever Accord Construction Corporation	Related party in substance	$ 183,955	5.91	$ -	-	$ 124,606	$ 2,652

TABLE 6

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	Evergreen Steel Corporation	Hsin Yung Enterprise Corporation	1	Miscellaneous income	$ 3,729	According to mutual agreements	0.04
		HsinYung Enterprise Corporation	1	Gain on disposal of property, plant and equipment	784	According to mutual agreements	0.01
		Ever Ecove Corporation	1	Miscellaneous income	516	According to mutual agreements	0.01
1	Hsin Yung Enterprise Corporation	Ever Ecove Corporation	3	Rental income	360	According to mutual agreements	-

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 December 31, 2020. For profit or loss items, cumulative amounts are shown as percentages to the consolidated total operating revenue for the year ended December 31, 2020.

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

TABLE 7

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ACCOUNTED FOR FOR THE YEAR ENDED DECEMBER 31, 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Losses) of the Investee	Share of Profits/ Losses of Investee	Note
				December 31, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Evergreen Steel Corporation	Super Max Engineering Enterprise Co., Ltd.	Taiwan	Waste collection, treatment and disposal	$ 594,440	$ 594,436	16,098	48.13	$ 825,841	$ 289,654	$ 139,410	Subsidiary (Note 2)
	Hsin Yung Enterprise Corporation	Taiwan	Waste treatment, disposal and cogeneration	992,666	992,666	99,267	68.46	1,753,091	677,622	463,898	Subsidiary
	Ming Yu Investment Co., Ltd.	Taiwan	Investment activities	239,487	239,487	10,350	100.00	289,005	5,746	748	Subsidiary
	Ever Ecove Corporation	Taiwan	Waste treatment, disposal and cogeneration	801,000	700,000	80,100	50.06	780,765	(12,698)	(9,341)	Subsidiary (Note 3)
Super Max Engineering Enterprise Co., Ltd.	Kun Lin Engineering Co., Ltd.	Taiwan	Planning of wastewater, air and noise prevention; design, construction, sale, operation and maintenance of related equipment	18,000	18,000	5,000	50.00	150,800	50,198	N/A	Accounted for using the equity method

Note 1: Refer to Table 8 for information on investments in mainland China.

Note 2: The original investment amount was $594,436 thousand, and the Company's reinvestment amount is $4 thousand in the current year. Therefore, the original investment amount at the end of the year is $594,440 thousand.

Note 3: The original investment amount was $700,000 thousand, and the Company's reinvestment amount is $101,000 thousand in the current year. Therefore, the original investment amount at the end of the year is $801,000 thousand.

TABLE 8

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profit (Loss)	Carrying Amount as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020	Note
					Outflow	Inflow							
Kun Shan	Design, manufacture and installation of waste water, waste gas equipment and various piping	$ 11,392 (US$ 400)	Note 1	$ 11,392 (US$ 400)	$ -	$ -	$ 11,392 (US$ 400)	$ 4,007 (RMB 936)	24.07	$ 964	$ 12,866	$ 36,483 (US$ 1,281)	Note 3

Accumulated Investments in Mainland China as of December 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on Investment
$ 11,392 (US$ 400)	$ 11,392 (US$ 400) (Note 3)	$ 8,437,572 (Note 4)

Note 1: Indirect investment in mainland China through holding companies.

Note 2: The amount was recognized based on the audited financial statements.

Note 3: Investments approved by the Ministry of Economic Affairs, ROC are as follows:

Name of Investee	Date	Order No.	Approved Amount
Kun Shan	2007.6.15	09600201610	US$ 200
Kun Shan	2008.1.25	09700027430	US$ 100
Kun Shan	2008.7.22	09700252240	US$ 100
			US$ 400

Note 4: The Company's upper limit on investments to China (calculated based on the higher of 60% of Evergreen Steel Corporation's net worth or worth of $80 million, plus accumulated inward remittance of share capital or earnings from subsidiaries in mainland China: $14,001,815 (net worth) × 60% + $36,483 = $8,437,572.

TABLE 9

EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Evergreen International Corporation	91,101,257	22.81
EVA Airways Corporation	38,201,625	9.56
Continental Engineering Corp.	25,645,907	6.42
Chang, Kuo-Hua	25,008,820	6.26
Chang, Kuo-Ming	25,008,820	6.26
Chang, Kuo-Cheng	25,008,820	6.26
Chang Yung-Fa Foundation	25,008,820	6.26

【Appendix 2】

Parent Company Only Financial Statements and Report of Independent Accountants for the Year Ended December 31, 2020

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Evergreen Steel Corporation

Opinion

We have audited the accompanying financial statements of Evergreen Steel Corporation (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Company's financial statements for the year ended December 31, 2020 are described as follows:

<u>Project Revenue Recognition</u>

The Company's project revenue mainly comes from providing steel structure engineering contracting business; during the project contract period, the project revenue is recognized based on the degree of completion. Project revenue recognition from construction depends on the degree of completion of the project which involves subjective judgment which may result in profit or loss or certain risks that are not recognized in the correct period. Therefore, we identified the project revenue recognition as a key audit matter.

The main audit procedures that we performed for testing the project revenue recognition are as follows:

1. We obtained an understanding of the design and implementation of the Company's project revenue evaluation method and control system by performing control tests.

2. We selected samples of the project revenue of the current year that are subject to detailed tests, which included checking the price of the customer's construction contract for consistency and the adequacy of the completion ratio, and recalculated the degree of completion and verified the correctness of the project revenue.

3. We performed analytical review of project revenue, and checked for major differences between the progress of the payment and the project contract.

Refer to Note 4 to the financial statements for the accounting policy on the assessment of construction contracts. Refer to Notes 5 and 23 for critical accounting judgments and key sources of estimation uncertainty.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2021

Notice to Readers

The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. 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’ report and financial statements shall prevail.

EVERGREEN STEEL CORPORATION

BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 663,913	3	$ 112,038	1
Financial assets at amortized cost - current (Notes 4, 8 and 30)	3,600	-	3,600	-
Contract assets - current (Notes 4, 21, 23 and 29)	4,190,973	22	2,759,083	18
Notes receivable (Notes 4 and 21)	126,225	1	52,461	1
Trade receivables (Notes 4, 9 and 21)	511,911	2	318,561	2
Trade receivables from related parties (Notes 4, 9, 21 and 29)	151,094	1	23,900	-
Other receivables (Note 29)	14,925	-	13,993	-
Inventories (Notes 4, 10 and 21)	988,027	5	638,739	4
Other current assets (Note 15)	164,470	1	29,734	-
Total current assets	6,815,138	35	3,952,109	26
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	6,328,925	33	5,467,318	36
Investments accounted for using equity method (Notes 4 and 11)	3,648,702	19	3,290,690	21
Property, plant and equipment (Notes 4, 12 and 30)	2,384,518	12	2,394,501	16
Right-of-use assets (Notes 4 and 13)	20,479	-	26,674	-
Investment properties (Notes 4, 14 and 30)	7,823	-	11,240	-
Other intangible assets (Note 4)	3,561	-	6,766	-
Deferred tax assets (Notes 4 and 25)	17,842	-	20,231	-
Refundable deposits	6,683	-	4,176	-
Other non-current assets (Note 15)	79,647	1	97,760	1
Total non-current assets	12,498,180	65	11,319,356	74
TOTAL	$ 19,313,318	100	$ 15,271,465	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	$ 690,000	4	$ 200,000	1
Short-term bills payable (Note 16)	1,799,171	9	399,869	3
Contract liabilities - current (Notes 4, 21 and 23)	323,755	2	297,508	2
Notes payable, net	349,566	2	226,745	2
Trade payable, net (Notes 17 and 21)	1,132,183	6	953,879	6
Lease liabilities - current (Notes 4 and 13)	8,756	-	9,307	-
Other payables (Notes 18 and 29)	147,118	1	120,753	1
Current tax liabilities (Notes 4 and 25)	68,835	-	-	-
Provisions - current (Notes 4 and 19)	60,792	-	63,532	-
Current portion of long-term borrowings (Note 16)	300,000	2	-	-
Other current liabilities	32,031	-	33,000	-
Total current liabilities	4,912,207	26	2,304,593	15
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 16)	300,000	2	150,000	1
Deferred tax liabilities (Notes 4 and 25)	65,995	-	65,996	1
Lease liabilities - non-current (Notes 4 and 13)	9,738	-	16,075	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	23,033	-	43,336	-
Other non-current liabilities	530	-	579	-
Total non-current liabilities	399,296	2	275,986	2
Total liabilities	5,311,503	28	2,580,579	17
EQUITY (Note 22)				
Share capital				
Ordinary shares	3,994,260	21	3,994,260	26
Capital surplus	396,542	2	356,431	3
Retained earnings				
Legal reserve	2,190,673	11	2,095,929	14
Unappropriated earnings	6,347,269	33	6,192,425	40
Total retained earnings	8,537,942	44	8,288,354	54
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(648)	-	(921)	-
Unrealized gain on financial assets at fair value through other comprehensive income	1,166,832	6	171,807	1
Total other equity	1,166,184	6	170,886	1
Treasury shares	(93,113)	(1)	(119,045)	(1)
Total equity	14,001,815	72	12,690,886	83
TOTAL	$ 19,313,318	100	$ 15,271,465	100

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

EVERGREEN STEEL CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 29)	$ 7,263,895	100	$ 6,109,403	100
OPERATING COSTS (Notes 10, 20, 24 and 29)	(6,460,683)	(89)	(5,510,375)	(90)
GROSS PROFIT	803,212	11	599,028	10
OPERATING EXPENSES (Notes 20, 24 and 29)				
Selling and marketing expenses	(230,668)	(3)	(321,317)	(5)
General and administrative expenses	(120,279)	(2)	(111,538)	(2)
Expected credit (loss) gain	(13,277)	-	37,907	-
Total operating expenses	(364,224)	(5)	(394,948)	(7)
PROFIT FROM OPERATIONS	438,988	6	204,080	3
NON-OPERATING INCOME AND EXPENSES				
Interest income	4,515	-	8,426	-
Other income (Notes 24 and 29)	125,302	1	212,282	3
Other gains and (losses) (Note 24)	(8,029)	-	(23,820)	-
Finance costs (Note 24)	(19,147)	-	(6,402)	-
Share of profit of subsidiaries	594,715	8	590,920	10
Total non-operating income and expenses	697,356	9	781,406	13
PROFIT BEFORE INCOME TAX	1,136,344	15	985,486	16
INCOME TAX EXPENSE (Note 25)	(92,695)	(1)	(38,049)	(1)
NET PROFIT FOR THE YEAR	1,043,649	14	947,437	15
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	(1,069)	-	(3,311)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	994,491	14	(8,364)	-
Share of the other comprehensive income of subsidiaries accounted for using the equity method	399	-	303	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25)	214	-	663	-
	994,035	14	(10,709)	-

(Continued)

EVERGREEN STEEL CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	$ 341	-	$ (1,214)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 25)	(68)	-	243	-
	273	-	(971)	-
Other comprehensive (loss) income for the year, net of income tax	994,308	14	(11,680)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,037,957	28	$ 935,757	15
EARNINGS PER SHARE (Note 26)				
Basic	$ 2.65		$ 2.44	
Diluted	$ 2.65		$ 2.44	

The accompanying notes are an integral part of the financial statements. (Concluded)

EVERGREEN STEEL CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Share Capital			Retained Earnings		Other Equity			
	Ordinary Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2019	405,426	$ 4,054,260	$ 286,082	$ 1,997,893	$ 6,128,546	$ 50	$ 207,846	$ (305,074)	$ 12,369,603
Appropriation of 2018 earnings									
Legal reserve	-	-	-	98,036	(98,036)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(810,852)	-	-	-	(810,852)
Other changes in capital surplus									
Treasury shares transferred to employees	-	-	37,722	-	-	-	-	47,815	85,537
Compensation related to treasury shares transferred to employees	-	-	5,432	-	-	-	-	-	5,432
Cash dividends from the Company	-	-	35,316	-	-	-	-	-	35,316
Net profit for the year ended December 31, 2019	-	-	-	-	947,437	-	-	-	947,437
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	(2,345)	(971)	(8,364)	-	(11,680)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	945,092	(971)	(8,364)	-	935,757
Dividends from claims extinguished by prescription	-	-	93	-	-	-	-	-	93
Disposal of treasury shares	-	-	35,447	-	-	-	-	34,553	70,000
Retirement of treasury shares	(6,000)	(60,000)	(43,661)	-	-	-	-	103,661	-
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	27,675	-	(27,675)	-	-
BALANCE AT DECEMBER 31, 2019	399,426	3,994,260	356,431	2,095,929	6,192,425	(921)	171,807	(119,045)	12,690,886
Appropriation of 2019 earnings									
Legal reserve	-	-	-	94,744	(94,744)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(793,071)	-	-	-	(793,071)
Cash dividends from the Company	-	-	4,998	-	-	-	-	-	4,998
Changes in percentage of ownership interests in subsidiaries	-	-	8,510	-	-	-	-	-	8,510
Net profit for the year ended December 31, 2020	-	-	-	-	1,043,649	-	-	-	1,043,649
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(456)	273	994,491	-	994,308
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	1,043,193	273	994,491	-	2,037,957
Disposal of treasury shares	-	-	26,603	-	-	-	-	25,932	52,535
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(534)	-	534	-	-
BALANCE AT DECEMBER 31, 2020	399,426	$ 3,994,260	$ 396,542	$ 2,190,673	$ 6,347,269	$ (648)	$ 1,166,832	$ (93,113)	$ 14,001,815

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

EVERGREEN STEEL CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,136,344	$ 985,486
Adjustments for:		
Depreciation expense (investment properties included)	137,612	112,871
Amortization expense	4,310	6,379
Expected credit loss recognized (reversed) on trade receivables	13,277	(37,907)
Treasury shares transferred to employees at cost	-	5,432
Finance costs	19,147	6,402
Interest income	(4,515)	(8,426)
Dividend income	(100,549)	(167,427)
Share of profit of subsidiaries	(594,715)	(590,920)
Gain on disposal of long-term assets	(1,173)	(1,267)
Net loss on disposal of inventories	5,622	-
Impairment loss recognized on investment properties	3,417	23,678
Realized gain on the transactions with subsidiaries	(1,273)	(1,273)
Gain on lease modification	-	(50)
Changes in operating assets and liabilities		
Increase in contract assets	(1,431,890)	(377,594)
(Increase) decrease in notes receivable	(73,764)	47,051
(Increase) decrease in trade receivables	(333,821)	314,642
(Increase) decrease in other receivables	(669)	2,095
(Increase) decrease in inventories	(354,910)	185,644
(Increase) decrease in other current assets	(134,736)	76,845
Increase (decrease) in contract liabilities	26,247	(554,378)
Increase (decrease) in notes payable	122,821	(114,400)
Increase (decrease) in trade payables	178,304	(55,663)
Increase in other payables	25,984	5,130
(Decrease) increase in provisions	(2,740)	53,132
Decrease in deferred revenue	(94)	(93)
(Decrease) increase in other current liabilities	(969)	23,748
Decrease in net defined benefit liabilities	(21,371)	(37,986)
Cash used in operations	(1,384,104)	(98,849)
Interest received	4,252	8,433
Interest paid	(18,766)	(6,264)
Income tax paid	(21,259)	(129,546)
Net cash used in operating activities	(1,419,877)	(226,226)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(1,543)	(399,888)
Proceeds from sale of financial assets at fair value through other comprehensive income	1,646	72,254
Proceeds from sale of financial assets at amortized cost	-	5,800
Acquisition of investments accounted for using equity the method	(101,004)	(175,400)

(Continued)

EVERGREEN STEEL CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Payments for property, plant and equipment	$ (118,771)	$ (372,438)
Proceeds from disposal of property, plant and equipment	663	419
(Increase) decrease in refundable deposits	(2,507)	6,851
Payments for intangible assets	(1,105)	(4,662)
Proceeds from disposal of investment properties	-	8,077
Decrease in other non-current assets	18,113	20,570
Other dividends received	100,549	167,427
Dividends received from subsidiaries	539,260	684,287
Net cash generated from investing activities	435,301	13,297
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	490,000	200,000
Proceeds from bills payable	1,399,302	399,869
Proceeds from long-term borrowings	600,000	150,000
Repayments of long-term borrowings	(150,000)	-
Increase (decrease) in guarantee deposits	45	(1,623)
Repayment of principal portion of lease liabilities	(9,825)	(13,133)
Dividends paid to owners of the Company	(793,071)	(810,852)
Treasury shares sold to employees	-	85,537
Dividends from claims extinguished by prescription	-	93
Net cash generated from financing activities	1,536,451	9,891
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	551,875	(203,038)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	112,038	315,076
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 663,913	$ 112,038

The accompanying notes are an integral part of the financial statements. (Concluded)

EVERGREEN STEEL CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Evergreen Steel Corporation ("the Company" formerly Evergreen Heavy Industrial Corporation, which was later renamed Evergreen E-Services Corporation and Evergreen Development Corporation) was incorporated in January 1973 as a company limited by shares under the Company Law of the Republic of China. The Company merged with Evergreen Superior Alloys Corporation on August 31, 1990. In 1993, the superior alloys division and related assets were transferred or sold to Gloria Material Technology Corporation (formerly Gloria Heavy Industrial Corporation). The Company merged with Ever Pioneer Steel Corporation on October 31, 1998. In 1998, management discontinued the operations of the container production division. On September 30, 2009, the Company merged with Green Steel Structure Corporation by issuing 4,993 thousand shares to acquire a minority interest holding of 5.72%. In this merger, the Company was the survivor entity.

In January 13 2020, the Company received approval from the Taipei Exchange (TPEx) for a domestic initial public offering and its ordinary shares were listed and traded on the Emerging Stock Boards.

The Company repairs containers and manufactures and sells steel structures and related components.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 10, 2021.

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

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

   Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies:

   <u>Amendments to IAS 1 and IAS 8 "Definition of Material"</u>

   The Company adopted the amendments starting from January 1, 2020. The threshold of materiality that could influence users has been changed to "could reasonably be expected to influence". Accordingly, disclosures in the consolidated financial statements do not include immaterial information that may obscure material information.

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19 - Related Rent Concessions"	June 1, 2020

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

New IFRSs	Effective Date Announced by IASB (Note1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

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

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

2) Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries, as appropriate, in the parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

The Company engages in the construction business, which has an operating cycle of over one year, and the normal operating cycle applies when considering the classification of the Company's construction-related assets and liabilities.

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries, associates and branches in other countries that use currencies which are different from the currency of the Company) are translated into New Taiwan dollars using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, supplies and inventory in transit. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

When the Company subscribes for additional new shares of a subsidiary at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the subsidiary. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the subsidiary, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that subsidiary is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

g. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 12 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets and contract assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables and contract assets. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

1) Onerous contracts

Onerous contracts are those in which the Company's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provisions.

2) Warranties

The contractual obligation of the warranty expenditure is expected to occur during the warranty period after the completion of the construction contracts. The Company sets out the provisions according to the warranty expenditure expected to occur during the warranty period. If the preparation is not enough, the current year's expenses shall be included.

m. Revenue recognition

The Company identifies contracts with the customers, allocates transaction price to the performance obligations and recognizes revenue when the performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from sale of goods comes from manufacturing and sale of steel bars. Sales of goods are recognized as revenue when the goods are shipped or delivered to customer because that is the time customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from providing container repair, renovation and storage services. Such service revenue is recognized when performance obligations are satisfied.

3) Construction contracts revenue

The Company recognizes revenue over time during the construction process. Because the cost of unit of the installation completion of the construction is directly related to fulfilling performance obligation, the Company uses the cost of unit of installation as the estimated total output incurred. The cost ratio is used to measure the progress of the completion, and after the inspection of the installation of the construction, income and cost are relatively recognized. The Company gradually recognizes contract assets during the construction process and transfers the amount to accounts receivable when issuing invoices. If the payment received for the construction project exceeds the amount, the difference is recognized as contract liability. The project retention fund is withheld by the customer as stated in the contract to ensure that the Company completes all contractual obligations and is recognized as contract assets until the Company satisfies the performance obligations.

n. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Share-based payment arrangements

The fair value at the grant date of the treasury shares transferred to employees is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of treasury shares transferred to employees is the date on which the board of directors approve the transaction.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Construction Contracts

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The stage of completion of a contract is measured based on the proportion of contract costs incurred for work performed to date as the estimated total contract costs. Under the IFRS 15, incentives and penalties are considered as variables and shall be included in the contract revenue only when it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The estimated total contract costs and contractual items are assessed and determined by management based on the nature of the work, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profit and loss from the construction contracts. Refer to Note 23 for related information.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	$ 2,815	$ 2,815
Checking accounts and demand deposits	95,098	43,223
Cash equivalent		
Time deposits	566,000	66,000
	$ 663,913	$ 112,038

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

	December 31	
	2020	2019
Time deposits	0.82%	1.065%

7. FINANCIAL ASSETS AT FVTOCI

	December 31	
	2020	2019
Non-current		
Domestic investments		
Listed shares and emerging market shares	$ 5,298,293	$ 4,479,292
Unlisted shares	881,433	840,467
Foreign investments		
Unlisted shares	149,199	147,559
	$ 6,328,925	$ 5,467,318

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

The Company sold its investments to diversify risks in 2020 and 2019, and transferred a (loss) gain of $(534) thousand and $27,675 thousand, respectively, from other equity to retained earnings.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	2019
Current		
Pledge deposits	$ 3,600	$ 3,600

a. The ranges of interest rates for pledge deposits were approximately 0.815% and 1.065% per annum as of December 31, 2020 and 2019, respectively.

b. Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

9. TRADE RECEIVABLES

	December 31	
	2020	2019
Trade receivables		
At amortized cost		
Gross carrying amount	$ 663,182	$ 342,461
Less: Allowance for impairment loss	(177)	-
	$ 663,005	$ 342,461

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

The Company 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 Company 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 Company directly recognizes the impairment loss of related accounts receivable.

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

December 31, 2020

	Amount Without Sign of Default				Amount with Sign of Default	Total
	0 to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days		
Expected credit loss rate	0.02%	0.53%	10%	-	-	
Gross carrying amount	$ 657,567	$ 5,575	$ 40	$ -	$ -	$ 663,182
Loss allowance (Lifetime ECLs)	(144)	(29)	(4)	-	-	(177)
Amortized cost	$ 657,423	$ 5,546	$ 36	$ -	$ -	$ 663,005

December 31, 2019

	Amount Without Sign of Default				Amount with Sign of Default	Total
	0 to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days		
Expected credit loss rate	-	-	-	-	-	
Gross carrying amount	$ 340,345	$ 1,922	$ -	$ 194	$ -	$ 342,461
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Amortized cost	$ 340,345	$ 1,922	$ -	$ 194	$ -	$ 342,461

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

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

	2020	2019
Balance at January 1	$ -	$ 14,049
Less: Allowance for impairment loss	177	(14,049)
Balance at December 31	$ 177	$ -

10. INVENTORIES

	December 31	
	2020	2019
Raw materials	$ 979,728	$ 629,464
Supplies	1,096	7,299
Inventory in transit	7,203	1,976
	$ 988,027	$ 638,739

The cost of inventories, excluding the cost from steel structure industry, recognized as operating cost for the years ended December 31, 2020 and 2019 was $118,210 thousand and $139,109 thousand, respectively.

The cost of goods sold which included the inventory reversals and disposals is as follow:

	2020	2019
Inventory write-downs (reversed)	$ 2,995	$ (24,864)
Loss of inventory scrapped and physical inventories	2,627	-
	$ 5,622	$ (24,864)

Previous write-downs were reversed as a result of sold of inventory that had been write-downs.

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Subsidiaries

	December 31	
Name of Subsidiaries	**2020**	**2019**
Hsin Yung Enterprise Corporation	$ 1,753,091	$ 1,643,400
Super Max Engineering Enterprise Co., Ltd.	825,841	728,987
Ming Yu Investment Corporation	289,005	237,704
Ever Ecove Corporation	780,765	680,599
	$ 3,648,702	$ 3,290,690

	Proportion of Ownership and Voting Rights December 31	
	2020	**2019**
Hsin Yung Enterprise Corporation	68.46%	68.46%
Super Max Engineering Enterprise Co., Ltd.	48.13%	48.12%
Ming Yu Investment Corporation	100.00%	100.00%
Ever Ecove Corporation	50.06%	70.00%

a. Ever Ecove Corporation handled a cash capital increase at the end of November 30, 2020. The Company did not subscribe for new shares based on the shareholding ratio. After the capital increase, the shareholding ratio dropped to 50.06%.

b. The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2020 and 2019 was based on the subsidiaries' audited financial statements for the years then ended.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Total
Cost							
Balance at January 1, 2020	$ 1,375,099	$ 159,659	$ 1,417,987	$ 742,345	$ 63,786	$ 54,138	$ 3,813,014
Additions	-	-	3,519	1,010	767	954	6,250
Disposals	-	-	(17)	(7,655)	(3,307)	(3,012)	(13,991)
Reclassification	-	(1,288)	80,296	32,431	-	1,082	112,521
Balance at December 31, 2020	$ 1,375,099	$ 158,371	$ 1,501,785	$ 768,131	$ 61,246	$ 53,162	$ 3,917,794
Accumulated depreciation and impairment							
Balance at January 1, 2020	$ -	$ 121,975	$ 870,487	$ 348,044	$ 41,149	$ 36,858	$ 1,418,513
Disposals	-	-	(39)	(7,381)	(3,307)	(2,990)	(13,717)
Depreciation expense	-	3,414	43,986	67,971	6,510	6,599	128,480
Balance at December 31, 2020	$ -	$ 125,389	$ 914,434	$ 408,634	$ 44,352	$ 40,467	$ 1,533,276
Carrying amount at December 31, 2020	$ 1,375,099	$ 32,982	$ 587,351	$ 359,497	$ 16,894	$ 12,695	$ 2,384,518
Cost							
Balance at January 1, 2019	$ 1,178,429	$ 126,736	$ 1,137,729	$ 575,843	$ 64,053	$ 44,385	$ 3,127,175
Additions	-	-	33,740	228	7,189	6,575	47,732
Disposals	-	-	(20,671)	(10,177)	(7,456)	(717)	(39,021)
Reclassification	-	32,923	111,436	176,451	-	3,895	324,705
Transfers from investment properties	196,670	-	155,753	-	-	-	352,423
Balance at December 31, 2019	$ 1,375,099	$ 159,659	$ 1,417,987	$ 742,345	$ 63,786	$ 54,138	$ 3,813,014
Accumulated depreciation and impairment							
Balance at January 1, 2019	$ -	$ 118,942	$ 772,544	$ 302,631	$ 42,084	$ 32,488	$ 1,268,689
Disposals	-	-	(15,195)	(8,462)	(7,456)	(717)	(31,830)
Depreciation expense	-	3,033	30,233	53,875	6,521	5,087	98,749
Transfers from investment properties	-	-	82,905	-	-	-	82,905
Balance at December 31, 2019	$ -	$ 121,975	$ 870,487	$ 348,044	$ 41,149	$ 36,858	$ 1,418,513
Carrying amount at December 31, 2019	$ 1,375,099	$ 37,684	$ 547,500	$ 394,301	$ 22,637	$ 17,280	$ 2,394,501

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

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

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 30.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amount		
Land	$ 19,476	$ 24,667
Buildings	-	-
Other equipment	1,003	2,007
	$ 20,479	$ 26,674

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 3,617	$ 17,945
Depreciation charge for right-of-use assets		
Land	$ 8,128	$ 6,338
Buildings	-	4,549
Other equipment	1,004	1,004
	$ 9,132	$ 11,891

Except for the aforementioned addition and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets for the years ended December 31, 2020 and 2019.

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount (incremental borrowing rate at 1.1%)		
Current	$ 8,756	$ 9,307
Non-current	$ 9,738	$ 16,075

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

The Company leases land, buildings and equipment for the use of plants and manufacturing with lease term of 2 to 3 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease term. In addition, the Company 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 Year Ended December 31	
	2020	2019
Expenses relating to short-term leases and low-value asset leases	$ 9,961	$ 6,238
Total cash outflow for leases	$ 20,011	$ 19,712

14. INVESTMENT PROPERTIES

	Amount
Cost	
Balance at January 1, 2020	$ 150,995
Additions	-
Balance at December 31, 2020	$ 150,995
Accumulated depreciation and impairment	
Balance at January 1, 2020	$ (139,755)
Impairment loss	(3,417)
Balance at December 31, 2020	$ (143,172)
Carrying amount at December 31, 2020	$ 7,823
Cost	
Balance at January 1, 2019	$ 514,076
Disposals	(10,658)
Transfers to property, plant and equipment	(352,423)
Balance at December 31, 2019	$ 150,995
Accumulated depreciation and impairment	
Balance at January 1, 2019	$ (206,588)
Impairment losses	(23,678)
Disposals	9,837
Depreciation expense	(2,231)
Transfers to property, plant and equipment	82,905
Balance at December 31, 2019	$ (139,755)
Carrying amount at December 31, 2019	$ 11,240

For the years ended December 31, 2019, the investment properties are depreciated using the straight-line method over 6-50 years.

The valuation was arrived by reference to market evidence of transaction prices for similar properties, it is fair value is as followed:

	December 31	
	2020	**2019**
Fair value	$ 15,028	$ 18,580

15. OTHER ASSETS

	December 31 2020	December 31 2019
Current		
Prepaid expense	$ 19,881	$ 11,753
Prepayments	96,349	6
Tax credit	48,240	17,975
	$ 164,470	$ 29,734
Non-current		
Prepayments for equipment	$ 79,647	$ 97,760

16. BORROWINGS

a. Short-term borrowings

	December 31 2020	December 31 2019
Unsecured borrowings		
Line of credit borrowings	$ 690,000	$ 200,000

The range of effective interest rate on bank loans was 0.88%-0.90% and 0.95% per annum as of December 31, 2020 and 2019, respectively.

b. Short-term bills payable

	December 31 2020	December 31 2019
Commercial paper	$ 1,800,000	$ 400,000
Less: Unamortized discounts on short-term bills payable	(829)	(131)
	$ 1,799,171	$ 399,869

Outstanding short-term bills payable were as follows:

December 31, 2020

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
China Bills Finance Corporation	$ 600,000	$ (390)	$ 599,610	0.848%
Mega Bills Finance Co., Ltd.	600,000	(189)	599,811	0.858%
International Bills Finance Corporation	600,000	(250)	599,750	0.868%
	$ 1,800,000	$ (829)	$ 1,799,171	

December 31, 2019

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
China Bills Finance Corporation	$ 200,000	$ (66)	$ 199,934	0.918%
Mega Bills Finance Co., Ltd.	200,000	(65)	199,935	0.918%
	$ 400,000	$ (131)	$ 399,869	

c. long-term borrowings

	December 31	
	2020	2019
Secured borrowings		
Bank loans (Note 30)	$ 580,000	$ 150,000
Unsecured borrowings		
Bank loans	20,000	-
	600,000	150,000
Less: Current portions	(300,000)	-
	$ 300,000	$ 150,000

1) The Company borrowed $300,000 thousand and $100,000 thousand from Taiwan Business Bank which were secured by land and building mortgage guarantees. The loan maturity date is January 16, 2024. The effective interest rate was 0.893% and 1.195% per annum as of December 31, 2020 and 2019, respectively. Starting from the actual date of disbursement, the Company paid interest monthly during the first 3 years. On the fourth year, the principal with interest will be paid monthly for 2 years. The Company borrowed $100,000 thousand for 2019, which made a full repayment of the debt in advance in January 2020.

2) The Company borrowed $280,000 thousand from Cathay United Bank which was secured by building mortgage guarantees and unsecured borrowings of $20,000 thousand. The loan term is from February 24, 2020 to June 28, 2021. Starting from the actual date of disbursement, the Company makes monthly amortized payments on principal and interest. The Company will fully repay the debt when it is due. The effective interest rate was 0.95%-1% per annum as of December 31, 2020.

3) The Company borrowed $50,000 thousand from Taiwan Cooperative Bank which was secured by land and buildings mortgage guarantee. The loan term is from January 18, 2019 to January 18, 2021. Starting from the actual date of disbursement, the Company makes monthly amortized payments on principal and interest. The Company made a full repayment of the debt in advance in January 2020. The effective interest rate was 1.2% per annum as of December 31, 2019.

17. TRADE PAYABLES

The average credit period on purchases of certain goods was 30 to 90 days. The Company 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 Company, usually more than twelve months after the reporting period. Refer to Note 21 for maturity analysis of retentions payable.

18. OTHER LIABILITIES

	December 31	
	2020	**2019**
Current		
Other payables		
Payable for transportation fees	$ 37,745	$ 30,496
Payable for annual leave	28,164	24,533
Payable for compensation of employee and remuneration of directors and supervisors	10,745	12,407
Payable for insurance expenses	10,516	8,380
Payable for salaries or bonus	6,907	3,123
Payable for repairs and maintenance	4,664	13,051
Payable for professional fees	3,388	2,919
Others	44,989	25,844
	$ 147,118	$ 120,753

19. PROVISIONS

	For the Year Ended December 31	
	2020	**2019**
Current		
Warranties*	$ 60,723	$ 56,115
Onerous contract - loss on construction	69	7,417
	$ 60,792	$ 63,532

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

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contribute amounts equal to 6% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the independent balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2020	**2019**
Present value of defined benefit obligation	$ 349,257	$ 355,637
Fair value of plan assets	(326,224)	(312,301)
Net defined benefit liabilities	$ 23,033	$ 43,336

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability**
Balance at January 1, 2019	$ 364,248	$ (286,237)	$ 78,011
Service cost			
Current service cost	5,400	-	5,400
Net interest expense (income)	3,642	(3,000)	642
Recognized in profit or loss	9,042	(3,000)	6,042
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(10,291)	(10,291)
Actuarial loss - changes in demographic assumptions	28	-	28
Actuarial loss - changes in financial assumptions	7,921	-	7,921
Actuarial loss - experience adjustments	5,653	-	5,653
Recognized in other comprehensive income	13,602	(10,291)	3,311
Contributions from the employer	-	(27,187)	(27,187)
Benefits paid	(14,414)	14,414	-
Company paid	(16,841)	-	(16,841)
Balance at December 31, 2019	$ 355,637	$ (312,301)	$ 43,336

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2020	$ 355,637	$ (312,301)	$ 43,336
Service cost			
Current service cost	5,435	-	5,435
Net interest expense (income)	2,667	(2,445)	222
Recognized in profit or loss	8,102	(2,445)	5,657
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(9,869)	(9,869)
Actuarial loss - changes in financial assumptions	7,478	-	7,478
Actuarial loss - experience adjustments	3,460	-	3,460
Recognized in other comprehensive income	10,938	(9,869)	1,069
Contributions from the employer	-	(27,029)	(27,029)
Benefits paid	(25,420)	25,420	-
Balance at December 31, 2020	$ 349,257	$ (326,224)	$ 23,033

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2020	2019
Operating cost	$ 2,899	$ 2,495
Operating expenses	2,758	3,547
	$ 5,657	$ 6,042

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2020	2019
Discount rate(s)	0.5%	0.75%
Expected rate(s) of salary increase	2%	2%
Turnover rate	3%-7.5%	3%-7.5%

If possible reasonable change in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation decreases (increases) as follows:

	December 31	
	2020	2019
Discount rate(s)		
0.25% increase	$ (7,478)	$ (7,921)
0.25% decrease	$ 7,730	$ 8,195
Expected rate(s) of salary increase		
0.25% increase	$ 7,483	$ 7,954
0.25% decrease	$ (7,278)	$ (7,730)

The sensitivity analysis previously presented may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that change in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	2019
Expected contributions to the plan for the next year	$ 26,834	$ 27,427
Average duration of the defined benefit obligation	8.8 years	9.2 years

21. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The current/non-current classification of the Company'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
December 31, 2020			
Assets			
Notes receivable	$ 126,203	$ -	$ 126,203
Trade receivables	635,261	-	635,261
Inventory	986,652	-	986,652
Contracts assets - current	3,468,046	722,927	4,190,973
	$ 5,216,162	$ 722,927	$ 5,939,089

(Continued)

	Within 1 Year	More Than 1 Year	Total
Liabilities			
Notes payable	$ 931	$ -	$ 931
Trade payables	907,412	212,977	1,120,389
Contracts liabilities - current	298,877	24,878	323,755
	$ 1,207,220	$ 237,855	$ 1,445,075
December 31, 2019			
Assets			
Notes receivable	$ 52,443	$ -	$ 52,443
Trade receivables	318,631	-	318,631
Inventory	635,713	-	635,713
Contracts assets - current	2,192,088	566,995	2,759,083
	$ 3,198,875	$ 566,995	$ 3,765,870
Liabilities			
Notes payable	$ 6,655	$ -	$ 6,655
Trade payables	763,468	179,249	942,717
Contracts liabilities - current	241,181	56,327	297,508
	$ 1,011,304	$ 235,576	$ 1,246,880

(Concluded)

22. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2020	2019
Number of shares authorized (in thousands)	440,000	440,000
Shares authorized	$ 4,400,000	$ 4,400,000
Number of shares issued and fully paid (in thousands)	399,426	399,426
Shares issued	$ 3,994,260	$ 3,994,260

On July 31, 2019, the Company's board of directors resolved that the subsidiary Ming Yu Corporation return the 6,000 thousand shares held by the Company with a physical reduction of capital. The above mentioned proposal of the retirement of 6,000 thousand treasury shares was approved and declared effective by the MOEA on September 2, 2019.

b. Capital surplus

	December 31	
	2020	**2019**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Treasury share transactions	$ 333,208	$ 301,607
Consolidation excess	51,956	51,956
May only be used to offset a deficit		
Changes in percentage of ownership interests in subsidiaries (2)	8,510	-
Expired employee share options	2,775	2,775
Unclaimed dividends	93	93
	$ 396,542	$ 356,431

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of compensation of employees and remuneration of directors and supervisors before and after amendment, refer to f. employee benefits expense in Note 24.

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

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

The appropriations of earnings for 2019 and 2018 which were approved in the shareholders' meetings on June 18, 2020 and May 30, 2019, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2019	2018	2019	2018
Legal reserve	$ 94,744	$ 98,036		
Cash dividends	793,071	810,852	$ 2	$ 2

The appropriations of earnings for 2020, which were proposed by the Company's board of directors on March 10, 2021, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 104,266	
Cash dividends	872,378	$ 2.2

The appropriation of earnings for 2020 is subject to resolution in the shareholders' meeting to be held on June 25, 2021.

d. Treasury shares

	Shares Transferred to Employees (In Thousands of Shares)	Shares Held by Subsidiary - Ming Yu Investment Corporation (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares at January 1, 2020	2,891	4,000	6,891
Additions	-	-	-
Less	-	(1,501)	(1,501)
Number of shares at December 31, 2020	2,891	2,499	5,390
Carrying amount at December 31, 2020	$ 49,938	$ 43,175	$ 93,113
Number of shares at January 1, 2019	-	17,658	17,658
Additions	5,658	-	5,658
Less	(2,767)	(13,658)	(16,425)
Number of shares at December 31, 2019	2,891	4,000	6,891
Carrying amount at December 31, 2019	$ 49,938	$ 69,107	$ 119,045

1) For the year ended December 31, 2020, the Company's shares were held by its subsidiary - Ming Yu Investment Corporation. Ming Yu Investment Corporation sold 1,501 thousand shares to third parties. For the year ended December 31, 2019, the Company's shares were held by its subsidiary - Ming Yu Investment Corporation. Ming Yu Investment Corporation reduced its capital by returning 6,000 thousand shares to the Company and selling 5,658 thousand shares and 2,000 thousand shares, respectively, to the Company and third parties. The above mentioned shares totaled 13,658 thousand.

2) For the year ended December 31, 2019, the Company repurchased 5,658 thousand shares. The purpose of the repurchase was to transfer the shares to employees from the subsidiary - Ming Yu Investment Corporation, and the employees actually executed 2,767 thousand shares. For the year ended December 31, 2019, the treasury shares transferred to employees was $5,432 thousand and the capital surplus - treasury shares was $37,722 thousand which is recognized after the implementation and deduction of related transaction costs.

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.

23. REVENUE

	For the Year Ended December 31	
	2020	2019
Construction contract revenue	$ 7,117,905	$ 5,945,266
Revenue from containers repair	145,990	141,072
Revenue from the sale of goods	-	23,065
	$ 7,263,895	$ 6,109,403

a. Contact balances

	December 31	
	2020	2019
Contract assets		
Properties construction	$ 3,036,146	$ 1,705,821
Retention receivable	1,192,876	1,078,211
Less: Allowance for impairment loss	(38,049)	(24,949)
Contract assets - current	$ 4,190,973	$ 2,759,083

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 24,949	$ 48,807
Add: Net remeasurement of loss allowance (reversed)	13,100	(23,858)
Balance at December 31	$ 38,049	$ 24,949

	December 31	
	2020	2019
Contract liabilities		
Properties construction	$ 323,755	$ 297,508

b. Partially completed contracts

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

	December 31, 2020
Property construction contracts	
In 2021	$ 13,959,269
In 2022	1,634,948
From 2023 to after years	311,433
	$ 15,905,650
Property construction contracts	
In 2020	$ 7,592,530
In 2021	4,354,436
From 2022 to after years	475,851
	$ 12,422,817

24. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Other income

	For the Year Ended December 31	
	2020	2019
Dividends	$ 100,549	$ 167,427
Rental income	8,452	13,435
Others (Note 29)	16,301	31,420
	$ 125,302	$ 212,282

b. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Gain on disposal of long-term assets	$ 1,173	$ 1,267
Net foreign exchange gains	(89)	87
Impairment loss on investment properties	(3,417)	(23,678)
Others	(5,696)	(1,496)
	$ (8,029)	$ (23,820)

c. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	$ 11,742	$ 3,626
Interest of commercial paper	7,180	2,435
Interest on lease liabilities	225	341
	$ 19,147	$ 6,402

d. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	$ 128,480	$ 98,749
Investment property	-	2,231
Right-of-use assets	9,132	11,891
Intangible assets	4,310	6,379
	$ 141,922	$ 119,250
An analysis of deprecation by function		
Operating costs	$ 132,138	$ 96,177
Operating expenses	5,474	16,694
	$ 137,612	$ 112,871
An analysis of amortization by function		
Operating costs	$ 1,306	$ 3,004
Operating expenses	3,004	3,375
	$ 4,310	$ 6,379

e. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Post-employment benefits		
Defined contribution plans	$ 13,881	$ 12,963
Defined benefit plans (Note 20)	5,657	6,042
Other employee benefits	537,361	481,574
Total employee benefits expense	$ 556,899	$ 500,579
An analysis of employee benefits expense by function		
Operating costs	$ 285,751	$ 227,146
Operating expenses	271,148	273,433
	$ 556,899	$ 500,579

f. Compensation of employees and remuneration of directors and supervisors

According to the Articles of Incorporation of the Company, the Company accrued compensation of employees and remuneration of directors and supervisors at rates of no less than 0.5% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2020 and 2019, which were approved by the Company's board of directors on March 10, 2021 and March 16, 2020, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2020	**2019**
Compensation of employees	0.50%	0.54%
Remuneration of directors and supervisors	0.44%	0.68%

Amount

	For the Year Ended December 31	
	2020	**2019**
	Cash	**Cash**
Compensation of employees	$ 5,745	$ 5,407
Remuneration of directors and supervisors	5,000	6,819

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

The Company held board of directors' meetings on March 16, 2020 and March 14, 2019, and those meetings resulted in the actual amounts of the remuneration of directors and supervisors paid for 2019 and 2018 to differ from the amounts recognized in the financial statements for the years ended December 31, 2019 and 2018, respectively. The differences were adjusted to profit and loss in the following year.

	For the Year Ended December 31			
	2019		**2018**	
	Compensation of Employees	**Remuneration of Directors and Supervisors**	**Compensation of Employees**	**Remuneration of Directors and Supervisors**
Amounts approved in the board of directors' meeting	$ 5,407	$ 6,819	$ 5,659	$ 7,000
Amounts recognized in the annual financial statements	$ 5,407	$ 7,000	$ 5,659	$ 7,000

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. 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 Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 87,586	$ 41,842
Income tax on additional tax of unappropriated earnings	2,507	-
Adjustments for prior years	-	127
	90,093	41,969
Deferred tax		
In respect of the current year	2,602	(3,920)
Income tax expense recognized in profit or loss	$ 92,695	$ 38,049

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2020	2019
Profit before tax	$ 1,136,344	$ 985,486
Income tax expense calculated at the statutory rate	$ 227,269	$ 197,097
Nondeductible expenses in determining taxable income	695	6,220
Tax-exempt income	(139,053)	(153,120)
Income tax on additional tax of unappropriated earnings	2,507	-
Unrecognized deductible temporary differences	1,277	(12,275)
Adjustments for prior years' tax	-	127
Income tax expense recognized in profit or loss	$ 92,695	$ 38,049

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Company only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

b. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Defined benefit plans	$ 4,102	$ (4,275)	$ 214	$ 41
Payable for annual leave	4,906	726	-	5,632
Unrealized exchange loss	-	24	-	24
Provision for warranties	11,223	922	-	12,145
	$ 20,231	$ (2,603)	$ 214	$ 17,842
Deferred tax liabilities				
Temporary differences				
Reserve for land value increment tax	$ 65,995	$ -	$ -	$ 65,995
Unrealized exchange gain	1	(1)	-	-
	$ 65,996	$ (1)	$ -	$ 65,995

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Defined benefit plans	$ 11,037	$ (7,598)	$ 663	$ 4,102
Payable for annual leave	4,610	296	-	4,906
Provision for warranties	-	11,223	-	11,223
	$ 15,647	$ 3,921	$ 663	$ 20,231
Deferred tax liabilities				
Temporary differences				
Reserve for land value increment tax	$ 65,995	$ -	$ -	$ 65,995
Unrealized exchange gain	-	1	-	1
	$ 65,995	$ 1	$ -	$ 65,996

c. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	December 31	
	2020	2019
Deductible temporary differences		
Bad debts in excess of the limit	$ 491,487	$ 486,040
Impairment loss on financial assets	145,079	145,079
Loss on market price decline	20,114	17,119
Unrealized gain on the transactions with subsidiaries	1,739	3,797
	$ 658,419	$ 652,035

d. Income tax assessments

The income tax of the Company through 2018, except 2019, have been assessed by the tax authorities.

26. EARNINGS PER SHARE

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 year

	For the Year Ended December 31	
	2020	2019
Profit for the year	$ 1,043,649	$ 947,437

Shares

Unit: In Thousand Shares

	For the Year Ended December 31	
	2020	2019
Weighted average number of ordinary shares used in the computation of basic earnings per share	394,011	388,400
Effect of potentially dilutive ordinary shares:		
Compensation of employees	159	202
Weighted average number of ordinary shares outstanding in the computation of diluted earnings per share	394,170	388,602

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

27. CAPITAL MANAGEMENT

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

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

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

28. 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 December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 5,298,293	$ -	$ -	$ 5,298,293
Unlisted shares - ROC	-	-	881,433	881,433
Unlisted shares in other country	-	-	149,199	149,199
	$ 5,298,293	$ -	$ 1,030,632	$ 6,328,925

Fair value hierarchy as of December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 4,479,292	$ -	$ -	$ 4,479,292
Unlisted shares - ROC	-	-	840,467	840,467
Unlisted shares in other country	-	-	147,559	147,559
	$ 4,479,292	$ -	$ 988,026	$ 5,467,318

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

	December 31	
	2020	**2019**
Financial assets		
Financial assets at amortized cost (1)	$ 1,475,523	$ 525,901
Financial assets at FVTOCI		
Equity instruments	6,328,925	5,467,318
Financial liabilities		
Financial liabilities measured at amortized cost (2)	4,659,473	1,999,602

1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade and other receivables, financial assets at amortized cost and refundable deposits.

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

d. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, trade receivable, trade payables, borrowings and lease liabilities. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company 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 Company'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 Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 32.

Sensitivity analysis

The Company was mainly exposed to the Currency USD and Currency RMB.

The Company analyzes its sensitivity's increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. A sensitivity rate of 5% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 5% change in foreign currency rates.

b) Interest rate risk

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

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

	December 31	
	2020	**2019**
Fair value interest rate risk		
Financial liabilities	$ 2,789,171	$ 599,869
Cash flow interest rate risk		
Financial assets	571,875	71,492
Financial liabilities	300,000	150,000

Sensitivity analysis

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $1,359 thousand and $(393) thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its variable-rate bank borrowings, time deposits and demand deposits.

c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities. The Company'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 15% higher/lower, pre-tax profit for years ended December 31, 2020 and 2019 would have increased/decreased by $949,339 thousand and $820,098 thousand, respectively, as a result of the changes in fair value of financial assets as FVTOCI.

The Company'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 Company. At the end of the reporting period, the Company's maximum exposure to credit risk which may cause a financial loss to the Company due to failure of counterparties to discharge an obligation and financial guarantees provided by the Company could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, management of the Company 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 Company 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 Company's credit risk was significantly reduced.

The Company's concentration of credit risk of 45% and 42% of total trade receivables as of December 31, 2020 and 2019, respectively, was related to the Company's five largest customers. The credit concentration risk of the remaining trade receivables is relatively insignificant.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company'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 Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Company had available unutilized bank loan facilities set out in (b) below.

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

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company 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.

December 31, 2020

	Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities			
Non-interest bearing	$ 1,357,256	$ 212,977	$ -
Lease liabilities	8,756	9,738	-
Variable interest rate liabilities	301,390	-	-
Fixed interest rate liabilities	2,489,719	308,147	-
	$ 4,157,121	$ 530,862	$ -

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5+ Years	Total
Lease liabilities	$ 8,908	$ 9,835	$ -	$ 18,743

December 31, 2019

	Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities			
Non-interest bearing	$ 1,070,461	$ 179,249	$ -
Lease liabilities	9,307	16,075	-
Variable interest rate liabilities	147	150,000	-
Fixed interest rate liabilities	600,432	-	-
	$ 1,680,347	$ 345,324	$ -

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5+ Years	Total
Lease liabilities	$ 9,309	$ 16,491	$ -	$ 25,800

b) Financing facilities

	December 31	
	2020	2019
Unsecured bank overdraft facility		
Amount used	$ 2,510,000	$ 600,000
Amount unused	3,985,000	5,945,000
	$ 6,495,000	$ 6,545,000
Secured bank overdraft facility		
Amount used	$ 580,000	$ 150,000
Amount unused	800,000	1,230,000
	$ 1,380,000	$ 1,380,000

29. TRANSACTIONS WITH RELATED PARTIES

The Company's major shareholder was Evergreen International Corporation, which held both 22.81% of ordinary shares of the Company as of December 31, 2020 and 2019.

In addition to information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related parties and their relationships

Related Party	Relationship with the Company
Evergreen International Corporation	Investors that have significant influence over the Company
Evergreen Security Corporation	Related party in substance
Ever Accord Construction Corporation	Related party in substance
EVA Airways Corporation	Related party in substance
Evergreen Logistics Corporation	Related party in substance
Evergreen Marine Corporation	Related party in substance
Hsin Yung Enterprise Corporation	Subsidiary
Ever Ecove Corporation	Subsidiary
Ming Yu Investment Corporation	Subsidiary
Super Max Engineering Enterprise Co., Ltd.	Subsidiary

b. Sales of goods

		For the Year Ended December 31	
Line Item	Related Party	2020	2019
Sales of goods	Investors that have significant influence over the Company	$ -	$ 131,864
	Related party in substance	507,493	145,190
		$ 507,493	$ 277,054

The sales condition for related party in substance were not significantly different from those sales made to the Company's usual list prices. There was no comparable sales price between investors that have significant influence over the Company and related party in substance for repairing containers. Payments are collected within 60 days after issuing invoices.

c. Miscellaneous income

Related Party	For the Year Ended December 31 2020	2019
Subsidiaries	$ 3,008	$ 3,038

d. Purchases of goods and expenses

Related Party	For the Year Ended December 31 2020	2019
Investors that have significant influence over the Company	$ 9,886	$ 10,125
Substances	15	36
Related party in substance	15,832	14,964
	$ 25,733	$ 25,125

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

e. Construction receivables (contract assets)

Related Party	December 31 2020	2019
Related party in substance	$ 56,697	$ 53,972

For the years ended December 31, 2020 and 2019, impairment loss of $2,652 thousand and $894 thousand, respectively, was recognized for contract assets from related parties.

f. Contract liabilities

Related Party	December 31 2020	2019
Related party in substance	$ -	$ 10,676

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

Trade receivables

Related Party	December 31 2020	2019
Investors that have significant influence over the Company	$ -	$ 23,223
Related party in substance	151,094	677
	$ 151,094	$ 23,900

Other receivables

Related Party	December 31 2020	December 31 2019
Subsidiaries	$ 126	$ 132

The outstanding trade receivables from related parties are unsecured.

h. Payables to related parties

Other payables

Related Party	December 31 2020	December 31 2019
Investors that have significant influence over the Company	$ 1,733	$ 1,706
Related party in substance	1,257	1,439
Subsidiaries	15	3
	$ 3,005	$ 3,148

The outstanding trade payables from related parties are unsecured.

i. Lease arrangements

Line Item	Related Party/Name	December 31 2020	December 31 2019
Acquisition of right-of-use assets	Investors that have significant influence over the Company - Evergreen International Corporation	$ 1,004	$ 2,007
Lease liabilities	Investors that have significant influence over the Company - Evergreen International Corporation	$ 1,015	$ 2,018

The Company rents other equipment from Evergreen International Corporation for $85 thousand per months and the lease term is from January 2019 to December 2021.

The Company rents office spaces from Evergreen International Corporation for $386 thousand per month and the lease term is from January 2019 to December 2021. The Company terminated the agreement in advance on December 31, 2019.

j. Disposal of financial assets

Financial assets at fair through other comprehensive income

For the year ended December 31, 2020: None.

For the year ended December 31, 2019:

Related Party/Name	Number of Shares (In Thousand Shares)	Underlying Assets	Proceeds
Related party in substance - EVA Airways Corporation	4,650	Shareholdings of UNI Airways Corporation	$ 67,686
Related party in substance - Evergreen Logistics Corporation	200	Shareholdings of UNI Airways Corporation	2,911
			$ 70,597

k. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	$ 21,548	$ 21,958
Post-employment benefits	1,704	6,526
	$ 23,252	$ 28,484

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, letters of credit issuance, projects performance and performance guarantees, etc.:

	December 31	
	2020	2019
Property, plant, and equipment, net	$ 1,995,432	$ 1,960,283
Financial assets at amortized cost	3,600	3,600
	$ 1,999,032	$ 1,963,883

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2020 and 2019 were as follows:

a. As of December 31, 2020 and 2019, unused letters of credit for purchasing of materials are as follows:

	December 31	
Currency	2020	2019
USD	$ 984	$ 1,271
NTD	472,963	771,868

b. As of December 31, 2020, except for the refundable deposits, the guarantee bonds for constructions secured by bank are as follows:

	December 31	
Currency	**2020**	**2019**
USD	$ 1,191	$ -
NTD	338,599	657,786

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

<u>December 31, 2020</u>

Unit: In Thousands of Foreign Currencies/New Taiwan Dollars

	Foreign Currencies	**Exchange Rate**	**Carrying Amount**
<u>Financial assets</u>			
Non-monetary items			
Investments accounted for using the equity method			
RMB	$ 2,939	4.377 (RMB:NTD)	$ 12,866
<u>Financial liabilities</u>			
Monetary items			
RMB	1,094	4.377 (RMB:NTD)	4,789

<u>December 31, 2019</u>

Unit: In Thousands of Foreign Currencies/New Taiwan Dollars

	Foreign Currencies	**Exchange Rate**	**Carrying Amount**
<u>Financial assets</u>			
Non-monetary items			
Investments accounted for using the equity method			
RMB	$ 3,356	4.305 (RMB:NTD)	$ 14,448
<u>Financial liabilities</u>			
Monetary items			
RMB	422	4.305 (RMB:NTD)	1,818

33. 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) Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.

6) Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 3 below.

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) Information on investees: See Table 5 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 6 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 7 attached.

34. OTHERS

Since January 2020, due to the spread of COVID-19, governments of countries have successively implemented various epidemic prevention plans. However, the domestic epidemic has slowed down and government policies have been loosened. Therefore, the Group's assessment has little impact on the overall operations, but the international epidemic is still uncertain. The Group will continue to pay attention to the development of the epidemic and take relevant countermeasures to alleviate the impact on the Group's operations.

TABLE 1

EVERGREEN STEEL CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guaranteed 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	$ 7,000,908	$ 3,087,000	$ 3,087,000	$ 3,087,000	$ -	22.05	$ 7,000,908	Y	-	-	Note 3
1	Ming Yu Investment Corporation	Evergreen Steel Corporation	Directly and indirectly holds more than 50 percent of the voting shares	8,082,160	3,499,556	1,201,220	1,201,220	-	297.25	8,082,160	-	Y	-	Note 2

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

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

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

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

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

TABLE 2

EVERGREEN STEEL CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(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	December 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Evergreen Steel Corporation	Ordinary shares							
	EVA Airways Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	240,604	$ 3,163,939	4.96	$ 3,163,939	
	Shin Kong Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	7,934	69,903	0.06	69,903	
	Evergreen Marine Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	38,262	1,557,251	0.79	1,557,251	
	Taiwan High Speed Rail Corporation	-	Financial assets at FVTOCI - non-current	16,000	507,200	0.28	507,200	
	Taiwan Terminal Services Corporation.	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	100	818	1.00	818	
	Taiwan Aerospace Corp.	-	Financial assets at FVTOCI - non-current	5,503	61,534	4.06	61,534	
	Pacific Resources Corporation.	-	Financial assets at FVTOCI - non-current	2,625	-	2.56	-	Note
	Taiwan Incubator SME Development Co	-	Financial assets at FVTOCI - non-current	7,689	62,142	10.90	62,142	
	EVERGREEN HEAVY INDUSTRIAL	-	Financial assets at FVTOCI - non-current	6,679	149,199	13.39	149,199	
	Dongwei Transportation Co., Ltd.	-	Financial assets at FVTOCI - non-current	660	6,641	18.86	6,641	
	Ever Accord Construction Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	7,500	49,066	12.50	49,066	
	UNI Airways Corporation	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	56,475	701,091	14.99	701,091	
	Evergreen Security Corp	Investee of the Company's mainly shareholders	Financial assets at FVTOCI - non-current	10	141	0.05	141	

Note: The carrying amount of financial instruments were assessed for impairment.

TABLE 3

EVERGREEN STEEL CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Purchaser/Seller	Related Party	Relationship	Transaction Details				Differences in Transaction Terms Compared to Third Party Transactions		Notes/Accounts (Payable) or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Evergreen Steel Corporation	Evergreen Marine Corporation	Related party in substance	Sale	$ 137,404	1.89	15-45 days	Note 1	15-45 days	$ 26,488	1.10	Note 1
	Ever Accord Construction Corporation	Related party in substance	Sale	370,089	5.09	30-60 days	No significant difference	30-60 days	183,955	7.61	Note 2

Note 1: No similar prices on revenue from containers repair to compare with related party in substance.

Note 2: The trade receivables include contract assets.

TABLE 4

EVERGREEN STEEL CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Evergreen Steel Corporation	Ever Accord Construction Corporation	Related party in substance	$ 183,955	5.91	$ -	-	$ 124,606	$ 2,652

TABLE 5

EVERGREEN STEEL CORPORATION

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ACCOUNTED FOR
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Losses) of the Investee	Share of Profits/ Losses of Investee	Note
				December 31, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Evergreen Steel Corporation	Super Max Engineering Enterprise Co., Ltd.	Taiwan	Waste collection, treatment and disposal	$ 594,440	$ 594,436	16,098	48.13	$ 825,841	$ 289,654	$ 139,410	Subsidiary (Note 2)
	Hsin Yung Enterprise Corporation	Taiwan	Waste treatment, disposal and cogeneration	992,666	992,666	99,267	68.46	1,753,091	677,622	463,898	Subsidiary
	Ming Yu Investment Co., Ltd.	Taiwan	Investment activities	239,487	239,487	10,350	100.00	289,005	5,746	748	Subsidiary
	Ever Ecove Corporation	Taiwan	Waste treatment, disposal and cogeneration	801,000	700,000	80,100	50.06	780,765	(12,698)	(9,341)	Subsidiary (Note 3)
Super Max Engineering Enterprise Co., Ltd.	Kun Lin Engineering Co., Ltd.	Taiwan	Planning of wastewater, air and noise prevention; design, construction, sale, operation and maintenance of related equipment	18,000	18,000	5,000	50.00	150,800	50,198	N/A	Accounted for using the equity method

Note 1: Refer to Table 6 for information on investments in mainland China.

Note 2: The original investment amount was $594,436 thousand, and the Company's reinvestment amount is $4 thousand in the current year; therefore, the original investment amount at the end of the year is $594,440 thousand.

Note 3: The original investment amount was $700,000 thousand, and the Company's reinvestment amount is $101,000 thousand in the current year; therefore, the original investment amount at the end of the year is $801,000 thousand.

TABLE 6

EVERGREEN STEEL CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits (Losses)	Carrying Amount as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020	Note
					Outflow	Inflow							
Kun Shan	Design, manufacture and installation of waste water, waste gas equipment and various piping	$ 11,392 (US$ 400)	Note 1	$ 11,392 (US$ 400)	$ -	$ -	$ 11,392 (US$ 400)	$ 4,007 (RMB 936)	24.07	$ 964	$ 12,866	$ 36,483 (US$ 1,281)	Note 4

Accumulated Investments in Mainland China as of December 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on Investment
$ 11,392 (US$ 400)	$ 11,392 (US$ 400) (Note 3)	$ 8,437,572 (Note 4)

Note 1: Indirect investment in mainland China through holding companies.

Note 2: The amount was recognized based on the audited financial statements.

Note 3: Investments approved by the Ministry of Economic Affairs, ROC are as follows:

Name of Investee	Date	Order No.	Approved Amounts
Kun Shan	2007.6.15	09600201610	US$ 200
Kun Shan	2008.1.25	09700027430	US$ 100
Kun Shan	2008.7.22	09700252240	US$ 100
			US$ 400

Note 4: The company's upper limit on investments to China (calculated based on the higher of 60% of Evergreen Steel Corporation's net worth or net worth of $80 million, plus accumulated inward remittance of share capital or earnings from subsidiaries in mainland China: $14,001,815 (net worth) × 60% + $36,483 = $8,437,572.

TABLE 7

EVERGREEN STEEL CORPORATION

INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Evergreen International Corporation	91,101,257	22.81
EVA Airways Corporation	38,201,625	9.56
Continental Engineering Corp.	25,645,907	6.42
Chang, Kuo-Hua	25,008,820	6.26
Chang, Kuo-Ming	25,008,820	6.26
Chang, Kuo-Cheng	25,008,820	6.26
Chang Yung-Fa Foundation	25,008,820	6.26

EVERGREEN STEEL CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

EVERGREEN STEEL CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Remark	Amount
Cash on hand		$ 2,815
Cash in banks		
Checking accounts and demand deposits	Note	95,098
Time deposits		566,000
		$ 663,913

Note: Includes US$7 thousand at $28.48.

STATEMENT 2

EVERGREEN STEEL CORPORATION

STATEMENT OF TRADE RECEIVABLE
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client A	$ 329,103
Client B	223,346
Client C	214,817
Client D	183,955
Client E	161,068
Client F	144,498
Client G	129,567
Others (Note 1)	903,992
	2,290,346
Less: Allowance for doubtful accounts	(38,226)
	$ 2,252,120

Note 1: The amount of individual client included in others does not exceed 5% of the account balance.

Note 2: The amount including contract assets.

STATEMENT 3

EVERGREEN STEEL CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value
Raw materials	$ 991,880	$ 979,728
Supplies	9,057	1,096
Inventory in transit	7,203	7,203
	$ 1,008,140	$ 988,027

STATEMENT 4

EVERGREEN STEEL CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

	Balance at January 1, 2020		Additions in Investment (Note 1)		Decrease in Investment (Note 2)		Balance at December 31, 2020		
Investees	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount	Collateral
EVA Airways Corporation	240,604	$ 3,308,302	-	$ -	-	$ (144,363)	240,604	$ 3,163,939	N/A
Shin Kong Financial Holding Co., Ltd.	7,937	82,145	197	1,543	(200)	(13,785)	7,934	69,903	N/A
Evergreen Marine Corporation	38,262	474,445	-	1,082,806	-	-	38,262	1,557,251	N/A
Taiwan High Speed Rail Corporation	16,000	614,400	-	-	-	(107,200)	16,000	507,200	N/A
Taiwan Terminal Services Corporation.	100	793	-	25	-	-	100	818	N/A
Taiwan Aerospace Corp.	5,503	64,669	-	-	-	(3,135)	5,503	61,534	N/A
Pacific Resources Corporation.	2,625	-	-	-	-	-	2,625	-	N/A
Taiwan Incubator SME Development Co.	7,689	61,439	-	703	-	-	7,689	62,142	N/A
Evergreen Heavy Industrial Corp.	6,679	147,559	-	1,640	-	-	6,679	149,199	N/A
Dongwei Transportation Co., Ltd.	660	6,558	-	83	-	-	660	6,641	N/A
Ever Accord Construction Corporation	7,500	63,077	-	-	-	(14,011)	7,500	49,066	N/A
UNI Airways Corporation	54,830	643,787	1,645	57,304	-	-	56,475	701,091	N/A
Evergreen Security Corp.	10	144	-	-	-	(3)	10	141	N/A
		$ 5,467,318		$ 1,144,104		$ (282,497)		$ 6,328,925	

Note 1: The increase in investment based on issued share dividends was 1,645 thousand; purchase of financial assets at FVTOCI was 197 thousand shares which amounted to $1,543 thousand; and unrealized (loss) gain on financial assets at FVTOCI was $1,142,561 thousand.

Note 2: The decrease in investment from disposal of financial assets at FVTOCI was 200 thousand shares which amounted to $2,180 thousand; and unrealized (loss) gain on financial assets at FVTOCI was $280,317 thousand.

STATEMENT 5

EVERGREEN STEEL CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Balance at January 1, 2020		Additions in Investment		Decrease in Investment		Increase (Decrease) in Using the Equity Method	Balance at December 31, 2020			Market Value or Net Assets Value	
Investees	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount		Shares (In Thousands)	%	Amount		Collateral
Super Max Engineering Enterprise Co., Ltd. (Note 1)	10,732	$ 728,987	5,366	$ 371	-	$ (42,927)	$ 139,410	16,098	48.13	$ 825,841	$ 825,841	N/A
Hsin Yung Enterprise Corporation (Note 2)	99,267	1,643,400	-	142,126	-	(496,333)	463,898	99,267	68.46	1,753,091	2,445,707	N/A
Ming Yu Investment Co., Ltd. (Note 3)	10,350	237,704	-	57,533	-	(6,980)	748	10,350	100.00	289,005	332,180	N/A
Ever Ecove Corporation (Note 4)	70,000	680,599	10,100	109,510	-	(3)	(9,341)	80,100	50.06	780,765	780,765	N/A
		$ 3,290,690		$ 309,540		$ (546,243)	$ 594,715	-		$ 3,648,702	$ 4,384,493	

Note 1: The increase in investment based on the proportion of net defined benefits was $93 thousand; the difference of effects of foreign currency exchange was $274 thousand; and investment based on shares of subsidiary capital increase was $4 thousand. The decrease in investment was based on issued cash dividends.

Note 2: The increase in the transactions with subsidiaries that was realized was $2,058 thousand; investment based on the proportion of unrealized (losses) gains on financial assets at FVTOCI was $139,761 thousand; and investment based on the proportion of net defined benefits was $307 thousand. The decrease in investment based on issued cash dividends was $496,333 thousand.

Note 3: The increase in invested company due to the sale of treasury shares was $52,535 thousand (reversal accounted for using equity method); and cash dividends from the parent company was $4,998 thousand. The decrease in investment was based on the proportion of unrealized (loss) gain on financial assets at FVTOCI.

Note 4: The increase in investment based on shares of subsidiary capital increase was $101,000 thousand; and investment based on the not proportion of shares of subsidiary capital increase was $8,510 thousand. The decrease in investment based on the proportion of net defined benefit was $3 thousand.

STATEMENT 6

EVERGREEN STEEL CORPORATION

STATEMENT OF TRADE PAYABLES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Client Name	Amount	Note
Client A	$ 221,019	
Client B	60,028	
Others	851,136	Note
	$ 1,132,183	

Note: The amount of individual client included in others does not exceed 5% of the account balance.

STATEMENT 7

EVERGREEN STEEL CORPORATION

STATEMENT OF NET REVENUE
FOR THE YEARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Tonnage	Amount
Construction contract revenue	142,425	$ 7,117,905
Revenue from containers repairment	-	149,452
Less: Sales return		(3,462)
		$ 7,263,895

STATEMENT 8

EVERGREEN STEEL CORPORATION

STATEMENT OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Inventory balance at the beginning of the year	$ 6,010
Add: Purchases, net	13,827
Less: Inventory balance at the end of the year	(3,404)
Others	(4,816)
Materials consumed	11,617
Direct labor	47,450
Manufacturing expenses	58,495
Manufacturing cost	117,562
Other cost of goods sold	
Add: Sales of material	135
Loss on disposal of inventories	1,816
Less: Inventory reversals	(956)
Sales scraps	(347)
Cost of goods sold for manufacturing sector	118,210
Contraction balance at the beginning of the year	3,089,251
Add: Material consumed	3,544,406
Others	3,052,289
Less: Construction balance at the end of the year	(3,208,295)
Others	(91,683)
Construction loss transferred to cost of goods	(7,347)
Other cost of goods sold	
Add: Sales of material	535
Loss on disposal of inventories	4,762
Less: Sales scraps	(41,445)
Cost of goods sold for construction sector	6,342,473
	$ 6,460,683

STATEMENT 9

EVERGREEN STEEL CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Total
Payroll and related expenses	$ 164,420	$ 65,229	$ 229,649
Insurance expenses	22,662	4,694	27,356
Professional fees	503	8,760	9,263
Others (not exceeding 5%)	43,083	41,596	84,679
	$ 230,668	$ 120,279	$ 350,947

STATEMENT 10

EVERGREEN STEEL CORPORATION

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020			2019		
	Classified as Cost of Goods Sold	Classified as Operating Expenses	Total	Classified as Cost of Goods Sold	Classified as Operating Expenses	Total
Labor cost						
Salary	$ 233,599	$ 221,682	$ 455,281	$ 189,994	$ 223,791	$ 413,785
Labor and health insurance	21,096	16,425	37,521	16,263	17,943	34,206
Pension	9,684	9,854	19,538	8,334	10,671	19,005
Board compensation	-	12,967	12,967	-	10,673	10,673
Others	21,372	10,220	31,592	12,555	10,355	22,910
	$ 285,751	$ 271,148	$ 556,899	$ 227,146	$ 273,433	$ 500,579
Depreciation	$ 132,138	$ 5,474	$ 137,612	$ 96,177	$ 16,694	$ 112,871
Amortization	$ 1,306	$ 3,004	$ 4,310	$ 3,004	$ 3,375	$ 6,379

Note:

1. As of December 31, 2020 and 2019, the Company had 570 and 532 employees, respectively. Among them 7 directors did not serve concurrently as employees for both years.

2. a. For the years ended December 31, 2020 and 2019, the average labor cost was $966 thousand and $933 thousand, respectively.

   b. For the years ended December 31, 2020 and 2019, the average salary was $809 thousand and $788 thousand, respectively.

   c. The change in average salary was 2.7%.

   d. The Company had set an independent director, so it did not have supervisors for the years ended December 31, 2020 and 2019.

   e. The Company's Articles of Incorporation stipulate that the distribution of compensation of employees and remuneration of directors and supervisors shall be at rates of no less than 0.5% and no higher than 2%, respectively, of net profit before income tax, compensation of employees and remuneration of directors and supervisors.

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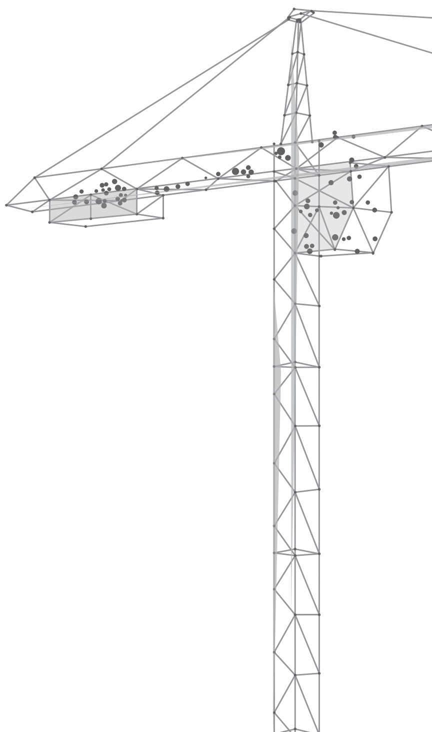

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